

6-3-13 DATE IN	6-23 SUSPENSE	ENGINEER <i>DB</i>	06-03-2013 LOGGED IN	GLM TYPE	APP NO. <i>PAXIC 1315457040</i>
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

*76*

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]  
 [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

*30-045-35442*  
*Good times L10-2410 1H*  
*Encana Oil & Gas*

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☒ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify \_\_\_\_\_

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☐ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
Attachment No. 4 presents copies of notification to interest owners mailed Certified/ Return Receipt (RR). Upon receipt of RRs, copies will be sent to NMOCD.  
 [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Holly Hill  
Print or Type Name

*Holly Hill*  
Signature

Regulatory Analyst  
Title

*5/30/13*  
Date

*holly.hill@encana.com*  
e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Encana Oil & Gas (USA) Inc.  
OPERATOR ADDRESS: 370 17<sup>th</sup> Street, Suite 1700, Denver, CO 80202  
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☒ Yes ☐ No

**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No  
(4) Measurement type: ☐ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Pool Name and Code.  
(2) Is all production from same source of supply? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No  
(4) Measurement type: ☐ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Complete Sections A and B.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☒ Yes ☐ No  
(2) Include proof of notice to all interest owners. See Attachment No. 4

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location. See Attachment No. 2 and Attachment No. 5  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. Attachment No. 2  
(3) Lease Names, Lease and Well Numbers, and API Numbers. See Attachment No. 1

