



Encana Oil & Gas (USA) Inc.

Encana Oil & Gas (USA) Inc.
1000 West 10th Avenue
Suite 1000
Denver, CO 80202

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Suite 1000
Denver, CO 80202

November 03, 2011

Roy E. Savage
7062 County Road 309
Rifle, CO 81650

Re: RD11 Remote Frac Pad and Temporary Water Pipeline Easement

Township 6 South, Range 94 West, 6th P.M.

Section 27, SW4SW4

Section 35, W2/W2

Township 7 South, Range 94 West, 6th P.M.

Section 2, SW4NW4 and NW4SW4

Garfield County, Colorado

Dear Mr. Savage:

Encana Oil & Gas (USA) Inc., "Encana", wishes to build a Remote Frac Pad on your property in Section 27 described in the above caption. The pad will be approximately 150 feet by 150 feet as depicted in the attached Exhibit "A".

Additionally, Encana wishes to install a temporary above ground water pipeline which will cross your property as described in the above caption. This pipeline will cross approximately 14,327 feet of your property as depicted in the attached Exhibit "B".

The pad and pipeline will remain in place for a period not to exceed 5 years from the date of this letter. In addition, if Encana elects to install multiple pipelines, the payment will be negotiated. For the initial payment, which is based on one well drilled from the well pad known as the RD11, for which 11 wells are currently planned, Encana will issued their check for \$100,000. Any additional wells drilled from the RD11 pad will cause an additional check to be drawn in the amount of \$10,000 per additional well. The payment of \$100,000 and any payments for additional wells drilled will be all inclusive and will include any reasonable changes or additions.

Encana proposes that any future wells drilled from existing well pads or any future wells drilled from well pads to be built, that might be fraced from this remote frac facility, be paid on the same per well basis as described above. This agreement will be renegotiated every five years from the date of this letter.

RS 11/8/11

Additionally, Encana wishes to take water from the Colorado River at your property access also depicted in Exhibit "B" attached hereto via an above ground water pipeline, and then bore County Road 320 west of the intersection with County Road 325, which is also depicted in Exhibit "B", and shown in greater detail in Exhibit "C" for the purpose of installing a steel pipeline, flanged at each end for the purpose of Encana or any other user, with the approval of Encana, to access the water take out at the river. Encana will have precedence over other users of this pipeline. This road bore will become an appurtenance to the land.


When the pad and pipeline(s) are no longer needed, Encana will repair and reclaim any damages caused from the installation and removal of the pad and pipeline(s).

Please indicate your consent to this Letter Agreement by signing and returning via email or faxing one copy of this letter to my attention. My fax number is 970-285-2763. Upon receiving the signed copy, Encana will deliver to you a check for _____ in accordance with the above stated terms.

Thank you for your attention to this matter. Should you have any questions, or require further information, please call me at 970-285-2677.

Sincerely,

Encana Oil & Gas (USA) Inc.


Joe Haney
Field Land Negotiator

I, Roy E. Savage, acknowledge and accept the above stated terms for the RD11 Remote Frac Pad and Temporary Water Pipeline Easement:


Roy E. Savage

EXHIBIT "A"

This Exhibit "A" is attached to and made a part of that certain RD11 Remote Frac Pad and Temporary Water Pipeline Easement Agreement by and between Encana Oil & Gas (USA), Inc. (Encana) and Roy E. Savage.

Township 6 South, Range 94 West of the 6th P.M. Section 27: SW4SW4 Garfield County, Colorado

