



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Colorado State Office
2850 Youngfield Street
Lakewood, Colorado 80215-7093
www.blm.gov/co



In Reply Refer To:
3180 (CO-922)
Designation-Mud Spring Unit
COC75452X

MAY 11 2012

Encana Oil & Gas (USA) Inc.
c/o UnitSource Incorporated
11184 Huron Street, Suite 16
Denver, CO 80234

Dear Gentlemen:

Your application of April 5, 2012, requests the designation of 24,064.66 acres, more or less, in Garfield County, Colorado, as logically subject to exploration and development under unitization provisions of the Mineral Leasing Act, as amended. Pursuant to unit plan regulations (43 CFR 3180), the land requested, as outlined on your plat marked Exhibit "A," Mud Spring Unit Area, is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for one obligation well. The obligation well will be located in the NESW of Section 29, T. 6S., R. 100W., 6th P.M., tract 4, COC10374, on federal land, will be drilled horizontally to a maximum true vertical depth of 7,850 feet, or to test 200 feet below the top of the Niobrara formation, whichever is the lesser depth, with a horizontal lateral of 2,500 feet.

Your proposed use of the Form of Agreement for Unproven Areas (43 CFR 3186.1, as revised November 2, 1993), will be accepted.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modifications, with appropriate justification, must be submitted to this office for preliminary approval.

In the absence of any other type of land requiring special provision or of any objections not now apparent, a duly executed agreement, identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time, not to exceed one year. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

To ensure the timely handling of units submitted for final approval, proponent must show 100 percent commitment of all lessees of record, basic royalty owners and working interest owners, or evidence that every owner of interest in the unit has been given an opportunity to join the unit agreement.

If any owner fails or refuses to join, evidence of reasonable effort to obtain a joinder should be submitted, together with a copy of each refusal by an operator giving the reasons for nonjoinder. If a refusal letter cannot be obtained, the unit proponent should provide a written record of the attempts made to obtain joinder.

When the executed agreement is transmitted to the Branch of Fluid Minerals, for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", please follow the format of the sample exhibits attached to 43 CFR 3186.1, and 3186.1-2.

Please document what you determine to be the commitment status of each fee tract contained in the unit. This will reduce our processing time as we will only have to determine the commitment status of federal tracts.

If you have any questions concerning this designation letter, contact Judy Armstrong, Land Law Examiner, at (303) 239-3761.

Sincerely,



Jerome D. Strahan
Chief, Branch of Fluid Minerals
Division of Energy, Lands, and Minerals

Enclosures

cc: COGCC (with Exhibit A)
GJFO/Bob Hartman (with Exhibits A & B)
Unit File