

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



November 29, 2016

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-406-A
Administrative Application Reference No. pKSC1630928851

Encana Oil & Gas (USA) Inc.
Attn: Ms. Holly Hill

Pursuant to your application received on November 3, 2016, and Encana Oil & Gas (USA) Inc. (OGRID 282327) is hereby authorized to surface commingle gas production from the following pools:

Basin Mancos	(97032)
Alamito-Gallup (O)	(1039)
Alamito Mancos N (Oil)	(98174)
Betonne Tsosie Wash Mancos (Oil)	(98175)

and from the following diversely owned wells. These wells are identified in Attachment No. 1, and made part of this order. These wells are located on federal and state leases in in San Juan and Sandoval Counties, New Mexico.

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 Chaco Trunk No. 1 and Chaco Trunk No. 2 Phase 1 Gathering System will be again measured, and sold, at the transfer point on Enterprise Products Partners' pipeline, located in the SW/4 NW/4 of Section 25, Township 23 North, Range 7 West, Sandoval County, New Mexico.

Gas production from each well shall be separately metered before commingling with production from other wells. The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

The operator shall notify the transporter of this commingling authority.

This Division Order supersedes Division Order PLC-406, issued on October 2, 2014.

This approval is subject to like approval from the Bureau of Land Management and New Mexico State Land Office before commencing commingling operations.

The operator shall notify the Aztec District Office upon commencement of commingling operations.

DONE at Santa Fe, New Mexico, on November 29, 2016.



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division District Office – Aztec
New Mexico State Land Office – Oil, Gas and minerals
United States Bureau of Land Management - Farmington

Attachment No. 1
Encana Oil Gas (USA) Inc.
Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System
San Juan and Sandoval Counties, New Mexico
Amendment Dated November 1, 2016

