mm 29					
DATEN 224 4	SUSPENSE	MAM ENGINEER	12/17/2014	ULM TYPE	PMAM1433655616
	1				

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

Аррис	[DHC-Đown [PC-Poe 	dard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] hole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] of Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] fied Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF AP	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD SD - Chy 93 - EncAna Oiland CHSCHSH Tn L
	Check [B]	One Only for [B] or [C] Commingling - Storage - Measurement $\square$ DHC $\square$ CTB $\square$ PLC $\square$ PC $\square$ OLS $\blacksquare$ OLM $\neg$ Pinion 4nit Mb3-24 $\square$ -# 14
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
	[D]	Other: Specify # 2 #
[2]	NOTIFICATI [A]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR Other: Specify
	[B]	<ul> <li>Working, Royalty or Overriding Royalty Interest Owners</li> <li>Offset Operators, Leaseholders or Surface Owner</li> <li>Application is One Which Requires Published Legal Notice</li> <li>9810-2</li> </ul>
,	[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]	Attachment 4 presents copies of notification to interest owners via Certified/ Return Receipt, Upon receiving Return Receipts, copies will be sent to NMOCD.

# [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	Jessier Shigg	Regulatory Analyst	12/10/14
Print or Type Name	Signature 00	Title	Date
	-	Jessica.Gregg@encan e-mail Address	a.com

encana

## THED OOD

## Transmitted Via Certified Mail

December 9, 2014

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

Mr. Pete Martinez Oil, Gas & Minerals Division New Mexico State Land Office PO Box 1148

PO Box 1148 Santa Fe, NM 87504

## Re: Piñon Unit M03-2410 Off-Lease Measurement and/or Sale and Transportation San Juan County, New Mexico

Dear Mr. Dawson, Mr. Mankiewicz, and Mr. Martinez:

Encana Oil & Gas (USA) Inc. (Encana) is seeking administrative approval from the New Mexico Oil Conservation Division (NMOCD), the Bureau of Land Management (BLM), and the New Mexico State Land Office for Off-Lease Measurement and Sale of naturally produced gas, and in some instances, Off-Lease Transportation and Sale of oil and condensate for the Piñon Unit M03-2410 01H and 02H wells operated by Encana in San Juan County, New Mexico. No commingling of oil or condensate will occur in the pipeline.

Initially, Encana requests that two (2) wells be authorized for connection to the Piñon Unit M03-2410 Pipeline, which are listed on Attachment No.1 and will be operated by Encana. The Piñon Unit M03-2410 Pipeline will tie-in into Enterprise Products Partner's (Enterprise's) pipeline in the SWSW of Section 3, Township 24 North, Range 10 West, which will be the point of custody transfer and sales, herein referred to as the Central Delivery Point (CDP). Please note that it is Encana's intention that the Piñon Unit M03-2410 Pipeline will only service natural gas producing from the Mancos formation and furthermore, will only service Encana operated wells.

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's CDP. Further, Encana intends to install a gas lift compressor on the well as depicted and described in Attachment No 5. Please note, Encana intends to submit to the Bureau of Land Management (BLM) a sundry to formally request approval to install gas lifts on these wells, which, once approved, will be forwarded on to the New Mexico Oil Conservation Division (NMOCD) for their approval. Again, no commingling of oil or condensate with naturally produced gas will occur 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 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.

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

15 P 1: 19

Mr. Dave Mankiewicz Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402 Enclosed please find the following:

A. Administrative Application Checklist for Pool/Lease Commingling dated December 10, 2014.

B. State of New Mexico Oil Conservation Division Form C-107-B, Application for Pool/Lease Commingling dated December 10, 2014. Attached to and made part of the Application for Pool/Lease Commingling please find the following:

Attachment No. 1: Presents the following information:

1) Well	5) Projected gas rate for leases
2) Leases	6) Projected gas percentage for the wells
3) Pool information	7) Projected initial gas heating value through ~1st 6 months
<ol> <li>Projected gas rate for the well</li> </ol>	8) Projected gas heating value after ~1 <sup>st</sup> 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 Piñon Unit M03-2410 Pipeline, depicting one (1) well pad (which represents the 2 wells) that will tie into the Piñon Unit M03-2410 Pipeline which will then tie into Enterprise's CDP in the SWSW of Section 3, Township 24 North, Range 10 West. The Piñon Unit M03-2410 Pipeline is approximately 951.35-feet in length (0.18 miles), stretching across Bureau of Land Management (BLM) surface. Encana has applied for the Right-of-Way with the BLM and is awaiting final approval.

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 (5 Pages): Presents the well dedication acreage for the two (2) wells Encana is proposing to tie into the Piñon Unit M03-2410 Pipeline as depicted on the NMOCD Form C-102s. Additionally, the C-102s depict the horizontal well bore path and producing interval for the 01H and 02H wells.

Attachment No. 2c Justification (2 Pages): Presents a plat depicting the pipeline connection path for the Piñon Unit M03-2410 Pipeline. All production proposed 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) pipeline greatly reduces surface

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



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 (4 Pages): Presents a leasehold ownership summary for the Piñon Unit M03-2410 01H and 02H wells. The royalty interest is Federal, State, and Indian Allottee. 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, NMSLO and the NMOCD. Encana is requesting that the NMOCD issued order for the Piñon Unit M03-2410 Pipeline include a provision that for future additions to the Piñon Unit M03-2410 Pipeline, only interest owners in the wells being added be notified.

Attachment No. 4 (12 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 published in The Daily Times, Farmington, New Mexico on December 7, 2014 in order to provide public notice to any and all affected interest owners.

Attachment No. 5 (3 Pages): Presents the allocation procedure for the Piñon Unit M03-2410 Pipeline which includes an example of how the allocation method is applied. Encana proposes that the Point of Royalty Measurement (PRM) be at Enterprise's CDP the SWSW of Section 3, Township 24 North, Range 10 West. Please also note the wells proposed for connection to the Piñon Unit M03-2410 Pipeline will be equipped with a continuous recording gas allocation meter.

Attachment No. 6 (2 Pages): Presents a gas lift well pad schematic and description for the Piñon Unit M03-2410 well pad that Encana is requesting to connect to the Piñon Unit M03-2410 Pipeline. Encana requests approval to claim beneficial use at the gas lift injection meter on the well pad, which is depicted for the well pad, on the gas lift schematic; which also depicts a list of proposed equipment. Encana requests the use of fuel to operate the gas lift installed for the well.

In conclusion, Encana is requesting 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 Piñon Unit M03-2410 Pipeline also include a provision that for any future additions to the Piñon Unit M03-2410 Pipeline, 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.

Junica Frigg

Jessica Gregg Regulatory Analyst

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

cc: United States of America, Federal Indian Minerals Office, 6251 College Blvd., Suite B, Farmington, NM 87402

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

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 17 <sup>th</sup> Street, Suite 1700, Denver, Colorado 80202									
APPLICATION TYPE:									
LEASE TYPE:  Fee	State State								
Is this an Amendment to existin			he appropriate C	Prder No					
Have the Bureau of Land Mana					ingling				
	(A) BOO		C	·····					
	(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				
Pition Unit HZ (Oil) (R-13857)	41°API/1350 BTU	Only gas to be commingled 1350		Only gas to commingled Value =	5-500mcfd				
		BTU		+/- 3.330 mmbtu					
<ul> <li>(3) Has all interest owners been</li> <li>(4) Measurement type: ⊠Met</li> </ul>	<ul> <li>(3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes No.</li> <li>(4) Measurement type:  Metering Other (Specify)  </li> </ul>								
		SE COMMINGLIN ts with the following in							
(1) Pool Name and Code,	i least attach sheet	is with the following it		·					
(2) Is all production from same s	source of supply? Yes N	lo			-				
<ul> <li>(3) Has all interest owners been n</li> <li>(4) Measurement type: Mete</li> </ul>	otified by certified mail of the prop pring Dother (Specify)	posed commingling?	∏Yes ∏N	0					
····	(C) POOL and	LEASE COMMIN		· · · · · · · · · · · · · · · · · · ·					
	· ·	is with the following in							
(1) Complete Sections A and E.									
F			CUDEMENT	····					
	(D) OFF-LEASE ST Please attached shee	URAGE and MEA ets with the following							
(1) Is all production from same s	source of supply? 🛛 Yes 🔲 N	lo							
(2) Include proof of notice to all	interest owners. See Attachme	ent 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 2									
(3) Lease Names, Lease and We	Il Numbers, and API Numbers. Se	ee Attachment No. 2							
I hereby certify that the information	above is true and complete to the	best of my knowledge an	d belief.						
SIGNATURE: Junica	<u>Yngg</u> 11	ITLE:Regulatory Anal	lyst	DATE;12/1	0/14				
TYPE OR PRINT NAMEJessi	ca Gregg	TELEPHONE	NO.:720-876-	3626					
E-MAIL ADDRESS:Jessica.Gregg@encana.com									