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Holly Hill

TITLE: Regulatory Analyst

DATE: 5/30/13

TYPE OR PRINT NAME: Holly Hill

TELEPHONE NO.: 720-876-5331

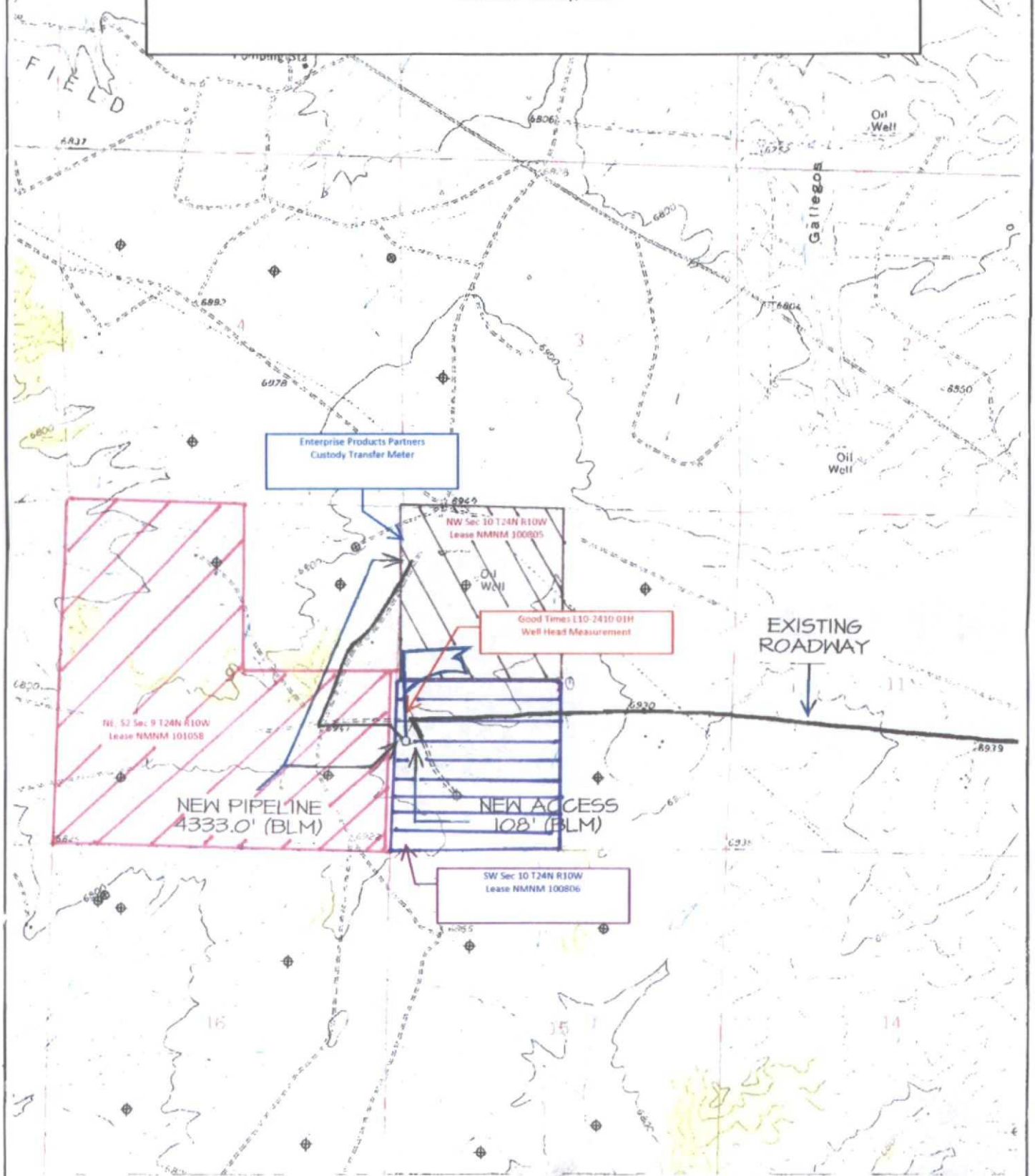
E-MAIL ADDRESS: holly.hill@encana.com

Attachment No. 1  
Encana Oil Gas (USA) Inc.  
Good Times L10-2410 01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

Well Name	API No.	Well Location UL-Sec-Twn-Rng	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status
Good Times L10-2410 01H	30-045-35442	L-SWNW-10-24N-10W	S2 Sec 9 24N 10W (320 acres)	Basin Mancos Gas Pool (97232) *	NMNM 101058	Fed	Pending	Approval to Drill

\*Pursuant to NMAC 19.15.15.13.C Encana received administrative approval on April 30, 2013 (NSL-6797) for an unorthodox location for the Good Times L10-2409 01H well in the Basin Mancos Gas Pool (Order No.97232)

Attachment No. 2  
 Encana Oil & Gas (USA) Inc.  
 Good Times L10-2410 01H  
 Off-Lease Measurement Application  
 Well Pad Measurement: NWNW Sec 10 T24N R10W  
 Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
 San Juan County, NM



NAME OF TOPO : HUERFANO TRADING POST ⊕ PRODUCING WELL ⊗ PLUGGED & ABANDONED WELL

District I  
1625 N. French Drive, Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

District II  
811 S. First Street, Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV  
1220 S. St. Francis Drive, Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

Attachment No. 2(a)  
Encana Oil & Gas (USA) Inc.  
Good Times L10-2410-01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

Form C-102  
Revised August 1, 2011  
Submit one copy to  
appropriate District Office

1220 South St. Francis Drive  
Santa Fe, NM 87505

AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-045-35442</b>		Pool Code <b>97232</b>	Pool Name <b>BASIN MANCOS</b>
Property Code	Property Name <b>GOOD TIMES L10-2410</b>		Well Number <b>01H</b>
OGRID No. <b>282327</b>	Operator Name <b>ENCANA OIL &amp; GAS (USA) INC.</b>		Elevation <b>6896'</b>

## 10 Surface Location

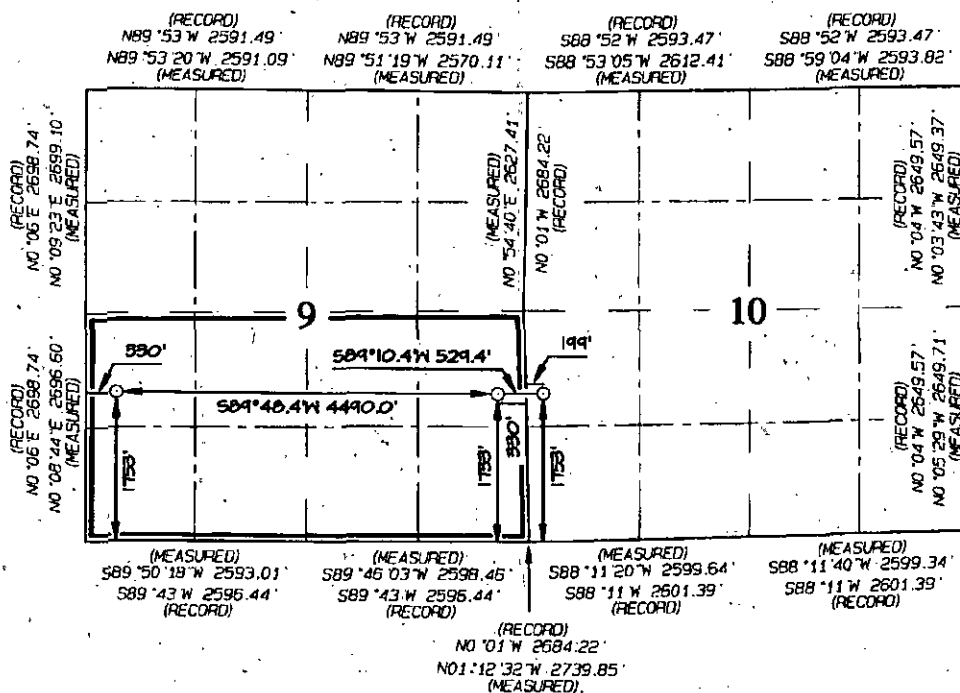
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	10	24N	10W		1753	SOUTH	199	WEST	SAN JUAN

