

STATE OF LOUISIANA
OFFICE OF CONSERVATION
BATON ROUGE, LOUISIANA

March 31, 2009

ORDER NO. 289-R-28

Order concerning the creation of five (5) additional drilling and production units for the **Haynesville Zone, Reservoir B**, in the **BETHANY-LONGSTREET FIELD**, DeSoto Parish, Louisiana.

Pursuant to power delegated under the laws of the State of Louisiana, and particularly Title 30 of the Louisiana Revised Statutes of 1950, and after a public hearing held under **Docket No. 09-287** in Baton Rouge, Louisiana, on **March 10, 2009**, upon the application of **ENCANA OIL & GAS (USA) INC.**, following legal publication of notice and notice in accordance with the rules prescribed by the Commissioner of Conservation, the following Order is issued and promulgated by the Commissioner of Conservation as being reasonably necessary to conserve the natural resources of the State, to prevent waste as defined by law, to avoid the drilling of unnecessary wells, and otherwise to carry out the provisions of the laws of this State.

DEFINITION

The Haynesville Zone, Reservoir B, in the Bethany-Longstreet Field, DeSoto Parish, Louisiana, was previously defined in Office of Conservation Order No. 289-R-8, effective July 2, 2008, as to certain units, which definition is hereby made applicable to the units herein created.

FINDINGS

The Commissioner of Conservation finds as follows:

1. That Office of Conservation Order No. 289-R-1, effective April 29, 2008, as amended and supplemented by the 289-R Series of Orders, established rules and regulations and created a pattern of drilling and production units for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir B, in the Bethany-Longstreet Field, DeSoto Parish, Louisiana.
2. That the creation of five (5) additional drilling and production units for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir B, in the Bethany-Longstreet Field, DeSoto Parish, Louisiana, is necessary to insure orderly development, to prevent waste and to avoid the drilling of unnecessary wells.
3. That the available geological, engineering or other appropriate information indicates that the units designated HA RB SUEE, HA RB SUFF and HA RB SUKK through HA RB SUMM, all as more particularly shown on the plat labeled, "EnCana Oil & Gas (USA) Inc. - Exhibit No. 3 for Docket No. 09-287", a copy of which is attached hereto, are reasonable and should be adopted; that each of said units can be efficiently and economically drained by one well and that creation of such units should reasonably assure to each separate tract included therein an opportunity to recover its just and equitable share of the contents of the reservoir.

4. That with respect to future horizontal wells drilled to the Haynesville Zone, Reservoir B, in the proposed units, where the horizontal portion of the well is cased and cemented back above the top of the Haynesville Zone, Reservoir B, the distance to any unit boundary and offset well(s) should be calculated based on the distance to the nearest perforation in the well, and not based on the penetration point or terminus.

5. That the separately owned tracts, mineral leases and other property interests within the additional units created herein should be force pooled and integrated with each separate tract sharing in unit production on a surface acreage basis of participation.

6. That, except to the extent contrary herewith, the provisions of Office of Conservation Order No. 289-R-1, effective April 29, 2008, as amended and supplemented by the 289-R Series of Orders, and all applicable Statewide Orders should be extended to the additional units created herein.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT:

1. The units designated HA RB SUEE, HA RB SUFF and HA RB SUKK through HA RB SUMM, all as more particularly shown on the plat labeled, "EnCana Oil & Gas (USA) Inc. - Exhibit No. 3 for Docket No. 09-287", a copy of which is attached hereto and made a part hereof, be and they are hereby approved and adopted as five (5) additional drilling and production units for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir B, in the Bethany-Longstreet Field, DeSoto Parish, Louisiana.

The units have not been surveyed, and when a survey plat of the units showing the exterior limits thereof, the total acreage therein, and the acreage in each separately owned tract, has been submitted to and accepted by the Commissioner of Conservation or any member of his staff, insofar as it shows the exterior limits of each unit, said plat shall be substituted for the above exhibit and made a part of this Order by reference. In the event of conflicting claims of ownership of acreage in the units, such acreage may be so identified on the survey plat. Such identification of acreage subject to conflicting claims shall not be construed an acknowledgment of the validity of any such claims, and shall not affect any other acreage in separately owned tracts in each unit.

The survey plat shall be prepared in accordance with the requirements for unit plats and survey plats adopted by the Commissioner of Conservation. It is recognized that the exterior boundary lines of the units, as surveyed, may differ from those lines as shown on the attached plat because of the requirement that by survey the geologically significant wells be correctly located with respect to each other and to the unit boundary lines that they control.

2. The separately owned tracts, mineral leases, and other property interests within the additional units created herein are hereby pooled, consolidated, and integrated in accordance with Section 10, Title 30 of the Louisiana Revised Statutes of 1950, with each tract sharing in the unit production in the proportion that the surface area of such tract bears to the entire surface area of the unit in which it is situated. Also, all operations on and production from the units shall be considered operations on and production from each of the separate tracts within said units and under the terms of each of the mineral leases affecting said tracts.


3. With respect to future horizontal wells drilled to the Haynesville Zone, Reservoir B, in the proposed units, where the horizontal portion of the well is cased and cemented back above the top of the Haynesville Zone, Reservoir B, the distance to any unit boundary and offset well(s) shall be calculated based on the distance to the nearest perforation in the well, and not based on the penetration point or terminus.

4. Except to the extent contrary herewith, the provisions of Office of Conservation Order No. 289-R-1, effective April 29, 2008, as amended and supplemented by the 289-R Series of Orders, and all applicable Statewide Orders shall apply to the additional units created herein.

5. When there is obtained additional geological, engineering or other appropriate information which would indicate a required change or revision of the unit boundaries as adopted herein, or which would indicate a required change or revision of other provisions of this Order, the party or parties in possession of such additional information shall petition the Commissioner of Conservation for a public hearing for the purpose of considering appropriate changes.

This Order shall be effective on and after March 10, 2009.

OFFICE OF CONSERVATION
OF THE STATE OF LOUISIANA



JAMES H. WELSH
COMMISSIONER OF CONSERVATION

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EnCana Oil & Gas (USA) Inc.
Exhibit No. 3 for Docket No. 09-287
Attached

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