

RECEIVED

Form 3160-5
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 23 2014

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 0557389 |
| 6. If Indian, Allottee or Tribe Name N/A |

SUBMIT IN TRIPLICATE - Other instructions on page 2.

| | |
|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | 7. If Unit of CA/Agreement, Name and/or No. N/A |
| 2. Name of Operator Encana Oil & Gas (USA) Inc. | 8. Well Name and No. Escrito E07-2407 04H |
| 3a. Address 370 17th Street, Suite 1700 Denver, CO 80202 | 9. API Well No. Pending |
| 3b. Phone No. (include area code) 720-876-3533 | 10. Field and Pool or Exploratory Area Dufers Point Gallup Dakota |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL: 1301' FNL and 12' FEL Section 12, T24N, R8W BHL: 430' FNL and 330' FWL Section 12, T24N, R8W | 11. County or Parish, State San Juan County, NM |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>Update Drilling Plan,</u> |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>Wellbore Diagram and</u> |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>Form 3160-3</u> |

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. (Encana) is submitting the following information for the Escrito E07-2407 04H APD package:

1. Drilling Plan - Updated to include the correct MD and TVD. The previously submitted Drilling Plan did not match the information on the Directional Drilling Plan. The plan was also updated with the correct cement volumes.
2. Wellbore Diagram - Updated to include the correct MD and TVD. The previously submitted Wellbore Diagram did not match the information on the Directional Drilling Plan. The diagram was also updated with the correct cement volumes.
3. Form 3160-3 - Box 19 was updated to reflect the correct MD and TVD.

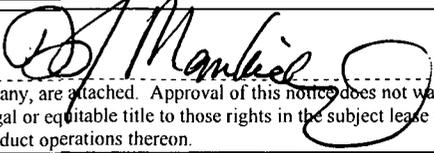
Please attach these updates to the Escrito E07-2407 04H APD package.

OIL CONS. DIV DIST. 3

JUL 18 2014

| | |
|---|--------------------------|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Katie Wegner | Title Regulatory Analyst |
| Signature | Date 5/22/14 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|------------|--------------|
| Approved by  | Title AFM | Date 7-16-14 |
| 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 FFO | |

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

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Form 3160-3
(March 2012)

MAY 23 2014

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Albuquerque Field Office
Bureau of Land Management

APPLICATION FOR PERMIT TO DRILL OR REENTER

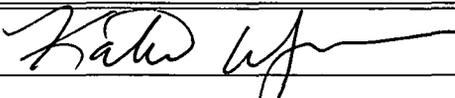
5. Lease Serial No.
NM 0557389
6. If Indian, Allottee or Tribe Name
N/A

| | | |
|--|---|---|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 7. If Unit or CA Agreement, Name and No. Pending |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 8. Lease Name and Well No. Escrito E07-2407 04H |
| 2. Name of Operator Encana Oil & Gas (USA) Inc. | | 9. API Well No. |
| 3a. Address 370 17th Street, Suite 1700, Denver, CO 80202 | 3b. Phone No. (include area code) 720-876-3533 | 10. Field and Pool, or Exploratory Duffers Point- Gallup Dakota |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1301' FNL and 12' FEL in Section 12, T24N, R8W At proposed prod. zone 430' FNL and 330' FWL in Section 12, T24N, R8W | | 11. Sec., T. R. M. or Blk. and Survey or Area Section 12, T24N, R8W NMPM |
| 14. Distance in miles and direction from nearest town or post office* +/- 52.1 miles from the intersection of US Hwy 64 & US Hwy 550 in Bloomfield, NM | | 12. County or Parish San Juan |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) SHL is 12' from East lease line | | 13. State NM |
| 16. No. of acres in lease NM 0557389- 480 acres | | 17. Spacing Unit dedicated to this well 320 acres N/2 Section 12 |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Escrito E07-2407 03H is +/- 30' SW of SHL | | 20. BLM/BIA Bond No. on file COB-000235 |
| 19. Proposed Depth 6298' TVD/ 11,069' MD | 21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 7323', KB 7339' | 22. Approximate date work will start* 09/28/2014 |
| 23. Estimated duration 20 Days | | |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

| | | |
|---|--------------------------------------|-----------------|
| 25. Signature  | Name (Printed/Typed) Katie Wegner | Date 5/22/14 |
|---|--------------------------------------|-----------------|

| | | |
|-----------------------------|--|--|
| Title Regulatory Analyst | | |
|-----------------------------|--|--|

| | | |
|-------------------------|----------------------|------|
| Approved by (Signature) | Name (Printed/Typed) | Date |
|-------------------------|----------------------|------|

| | |
|-------|--------|
| Title | Office |
|-------|--------|

Application approval 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.
Conditions of approval, if any, are attached.