### Attachment No. 1 Encana Oil Gas (USA) Inc. Pinon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 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
rinon Unit M03-2410 01H	30-045-35560	M-SWSW-3-24N-10W	NMNM 133481X	1a	8,005.44 acres of W2 of Sec 4, Sec 5-10, 15-18, 21, N2 of Sec 22 & 28 - UNDIVIDED UNIT Penetrated Spacing Unit: NWNW, SENW, NWSE, SESE of Sec 10 (160 acres)	Pinon Unit	BIA 1349 BIA 1360 BIA 1360 BIA 1361 BIA 1362 BIA 1362 BIA 1365 BIA 1366 BIA 1366 BIA 1367 BIA 1367 BIA 1368 BIA 1370 BIA 1370 BIA 1370 BIA 1370 BIA 1425 BIA 1425 BIA 1425 BIA 1425 BIA 1427 BIA 1425 BIA 1427 BIA 1434 NM 15654 NM 100805 NM 100806 NM 100807 NM 100808 NM 101058 NM 104606 ST NM B 10889 ST NM VO 5292	State / Fed / Allottee	N/A	NOT DRILLED	350	700	100%	950	1215	Current Status: Future wells are contingent o success of initial wells the area. Note: Total rat not expected to equal 3. MMcfpd due to wells be
inon Unit M03-2410 02H	Pending	M-SWSW-3-24N-10W	NMNM 133481X	1b	8,005.44 acres of W2 of Sec 4, Sec 5-10, 15-18, 21, N2 of Sec 22 & 28 - UNDIVIDED UNIT Penetrated Spacing Unit: NWNW, SENW, NWSE, SESE of Sec 10 (160 acres)	Pinon Unit	BIA 1349 BIA 1360 BIA 1360 BIA 1361 BIA 1362 BIA 1363 BIA 1363 BIA 1364 BIA 1365 BIA 1366 BIA 1367 BIA 1367 BIA 1369 BIA 1370 BIA 1370 BIA 1370 BIA 1370 BIA 1370 BIA 1425 BIA 1426 BIA 1427 BIA 1426 BIA 1427 BIA 1424 NM 100805 NM 100805 NM 100806 NM 100806 NM 100807 NM 100808 NM 101058 NM 100508 ST NM B 10889 ST NM VO 5292	State / Fed / Allottee	N/A	NOT DRILLED	350	100	10070	950 1215	drilled/completed and coming online at differe times. The initial wells v naturally decline befor future wells come onlin	

Encana intends to drill and produce two (2) wells that will produce exclusively from the Pinon Unit. The wells will be targeted and completed in a correlative interval within the Mancos Formation. The completion design is similar to other wells in the area. Initial flowback and hydrocarbon analysis results in the area show very similar BTU heating content (see \* below). Projected decline rates for all wells listed above: Di/b:75%/1.8.

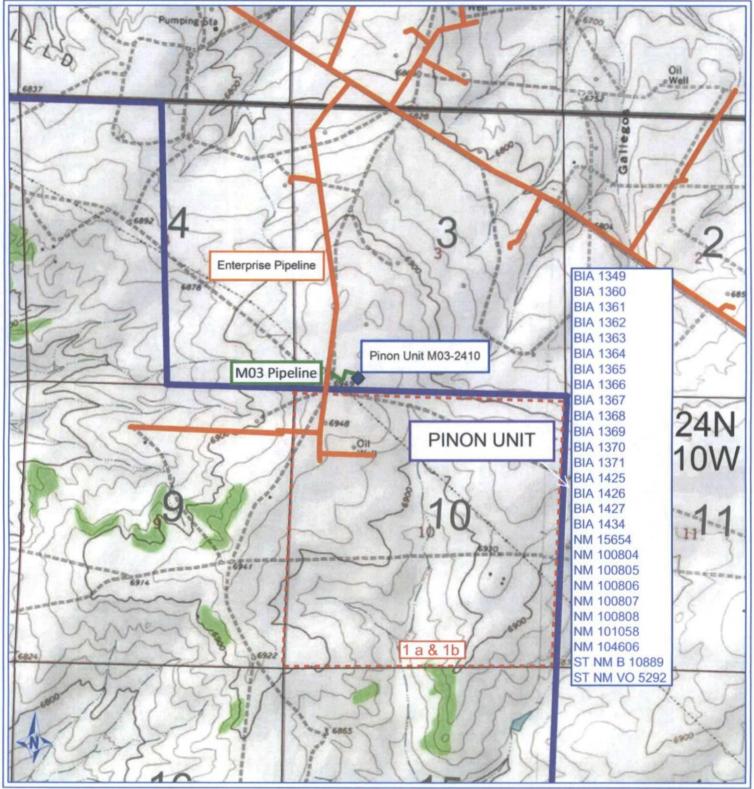
\*BTU value is lower over the 1st ~6 months due to pumping nitrogen while completing the well. Nitrogen introduced while completing decreases over time as the well is produced.

#### Attachment No. 2a Encana Oil Gas (USA) Inc. Pinon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

1

Initial App	lication for Pinon Unit M03 Dated Decembe		ease Measurement
Well Pad	Well	Well No.	Lease(s)
Pinon Unit M03-2410	Pinon Unit M03-2410 01H	1a	BIA 1349 BIA 1360 BIA 1361 BIA 1362 BIA 1363 BIA 1363 BIA 1364 BIA 1365 BIA 1366 BIA 1367 BIA 1367 BIA 1369 BIA 1369 BIA 1370 BIA 1370 BIA 1371 BIA 1425 BIA 1425 BIA 1425 BIA 1426 BIA 1427 BIA 1426 BIA 1427 BIA 1434 NM 15654 NM 100805 NM 100806 NM 100806 NM 100808 NM 101058 NM 10158 NM 104606 ST NM B 10889 ST NM VO 5292
, mon one weo 2470 ,	Pinon Unit M03-2410 02H	1Ь	BIA 1349 BIA 1360 BIA 1361 BIA 1362 BIA 1362 BIA 1363 BIA 1364 BIA 1365 BIA 1366 BIA 1367 BIA 1368 BIA 1369 BIA 1370 BIA 1370 BIA 1371 BIA 1425 BIA 1425 BIA 1425 BIA 1427 BIA 1426 BIA 1427 BIA 1434 NM 15654 NM 100804 NM 100805 NM 100806 NM 100808 NM 101058 NM 101058 NM 104606 ST NM B 10889

## Attachment No. 2a Encana Oil and Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application Dated December 10, 2014