Initial Application for Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System, PLC 406 Approved October 3, 2014										
Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. or Unit No. if Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status
Lybrook D12-2208 01H	30-045-35670	D-NWNW-12-22N-8W	N/A	1	N2 Sec 11 22N 8W (320 acres)	Basin Mancos Gas	NM-48989A	USA	N/A	Not Drilled
Lybrook E12-2208 01H	30-045-35664	E-SWNW-12-22N-8W	N/A		N2 Sec 11 22N 8W (320 acres)	Basin Mancos Gas			N/A	Not Drilled
Lybrook E11-2208 01H	30-045-35666	F-SENW-11-22N-8W	Pending	2	SW Sec 11 (160 acres) / NW Sec 14 (160 acres) 22N 8W	Basin Mancos Gas	NM-48989A / NM-48989	USA	N/A	Not Drilled
Lybrook E11-2208 02H	30-045-35665	F-SENW-11-22N-8W	Pending		SW Sec 11 (160 acres) / NW Sec 14 (160 acres) 22N 8W	Basin Mancos Gas			N/A	Not Drilled
Lybrook E15-2208 01H	30-045-35682	E-SWNW-15-22N-8W	Pending	3	N2 Sec 16 22N 8W (320 acres)	Basin Mancos Gas	B-10894 / VA- 1119	NM STATE	N/A	Not Drilled
Lybrook E15-2208 01H	30-045-35667	E-SWNW-15-22N-8W	Pending		N2 Sec 16 22N 8W (320 acres)	Basin Mancos Gas			N/A	Not Drilled
Lybrook M35-2308 01H	30-045-35526	M-SWSW-35-23N-8W	N/A	4a	W2W2 Sec 2 22N 8W (160.50 acres)	Alamito-Gallup	NM-48989A	USA	12/5/2014	Producing
Lybrook M35-2308 02H	30-045-35527	M-SWSW-35-23N-8W	N/A	4b	E2W2 Sec 2 22N 8W (160.70 acres)	Alamito-Gallup			12/10/2014	Producing
Lybrook M35-2308 03H	Pending	M-SWSW-35-23N-8W	N/A	4b	E2W2 Sec 2 22N 8W (160.70 acres)	Alamito-Gallup			N/A	Not Drilled
Lybrook M35-2308 04H	Pending	M-SWSW-35-23N-8W	N/A	4a	W2W2 Sec 2 22N 8W (160.50 acres)	Alamito-Gallup			N/A	Not Drilled
Lybrook O35-2308 01H	30-045-35525	O-SWSE-35-23N-8W	N/A	5	W2E2 Sec 2 22N 8W (160.90 acres)	Alamito-Gallup	NM-48989A	USA	12/13/2014	Producing
Lybrook O35-2308 02H	30-045-35524	O-SWSE-35-23N-8W	N/A	6	E2E2 Sec 2 22N 8W (160.10 acres)	Alamito-Gallup			12/19/2014	Producing
North Alamito Unit 310H (D34 2307 01H)	30-043-21277	D-NWNW-34-23N-7W	Pending	7	All of 19-23 & 26-34, SE & W2 Sec 25, NW Sec 35 T23N R7W; N2 of 3 & 4, N2 & SW of 5, All of 6, N2 of 7, NW of 8 T22N R7W; All of 25 & 36 T23N R8W; All of 1, N2 of 15 T22N R8W (14262.78 acres)	North Alamito Unit (Hz) Oil	See Attached Exhibit A for this Unit Listing all Leases associated with this unit	USA, NM STATE, FEE, ALLOTTEE	N/A	Not Drilled
North Alamito Unit 311H (D34 2307 02H)	Pending	D-NWNW-34-23N-7W							N/A	Not Drilled
North Alamito 007H (E20- 2307 01H)	Pending	E-SWNW-20-23N-7W							N/A	Not Drilled
North Alamito 008H (E20- 2307 02H)	Pending	E-SWNW-20-23N-7W							N/A	Not Drilled
North Alamito Unit 321H (E33- 2307 01H)	30-043-21195	E-SWNW-33-23N-7W							10/16/2014*	Producing
North Alamito Unit 322H (E33- 2307 02H)	30-043-21196	E-SWNW-33-23N-7W							10/24/2014*	Producing
North Alamito Unit 228H (L29- 2307 01H)	30-043-21232	L-NWSW-29-23N-7W							N/A	Not Drilled
North Alamito Unit 229H (L29- 2307 02H)	30-043-21231	L-NWSW-29-23N-7W							N/A	Not Drilled
North Alamito Unit 230H (L29- 2307 03H)	30-043-21230	L-NWSW-29-23N-7W							N/A	Not Drilled
North Alamito Unit 231H (L29- 2307 04H)	Pending	L-NWSW-29-23N-7W							N/A	Not Drilled
North Alamito Unit 323H (L33- 2307 01H)	30-043-21197	L-NWSW-33-23N-7W							10/19/2014*	Producing
North Alamito Unit 306H (L34- 2307 01H)	30-043-21276	L-NWSW-34-23N-7W							N/A	Not Drilled
North Alamito Unit 307H (L34- 2307 02H)	Pending	L-NWSW-34-23N-7W							N/A	Not Drilled
North Alamito Unit 232H (P28- 2307 01H)	30-043-21199	P-SESE-28-23N-7W							N/A	Not Drilled
North Alamito Unit 233H (P28- 2307 02H)	Pending	P-SESE-28-23N-7W							N/A	Not Drilled

Attachment No. 1
Encana Oil Gas (USA) Inc.
Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System
San Juan and Sandoval Counties, New Mexico
Amendment Dated November 1, 2016

