

encana

July 25, 2016

State of New Mexico Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87504

Per 369
API #30-045-35467

Re: Crow Canyon Unit
Paying Well Determination
Crow Canyon Unit 701H (f/k/a Escrito D30 2408 01H Well)

Gentlemen:

Enclosed, please find the correspondence and attachments being submitted to Bureau of Land Management for approval of the Escrito D30 2408 01H well as paying well and the request for establishment of the fixed Participating Area for Crow Canyon Unit. Appropriate name change documents for the well are currently being filed with applicable agencies to change the well name from Escrito D30 2408 01H well to the Crow Canyon Unit 701H well.

We trust you will find the enclosed and above provided information in order, however, if you have any questions or require any additional information please do not hesitate to contact Mona Binion (720) 876-5325 or mona.binion@encana.com.

We sincerely thank you for your time and consideration to this request.

Regards,

Encana Oil & Gas (USA) Inc.
by Encana Services Company Ltd. its authorized agent

Mona L. Binion
Mona L. Binion, CPL
Land Negotiator
San Juan Basin

MLB/ idi

Encls.

cc: New Mexico Oil Conservation Division

Encana Services Company Ltd.

Republic Plaza 370 17th Street Suite 1700 Denver CO 80202 303 623 2300 encana.com

Encana Services Company Ltd. provides operational, corporate, administrative and advisory services to Encana Corporation and its subsidiaries.



July 25, 2016

Bureau of Land Management
Mr. Joe Hewitt
6251 College Blvd. Suite A
Farmington, NM 87402

Re: Crow Canyon Unit
Paying Well Determination
Crow Canyon Unit 701H (f/k/a Escrito D30 2408 01H)

Gentlemen:

Pursuant to the terms and conditions of Article 9 of the Crow Canyon Unit Agreement NMNM135203X, Encana Oil & Gas (USA) Inc. ("Encana"), as named Operator, hereby submits for your review and consideration materials for the determination of the Escrito D30 2408 01H well as a "paying well" and the formation of the fixed Participating Area for Crow Canyon Unit. Change of well name to Crow Canyon Unit 701H is being submitted to applicable agencies.

The enclosed materials are as follows:

1. Crow Canyon Unit Paying Well Determination Summary
2. Crow Canyon Unit Economic Report for Paying Well Determination
3. Crow Canyon Unit Exhibit "B" Participating Area Summary

We trust you will find the enclosed and above provided information in order and therefore respectfully request your consideration and approval of:

1. Crow Canyon Unit 701H (f/k/a/ Escrito D30 2408 01H) well a paying well for
2. Formation of the fixed participating area for the Crow Canyon Unit consisting of committed tracts covering 12,565.23 total acres
3. Public interest requirement has been met and no further "obligation wells" are required

Upon approval, please provide the relevant copies of approved materials to the undersigned at the office address on the letterhead. If you have any questions or require any additional information, please do not hesitate to contact Mona Binion (720) 876-5325 or mona.binion@encana.com.

We sincerely thank you for your time and consideration to this request.

Regards,

Encana Oil & Gas (USA) Inc.
by Encana Services Company Ltd. its authorized agent

A handwritten signature in black ink that reads "Mona L. Binion". The signature is written in a cursive, flowing style.

Mona L. Binion, CPL
Land Negotiator
San Juan Basin

MLB/ idi

Encls.

cc: Director, Federal Indian Minerals Office
New Mexico State Land Office

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Breakdown of DCFT Costs:	\$MM
Drilling	1.30
Completion	2.95
Facilities	0.45
Tie-In	0.15
TOTAL	4.85
MBOE EUR	970

Exhibit "B"
CROW CANYON UNIT
Mancos Formation Participating Area
San Juan County, New Mexico

Mancos Formation described as including the genetically related rocks from 100 feet below the stratigraphic equivalent of the top of the Mancos Shale (base of Mesa Verde Group) to the stratigraphic equivalent of the base of the Greenhorn Limestone as shown in the Anabel-C #1 (API # 30045254520000) as depicted on Exhibit "C" to the Crow Canyon Unit Agreement.

