



DEPARTMENT OF NATURAL RESOURCES
Bill Owens, Governor
1120 Lincoln St., Suite 801
Denver, CO 80203
Phone: (303) 894-2100
FAX: (303) 894-2109
www.oil-gas.state.co.us

December 30, 2005

Mr. Byron Gale
Encana Oil and Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202

RE: Deason 32-35 Conditions of Approval

Mr. Gale

After review of your November 22, 2005 letter and after consultation with the Director, the Colorado Oil and Gas Conservation Commission (COGCC) staff has revised the draft conditions of approval for the Deason 32-35 drilling permit. We appreciate your input on the draft conditions of approval and agree with many of your suggested changes, particularly with regards to health and safety issues surrounding the access to the well site.

We recognize from your letter your willingness to perform the majority of the actions required by the conditions and your belief that these actions should be performed independently of the permitting (APD) process. However, onsite inspections are carried out to determine if the COGCC will require operators to perform certain actions to address, among other items, issues related to health and safety or visual /aesthetic impacts. These actions are then implemented through conditions of approval on the APD. Given that the actions listed in the draft conditions of approval and in your November 22 letter are based upon discussions at the onsite inspection, it is in line with the intent of the onsite inspection policy to require these actions through conditions of approval.

Given these and other considerations, the conditions of approval for the Deason 32-35 drilling permit will include:

1. The Operator shall utilize low profile tanks having a height that will not exceed those tanks currently in place at the tank battery.
2. The Operator shall plant twenty (20) New Mexico Privet, Peking Cottoneaster, or equivalent shrubs around the surface facilities. The Operator will test water and soil conditions prior to planting to ensure that they are suitable for the location. Maintenance of the shrubs will be the responsibility of the property owner.
3. The Operator shall construct a permanent access road which will be used in lieu of the original lease road off Niwot road south along the west property line/fence line to the

location. The operator shall relocate the existing Public Service gas meter, if necessary, to ensure that the access road lies adjacent to the fence line over its entire length.

4. The Operator shall locate and mark the south end of the irrigation string that could be affected by the pad site. The Operator shall relocate the above ground irrigation pipe string that currently runs south to north along the west edge of the property to the east side of the new access road.
5. The Operator shall provide a courtesy phone call to the landowner 30-days prior to the anticipated commencement of operations.

If you have any questions, please contact me at the COGCC in Denver via e-mail (steven.lindblom@state.co.us) or by phone at 303-894-2100, extension 114.

Respectfully,



Steven R. Lindblom, P.G.
Environmental Protection Specialist

cc: Norman Steiner
David Shelton
Brian Macke
David Dillon



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NOV 23 05
COGCC

370 17th Street
Suite 1700
Denver, CO 80202

tel: (303) 623-2300
fax: (303) 623-2400
www.encana.com

November 22, 2005

Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203
Attn: Dave Dillon

Re: Application For Permit To Drill - Deason 32-35 well
NENE Sec. 35, T2N, R69W
Boulder County, Colorado

Dear Mr. Dillon,

On September 9, 2005, EnCana met with Commission staff regarding the six points proposed by the staff as conditions to approval of the permit to drill the referenced Deason #32-35 well. At the conclusion of the meeting, it was agreed that EnCana would conduct further research on certain points and would then respond to the proposed conditions.

We believe that it would set an unfortunate precedent to require most of these matters, which are customarily agreed between the operator and the surface owner in the context of determining where to locate the wellpad, as conditions for the approval of an Application for Permit to Drill a second well on an existing wellpad. We are willing; however, to agree to perform the majority of the actions required by the conditions. Accordingly, we have framed our responses as agreements to perform (with modification in some cases) the actions described by the conditions. We think it makes more sense to agree to these matters independently of the APD approval and believe that our approach is consistent with the intent of the on-site inspection process. EnCana's responses to the proposed conditions follow.

Condition 1. The Operator shall utilize custom-built low profile tanks to accommodate fluids produced from both the existing Deason G Unit #1 and the proposed Deason 32-35.

Please remove this proposed condition. The low profile tank size is an accommodation to a surface owner and is a point of negotiation between the surface owner and operator. EnCana currently uses low profile tanks, and we agree to maintain them at the Deason site. Should we need to increase the size of the tanks to accommodate increased production, we intend to use low-profile tanks in our inventory rather than custom-build new tanks.

Condition 2. The Operator shall plant twenty six (26) trees around, the surface facilities. Species shall be selected such that, at maturity, they shall not exceed a height specified by the property owner. Maintenance of the planted trees shall be the responsibility of the property owner.

Please remove this proposed condition. EnCana's initial offer to plant six to eight trees as screening was an additional accommodation to the surface owner. After our discussions and at the request of the Commission staff, we have spent a considerable amount of time and effort researching to identify the types of trees and shrubs that would accommodate the surface owner's most recent desire without interfering with our operations. We have been advised that New Mexico Privet or Peking Contoneaster shrubs will best satisfy both concerns, and we agree to purchase and have planted ten (10) shrubs. Either shrub has an anticipated height at maturity of 8 to 10 feet and width of eight (8) feet. Screening comprised of ten (10) such shrubs would not interfere with our facility operations. EnCana further agrees to have water and soil conditions tested prior to having the shrubs planted to ensure that they are suitable for this location. EnCana will not be responsible for the health or maintenance of the shrubs after planting.

Condition 3. The Operator shall construct a temporary access road adjacent to the west property line. This road will be removed and restored to original condition at the conclusion of drilling and completion operations.

Please revise this proposed condition. EnCana will agree to a condition requiring the construction of a permanent access road off Niwot Road south along the west property line/fence line to the location to be used in lieu of our original lease road. The surface owner has impeded access on the original lease road, and we are willing, as an additional accommodation to him, to construct the new road. As you are aware, an operator of a well must have continuous, unimpeded access to a wellhead for safety reasons as well as for on-going operations. The proposal to construct, and then remove, a road that provides unimpeded access, and which would then require us to endeavor to use a road with impeded access, does not make sense. As you know, we first proposed building a new road so that it would not be necessary for us to use the old access (which is now paved and the entrance is marked with an overhead sign) which the surface owners also use as their driveway.

NO
MAKE
PERMANENT

Condition 4. The Operator shall document the location and arrangement of the underground ten (10) inch diameter irrigation pipes west of the existing surface facility, so they can be restored to the required configuration following completion of work and removal, of the temporary access road.

Please remove this proposed condition. EnCana agrees to locate and mark the south end of the irrigation string that could be affected by the pad site.

Additionally, EnCana agrees to cover the irrigation pipe string with extra dirt plating and to relocate the above ground pipe string that currently runs south to north along the fence line on the west edge of the property, to the east side of the new access route described above.

Condition 5. The Operator shall modify the irrigation pipes and other items as necessary at the 90° turn from the paved driveway to the unpaved section of the access road to provide additional, clearance to accommodate semi-trailer trucks.

Please remove this proposed condition. EnCana will vacate the original lease road as it currently exists in favor of new permanent access route as described in condition 4. Surface owners have requested that the east/west portion of the current access be left in place for their use. EnCana will leave the access as requested, provided that the surface owners assume, in writing, all obligation and liability for its use and that EnCana is no longer required to reclaim it. EnCana will not reclaim or relocate any irrigation pipe as this turn will no longer be part of the permanent access to the wellpad. MOOT

Condition 6 The Operator shall provide four (4) weeks notice in advance of the commencement of drilling activities and site preparation.

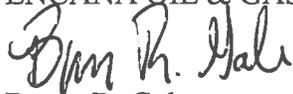
Please remove this proposed condition. EnCana complied with Commission regulations by providing a thirty-day notice of intention to commence operations prior to filing the APD. EnCana agrees to provide a courtesy phone call 30-days prior to anticipated commencement of operations.

We have exceeded regulations and requirements in attempting to accommodate this surface owner. We request approval of the APD with only revised proposed condition number 4. If you agree with our approach, please consider this letter our agreement to perform the other actions described in our responses.

Thank you for your consideration of this response.

Very truly yours,

ENCANA OIL & GAS (USA) INC.



Byron R. Gale
Team Lead, DJ Basin

cc: Brian Macke
Steve Lindblom
Norm Steiner



DEPARTMENT OF NATURAL
RESOURCES

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Fax

To: Norm Steiner

From: Steven Lindblom

Fax: 303-440-6355

Pages: 5

Phone: 303-776-6788

Date: 08/23/2005

Re: Deason 32-35

CC:

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

Attached please find draft conditions of approval for comment.

-Steve

ENCANA DEASON 32-35
11820 NIWOT ROAD
LONGMONT, CO
BOULDER COUNTY, NENE, SEC 35 T 2N R69W

DRAFT

Conditions on Approval

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2. The Operator shall plant twenty six (26) trees around the surface facilities. Species shall be selected such that, at maturity, they shall not exceed a height specified by the property owner. Maintenance of the planted trees shall be the responsibility of the property owner.
3. The Operator shall construct a temporary access road adjacent to the west property line. This road will be removed and restored to original condition at the conclusion of drilling and completion operations.
4. The Operator shall document the location and arrangement of the underground ten (10) inch diameter irrigation pipes west of the existing surface facility, so they can be restored to the required configuration following completion of work and removal of the temporary access road.
5. The Operator shall modify the irrigation pipes and other items as necessary at the 90° turn from the paved driveway to the unpaved section of the access road to provide additional clearance to accommodate semi-trailer trucks.
6. The Operator shall provide four (4) weeks notice in advance of the commencement of drilling activities and site preparation.



