



April 17, 2013

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

RE: Waiver of Rule 318A(I).a.(1)  
Cannon 11-17, 12-17, 22-17, 0-2-17, 0-4-17, 2-0-17 and 4-4-17 Wells  
Surface Locations – 1954' FNL, 2379' FWL, 1984' FNL, 2379' FWL, 1974' FNL, 2379' FWL,  
1964' FNL, 2379' FWL, 1994' FNL, 2379' FWL, 1944' FNL, 2379' FWL, 2004' FNL,  
2379' FWL  
Section 17, T2N, R66W  
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Cannon 11-17, 12-17, 22-17, 0-2-17, 0-4-17, 2-0-17 and 4-4-17 wells at surface locations 1954' FNL, 2379' FWL, 1984' FNL, 2379' FWL, 1974' FNL, 2379' FWL, 1964' FNL, 2379' FWL, 1994' FNL, 2379' FWL, 1944' FNL, 2379' FWL, 2004' FNL, 2379' FWL of Section 17, Township 2 North, Range 66 West (see attached survey plat). These wells are 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, 6<sup>th</sup> P.M. In the 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 from the base of the Dakota Formation to the surface:

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](http://www.encana.com)

- (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")

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The Cannon 11-17, 12-17, 22-17, 0-2-17, 0-4-17, 2-0-17 and 4-4-17 wells were staked at a location 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 Cannon 11-17, 12-17, 22-17, 0-2-17, 0-4-17, 2-0-17 and 4-4-17 Wells by waiver of the COGCC Rule 318A(I).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 the undersigned at 720-876-3696.

Very truly yours,

Encana Oil & Gas (USA) Inc.



Cynthia Owens  
Land Negotiator

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE CANNON 11-17 WELL AND APPROVES THE SURFACE LOCATION OF 1954 FEET FROM THE NORTH LINE AND 2379 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE CANNON 12-17 WELL AND APPROVES THE SURFACE LOCATION OF 1984 FEET FROM THE NORTH LINE AND 2379 FEET FROM THE

WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE CANNON 22-17 WELL AND APPROVES THE SURFACE LOCATION OF 1974 FEET FROM THE NORTH LINE AND 2379 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

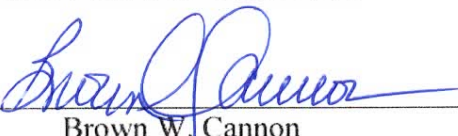
THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE CANNON 0-2-17 WELL AND APPROVES THE SURFACE LOCATION OF 1964 FEET FROM THE NORTH LINE AND 2379 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE CANNON 0-4-17 WELL AND APPROVES THE SURFACE LOCATION OF 1994 FEET FROM THE NORTH LINE AND 2379 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE CANNON 2-0-17 WELL AND APPROVES THE SURFACE LOCATION OF 1944 FEET FROM THE NORTH LINE AND 2379 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A(I).a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE CANNON 4-4-17 WELL AND APPROVES THE SURFACE LOCATION OF 2004 FEET FROM THE NORTH LINE AND 2379 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

CANNON LAND COMPANY

by   
Brown W. Cannon  
President

Encl.