

12/30/2014 11/25/2014 DATE IN	SUSPENSE	ENGINEER MAM	11/25/2014 LOGGED IN	CTB DE TYPE	PMAMIT 32957680 APP NO
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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]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

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,

- [F] ☐ Waivers are Attached

Attachment 4 presents copies of notification to interest owners via Certified/
Return Receipt.

[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.

Jessica Gregg
Print or Type Name

Jessica Gregg
Signature

Regulatory Analyst
Title

11/11/14
Date

Jessica Gregg
e-mail Address

CTB
- ENCLANG OIL & GAS (USA) Inc
282327
Well
- Lybhook A12 2306 14
30-039-31224 31219
- Lybhook 001 2306 14
30-039 31220
- Lybhook 001 2306 24
30-039-31224
- Lybhook A11 2306 4
30-039-Pending
- Lybhook A11 2306 24
30-039-Pending
Pool
- Counselors
Gallup-Durkin
13375

Attachment No. 1
Encana Oil Gas (USA) Inc.
Lybrook O01-2306 Gathering System
Rio Arriba County, New Mexico
Ammendment Dated December 18, 2014

Amendment 1 to the Lybrook O01-2306 Gathering System Dated December 18, 2014																
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
Lybrook O01-2306 01H	30-039-31220	O-SWSE-1-23N-6W	Pending	1	W2 Sec 12 23N 6W (320 acres)	Counselors Gallup - Dakota	NM-118127 / NM-130876	USA	N/A	NOT DRILLED	350	350	20%	950	1215	Current Status: Future wells are contingent on success of initial 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 wells will naturally decline before future wells come online.
Lybrook O01-2306 02H	30-039-31221	O-SWSE-1-23N-6W	N/A	2a	E2 Sec 12 23N 6W (320 acres)	Counselors Gallup - Dakota	NM-118127	USA	N/A	NOT DRILLED	350	350	20%	950	1215	
Lybrook A12-2306 01H	30-039-31219	A-NENE-12-23N-6W	N/A	2b	E2 Sec 12 23N 6W (320 acres)	Counselors Gallup - Dakota	NM-118127	USA	N/A	NOT DRILLED	350	350	20%	950	1215	
Lybrook A11-2306 01H	Pending	A-NENE-11-23N-6W	Pending	3a	E2 Sec 11 23N 6W (320 acres)	Counselors Gallup - Dakota	NM-130876 / NM-24458	USA	N/A	NOT DRILLED	350	350	20%	950	1215	
Lybrook A11-2306 02H	Pending	A-NENE-11-23N-6W	Pending	3b	E2 Sec 11 23N 6W (320 acres)	Counselors Gallup - Dakota	NM-130876 / NM-24458	USA	N/A	NOT DRILLED	350	350	20%	950	1215	
											TOTALS	1750	100%			
EXPLAN/ATION LEGEND																
Encana intends to drill and produce five (5) wells that will produce exclusively from the Counselor's Gallup - Dakota Pool. Completion design was also very similar in these five (5) wells. Initial flowback and hydrocarbon analysis results show very similar BTU heating content (see * below). The wells that are scheduled to be drilled and commingled will 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.																

RECEIVED OGD

DEC 30 P 4:05

encana

December 18, 2014

Transmitted Via Certified Mail

Mr. Scott Dawson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

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

**Re: 1st Amendment to the Lybrook O01-2306 Gathering System
NMOCD Order Pending
Rio Arriba County, New Mexico**

Dear Mr. Dawson and Mr. Mankiewicz:

Encana Oil & Gas (USA) Inc. (Encana) initially submitted the Lybrook O01-2306 (O01GS) Gathering System application on November 11, 2014. Subsequent to our initial application submittal, changes occurred to the interest owner information provided in the application. Therefore, Encana is submitting this amendment to the initial application prior to receiving our initial approval of the O01GS. Encana requests approval to commingle natural gas for the leases and wells listed on Attachment No. 1 which reflects the five (5) wells pending approval for Pool and Lease Commingling. Additionally, Encana requests approval to claim beneficial use at the gas lift injection meter on the well pad, which is depicted for each well pad, on the gas lift schematics presented in Attachment No. 6.

Encana is the Operator of all five (5) wells proposed for interconnection to the O01GS. The O01GS, is being installed and will continue to be maintained and operated by Encana. The O01GS requires surface commingling of gas, and in some cases off-lease measurement and sale of produced natural gas, as well as off-lease transportation and sale of oil and condensate. Oil or condensate will not be comingled in the pipeline and there is no Indian acreage associated with any of the wells Encana is proposing to tie into the O01GS. Moreover, as previously stated in the initial application, the O01GS ties into Enterprise Products Partners' (Enterprise's) pipeline in Section 1, Township 23 North, Range 6 West. The interconnection of the wells to the O01GS will be known as the Central Delivery Point (CDP) gas custody transfer, as well as the Point of Royalty Measurement (PRM). A schematic of the interconnection was provided in the initial application and is provided again in this application should you need to reference it. Lastly, for the purposes of requesting approval from the Bureau of Land Management (BLM), Encana requests commingling be reviewed and granted under Category 3 of the BLM's Instructional Memorandum (IM) dated July 3, 2013.

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 some instances, the well pad surface hole location (SHL) is located off-lease. In these instances, Off-Lease Measurement of natural gas will occur at the well head by a well allocation meter and again at the pipeline tie-in to Enterprise. Further, Encana intends to install a gas lift compressor on each well as depicted and described in Attachment No 6. Please note, Encana intends to submit to the BLM a sundry to formally request approval to install the gas lift on the five (5) wells proposed for tie-in to the O01GS, which, once approved, will be forwarded on to the New Mexico Oil Conservation Division (NMOCD) for their approval. No oil or condensate will be comingled with naturally produced gas in the pipeline.

If applicable, Off-Lease Measurement, Transportation and Sale of produced oil and condensate will occur at the surface location for the affected well where Encana will install the necessary number of 400-barrel oil storage tanks and water tanks. 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

**Encana Oil & Gas (USA) Inc., acting by and through its authorized agent,
Encana Services Company Ltd.**

370 17th Street, Suite 1700, Denver Colorado 80202 720.876.3926 (O) 720.838.5458 (C) jessica.gregg@encana.com



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 Pool/Lease Commingling dated December 18, 2014

B. State of New Mexico Oil Conservation Division Form C-107-B, Amendment to Application for Pool/Lease Commingling dated December 18, 2014. Attached to and made part of the Application for Pool/Lease Commingling and Off-Lease Measurement please find the following:

Attachment No. 1 (1 Page): Presents the following information:

- | | |
|--|--|
| 1) Wells | 5) Projected gas rate for leases |
| 2) Leases | 6) Projected gas percentage in the O01GS for the wells |
| 3) Pool information | 7) Projected initial gas heating value through ~1 st 6 months |
| 4) Projected gas rate for individual wells | 8) Projected gas heating value after ~1 st 6 months |

A projected decline rate for each well is also addressed in Attachment No. 1 in the Explanation Legend.

Attachment No. 2a (2 Pages): Presents a map of the O01GS pipeline, depicting all three (3) well pads (which represent all five (5) wells) that will tie into the O01GS which will then tie into Enterprise's CDP in Section 1, Township 23 North, Range 6 West. The O01GS pipeline is approximately 6,089-feet in length (1.15 miles), stretching across Bureau of Land Management (BLM) surface. Encana received approval of this Right-of-Way on September 5, 2014 (NMMN 131481).

Each 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, including examples of how the allocation method would be applied for each well are presented on **Attachment No. 5**.

Moreover, condensate and oil will be separated, stored and sold at the well head SHL, which in some instances, may be 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 off-lease SHL 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. 2b (6 Pages): Presents the well dedication acreage for the five (5) wells Encana is proposing to tie into the O01GS as depicted on the NMOCD C-102 forms. Additionally, the C-102s depict the horizontal well bore path and producing interval for each of the five (5) wells.

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

370 17th Street, Suite 1700, Denver Colorado 80202 720.876.3926 (O) 720.838.5458 (C) jessica.gregg@encana.com

Attachment No. 2c Justification (2 Pages): Presents a plat depicting contemplated individual well pad pipeline connection paths for all three (3) well pads connecting to the O01GS. In line with the BLM's Instructional Memorandum dated July 3, 2013, Attachment No. 2c contemplates, as an alternative, individual well pad connections versus one (1) gathering system, namely the Lybrook O01-2306 Gathering System (O01GS). Also included, is a breakdown of pipeline length and pig launcher and receiver disturbance for each of the three (3) well pads and projected costs for such an undertaking. According to our calculations individual well pad pipeline connections for the three (3) well pads would total approximately 3.19 miles in length; and, including a 40-foot width for the pipeline right-of-way the acreage disturbance would be 15.46 acres. Additionally, Encana estimates that a pig launcher and receiver would be required for the three (3) individual well pad pipeline connections into Enterprise's pipeline which would also cause more surface disturbance. Encana estimates that pig launchers and receivers could potentially be 10-feet by 20-feet for each of the three (3) individual well pad pipeline connections. Encana estimates that such an undertaking would cost approximately \$791,375. Again, the breakdown included in Attachment No. 2c will provide more detail as to how Encana arrived at these conclusions. Currently, Encana's estimated costs for comingling the O01GS is \$707,000.

Furthermore, all production proposed for comingling derives from the same geologic formation with similar projected gas rates and gas heating values as well as projected decline rates, which are addressed in Attachment No. 1.

