Form 3160-5
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JUN 02
Farmington Field Office
Bureau of Land Management

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM 112953

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – *Other instructions on page 2.*

7. If Unit of CA/Agreement, Name and/or No.
N/A

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Lybrook M27-2306 02H

2. Name of Operator
Encana Oil & Gas (USA) Inc.

9. API Well No.
30-043-21153

3a. Address
370 17th Street, Suite 1700 Denver, CO 80202

3b. Phone No. *(include area code)*
720-876-5867

10. Field and Pool or Exploratory Area
Counselors Gallup-Dakota

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
SHL: 931' FSL and 177' FWL, Section 27, T23N R6W
BHL: 1880' FSL and 700' FWL, Section 28, T23N R6W

11. County or Parish, State
Sandoval County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Installation of Gas Lift
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Encana Oil & Gas (USA) Inc. is requesting authorization to install gas lift at the Lybrook M27-2306 02H well. Attached is a schematic of the pad with gas lift and the gas allocation procedure.

OIL CONS. DIV DIST. 3
JUN 23 2014

14. I hereby certify that the foregoing is true and correct. Name *(Printed/Typed)*
Cristi Bauer

Title Operations Technician

Signature Cristi Bauer

Date 05/30/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title Petr. Eng

Date 6/18/14

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

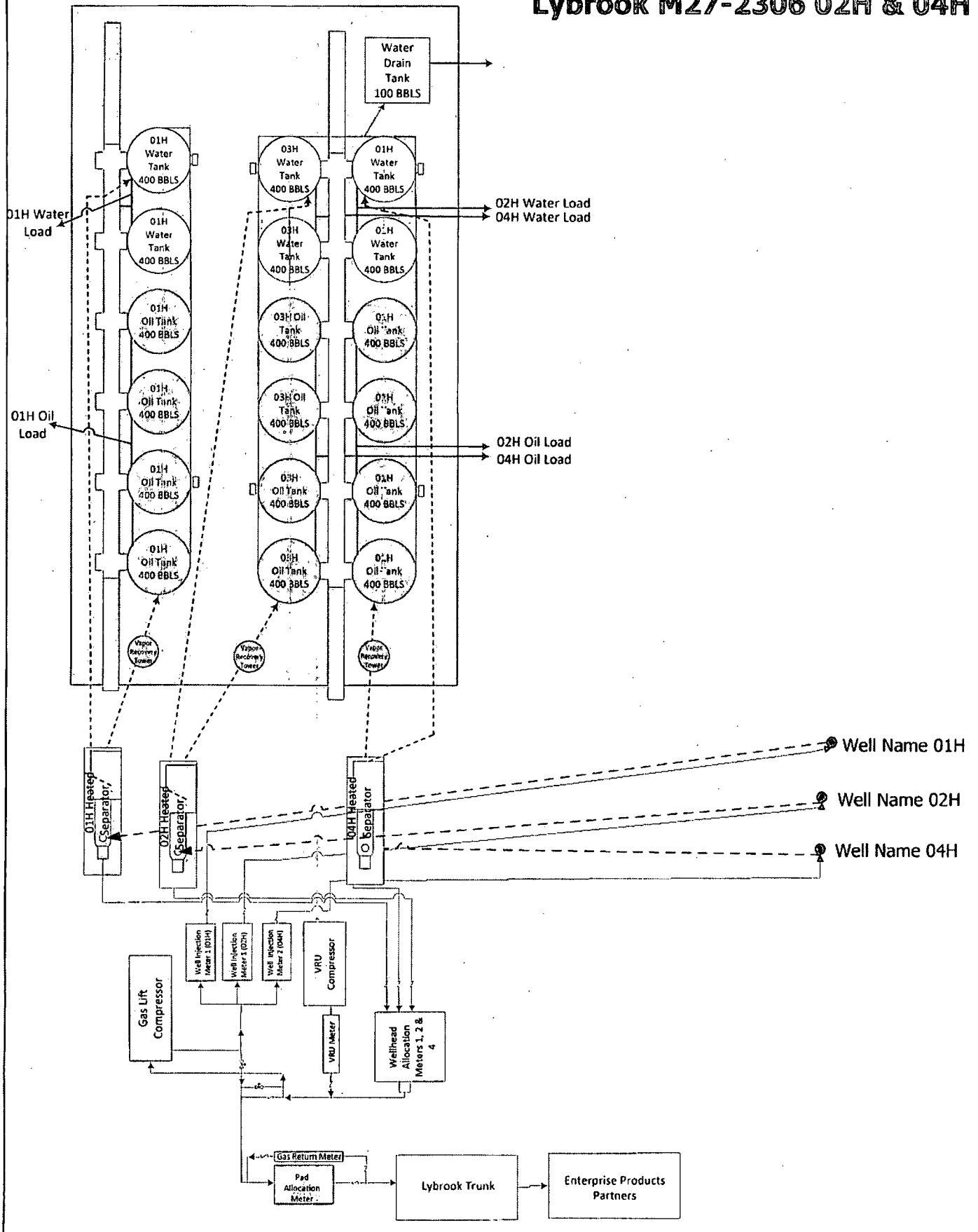
Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOCD