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Fax

To: Mike Tucker - Encana

From: Steven Lindblom

Fax: 720-876-4774

Pages: 5

Phone: 720-876-3774

Date: 08/23/2005

Re: Deason 32-35

CC:

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

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-Steve



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August 12, 2005

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street
Suite 801
Denver, Colorado 80203
Attn: Mr. Steven Lindblom



Re: Steiner/EnCana On-Site Inspection July 15, 2005
COGCC On Site Inspection Memorandum issued 7/27/05
Deason 32-35 well, NE/4 Sec. 35. T2N, R69W,

Dear Mr. Lindblom:

This letter is written in response to the Memorandum issued by the COGCC following the referenced On Site Inspection.

Background

EnCana has proposed drilling the Deason 32-35 from the existing well pad for the Deason G Unit #1, to minimize surface disturbance. The new well would be drilled directionally from a point 30 feet west of the existing well at a surface location of 748' FNL and 1309' FEL of Section 32, as shown on Exhibit A. The surface location is on property presently owned by Norm and Holly Steiner, who also own a portion of the mineral interest.

The Deason G Unit #1 was drilled and the facility built in 1982. A house was built in 1985 and the Steiners purchased the property in 1998.

In connection with drilling the Deason 32-35 well at the existing surface location, EnCana has offered to relocate its access road to the west property line as shown on Exhibit B. The existing access road is also used by the Steiners as a driveway. EnCana has also offered to reclaim the road from the current access road to the well pad, but the Steiners have requested that road be left in place. EnCana has installed low-profile tanks at the facility site and has offered, when the second well is drilled, to replace the tanks with custom-built, larger low-profile tanks. EnCana has also offered to compensate the Steiners for the cost of six to eight trees to be planted and maintained by the Steiners around the facility location

The COGCC has requested that EnCana evaluate alternate well locations in an area owned by Boulder County south and east of the Steiner property and in the southeast corner of the Steiner



property. The COGCC also requested that EnCana provided an assessment of relocating the existing surface facility to the location in the southeast corner of the Steiner property in conjunction with drilling at that location. At the on-site inspection, Mr. Steiner discussed access to either of these sites via a new road along the east side of his property, which access is shown on Exhibit B.

Conclusion

The existing surface location is the best site for another well because its use will minimize the overall impact to the surface and to all property owners. The Boulder County site is a wetlands area adjacent to a significant irrigation ditch and is, therefore, an impractical place to drill a new well. The site in the southeast corner of the Steiner property would create an additional surface disturbance on the Steiner property. In addition, the access route proposed to the site would cross directly in front of the home of the adjoining property owner who owns only a one and one-half acre parcel.

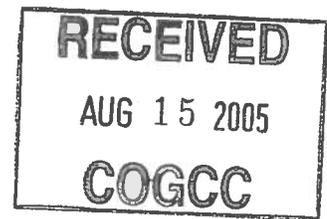
Discussion

In response to the COGCC's request, EnCana conducted a Wetlands Delineation Survey of the Boulder County site. The survey was performed by Cliff Roberts, a Civil Engineer/Environmental Health and Safety Coordinator who is authorized by Terry McKee of the Army Corp of Engineers to perform wetlands delineation surveys, and a memorandum detailing Mr. Roberts's conclusions is attached to this report as Exhibit C. Use of the Boulder County site would also require boring of the Boulder-Whiterock Ditch for either a flowline or a sales line and would result in the loss of Boulder County open space. The ground at the site appears to be soft and rig stability would probably be affected by the topography of the site.

This location raises very critical concerns about impact to a wetlands area and could potentially impact water fowl and other wetlands inhabitants and water reservoir storage. Considering only the environmental impact, the Boulder County site is a poor choice of location for a gas well when other, far less environmentally sensitive sites, are available.

The site in the southeast corner of the Steiner property is problematic as well. Drilling in this location would require creation of a second well pad and installation of a flowline back to the existing facility or installation of a second facility. Installation of a second facility would create an even larger second surface disturbance and would also require the installation of a new sales pipeline, at an approximate cost of \$55,000. Drilling at this site would also require a 320-foot longer directional throw to the bottomhole location, which increases the risk of directional drilling.

Of even greater concern, however, is the impact of this location on Paul Jurasin and Rebecca Dozler, owners of the property located at the NE corner of the Steiner's property. Mr. Jurasin



and Ms. Dozler only own a one and one-half acre parcel, and Mr. Steiner's proposed access along the east side of his property would run right in front of their house. In addition, the Boulder-Whiterock Ditch claims a prescriptive easement to the ditch that borders the Steiners' eastern property line. A road would have to be located a minimum distance from the ditch to minimize interference with the ditch and water flow.

EnCana has proposed to drill a second well 30 feet from the existing well on a pad site that already exists, where facilities are already in place, and where a sales line is already in place. The existing site is certainly large enough to accommodate another well and its attendant facilities. EnCana currently uses low-profile tanks at the surface facility to minimize interference with the view from the Steiners' house. EnCana has offered to continue to use low-profile tanks after a second well is drilled. The new tanks would not be a standard size and would have to be custom-built, and would necessitate a slight increase in the size of the facilities area because low-profile tanks cover a larger ground area than standard tanks. The size of the facility could remain the same if standard, higher profile tanks were used. EnCana has also offered, at its expense, to stop using the existing access via the paved driveway and to build a new access road on the west edge of the property. The existing access was originally built for oilfield access, and EnCana certainly would continue to use it if the Steiners prefer.

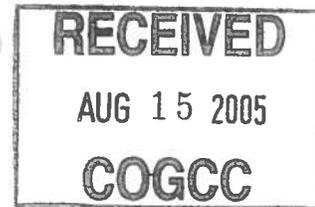
It has also been suggested that the existing well and all facilities be moved to the location in the southeast corner of the Steiner property. That proposal is impractical because of the impact of the proposed new access road on Mr. Jurasin and Ms. Dozler, as discussed above. The cost to relocate the existing facility to the new site would be approximately \$83,000 in addition to a cost of approximately \$55,000 to install a sales line. This cost should properly be born by the party requesting relocation of the existing facilities.

Recommendation

EnCana's Application for Permit to Drill should be approved as submitted for the following reasons:

- It minimizes overall impact to the surface and to all property owners by using the existing well pad location, facilities and sales line.
- It avoids the impact of new construction by utilizing an existing surface well site location and access road.
- It does not result in unreasonable crop loss or land damage because it uses the existing location.
- It does not unduly burden any one property owner.
- It complies with the COGCC twinning rule.
- It avoids an environmentally sensitive wetlands area and a ditch.
- EnCana has offered significant accommodations to the surface owner.
- The impacts of the proposed well are adequately addressed by the rules and regulations of the COGCC.

August 12, 2005
Colorado Oil & Gas Conservation Commission
Page 4



Please contact me if you have you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Tucker". The signature is fluid and cursive, with a prominent initial "M".

Michael L. Tucker
Consulting Land Negotiator
EnCana Oil & Gas (USA) Inc.