## 11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	9	24N	10W		1753	SOUTH	330	WEST	SAN JUAN

Dedicated Acres <b>320.0 Acres</b> <b>S/2 - Section 9</b>	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



END-OF-LATERAL  
1753' FSL 330' FWL  
SECTION 9, T24N, R10W  
LAT: 36.32554°N  
LONG: 107.90807°W  
DATUM: NAD1927  
  
LAT: 36.32555°N  
LONG: 107.90869°W  
DATUM: NAD1983

POINT-OF-ENTRY  
1753' FSL 330' FWL  
SECTION 9, T24N, R10W  
LAT: 36.32559°N  
LONG: 107.89283°W  
DATUM: NAD1927  
  
LAT: 36.32560°N  
LONG: 107.89345°W  
DATUM: NAD1983

SURFACE LOCATION  
1753' FSL 199' FWL  
SECTION 10, T24N, R10W  
LAT: 36.32561°N  
LONG: 107.89103°W  
DATUM: NAD1927  
  
LAT: 36.32563°N  
LONG: 107.89165°W  
DATUM: NAD1983

## 17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest, or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Holly Hill* 3/25/13  
Signature Date  
Holly Hill  
Printed Name  
holly.hill@encana.com  
E-mail Address

## 18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: FEBRUARY 25, 2013  
Survey Date: OCTOBER 10, 2012  
Signature and Seal of Professional Surveyor



**JASON C. EDWARDS**  
Certificate Number 15269

Attachment No. 3  
Encana Oil Gas (USA) Inc.  
Good Times L10-2410 01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

Good Times L10-2410 01H  
Unit L, Section 10, T24N R10W  
Project Area: S2 Section 09, T24N R10W (320 acres)  
Federal Lease NMNM 101058  
Basin Mancos Gas Pool

**Interest Owner**

**Working Interest**

Encana Oil & Gas (USA) Inc.  
370 17th Street, Suite 1700  
Denver, CO 80202

<u>Gross</u>	<u>Net</u>
75.000%	60.000%

Coleman Oil & Gas, Inc.  
6540 East Main Street  
Farmington, New Mexico 87402

25.000%	20.625%
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**Royalty Interest**

BLM

0.000%	12.500%
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**Overriding Royalty Interest**

Merrion Oil & Gas Corporation  
610 Reilly Ave.  
Farmington, New Mexico 87401

0.000%	5.000%
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Coleman Oil & Gas, Inc.  
6540 East Main Street  
Farmington, New Mexico 87402

0.000%	1.875%
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**TOTAL**

100.000%	100.000%
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Attachment No. 4  
Encana Oil & Gas (USA) Inc.  
Good Times L10-2410 01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

As evidence that all interest ownership parties in the subject well have been given notice of Encana's application, attached please find:

- 1) The Leasehold Interest Owner's Address List for the Good Times L10-2410 01H Off-Lease Measurement and Sales of natural produced gas as well as Off-Lease Measurement, Sales and Transportation of produced crude oil and condensate.
- 2) Copies of Encana's letters, dated May 30, 2013, used to send copies of the subject application to the leasehold interest owners for the Good Times L10-2410 01H. The letters were transmitted via certified mail/return receipt. Upon receiving receipts, a copy will be sent to NMOCD.
- 3) All royalty interest is BLM. Since the BLM is receiving this application requesting their approval, a separate notice letter was not sent to the royalty interest owners. The application to the NMSLO and BLM were transmitted via certified mail/return receipt. Upon receiving receipts, a copy will be sent to NMOCD.

Attachment No. 4  
Encana Oil & Gas (USA) Inc.  
Good Times L10-2410 01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

**Working Interest Owners:**

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

Coleman Oil & Gas, Inc.  
6540 East Main Street  
Farmington, New Mexico 87402

**Royalty Interest Owner:**

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

**Overriding Royalty Interest:**

Coleman Oil & Gas, Inc.  
6540 East Main Street  
Farmington, New Mexico 87402

Merrion Oil & Gas Corporation  
610 Reilly Ave.  
Farmington, New Mexico 87401





May 30, 2013

Coleman Oil & Gas, Inc.  
6540 East Main Street  
Farmington, New Mexico 87402

**Re: Good Times L10-2410 01H (the "Well")  
Application for Off-Lease Measurement  
San Juan County, New Mexico**

Dear Owner:

Encana Oil & Gas (USA) Inc. (Encana) is seeking administrative approval from the New Mexico Oil Conservation Division (NMOCD) for an Application for Off-Lease Transportation, Measurement, and Sale of produced natural gas, crude oil and condensate from the Well. Encana will operate, producing from the S2 of Section 9, T24N R10W; New Mexico Federal Lease NMNM 101058.

Off-Lease Measurement of natural gas will occur at the well head in the NWSW of Section 10, T24N R10W by a well allocation meter, and in the NWNW of Section 10, T24N R10W at the pipeline tie-in to Enterprise Products Partners' central delivery point, gas custody transfer meter. The Well will be equipped with gas measurement equipment for allocation purposes.