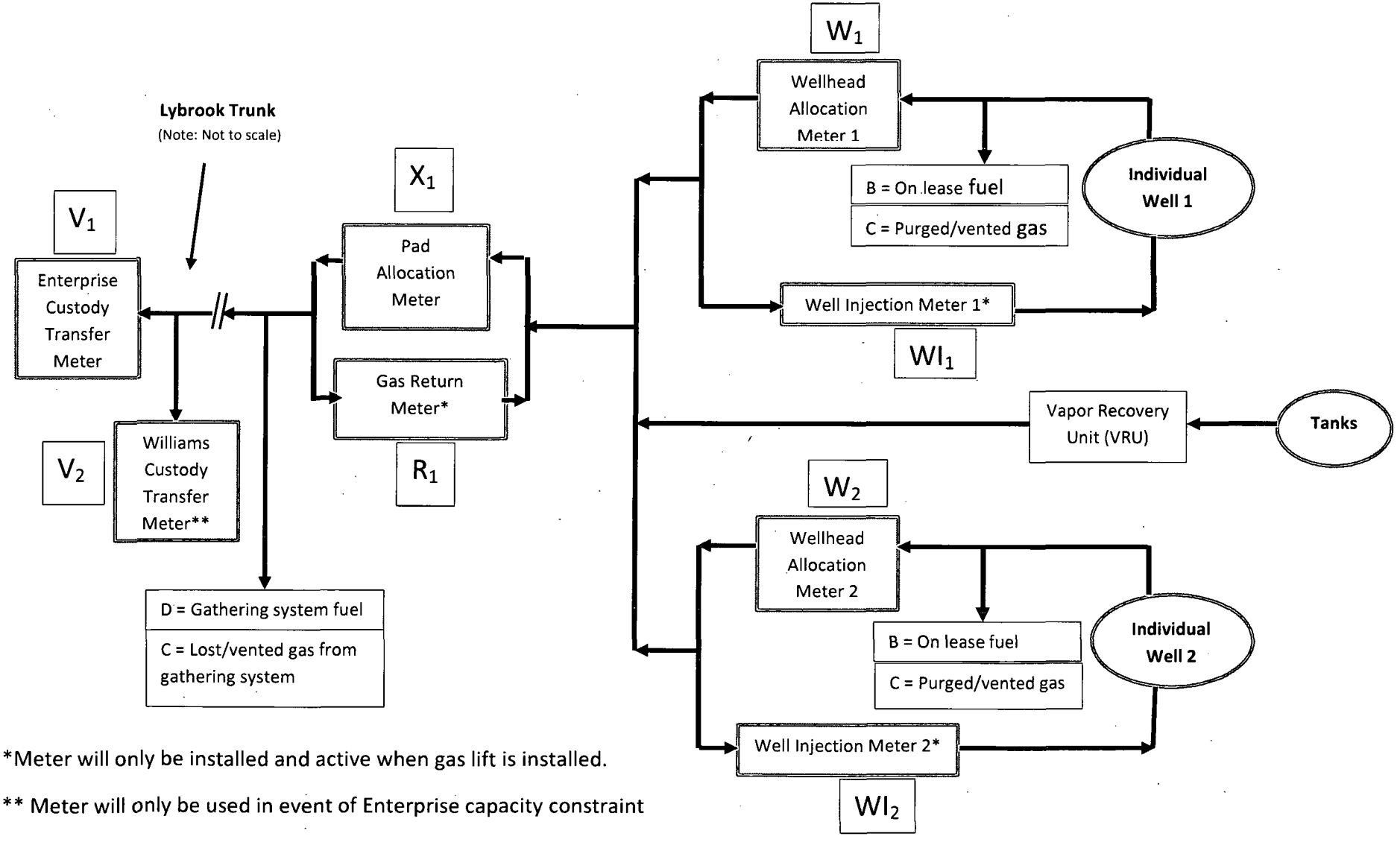
Gallo Canyon Unit M27-2306 01H
Lybrook M27-2306 02H & 04H



