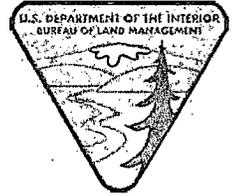




## United States Department of Interior

**Bureau of Land Management**  
Farmington Field Office  
6251 College Blvd. Suite A  
Farmington, New Mexico 87402



IN REPLY REFER TO:

3162.7-3  
Pinon Unit M03-2410 CDP

**OIL CONS. DIV DIST. 3**

**JUL 09 2015**

June 29, 2015

**ACCEPTED FOR RECORD**

Encana Oil and Gas (USA) Inc.  
Ms. Jessica Gregg  
370 17<sup>th</sup> Street  
Suite 1700  
Denver, CO 80202

Dear Ms. Gregg:

Reference is made to your application dated December 9, 2014 requesting approval for off-lease measurement and sales of gas from the following wells:

30-045-35560 # Pinon Unit M03-2410 01H well located at a surface hole location in unit letter (UL) M, Section 3, T., 24N., R.10W., and a bottom hole location in (UL) P, Section 10, T., 24N., R. 10W., San Juan County, New Mexico.

30-045-35629 # Pinon Unit M03-2410 02H well located at a surface hole location in unit letter (UL) M, Section 3, T., 24N., R.10W., and a bottom hole location in (UL) H, Section 10, T., 24N., R. 10W., San Juan County, New Mexico.

Gas will be measured and sold to Enterprise Products Partners' (Enterprise's) pipeline at the following off-lease, central delivery point (CDP) location:

**Section 3, T.24N, R.10W, Encana will operate and maintain the pipeline CDP.**

Oil production from the subject wells will be stored and sold at the surface location for the affected well.

Please be advised that commingling of oil, condensate and gas from other leases is not authorized.

The CDP facility will also serve as a gas acquisition point for your proposed gas lift system for the above wells. The CDP will have a separate buy-back meter which will be used when supplemental gas is required for gas lift operations. This buy-back meter will also be maintained

NMOCD

and operated by Enterprise. The buy-back meter and the allocation methodology for the gas lift system will be addressed under a separate application.

After considering the merits of your application, this application for off-lease measurement is hereby authorized under IM-2013-152, category 1, commingling with no royalty impacts. This commingling request has no potential to adversely impact Federal or Indian royalty income, production accountability or the distribution of royalty.

This measurement system will hereafter be referenced as the Pinon Unit M03-2410 Gathering System.

**The following are conditions of this approval:**

- Post a Facility sign at the CDP listing the following information:
  - Operator Name
  - Facility Name (i.e. Pinon Unit M03-2410 Gathering System)
  - UL, S-T-R, County and State
- There are currently no separation or compression facilities at the proposed CDP facility however, should future system needs require separation and/or compression equipment, any liquid hydrocarbons recovered at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Any fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis.
- Measurement of gas at the well sites and the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and NM NTL 2008-01, Electronic Flow Measurement.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells can be added to this measurement system without the prior authorization of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.
- This office reserves the right to require audit records of all wells contributing to this CDP.
- **This approval is for commingling and off-lease measurement only; a separate application must be filed if off-lease Beneficial Fuel Use is necessary.**

Failure to operate this facility in accordance with the conditions outlined above and in accordance with your application will subject this approval to revocation. In addition, this office reserves the right to rescind this approval should future evaluation of this method of measurement indicate lost or reduced royalties. If you have any questions regarding the above, please contact me at (505) 564-7746.

Sincerely,

A handwritten signature in black ink, appearing to read 'WT', with a large, sweeping flourish extending to the right.

William Tambekou  
Petroleum Engineer  
Petroleum Management Team

cc: NMOCD, Aztec  
Bcc: Pinon Unit M03-2410 CDP  
Well File