cc: Dave Dillon
Brian Macke
Norm Steiner

EXHIBIT A

Township 2 North Range 69

West Section 35: NE/4

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COGCC

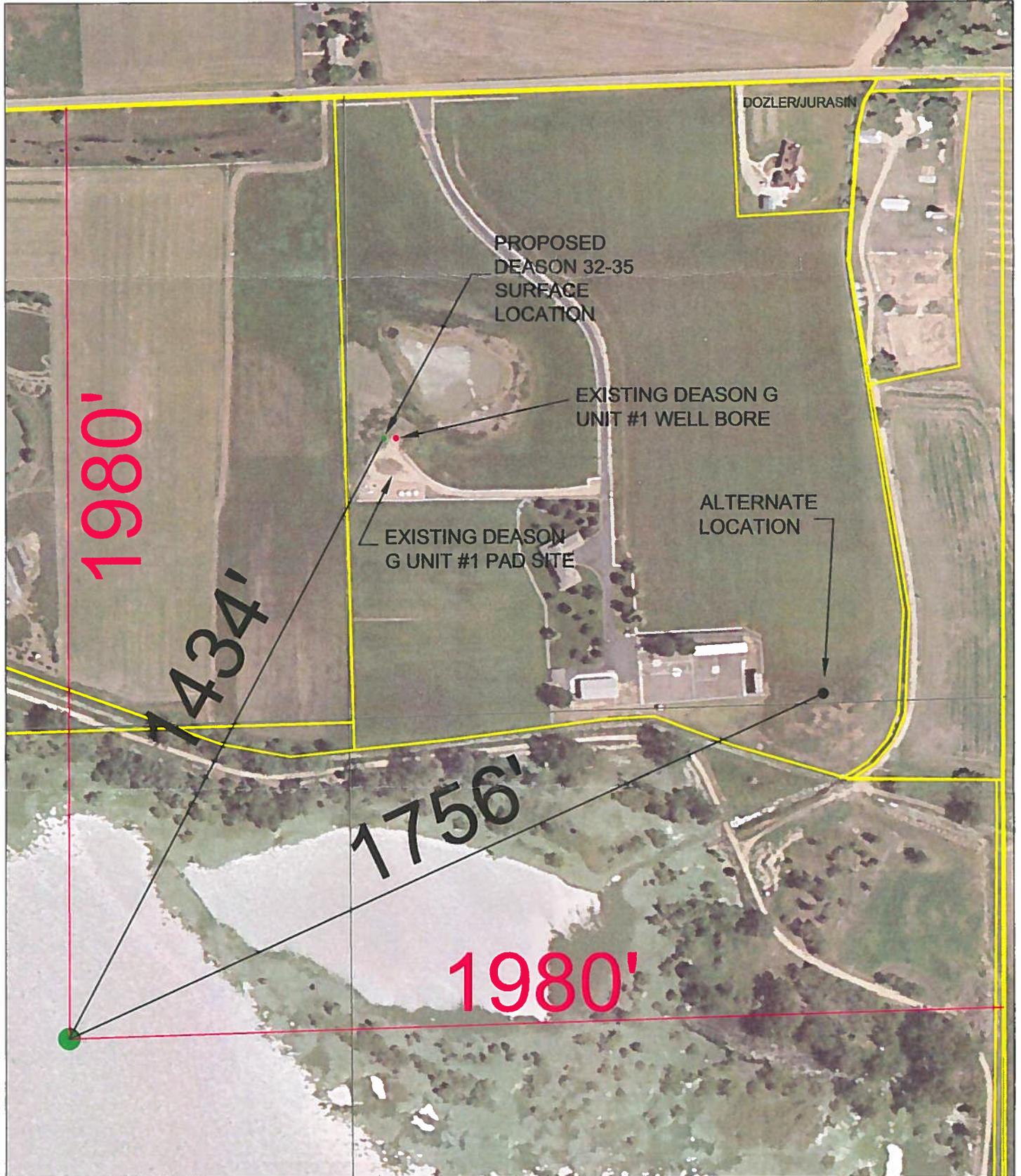


EXHIBIT B

Township 2 North Range 69
West Section 35: NE/4

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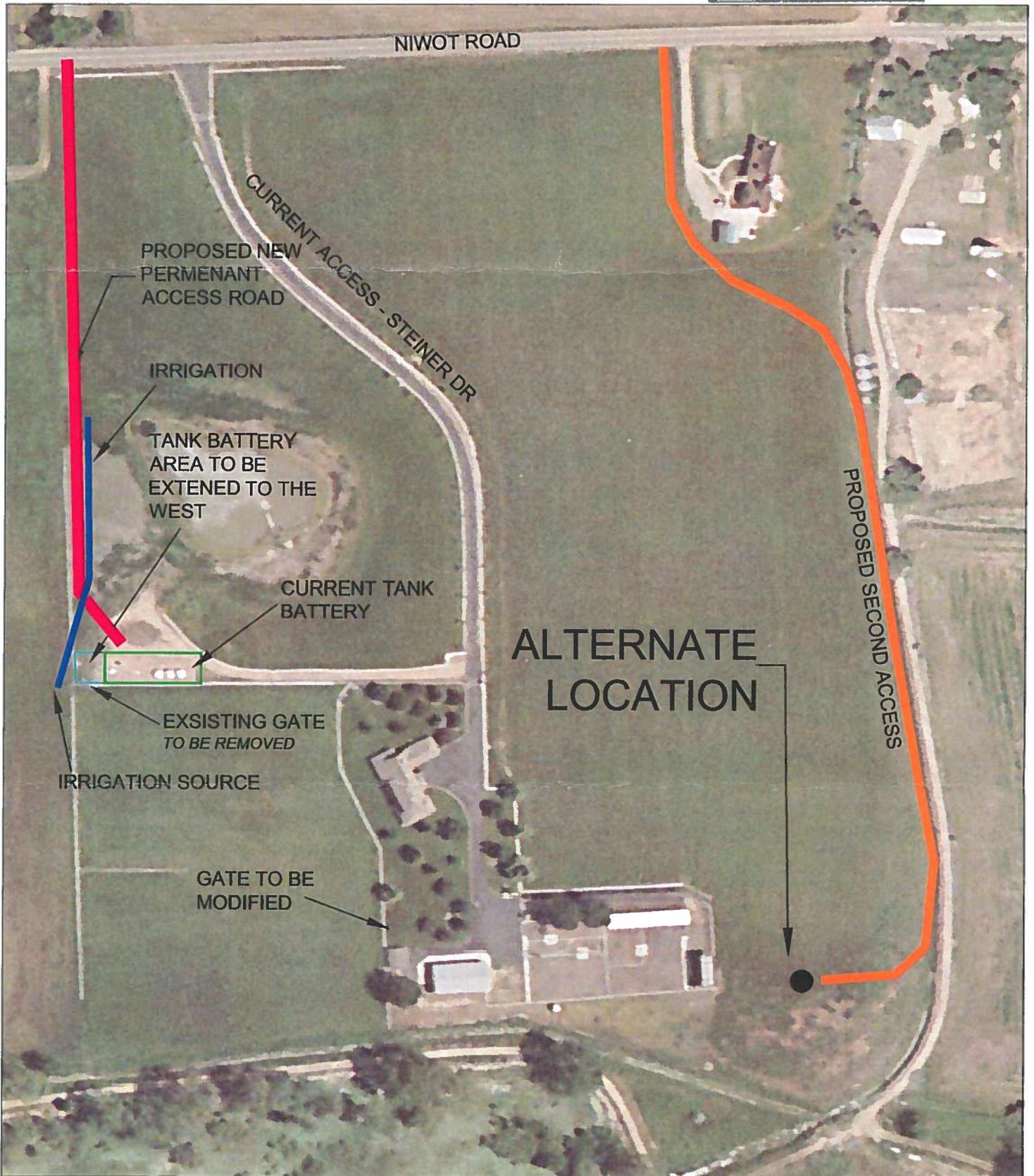


EXHIBIT C



EnCana Oil & Gas (USA) Inc.



EnCana Oil & Gas (USA) Inc. tel: 303/659-
1313 Denver Ave. – Bldg. # 1 7540
Ft. Lupton, CO 80621

fax: 303/857-
1259

www.encana.com

INTEROFFICE MEMORANDUM

DATE: August 2, 2005

TO: Mike Tucker

Pc: Byron Gale
Lois Hall
Kerry Byers
Chris Williams

FROM: Cliff Roberts

SUBJECT: Wetlands Site Characterization
Deason #32-35 Project

At the request of Dave Dillon of the COGCC, I conducted a "Wetlands Delineation Survey" of the N/2 of the SENE/4 of section 35, T2N, R69, Boulder County, Colorado. The subject site is owned by Boulder County Open Space and represents a high water shoreline of the Panama Reservoir # 1 - an irrigation reservoir located south of the Steiner property.

The flow gradient for surface water runoff in this general area is to the south. The vegetation and seasonal wet soil conditions found at the subject site are indicative of a transitional wetland environment and appear to be influenced by the intensive irrigation practices on the surface areas north and up gradient to the subject site. Additionally, there is a significant irrigation ditch which traverses in a meandering west to east direction along the north perimeter of the subject site which appears to influence the presence of shallow ground water at the subject site.

The Panama reservoir has contiguity with the Boulder Creek water shed by way of a number of irrigation ditches that provide irrigation water for the surrounding area. Contiguity is extended to the S. Platte water shed by virtue of the fact that the Boulder Creek watershed drains into the S. Platte River water shed. The subject site would therefore qualify for "jurisdictional status" under existing U.S. Army Corp of Engineer guidelines.

Please give me a call if you have any questions regarding this matter.



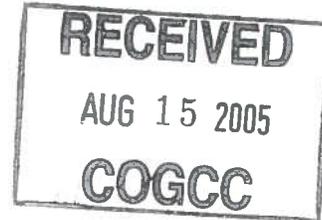
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Attn: Mr. Steven Lindblom



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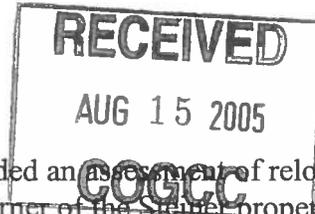
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The Deason G Unit #1 was drilled and the facility built in 1982. A house was built in 1985 and the Steiners purchased the property in 1998.

