



Encana Oil & Gas (USA) Inc. tel: 720-876-5339
370 – 17th Street
Suite 1700 fax: 720-876-6339
Denver, CO 80202
www.encana.com

June 25, 2012

Mr. Thom Kerr, Acting Director
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: Exception Location Request to Rules 318A(I).a.(1) and 318A(I).c.(2)
Ione 1D-8H
NENE of Section 8, T2N, R66W
Weld County

Dear Mr. Kerr:

Please let this letter serve as our request for administrative approval of the exception locations requested for the captioned oil and gas well.

Encana Oil & Gas (USA) Inc. ("Encana") proposes to drill the subject well at a surface location outside a legal GWA window as defined by Rule 318A(I).a.(1) and at a surface location greater than fifty (50) feet from an existing well as defined by rule 318A(1).c.(2). Consent to the exception locations signed by the surface owner on which the well is proposed to be located are enclosed in order to approve the well location administratively.

If you have any questions or need additional information, please contact me at (720) 876-5339.

Sincerely,
Encana Oil & Gas (USA) Inc.

A handwritten signature in black ink, appearing to read "Jevin Croteau".

Jevin Croteau
Regulatory Analyst

Attachment



June 4, 2012

Cannon Land Company
Attn: Brown Cannon
3575 Cherry Creek North Dr.
Denver, Colorado 80209

RE: Waiver of Rule 318A.a.(1)
lone 1D-8H
Surface Location – 228' FNL, 1256' FEL
Section 8, T2N, R66W
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the lone 1D-8H well at a surface location 228 feet from the north line and 1256 feet from the east line of Section 8, Township 2 North, Range 66 West (see attached survey plat). This well is being drilled under the rules and regulations of the Colorado Oil and Gas Conservation Commission's ("COGCC") Rule 318A known as the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule. This rule states that all boundary infill wells be drilled from the same surface locations as previously designated in Rule 318A.a.(1) which reads:

"In the Greater Wattenberg Area ("GWA"), operators may utilize the following described surface drilling locations (GWA windows") to drill, twin, deepen, or recompleat a well (GWA well") and to commingle any or all of the Cretaceous Age formations.

- (1) A square with sides four hundred (400) feet in length, the center of which is the center of any governmental quarter-quarter section ("400' window"); ...


The lone 1D-8H well was staked at a location 457' northwest of the defined 400' window. As this location was staked with your consent and approval, Encana respectfully requests your consent to an exception location for the lone 1D-8H well by waiver of the COGCC Rule 318A.a (1).

If this meets with your approval, please sign and date both originals of this letter, keeping one for your files and returning one to the undersigned.

Thank you for your time and consideration in this matter. If you have any questions or comments, please call me at (720) 876-3696.

Very truly yours,

ENCANA OIL & GAS (USA) INC.


Cynthia Owens
Land Negotiator

Encana Oil & Gas (USA) Inc.
Republic Plaza
370 – 17 Street, Suite 1700
Denver, Colorado
United States 80202

t 303 623 2300
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June 4, 2012

Page 2 of 2

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A a(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE 10N-10-SH WELL AND APPROVES THE SURFACE LOCATION OF 228 FEET FROM THE NORTH LINE AND 1256 FEET FROM THE EAST LINE OF SECTION 8, TOWNSHIP 2 NORTH RANGE 66 WEST, WELD COUNTY, COLORADO

CANNON LAND COMPANY

By

A handwritten signature in blue ink, appearing to read "Brown Cannon", is written over the printed name.

