

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



August 14, 2013

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-379
Administrative Application Reference No. pAXK1319836711

Encana Oil & Gas (USA) Inc.
Attn: Ms. Katie Wegner

Surface Commingling of Natural Gas

Pursuant to your application received on July 16, 2013, Encana Oil & Gas (USA) Inc. (OGRID 282327) is hereby authorized to surface commingle **gas production only** from the following pools:

Bisti; Lower Gallup (Oil) (5890)
Basin; Mancos (Gas) (97232)

and from the following diversely owned wells located on federal leases in San Juan County, New Mexico:

Escrito D30-2408 Well No. 1H
API No. 30-045-35467
444 FNL & 400 FWL (Unit D)
Section 30-24N-8W
Basin Mancos Gas

Escroto I-24-2409 Well No. 1H
API No. 30-045-35322
1935 FSL & 205 FEL (Unit I)
Section 24-24N-9W
Bisti Lower Gallup Oil

This Order only authorizes surface commingling in the pipeline of gas produced from the separate wells identified above. We understand that each well produces only from a single pool. Downhole commingling within the wellbore of any well is not authorized by this order.

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Each well will be equipped with an individual gas meter for allocation purposes. Gas that has passed through the well meters will be commingled in operator's Escrito I24-2409 Gas Gathering System, and will be again measured, and sold, at the transfer point on Elm Ridge Gas Pipeline pipeline, located in the NE/4 SE/4 of Section 32, Township 24 North, Range 8 West, San Juan County, New Mexico.

The operator shall notify the transporter of this commingling authority.

The operator shall notify the Aztec district office of the Division upon commencement of commingling operations.

This approval is subject to like approval from the United States Bureau of Land Management before commencement of the commingling operations.

Off-Lease Storage and Measurement of Oil or Condensate, and Measurement of Natural Gas

Pursuant to the same application Encana Oil & Gas (USA) Inc. (OGRID 282327) is hereby authorized to store, measure and sell oil and condensate, and to measure natural gas for allocation purposes, at the surface location of each well identified on Exhibit A, including those wells that are drilled directionally from off-lease surface locations. No commingling of oil or condensate produced from separate wells is authorized.

Future Addition of wells to the Escrito Trunk No. 1 Gathering System

Pursuant to Division Rule 19.15.12.10.C(4)(g) NMAC, additional wells may be added to the Escrito I24-2409 Gas Gathering System, and surface commingling of natural gas from such wells in the said system may be authorized by administrative order of the Division, with notice only to the owners of interests in such wells, provided that (1) all such orders shall provide for separate metering for allocation purposes, at or near the wellhead, of all production from each well so added, and (2) the operator in such application demonstrates that the addition of production from wells so added will not adversely affect the interests of the owners of wells already producing into the system.

Sincerely,



Jami Bailey
Division Director

JB/db

cc: Oil Conservation Division District Office – Aztec
United States Bureau of Land Management