In connection with drilling the Deason 32-35 well at the existing surface location, EnCana has offered to relocate its access road to the west property line as shown on Exhibit B. The existing access road is also used by the Steiners as a driveway. EnCana has also offered to reclaim the road from the current access road to the well pad, but the Steiners have requested that road be left in place. EnCana has installed low-profile tanks at the facility site and has offered, when the second well is drilled, to replace the tanks with custom-built, larger low-profile tanks. EnCana has also offered to compensate the Steiners for the cost of six to eight trees to be planted and maintained by the Steiners around the facility location

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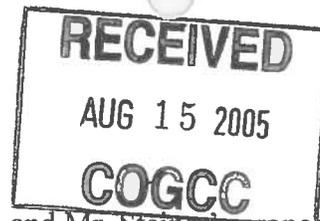
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It has also been suggested that the existing well and all facilities be moved to the location in the southeast corner of the Steiner property. That proposal is impractical because of the impact of the proposed new access road on Mr. Jurasin and Ms. Dozler, as discussed above. The cost to relocate the existing facility to the new site would be approximately \$83,000 in addition to a cost of approximately \$55,000 to install a sales line. This cost should properly be born by the party requesting relocation of the existing facilities.

Recommendation

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Michael L. Tucker
Consulting Land Negotiator
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cc: Dave Dillon
Brian Macke
Norm Steiner

EXHIBIT A

Township 2 North Range 69
West Section 35: NE/4

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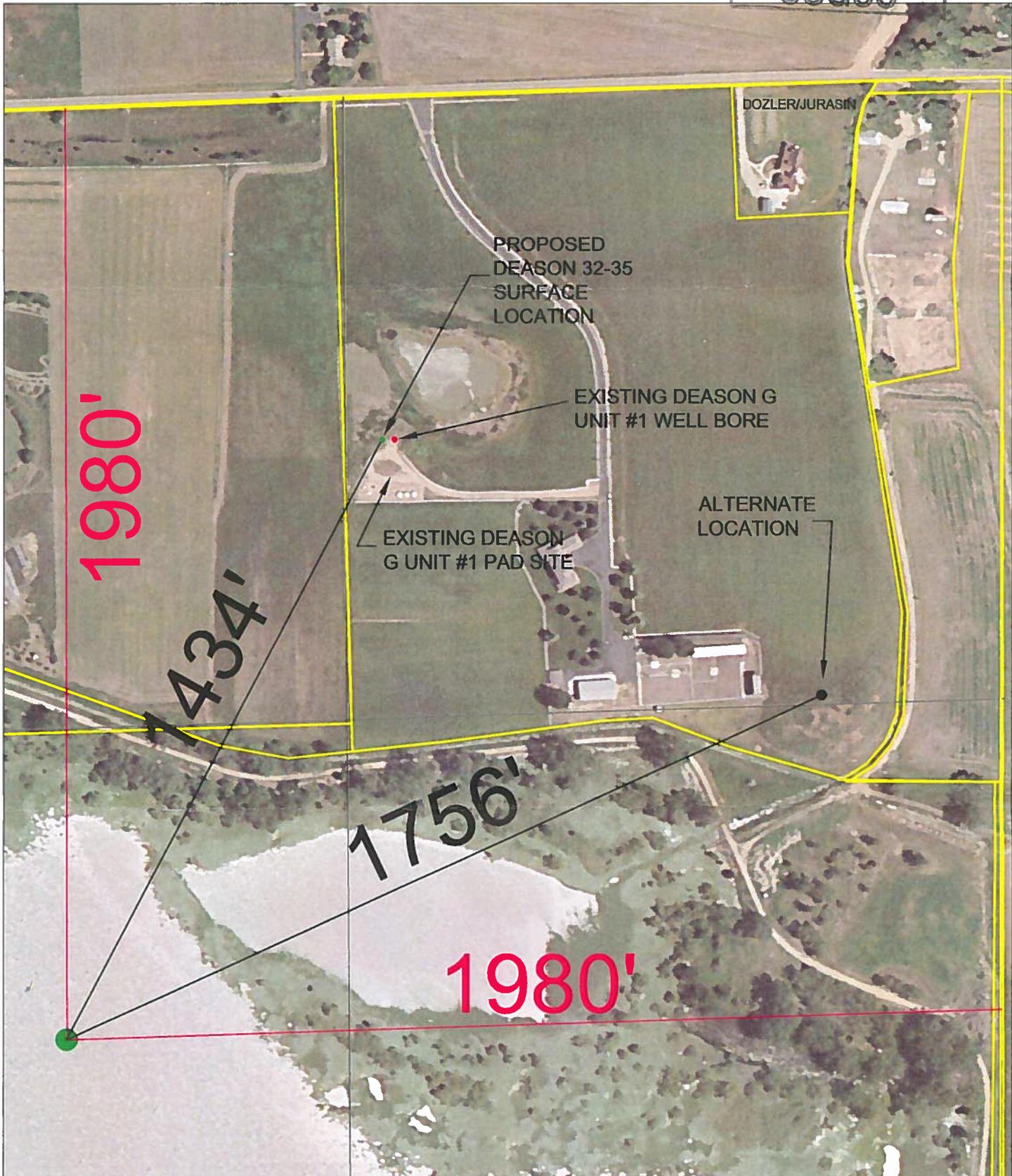


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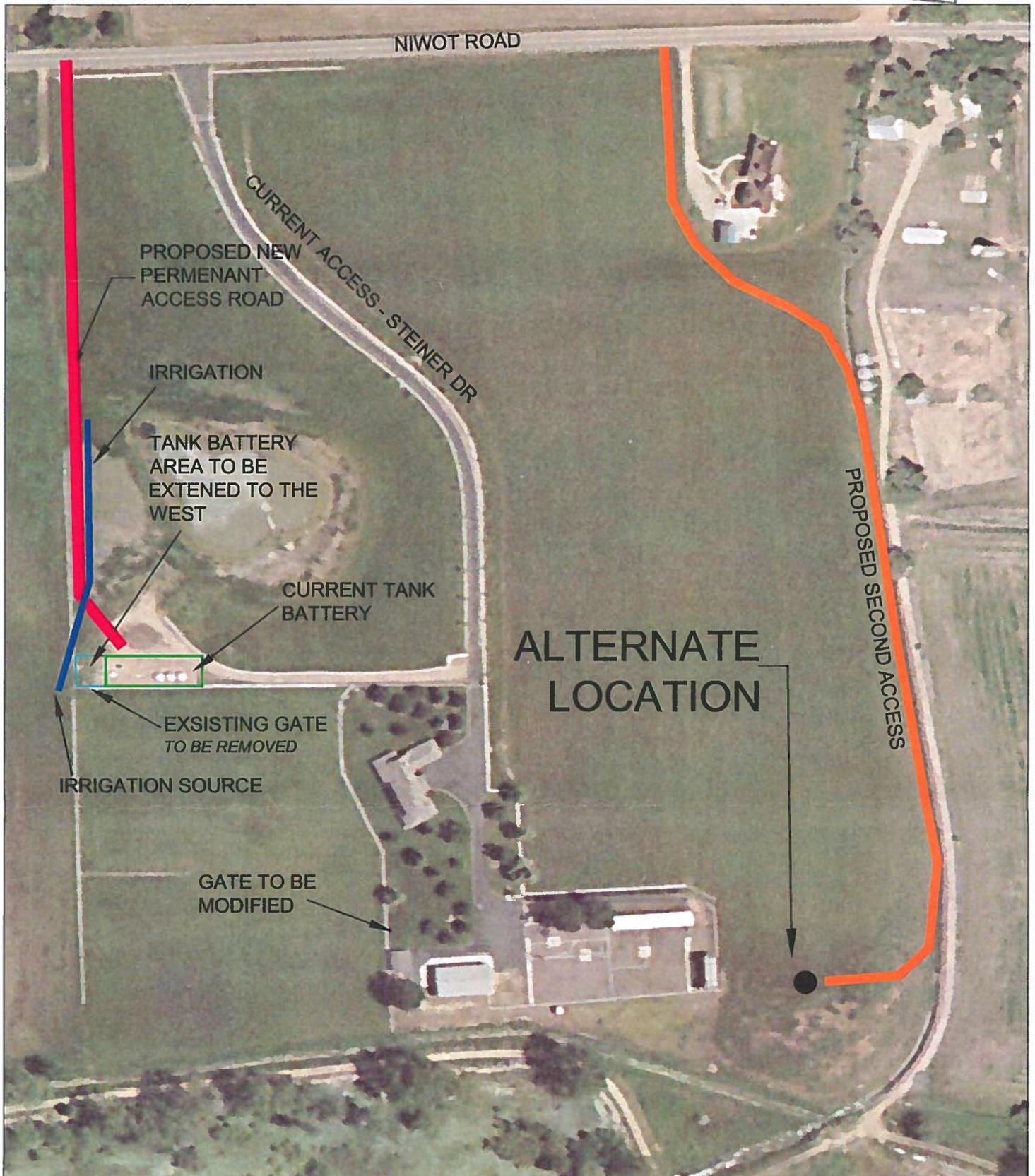


EXHIBIT C



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1313 Denver Ave. – Bldg. # 1
Ft. Lupton, CO 80621

tel: 303/659-
7540

fax: 303/857-
1259

www.encana.com

INTEROFFICE MEMORANDUM

DATE: August 2, 2005

TO: Mike Tucker

Pc: Byron Gale
Lois Hall
Kerry Byers
Chris Williams

FROM: Cliff Roberts

SUBJECT: Wetlands Site Characterization
Deason #32-35 Project

At the request of Dave Dillon of the COGCC, I conducted a "Wetlands Delineation Survey" of the N/2 of the SENE/4 of section 35, T2N, R69, Boulder County, Colorado. The subject site is owned by Boulder County Open Space and represents a high water shoreline of the Panama Reservoir # 1 - an irrigation reservoir located south of the Steiner property.