NOT TO SCALE

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Lybrook Trunk Line #1, Gathering System
San Juan County, New Mexico
Amendment Dated May 15, 2014

Gas Measurement Allocation Procedure for Multi-Well Pads

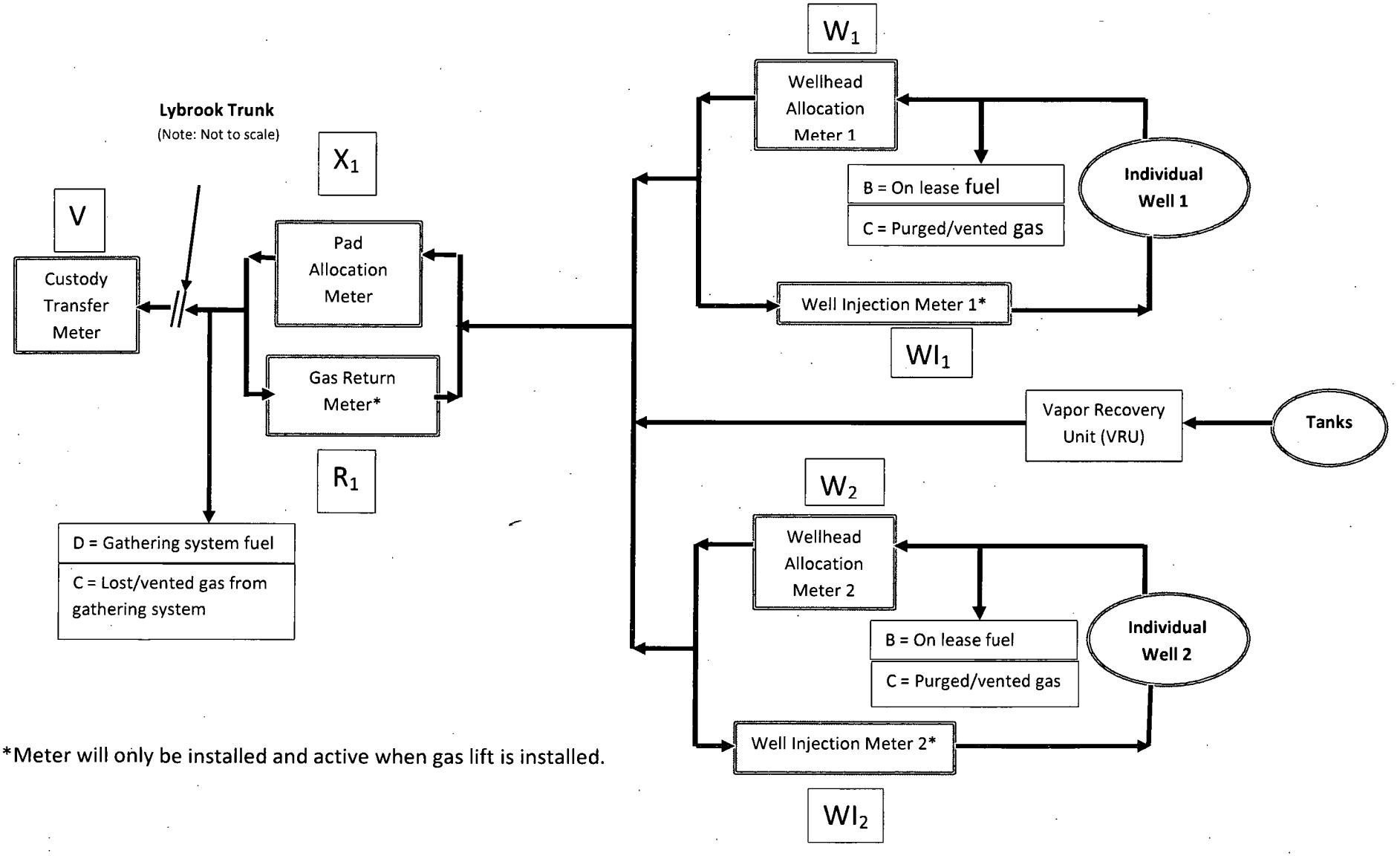


*Meter will only be installed and active when gas lift is installed.