In line with Encana's commitment to conduct business ethically, legally, and in a manner that is fiscally, environmentally and socially responsible, it is Encana's position that one (1) gathering system greatly reduces surface disturbance and thus environmental impact; and, is more economically feasible, allowing for potential capitol to be dedicated towards future development projects in the San Juan Basin.

Attachment No. 3 (2 Pages): Presents a leasehold ownership summary for all five (5) wells. The royalty interest is Federal. There is no Indian Royalty. The interest ownership reflected for each well is to the best of our knowledge at this time. In the event it is determined that interest ownership differs, an updated Attachment No. 3 will be sent to affected owners, the BLM and the NMOCD. Encana is requesting that the NMOCD issued order for the O01GS include a provision that for future additions to the O01GS, only interest owners in the wells being added be notified.

*Please note the interest ownership for Lease NM 130876 now includes JMJ Land and Minerals Company and Coleman Oil and Gas, Inc.

Attachment No. 4 (7 Pages): Presents a copy of the notice sent to the interest owners for the wells. All notice letters have been mailed certified, return receipt. Also included, is a copy of the legal notice to be published in The Daily Times, Farmington, New Mexico on November 23, 2014 in order to provide public notice to any and all affected interest owners.

*Please note the additional letter requested from the OCD on December 15, 2014 was provided by our land department and is included in Attachment 4.

Attachment No. 5 (5 Pages): Presents the allocation procedures for the O01GS which includes an example of how the allocation method is applied. Encana proposes that the Point of Royalty Measurement (PRM) be at Enterprises' CDP in Section 1, Township 23 North, Range 6 West. Please also note each well proposed for connection to the O01GS will be equipped with a continuous recording gas allocation meter.

Attachment No. 6 (4 Pages): Presents gas lift well pad schematics and descriptions for the three (3) well pads that Encana is requesting to add to the O01GS. Encana requests approval to claim beneficial use at the gas lift injection meter on the well pads, which is depicted for each well pad, on the gas lift schematics; which also depicts a list of proposed equipment. Encana requests the use of fuel to operate the gas lifts installed for each well.

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

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The Encana logo, featuring the word "encana" in a bold, lowercase sans-serif font, with a stylized curved line underneath.

In conclusion, Encana is requesting approval to connect five (5) wells to the Lybrook O01-2306 Gathering System (O01GS). Where applicable, Encana requests Administrative Approval for Off-Lease Measurement and Sale of natural produced gas and Administrative Approval for Off-Lease Measurement, Sale and Transportation of produced crude oil and condensate. Further, Encana requests that the NMOCD order issued for the O01GS also include a provision that for any future additions to the O01GS, only the interest owners in the wells being added need to be notified.

Please feel free to contact me directly at 720-876-3926 with any questions or concerns.

Encana Oil & Gas (USA) Inc.

A handwritten signature in cursive script that reads "Jessica Gregg".

Jessica Gregg
Regulatory Analyst

ENCANA OIL & GAS (USA) INC.,
acting by and through its authorized agent,
Encana Services Company Ltd.

Encana Oil & Gas (USA) Inc., acting by and through its authorized agent,
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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 and Gas (USA)

OPERATOR ADDRESS: 370 17th Street, Suite 1700, Denver, Colorado 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
Counselor's Gallup-Dakota Pool (13379)	41° API/1350 BTU	Only gas to be commingled 1350 BTU		Only gas to commingled Value= +/- 3.330 mmbtu	5-500mcf/d

(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 E.

(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. 2

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

SIGNATURE: Jessica Gregg

TITLE: Regulatory Analyst

DATE: 12/18/14

TYPE OR PRINT NAME Jessica Gregg

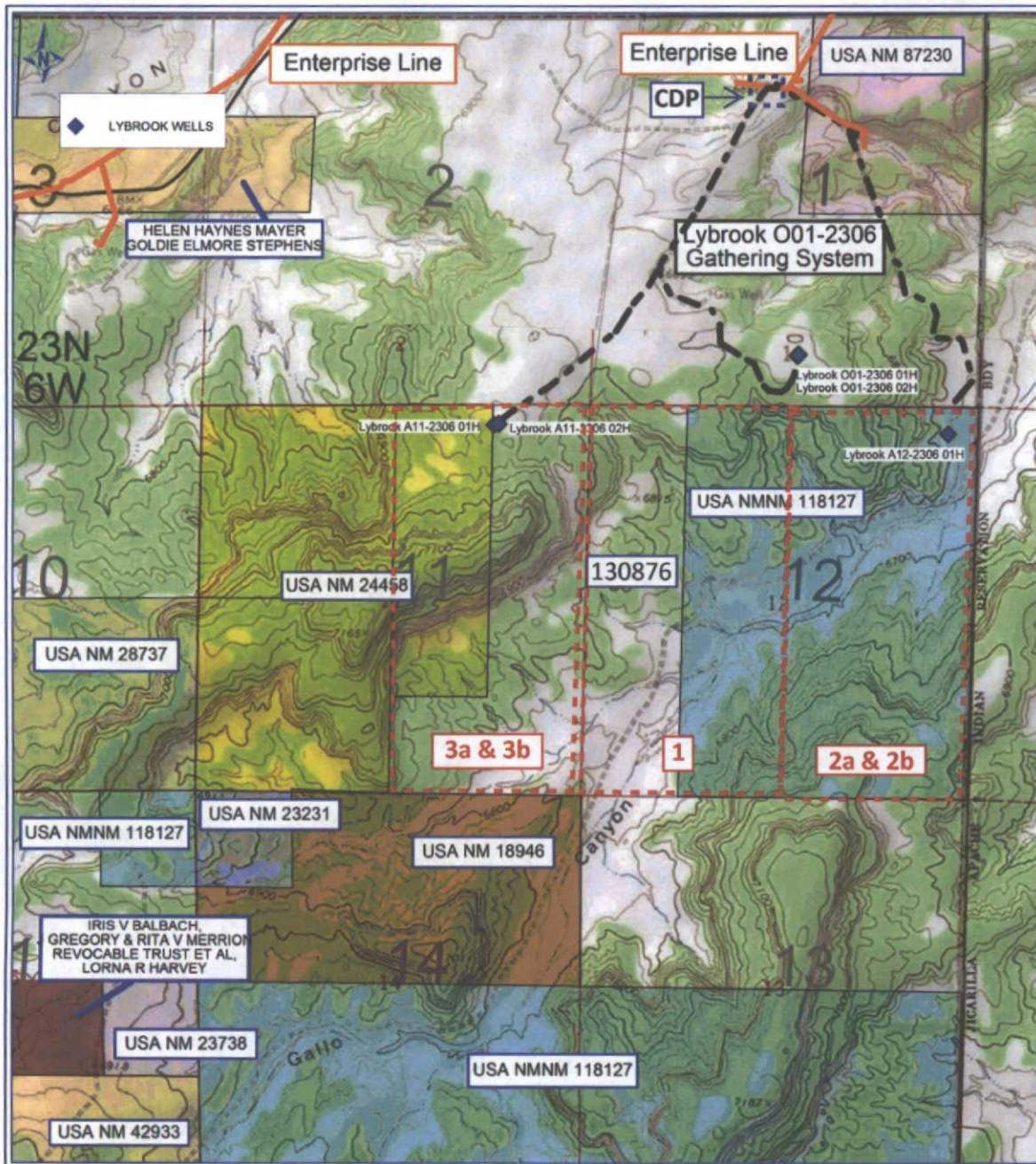
TELEPHONE NO.: 720-876-3926

E-MAIL ADDRESS: jessica.gregg@encana.com

Attachment No. 2a
Encana Oil Gas (USA) Inc.
Lybrook 001-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

Amendment 1 to the Lybrook 001-2306 Gathering System Dated December 18, 2014			
Well Pad	Well	Well No.	Lease(s)
Lybrook 001-2306	Lybrook 001-2306 01H	1	NM-118127 / NM-130876
	Lybrook 001-2306 02H	2a	NM-118127
Lybrook A12-2306	Lybrook A12-2306 01H	2b	NM-118127
Lybrook A11-2306	Lybrook A11-2306 01H	3a	NM-130876 / NM-24458
	Lybrook A11-2306 02H	3b	NM-130876 / NM-24458

Attachment No. 2A
Encana Oil and Gas (USA) Inc.
Lybrook 001-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014



PETRA 10/07/2014 10:23:41 AM

Attachment No. 2b
Encana Oil & Gas (USA) Inc.
Lybrook 001-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

Please find attached State of New Mexico Energy Minerals and Natural Resources Department Form C-102 for the following wells:

- Lybrook 001-2306 01H
- Lybrook 001-2306 02H
- Lybrook A12-2306 01H
- Lybrook A11-2306 01H
- Lybrook A11-2306 02H

OIL CONS. DIV DIST. 3

JUN 16 2014

DISTRICT I

1825 N. French Dr., Hobbs, N.M. 88240
Phone: (505) 338-0181 Fax: (505) 338-0720

DISTRICT II

811 E. First St., Artesia, N.M. 88210
Phone: (505) 748-1225 Fax: (505) 748-0720

DISTRICT III

1000 Rio Pecos Rd., Aztec, N.M. 87410
Phone: (505) 334-0178 Fax: (505) 334-0170

DISTRICT IV

1820 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 478-8420 Fax: (505) 478-8425State of New Mexico
Energy, Minerals & Natural Resources DepartmentForm C-102
Revised August 1, 2011Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-31230	*Pool Code 13379	*Pool Name COUNSELORS GALLUP - DAKOTA
*Property Code 313380	*Property Name LYBROOK 001-2306	*Well Number 01H
*OGRD No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 6882.6'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	WEST/East line	County
0	1	23N	6W		729'	SOUTH	2540'	EAST	RIO ARriba

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	WEST/East line	County
N	12	23N	6W		330'	SOUTH	1870'	WEST	RIO ARriba
Dedicated Acres 180.00 ACRES E/2 W/2 SEC. 12		Joint or Infill		Consolidation Code		Order No.			

