



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:
 3105 (NMF0110)

NMNM 133062 (CA)

August 6, 2014

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Encana Oil & Gas Co.
 Attn: Skylar Fast
 370 17th Street, Suite 1700
 Denver, CO 80202

Dear Ms. Fast:

Enclosed is one approved Communitization Agreements (CA) NMNM133062, involving 160.00 acres of Federal mineral in lease NMNM112953 and 80.81 acres of Federal minerals in lease NMNM109386, located in Sandoval County, New Mexico. This acreage comprises 240.83 acres, more or less in the Gallup spacing unit for the Lybrook P28-2306 #01H.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons gas producible from the Gallup formation in the W2E2, Section 33, T. 23 N., R. 6 W., and Lot 2, SWNE, Section 4, T. 22 N., R. 6 W., NMPM, and is effective June 9, 2014. You are requested to furnish all interested principals with appropriate evidence of this approval.

CA number NMNM133062 as assigned above, must be posted on the well and facility sign for the Lybrook P28-2306 #01H. The sign shall include the well name and number, Operator name, lease serial number, Communitization number, the quarter-quarter section, section, township and 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 wells' 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 wells 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 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 communitized well(s) 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/FM/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 me at vbarber@blm.gov or telephone (505) 564-7754.

Sincerely,



Virginia Barber
Land Law Examiner
Petroleum Management Branch

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.)