



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

In Reply Refer to:
NMNM135852X
3105 (F01100)

December 19, 2016

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

Dear Ms. Binion:

The Corrales Canyon Unit Agreement, Sandoval County, New Mexico is approved December 19, 2016 and is effective April 1, 2014. This agreement has been assigned case recordation number NMNM135852X. The basic information associated with this unit is as follows:

1. This is an Undivided Unit and only the Mancos Formation is unitized.
2. This unit includes Federal and State mineral estates.
3. The leases committed to the Corrales Canyon Unit will not be horizontally segregated.
4. The Lybrook P24-2206 #01H well is the initial obligation well. The surface hole location is located in the SE/4SE/4, Section 24, T.22 N., R.6 W., Sandoval County, New Mexico. The well name Lybrook P24-2206 #01H needs to be changed to reflect the Corrales Canyon Unit well name.
5. The following Federal leases contain lands both inside and outside the Corrales Canyon Unit and are subject to segregation provisions pursuant to 43 CFR 3107.3-2, Segregation of leases committed in part:

a. NMNM 93448 Held By Allocated Production

The Corrales Canyon Unit embraces 2,560.00 acres more or less, of which 1,920.00 acres (75.0000%) are Federal lands and 640.00 acres (25.0000%) are State Lands. All lands embraced within the Corrales Canyon Unit are fully committed, except for Tract 4.

In view of the foregoing commitment status, effective control of the unit area has been established. We are of the opinion that this agreement is in the public interest and for the purpose of more properly conserving natural resources.

In accordance with Article 9 of the Unit Agreement Lybrook P24-2206 #01H, API # 30-043-21124 has been drilled, completed on May 12, 2014. The public interest requirement for the Corrales Canyon Unit agreement has been satisfied. Pursuant to the subsequent drilling

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obligations of Section 10 of the unit agreement, a Plan of Development is required to be filed yearly.

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.

Copies of the following agreement components are being distributed to the appropriate Federal and State agencies:

- 1) Exhibit "A" Map
- 2) Exhibit "B" Lease Schedule
- 3) Working Interest Ratification & Joinders (Including Tract list with TPR & Commitments)
- 4) Overriding Royalty Interest Ratification & Joinders
- 5) State of New Mexico Oil Conservation Division Order R-14186

You are requested to furnish all interested parties with appropriate evidence of this approval.

Sincerely,



Dave Mankiewicz
Assistant Field Manager, Minerals

cc: Commissioner of Public Lands, Santa Fe, NM
New Mexico Oil Conservation Division (NMOCD)
Office of Natural Resources Revenue (ONRR)