** Meter will only be used in event of Enterprise capacity constraint

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Lybrook Trunk Line #1, Gathering System
Sandoval County, New Mexico
Amendment Dated May 15, 2014

Gas Measurement Allocation Procedure for Multi-Well Pads



*Meter will only be installed and active when gas lift is installed.

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Lybrook Trunk Line #1, Gathering System
Sandoval County, New Mexico
Amendment Dated May 15, 2014

Base Data:

V = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Enterprise Products Partners)
X_x = Gas Volume (MCF) from Pad Allocation Meter during allocation period. (Encana)
R_x = Gas Volume (MCF) from Gas Return Meter at Well Pad (Encana)*
$(X_x - R_x)$ = Gas Volume (MCF) for total Well Pad Production (Encana)
W_x = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)
WI_x = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)*
Y = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Enterprise Products Partners)
Z = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

Allocation Period is typically a calendar month and will be the same for all Well Pads and individual wells.

Well Pad Gas Production = A + B + C + D + E

A = Allocated Gas production off lease for Well Pad, MCF: $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]*(V)$

Please note, gas production (MCF) for individual wells on a Well Pad is calculated using the formula:
$[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]*(X_1-R_1)$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions. This includes, but is not limited to, compression, vapor recovery unit (VRU) compression, burners, and pump jacks.

C = Lost and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment and piping specifications and operating pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the Well Pads benefiting from the equipment using allocation factors determined by $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]$ and for individual wells using allocation factors determined by $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]$.

E = Allocated volume of gas lost and/or vented from the gathering system, gathering system equipment, condensate collection, and water collection in MCF. The total volume will be determined using industry accepted procedures the time of the loss. The total volumes lost and/or vented will be allocated to the Well Pads affected using factors determined by $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]$, and for individual wells using factors determined by $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]$.

Individual Well BTU's = $[[\{(W_n-WI_n)*Z_n\}/\{SUM((W_n-WI_n)*Z_n)\}]*(V*Y)*1000]$
Individual well gas heating values to be determined in accordance with BLM regulations.

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Lybrook Trunk Line #1, Gathering System
San Juan County, New Mexico
Amendment Dated May 15, 2014

Base Data:

V_1 = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Enterprise)
V_2 = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Williams)
X_x = Gas Volume (MCF) from Pad Allocation Meter during allocation period. (Encana)
R_x = Gas Volume (MCF) from Gas Return Meter at Well Pad (Encana)*
$(X_x - R_x)$ = Gas Volume (MCF) for total Well Pad Production (Encana)
W_x = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)
WI_x = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)*
Y_1 = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Enterprise)
Y_2 = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Williams)
Z = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

Allocation Period is typically a calendar month and will be the same for all Well Pads and individual wells.

Well Pad Gas Production = A + B + C + D + E

A = Allocated Gas production off lease for Well Pad, MCF: $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]*(V_1+V_2)$

Please note, gas production (MCF) for individual wells on a Well Pad is calculated using the formula:
$[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]*(X_1-R_1)$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions. This includes, but is not limited to, compression, vapor recovery unit (VRU) compression, burners, and pump jacks.

C = Lost and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment and piping specifications and operating pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the Well Pads benefiting from the equipment using allocation factors determined by $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]$ and for individual wells using allocation factors determined by $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]$.

E = Allocated volume of gas lost and/or vented from the gathering system, gathering system equipment, condensate collection, and water collection in MCF. The total volume will be determined using industry accepted procedures the time of the loss. The total volumes lost and/or vented will be allocated to the Well Pads affected using factors determined by $[(X_1-R_1)/((X_1-R_1)+(X_2-R_2)+(X_n-R_n))]$, and for individual wells using factors determined by $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]$.

Individual Well BTU's = $[[\{(W_n-WI_n)*Z_n\}/\{SUM((W_n-WI_n)*Z_n)\}]*(V_1*Y_1+V_2*Y_2)*1000]$
Individual well gas heating values to be determined in accordance with BLM regulations.