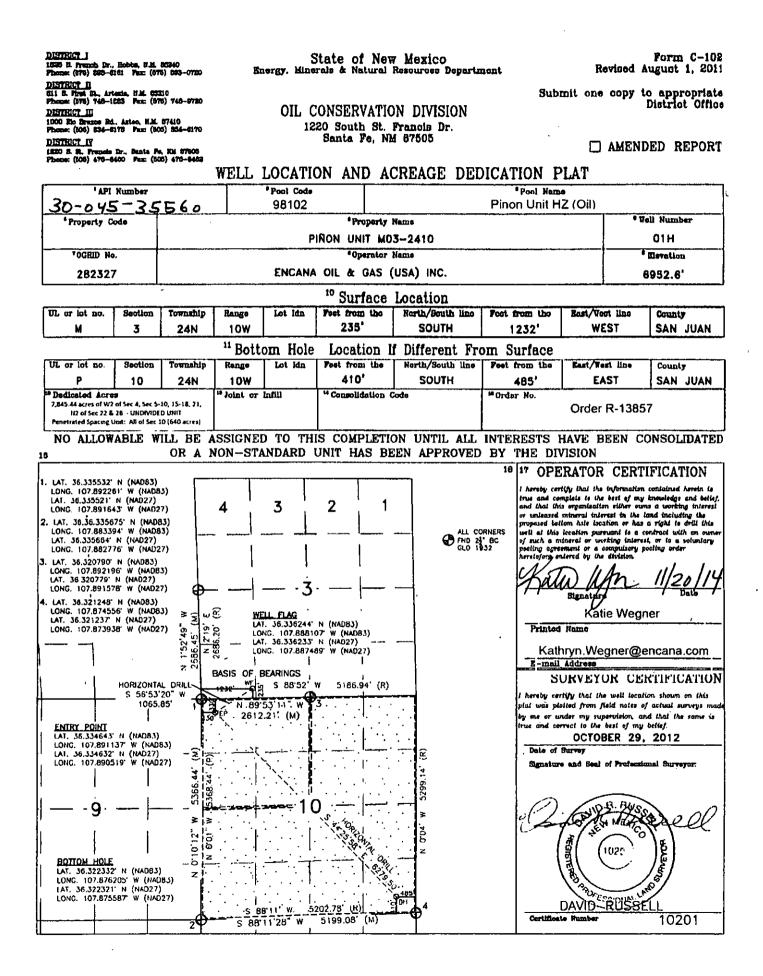
PETRA 10/27/2014 10:38:09 AM

## Attachment No. 2b Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

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

>

- Piñon Unit M03-2410 01H
- Piñon Unit M03-2410 02H



DISTRICT 1 1625 S. Franch Dr., Bobbs, H.H. 96340 Phone: (875) 365-4141 Fac: (875) 360-0720 DISTRICT\_II 531 5. First 5., Artenia, M.M. 55210 Phone: (975) 740-1855 Faz: (575) 740-9750 DISTRUCT IU 1000 Rie Drasos Bd., Asteo, M.H. 07410 Phone: (805) 534-0176 Fax: (805) 534-6170

## DISTRICT IV 1220 S. (R. Francis Dr., Sante Pa, RM 87300 Phone: (505) 478-8460 Fax: (505) 478-8469

State of New Mexico Energy, Minerals & Natural Resources Department

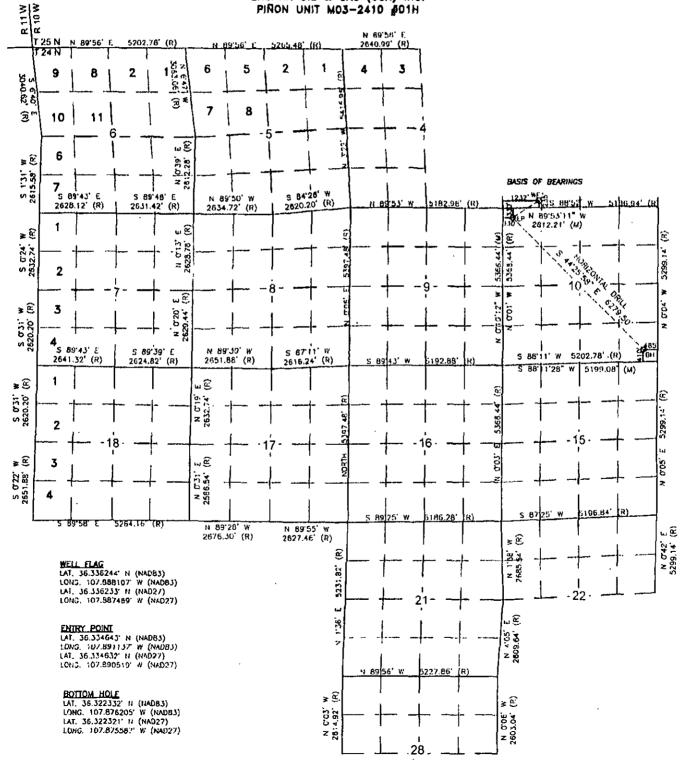
Form C-102 Revised August 1, 2011

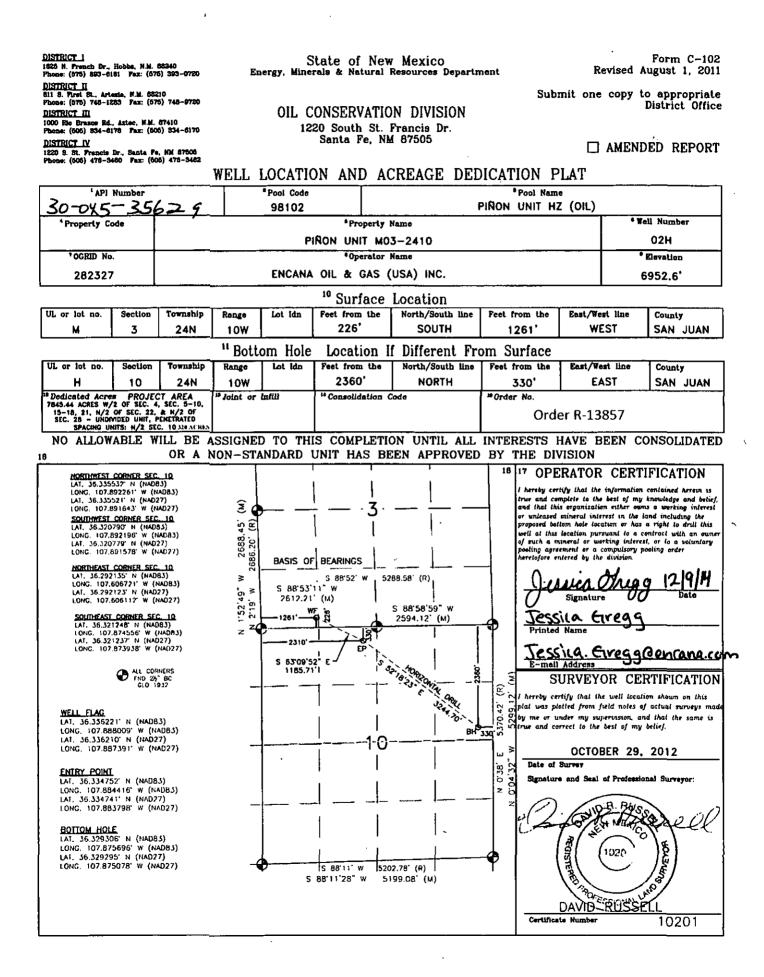
□ AMENDED REPORT

Submit one copy to appropriate District Office

## **OIL CONSERVATION DIVISION** 1220 South St. Francis Dr. Santa Fe. NM 87505

#### ENCANA OIL & GAS (USA) INC. PINON UNIT M03-2410 001H





DISTRICT 1 1625 N. French Dr., Hobbe, N.M. 88240 Phone: (575) 393-6161 Paz: (575) 393-0720 DISTRICT II 611 S. First SL, Artesia, N.M. 85210 Phone: (876) 748-1283 Fax: (576) 748-9720 DISTRICT III 1000 Rio Brazos Rd., Axiao, N.M. 87410 Phone: (606) 334-6176 Pax: (606) 334-6170

DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87506 Phone: (505) 476-3460 Fax: (505) 476-3462

