



# 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:  
NMNM131866  
3105 (NMF0110)

30-039-31148

August 16, 2017

RECEIVED OGD  
2017 AUG 18 P 2:41

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

Dear Ms. Binion:

Enclosed is an approved Communitization Agreement (CA) NMNM131866, involving 160.00 acres of Federal minerals in lease NMNM014023 and 160.00 acres of Federal minerals in lease NMSF078562 in Rio Arriba County, New Mexico. This acreage comprises a 320.00 acre Gallup spacing unit for Escrito E26-2407 #01H.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Gallup formation in the N/2 of Section 27, T.24 N., R.7 W., NMPM and is effective July 1, 2013. You are requested to furnish all interested principals with appropriate evidence of this approval.

The Farmington Field Office has adopted a streamlined CA procedure that will reduce delays involving the production of wells that involve communization of Federal lands. By minimizing delays, the payment of royalties will not be delayed and economic hardship will be eliminated. Upon the BLM issuing the CRS number to the operator, this will include an order to obtain the required signatures within 120-days. In the event you are unable to obtain the required signatures or justification for a time extension to this period, it will be considered an incident of non-compliance.

CA NMNM131866 as assigned above, must be posted on the well and facility signs for the Escrito E26-2407 #01H. The sign shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township, range, county and state (43 CFR 3162.6)

Pursuant to the terms and conditions of the approved CA and 43 CFR 3162.4 Well Records and Reports, you are required to file your well completion report within 30 days of the well' completion. Within five (5) days of commencement of production, you are also required to file a

notice of production startup. Penalties for non-compliance with such requirements are applicable to all well and facilities on State or privately owned mineral lands committed to a unit or CA, which affects Federal or Indian interests, notwithstanding any provision of the unit or CA to the contrary.

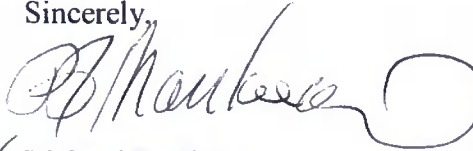
Upon approval of the CA, production and royalty reports are due to the Office of Natural Resources Revenue (ONRR). The submission of form MMS-4054, Oil and Gas Operations Report (OGOR), must begin once drilling is completed. OGORs must be submitted to ONRR by the 15<sup>th</sup> day of the second month following the production month. Royalty payments, along with the form MMS-2014, Report of Sales and Royalty Remittance, are due on or before the last day of the month following the month during which oil or gas was produced and sold.

If the communitized well are producing, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54).

If you have any questions concerning reporting, locate your company contact at <http://www.onrr.gov/ReportPay/PDFDocs/operasgn.pdf>. Questions concerning Form 2014, call 1-800-525-9167 and Oil and Gas Operations Reports, call 1-800-525-7922.

If you have any questions regarding the Communitization Agreement, please contact Virginia Barber at [vbarber@blm.gov](mailto:vbarber@blm.gov) or telephone (505) 564-7754.

Sincerely,

  
for Richard Fields  
Field Manager, FFO

Enclosure 1 - Approved Communitization Agreement  
cc: ONRR, MS-357 B1, Denver, CO  
NMOCD, Santa Fe (w/o encl.)  
NM Tax & Rev. Dept  
NMSO (93000) (w/o encl.)  
bcc: CA file (NMNM131866)  
Lease File (NMNM014023, NMSF078562)  
LR2000/AFMSS/21110: vbarber/CA/Encana/08-16-17