



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:
North Alamito Unit expanded (NAU)
NMNM-135229X

August 10, 2016

Ms. Mona L. Binion
Encana Oil and Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 802002

Reference is made to your request for the designation of **14,262.78** acres, more or less, in San Juan and Sandoval Counties, New Mexico as logically subject to exploration and development under unitization provisions of the Mineral Leasing Acts for Federal, Indian Allotted and State Lands. Pursuant to unitization regulations under 43 CFR Part 3180, the lands requested, as outlined on your plat marked Exhibit 'A' for the **North Alamito Unit** is hereby designated as a logical unit area. Your proposed use of the modified form for Federal and Allotted Indian lands and for a single formation undivided unit areas will be accepted. The undivided exploratory unit will unitize the Mancos Formation within the vertical limits defined in type log from the Lybrook H36 2307 #01 well as exhibit 'C' 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 North Alamito Unit has been reduced in size by the removal of 160 acres of unleased Federal lands in the NE/4 of section 35, T23N, R 7W. This is the result of State Land Offices' refusal to approve the expansion with these lands included.

The approval of this unit is conditional upon the termination of the West Alamito Unit and all of its lands being included in other Federal Units. Federal lands in (section 1 and the N/2 of section 12, T22N, R8W) contained within the West Alamito Unit that are now committed to the expanded North Alamito Unit. Also, the remaining portions of the West Alamito Unit (SW/4 of section 12 and 5 allotted leases located in the SE/4 of section 12, and all of section 13, T22N, and R8W) must be committed to the adjoining West Escavada Unit. The unit agreement to be submitted for the area designated will provide for the initial obligation well, the Lybrook H26 2307 #01H which has already been drilled and is producing from the Mancos Formation within the defined vertical limits established by the Exhibit C type log.

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.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 16
Submitted by: Encana Oil & Gas (USA) Inc.
Hearing Date: August 18, 2016

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 this unit, please contact me at (505) 564-7740 or jhewitt@blm.gov.

Sincerely,

Joe Hewitt

Joe Hewitt,

Geologist, Petroleum Mgt Team

cc: Federal Indian Minerals Office