Off-Lease Measurement of produced oil and condensate will occur at the surface location for the Well where Encana plans to install five (5) 400-barrel oil tanks. A gathering company will purchase and transport the product to refining. A strapping table measurement for each oil tank will determine the volume in each tank with run tickets to be filled out at the surface location for each load. Tank seal information will also be recorded to accompany transport.

This matter does not require any action on your part. Current NMOCD Regulations require that all affected interest owners receive notice of proposed Off-Lease Measurement. Should you have any questions, concerns or need additional information please contact me at your earliest convenience at 720-876-5965 and/or [billy.mccool@encana.com](mailto:billy.mccool@encana.com).

Should you have any objections to our application, please contact the undersigned; you should also contact the NMOCD directly with your objections within twenty (20) days from the date the NMOCD receives our application. The mailing address for the NMOCD is 1220 St. Francis Drive, Santa Fe, New Mexico 87505. We would appreciate a copy of your objection.

Yours Truly,  
Encana Oil & Gas (USA) Inc.

A handwritten signature in black ink, appearing to read "B. Wade McCool".

B. Wade McCool  
Land Negotiator  
720.876.5965 (O)  
email: [billy.mccool@encana.com](mailto:billy.mccool@encana.com)

Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700, Denver Colorado 80202

Attachment No. 4 Encana Oil & Gas (USA) Inc. Good Times L10-2410 01H Off-Lease Measurement Application Well Pad Measurement: NWNW Sec 10 T24N R10W Project Area: S2 Section 9 T24N R10W (NMNM 101058) San Juan County, New Mexico		<b>SECTION ON DELIVERY</b>	
<b>SENDER: COMPLETE THIS SECTION</b> ■ Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits.		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) _____ C. Date of Delivery _____	
1. Article Addressed to:  <b>Merrion Oil &amp; Gas Corporation</b> <b>610 Reilly Ave.</b> <b>Farmington, New Mexico 87401</b>		D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label) <b>7011 3500 0000 3594 4776</b>		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
■ Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature _____ <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee B. Received by (Printed Name) _____ C. Date of Delivery _____	
1. Article Addressed to:  <b>Ms. Jami Bailey</b> <b>New Mexico Oil Conservation</b> <b>Division</b> <b>1220 South St. Francis Drive</b> <b>Santa Fe, NM 87505</b>		D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label) <b>7011 3500 0000 3594 4769</b>		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
■ Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature _____ <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee B. Received by (Printed Name) _____ C. Date of Delivery _____	
1. Article Addressed to:  <b>Coleman Oil &amp; Gas, Inc.</b> <b>6540 East Main Street</b> <b>Farmington, New Mexico 87402</b>		D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label) <b>7011 3500 0000 3594 4783</b>		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. / Item 4 if Restricted Delivery is required.
- Print your name and address so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

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

**2. Article Number**

(Transfer from service label)

7011 3500 0000 3594 4790

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**Attachment No. 4**

Encana Oil & Gas (USA) Inc.

Good Times L10-2410 01H

Off-Lease Measurement Application

Well Pad Measurement: NWNW Sec 10 T24N R10W

Project Area: S2 Section 9 T24N R10W (NMNM 101058)

