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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:
NMNM135229X
3105 (F01100)

November 30, 2016

2016 DEC -6 A 2:06
RECEIVED OGL

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

Dear Ms. Binion:

The North Alamito Unit Agreement, Sandoval and San Juan Counties, New Mexico is approved November 30, 2016 and is effective December 1, 2012. This agreement has been assigned case recordation number NMNM135229X. 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, State, Fee and Indian Allotted mineral estates.
3. The leases committed to the North Alamito Unit will not be horizontally segregated.
4. The Lybrook H26-2307 #01H well is the initial obligation well. The surface hole location is located in the SE/4NE/4, Section 26, T. 23N., R. 7W., Sandoval County, New Mexico. The well name Lybrook H26-2307 #01H needs to be changed to the North Alamito Unit well name.
5. The following Federal leases contain lands both inside and outside the North Alamito Unit and are subject to segregation provisions pursuant to 43 CFR 3107.3-2, Segregation of leases committed in part:

- | | |
|----------------|---------------------------|
| a. NMNM 6680 | Held By Actual Production |
| b. NMNM 8899 | Held By Actual Production |
| c. NMNM 25821 | Held By Actual Production |
| d. NMNM 080273 | Held By Actual Production |
| e. NMNM 117143 | Held By Actual Production |

The North Alamito Unit embraces 14,262.78 acres more or less, of which 800.00 acres (5.6090%) are Indian allotted lands; 960.00 acres (6.7308%) are State Lands; 160.00 acres (1.1218%) are Fee land and 12,342.78 acres (86.5384%) are Federal lands. All lands embraced within the North Alamito Unit are fully committed.

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 H26-2307 #01H, API # 30-043-21118 has been drilled, completed on February 12, 2013. The public interest requirement for the North Alamito Unit agreement has been satisfied. Pursuant to the subsequent drilling 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-14081-A

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

Sincerely,



acting for 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)
Federal Indian Minerals Office (FIMO)



United States Department of the Interior
FEDERAL INDIAN MINERALS OFFICE
BIA-ONRR-BLM
6251 College Boulevard, Suite B
Farmington, New Mexico 87402



IN REPLY REFER TO:
North Alamito Unit # NMNM135229X

November 30, 2016

Encana Services Company Ltd.
370 17th Street, Suite 1700
Denver, CO 80202

Dear Sir or Madam:

Enclosed is an approved copy of the Unit Agreement for the North Alamito Unit. This Unit has been assigned Agreement No. NMNM135229X. The lands committed to this agreement are identified in Exhibit A and B of the subject Unit. The North Alamito Unit Agreement unitizes rights as to oil and gas, producible from only the Mancos Formation. This Unit is hereby approved and made effective November 30, 2016.

All wells and facilities under the North Alamito Unit must bear appropriate signage in accordance with Title 43 of the Code of Federal Regulations, Section 3162.6 (Section 43 CFR 3162.6). Signs shall include the well name and number, Operator name, lease number, unit agreement number, the quarter-quarter section, section, township and range, county, and state.

Upon approval of the North Alamito Unit Agreement, 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 15th 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 unitized well(s) are producing, any production royalties that are due must be reported and paid as stated above. Payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (Section 30 CFR 1218.54). If you need assistance or clarification, please contact the ONRR at 1-800-525-9167.

If you have any questions, you may contact our office at (505) 564-7640.

Sincerely,

Don Takehara, Acting FIMO Director

Enclosures

cc: BLM, Farmington District Office
ONRR Royalty Mgmt. Prog., Box 25165, MS 357B1, Denver, CO 80225-5165
TR-4618-P5 Indian Lease Case File
FIMO (ONRR/BIA) Chrono file



United States Department of the Interior
FEDERAL INDIAN MINERALS OFFICE
BIA-ONRR-BLM
6251 College Boulevard, Suite B
Farmington, New Mexico 87402



IN REPLY REFER TO:
North Alamito Unit

APPROVAL-CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Allotted Land Leasing Act of March 3, 1909, 35 Stat. 783, 25 U.S. C. 396, as to Allotted Indian lands and delegated to the Director, Federal Indian Minerals Office, we do hereby:

- A. Approve the attached North Alamito Unit Agreement covering the lands identified in Exhibit A and B of the subject Unit Agreement.
- B. Certify that the North Alamito Unit unitizes only the Mancos Formation as to oil and natural gas, herein referred to as "unitized substances".
- C. Certify and determine that consummation and approval of the North Alamito Unit Agreement is considered to be in the best interest of the Indian landowners.
- D. Certify and determine that the drilling, producing, rental and royalty requirements of the Indian leases committed to said Unitization Agreement is hereby established, altered, changed, or revoked to conform with the terms and conditions of this Agreement.



ACTING-FIMO Director

Effective:

12/01/2012
Date