



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:

NMNM135219X

3105 (F01100)

May 25, 2016

Encana Oil & Gas (USA) Inc.

Attn: Mona Binion

370 17th Street, Suite 1700

Denver, CO 80202

Dear Ms. Binion:

The Betonnie Tsosie Unit Agreement, Rio Arriba and San Juan County, New Mexico was approved May 25, 2016 and effective December 7, 2014. This agreement has been assigned case recordation number NMNM135219X. 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 and Indian Allotted mineral estates.
3. The leases committed to the Betonnie Tsosie Unit will not be horizontally segregated.
4. The Lybrook H04-2208 #01H well is the initial obligation well. The Lybrook H04-2208 #01H surface hole location is located in the S/2N/2, Section 4, T.22 N., R.8 W., San Juan County, New Mexico. The well name for Lybrook H04-2208 #01H needs to be changed to the Betonnie Tsosie Unit well name.
5. The following Federal leases contain lands both inside and outside the Betonnie Tsosie Unit and are subject to segregation provisions pursuant to 43 CFR 3107.3-2, Segregation of leases committed in part:
 - a. NMNM 048989 Held By Actual Production
 - b. NMNM 50999 Held By Actual Production
 - c. NMNM 76842 Held By Actual Production
 - d. NMNM 81638 Held By Actual Production
 - e. NMNM 118132 Held By Actual Production
6. The Betonnie Tsosie Unit embraces unleased lands as noted on Exhibit B, 160.00 acres on Tract 16, SW/4, Sec. 33, T.23 N., R.8 W. and 160 acres on Tract 17, SW/4, Sec. 5, T.22 N., R.8 W.

The Betonnie Tsosie Unit embraces 13,137.00 acres more or less, of which 10,900.89 acres are federal mineral estate (82.9785%) and 2,236.11 acres are Indian Allotted lands (17.0215%). All lands embraced within the Betonnie Tsosie Unit are fully committed.

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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 H04-2208 #01H has been drilled, completed on December 7, 2014. The public interest requirement for the Betonnie Tsosie 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-13930-A

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

Sincerely,



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)

5/25/2016