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

<p>18</p> <p>WELL FLAG LAT. 36.249220° N (NAD83) LONG. 107.419604° W (NAD83) LAT. 36.249207° N (NAD27) LONG. 107.419001° W (NAD27)</p> <p>BASIS OF BEARINGS S 89°27' W 5361.18' (R) S 89°27' W 5361.18' (R) S 89°27' W 5361.18' (R) S 89°27' W 5361.18' (R)</p> <p>ENTRY POINT LAT. 36.246250° N (NAD83) LONG. 107.422988° W (NAD83) LAT. 36.246237° N (NAD27) LONG. 107.422364° W (NAD27)</p> <p>HORIZONTAL DRILL S 89°41' W 5405.40' (R) S 89°41' W 5405.40' (R) S 89°41' W 5405.40' (R) S 89°41' W 5405.40' (R)</p> <p>BOTTOM HOLE LAT. 36.233471° N (NAD83) LONG. 107.422988° W (NAD83) LAT. 36.233457° N (NAD27) LONG. 107.422385° W (NAD27)</p>	<p>17 OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Katie Wegner</i> 5/20/14 Signature Date Katie Wegner Printed Name Katie.Wegner@encana.com E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 26, 2013 Date of Survey Signature and Seal of Registered Surveyor: DAVID RUSSELL REGISTERED PROFESSIONAL LAND SURVEYOR 10201 DAVID RUSSELL Certificate Number 10201</p>
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1505 N. French Dr., Hobbs, N.M. 57240
Phone (575) 533-0181 Fax (575) 533-0720

DISTRICT 1

311 E. First St., Arroyo, P.R. 00210
Phone (786) 740-1213 Fax (786) 740-0723

DISCLOSURE 10

1000 Elm Eyebrow Rd., Antioch, ILL. 60610
Phone: (800) 834-0170 Fax: (800) 834-0170

DISTRICT IV

1820 U. S. Francis Dr., Santa Fe, NM 87503
Phone: (505) 470-8423 Fax: (505) 470-8423

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

**Submit one copy to appropriate
District Office**

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 13379	*Pool Name COUNSELORS GALLUP - DAKOTA
*Property Code	*Property Name LYBROOK 001-2306		*Well Number 02H
*Owner No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6882.6'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	West/East line	County
0	1	23N	6W		739'	SOUTH	2512'	EAST	RIO ARriba

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	WEST/West line	County
O	12	23N	6W		330'	SOUTH	1920'	EAST	RIO ARriba
Dedicated Acres PROJECT AREA			Joint or Infill		Consolidation Code		Order No.		
320 ACRES - E/2 SEC. 12									

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

[illegible]

18	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.

Signature John W. 5/20/14 Date

Katie Wechner

Printed Name: _____

katie.wegner@cencana.com

E-mail Address

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.

NOVEMBER 26, 2013

Date of Survey _____

Signature and Seal of Professional Surveyor:

A circular professional seal for David B. Russell, a Registered Professional Land Surveyor in New Mexico. The seal features the text "DAVID B. RUSSELL" at the top, "NEW MEXICO" in the center, and "REGISTERED PROFESSIONAL LAND SURVEYOR" around the bottom. The license number "10201" is prominently displayed in the center. The seal is stamped over a document that includes a signature and the text "Certificate Number" followed by the number "10201".

REGISTRY I
1630 E. French Dr., El Paso, NM 79902
Phone: (970) 622-0121 Fax: (970) 622-0722

REGISTRY II
1611 E. French Dr., El Paso, NM 79902
Phone: (970) 622-0121 Fax: (970) 622-0722

REGISTRY III
1609 E. French Dr., El Paso, NM 79902
Phone: (970) 622-0121 Fax: (970) 622-0722

REGISTRY IV
1630 E. French Dr., El Paso, NM 79902
Phone: (970) 622-0121 Fax: (970) 622-0722

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87605

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-3219		*Pool Code 13379	*Pool Name COUNSELORS GALLUP / DAKOTA
*Property Code	*Property Name LYBROOK A12-2308		*Well Number 01H
*Cased No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 8893.0'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	WEST/East line	County
A	12	23N	GW		81'	NORTH	264'	EAST	RIO ARriba

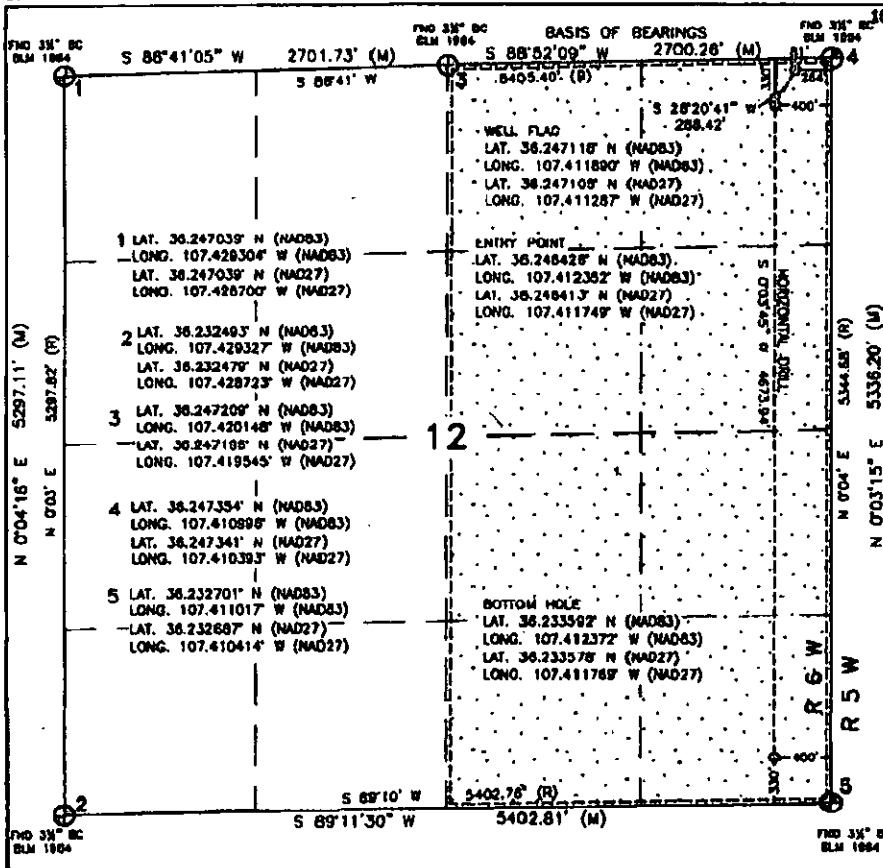
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	WEST/East line	County
P	12	23N	GW		330'	SOUTH	400'	EAST	RIO ARriba

*Dedicated Acres 320.00 ACRES E/2 SEC. 12	*Joint or well	*Consolidation Code	*Order No.
---	----------------	---------------------	------------

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

16



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 undivided 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 is a subsidiary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Katie Wegner* Date: 5/20/14
Printed Name: Katie Wegner
E-mail Address: Katie.Wegner@encana.com

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.

OCTOBER 28, 2013
Date of Survey
Registry and Seal of Professional Surveyor
DAVID RUSSELL
REGISTERED PROFESSIONAL LAND SURVEYOR
10201
DAVID RUSSELL
Certificate Number 10201

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

District II
911 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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 13379	*Pool Name COUNSELORS GALLUP-DAKOTA
*Property Code	*Property Name LYBROOK A11-2306		*Well Number 01H
*OGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.		*Elevation 6943'