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.

Escrito E07-2407 04H
 SHL: SENE 12 24N 8W
 1317 FNL 13 FEL
 BHL: SENE 7 24N 7W
 1750 FNL 330 FEL
 Rio Arriba, New Mexico

**Encana Oil & Gas (USA) Inc.
 Drilling Plan**

1. ESTIMATED TOPS OF GEOLOGICAL MARKERS (TVD)

The estimated tops of important geologic markers are as follows:

| Formation | Depth (TVD) units = feet |
|---------------------|--------------------------|
| Ojo Alamo Ss. | 1,977 |
| Kirtland Shale | 2,146 |
| Fruitland Coal | 2,397 |
| Pictured Cliffs Ss. | 2,651 |
| Lewis Shale | 2,754 |
| Cliffhouse Ss. | 3,514 |
| Menefee Fn. | 4,241 |
| Point Lookout Ss. | 4,970 |
| Mancos Shale | 5,152 |
| Mancos Silt | 5,826 |
| Gallup Fn. | 6,040 |
| Horizontal Target | 6,307 |

The referenced surface elevation is 7323', KB 7339'

2. ESTIMATED DEPTH OF POTENTIAL WATER, OIL, GAS, & OTHER MINERAL BEARING FORMATIONS

| Substance | Formation | Depth (TVD) units = feet |
|-----------|---------------------|--------------------------|
| Water/Gas | Fruitland Coal | 2,397 |
| Oil/Gas | Pictured Cliffs Ss. | 2,651 |
| Oil/Gas | Cliffhouse Ss. | 3,514 |
| Gas | Menefee Fn. | 4,241 |
| Oil/Gas | Point Lookout Ss. | 4,970 |
| Oil/Gas | Mancos Shale | 5,152 |
| Oil/Gas | Mancos Silt | 5,826 |
| Oil/Gas | Gallup Fn. | 6,040 |

All shows of fresh water and minerals will be reported and protected.

3. PRESSURE CONTROL

- a) Pressure control equipment and configuration will be designed to meet 2M standards.
- b) Working pressure on rams and BOPE will be 3,000 psi.
- c) Function test and visual inspection of the BOP will be conducted daily and noted in the IADC Daily Drilling Report.
- d) The Annular BOP will be pressure tested to a minimum of 50 percent of its rated working pressure.
- e) Blind and Pipe Rams/BOP will be tested against a test plug to 100 percent of rated working pressure.
- f) Pressure tests are required before drilling out from under all casing strings set and cemented in place.

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- g) BOP controls must be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned.
- h) BOP testing procedures and testing frequency will conform to Onshore Order No. 2.
- i) BOP remote controls shall be located on the rig floor at a location readily accessible to the driller. Master controls shall be on the ground at the accumulator and shall have the capability to function all preventers.
- j) The kill line shall be 2-inch minimum and contain two kill line valves, one of which shall be a check valve.
- k) The choke line shall be a 2-inch minimum and contain two choke line valves (2-inch minimum).
- l) The choke and manifold shall contain two adjustable chokes.
- m) Hand wheels shall be installed on all ram preventers.
- n) Safety valves and wrenches (with subs for drill string connections) shall be available on the rig floor at all
- o) Inside BOP or float sub shall also be available on the rig floor at all times.

Proposed BOP and choke manifold arrangements are attached.

4. CASING & CEMENTING PROGRAM

The proposed casing and cementing program has been designed to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. All indications of useable water shall be reported.

- a) The proposed casing design is as follows:

| Casing | Depth (MD) | Hole Size | Csg Size | Weight | Grade |
|------------------|--------------|-----------|----------|--------|---------------|
| Conductor | 0'-60' | 30" | 20" | 94# | H40, STC New |
| Surface | 0'-500' | 12 1/4" | 9 5/8" | 36# | J55, STC New |
| Intermediate | 0'-6578' | 8 3/4" | 7" | 26# | J55, LTC New |
| Production Liner | 6378'-11069' | 6 1/8" | 4 1/2" | 11.6# | B80*, LTC New |

| Casing String | | | | Casing Strength Properties | | | Minimum Design Factors | | |
|---------------|--------------|-------|------------|----------------------------|-------------|-------------------|------------------------|-------|---------|
| Size | Weight (ppf) | Grade | Connection | Collapse (psi) | Burst (psi) | Tensile (1000lbs) | Collapse | Burst | Tension |
| 9 5/8" | 36 | J55 | STC | 2020 | 3520 | 394 | 1.125 | 1.1 | 1.5 |
| 7" | 26 | J55 | LTC | 4320 | 4980 | 367 | 1.125 | 1.1 | 1.5 |
| 4.5" | 11.6 | B80 | LTC | 6350 | 7780 | 201 | 1.125 | 1.1 | 1.5 |

*B80 pipe specifications are attached

Casing design is subject to revision based on geologic conditions encountered

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1,500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.

