



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

August 15, 2016

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

Case # 15367

Re: Preliminary Approval
North Alamito Unit
San Juan and Sandoval Counties, New Mexico

Dear Ms. Binion:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed North Alamito Unit area, San Juan and Sandoval Counties, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases until final approval and an effective date have been given.

When submitting your agreement for final approval, please include the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, a statement of facts showing that:
 - a. The agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. Under the proposed unit operation, the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. Each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. The unit agreement is in other respects for the best interest of the Trust.

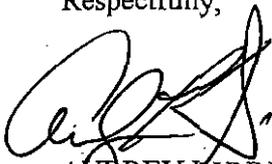
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3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Approval order from the New Mexico Oil Conservation Division. State Land Office approval is conditioned upon approval by the New Mexico Oil Conservation Division.
5. One copy of the Unit Operating Agreement (if applicable).
6. A \$2600 total filing fee. The filing fee is \$100 for each section or partial section included in the unit, whether federal, state, or privately owned.

If you have any questions or if we may be of further assistance, please contact the Units Manager, Marilyn Gruebel, at 505.827.5791 or the Units Analyst, Sue Keelin, at 505.827.5783.

Respectfully,



AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/mmg

cc: Reader File
NMOCD, Attn: Mr. Daniel Sanchez
TRD, Attn: Ms. Billie Luther
RMD, Attn: Mr. Danny Martinez
BLM, Attn: Mr. Joe Hewitt