San Juan County, New Mexico

**DELIVERY**

☐ Agent

☐ Addressee

**C. Date of Delivery**

**B. Received by (Printed Name)**

**D. Is delivery address different from item 1? ☐ Yes**

**If YES, enter delivery address below: ☐ No**

**3. Service Type**

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

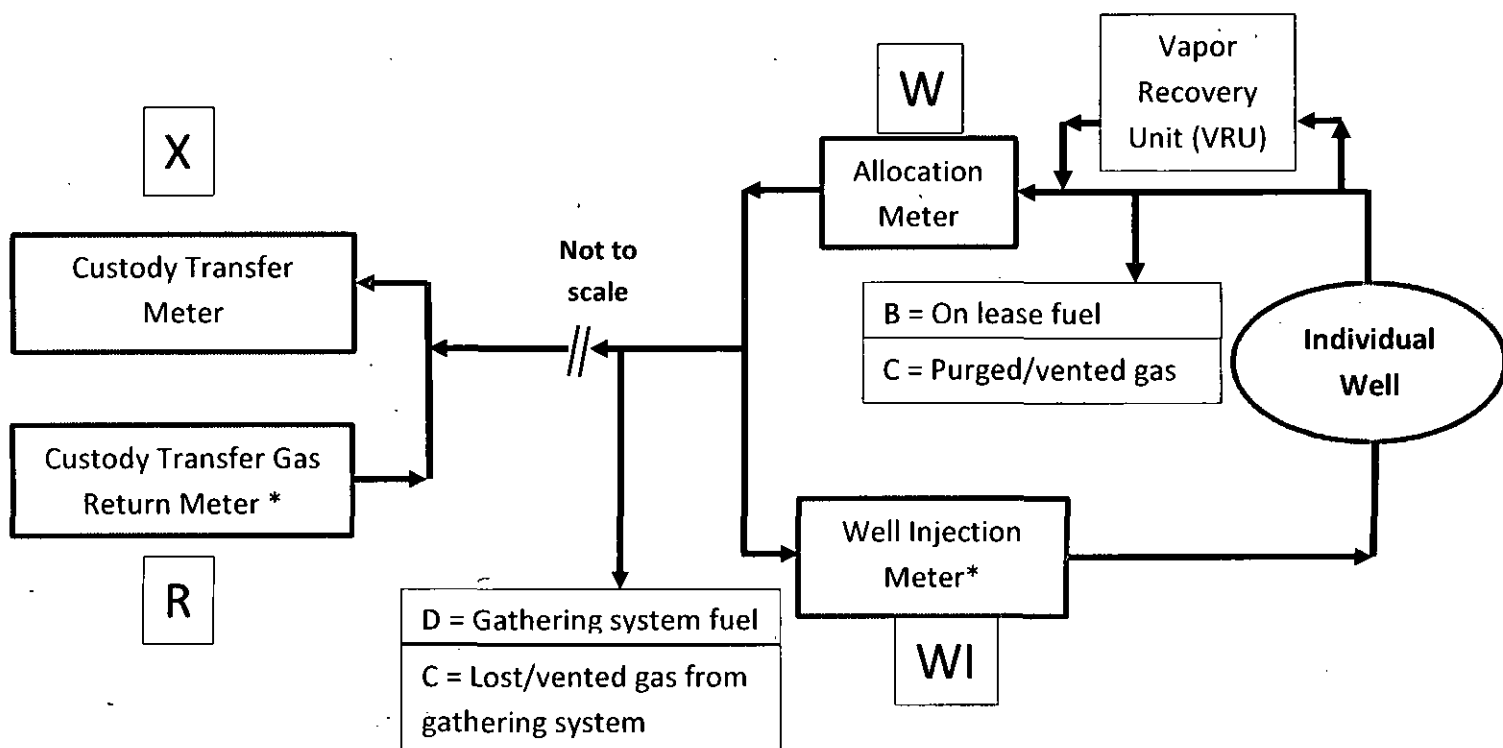
**4. Restricted Delivery? (Extra Fee)**

☐ Yes

Attachment No. 5  
Encana Oil & Gas (USA) Inc.  
Good Times L10-2410 01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

## Allocation Procedures

### Good Times L10-2410 01H



\*Meter will only be installed and active when gas lift is installed.

#### Base Data:

X = Gas Volume (MCF) from Custody Transfer Meter during allocation period. (Enterprise)

R = Gas Volume (MCF) from Custody Transfer Gas Return Meter (Enterprise)\*

W = Gas Volume (MCF) from allocation meters at individual wells during allocation period. (Encana)

WI = Gas Volume (MCF) from well injection meter at individual wells during allocation period. (Encana)\*

Y = Heating Value (BTU/scf) from Custody Transfer Meter and Custody Transfer Gas Return Meter during allocation period. (Enterprise)

Z = Heating Value (BTU/scf) from individual well allocation meter and well injection meter. (Encana)

Attachment No. 5  
Encana Oil & Gas (USA) Inc.  
Good Times L10-2410 01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

Allocation Period is typically a calendar month and will be the same for all wells.

**Individual Well Gas Production** = A + B + C + D + E

A = Allocated Gas production off lease, MCF:  $((W-WI) / \text{SUM}(W-WI)) * (X-R)$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions. This includes, but is not limited to, compression, vapor recovery unit (VRU) compression, burners, and pump jacks.