¹⁰ Surface Location

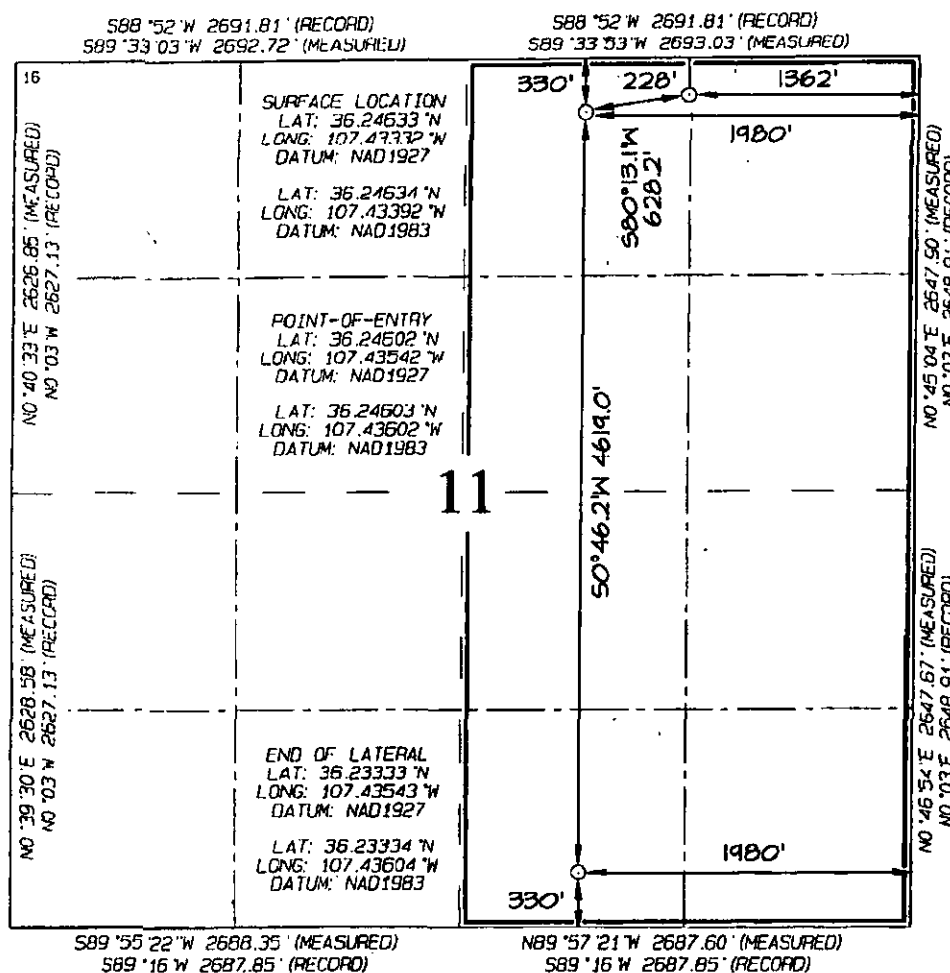
UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
B	11	23N	6W		228	NORTH	1362	EAST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
U	11	23N	6W		330	SOUTH	1980	EAST	RIO ARriba

¹² Dedicated Acres 320.00 Acres - E/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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



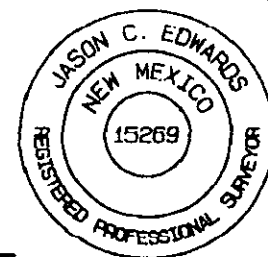
11 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to 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.

Jessica Gregg 11/10/14
Signature Date
Printed Name
E-mail Address
Jessica.Gregg@Encana.com

12 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: OCTOBER 16, 2014
Date of Survey: APRIL 4, 2014

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Pool Code 13379	*Pool Name COUNSELORS GALLUP-DAKOTA
*Property Code	*Property Name LYBROOK A11-2306	*Well Number 02H
*CGRID No. 282327	*Operator Name ENCANA OIL & GAS (USA) INC.	*Elevation 5943'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot (n)	Feet from the	North/South line	Feet from the	East/West line	County
A	11	23N	6W		228	NORTH	1332	EAST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

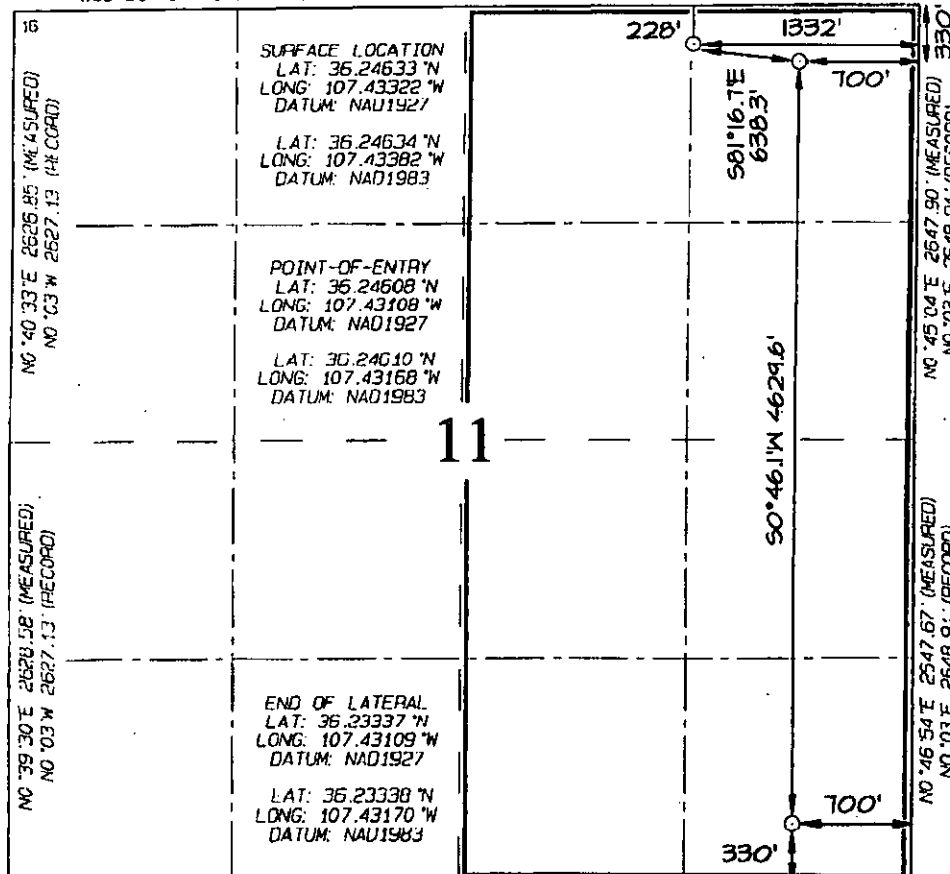
UL or lot no.	Section	Township	Range	Lot (n)	Feet from the	North/South line	Feet from the	East/West line	County
P	11	23N	6W		330	SOUTH	700	EAST	RIO ARriba

*Dedicated Acres 320.00 Acres - E/2	*Joint or Infill	*Consolidation Code	*Driller No.
--	------------------	---------------------	--------------

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

S88°52'W 2691.81' (RECORD)
S89°33'03"W 2692.72' (MEASURED)

S88°52'W 2691.81' (RECORD)
S89°33'53"W 2693.03' (MEASURED)



S89°55'22"W 2688.35' (MEASURED)
S89°16'W 2687.85' (RECORD)

N89°57'21"W 2687.60' (MEASURED)
S89°16'W 2687.85' (RECORD)

" 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 under heretofore entered by the division.
Jessica Gregg 11/10/14
Signature Date
Printed Name
E-mail Address
Jessica.Gregg@encana.com

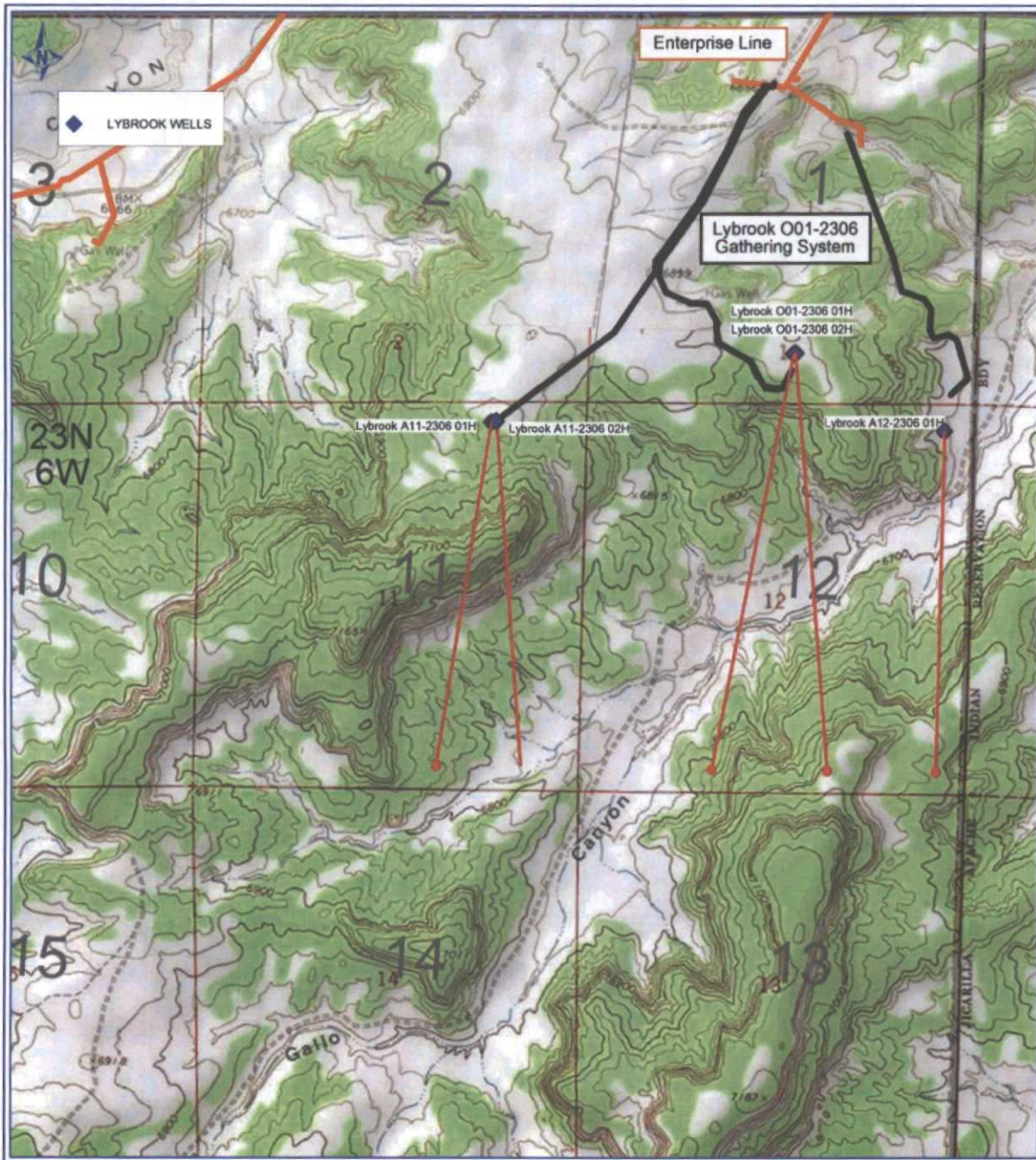
" SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
Date Revised: OCTOBER 16, 2014
Date of Survey: APRIL 4, 2014