## State of New Mexico Energy, Minerals & Natural Resources Department

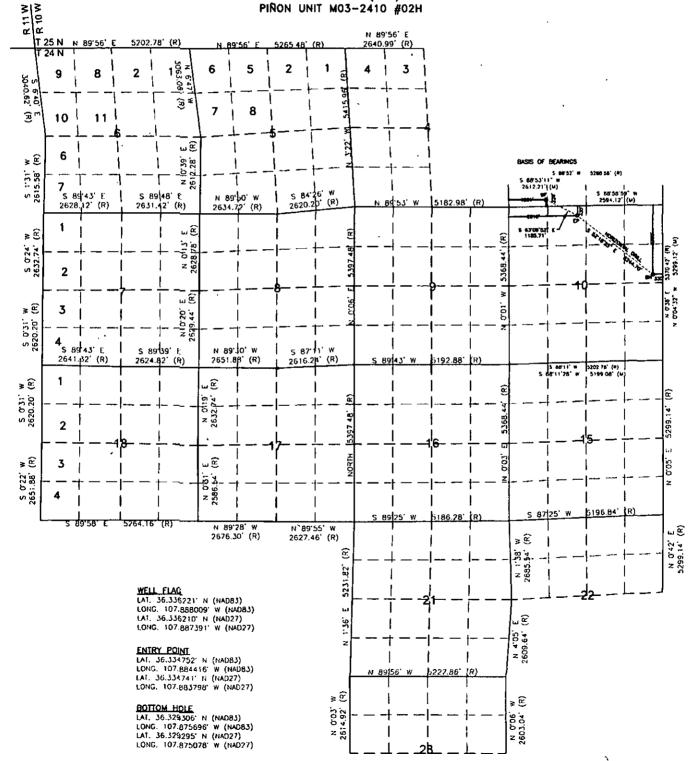
Form C-102 Revised August 1, 2011

□ AMENDED REPORT

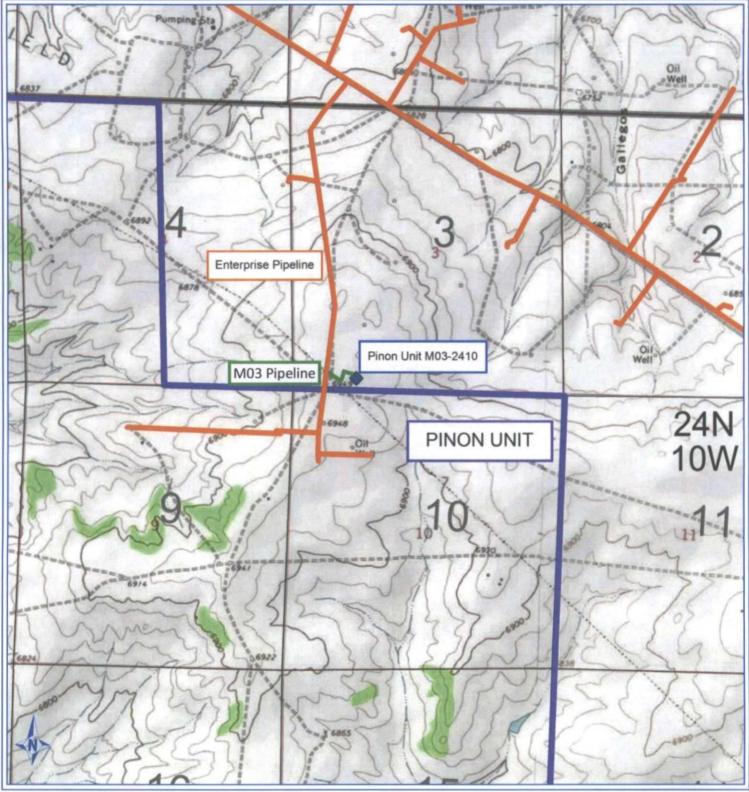
Submit one copy to appropriate District Office

### OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

#### ENCANA OIL & GAS (USA) INC. PIÑON UNIT M03-2410 #02H



## Attachment No. 2c Encana Oil and Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application Dated December 10, 2014



PETRA 10/27/2014 10:38:09 AM

### Attachment No. 2c Encana Oil Gas (USA) Inc. Pinon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

Well Pad	Estimated Pipeline Length in Feet	Estimated Length in Miles	Projected Width for Pipeline ROW	Total Pipeline Disturbed Acreag <del>e</del>	Cost (\$55k/mile*4" O.D.)	Pig Launcher/Receiver Disturbance	Pig Launcher/ Receiver Cost	
Initi	Initial Application for Pinon Unit M03-2410 Off Lease Measurement Dated December 10, 2014							
Pinon Unit M03-2410	951	0,18	40'	0.87	\$ 39,625.00	10' x 20'	\$ 10,000.00	
	951	0.18		0.87 acres	\$ 39,625.00	0.0046 acres	\$ 10,000.00	

.

~

GRAND	TOTAL	951	0.18	0.00	0.87 acres	\$ 39,625.00	0.0046 acres	\$	10,000.00
							<u>GRAND TOTAL</u> <u>COST</u>	<u>s</u>	49,625.00
							GRAND TOTAL ACREAGE		<u>0.88</u>

#### Attachment No. 3 Encana Qil Gas (USA) Inc. Pinon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

#### Initial Application for Pinon Unit M03-2410 Off Lease Measurement Datod December 10, 2014 Pinon Unit M03-2410 01H

M-SWSW-3-24N-10W

8,005.44 acres of W2 of Sec 4, Sec 5-10, 15-18, 21, N2 of Sec 22 & 28 - UNDIVIDED UNIT Penetrated Spacing Unit: NWNW, SENW, NWSE, SESE of Sec 10 (160 acres)

¢

BIA 1349, BIA 1360, BIA 1361, BIA 1362, BIA 1363, BIA 1364, BIA 1365, BIA 1366, BIA 1367, BIA 1368, BIA 1369, BIA 1370, BIA 1371, BIA 1425, BIA 1426, BIA 1427, BIA 1434, NM 15654, NM 100804, NM 100805, NM 100806, NM 100807, NM 100808, NM 101058, NM 104606, ST NM B 10889, ST NM VO 5292

Interest Owner		Pinon Unit
Working Interest Encena Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	<u>Gross</u> 73.493942%	<u>Net</u> 58.870101%
Dugan Production Corp. 709 E. Murray Dr. Farmington, New Mexico 87401	2.741053%	2.249033%
James B. Fullerton 621 17th Street, Suite 1040 Denver, CO 80293	0.014156%	0.011492%
Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, NM 87402	23.750849%	19.7 <b>83759%</b>
<u>Royalty Interest</u> USA c/o BLM 6251 College Blvd., Suite A Farmington, NM 87402	0.000%	7.215595%
State of New Mexico Commissioner of Public Lands 310 Old Sante Fe Trail Sante Fe, NM 87504-1148	0.000%	1.165874%
ONRR for Allotted Leases 6251 College Blvd., Suite B Farmington, NM 87402	0.000%	5.981738%
Overriding Royalty Interest Dugan Production Corp. 709 E. Murray Dr. Farmington, New Mexico 87401	0.000%	0.081050%
Caerus Southern Rockies, LLC 600 17th Street, Suite 1600N Denver, CO 80202	0.000%	0.049966%
Merrion Oil & Gas Corp 610 Reilly Ave. Farmington, NM 87401	0.000%	1.929870%
Heirs of Mildred O. Dahl 4731 Lemon Hill Avenue Sacramento, CA 95824	0.000%	0.019986%
The Oakason Jr. Company LC c/o Bank of America, N.A. P.O. Box 830308 Dallas, TX 75283-0308	0.000%	0.093536%

{

į,

#### Attachment No. 3 Encana Oil Gas (USA) Inc. Pinon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

#### Initial Application for Pinon Unit M03-2410 Off Lease Measurement Dated December 10, 2014 Pinon Unit M03-2410 01H

M-SWSW-3-24N-10W

#### 8,005.44 acres of W2 of Sec 4, Sec 5-10, 15-18, 21, N2 of Sec 22 & 28 - UNDIVIDED UNIT Penetrated Spacing Unit: NWNW, SENW, NWSE, SESE of Sec 10 (160 acres)