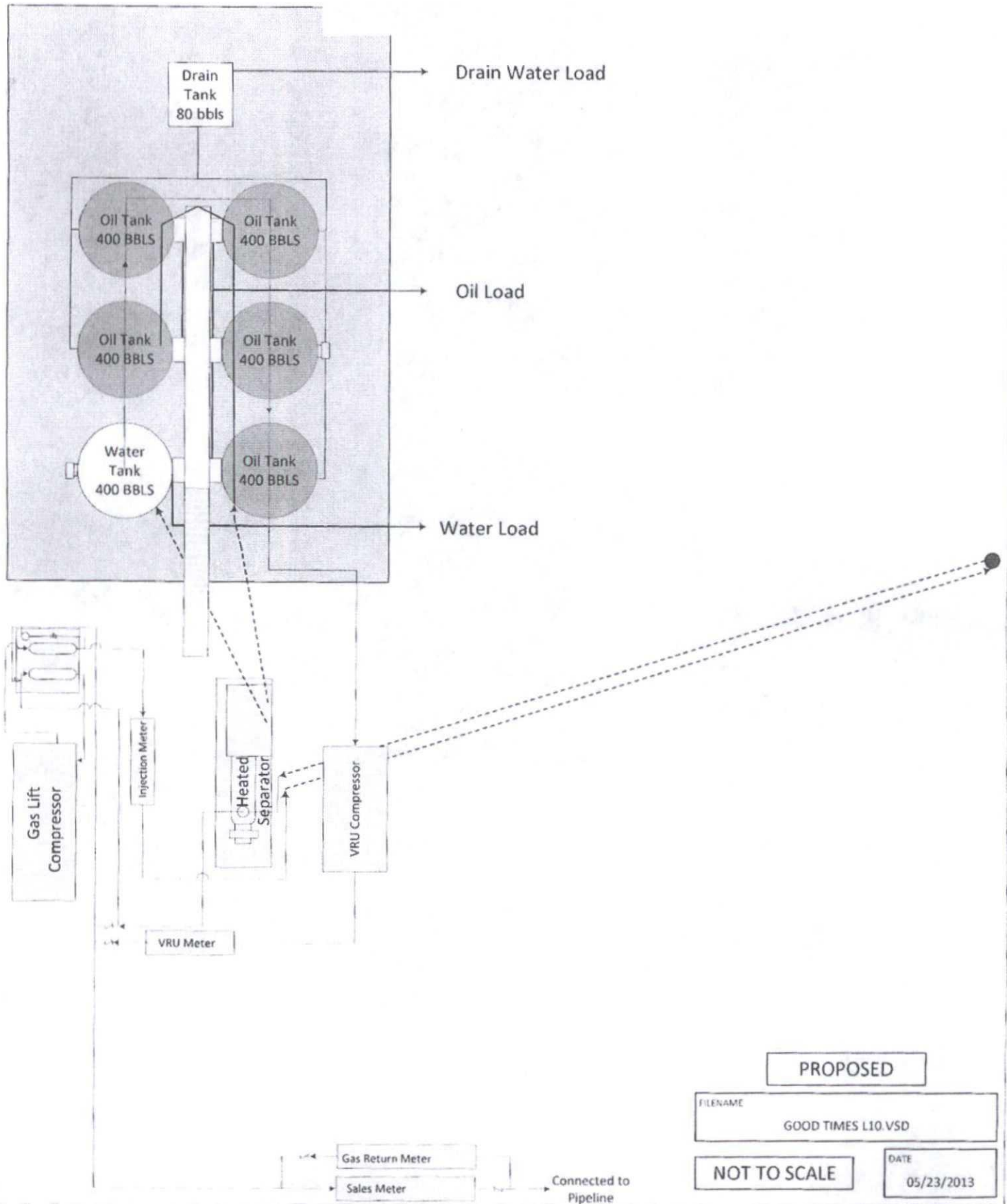
C = Lost and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment and piping specifications and operating pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by  $(W-WI) / \text{SUM}(W-WI)$ .

E = Allocated volume of gas lost and/or vented from the gathering system, gathering system equipment, condensate collection, and water collection in MCF. The total volume will be determined using industry accepted procedures the time of the loss. The total volumes lost and/or vented will be allocated to the individual wells affected using factors determined by  $(W-WI) / \text{SUM}(W-WI)$ .

**Individual Well BTU's** =  $((W-WI) * Z) / \text{SUM}((W-WI) * Z) * Y$

Individual well gas heating values to be determined in accordance with BLM regulations.



Attachment No. 4  
Encana Oil & Gas (USA) Inc.  
Good Times L10-2410 01H  
Off-Lease Measurement Application  
Well Pad Measurement: NWNW Sec 10 T24N R10W  
Project Area: S2 Section 9 T24N R10W (NMNM 101058)  
San Juan County, New Mexico

**Gas Metering on Good Times L10-2410 01H with Gas Lift**

The Good Times L10-2410 01H will have two additional gas meters installed for use with the gas lift system. The typical sales gas meter continues to be used for the same functionality as if the well did not have gas lift. The additional meters are a buy back meter and an injection (for information purposes only) meter.

The gas return meter is used to meter any gas that is brought back from the Enterprise Pipeline for kickoff and re-start purposes only. This meter will be installed parallel to the sales meter with check valves preventing back flow through either meter. The buy back volume is expected to be minimal on a monthly basis. Once the well is producing excess gas from what is being circulated, the gas is sold and no buy back gas is used. The only difference from a typical well setup is that at the end of the month, the sales meter and buy back meter are combined to determine the net sales volume.

The second additional meter on the pad is the injection meter which is used for metering the injection gas that is circulated through the wellbore. This meter is for informational / operational optimization purposes only. Since this meter is upstream of the sales meter, this meter is not used to calculate sales volumes.

