



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



IN REPLY REFER TO:
Hutton Canyon Unit

April 17, 2014

Ms. Paula M. Rauchfuss
Encana Oil and Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202

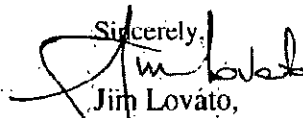
Reference is made to your request for the designation of **2,562.96** acres, more or less, in San Juan County, New Mexico as logically subject to exploration and development under unitization provisions of the Mineral Leasing Act, as amended. Pursuant to unit plan regulations 43 CFR Part 3180, the land requested, as outlined on your plat marked Exhibit 'A' for the Hutton Canyon Unit is hereby designated as a logical unit area. Your proposed use of the modified Federal 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 transverse horizontal lateral with a surface location in the NW 1/4 of Section 14, T., 23N., R.8W., and a bottom hole location in the SE 1/4 of Section 14, T., 23N., R.8W., San Juan County, New Mexico. 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,

Jim Lovato,
Senior Technical Advisor,
Petroleum Engineer

BEFORE THE OIL CONVERSION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: ENCANA OIL & GAS (USA) INC.
Hearing Date: October 2, 2014