ALAMITO
G-111P

Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. or Unit No. if Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status
North Alamito Unit 324H (P31-2307 01H)	30-043-21229	P-SESE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 325H (P31-2307 02H)	30-043-21200	P-SESE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 326H (P31-2307 03H)	30-043-21228	P-SESE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 327H (P31-2307 04H)	Pending	P-SESE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 328H (P32-2307 01H)	30-043-21198	P-SESE-32-23N-7W							11/02/2014*	Producing
North Alamito Unit 234H (G30-2307 01H)	30-043-21235	G-SWNE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 235H (G30-2307 02H)	30-043-21236	G-SWNE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 236H (G30-2307 03H)	30-043-21237	G-SWNE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 237H (G30-2307 04H)	Pending	G-SWNE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 329H (G31-2307 01H)	30-043-21217	G-SWNE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 330H (G31-2307 02H)	30-043-21216	G-SWNE-31-23N-7W	Pending	7	All of 19-23 & 26-34, SE & W2 Sec 25, NW Sec 35 T23N R7W; N2 of 3 & 4, N2 & SW of 5, All of 6, N2 of 7, NW of 8 T22N R7W; All of 25 & 36 T23N R8W; All of 1, N2 of 15 T22N R8W (14262.78 acres)	North Alamito Unit (Hz) Oil	See Attached Exhibit A for this Unit Listing all Leases associated with this unit	USA, NM STATE, FEE, ALLOTTEE	N/A	Not Drilled
North Alamito Unit 331H (G31-2307 03H)	30-043-21218	G-SWNE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 332H (J31-2307 01H)	30-043-21214	J-NWSE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 333H (J31-2307 02H)	30-043-21215	J-NWSE-31-23N-7W							N/A	Not Drilled
North Alamito Unit 238H (O30-2307 01H)	30-043-21211	O-SWSE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 239H (O30-2307 02H)	30-0043-21210	O-SWSE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 240H (O30-2307 03H)	30-0043-21212	O-SWSE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 241H (O30-2307 04H)	Pending	O-SWSE-30-23N-7W							N/A	Not Drilled
North Alamito Unit 101H (O20-2307 01H)	Pending	O-SWSE-20-23N-7W							N/A	Not Drilled
North Alamito Unit 102H (O20-2307 02H)	Pending	O-SWSE-20-23N-7W							N/A	Not Drilled
Betonnie Tsoie Wash Unit 601H (fka H04-2208 01H)	30-045-35328	H-SENE-4-22N-8W	NMNM 135219X	8	All of 18 T23N R7W; All of 11, 13-14, 21-23, 26-28, 33-35 T23N R8W; All of 3-5, E2 & SW of 6, All of 7-8, E2 & NW of 9, All of 10 T22N R8W (13,137 acres)	Betonnie Tsoie Wash Mancos Oil	See Attached Exhibit A for this Unit Listing all Leases associated with this unit	USA, ALLOTTEE	12/07/2014**	Producing

Attachment No. 1
Encana Oil Gas (USA) Inc.
Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System
San Juan and Sandoval Counties, New Mexico
Amendment Dated November 1, 2016

1st Amendment to Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System, dated November 1, 2016										
Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. or Unit No. If Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status
North Alamito Unit 005H (C20-2307)	Pending	C-NENW-20-23N-7W	Pending	7	All of 19-23 & 26-34, SE & W2 Sec 25, NW Sec 35 T23N R7W; N2 of 3 & 4, N2 & SW of 5, All of 6, N2 of 7, NW of 8 T22N R7W; All of 25 & 36 T23N R8W; All of 1, N2 of 15 T22N R8W (14262.78 acres)	North Alamito Unit (Hz) Oil	See Attached Exhibit A for this Unit Listing all Leases associated with this unit	USA, NM STATE, FEE, ALLOTTEE	N/A	Not Drilled
North Alamito Unit 006H (C20-2307)	Pending	C-NENW-20-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 208H (D26-2307)	Pending	D-NWNW-26-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 209H (D26-2307)	Pending	D-NWNW-26-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 210H (E26-2307)	Pending	E-SWNN-26-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 211H (J26-2307)	Pending	J-NWSE-26-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 212H (J26-2307)	Pending	J-NWSE-26-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 213H (L26-2307)	Pending	L-NWSW-26-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 214H (L26-2307)	Pending	L-NWSW-26-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 216H (C29-2307)	Pending	C-NENW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 217H (C29-2307)	Pending	C-NENW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 218H (C29-2307)	Pending	C-NENW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 219H (C29-2307)	Pending	C-NENW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 220H (C29-2307)	Pending	C-NENW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 221H (C29-2307)	Pending	C-NENW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 222H (L29A-2307)	Pending	L-NWSW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 223H (L29A-2307)	Pending	L-NWSW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 224H (L29A-2307)	Pending	L-NWSW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 225H (L29A-2307)	Pending	L-NWSW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 226H (L29A-2307)	Pending	L-NWSW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 227H (L29A-2307)	Pending	L-NWSW-29-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 312H (Ika D34-2307 03H)	Pending	D-NWNW-34-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 313H (Ika D34-2307 04H)	Pending	D-NWNW-34-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 301H (C35-2307)	Pending	C-NENW-35-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 302H (C35-2307)	Pending	C-NENW-35-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 303H (F35-2307)	Pending	F-SENN-35-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 304H (F35-2307)	Pending	F-SENN-35-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 305H (F35-2307)	Pending	F-SENN-35-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 308H (L34-2307 03H)	Pending	L-NWSW-34-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 309H (L34-2307 04H)	Pending	L-NWSW-34-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 314H (P33-2307)	Pending	O-SWSE-33-23N-7W	Pending						N/A	Not Drilled

