



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:
Blanco Wash Unit

December 12, 2013

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

Dear: Ms. Binion:

Reference is made to your request for the designation of 4,803.55 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 Blanco Wash Unit is hereby designated as a logical unit area. Your proposed use of the model Federal form of the Agreement for unproven areas, as modified for Allotted Indian lands, would be acceptable. Further modification of said form will be necessary because of the inclusion of unleased Allotted Indian lands and two copies of the proposed modifications must be submitted to this office for preliminary approval.

The unit agreement to be submitted for the area designated should provide for an initial horizontal obligation well to be located in Section 11, T. 24 N., R. 9 W., San Juan County, New Mexico. If an alternative location is necessary, please provide a revised initial development plan.

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 modified 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.

Inasmuch as this unit area contains Allotted Indian lands, we are sending a copy of this letter to the Farmington Indian Minerals Office. If you have questions regarding the above unit, please contact me at (505) 564-7745.

Sincerely,

Wayne Townsend
Petroleum Engineer
Petroleum Management Team

cc: Farmington Indian Minerals Office

BEFORE THE OIL CONVERSATION
DIVISION

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: ENCANA OIL & GAS (USA) INC.

Hearing Date: October 2, 2014