

**encana**

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FEB 08 2016

Farmington Field Office  
Bureau of Land Management

January 21, 2016

Bureau of Land Management  
Mr. Joe Hewitt  
6251 College Blvd. Suite A  
Farmington, NM 87402

Re: Nageezi Unit Expansion Submittal  
Request for Final Unit Approval

Gentlemen:

Nageezi Unit was approved effective July 22, 2014 to cover 9,135.12 acres, more or less, and assigned BLM case number NMNM 132981X. Encana Oil & Gas (USA), Inc. ("Encana"), as Unit Operator, thereafter drilled and completed the following six (6) Horizontal wells under the terms of the Nageezi Unit Agreement:

Nageezi Unit 320H (f/k/a Nageezi Unit D34 2409 01H)  
Nageezi Unit 321H (f/k/a Nageezi Unit D34 2409Y 03H)  
Nageezi Unit 219H (f/k/a Nageezi Unit L27 2409 01H)

Nageezi Unit 220 H (f/k/a Nageezi Unit L27 2409 02H)  
Nageezi Unit 222H (f/k/a Nageezi Unit M27 2409 01H)  
Nageezi Unit 223H (f/k/a Nageezi Unit M27 2409 02H)

By application dated May 14, 2015, Encana Oil & Gas (USA), Inc. ("Encana"), as Unit Operator, requested BLM approval to expansion of said unit by the inclusion of 1,280.00 acres, resulting in total unit acres of 10,415.12. Preliminary approval to this expansion was granted from your office to Encana by letter dated June 16, 2015.

Encana now submits herewith the final request for approval to this expansion under the following terms and encloses here the following materials for your review and final approval to the expansion of Nageezi Unit:

1. Expansion of Nageezi Unit to encompass 10,415.12 acres, more or less, as more fully described in the Revised Exhibit "A" and Exhibit "B" to Unit Agreement.
2. Effective date of Nageezi Unit expansion is July 22, 2014, coincident with the effective date of the Nageezi Unit.
3. Materials enclosed applicable to and in support of expansion approval are:
  - (a) Revised Exhibit "A" Map (5 copies)
  - (b) Revised Exhibit "B" Lease Schedule (5 copies)
  - (c) Schedule of Tract Participation Factors (Expanded Unit)
  - (d) Schedule of Tract Commitment (Expansion Lands)
  - (e) Working Interest Ratification & Joinders (5 copies) (including Tract list with TPF & Commitments)  
All tracts contained in expansion area received 100% Working Interest commitment
  - (f) Overriding Royalty Interest Ratification & Joinders (5 copies)
  - (g) State of New Mexico Oil Conservation Division Order R-13857-A (5 copies)
  - (h) Affidavit of Mailing referencing notice to lessors under BIA leases (2 original copies)

In accordance with Article 9 of the Unit Agreement, Encana drilled and completed the initial obligation test well, along with five (5) additional horizontal test wells within the unit boundary, which established production in paying quantities. In addition to the request for approval to the expansion of Nageezi Unit, Encana has enclosed herewith a report of the economics relative to the drilling and completion of the Nageezi Unit ~~219H (f/k/a Nageezi Unit L27 2409 01H)~~, being the Nageezi Unit obligation well. Said economics report supports the declaration that paying quantity production has been established in the Nageezi Unit Area.

26H

It is therefore requested that paying well determination be made and a fixed participating area be established effective July 22, 2014 to encompass the entire expanded 10,415.12 acre Nageezi Unit Area.

We trust you will find the enclosed and above provided information in order and therefore respectfully request your consideration of the requests made herein regarding Nageezi Unit NMNM 132981X recapped as follows:

**Encana Services Company Ltd.**

Republic Plaza 370 - 17<sup>th</sup> Street Suite 1700 Denver CO 80202 303.623.2300 [encana.com](http://encana.com)

Encana Services Company Ltd. provides operational, corporate, administrative and advisory services to Encana Corporation and its subsidiaries.

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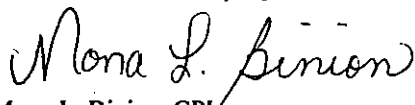
1. Request for final approval to expansion of Nageezi Unit resulting in 10,415.12 acres to be effective July 22, 2014.
2. Request for approval to establishment of paying quantity production from Nageezi Unit
3. Establishment of fixed participating area to encompass 10,415.12 acre expanded Nageezi Unit area effective July 22, 2014.

Upon approval, please provide the relevant copies of approved materials to the undersigned at the office address on the letterhead. If you have any questions or require any additional information please do not hesitate to contact Mona Binion (720) 876-5325 or [mona.binion@encana.com](mailto:mona.binion@encana.com).

We sincerely thank you for your time and consideration to this request.

Regards,

**Encana Oil & Gas (USA) Inc.**  
By its authorized agent  
Encana Services Company, Ltd.



**Mona L. Binion, CPL**  
**Land Negotiator**  
**Encana Services Company Ltd.**  
Encana Services Company Ltd. provides operational, corporate, administrative and advisory services to Encana Corporation and its subsidiaries.