BIA 1349, BIA 1360, BIA 1361, BIA 1362, BIA 1363, BIA 1364, BIA 1365, BIA 1366, BIA 1367, BIA 1368, BIA 1369, BIA 1370, BIA 1371, BIA 1425, BIA 1426, BIA 1427, BIA 1434, NM 15654, NM 100804, NM 100805, NM 100806, NM 100807, NM 100808, NM 101058, NM 104606, ST NM B 10889, ST NM VO 5292

<u>Overriding Royalty Interest (cont)</u> Jean C. Oakason Memorial, LLC 3018 East Ksel Drive Sandy, UT 84092	0.000%	0.086342%
Flame Royalties, Inc. P.O. Box 702281 Tulsa, OK 74170-2281	0.000%	0.037475%
Robert L. Bayless Producers, LLC 621 17th Street, Suite 2300 Denver, CO 80293	0.000%	0.049966%
Harold Montgomery Calpian, Inc. 500 N. Akard Street, Suite 2850 Dallas, TX 75201	0.000%	0.024983 <b>%</b> ,
Heirs of George Foster Timothy G. Foster 576 CR 6100 Kirtland, NM 87417	0.000%	0.024983%
Heirs of W. L. Brimhall 2805 Ladera Dr. Farmington, NM 67401	. 0,000%	0.024983%
Maureen G. Wright (Al Greer) 4112 Skyline Dr. Farmington, NM 87401	0.000%	0.024983%
Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, NM 87402	0.000%	2.274%
TOTAL	100.000%	100.000%

1

t

Ļ

۱

#### Attachment No. 3 Encana Oil Gas (USA) Inc. Pinon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

.

#### Initial Application for Pinon Unit M03-2410 Off Lease Measurement Dated December 10, 2014 Pinon Unit M03-2410 02H

Mon Unit M03-2410 02H M-SWSW-3-24N-10W

8,005.44 acres of W2 of Sec 4, Sec 5-10, 15-18, 21, N2 of Sec 22 & 28 - UNDIVIDED UNIT Penetrated Spacing Unit: NWNW, SENW, NWSE, SESE of Sec 10 (160 acres)

BIA 1349, BIA 1360, BIA 1361, BIA 1362, BIA 1363, BIA 1364, BIA 1365, BIA 1366, BIA 1367, BIA 1368, BIA 1369, BIA 1370, BIA 1371, BIA 1425, BIA 1426, BIA 1427, BIA 1434, NM 15654, NM 100804, NM 100805, NM 100806, NM 100807, NM 100808, NM 101058, NM 104606, ST NM B 10889, ST NM VO 5292

Interost Owner		Pinon Unit
<u>Working Interest</u> Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	<u>Gross</u> 73.493942%	<u>Nei</u> 58.870101%
Dugan Production Corp. 709 E. Murray Dr. Farmington, New Mexico 87401	2.741053%	2,249033% <sub>.</sub>
James B. Fullerton 621 17th Street, Suite 1040 Denver, CO 80293	0.014156%	0.011492%
Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, NM 87402	23.750849%	19.783759%
<u>Rovalty Interest</u> USA c/o BLM 6251 College Blvd., Suite A Farmington, NM 87402	0.000%	7.215595%
State of New Mexico Commissioner of Public Lands 310 Old Sante Fe Trail Sante Fe, NM 87504-1148	0.000%	1.165874%
ONRR for Allotted Leases 6251 College Blvd., Suite B Farmington, NM 87402	0.000%	5.981738%
Overriding Royalty Interest Dugan Production Corp. 709 E. Murray Dr. Farmington, New Mexico 87401	0.000%	0.081050%
Caerus Southern Rockies, LLC 600 17th Street, Suite 1600N Denver, CO 80202	0.000%	0.049966%
Merrion Oil & Gas Corp 610 Reilly Ave. Farmington, NM 87401	0.000%	1.929870%
Heirs of Mildred O. Dahl 4731 Lemon Hill Avenue Sacramento, CA 95824	0.000%	0.019986 <b>%</b>
The Oakason Jr. Company LC c/o Bank of America, N.A. P.O. Box 830308 Dallas, TX 75283-0308	0.000%	0.093536%

С

#### Attachment No. 3 Encana Oil Gas (USA) Inc. Pinon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

#### Initial Application for Pinon Unit M03-2410 Off Lease Measurement Dated December 10, 2014 Pinon Unit M03-2410 02H

M-SWSW-3-24N-10W

#### 8,005.44 acres of W2 of Sec 4, Sec 5-10, 15-18, 21, N2 of Sec 22 & 28 – UNDIVIDED UNIT Penetrated Spacing Unit: NWNW, SENW, NWSE, SESE of Sec 10 (160 acres)

BIA 1349, BIA 1360, BIA 1361, BIA 1362, BIA 1363, BIA 1364, BIA 1365, BIA 1366, BIA 1367, BIA 1368, BIA 1369, BIA 1370, BIA 1371, BIA 1425, BIA 1426, BIA 1427, BIA 1434, NM 15654, NM 100804, NM 100805, NM 100806, NM 100807, NM 100808, NM 101058, NM 104606, ST NM B 10889, ST NM VO 5292

Overriding Royalty Interest (cont) Jean C. Oakason Memorial, LLC 3018 East Ksel Drive Sandy, UT 84092	0.000%	0,086342%
Flame Royalties, Inc. P.O. Box 702281 Tulsa, OK 74170-2281	0.000%	0.037475%
Robert L. Bayless Producers, LLC 621 17th Street, Suite 2300 Denver, CO 80293	0.000%	0.049966%
Harold Montgomery Calpian, Inc. 500 N. Akard Street, Suite 2850 Dallas, TX 75201	0.000%	0.024983%
Heirs of George Foster Timothy G. Foster 576 CR 6100 Kirtland, NM 87417	0.000%	0.024983%
Heirs of W. L. Brimhall 💦 🔨 2805 Ladera Dr. Farmington, NM 87401	0.000%	0.024983%
Maureen G. Wright (Al Greer) 4112 Skyline Dr. Farmington, NM 87401	0.000%	0.024983%
Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, NM 87402	0.000%	2.274%
TOTAL	100.000%	100.000%

## Attachment No. 4 Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

As evidence that all interest ownership parties 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 Piñon Unit M03-2410 Pipeline.

2) A copy of Encana's letter, dated December 10, 2014, used to send copies of the subject application to the leasehold interest owners for the wells connecting to the Piñon Unit M03-2410 Pipeline. The letters were transmitted via certified mail/return receipt.

3) Copy of Encana's letter to The Daily Times, requesting a legal ad run Sunday, December 7, 2014 in order to provide effective notice to interest owners of the Piñon Unit M03-2410 Pipeline.