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

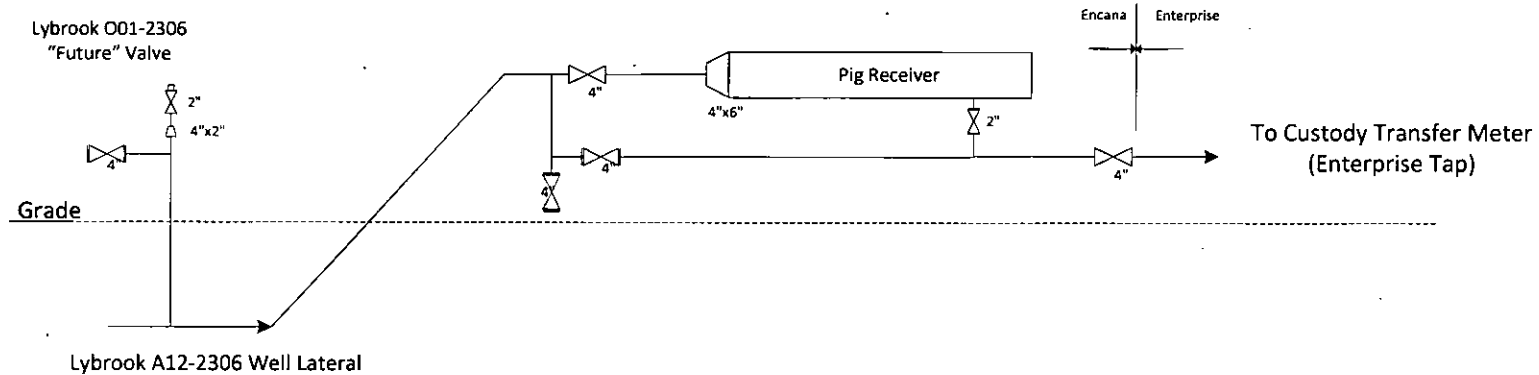
Attachment No. 2C
Encana Oil and Gas (USA) Inc.
Lybrook O01-2306 Gathering System
Rio Arriba County, New Mexico
Ammendment Dated December 18, 2014



PETRA 10/07/2014 11:30:51 AM

Attachment No. 2c
Encana Oil Gas (USA) Inc.
Lybrook O01-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

Well Pad	Estimated Pipeline Length in Feet	Estimated Length in Miles	Projected Width for Pipeline ROW	Total Pipeline Disturbed Acreage	Cost (\$55k/mile*4" O.D.)	Pig Launcher/Receiver Disturbance	Pig Launcher/Receiver Cost
Amendment 1 to the Lybrook O01-2306 Gathering System Dated December 18, 2014							
Lybrook O01-2306	5,996	1.14	40'	5.51	\$ 249,833.33	10' x 20'	\$ 40,000.00
Lybrook A12-2306	4,599	0.87	40'	4.22	\$ 191,625.00	10' x 20'	\$ 10,000.00
Lybrook A11-2306	6,238	1.18	40'	5.73	\$ 259,916.67	10' x 20'	\$ 40,000.00
	16,833	3.19		15.46 acres	\$ 701,375.00	0.01 acres	\$ 90,000.00
GRAND TOTAL	16,833	3.19	0.00	15.46 acres	\$ 701,375.00	0.01 acres	\$ 90,000.00
						GRAND TOTAL COST	\$ 791,375.00
						GRAND TOTAL ACREAGE	16.47



FILENAME
LYBROOK O01-A12-2306 WELL LATERAL
TERMINATION SCHEMATIC.VSD

NOT TO SCALE

DATE
10/10/14

Attachment No. 3
Encana Oil Gas (USA) Inc.
Lybrook O01-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

Amendment 1 to the Lybrook O01-2306 Gathering System Dated December 18, 2014					
Lybrook O01-2306 01H O-SWSE-1-23N-6W W2 Sec 12 23N 6W (320 acres) Counselors Gallup - Dakota NM-118127 / NM-130876			Lybrook O01-2306 02H O-SWSE-1-23N-6W E2 Sec 12 23N 6W (320 acres) Counselors Gallup - Dakota NM-118127		
<u>Interest Owner</u>	<u>Gross</u>	<u>Net</u>	<u>Interest Owner</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	50.000%	43.750%	<u>Working Interest</u> Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	100.00%	87.50%
WPX Energy One Williams Center Tulsa, OK 74103	37.50%	32.81250%			
JMJ Land and Minerals Company 2204 North Santiago Avenue Farmington, NM 87401	2.50%	2.18750%			
Coleman Oil and Gas, Inc. PO Drawer 3337 Farmington, NM 87499	10.00%	8.750%			
<u>Royalty Interest</u> USA	0.00%	12.50%	<u>Royalty Interest</u> USA	0.00%	12.50%
<u>Overriding Royalty Interest</u> None	0.00%	0.00%	<u>Overriding Royalty Interest</u> None	0.00%	0.00%
TOTAL	100.00%	100.00%		100.00%	100.00%
Lybrook A12-2306 01H A-NENE-12-23N-6W E2 Sec 12 23N 6W (320 acres) Counselors Gallup - Dakota NM-118127			Lybrook A11-2306 01H A-NENE-11-23N-6W E2 Sec 11 23N 6W (320 acres) Counselors Gallup - Dakota NM-130876 / NM-24458		
<u>Interest Owner</u>	<u>Gross</u>	<u>Net</u>	<u>Interest Owner</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	100.00%	87.50%	<u>Working Interest</u> Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	18.75%	16.17187500%
			WPX Energy One Williams Center Tulsa, OK 74103	46.88%	41.02%
			JMJ Land and Minerals Company 2204 North Santiago Avenue Farmington, NM 87401	3.1250%	2.7343750%
			Coleman Oil and Gas, Inc. PO Drawer 3337 Farmington, NM 87499	12.50%	10.93750%
			Dugan Production Corp. 709 East Murray Drive Farmington, NM 87401	18.75%	16.4062500%
<u>Royalty Interest</u> USA	0.00%	12.50%	<u>Royalty Interest</u> USA	0.00%	12.50%
<u>Overriding Royalty Interest</u> None	0.00%	0.00%	<u>Overriding Royalty Interest</u> Dugan Production Corp. 709 East Murray Drive Farmington, NM 87401	0.00%	0.23%
TOTAL	100.00%	100.00%	TOTAL	100.00%	100.00%

Attachment No. 3
Encana Oil Gas (USA) Inc.
Lybrook 001-2308 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

Lybrook A11-2308 02H A-NENE-11-23N-6W E2 Sec 11 23N 6W (320 acres) Counselors Gallup - Dakota NM-130876 / NM-24458		
<u>Interest Owner</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	18.75%	16.17187500%
WPX Energy One Williams Center Tulsa, OK 74103	46.88%	41.02%
JMJ Land and Minerals Company 2204 North Santiago Avenue Farmington, NM 87401	3.1250%	2.7343750%
Coleman Oil and Gas, Inc. PO Drawer 3337 Farmington, NM 87499	12.50%	10.93750%
Dugan Production Corp. 709 East Murray Drive Farmington, NM 87401	18.75%	16.406250%
<u>Royalty Interest</u>		
USA	0.00%	12.50%
<u>Overriding Royalty Interest</u>		
Dugan Production Corp. 709 East Murray Drive Farmington, NM 87401	0.00%	0.23%
TOTAL	<u>100.00%</u>	<u>100.00%</u>

Attachment No. 4
Encana Oil & Gas (USA) Inc.
Lybrook 001-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

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 wells tying into the Lybrook 001-2306 Gathering System.
- 2) A copy of Encana's letter, dated December 18, 2014, used to send copies of the subject application to the leasehold interest owners for the wells connecting to the Lybrook 001-2306 Gathering System. The letters were transmitted via certified mail/return receipt.
- 3) Copy of Encana's letter to The Daily Times, requesting a legal ad run the Sunday November 23, 2014 in order to provide effective notice to interest owners of the amendment to the Lybrook 001-2306 Gathering System.
- 4) All royalty interest is BLM. Since the BLM is receiving this application requesting their approval, a separate notice letter was not sent to this royalty interest owner. The application to the OCD and BLM were transmitted via certified mail/return receipt

Attachment No. 4
Encana Oil & Gas (USA) Inc.
Lybrook 001-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

Working Interest

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

WPX Energy
One Williams Center
Tulsa, OK 74103

JMJ Land and Minerals Company
2204 North Santiago Avenue
Farmington, NM 87401

Coleman Oil & Gas, Inc.
PO Drawer 3337
Farmington, NM 87499

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

Royalty Interest

United States of America
Bureau of Land Management
Farmington Field Office
6251 College Blvd., Suite A
Farmington, NM 87402

Overriding Interest

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

encana



December 18, 2014

New Mexico Oil Conservation Division
ATTN: Michael A. McMillan
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: Amendment Number 1 to the Lybrook O01-2306 Gathering System

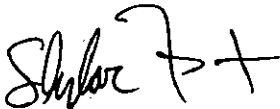
Dear Mr. McMillan,

Pursuant to recent discussions and per your request, this letter is intended to confirm that as of the date of this letter, the Working Interest percentages depicted in the subject Gathering System Application are to the best of my knowledge accurate and complete.