The flow gradient for surface water runoff in this general area is to the south. The vegetation and seasonal wet soil conditions found at the subject site are indicative of a transitional wetland environment and appear to be influenced by the intensive irrigation practices on the surface areas north and up gradient to the subject site. Additionally, there is a significant irrigation ditch which traverses in a meandering west to east direction along the north perimeter of the subject site which appears to influence the presence of shallow ground water at the subject site.

The Panama reservoir has contiguity with the Boulder Creek water shed by way of a number of irrigation ditches that provide irrigation water for the surrounding area. Contiguity is extended to the S. Platte water shed by virtue of the fact that the Boulder Creek watershed drains into the S. Platte River water shed. The subject site would therefore qualify for "jurisdictional status" under existing U.S. Army Corp of Engineer guidelines.

Please give me a call if you have any questions regarding this matter.



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FAX: (303) 894-2109
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Memorandum

To: Deason 32-35 File
From: Steven Lindblom – On Site Inspection Specialist
CC: Mike Tucker – Encana Oil and Gas (USA) Inc.
Norm Steiner
Date: July 27, 2005
Re: Steiner-Encana On Site Inspection for Deason 32-35

This Memorandum summarizes discussions and developments regarding Encana well Deason 32-35 that occurred during the Norman Steiner On Site Inspection at 11820 Niwot Road in Longmont, Colorado between approximately 08:30 and 10:30 on July 15, 2005. Attendees included staff of the Colorado Oil and Gas Conservation Commission (COGCC), Encana Oil & Gas (USA) Inc. (Encana), and Mr. Norman Steiner, the landowner. The Local Government Designee from Boulder County was not in attendance. A complete list of attendees and contact information is included with this memorandum as Attachment I.

Discussions at the On Site Inspection focused on three primary areas: an explanation for the selected well location, proposed changes to the existing well site, including construction of the access road, and exploration of alternate well locations.

WELL LOCATION

Mr. Mike Tucker with Encana summarized locations that had been considered for placement of the Deason 32-35 well. These locations included:

- The NWNW of section 36 T2N R69W. This location was not selected as the throw from the well head to the bottom hole location was nearly 2,500 feet, which exceeded the equipment capability of 1,500 to 1,800 feet. In addition, the location is off lease.
- The northeast corner of the Steiner property (NENE section 35 T2N R69W). This location was not selected as it would require exception location approval from COGCC, would require installation of a second tank battery or a flow line to the existing tank battery, and would raise setback issues with the residence just to the northeast of the Steiner property.
- The Boulder County property to the southeast of Steiner property (SENE section 35 T2N R69W). This property was not selected as Encana felt there were questions of rig stability due to topography and soft ground. In addition, the location would require installation of a second tank battery or a flow line to the existing tank battery. Encana also felt that that Boulder County was concerned over maintaining the property as wildlife refuge/open space and that wetland proximity may require special consideration from the U.S. Army Corps of Engineers (ACOE). COGCC requested Encana provide an assessment of utilization of this property as an alternate well site, including a wetland characterization reviewed by the ACOE.
- The southeast corner of the Steiner property (SENE section 35 T2N R69W). This location was not selected as Encana felt it would impact Mr. Steiner's alfalfa field, would require installation of a



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second tank battery or a flow line to the existing tank battery, could pose some access challenges, could require a waiver by Boulder County, and would require approval of an exception location by COGCC. COGCC suggested approval of the exception location may be provided if requested.

Mr. Steiner stated that this was his preferred location and inquired about the possibility of locating all surface facilities on the southeast corner of his property. COGCC requested that Encana provide an assessment of using this location as an alternate well site, including an assessment of access and placement of surface facilities for both Deason 32-35 and Deason G.

- Palm property adjacent to the Steiner west property line. This location was not selected because the overall surface impacts would have been more extensive than at the proposed location. In addition, the property owners were approached about surface use for a possible future well installation and they were reluctant to accept installation of any permanent facilities on their property.
- Existing well head and tank battery location of Deason G well. This location was selected by Encana as it was felt that this would result in the minimum disturbance to the land surface of any location. In addition, both Deason G and Deason 32-35 could be served by the same tank battery and flow line. The existing site access consists of the Steiner's driveway and a short dirt road from the driveway to the surface facility. Encana proposed to create a new access road along the Steiner's west property line and to reclaim the existing road.

ISSUES DISCUSSED AT ENCANA PROPOSED SITE

A number of items were addressed regarding Encana's proposed location on the Deason G well site.

- Encana discussed expanding the existing surface facility to the western property line. In addition, larger, low profile tanks would be installed, the vault would be replaced and the separator reoriented.
- Mr. Steiner expressed concern that buried water lines could be impacted and he noted their locations.
- Encana discussed the frequency of site visits for both liquid removal and checking of the pump after the well is completed.
- Encana proposed installation of the access road along the west side of the Steiner property in order to prevent equipment from utilizing the Steiner's driveway and the existing access road from the driveway to the well head. This location was based upon both safety and aesthetic considerations.
- Mr. Steiner felt that the new access road would result in unreasonable loss of irrigated crop acreage due to removal 150 yards of irrigation pipe and elimination of the ability to irrigate a corner of his property. He stated that replacement of the pipe on the east side of the access road would pose problems for irrigation and would not be aesthetically pleasing. However, if Mr. Norm Barnes (local irrigation contractor) could design a way to make the irrigation work while satisfying aesthetic considerations, Mr. Steiner stated that would be acceptable. Encana planned to consult Mr. Barnes on the matter.
- Mr. Steiner expressed concern that the road would not strictly follow the fence line but would swing out further into his property to avoid a Public Service gas meter. Encana agreed that moving the meter so that the road could stay on the property line was a reasonable request.
- Mr. Steiner requested that the existing access road be left in place for his future use.
- Although Encana and Mr. Steiner are in agreement that vegetation will be planted on the berm surrounding the surface facility, they disagree on the number of trees required. In addition, Mr. Steiner requested that the trees be such that they do not obscure the view of the mountains to the west from their residence. COGCC recommended that Encana consult the Boulder County horticulturalist for tree selection and optimal spacing.



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ISSUES DISCUSSED AT THE LANDOWNER PREFERRED SITE

- Encana expressed concerns with this location in that a waiver from Boulder county would be required if the well were located within 150 feet of the property line and a second surface facility or a flow line would be required. In addition, this location would result in greater land disturbance and that crops would be impacted for a three year period following well drilling. Access would also be an issue in that a longer road would be required and, if on the Steiner's east property line adjacent to the irrigation ditch, would need to be granted a right of way by the ditch company to install a road on the ditch easement.
- Mr. Steiner stated that he preferred this location as it would be in an area where crops do not grow well as it is not irrigated. In addition, current ground cover is brone grass and that surface disturbance was not as large an issue. Mr. Steiner also inquired about the possibility of moving all surface equipment to this location, if the site were selected for well placement.
- COGCC suggested that this was a good site for a well, but access issues would have to be worked out. COGCC asked Encana to assess use of this site and the property south and east of the Steiner's property for well placement.

CONCLUSION

COGCC requested that Encana submit a report evaluating the alternate well locations on the area owned by Boulder County south and east of the Steiner property and Mr. Steiner's preferred location on the southeast corner of his property. This report will also include an assessment of relocating the existing surface facility at the Deason G well to the southeast corner of the Steiner property in conjunction with drilling at that location.



