

December 3, 2012



Colorado State Board of Land Commissioners
1127 Sherman Avenue, Ste. 300
Denver, Colorado 80203-2206
Attn: Timothy J. Kelly

RE: Waiver of Rule 318A(I).a.(1)
State 23-16
Surface Location 2441' FNL, 1461' FWL
Section 16, T3N, R68W
Weld County, Colorado

To Whom It May Concern:

Encana Oil & Gas (USA) Inc. ("Encana") staked the State 23-16 well at a surface location 2441 feet from the north line and 1461' feet from the west line of Section 16, Township 3 North, Range 68 West (see attached survey plat). The 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). This rule states that all boundary infill wells be drilled from the same surface locations as previously designated in Rule 318A(I).a.(1) which reads:

"The Greater Wattenberg Area ("GWA") is defined to include those lands from and including Townships 2 South to 7 North and Ranges 61 West to 69 West, 6th P.M. In the GWA, operators may utilize the following described surface drilling locations (GWA windows") to drill, twin, deepen, or recomplete a well (GWA well") and to commingle any or all of the Cretaceous Age formations from the base of the Dakota Formation to the surface:

- (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 State 23-16 well was staked at a location south and west 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 State 23-16 Well by waiver of the COGCC Rule 318A(I).a.(1).

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado USA 80202
t 303.623.2300
www.encana.com

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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 the undersigned at 720.876.3639 .

Very truly yours,



Jack Croom
Land Negotiator
Encana Oil & Gas (USA) Inc.

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE STATE 23-16 WELL AND APPROVES THE SURFACE LOCATION OF 2441 FEET FROM THE NORTH LINE AND 1461 FEET FROM THE WEST LINE OF SECTION 16, TOWNSHIP 3 NORTH, RANGE 68 WEST, WELD COUNTY, COLORADO.

Colorado State Board of Land Commissioners

by _____
Timothy J. Kelly
Minerals Leasing Manager

Encl.

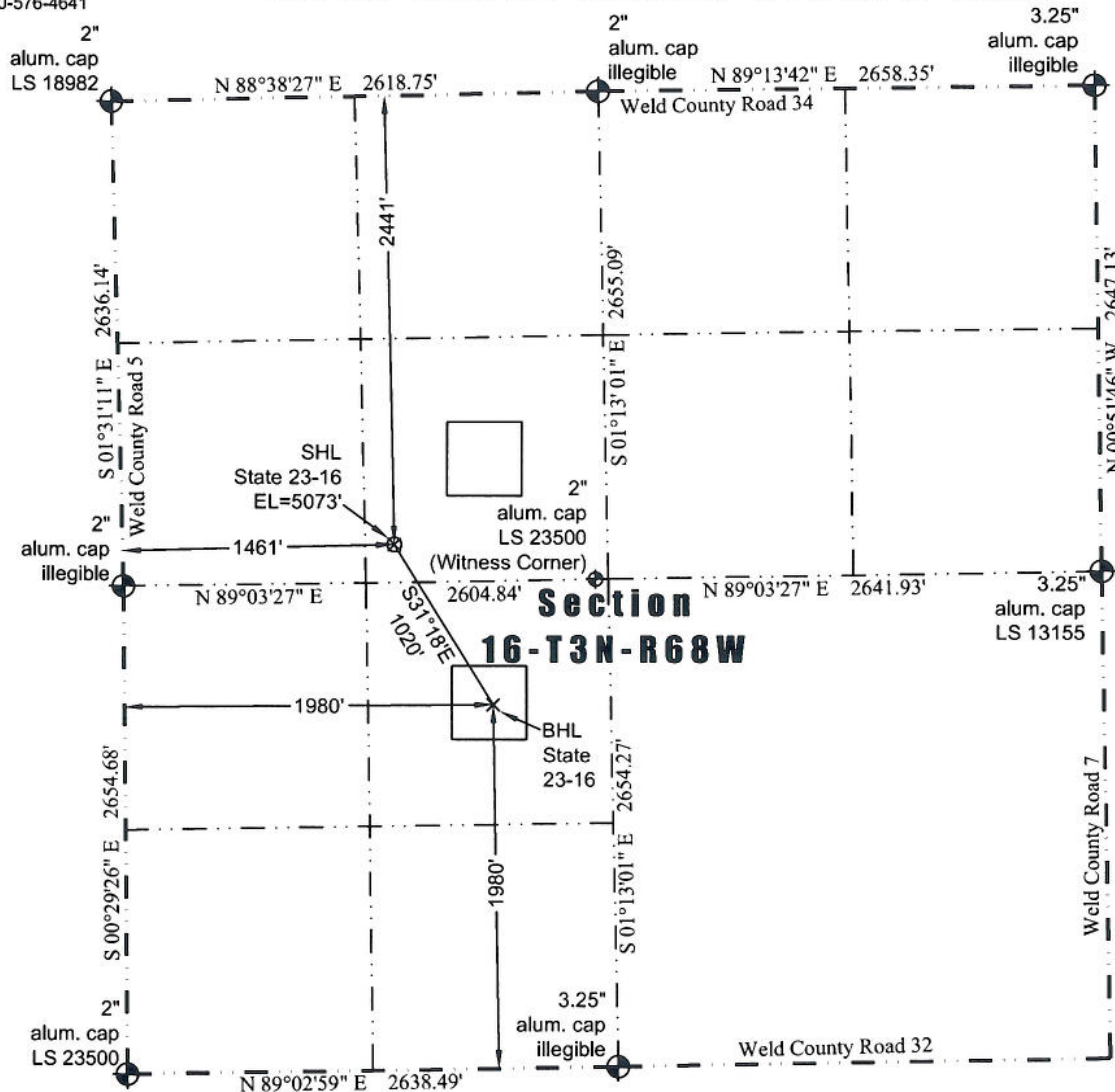
Survey Plat

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



Scale 1" = 1000'
1000
approximate scale

LEGEND
— found survey monument
— calculated dimension
(c)

In accordance with a request from Jay Knutson of EnCana Oil & Gas (USA) Inc., JR Land Surveying, LLC has determined the location of the **State 23-16 well** site to be SHL: 2441' FNL and 1461' FWL, (BHL 1980' FSL and 1980' FWL), as measured at ninety (90) degrees from the section lines of Sections 16, Township 3 North, Range 68 West of the 6th Principal Meridian, Weld County Colorado.

Proposed Surface Hole Data:

Latitude: N 40.22641° (BHL: 40.22401°)
Longitude: W 105.01212° (BHL: 105.01023°)
PDOP: 1.6

Nearest:

Building 1,226' southwest	Above Ground Utility 1,434' west
Public Road 1,453' west	Railroad 2,328' southeast
Property Line 206' south	Well Window: SHL is 387' outside
Existing Well: Runyan #1, 3,264' southwest	

Notes:

- 1) Bearings and distances based on NAD 83 Colorado North State Plane Coordinate, using RTK GPS observations taken 6/4/12 by operator John Rice.
- 2) Conversion factor to ground (1.000285153).
- 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 a cultivated 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 6/13/2012 for and on behalf of EnCana Oil & Gas (USA) Inc. That it is not a Land Survey Plat or an Improvement Survey Plat and that it is not to be relied upon for establishment of fences, buildings, or other future improvement lines.

John Robert McGehee LS#38219
Well: State 23-16 W.L.C.