Please note the Working Interests shown are limited to a review of available records through the County Courthouse, Bureau of Land Management and other applicable agencies. As documents are not always filed/recorded accurately or timely, depicted percentages are subject to change. Encana Oil & Gas makes no warranties whatsoever as to the accuracy of the ownership percentages shown as these calculations are based on the opinions and interpretations of oil and gas professionals and are dependent upon the proper recordation of pertinent instruments.

Should you have any questions or concerns please contact me by any means listed below.

Sincerely,



Skylar Fast, RL
Land Negotiator – San Juan Basin
t 720.876.3881
c 720.467.7950
skylar.fast@encana.com

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.

December 18, 2014



Example See Attached Addressee List

**Re: Amendment 1 to the Lybrook O01-2306 Gathering System Application
Application for Pool and Lease Commingling
Rio Arriba County, New Mexico**

Dear Interest Owner:

Encana Oil & Gas (USA) Inc.'s (Encana) is seeking administrative approval from the New Mexico Oil Conservation Division (NMOCD) to connect wells to Encana's Lybrook O01-2306 Gathering System (O01GS). Encana initially submitted this gathering system application on November 11, 2014. Subsequent to our initial application submittal, changes occurred to the interest owner information provided in the application. Therefore, Encana is submitting this amendment to the initial application. The O01GS is operated by Encana, and the connection of wells will require surface commingling of gas, and in some cases, off-lease measurement and sale of produced natural gas, as well as off-lease transportation and sale of oil and condensate. All of the wells proposed to tie into the O01GS will be operated by Encana. Encana has applied for the necessary rights-of-way to install, operate and maintain the O01GS.

Off-Lease Measurement and Sale of produced natural gas, as well as Off-Lease Transportation and Sale of crude oil and condensate, may also be applicable for some of the proposed wells tying into the O01GS. If applicable, Off-Lease Measurement of natural gas will occur at the well head by a well allocation meter and again at the pipeline tie-in to Enterprise Products Partner's central delivery point, gas custody transfer meter.

The wells will be equipped with individual gas measurement equipment for allocation purposes and will benefit from central compression which should keep wellhead operating pressure as low as possible. There will not be any down hole commingling of oil or condensate.

If applicable, Off-Lease Measurement, Transportation and Sale of produced oil and condensate will occur at the well surface location where Encana will install the necessary number of 400-barrel oil storage tanks and water 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 and run tickets will 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 Off-Lease Measurement, Transportation and Sale, and receive notice of proposed connections to the O01GS. Included in Encana's Gathering System application is a request that for future additions to the O01GS, only the interest owners in the wells to be added will require notification provided that the proposed additions do not adversely affect the existing wells in the O01GS. This will greatly simplify adding wells to the O01GS.

Should you have any questions, concerns or need additional information please contact me at your earliest convenience at 720-876-3881 and/or Skylar.Fast@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.

Skylar Fast

Skylar Fast
Land Negotiator
720.876.3881(O)
Email: Skylar.Fast@encana.com

Enc:

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver Colorado 80202

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:

Coleman Oil & Gas, Inc.
PO Drawer 3337
Farmington, NM 87499

2. Article Number

(Transfer from service label)

7014 1200 0001 5660 2834

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes**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:

WPX Energy
One Williams Center
Tulsa, OK 74103

2. Article Number

(Transfer from service label)

7014 1200 0001 5660 2858

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes**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:

JMJ Land and Minerals Company
2204 North Santiago Avenue
Farmington, NM 87401

2. Article Number

(Transfer from service label)

7014 1200 0001 5660 2841

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- 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:

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

2. Article Number
(Transfer from service label)

7013 2250 0000 6497 4996

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes**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:

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

2. Article Number
(Transfer from service label)

7014 1200 0001 5660 2810

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes**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:

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

2. Article Number
(Transfer from service label)

7014 1200 0001 5660 2827

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

encana

Transmitted Via Email: legals@daily-times.com

November 11, 2014

Attention: Legal Clerk
The Daily Times
201 N. Allen
Farmington, New Mexico 87401

**Re: Legal Ad Placement Request
NOVEMBER 23, 2014 Publication
Lybrook O01-2306 Gathering System
Rio Arriba County, New Mexico**

Ladies and Gentlemen:

Encana Oil & Gas (USA) Inc. (Encana) respectfully requests The Daily Times place the following notice in the Legal Ads section for the November 23, 2014 publication. Once the ad has run, please send Affidavit of Publication to the undersigned.

Encana Oil & Gas (USA) Inc. (Encana) is seeking administrative approval from the New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management (BLM) for a gathering system, known as the Lybrook O01-2306 Gathering System. Encana is requesting the interconnection of five (5) wells to the Lybrook O01-2306 Gathering System, which will require surface commingling. Said application also requests administrative approval for Off-Lease Measurement and Sale of naturally produced gas and in some instances Off-Lease Transportation and Sale of oil and condensate for various wells operated by Encana in Rio Arriba County, New Mexico. The Lybrook O01-2306 Gathering System interconnects with Enterprise Products Partners' (Enterprise) pipeline in Section 1, Township 23 North, Range 6 West, which will be known as the Central Delivery Point (CDP). At this point in time, oil or condensate will not be comingled with natural gas in the pipeline. The project areas described above will be completed in the Counselors Gallup-Dakota Pool (Order No. 13379).

Any person holding an interest in Federal Leases NM-118127, NM-130876, or NM-24458 may contact Encana for additional information and details (Attn: SKYLAR FAST, (720) 876-3881, 370 17th Street, Suite 1700, Denver, Colorado 80202, skylar.fast@encana.com). Any objection or request for a formal hearing should be filed in writing with the NMOCD's Santa Fe Office (1220 South St. Francis Drive, Santa Fe, NM 87505) within 20 days from the date of this publication. In the absence of objections, Encana is requesting that the NMOCD approve the amendment to the application administratively.

Encana Oil & Gas (USA) Inc.



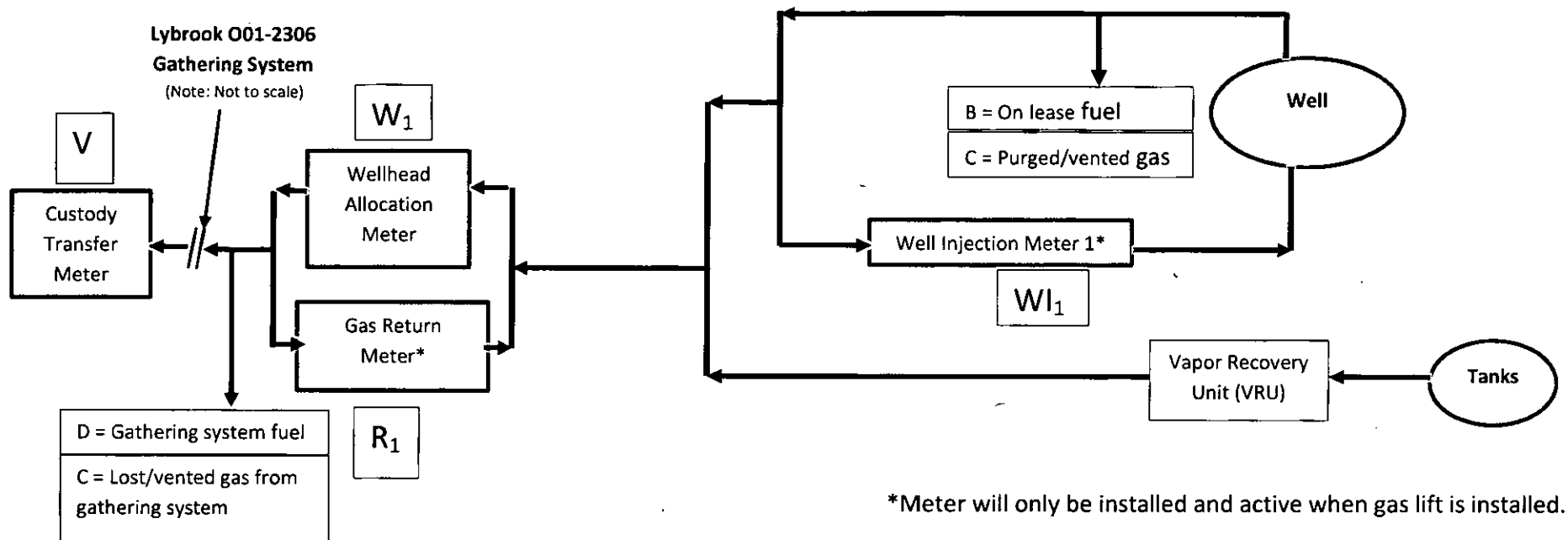
Jessica Gregg
Regulatory Analyst

ENCANA OIL & GAS (USA) INC.,
acting by and through its authorized agent,
Encana Services Company Ltd.

Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700, Denver, Colorado 80202 720.876.3926 (O) 720.838.5458 (C) jessica.gregg@encana.com

Gas Measurement Allocation Procedure for Single Well Pads



Base Data:

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

R = Gas Volume (MCF) from Gas Return Meter (Encana)*

W_1 = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)

WI_1 = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)*

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

Z = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

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

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Lybrook 001 2306 Gathering System
Rio Arriba County, New Mexico

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

A = Allocated Gas production off lease, MCF: $[(W_I R_1)/((W_I R_1)+(W_Z R_2)+(W_n R_n))]*(V)$

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.