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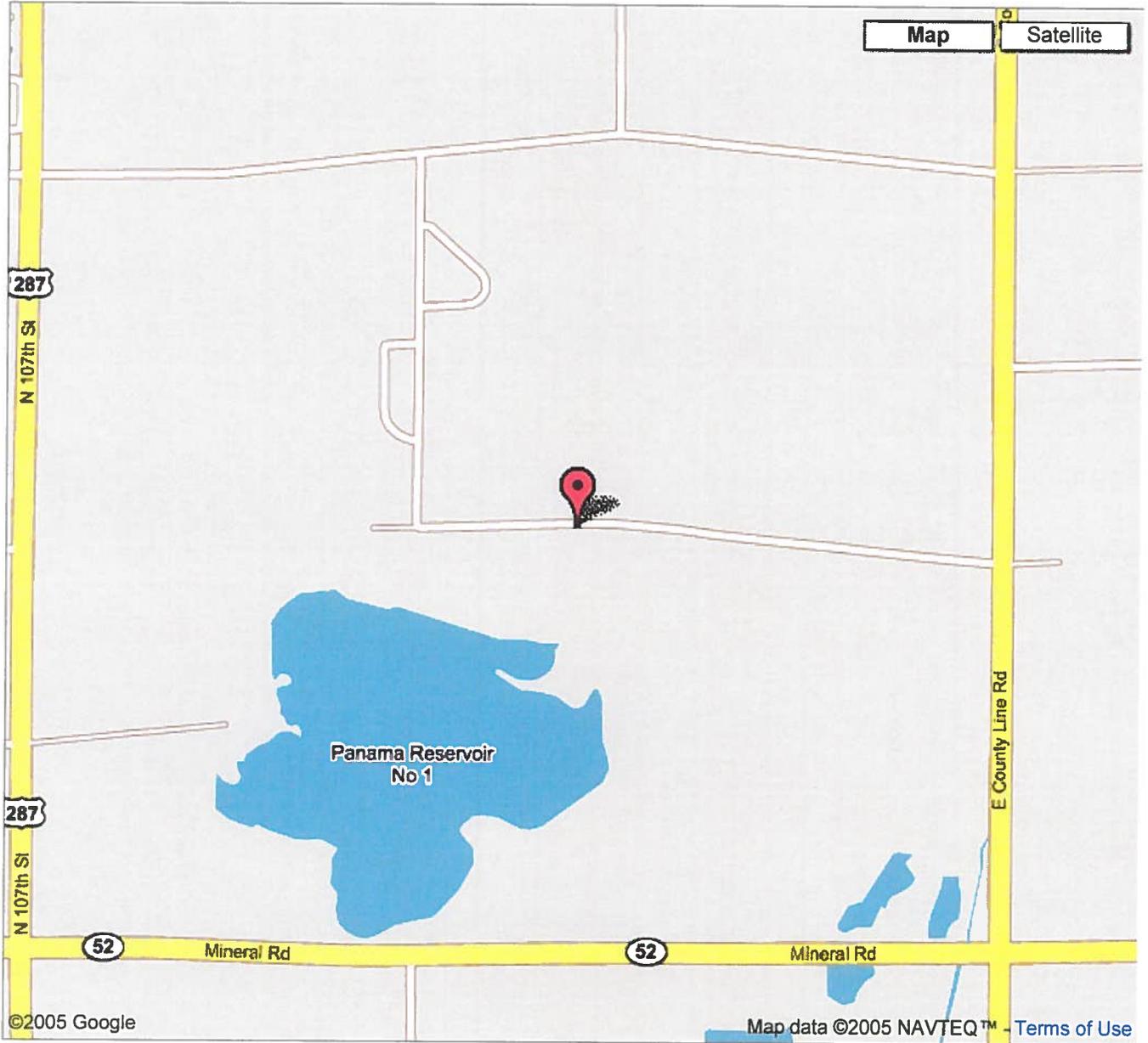
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ATTACHMENT I ATTENDEES AND CONTACT INFORMATION

Name	Representing	Telephone Number
Steven Lindblom	COGCC	(303) 894-2100 x 105
Norm Steiner	Landowner	(303) 776-6788
Dave Dillon	COGCC	(303) 894-2100 x 104
Cliff Roberts	Encana	(720) 685-8514
Mike Tucker	Encana	(720) 876-3774
Byron Gale	Encana	(720) 876-3626
Kerry Byers	Encana	(720) 685-8528
Peter Scott	Petroleum Land Services (Encana)	(303) 494-8935



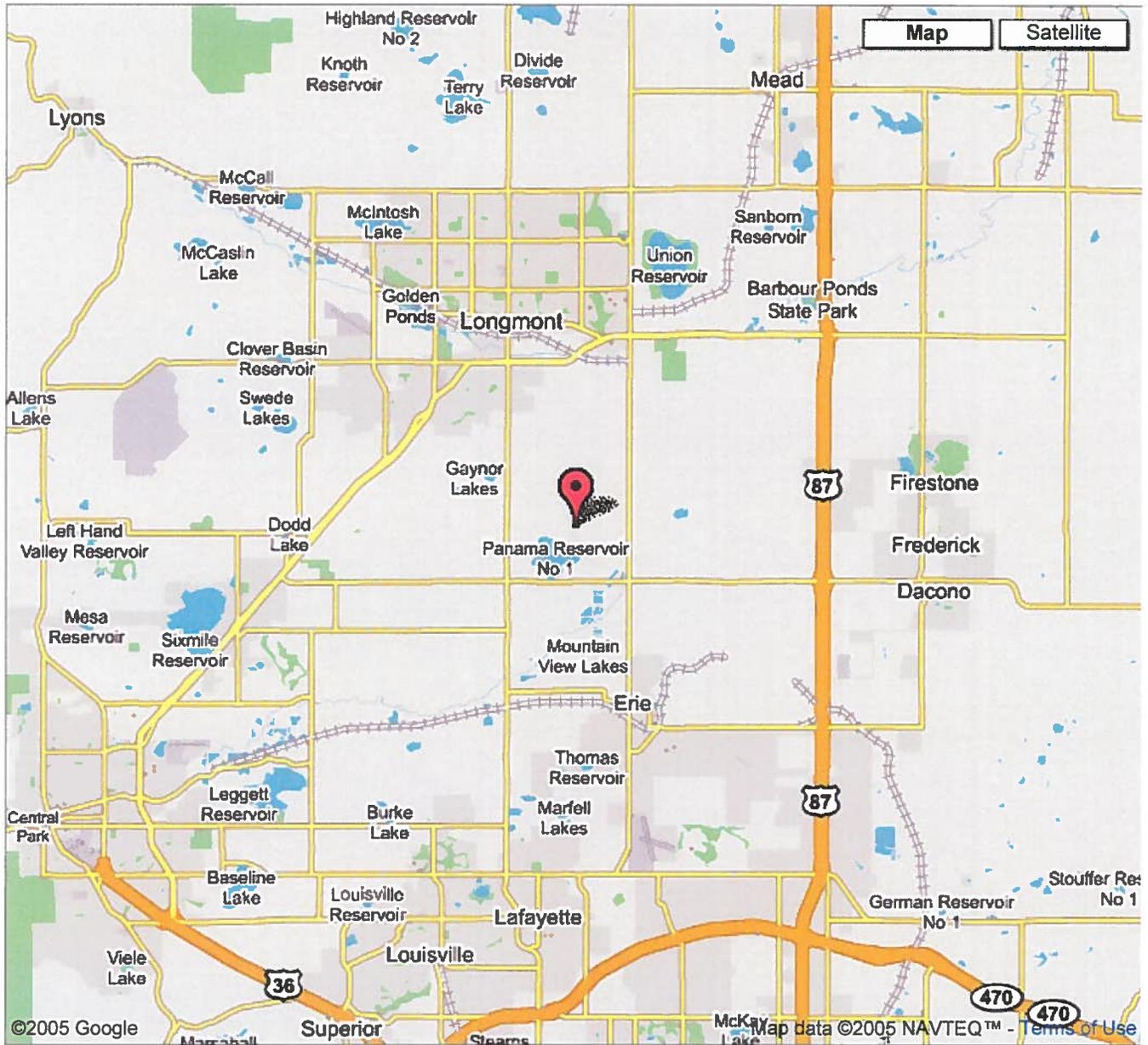
Google Maps
11820 NIWOT RD, LONGMONT CO 80504



