

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



November 12, 2014

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-379-A
Administrative Application Reference No. 14129647700

Encana Oil & Gas (USA) Inc.
Attn: Ms. Jessica Gregg

Pursuant to your application received on October 22, 2014, 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. These wells are identified in Attachment No. 1, and made part of this order. These wells are located on federal leases in said Townships and Ranges in San Juan County, New Mexico.

Each well produces from only the pool or pools identified on Attachment No. 1.

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.

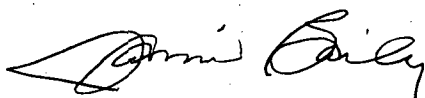
The operator shall notify the transporter of this commingling authority.

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.

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Done at Santa Fe, New Mexico, on November 12, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Division Director

JB/mam

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

Initial Application for the Escrito I24-2409 Gathering System Dated July 11, 2013																
Well Name	API No.	Well Location UL-Sec-Twn-Rng	Communitization No. if Applicable	Well No.	Project Area	Pool	Lease No.	Lease Type	Completion Date	Well Status	Projected Gas Rate (Mcf/Day)	Projected Lease Gas Rate (Mcf/day)	Projected Gas %	*Projected Initial Gas Heating Value (Btu/scf (through 1st ~6 Months)	Projected Gas Heating Value (Btu/scf after ~1st 6 months)	Comments
Escrito D30-2408 01H	30-045-35467	D-NWNW-30-24N-8W	NMNM-130591	1a	Sec 30 24N 8W (640 acres)	Basin Mancos Gas Pool	NM 54980 & NM 54981	USA	09/28/13	Drilled	350	350	6%	950	1215	
Escrito I24-2409 01H	30-045-35322	I-NESE-24-24N-9W	N/A	2a	S2 Sec 24 24N 9W (320 acres)	Bisti-Lower Gallup	SF-078860	USA	10/16/12	Drilled	350	350	6%	950	1215	
1st Amendment to the Escrito I24-2409 Gathering System Dated October 14, 2014 (OCD Order PLC-379 - BLM serial 3162.7-3)																
Escrito D30-2408 02H	Pending	D-NWNW-30-24N-8W	N/A	3a	N2 Sec 25 24N 9W (320 acres)	Basin Mancos Gas Pool	SF-078860	USA	N/A	Not Drilled	350	350	6%	950	1215	Current Status: Future wells are contingent on success of initial 2 wells. Note: Total rate is not expected to equal 3.85 MMcfpd due to wells being drilled/completed and coming online at different times. The initial 2 wells will naturally decline before future wells come online.
Escrito D32-2408 01H	30-045-35519	D-NWNW-32-24N-8W	N/A	4a	Sec 31 24N 8W (640 acres)	Basin Mancos Gas Pool	NM-118133	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito D32-2408 02H	30-045-35520	D-NWNW-32-24N-8W	N/A	4b	Sec 31 24N 8W (640 acres)	Basin Mancos Gas Pool	NM-118133	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito I24A-2409 01H	Pending	I-NESE-24-24N-9W	N/A	5a	S2 Sec 19 24N 8W (320 acres)	Basin Mancos Gas Pool	NM-41650	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito I24A-2409 02H	Pending	I-NESE-24-24N-9W	N/A	5b	S2 Sec 19 24N 8W (320 acres)	Basin Mancos Gas Pool	NM-41650	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito I24A-2409 03H	Pending	I-NESE-24-24N-9W	N/A	2b	S2 Sec 24 24N 9W (320 acres)	Basin Mancos Gas Pool	SF-078860	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito I24A-2409 04H	Pending	I-NESE-24-24N-9W	N/A	5c	S2 Sec 19 24N 8W (320 acres)	Basin Mancos Gas Pool	NM-41650	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito I24A-2409 05H	Pending	I-NESE-24-24N-9W	N/A	2c	S2 Sec 24 24N 9W (320 acres)	Basin Mancos Gas Pool	SF-078860	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito L30-2408 01H	Pending	L-NWSW-30-24N-8W	N/A	3b	N2 Sec 25 24N 9W (320 acres)	Basin Mancos Gas Pool	SF-078860	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito L30-2408 02H	Pending	L-NWSW-30-24N-8W	NMNM-130591	1b	Sec 30 24N 8W (640 acres)	Basin Mancos Gas Pool	NM-54981 & NM-54980	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito L32-2408 01H	30-045-35451	L-NWSW-32-24N-8W	N/A	4c	Sec 31 24N 8W (640 acres)	Basin Mancos Gas Pool	NM-118133	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito M30-2408 01H	Pending	M-SWSW-30-24N-8W	NMNM-130591	1c	S2 Sec 30 24N 8W (320 acres)	Basin Mancos Gas Pool	NM-54981 & NM-54980	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito M30-2408 02H	Pending	M-SWSW-30-24N-8W	NMNM-130591	1d	S2 Sec 30 24N 8W (320 acres)	Basin Mancos Gas Pool	NM-54981 & NM-54980	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito M32-2408 01H	30-045-35521	M-SWSW-32-24N-8W	N/A	4d	Sec 31 24N 8W (640 acres)	Basin Mancos Gas Pool	NM-118133	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito N19-2408 01H	Pending	N-SESW-19-24N-8W	NMNM-130591	1e	Sec 30 24N 8W (640 acres)	Basin Mancos Gas Pool	NM-54981 & NM-54980	USA	N/A	Not Drilled	350	350	6%	950	1215	
Escrito N19-2408 02H	Pending	N-SESW-19-24N-8W	Pending	1f	Sec 30 24N 8W (640 acres)	Basin Mancos Gas Pool	NM-54981 & NM 54980	USA	N/A	Not Drilled	350	350	6%	950	1215	
											TOTALS	5950	100%			

EXPLANATION LEGEND																
To date, Encana has one (1) horizontal well producing from the Basin Mancos Gas Pool Pool and one (1) horizontal well producing from the Bisti-Lower Gallup Pool. Encana intends to drill and produce sixteen (16) wells that will produce exclusively from the Basin Mancos Gas Pool. The producing wells were targeted and completed in a correlative interval within the Mancos formation. Completion design was also very similar in these two (2) wells. Initial flowback and hydrocarbon analysis results show very similar BTU heating content (see * below). The remaining wells that are scheduled to be drilled and commingled will also be targeted and completed in the same interval within the Mancos formation.																
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.																