Brown Cannon, President



June 4, 2012

Cannon Land Company
Attn: Brown Cannon
3575 Cherry Creek North Dr.
Denver, CO 80209

Re: Waiver of Rule 318A(I).c.(1)
lone 1D-8H
Surface Location – 228' FNL, 1256' FEL
Township 2 North, Range 66 West
Section 8: NE
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the lone 1D-8H well at a surface location 228 feet from the north line and 1256 feet from the east line of Section 8, Township 2 North, Range 66 West (see attached survey plat). This well is being drilled under the rules and regulations of the Colorado Oil and Gas Conservation Commission's (COGCC) Rule 318A(I), known as the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule (Except the City and County of Broomfield). Rule 318A(I).c.(2) states:

"When the operator is requesting a surface well location greater than fifty (50) feet from a well (unless safety or mechanical considerations of the well to be twinned or topographical or surface constraints justify a location greater than fifty (50) feet), the operator shall provide a consent to the exception signed by the surface owner on which the well is proposed to be located in order for the Director to approve the well location administratively."

The lone 1D-8H well was staked at a location 787' southeast of the existing lone #5 well located in the same drilling window. As this location was staked with your consent and approval, Encana respectfully requests your consent to an exception location for the lone 1D-8H well by waiver of the COGCC Rule 318A(I).c.(1).

If this meets with your approval, please sign and date both originals of the letter, keeping one for your files and returning one to the undersigned.

Encana Oil & Gas (USA) Inc.

Republic Plaza
370 – 17 Street, Suite 1700
Denver, Colorado
United States 80202

T 303.623.2300
F 303.623.2400

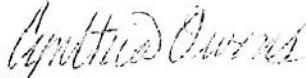
www.encana.com

June 4, 2012
Page 2 of 2

Thank you for your time and consideration in this matter. If you have any questions or comments, please contact me at 720-876-3696.

Very truly yours,

Encana Oil & Gas (USA) Inc.



Cynthia Owens
Land Negotiator

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(d)(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE IONE ID-8H WELL AND APPROVES THE SURFACE LOCATION OF 228 FEET FROM THE NORTH LINE AND 1256 FEET FROM THE EAST LINE OF SECTION 8, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

