



Berry Petroleum Company

1999 Broadway, Suite 3700

Denver, CO 80202

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Fax (303) 999-4401

www.bry.com

June 27, 2012

Encana Oil & Gas (USA) Inc.
Attn: Judy Tatham, Landman
370 17th Street
Suite #1700
Denver, CO 80202

**Re: Garfield County Limited Impact Review Permit Application
P-32 Central Water Storage Impoundment
SESE of Sec. 32 -T6S-R96W
Garfield County, Colorado**

Dear Ms. Tatham:

Berry Petroleum Company is applying for a Garfield County Limited Impact Review Permit for Material Handling related to the proposed P-32 Well Pad Produced Water Storage Impoundment. As the landowner of the subject parcel, Berry requests EnCana's assistance in pursuing this Permit.

The proposed facility will enable Berry to transport water produced during the drilling, completion and production of natural gas wells to be stored in a central location for reuse in operations or disposal. In addition, another benefit of the proposed facility is that it will also serve as a storage area for fresh water during initial drilling operations. This project will allow Berry to permanently close pits located on other pads in the area.

Should you have any questions or concerns, please contact me at (303) 999-4214. If you have no objections to our proposal, please execute in the space provided below and return to my attention at the above letterhead address.

Regards,

Elizabeth Brian
Area Landman – Piceance & Business Development

**ENCANA CONCURS WITH BERRY'S APPLICATION FOR A LIMITED IMPACT REVIEW PERMIT FOR A
CENTRAL WATER STORAGE FACILITY ON THE LANDS DESCRIBED ABOVE.**

By:

Name & Title:

Judy M. Tatham
Land Acquisitor, NP

CARRY AND EARNING AGREEMENT
NORTH PARACHUTE RANCH PROPERTY

EFFECTIVE DATE: June 7, 2006

PARTIES: Berry Petroleum Company
5201 Truxtun Avenue
Suite 300
Bakersfield, California 93309-0640
Attn: Land Manager
Fax: 661-616-3886
Phone: 661-616-3900
stb@bry.com
("Berry")

and

CONFIDENTIAL

EnCana Oil & Gas (USA) Inc.
370 Seventeenth Street
Suite 1700
Denver, Colorado 80202
Attn: North Piceance Team Lead
Fax: 720-876-6157
Phone: 720-876-5157
darrin.henke@encana.com

("EnCana" and, together with Berry, the "Parties")

RECITALS:

A. EnCana owns a leasehold interest in certain lands in Garfield County, Colorado depicted on the map attached hereto as Exhibit A (the "North Parachute Ranch Property") a portion of which, for purposes of this Carry and Earning Agreement (this "Agreement"), has been shaded in yellow on Exhibit A and is referred to herein as the "Berry Block."

B. Berry desires to explore and develop, and acquire a working interest in, the Berry Block on the terms and conditions set forth herein.

C. The Parties desire to enter into this Agreement to govern certain of their respective rights and obligations with respect to exploration and development of the North Parachute Ranch Property, including the Berry Block.

unexcused failure by Berry to spud at least 120 Berry Wells by the Drilling Deadline will be difficult to ascertain and, accordingly, as EnCana's sole and exclusive remedy for such default and notwithstanding anything to the contrary in Section 8 or otherwise herein, Berry agrees to pay EnCana the sum of \$200,000, as liquidated damages and not as a penalty, for each unexcused well less than 120 spudded by Berry on the Berry Block on or prior to the Drilling Deadline.

4.5 Road, Pipeline Rights of Way and Surface Access License Across North Parachute Ranch Property. EnCana hereby grants to Berry a nonexclusive license to go upon the Berry Block to conduct all operations relating to the drilling, completion, plugging and abandonment, and producing of the Berry Wells, and for saving, taking, transporting, storing, handling and treating of oil, gas and other substances produced therefrom. In addition, EnCana hereby grants Berry the right to construct, use, maintain and repair roads, pipelines and surface access across the balance of the North Parachute Ranch Property for the purpose of accessing, drilling, completing, plugging and abandoning and producing the Berry Wells at locations and under conditions to be determined in consultation with EnCana and subject to EnCana's approval which shall not be unreasonably withheld or delayed. Berry shall not utilize any portion of the Berry Block for storage or staging of equipment or for a field office. Within ten days after the assignment of the Lease to Berry, EnCana shall execute and deliver a license to Berry evidencing such grant.

Section 5. OPERATIONS; OPERATING AGREEMENT

5.1 Operator. EnCana shall operate each Carry Well, and Berry shall operate each Berry Block Well.

5.2 Operating Agreement. An operating agreement between the Parties, designating EnCana as Operator of each Carry Well, Berry as the Operator of each Berry Well, and the wellbore of each of the Carry Wells and the Berry Block as the Contract Area, shall be executed by the Parties prior to the spudding of the first Carry Well or Berry Well in the form attached hereto as Exhibit D (the "Operating Agreement"). The Operating Agreement shall govern all operations on the Carry Wells or Berry Wells, respectively, after completion of each such Well, except as expressly provided herein. The Operating Agreement shall become effective as to each Well covered thereby after such Well has been drilled and completed. The Operating Agreement shall be deemed amended after each Carry Well is completed to include the Well under the Operating Agreement. In the event of any conflict or inconsistency between the terms of this Agreement and the Operating Agreement, this Agreement shall prevail to the extent of such conflict, as between Berry and EnCana or their permitted successors or permitted assigns.

Section 6. GEOLOGIC REQUIREMENTS; INFORMATION; TECHNICAL MEETINGS

6.1 Operator to Provide Information. With respect to all Wells drilled hereunder or under an Operating Agreement, the Operator thereof shall furnish to the non-operating Party access to the cores, samples, logs and other information and data

In Witness Whereof, this Agreement is executed and effective as of the Effective Date first above written.

EnCana:

EnCana Oil & Gas (USA) Inc.

By:

Its:

Vice President

Berry:

Berry Petroleum Company

By:

Its:

Vice President