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b) The proposed cementing program is as follows

| Casing | Depth (MD) | Cement Volume (sacks) | Cement Type & Yield | Designed TOC | Centralizers |
|------------------|--------------|---|--|--------------|--|
| Conductor | 0'-60' | 100 sks | Type I Neat 16 ppg | Surface | None |
| Surface | 0'-500' | 201 sks | Type III Cement + 1% CaCl + 0.25lb/sk Cello Flake + 0.2% FL, 16ppg, 1.38cuf/sk | Surface | 1 per joint on bottom 3 joints |
| Intermediate | 0'-6578' | 30% open hole excess Stage 1 Lead: 506 sks Stage 1 Tail: 245 sks Stage 2 Lead: 251 sks | Lead (Stages 1 and 2): PremLite + 3% CaCl + 0.25lb/sk CelloFlake + 5lb/sk LCM, 12.1ppg 2.13cuf/sk Tail (Stage 1): Type III Cmt + 1% CaCl + 0.25lb/sk Cello Flake 14.5ppg 1.38cuf/sk | Surface | 1 every 3 joints through water bearing zones |
| Production Liner | 6378'-11069' | None - External Casing Packers | N/A | N/A | N/A |

*Production liner clarification: Utilizing external swell casing packer system for zonal isolation will not use cement in the production liner

Actual volumes will be calculated and determined by conditions onsite. All cement slurries will meet or exceed minimum BLM and New Mexico Oil Conservation Division requirements. Slurries used will be the slurries listed above or equivalent slurries depending on service provider selected. Cement yields may change depending on slurries selected

All waiting on cement times shall be a minimum of 8 hours or adequate to achieve minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

5. WELL PLAN & DIRECTIONAL DRILLING PROGRAM

The proposed horizontal well will have a kick off point of 3000'. Directional plans are attached.

| Description | Proposed Depth (TVD/MD) | Formation |
|-----------------------|-------------------------|-----------|
| Horizontal Lateral TD | 6298'/11069' | Gallup |

6. DRILLING FLUIDS PROGRAM

a) Surface through Intermediate Casing Point:

| Hole Size (in) | Depth (TVD/MD) | Mud Type | Density (ppg) | Viscosity (sec/qt) | Fluid Loss (cc) |
|----------------|-----------------------|------------------|---------------|--------------------|-----------------|
| 30" | 0-60'/60' | Fresh Water | 8.3-9.2 | 38-100 | 4-28 |
| 12 1/4" | 0'-500'/500' | Fresh Water | 8.4-8.6 | 60-70 | NC |
| 8 3/4" | 500'/500'-6292'/6578' | Fresh Water LSND | 9.5-8.8 | 40-50 | 8-10 |

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b) Intermediate Casing Point to TD:

| Hole Size (in) | Depth (TVD/MD) | Mud Type | Density (ppg) | Viscosity (sec/qt) | Fluid Loss (cc) |
|----------------|------------------------------|----------------------------|---------------|--------------------|-----------------|
| 6 1/8" | 6292'/6578'- 6298'/11069' | Synthetic Oil Based Mud | 8.6-9.0 | 15-25 | <15 |

- c) There will be sufficient mud on location to control a blowout should one occur. Mud flow and volume will be monitored both visually and with electronic pit volume totalizers. Mud tests shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH.
- d) A closed-loop system will be used to recover drilling fluid and dry cuttings in both phases of the well and on all hole intervals, including fresh water and oil-based operations. Above-ground tanks will be utilized to hold cuttings and fluids for rig operations. A frac tank will be on location to store fresh water. Waste will be disposed of properly at an EPA-approved hazardous waste facility. Fresh water cuttings will be disposed of at Basin Disposal, Inc. and/or Industrial Ecosystems, Inc. The location will be lined in accordance with the Surface Use Plan of Operations.