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Encana Oil Gas (USA) Inc.
Chaco Trunk #1 and Chaco Trunk #2 Phase 1 Gathering System
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Amendment Dated November 1, 2016

Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. or Unit No. if Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status
North Alamito Unit 315H (P33-2307)	Pending	O-SWSE-33-23N-7W	Pending	7	All of 19-23 & 26-34, SE & W2 Sec 25, NW Sec 35 T23N R7W; N2 of 3 & 4, N2 & SW of 5, All of 6, N2 of 7, NW of 8 T22N R7W; All of 25 & 36 T23N R8W; All of 1, N2 of 15 T22N R8W (14262.78 acres)	North Alamito Unit (Hz) Oil		USA, NM STATE, FEE, ALLOTTEE	N/A	Not Drilled
North Alamito Unit 316H (P33-2307)	Pending	O-SWSE-33-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 317H (P33-2307)	Pending	O-SWSE-33-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 101H (O20-2307 01H)	Pending	O-SWSE-33-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 102H (O20-2307 02H)	Pending	O-SWSE-33-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 103H (O20-2307 03H)	Pending	O-SWSE-20-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 104H (O20-2307 04H)	Pending	O-SWSE-20-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 105H (O20-2307 05H)	Pending	O-SWSE-20-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 106H (O20-2307 06H)	Pending	O-SWSE-20-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 318H (E33-2307 03H)	Pending	E-SENW-33-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 319H (L33-2307 02H)	Pending	L-NWSW-33-23N-7W	Pending						N/A	Not Drilled
North Alamito Unit 320H (P32-2307 02H)	Pending	P-SESE-32-23N-7W	Pending						N/A	Not Drilled

EXPLANATION LEGEND

Encana currently has nine (9) wells producing: four (4) wells in the Alamito Gallup Pool, one (1) well in the Betonnie Tsosie Wash Unit Oil Pool, and four (4) producing in what will become the North Alamito Unit and whichever pool is designated for unit production purposes. Encana intends to drill and produce two (2) wells that will produce exclusively from the Alamito-Gallup Pool, six (6) wells that will produce exclusively from the Basin Mancos Pool, and seventy-four (74) wells that will produce from what will become the North Alamito Unit and whichever pool is designated for unit production purposes. Completion design is very similar in these wells. Initial flowback and hydrocarbon analysis results in the area show very similar BTU heating content (see * below).

Projected decline rates for all wells listed above: DI/b:75%/1.8.

BTU value is lower over the 1st -6 months due to pumping nitrogen while completing the well. Nitrogen introduced while completing decreases over time as the well is produced.

*Encana is in the process of forming the North Alamito Unit, it is Encana's intent to dedicate the wells that were drilled and are producing to the undivided North Alamito Unit.

**Encana has formed the Betonnie Tsosie Wash Unit, it is Encana's intent to dedicate the well that was drilled and is producing to the undivided Betonnie Tsosie Wash Unit.