4) All royalty interest is State of New Mexico, BLM, and Allottee. Since the BLM and the Federal Indian Mineral Office are receiving this application, a separate notice letter was not sent to these royalty interest owners. The applications to the OCD, BLM, State Land Office, and FIMO were transmitted via certified mail/return receipt. Attachment No. 4 Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

## Working Interest

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

Dugan Production Corp. 709 E. Murray Dr. Farmington, New Mexico 87401

James B. Fullerton 621 17th Street, Suite 1040 Denver, CO 80293

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

## **Royalty Interest**

USA c/o BLM 6251 College Blvd., Suite A Farmington, NM 87402

State of New Mexico Commissioner of Public Lands 310 Old Sante Fe Trail Sante Fe, NM 87504-1148

ONRR for Allotted Leases 6251 College Blvd., Suite B Farmington, NM 87402

**Overriding Royalty Interest** Dugan Production Corp. 709 E. Murray Dr. Farmington, New Mexico 87401

Caerus Southern Rockies, LLC 600 17th Street, Suite 1600N Denver, CO 80202

Merrion Oil & Gas Corp 610 Reilly Ave. Farmington, NM 87401 Attachment No. 4 Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

Heirs of Mildred O. Dahl 4731 Lemon Hill Avenue Sacramento, CA 95824

The Oakason Jr. Company LC c/o Bank of America, N.A. P.O. Box 830308 Dallas, TX 75283-0308

Jean C. Oakason Memorial, LLC 3018 East Ksel Drive Sandy, UT 84092

Flame Royalties, Inc. P.O. Box 702281 Tulsa, OK 74170-2281

Robert L. Bayless Producers, LLC 621 17th Street, Suite 2300 Denver, CO 80293

Harold Montgomery Calpian, Inc. 500 N. Akard Street, Suite 2850 Dallas, TX 75201

Heirs of George Foster Timothy G. Foster 576 CR 6100 Kirtland, NM 87417

Heirs of W. L. Brimhall 2805 Ladera Dr. Farmington, NM 87401

Maureen G. Wright (Al Greer) 4112 Skyline Dr. Farmington, NM 87401

Coleman Oil & Gas, Inc. 6540 East Main Street Farmington, NM 87402 December 10, 2014

## **Example See Attached Addressee List**

## Re: Pinon Unit M03-2410 Application for Off-Lease Measurement San Juan County, New Mexico

Dear Owner:

Encana Oil & Gas (USA) Inc.'s (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 Pinon Unit M03-2410 well. Encana will operate, producing from the Pinon Unit in Section 10, Township 24 North, Range 10 West; Unit Number NMNM 133481X.

(

encana

Off-Lease Measurement of natural gas will occur at the well head in the SWSW of Section 3, T24N R10W by a well allocation meter, and in the SWSW of Section 3, T24N R10W at the pipeline tie-in to EPCO Pipeline's 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 Pinon Unit M03-2410 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 720-876-3881 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: <u>Skylar.Fast@encana.com</u>

Encana Oil & Gas (USA) Inc., acting by and through its authorized agent, Encana Services Company Ltd. 370 17th Street, Suite 1700, Denver Colorado 80202

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3. Also complete	A. Signature
item 4 if Restricted Dellvery is desired. Print your name and address on the reverse	X Agent Addressee
<ul> <li>so that we can return the card to you.</li> <li>Attach this card to the back of the malipiece, or on the front if space permits.</li> </ul>	B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from item 1?  Yes If YES, enter delivery address below:  No
( ;	
United States of America	
Federal Indian Minerals Office 6251 College Blvd., Suite B	
Farmington, NM 87402	3. Service Type
	Certified Mall <sup>®</sup> Pority Mail Express <sup>®</sup> Registered     Mall <sup>®</sup> Receipt for Merchandise     Insured Mall     Collect on Delivery
	4. Restricted Delivery? (Extra Fee)
2. Article Number 7013 2250 (Transfer from service label)	0000 8555 5396
PS Form 3811, July 2013 Domestic Ret	urn Receipt
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
	A. Signature
<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> </ul>	X Giginitatio
Print your name and address on the reverse so that we can return the card to you.	B. Received by (Printed Name) C. Date of Delivery
<ul> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	
	D. Is delivery address different from item 1? Yes
1. Article Addressed to:	If YES, enter delivery address below: DNo
Mr. Dave Mankiewicz	
Bureau of Land Management 6251 College Blvd., Suite A	3. Service Type
Farmington, NM 87402	Certified Mali*     Priority Mail Express'*     Registered     Insured Mail     Collect on Delivery
	4. Restricted Delivery? (Extra Fee)
2. Article Number 7013 2250 (Transfer from service label)	0000 8555 5402
PS Form 3811, July 2013 Domestic Re	eturn Receipt
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3. Also complete	A. Signature
item 4 if Restricted Delivery is desired.	X Agent
so that we can return the card to you.	B. Received by (Printed Name) C. Date of Delivery
Attach this card to the back of the mailplece, or on the front if space permits.	
1. Article Addressed to:	D. Is delivery address different from item 1?  Yes If YES, enter delivery address below: No
· · · · · · · · · · · · · · · · · · ·	11
Mr. Pete Martinez	
Mr. Pete Martinez Oil, Gas, & Minerals Division	
Mr. Pete Martinez	3. Service Type
Mr. Pete Martinez Oil, Gas, & Minerals Division New Mexico State Land Office	3. Service Type 3. Certified Mail <sup>®</sup> □ Priority Mail Express <sup>™</sup> □ Registered ■ Return Receipt for Merchandise □ Insured Mail □ Collect on Delivery
Mr. Pete Martinez Oil, Gas, & Minerals Division New Mexico State Land Office P.O. Box 1148	Certified Mail <sup>®</sup> II Priority Mail Express <sup>™</sup> II Registered IF Return Receipt for Merchandise
Mr. Pete Martinez Oil, Gas, & Minerals Division New Mexico State Land Office P.O. Box 1148 Santa Fe, NM 87504	Certified Mail*     Priority Mail Express**     Registered     Insured Mail     Collect on Delivery

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DEL	IVERY
<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse</li> </ul>	A. Signature X	Agent     Addressee
<ul> <li>so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to: Mr. Scott Dawson New Mexico Oil Conservation Division	D. Is delivery address different from ite If YES, enter delivery address belo If YES, enter delivery address belo	
1220 South St. Francis Drive Santa Fe, NM 87505	Insured Mail Collect on I	eipt for Merchandise
	4. Restricted Delivery? (Extra Fee)	C Yes

ł

ţ

-	1		
	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
		A. Signature	
	<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> </ul>	Agent	
	Print your name and address on the reverse		
	<ul> <li>so that we can return the card to you.</li> <li>Attach this card to the back of the mailplece, or on the front if space permits.</li> </ul>	B. Received by (Printed Name) C. Date of Delivery	
	1. Article Addressed to:	D. Is delivery address different from item 1?  Yes If YES, enter delivery address below: No	
	Dugan Production Corp.		
	709 E. Murray Drive	3. Sepice Type	
	Farmington, NM 87401	Certified Mail*     Belority Mall Express*     Registered     Return Receipt for Merchandise	
		Insured Mail Collect on Delivery	
		4. Restricted Delivery? (Extra Fee)	
	2. Article Number (Transfer from service label) 7013 2250	0000 6497 4989	
	PS Form 3811, July 2013 Domestic Re	turn Receipt	
	SENDER: COMPLETE THE STORE		
	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
	Complete items 1, 2, and 3. Also complete	A. Signature	
	item 4 if Restricted Delivery is desired. Print your name and address on the reverse	X Agent	
	so that we can return the card to you.	B. Received by (Printed Name) C. Date of Delivery	
	Attach this card to the back of the mallpiece, or on the front if space permits.		
	1. Article Addressed to:	D. Is delivery address different from item 1?  Yes If YES, enter delivery address below:  No	
		In the only address below.	
	James B Fullerton	1	
		1	
	621 17 <sup>th</sup> Street, Suite 1040	3. Service Type	
	Denver, CO 80293	Certified Mail*     Priority Mail Express'*     Registered     Insured Mail     Collect on Delivery	
	1	4. Restricted Delivery? (Extra Fee)	
	2. Article Number 7013 2250		
	(Transier from service label)		
	PS Form 3811, July 2013 Domestic Ret	urn Receipt	_
	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
	Complete items 1, 2, and 3. Also complete	A. Signature	
	item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse	X Agent Addressee	
	so that we can return the card to you.	B. Received by (Printed Name) C. Date of Delivery	
	1 Attach this card to the back of the mailpiece,	C. Data of Delivery	
	or on the front if space permits.	D. Is delivery address different from item 1?	
	1. Article Addressed to:	If YES, enter delivery address below:	
	· · · ·	1	
	1	Į į	
	Coleman Oil & Gas		
	6540 East Main Street	Ļi	
	Farmington, NM 87402	3. Service Type	
		Certified Mail* Diriority Mail Express**	
	1	Registered     Keturn Receipt for Merchandise     Insured Mail     Collect on Delivery	
	1		
	L	4. Restricted Delivery? (Extra Fee)	
	2. Article Number     7013 2250       (Transfer from service label)	0000 6497 4965	
	PS Form 3811, July 2013 Domestic Ret	urn Receipt	