7. TESTING, CORING, & LOGGING

- a) Drill Stem Testing - None anticipated.
- b) Coring - None anticipated.
- c) Mudd Logging - Mud loggers will be on location from kick off point to TD.
- d) Logging - See below

Cased Hole:
 CBL/CCL/GR/VDL will be run as needed for perforating control

8. ABNORMAL PRESSURES & HYDROGEN SULFIDE

The anticipated bottom hole pressure is +/- 2952 psi based on a 9.0 ppg at 6307' TVD of the horizontal lateral target. No abnormal pressure or temperatures are anticipated.

No hydrogen sulfide gas is anticipated, however, if H₂S is encountered, the guidelines in Onshore Order No. 6 will be followed.

9. ANTICIPATED START DATE AND DURATION OF OPERATIONS

Drilling is estimated to commence on January 1, 2015. It is anticipated that completion operations will begin within 30 days after the well has been drilled depending on fracture treatment schedules with various pumping service companies.

It is anticipated that the drilling of this well will take approximately 20 days.

| MWD LWD | | OPEN HOLE LOGGING | FORM | DEPTH | | HOLE SIZE | CASING SPECS | MW MUD TYPE | DEVIATION INFORMATION |
|--|--|----------------------|---|---|---------------------|--------------|--|---|---------------------------------|
| | | | | TVD | MD | | | | |
| | | | | 60 | 60' | 30 | 20" 94# 100sx Type I Neat 16.0ppg cmt | Fresh wtr 8.3-9.2 | |
| Multi-Well pad - take survey every stand and run anti- collision report prior to spud | | None | Nacimiento 9 5/8" Csg | 509 500 | 500.00 | 12 1/4 | 9 5/8" 36ppf J55 STC TOC Surface - 201 sks of Type III Cement | Fresh wtr 8.4-8.6 | Vertical <1° |
| Survey Every 60"-120", updating anticollision report after surveys. Stop operations and contact drilling engineer if separation factor approaches 1.5 | | No OH logs | Ojo Alamo Ss. Kirtland Shale Fruitland Coal Pictured Cliffs Ss. Lewis Shale Cliffhouse Ss. Menefee Fn. Point Lookout Ss. Mancos Shale | 1,977 2,146 2,397 2,651 2,754 3,514 4,241 4,970 5,152 | | 8 3/4 | 7" 26ppf J55 LTC TOC @ surface 30% OH excess: 751 sks Total. Stage 1 Lead: 506 sks Premium Lite FM + 3% CaCl2 + 0.25/sk Cello Flake + 5#/sk LCM-1 + 8% Bentonite + 0.4% FL- 52A + 0.4% Sodium Metasilicate. Mixed at 12.1 ppg. Yield 2.13 cuft/sk. Stage 1 Tail: 245 sks Type III Cement + 1% CaCl2 + 0.25#/sk Cello Flake + 0.2% FL-52A. Mixed at 14.6 ppg. Yield 1.38 cuft/sk. Stage 2: 251 sks Premium Lite FM + 3% CaCl2 + 0.25/sk Cello Flake + 5#/sk LCM-1 + 8% Bentonite + 0.4% FL-52A + 0.4% Sodium Metasilicate. Mixed at 12.1 ppg. Yield 2.13 cuft/sk. | Fresh Wtr 8.5-8.8 | Vertical <1° |
| Surveys every 30' through the curve | | Mud logger onsite | KOP Mancos Silt Gallup Fn. 7" Csg | 3,000 5,826 6,040 6,292 | 3,000 6,578' | | | | |
| Surveys every stand to TD unless directed otherwise by Geologist | | No OH Logs | Horizontal Target TD Base Gallup | 6,307 6,298 6,381 | 11,069 | 6 1/8 | 200' overlap at liner top 4491' Drilled Lateral | Horizontal Inclination Horizontal TVD 8.6-9.0 OBM | 90.1 6306.9 TD = 11069 MD |
| MWD Gamma Directional | | | | | | | 4 1/2" 11.6ppf SB80 LTC Running external swellable csg packers for isolation of prod string Plan on setting top packer within 100' of intermediate casing shoe | Switch to OBM 8.6-9.0 | |

NOTES:

- 1) Drill with 30" bit to 60', set 20" 94# conductor pipe
- 2) Drill surface to 500', R&C 9 5/8" casing
- 3) N/U BOP and surface equipment
- 4) Drill to KOP of 3000', 8 3/4 inch holedsize
- 5) PU directional tools and start curve at 10deg/100' build rate
- 6) Drill to csg point of 6578' MD
- 7) R&C 7" csg, circ cmt to surface, switch to OBM
- 8) Land at 90 deg, drill lateral to 11069' run 4 1/2 inch liner with external swellable csg packers