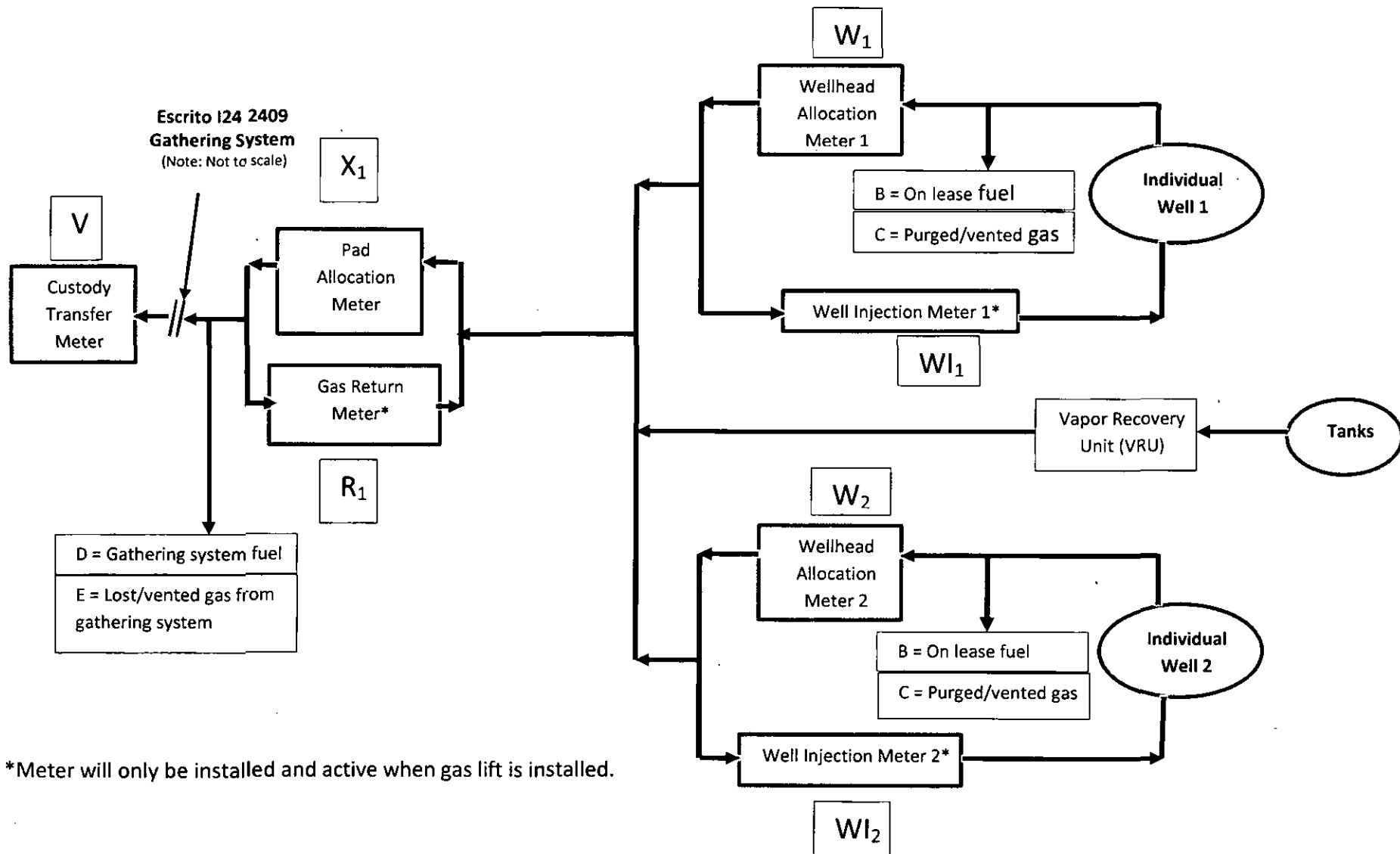
D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $[(W_I R_1)/((W_I R_1)+(W_Z R_2)+(W_n R_n))]$.

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 $[(W_I R_1)/((W_I R_1)+(W_Z R_2)+(W_n R_n))]$.

Individual Well BTU's = $[[{(W_n W_{In}) * Z_n}]/\{SUM((W_n W_{In}) * Z_n)\} * (V * Y) * 1000]$

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

Gas Measurement Allocation Procedure for Multi-Well Pads



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

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Escrito I24 2409 Gathering System
San Juan County, New Mexico

Base Data:

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

X_x = Gas Volume (MCF) from Pad Allocation Meter during allocation period. (Encana)

R_x = Gas Volume (MCF) from Gas Return Meter at Well Pad (Encana)*

$(X_x - R_x)$ = Gas Volume (MCF) for total Well Pad Production (Encana)

W_x = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)

W_{I_x} = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)*

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

Z = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

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

Allocate the off lease Custody Transfer volume back to the well pad

$$A_{AL} = \text{Well pad allocated volume (MCF)} = [(X_1 R_1)/((X_1 R_1) + (X_2 R_2) + (X_n R_n))] * (V) + D + E$$

Distribute (allocate) the allocated well pad production, (A_{AL}) back to each well on the pad

Gas production (MCF) allocated back to the individual wells on a Well Pad is calculated using the formula:

$$AL\ Net_n = [(W_1 W_{I1})/((W_1 W_{I1}) + (W_2 W_{I2}) + (W_n W_{In}))] * A_{AL}$$

Determine the final allocated production for each well on the pad

$$\text{Final allocated individual well production (MCF)} = AL\ Net_n + B_n + C_n$$

B_n = On lease fuel usage attributed to an individual well, 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.

Attachment No. 5
Encana Oil & Gas (USA) Inc.
Escrito 124 2409 Gathering System
San Juan County, New Mexico

C_n = Lost and/or vented gas attributed to an individual well 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 Well Pads benefiting from the equipment using allocation factors determined by $[(X_1 R_1)/((X_1 R_1)+(X_2 R_2)+(X_n R_n))]$ and for individual wells using allocation factors determined by $[(W_1 WI_1)/((W_1 WI_1)+(W_2 WI_2)+(W_n WI_n))]$.

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 Well Pads affected using factors determined by $[(X_1 R_1)/((X_1 R_1)+(X_2 R_2)+(X_n R_n))]$, and for individual wells using factors determined by $[(W_1 WI_1)/((W_1 WI_1)+(W_2 WI_2)+(W_n WI_n))]$.

Individual Well BTU's = $[(W_n WI_n * Z_n) / \{ \text{SUM}((W_n WI_n) * Z_n) \}] * (V * Y) * 1000$

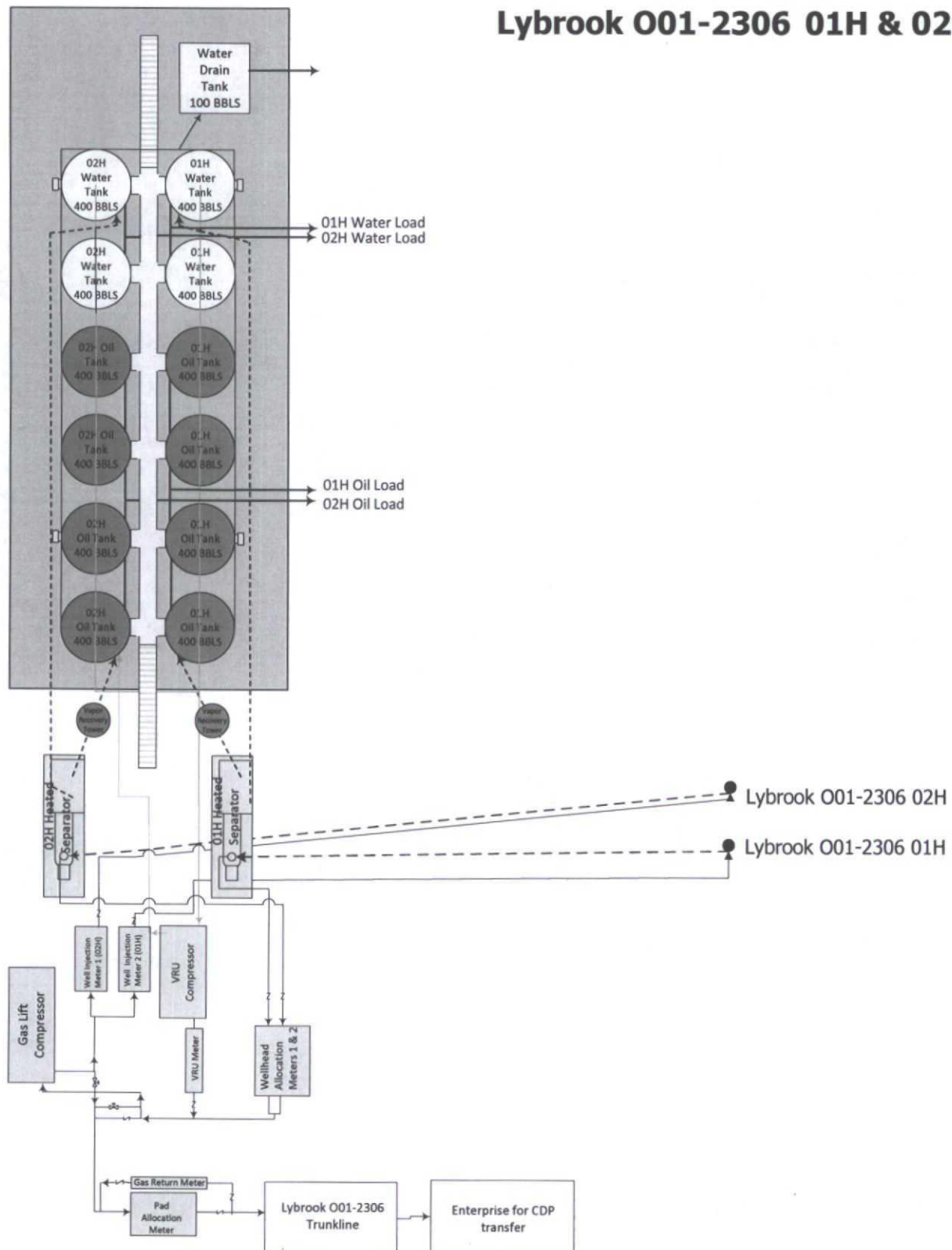
Individual well gas heating values to be determined in accordance with BLM regulations.