Tract Number	Serial Number or Type of Lease	Description of Land	Participating Acres	Percentage of Participation	Working Interest Owners
1	NMNM 014580 Federal (Uncommitted)	<u>Township 24 North, Range 8 West, NMPM</u> Section 10 NW, N2SW, SESW	0.00	0.0000000%	<u>As to W2NW, SENW, N2SW, SESW</u> Encana Oil & Gas (USA) Inc. Merrion Oil & Gas Corporation Logos Resources LLC Robert L. Bayless Producer LLC <u>As to NENW</u> M&M Production Merrion Oil & Gas Corporation Robert L. Bayless Producer LLC
2	NMNM 014580A Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 10 E2	320.00	2.546710%	Encana Oil & Gas (USA) Inc. Merrion Oil & Gas Corporation Logos Resources LLC Robert L. Bayless Producer LLC
3	NMNM 016589 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 9 NW, S2 Section 15 N2	800.00	6.366776%	<u>As to 24N-8W Sec 9 NW, S2; Sec 15 NW4</u> Encana Oil & Gas (USA) Inc. <u>As to 24N-8W Sec 15 NE4</u> Merrion Oil & Gas Corporation Logos Resources LLC Encana Oil & Gas (USA) Inc.

Tract Number	Serial Number or Type of Lease	Description of Land	Participating Acres	Percentage of Participation	Working Interest Owners
4	NMNM 019567 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 8 All Section 10 SWSW	680.00	5.411760%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
5	NMNM 026047 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 17 All	640.00	5.093420%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
6	NMNM 028752 Federal (Uncommitted)	<u>Township 24 North, Range 8 West, NMPM</u> Section 4 Lots 5 (41.51 NENE), 6 (41.49 NWNE), 11 (37.97 SWNE), 12 (37.86 SENE), SE	0.00	0.000000%	Logos Resources, LLC Tommy Bolack Minerals, LLC Lanford, LLC
7	NMNM 040643 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 21 E2NW	80.00	0.636678%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
8	NMNM 042424 Federal	<u>Township 25 North, Range 8 West, NMPM</u> Section 33 All	640.00	5.093420%	Encana Oil & Gas (USA) Inc. Dugan Production Corp. James B. Fullerton
9	NMNM 042425 Federal	<u>Township 25 North, Range 8 West, NMPM</u> Section 34 All	640.00	5.093420%	Encana Oil & Gas (USA) Inc. Dugan Production Corp. James B. Fullerton
10	NMNM 054980 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 30 E2	320.00	2.546710%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
11	NMNM 054981 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 30 Lots 1 (40.28 NWNW), 2 (40.29 SWNW), 3 (40.29 NWSW), 4 (40.30 SWSW), E2W2	321.16	2.555942%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
12	NMNM 083507 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 20 N2, SE Section 21 W2NW	560.00	4.456743%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.

<i>Tract Number</i>	<i>Serial Number or Type of Lease</i>	<i>Description of Land</i>	<i>Participating Acres</i>	<i>Percentage of Participation</i>	<i>Working Interest Owners</i>
13	NMNM 093451 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 21 SE	160.00	1.273355%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
14	NMNM 093774 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 21 NE	160.00	1.273355%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
15	NMNM 097837 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 5 SW	160.00	1.273355%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
16	NMNM 117570 Federal	<u>Township 25 North, Range 8 West, NMPM</u> Section 25 Lots 1 (36.90 NENE), 2 (36.71 NWNE), 3 (36.53 NENW), 4 (36.35 NWNW), 5 (37.19 SWNW), 6 (37.37 SENW), 7 (37.55 SWNE), 8 (37.73 SENE), S2 Section 26 All Section 35 All	1,896.33	15.091885%	Encana Oil & Gas (USA) Inc.
17	NMNM 118133 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 3 Lots 1 (44.04 NENE), 2 (44.12 NWNE), 3 (44.20 NENW), 4 (44.28 NWNW), S2N2, S2 Section 5 Lots 3 (42.77 NENW), 4 (42.39 NWNW), S2NW4 Section 34 NE	981.80	7.813626%	Encana Oil & Gas (USA) Inc.
18	NMNM 119283 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 4 Lots 7 (41.48 NENW), 8 (41.47 NWNW), 9 (38.21 SWNW), 10 (38.10 SENW), SW Section 5 Lots 1 (43.53 NENE), 2 (43.15 NWNE), S2NE, SE Section 9 NE	805.94	6.414049%	R & R Royalty Ltd.
19	NMSF 078868 Federal	<u>Township 24 North, Range 8 West, NMPM</u> Section 28 All Section 29 All	1,280.00	10.186841%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
Subtotal 17 Committed Federal Tracts			10,445.23 acres or	83.1280450% of the Participating Unit Acres Unit Area	