May 30, 2013

Transmitted Via Certified Mail

Ms. Jami Bailey  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Mr. Dave Evans, District Manager  
Bureau of Land Management  
6251 College Blvd., Suite A  
Farmington, NM 87402

**Re: Application for Off-Lease Measurement  
Good Times L10-2410 01H**  
Section 10, Township 24 North – Range 10 West  
San Juan County, New Mexico

Dear Ms. Bailey and Mr. Evans:

Encana Oil & Gas (USA) Inc. (Encana) requests Administrative Approval for Off-Lease Measurement and Sale of natural produced gas as well as Off-Lease Measurement, Sale and Transportation of produced crude oil and condensate from the Good Times L10-2410 01H well. Encana will operate the well, developing production from the S2 of Section 9, T24N R10W, New Mexico Federal Lease NMNM 101058. Further, the well will produce from the Basin Mancos Gas Pool (Order No. R-12984\*). There is no Indian acreage associated with the well.

As you are most likely aware, in order to optimally develop horizontal wells, Encana has proceeded with permitting various well pads in the section adjacent to the Project Area (PA) and/or developed acreage. Therefore, in this instance, the well pad surface hole location (SHL) is off-lease in the NWSW of Section 10, T24N R10W.

Off-Lease Measurement of natural gas will occur both at the well head in the NWSW of Section 10, T24N R10W where a well allocation meter will be installed, as well as in the NWNW of Section 10, T24N R10W where the pipeline ties into Enterprise Products Partners' (Enterprise) central delivery point, gas custody transfer meter (CDP). Further, Encana intends to install a gas lift compressor on the well as depicted and described on Attachment No 5, Pages 3 and 4. Please note, Encana intends to submit to the Bureau of Land Management (BLM) a sundry to formally request approval to install the gas lift on the well, which, once approved, will be forwarded on to the New Mexico Oil Conservation Division for their approval. There will not be any commingling of oil or condensate with naturally produced gas in the pipeline.

Off-Lease Measurement, Sale and Transportation of produced oil and condensate will occur at the well pad SHL for the Good Times L10-2410 01H, where Encana intends to install five (5) 400-barrel oil tanks and one (1) 400-barrel water tank. Generally, produced water will be measured using tank gauges and produced oil will be measured using a strapping table measurement by the associated vendors. Run tickets will be filled out onsite for each load of oil, which will show the tank gauge readings, oil gravity, temperature and BS&W content. Each valve on the tanks will have seals. Records will be kept that will show when seals are installed and removed. The tank seal information is also recorded on the run tickets, which will accompany the transportation of the oil.

*Enclosed please find the following:*

**A. Administrative Application Checklist for Off-Lease Measurement dated May 30, 2013.**

Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) [holly.hill@encana.com](mailto:holly.hill@encana.com)





**B. State of New Mexico Oil Conservation Division Form C-107-B, Application for Off-Lease Measurement dated May 30, 2013. Attached to and made part of the Application for Off-Lease Measurement please find the following:**

**Attachment No. 1:** Presents the lease and pool information for the well.

**Attachment No. 2:** Presents a plat depicting the off-lease well pad SHL for the Good Times L10-2410 01H. The well pad SHL will have an allocation meter where Off-Lease Measurement of natural gas will occur; as well as Off-Lease Measurement, Sale and Transportation of produced crude oil and water. Additionally, the plat depicts Off-Lease Measurement for natural gas at the CDP, tying into Enterprise's CDP custody transfer meter in the NWNW of Section 10, T24N R10W where the 4,333-foot long pipeline will be installed, leading back to the Good Times L10-2410 01H well pad SHL. Please note that Encana received BLM approval for the pipeline right-of-way on May 20, 2013 (NMMN 129355). Encana will supply the meter number of the CDP to the BLM once the pipeline has been installed and interconnected into Enterprise's pipeline. The well will be equipped with a continuous recording gas allocation meter (or some form of approved alternative measurement) operated and maintained by Encana. Prior to converting any gas measurement from a conventional allocation meter to an alternative measurement method, Encana will seek formal approvals. The allocation procedures are presented on **Attachment No. 5**.

Condensate and oil will be separated, stored and sold at the well head SHL, which is off-lease. Depending on their availability Encana will enlist the services of High Tech Tools, LLC (mailing address: PO Box 1244 Aztec, NM 87410; phone number: 505-334-2266) or Three Rivers Trucking, Inc. (mailing address: PO Box 2728, Farmington, NM 87499; phone number: 505-632-5300) to transport produced water to Basin Disposal Inc. (address: 300 Legion Road, Aztec, NM 87410; phone number: 505-334-3013). Produced water will be generally measured using tank gauges.

Encana will enlist Western Refining, to transport and purchase crude oil from the Good Times L10-2410 01H to the Gallup Refinery (location: I-40, Exit 39, Jamestown, NM 87347; Route 3, Box 7, Gallup, NM 87301; phone number: 505-722-3833). Western Refining will provide a strapping table measurement for each oil tank at the facility which will be used to determine the exact volume in each tank. Run tickets will be filled out for each load of oil, onsite, which will show the tank gauge readings, oil gravity, temperature and BS&W content. Each valve on the tanks will have seals. Records will be kept and logged into an internal database that will show when seals are installed and removed. The tank seal information is also recorded on the tickets, which will accompany the transportation of the oil.