Attachment No. 6
Encana Oil & Gas (USA) Inc.
Lybrook 001-2306 Gathering System
Rio Arriba County, New Mexico
Amendment Dated December 18, 2014

Gas Lift Schematics and descriptions for each of the three (3) well pads attached herein:

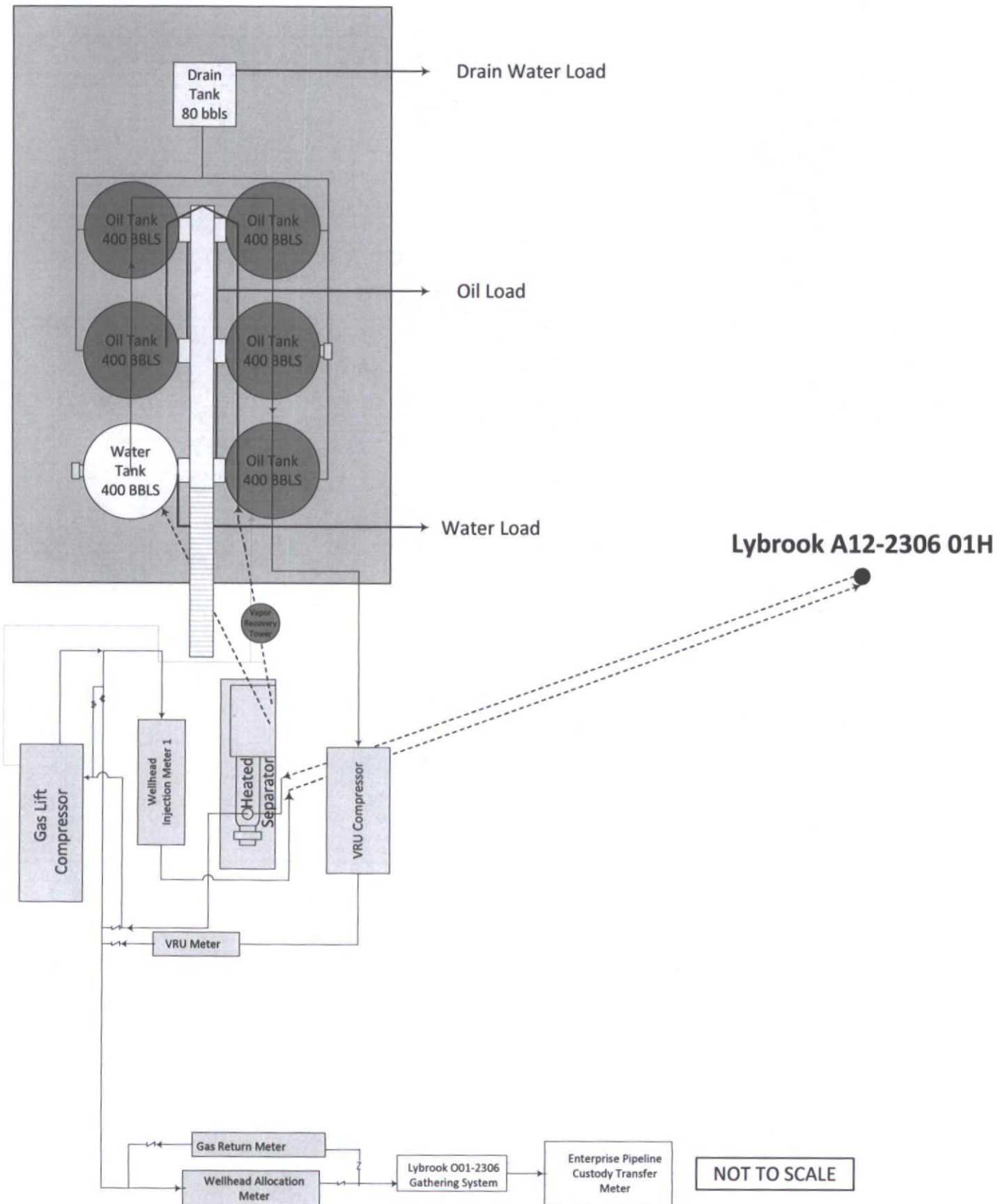
Well Pad	Well
Lybrook 001-2306	Lybrook 001-2306 01H
	Lybrook 001-2306 02H
Lybrook A12-2306	Lybrook A12-2306 01H
Lybrook A11-2306	Lybrook A11-2306 01H
	Lybrook A11-2306 02H

Lybrook 001-2306 01H & 02H

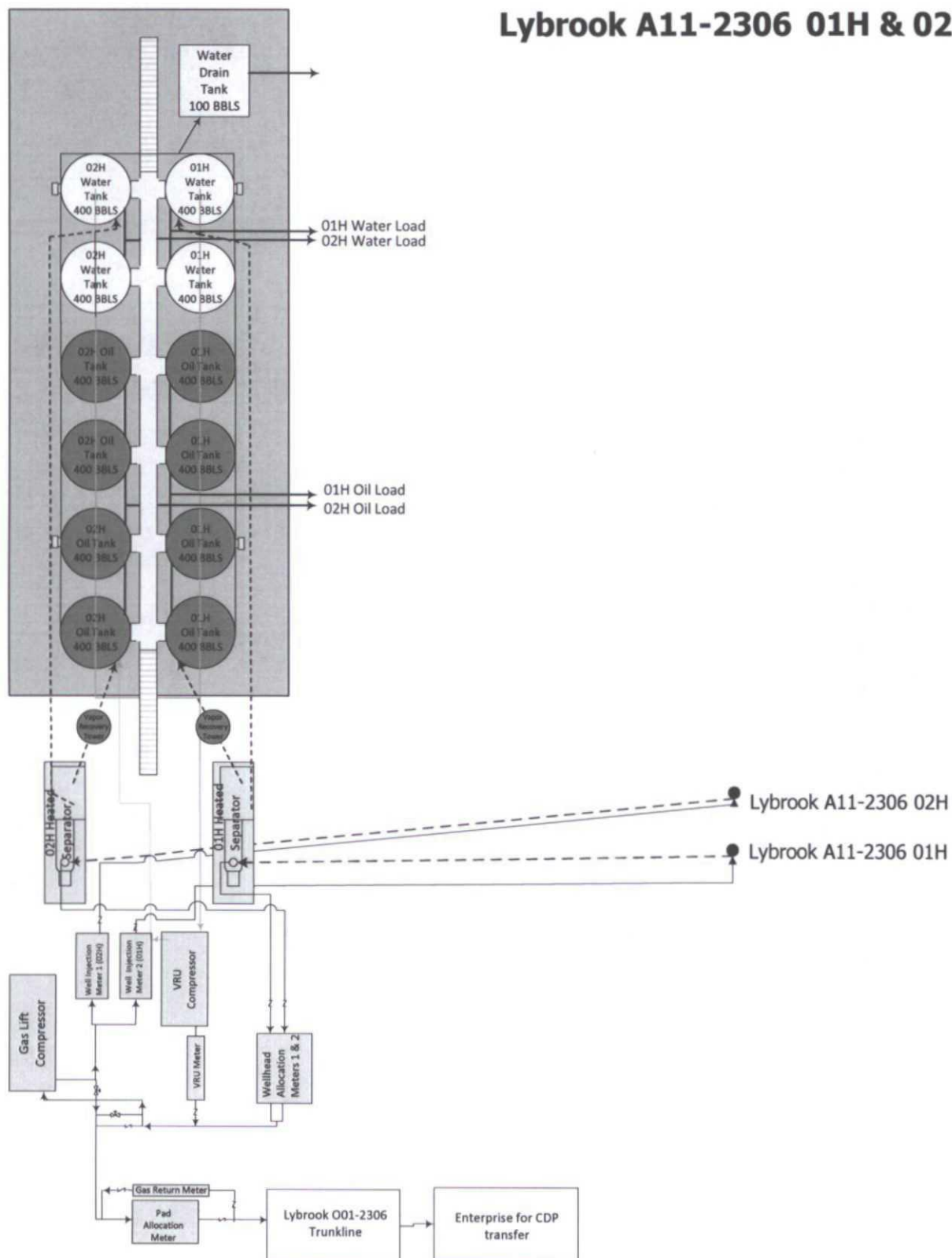


NOT TO SCALE

Lybrook A12-2306 01H



Lybrook A11-2306 01H & 02H



NOT TO SCALE