CANNON LAND COMPANY

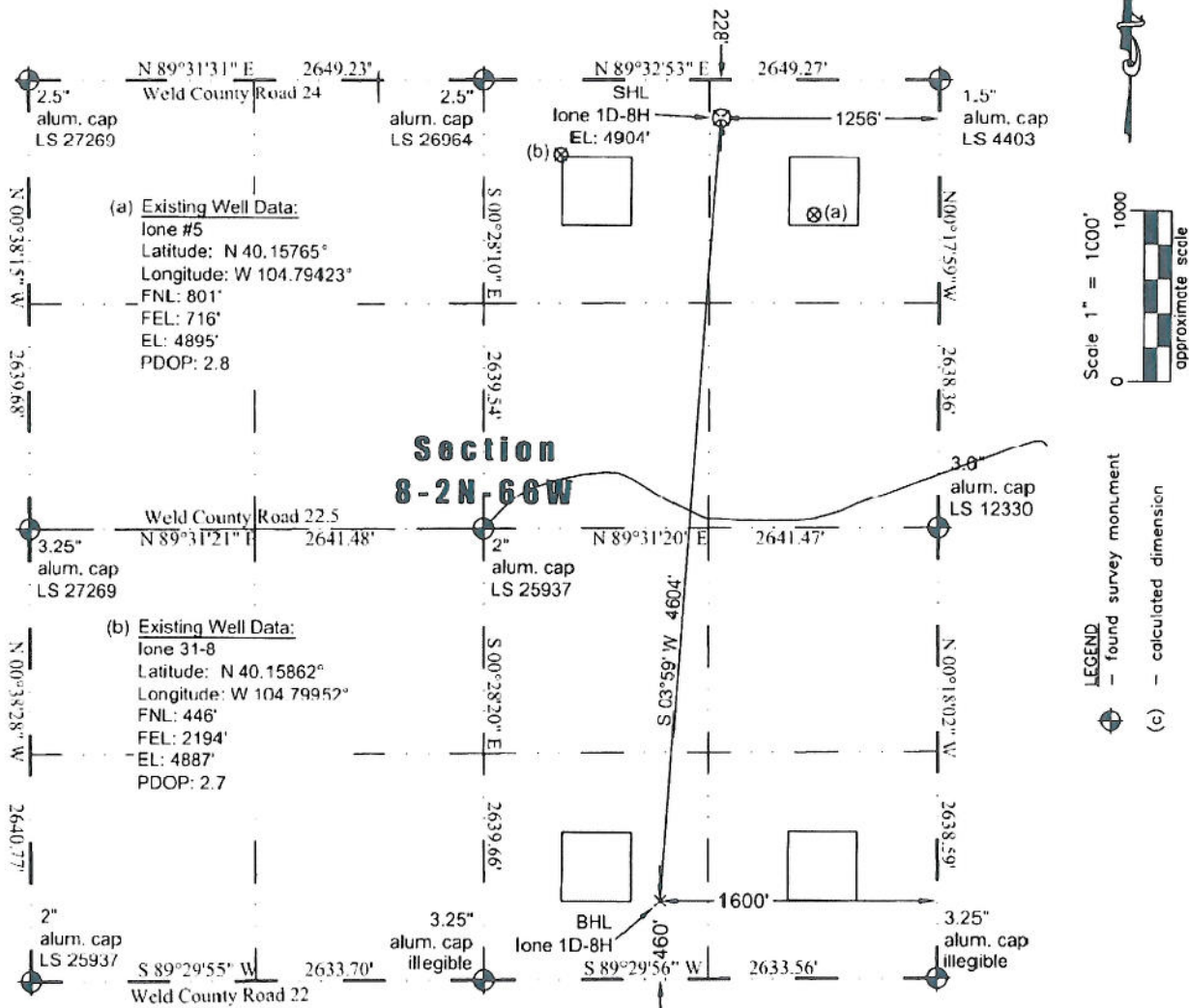

Brian Cannon, President

JR Land Surveying, LLC

8114 Northstar Drive
Windsor, Colorado 80528
P. 970-576-4641

WELL LOCATION CERTIFICATE

THIS MAP DOES NOT REPRESENT A BOUNDARY SURVEY



In accordance with a request from Jay Knutson of EnCana Oil & Gas (USA) Inc., JR Land Surveying, LLC has determined the location of the **lone 1D-8H** well site to be SHL: 228' FNL and 1256' FEL, (BHL 460' FSL and 1600' FEL), as measured at ninety (90) degrees from the section lines of Section 8, Township 2 North, Range 66 West of the 6th Principal Meridian, Weld County Colorado.

Proposed Surface Hole Data:

Latitude: N 40.15922° (BHL 40.14662°)
Longitude: W 104.79616° (BHL 104.79744°)
PDOP: 1.9

Nearest:

Building: 3,154' northeast
Public Road: 1,945' northwest
Property Line: 228' north
Existing Well: lone #5, 787' southeast

Above Ground Utility: 1,403' west
Railroad: 4,647' southwest
Well Window: SHL is 457' outside

Notes:

- 1) Bearings and distances based on NAD 83 Colorado North State Plane Coordinates using RTK GPS observations taken 5/16/12 by operator J.R. McGehee.
- 2) Conversion factor to ground (1.000275398).
- 3) Elevations based on NAVD 88 GPS heights and Geoid 2003 corrections.
- 4) See Location Drawing for visible improvements within 400 feet of pad site.
- 5) The surface use is agricultural field.

NOTICE: According to Colorado law you must commence any legal action based upon any defect in this W.L.C. within three years after you first discover such defect. In no event may any action based upon any defect in this W.L.C. be commenced more than ten years from this said date of the certification shown hereon.

I hereby certify that this Well Location Certificate was prepared by me or under my direct supervision on 5/17/2012 and on behalf of the State of Colorado. That it is not a boundary survey, that it is not an improvement survey, and that it is not to be relied upon for establishment of fences, buildings, or other improvements.

John Robert McGehee LS#38318
Well: lone 1D-8H WLO