**Attachment No. 2(a):** Presents the Good Times L10-2410 01H well dedication acreage as depicted on the NMOCD Form C-102.

**Attachment No. 3:** Presents a leasehold ownership summary for the well. Encana and Coleman Oil & Gas, Inc. (Coleman) are the only other working interest owners in the well. The royalty interest is Federal; Coleman and Merrion Oil & Gas Corporation are overriding royalty interest owners in the well. As required by the NMOCD all interest owners have been given notice of this application.

**Attachment No. 4:** Presents a copy of the notice sent to the interest owners. All notice letters have been mailed certified, return receipt. Upon receiving the return receipts, copies will be forwarded to the NMOCD.

**Attachment No. 5:** Presents the allocation procedures for the Off-Lease Measurement of natural produced gas. Additionally, included is a gas lift well pad schematic and description for the proposed well pad facility layout.

In conclusion, Encana is requesting Administrative Approval for Off-Lease Measurement and Sale of natural produced gas, which will tie into Enterprise Production's CDP in the NWSW of Section 10, T24N R10W.

Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) [holly.hill@encana.com](mailto:holly.hill@encana.com)

**encana**



Additionally, Encana is requesting Administrative Approval for Off-Lease Measurement, Sale and Transportation of produced crude oil and condensate from the Good Times L10-2410 01H.

\*Pursuant to NMAC 19.15.15.13 Encana received approval on April 30, 2013 (NSL-6797) for an unorthodox well location in the Basin Mancos Gas Pool for the Good Times L10-2410 01H.

Please do not hesitate to contact me directly at 720-876-5331 with any questions or concerns.

Encana Oil & Gas (USA) Inc.



Holly Hill  
Regulatory Analyst

Enc.

Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) [holly.hill@encana.com](mailto:holly.hill@encana.com)

**encana**

RECEIVED OGD

2013 JUL -2 A 11: 00

July 1, 2013

Ms. Jami Bailey  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Mr. Dave Evans, District Manager  
Bureau of Land Management  
6251 College Blvd., Suite A  
Farmington, NM 87402

**Re: Submitted Application for Off-Lease Measurement**  
**Good Times L10-2410 01H**  
Section 10, Township 24 North – Range 10 West  
San Juan County, New Mexico

PAXK1315457040

Ladies and Gentlemen:

On May 30, 2013 Encana Oil & Gas (USA) Inc.'s (Encana) submitted to the New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management (BLM) an application for Off-Lease Measurement Sale and Transportation of produced crude oil and condensate from the Good Times L10-2410 01H well. Enclosed please find a copy of the Certified/Return Receipts from Merrion Oil & Gas Corporation, Coleman Oil & Gas, Inc.; the NMOCD and the BLM. Please include these items in the Application submitted by Encana on May 30, 2013.

Please feel free to contact me directly at 720-876-5331 with any questions or concerns.

Encana Oil & Gas (USA) Inc.



Holly Hill  
Regulatory Analyst

Enc.

Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700, Denver Colorado 80202 720.876.5331 (O) 303.521.2835 (C) [holly.hill@encana.com](mailto:holly.hill@encana.com)

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p><b>Ms. Jami Bailey</b>  <b>New Mexico Oil Conservation</b>  <b>Division</b>  <b>1220 South St. Francis Drive</b>  <b>Santa Fe, NM 87505</b></p>	<p>A. Signature    <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  <b>Jami Bailey</b></p> <p>C. Date of Delivery  <b>4/2/2013</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center; font-size: 1.2em;">JUN 03 2013</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label) <b>7011 3500 0000 3594 4769</b></p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p><b>Coleman Oil &amp; Gas, Inc.</b>  <b>6540 East Main Street</b>  <b>Farmington, New Mexico 87402</b></p>	<p>A. Signature    <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  <b>ROBBIE ALLEN</b></p> <p>C. Date of Delivery  <b>6-3-13</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center; font-size: 1.2em;">JUN 3 2013</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label) <b>7011 3500 0000 3594 4783</b></p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p><b>Merrion Oil &amp; Gas Corporation</b>  <b>610 Reilly Ave.</b>  <b>Farmington, New Mexico 87401</b></p>	<p>A. Signature    <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  <b>P. Garcia</b></p> <p>C. Date of Delivery  <b>6-3-13</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center; font-size: 1.2em;">JUN 3 2013</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label) <b>7011 3500 0000 3594 4776</b></p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-11</p>	

## SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

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

## 2. Article Number

(Transfer from service label)

7011 3500 0000 3594 4790

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X

☐ Agent☐ Addressee

## B. Received by (Printed Name)

L. W. Collins

## C. Date of Delivery

6-3-13

Is delivery address different from Item 1? ☐ YesIf YES, enter delivery address below: ☐ No

## 3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

## 4. Restricted Delivery? (Extra Fee)

☐ Yes