Tract Number	Serial Number or Type of Lease	Description of Land	Participating Acres	Percentage of Participation	Working Interest Owners
20	E-3148 State (Uncommitted)	<u>Township 25 North, Range 8 West, NMPM</u> Section 32 N2SW, NWSE, SENE	0.00	0.0000000%	Speerex Limited Partnership
21	E-4912 State (Uncommitted)	<u>Township 25 North, Range 8 West, NMPM</u> Section 32 S2SW, N2NE Section 36 N2SW, SWSW	0.00	0.0000000%	Heather Hamilton Tedford W.W. Hamilton
22	LG 1917 State	<u>Township 24 North, Range 8 West, NMPM</u> Section 16 All	640.00	5.093420%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
23	VO 8986 State	<u>Township 25 North, Range 8 West, NMPM</u> Section 32 NW4, SWNE, NESE, S2SE	320.00	2.546711%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
24	VO 8987 State	<u>Township 25 North, Range 8 West, NMPM</u> Section 36 N2, SE4, SESW	520.00	4.138404%	Encana Oil & Gas (USA) Inc. Logos Resources, LLC Merrion Oil & Gas Corporation
Subtotal 3 Committed State Tracts			1,480.00	acres or	11.7785350% of the Participating Unit Acres Unit Area
25	BIA NOO-C-140-20-4310 (Navajo Allotted)	<u>Township 24 North, Range 8 West, NMPM</u> Section 20 SW	160.00	1.273355%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
26	BIA NO-G-0103-1464 (Navajo Allotted)	<u>Township 24 North, Range 8 West, NMPM</u> Section 21 SW	160.00	1.273355%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
27	BIA NOO-C-14-20-4312 (Navajo Allotted)	<u>Township 24 North, Range 8 West, NMPM</u> Section 27 SW	160.00	1.273355%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
28	BIA NOO-C-140-20-4313 (Navajo Allotted)	<u>Township 24 North, Range 8 West, NMPM</u> Section 27 SE	160.00	1.273355%	Encana Oil & Gas (USA) Inc. Dugan Production Corp.
Subtotal 4 Committed Navajo Allotted Tracts			640.00	acres or	5.0934200% of the Participating Unit Acres Unit Area
Total Unit Acres			12,565.23		100.0000000%

<i>Tract Number</i>	<i>Serial Number or Type of Lease</i>	<i>Description of Land</i>	<i>Participating Acres</i>	<i>Percentage of Participation</i>	<i>Working Interest Owners</i>
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Crow Canyon Unit Participating Area Recap		
Lease Type	Participaing Acres	Percentage of Participation
<i>Federal</i>	10,445.23	83.128045%
<i>State</i>	1,480.00	11.778535%
<i>Navajo Allotted</i>	640.00	5.093420%
<i>Total Participating Unit Acres</i>	12,565.23	100.000000%

CROW CANYON UNIT
Paying Well Determination
Escrito D30-2408-01H
Engineering Analysis

Introduction

The Escrito D30-2408-01H was the first well to be drilled in the proposed Crow Canyon Unit. It is located in Section 30-T24N-R08W. The well was spud August 2, 2013 by Encana Oil & Gas and reached a total measured depth of 11,065 ft on August 8, 2014, which was comprised of 5,416 ft of vertical depth and 5,383 ft of horizontal lateral. It was the first transverse-oriented well drilled in the San Juan, an orientation which was possible due a Communitization Agreement within the Basin Mancos Gas Pool created for that particular section.

Economics

An economic analysis was performed on the Escrito D30-2408-01H. The early time analysis was based on actual production, costs, and pricing from the well's inception (October 2013) through May 2016. The data and remaining assumptions for this time period follows:

WI	100 %
NRI	87.5 %
Gross Well Cost, DCFT	4850 \$M
Oil Price	70 \$/bbl
NGL Price	35 \$/bbl
Gas Price	3.5 \$/MMBtu
Opex	8 \$/BBL

The projected future production of the subject well was based on decline curve analysis using a modified hyperbolic model in ARIES. The parameters for the decline curve and resulting EURs are summarized below:

IPO (initial daily rate)	750 BPD
De	77.6%
b	1.6
Df	8%
Oil EUR (Mbbl)	521
Gas EUR (Mboe)	449
Combined EUR (Mboe)	970

The complete analysis is shown on the next page. It includes actual and projected production values and the economic output, as well as a breakdown of capital costs. Based on a 7% discount, the Escrito D30-2408-01H is a paying well.