11820 Niwot Rd
Longmont, CO 80504



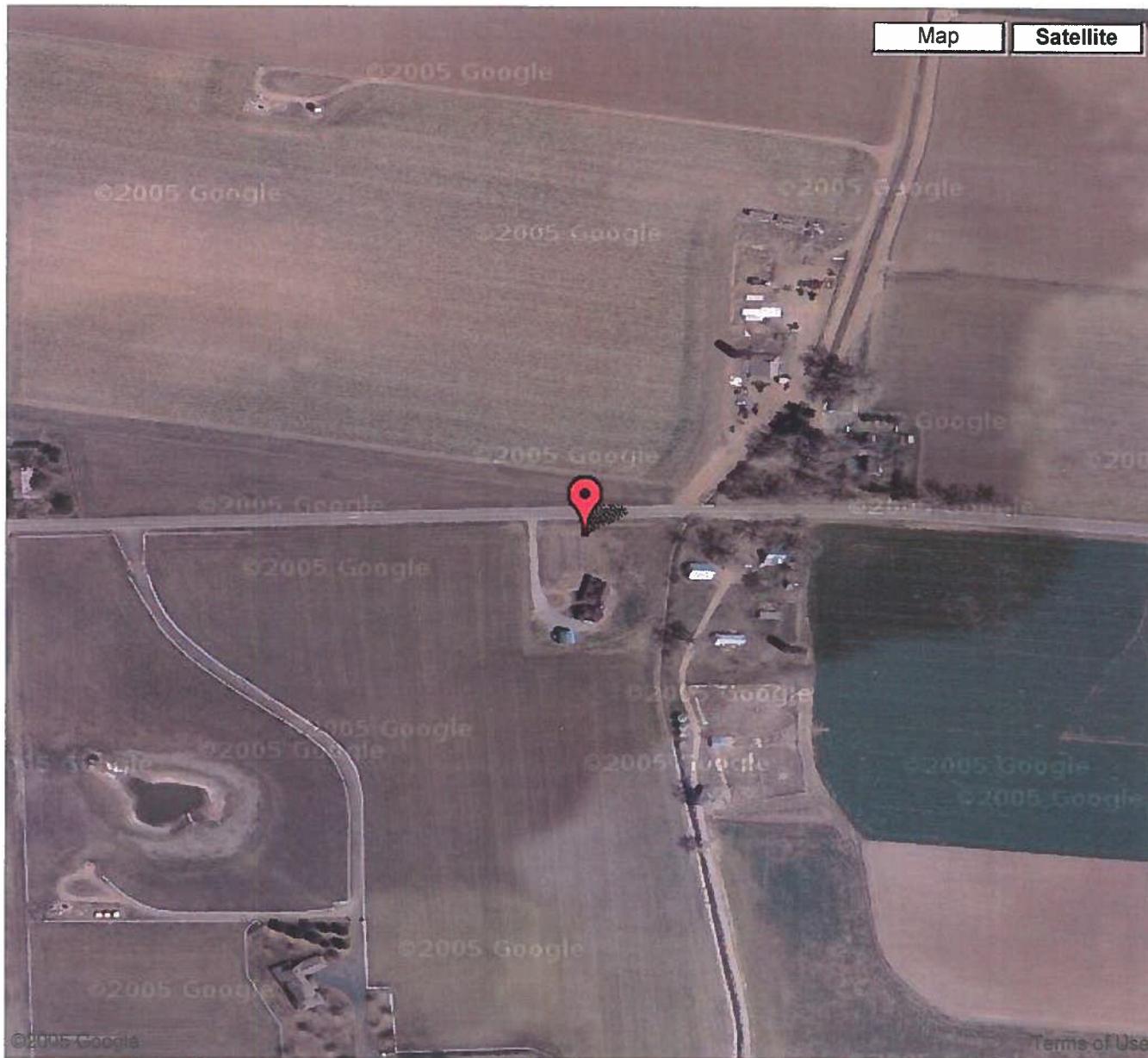
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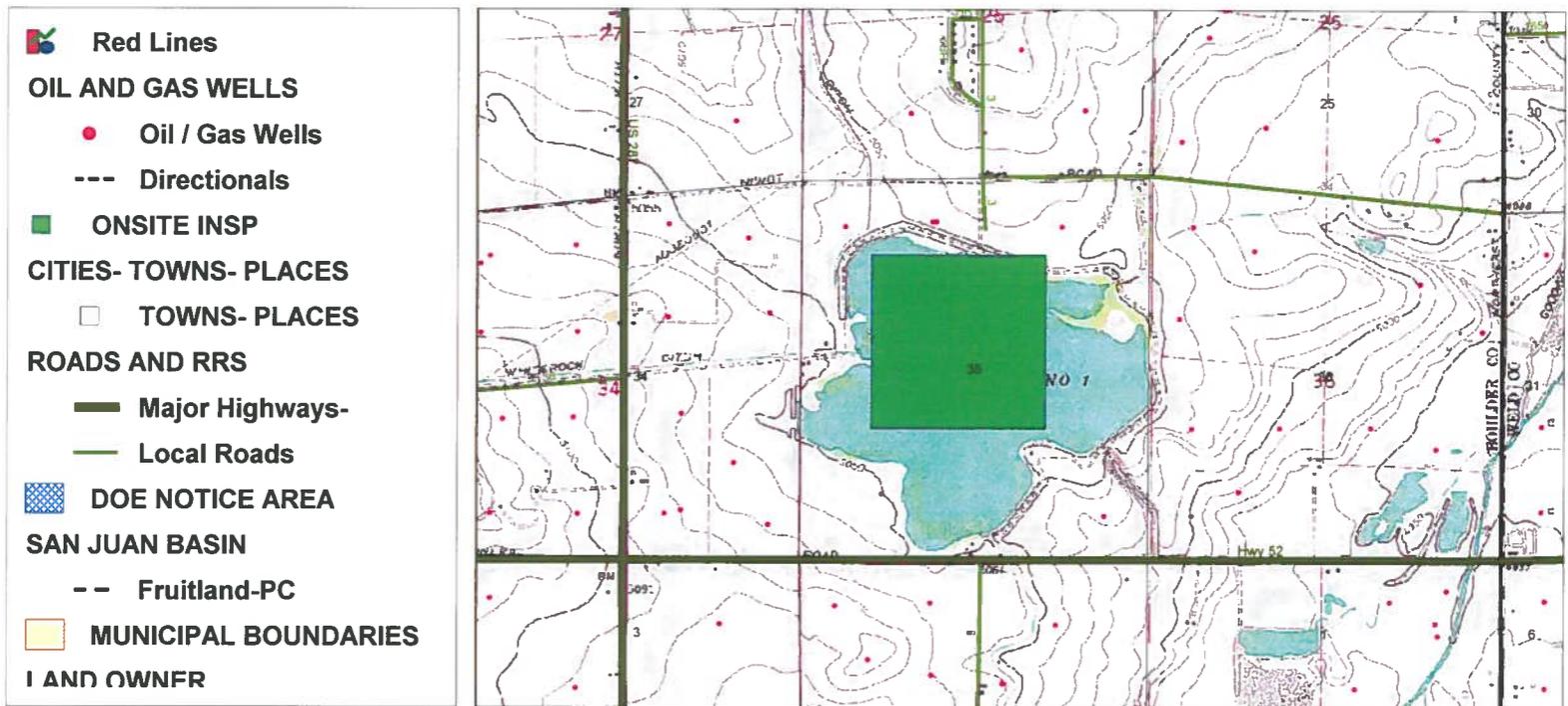


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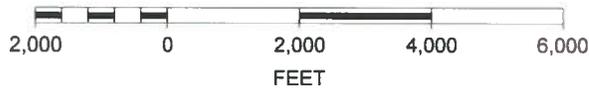


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COGCC GIS Online



SCALE 1 : 34,531



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Surface Location Data for API # 05-123-22037

Status: PR

Well Name/No: [PALYO #4-11](#) (click well name for production)
 Operator: KERR-MCGEE ROCKY MOUNTAIN CORPORATION - 47120
 Status Date: 6/14/2004 Federal or State Lease #:
 County: WELD #123 Location: NWNW 11 2N 6E
 Field: WATTENBERG - #90750 Footages: 547 FNL 494 FW
 DRLG Contr #: Elevation: 4,850 ft.
 Lat: 40.159102 Long: -104.638209

Wellbore Data for Sidetrack #00

Status: PR 6/14/2004

Spud Date: 3/17/2004 Spud Date is: ACTUAL

Wellbore Permit

Permit #: 20040281 Expiration Date: 2/25/2005
 Prop Depth/Form: 7300 Surface Mineral Owner Same: N
 Mineral Owner: FEE Surface Owner: FEE
 Unit: Unit Number:
 Formation and Spacing: Code: NB-CD , Formation: NIOBRARA-CODELL , Order: 407 , Unit Acreage: 80, Drill L

Wellbore Completed

Compltn Date: 4/2/2004
 Measured TD: 7309 Measured PB depth: 7235
 True Vertical TD: True Vertical PB depth:

Log Types: CDLD, AIL, GR, CBL
 Casing: String Type: SURF , Hole Size: 12.25, Size: 8.625, Top: 0, Depth: 771, Weight: 24
 Cement: Sacks: 540, Top: 0, Bottom: 771, Method Grade: CALC
 Casing: String Type: 1ST , Hole Size: 7.875, Size: 4.5, Top: 0, Depth: 7267, Weight: 11.6
 Cement: Sacks: 360, Top: 4000, Bottom: 7267, Method Grade: CBL

Formation	Log Top	Log Bottom	Corec
SUSSEX	4342		N
NIOBRARA	6835		N
FORT HAYS	7108		N
CODELL	7132		N

Completed information for formation NB-CD

1st Prod Date: N/A Choke Size: 0.313
 Status Date: 6/14/2004 Hole Compl: N
 Commingled: Y Prod Metod: FLOWING
 Formation Name: NIOBRARA-CODELL Status: PR
 Formation Treatment: 500 GAL FLUID; 148,981 GAL FLUID; 115,380# 30/50 SAND
 Tubing Size: 2.375 Tubing Setting Depth: 7109
 Tubing Packer Depth: Tubing Multiple Packer:
 Open Hole Top: Open Hole Bottom:
 Initial Test Data:
 Test Date: 5/18/2004 Test Method: FLOWING
 Gas Dispo: SOLD

Test Type Measure

BBLS_OIL	16
CALC_BBLS_OIL	16
CALC_GOR	4438
CALC_MCF_GAS	71
CASING_PRESS	341
GRAVITY_OIL	49
MCF_GAS	71
TUBING_PRESS	171

Perferation Data:

Interval Bot:	7148	Interval Top:	6837
# of Holes:	45	Hole Size:	0.45

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Surface Location Data for API # 05-123-09927