SENDER: COMPLETE THIS S	ECTION	COMPLETE THIS SE	CTION ON DE	LIVERY
Complete items 1, 2, and 3.	Also complete	A, Signature		
<ul> <li>item 4 if Restricted Delivery is</li> <li>Print your name and address</li> </ul>		i x		Agent
<ul> <li>Antry you make and address so that we can return the car</li> <li>Attach this card to the back of or on the front if space permit</li> </ul>	d to you. of the mailpiece,	B, Received by (Print	ed Name)	C. Date of Delivery
1. Article Addressed to:		D. is delivery address If YES, enter delive		
State of New N Commissioner of Pe				·····
310 Old Sante I	Fe Trail	3. Seprice Type		
Sante Fe, NM 87	504-1148	Certified Mali*	Collect on	celpt for Merchandise Delivery
		4. Restricted Delivery	(Extra Fee)	C Yes
<ol> <li>Article Number (Transfer from service label)</li> </ol>	25 E£O7	50 0000 6497	4835	
PS Form 3811, July 2013	Domestic	Return Receipt		<u> </u>
	Domestic	Indian nocept		
NDER: COMPLETE THIS SEC	STION	COMPLETE THIS SECT	ION ON DELI	/ERY 1
Complete items 1, 2, and 3. Als		A. Signature		
item 4 if Restricted Delivery is c Print your name and address or		x		Agent Addressee
so that we can return the card t Attach this card to the back of or on the front if space permits.	to you. the mailplece,	B. Received by (Printed	Name)	C. Date of Delivery
	, 	D. Is delivery address dif		
Article Addressed to:		If YES, enter delivery	address below	: □ No
· •				1
	· ·			1
Maureen G. Wright (A	ll Greer)			i
4112 Skyline D		3. Service Type	<u></u>	
Farmington, NM 8	7401		Priority Mail	
	,	-	Collect on Di	lpt for Merchandise elivery
•		4. Restricted Delivery?	Extra Fee)	🖾 Yes
Article Number			<u></u>	
(Transfer from service label)	7013 225	0 0000 6497		<u> </u>
Form 3811, July 2013	Domestic Re	turn Receipt		1
SENDER: COMPLETE THIS S	ECTION		07:01:01:0	
		COMPLETE THIS SE		LIVERY
Complete items 1, 2, and 3. / item 4 if Restricted Delivery is	s desired.	A. Signature		🖸 Agent
Print your name and address so that we can return the care	ON the reverse	X		Addressee
<ul> <li>Attach this card to the back of or on the front if space permit</li> </ul>	of the mailniece	B. Received by (Printe	ad Name)	C. Date of Delivery
1. Article Addressed to:	1	<ul> <li>D. Is delivery address If YES, enter deliver</li> </ul>		
		II. A CO, ORECUGIVE	ry 200/e55 081	ow: 🖸 No
- · ·	•			
Heirs of W. L. Bri	mball			
2805 Ladera [	)r	LL		
Farmington, NM		3. Service Type		
0,010 (4IMI (	11401	Registered	Priority Ma	elpt for Merchandise
		Insured Mail	Collect on	Delivery
		4. Restricted Delivery	(Exira Feel	<b>C</b> 1 1/2
2. Article Number	7013 22	4. Restricted Delivery		Yes

·	· · · · · · · ·	
	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
	<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> </ul>	A. Signature
	Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delivery
	1. Article Addressed to:	D. Is delivery address different from item 1?
	Heirs of George Foster Timothy G. Foster 576 CR 6100 Kirtland, NM 87417	3. Service Type Cartifled Mall <sup>●</sup> □ Priority Mall Express <sup>™</sup> □ Registered 10 Return Receipt for Merchandise □ Insured Mall □ Collect on Delivery
	2. Article Number (Transfer from service (abel) 7013 2250	4. Restricted Delivery? (Extra Fee) □ Yes
	(Transfer from service label) (ULS EESU : PS Form 3811, July 2013 Domestic Retu	
<b></b>		
	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
	Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	A. Signature i
	Print your name and address on the reverse	X Addressee
	<ul> <li>so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	B. Received by (Printed Name) C. Date of Delivery
	1. Article Addressed to:	D. Is delivery address different from Item 1?  Yes If YES, enter delivery address below: No
	Harold Montgomery Calpian, Inc.	3. Service Type
	500 N. Akard Street, Suite 2850 Dallas, TX 75201	3. Service type         M Certified Mall*         □ Registered         □ Registered         □ Insured Mail         □ Collect on Delivery
		4. Restricted Delivery? (Extra Fee)
	2. Article Number 7013 2250 (Transfer from service label)	0000 6497 4873
	PS Form 3811, July 2013 Domestic Ret	rum Receipt
	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
	Complete items 1, 2, and 3. Also complete	A. Signature
	item 4 if Restricted Delivery is desired. Print your name and address on the reverse	X Agent i Addressee
	<ul> <li>Attach this card to the back of the mallpiece, or on the front if space permits.</li> </ul>	B. Received by (Printed Name) C. Date of Delivery
	1. Article Addressed to:	D. Is delivery address different from item 1?  Yes If YES, enter delivery address below: No
	· · · · · · · · · · · · · · · · · · ·	
	Robert L. Bayless Producers, LLC	
	621 17 <sup>th</sup> Street, Suite 2300	2 Service Tree
	Denver, CO 80293	3. Service Type         ✓ Certified Mall*       □ Priority Mall Express**         □ Registered       ☑ Return Receipt for Merchandise         □ Insured Mail       □ Collect on Delivery
	1	4. Restricted Delivery? (Extra Fee) Yes
	2. Article Number (Transfer from service label) 701.3 2250	0000 6497 4880
	PS Form 3811, July 2013 Domestic Ret	

, , ,

.

) | · · · · · · ·

,	
	🗆 Agent
·	Address
B. Received by (Printed Name)	C. Date of Delive
1E -	_
3 Sanvica Type	
Certified Mall* II Priority M	eceipt for Merchand
4. Restricted Delivery? (Extra Fee)	Yes
250 0000 6497 4897	
estic Return Receipt	
COMPLETE THIS SECTION ON	DELIVERY
e A. Signature	
se X	Agen 🗆 Addre
B. Received by (Printed Name)	C. Date of De
If YES, enter delivery address	below: 🗆 No
( = " <b>I</b>	
L.	
	/ Mail Express™ I Receipt for Mercha
Insured Mail Collec	t on Delivery
4. Restricted Delivery? (Extra Fe	e) 🖾 Yes
2250 0000 6497 4903	~ ·
mestic Return Receipt	
COMPLETE THIS SECTION ON	DELIVERY
e A. Signature	
se X	· □ Agen
B. Received by (Printed Name)	C. Date of De
1	
· 1	
3. Service Type	
Certified Mail* D Priorit	y Mail Express** n Receipt for Mercha
	t on Delivery
	t on Delivery
	Pregistered       Preturn R         Insured Mail       Collect or         4. Restricted Delivery? (Extra Fee)         2250       DDDDD       6497         estic Return Receipt         COMPLETE THIS SECTION ON         A. Signature       X         B. Received by (Printed Name)         D. Is delivery address different from If YES, enter delivery address         ILC       3. Service Type         B. Received Delivery? (Extra Fee)         D. Is delivery address different from If YES, enter delivery address         If YES, enter delivery address         J. Service Type         B. Received by (Printed Name)         D. Is delivery address different from If YES, enter delivery address         J. Service Type         B. Received by (Printed Name)

)

.

