



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/hm



In Reply Refer to:
Nageezi Unit
NMNM132981X

March 18, 2016

Mona Binion
Encana Oil and Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202

Dear Ms. Binion:

The Nageezi Unit Revised Expansion Agreement, San Juan County, New Mexico was approved March 11, 2016 but is effective July 22, 2014. This agreement has been assigned case recordation number NMNM132981X. 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, Indian Allotted and State of New Mexico mineral estates.
3. The leases committed to the Nageezi Unit will not be horizontally segregated.
4. The Nageezi Unit No. 220H well is the initial obligation well that has been drilled, completed and deemed commercial. The Nageezi Unit No. 220H surface hole locations is located in the NW¼ SW¼ of Section 27, T.24N, R.9W. The wellbore penetrates the N½S½ of Section 28, T. 24N, R.9W. San Juan County, New Mexico. The entire wellbore is located in Federal lease NMNM12374.
5. The following Federal leases contain lands both inside and outside the Nageezi Unit and are subject to segregation provisions pursuant to 43 CFR 3107.3-2, Segregation of leases committed in part:

- | | |
|---------------|--------------------|
| a. NMNM8005 | Held By Production |
| b. NMSF078860 | Held By Production |

The Nageezi Unit revised expansion embraces 10,415.12 acres more or less, of which 5,763.66 acres is federal mineral estate (55.34%) and 1,124.00 acres is State of New Mexico lands (10.79%) and 3,527.46 acres is Indian Allotted lands (33.87%). All lands embraced within the Nageezi Unit are fully committed.

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 Encana Nageezi Unit No. 220H was drilled, completed and has been deemed commercial. The public interest requirement for the Nageezi Unit revised expansion has been satisfied. Pursuant to the subsequent drilling obligations of Section 9 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 agreement components are being distributed to the appropriate Federal and State agencies.

- 1) Revised Exhibit "A" Map
- 2) Revised Exhibit "B" Lease Schedule
- 3) Schedule of Tract Participation Factors (Expanded Units)
- 4) Schedule of Tract Commitment (Expanded Lands)
- 5) Working Interest Ratification & Joinders (Including Tract list with TPR & Commitments)
All tracts contained in expansion are received 100% Working Interest commitment
- 6) Overriding Royalty Interest Ratification & Joinders
- 7) State of New Mexico Oil Conservation Division Order R-13857-A

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

Sincerely



Dave Mankiewicz
Assistant Field Manager, Minerals

3/18/2016

Cc: Commissioner of Public Lands, Santa Fe, NM
New Mexico Oil Conservation Division
Office of Natural Resources Revenue (ONRR)
Federal Indian Minerals Office (FIMO)

Bcc: Nageezi Unit File
AFMSS/LR2000NMF0111: 03/11/2016

Nageezi Unit Approval Certification-Determination Page

CERTIFICATE-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, Under the Act approved February 25, 1920, 41 Stat., 437 as amended, 30 U.S.C. sec 181, et seq., and delegated to the Authorized Officer of the Bureau of Land Management, under the authority of 43 CFR 3180, I do hereby certify:

- A. Approve the attached agreement for the development and operation of the Nageezi Unit Area, San Juan County, New Mexico. This approval shall be considered invalid, ab initio if the public interest requirement under 3183.4(b) of this title is not met.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of all Federal leases committed to said Agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of this agreement.

Dated: March 18, 2016

Effective: July 22, 2014



Dave Mankiewicz
Assistant Field Manager, Minerals
Bureau of Land Management

3/18/2016

Contract No. 132981X