Status: PR

Well Name/No: [UPRR 53 PAN AM UNIT J #2](#) (click well name for production)
 Operator: KERR-MCGEE ROCKY MOUNTAIN CORPORATION - 47120
 Status Date: 2/12/1998 Federal or State Lease #:
 County: WELD #123 Location: NENW 11 2N
 Field: WATTENBERG - #90750 Footages: 1000 FNL 13E
 DRLG Contr #: TOLTEK DRILLING CO Elevation: 4,852 ft.
 Lat: 40.157841 Long: -104.635128

Wellbore Data for Sidetrack #00

Status: PR

2/12/1998

Spud Date: 5/3/1980 Spud Date is: ACTUAL

Wellbore Permit

Permit #: 19800338 Expiration Date: 7/27/1980
 Prop Depth/Form: 7750 Surface Mineral Owner Same:
 Mineral Owner: FEE Surface Owner:
 Unit: Unit Number:

Formation and Spacing: Code: JSND , Formation: J SAND , Order: 0 , Unit Acreage: 320, Drill Unit: N2
 Formation and Spacing: Code: NB-CD , Formation: NIOBRARA-CODELL , Order: 407-66 , Unit Acreage: 160, [

Wellbore Completed

Compltn Date: 8/12/1980
 Measured TD: 7757 Measured PB depth: 7712
 True Vertical TD: True Vertical PB depth:
 Log Types: SP-IES, FDC-GR CALIPER
 Casing: String Type: SURF , Hole Size: 12.25, Size: 8.625, Top: 0, Depth: 608, Weight: 24
 Cement: Sacks: 420, Top: 0, Bottom: , Method Grade:
 Casing: String Type: 1ST , Hole Size: 7.875, Size: 4.5, Top: 0, Depth: 7757, Weight: 10.5,11.6
 Cement: Sacks: 200, Top: 0, Bottom: , Method Grade:

Formation	Log Top	Log Bottom	Co
SUSSEX	4203		
SHANNON SANDSTONE	4400		
NIOBRARA	6808		
CODELL	7100		
BENTONITE	7380		
J SAND	7553		

Completed information for formation JNBCD

1st Prod Date: 5/13/1997 Choke Size:
 Status Date: 2/12/1998 Hole Compl:
 Commingled: Y Prod Metod: FLOWING
 Formation Name: J-NIOBRARA-CODELL Status:
 Formation Treatment:
 Tubing Size: 2.375 Tubing Setting Depth: 7601
 Tubing Packer Depth: Tubing Multiple Packer:
 Open Hole Top: Open Hole Bottom:
 Initial Test Data:

Test Date: 5/13/1997 Test Method: FLOWING
 Gas Dispo: SOLD

Test Type	Measure
BBLS_H2O	2
BBLS_OIL	8
CALC_GOR	30000
MCF_GAS	240

Perferation Data:
 Interval Bot: 7642 Interval Top: 6866
 # of Holes: 288 Hole Size: 0.38

Completed information for formation JSND

1st Prod Date: 7/23/1980 Choke Size: 0.313
 Status Date: 2/12/1998 Hole Compl:
 Commingled: Y Prod Metod: FLOWING
 Formation Name: J SAND Status: PR

Formation Treatment: SPEARHEAD 500 GAL 7.5% SHA ACID POLARIS FRAC X 17,010 GAL OF COND X 832,000# 20/40 SN.

Tubing Size: 2.375 Tubing Setting Depth: 7620
 Tubing Packer Depth: Tubing Multiple Packer:
 Open Hole Top: Open Hole Bottom:

Initial Test Data:

Test Date: 8/12/1980 Test Method: FLOWING
 Gas Dispo:

Test Type	Measure
BBLS_H2O	19
BBLS_OIL	7
CALC_GOR	107142
GRAVITY_OIL	58.7
MCF_GAS	750

Perferation Data:
 Interval Bot: 7642 Interval Top: 7600
 # of Holes: Hole Size: 0.38

Completed information for formation NB-CD

1st Prod Date: 5/24/1996 Choke Size:
 Status Date: 2/12/1998 Hole Compl:
 Commingled: Y Prod Metod: FLOWING
 Formation Name: NIOBRARA-CODELL Status: PR

Formation Treatment: PUMPED 833 BBLS OF X-LINKED GELLED BRINE WATER AND 1,901 BBLS OF GE WATER WITH 400,000 LBS OF 20-40 SAND. FLUSHED WITH 40 BBLS OF 2% KCL. MAX RATE: 22.2 BPM.

Tubing Size: 2.375 Tubing Setting Depth: 6862
 Tubing Packer Depth: Tubing Multiple Packer:
 Open Hole Top: Open Hole Bottom:

Initial Test Data:

Test Date: 5/24/1996 Test Method: FLOWING
 Gas Dispo: SOLD

Test Type	Measure
BBLS_H2O	47
BBLS_OIL	75
CALC_GOR	2200

MCF_GAS		165		
Perferation Data:				
Interval Bot:	7116		Interval Top:	6866
# of Holes:	160		Hole Size:	0.38

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Surface Location Data for API # 05-123-19951

Status: PR

Well Name/No: [HSR-BALDWIN #11-11A](#) (click well name for production)
 Operator: KERR-MCGEE ROCKY MOUNTAIN CORPORATION - 47120
 Status Date: 5/17/2001 Federal or State Lease #:
 County: WELD #123 Location: NESW 11 2N 65W 6
 Field: WATTENBERG - #90750 Footages: 1980 FSL 1980 FWL
 DRLG Contr #: Elevation: 4,857 ft.
 Lat: 40.151215 Long: -104.632778

Wellbore Data for Sidetrack #00

Status: PR 5/17/2001

Spud Date: 5/6/2000 Spud Date is: ACTUAL

Wellbore Permit

Permit #: 20000290 Expiration Date: 3/23/2001
 Prop Depth/Form: 7900 Surface Mineral Owner Same: N
 Mineral Owner: FEE Surface Owner: FEE
 Unit: Unit Number:

Formation and Spacing: Code: DKTA , Formation: DAKOTA , Order: 499 , Unit Acreage: 320, Drill Unit: S2

Formation and Spacing: Code: JSND , Formation: J SAND , Order: 232 , Unit Acreage: 320, Drill Unit: S2

Wellbore Completed

Compltn Date: 12/6/2000
 Measured TD: 7953 Measured PB depth: 7889
 True Vertical TD: True Vertical PB depth:

Log Types: INDUCTION W/LINEAR CORRELATION, COMPENSATED NEUTRON/LITHO DENSIT
MICRO LOG/GAMMA RAY, CEMENT BOND/GAMMA RAY CCL

Casing: String Type: SURF , Hole Size: 12.25, Size: 8.625, Top: 0, Depth: 790, Weight: 24

Cement: Sacks: 555, Top: 0, Bottom: 790, Method Grade: CALC

Casing: String Type: 1ST , Hole Size: 7.875, Size: 4.5, Top: 0, Depth: 7921, Weight: 11.6

Cement: Sacks: 370, Top: 6450, Bottom: 7921, Method Grade: CBL

Casing: String Type: S.C. 1.1 , Hole Size: , Size: , Top: , Depth: 5026, Weight:

Cement: Sacks: 325, Top: 3550, Bottom: 5026, Method Grade: CBL

Formation	Log Top	Log Bottom	Cored
SUSSEX	4422		N
FORT HAYS	7100		N
CODELL	7130		N
J SAND	7580		N
DAKOTA	7794		N

Completed information for formation DKTA

1st Prod Date: 12/27/2000 Choke Size:
 Status Date: 1/19/2001 Hole Compl: N
 Commingled: N Prod Metod: FLOWING
 Formation Name: DAKOTA Status: AB
 Formation Treatment: FRAC'D DAKOTA W/ 50740# 20/40 MESH; 27804 GAL GELLED FLUID
 Tubing Size: 2.375 Tubing Setting Depth: 7775
 Tubing Packer Depth: Tubing Multiple Packer:

Open Hole Top:

Open Hole Bottom:

Initial Test Data:

Test Date: 1/15/2001

Test Method: FLOWING

Gas Dispo: SOLD

Test Type	Measure
BBLs_H2O	0
BBLs_OIL	0
MCF_GAS	0

Perforation Data:

Interval Bot: 7811

Interval Top: 7796

of Holes: 52

Hole Size: 0.35

Completed information for formation JSND

1st Prod Date: 1/27/2001

Choke Size: 0.344

Status Date: 5/17/2001

Hole Compl: N

Commingled: N

Prod Method: FLOWING

Formation Name: J SAND

Status: PR

Formation Treatment: FRAC'D J SAND W/561920# 20/40 MESH; 235956 GAL. GELLED FLUID

Tubing Size: 2.375

Tubing Setting Depth: 7545

Tubing Packer Depth: 7751

Tubing Multiple Packer:

Open Hole Top:

Open Hole Bottom:

Initial Test Data:

Test Date: 2/18/2001

Test Method: FLOWING

Gas Dispo: SOLD

Test Type	Measure
BBLs_OIL	3
CALC_GOR	147667
CASING_PRESS	500
GRAVITY_OIL	60
MCF_GAS	443
TUBING_PRESS	425

Perforation Data:

Interval Bot: 7625

Interval Top: 7589

of Holes: 78

Hole Size: 0.38