		1
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVE	ov .
SENDER. COMPLETE THIS SECTION		
Complete items 1, 2, and 3. Also complete	A. Signature	i
item 4 if Restricted Delivery is desired. Print your name and address on the reverse	x	Agent Addressee
so that we can return the card to you.	B. Received by (Printed Name) C.	Date of Delivery
or on the front if space permits.	D. Is delivery address different from item 1	7 🖸 Yes
	If YES, enter delivery address below:	
Heirs of Mildred O. Dahl		1
4731 Lemon Hill Avenue		İ
Sacramento, CA 95824	3. Service Type	
	Certified Mail* Driority Mail Ex Registered Return Receipt	for Merchandise
	Insured Mail Collect on Delh	
2. Article Number	4. Restricted Delivery? (Extra Fee)	Yes
(Transfer from service label) 7013 2250	0000 6497 4927	
PS Form 3811, July 2013 Domestic Ret	urn Receipt	
		\ \
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVE	RY
	A. Signature	1
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.		Agent
Print your name and address on the reverse	X	Addressee
<ul> <li>so that we can return the card to you.</li> <li>Attach this card to the back of the mailplece, or on the front if space permits.</li> </ul>	B, Received by (Printed Name) C.	Date of Delivery
1. Article Addressed to;	<ul> <li>D. Is delivery address different from item 1 If YES, enter delivery address below;</li> </ul>	? 🗆 Yes 🗋 No
Merrion Oil & Gas Corp	1	·
610 Reilly Ave.	3. Service Type	
Farmington, NM 87401	Certified Mall Priority Mail Ex Registered Registered Insured Mall Collect on Deliv	for Merchandise
	4. Restricted Dalivery? (Extra Fee)	Tes
2. Article Number (Transfer from service label) 7013 2250	0000 6497 4934	
PS Form 3811, July 2013 Domestic Ret	urn Receipt	
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVE	RY
	A. Signature	1
<ul> <li>Complete items 1, 2, and 3. Also complete</li> <li>item 4 if Restricted Delivery is desired.</li> </ul>	· -	Agent
Print your name and address on the reverse	X	Addressee
<ul> <li>so that we can return the card to you.</li> <li>Attach this card to the back of the mallpiece,</li> </ul>	B, Received by (Printed Name) C.	Date of Delivery
or on the front if space permits.	D. Is delivery address different from item 1	
1. Article Addressed to:	If YES, enter delivery address below:	No
		l l
n stree Parties HC		1
Caerus Southern Rockies, LLC		
600 17 <sup>th</sup> Street, Suite 1600N	3. Service Type	I
000 17 00000	Certified Mail*  Priority Mail Ex	
Denver, CO 80202		for Merchandise
Denver, CO 80202		1001
Denver, CO 80202	Insured Mail Collect on Deli	
Denver, CO 80202	Insured Mail Collect on Deli     A. Restricted Delivery? (Extra Fee)	Very Yes
Denver, CO 80202	Insured Mail Collect on Deli	

: 1

r t



#### Transmitted Via Email: legals@daily-times.com

November 24, 2014

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

Re: Legal Ad Placement Request SUNDAY, DECEMBER 7, 2014 Piñon Unit M03-2410 Off Lease Measurement Application San Juan 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 Sunday, December 7, 2014 publication. Once the ad has run, please send an Affidavit of Publication to the undersigned.

Encana Oil & Gas (USA) Inc. (Encana) is seeking administrative approval from the New Mexico Oil Conservation Division (NMOCD), the Bureau of Land Management (BLM), and the New Mexico State Land Office for Off-Lease Measurement and Sale of naturally produced gas, and in some instances, Off-Lease Transportation and Sale of oil and condensate for the Piñon Unit M03-2410 well pad operated by Encana in San Juan County, New Mexico. The Piñon Unit M03-2410 interconnects with Enterprise Products Partners' (Enterprise's) pipeline in the SWSW of Section 3, Township 24 North, Range 10 West, which will be known as the Central Delivery Point (CDP). No commingling of oil or condensate with natural gas will occur in the pipeline. The project area will be completed in the Piñon Unit HZ Oil Pool (Order No. R-13857).

Any person holding an interest in Leases BIA 1349, BIA 1360,BIA 1361,BIA 1362,BIA 1363,BIA 1364,BIA 1365, BIA 1366,BIA 1367,BIA 1368,BIA 1369,BIA 1370,BIA 1371,BIA 1425,BIA 1426,BIA 1427, BIA 1434,NM 5654,NM 100804,NM 100805,NM 100806,NM 100807,NM 100808,NM 101058,NM 104606,ST NM B 10889,or ST NM VO 5292 may contact Encana for additional information and details (Attn: Skylar Fast, (720)876-3881, 370 17<sup>th</sup> Street, Suite 1700, Denver CO 80202, <u>Sklvar.Fast@encana.com</u>). 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.

usica o

Jessica Gregg Regulatory Analyst

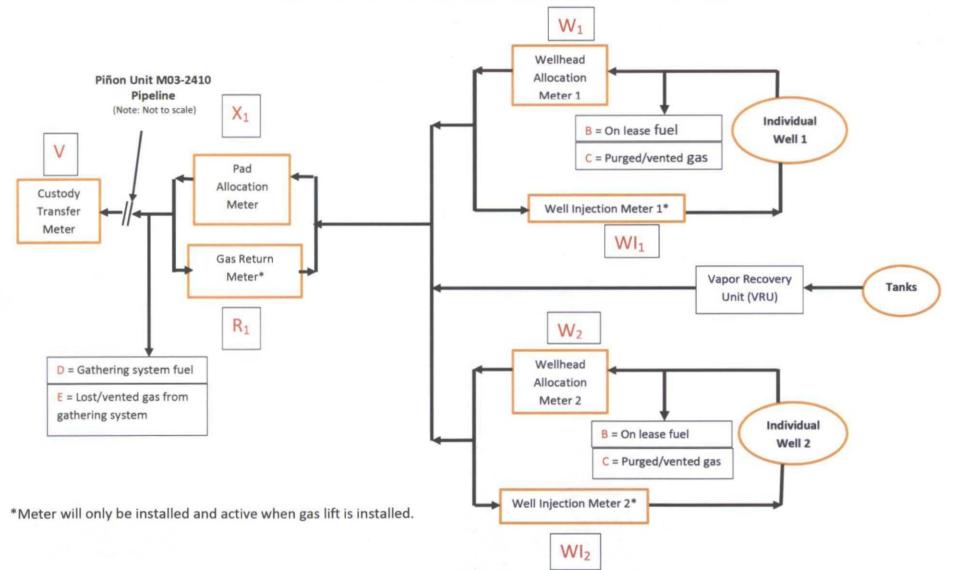
ENCANA OIL & GAS (USA) INC., acting by and through its authorized agent, Encana Services Company Ltd.

Encana Oil & Gas (USA) Inc.

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

Attachment No. 5 Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico

## **Gas Measurement Allocation Procedure for Multi-Well Pads**



## Attachment No. 5 Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico

## **Base Data:**

)

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

X<sub>x</sub> = Gas Volume (MCF) from Pad Allocation Meter during allocation period (Encana)

R<sub>x</sub> = 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<sub>x</sub> = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)

WI<sub>x</sub> = 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 Pipeline)

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

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

## Distribute (allocate) the allocated well pad production, (AAL) 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<sub>n</sub> =  $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]* A_{AL}$ 

## Determine the final allocated production for each well on the pad

Final allocated individual well production (MCF) = AL Net<sub>n</sub> +  $B_n$  +  $C_n$ 

 $B_n$  = 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.

3-

## Attachment No. 5 Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application 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  $[(W_1-WI_1)/((W_1-WI_1)+(W_2-WI_2)+(W_n-WI_n))]$ .

<u>Individual Well BTU's</u> =  $[[{(W_n-WI_n)*Z_n}/{SUM((W_n-WI_n)*Z_n)}]*(V*Y)*1000]$ Individual well gas heating values to be determined in accordance with BLM regulations.

## Attachment No. 6 Encana Oil & Gas (USA) Inc. Piñon Unit M03-2410 Off Lease Measurement Application San Juan County, New Mexico Application Dated December 10, 2014

1

A Gas Lift Schematic and description of the Piñon Unit M03-2410 well pad is attached herein.

