



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
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www.nmstatelands.org

May 20, 2014

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

Attention: Ms. Mona L. Binion

Re: Preliminary Approval
Proposed Pinon Unit
San Juan County, New Mexico

Dear Ms. Binion:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed Pinon Unit area, San Juan County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.

**BEFORE THE OIL CONVERSION
DIVISION**

Santa Fe, New Mexico
Exhibit No. 7

Submitted by: ENCANA OIL & GAS (USA) INC.
Hearing Date: May 29, 2014

Encana Oil and Gas (USA) Inc.
May 20, 2014
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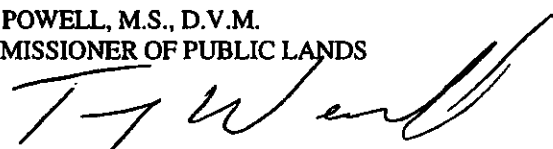
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Please submit a \$390.00 filing fee.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:


Terry Warnell
Oil, Gas and Minerals Division
(505) 827-5744
RP/TW/pm

cc: Reader File,
NMOCD Attention: Mr. Daniel Sanchez
TRD-Attention: Ms. Joan Ishimoto
RMD-Attn: Mr. Kurt McFall
BLM Farmington - Attn: Mr. Jim Lovato



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Blvd. Suite A
Farmington, New Mexico 87402
www.blm.gov



IN REPLY REFER TO:
Pinon Unit

April 21, 2014

Ms. Mona L. Binion
Encana Oil and Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202

Reference is made to your request for the designation of 8,005.44 acres, more or less, in San Juan County, New Mexico as logically subject to exploration and development under unitization provisions of the Mineral Leasing Act, as amended. Pursuant to unit plan regulations under 43 CFR Part 3180, the lands requested, as outlined on your plat marked Exhibit 'A' for the Pinon Unit is hereby designated as a logical unit area. Your proposed use of the modified Federal, State and Allotted Indian form for an Undivided Unit for unproven areas will be accepted. The undivided exploratory unit will unitize the Mancos Formation within the vertical limits defined in your application. If conditions are such that further modification of said form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

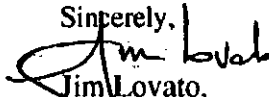
The unit agreement to be submitted for the area designated should provide for the initial obligation well to be drilled in the Mancos Formation as a horizontal lateral with a surface location outside the unit boundary in the SW 1/4 of Section 3, T., 24N., R. 10W., and a bottom hole location in the SW 1/4 of Section 10, T., 24N., R. 10W., San Juan County, New Mexico. The horizontal lateral portion of this well bore will develop the W 1/2 of Section 10, T., 24N., R. 10W., within the unit boundary. If an alternative to this location is necessary, please provide an appropriate revision.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form will be approved if submitted in an approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted that, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Please include the latest status of all acreage when the executed agreement is submitted for final approval. The format of the sample exhibits attached to the model unit agreement (43 CFR 3186.1) should be followed closely in the preparation of Exhibits A and B. A minimum of Four (4) copies of the executed agreement should be submitted with your request for final approval. If you require additional executed copies of the agreement for further distribution, please increase the number of copies accordingly.

If you have questions regarding the above unit, please contact me at (505) 564-7735.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato". The signature is stylized with a large, looping initial "J" and a clear "L" at the end.

Jim Lovato,

Senior Technical Advisor,
Petroleum Engineer

Cc: Federal Indian Minerals Office —
New Mexico State Land Office