

SURFACE DAMAGE AND RELEASE AGREEMENT

This Surface Damage and Release Agreement (this "Agreement") is made and entered into this 25 day of June, 2008, by and between Randy N. Warren and Patricia D. Warren whose address is PO Box 308 Parachute, CO 81635-0308 ("Owner") and ENCANA OIL & GAS (USA) INC., whose address is 370 17th Street, Suite 1700, Denver, Colorado ("EnCana").

Whereas, EnCana or an affiliate has the right to drill one or more oil and gas wells (the "Well") on the Lands described below: Also Known As: PI-15

N/2 SE/4
15-7-95

Whereas, Owner and EnCana wish to memorialize their agreement concerning the payment for damages to the surface of the Lands in connection with the drilling, construction, completion, recompletion, reworking, re-entry, production, maintenance and operation of the Well(s) and all pipelines, tank batteries and other facilities or property of EnCana or its affiliates associated with the Well(s) and located on the Lands.

Therefore, for and in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and EnCana agree as follows:

1. [REDACTED]

2. If by reason of EnCana's operations, there is damage to personal property located on the Lands or there is damage to the surface of the Lands caused by the negligence of EnCana or an unreasonable use of the surface of the Lands by EnCana that is not associated with reasonable and normal drilling, completion, recompletion, reworking, re-entry, production, maintenance and operation of the Well, such as damage to structures, fences, culverts and cement ditches, such damage shall be repaired or replaced by EnCana or EnCana shall promptly pay Owner for such damage.

3. Owner warrants that he is the owner of the entire surface subject to this Agreement and that no one who is not a party to this Agreement is entitled to payment for normal damage to the surface of the Lands for which payment has been made pursuant to paragraph numbered 1 above.

4. Except as provided in paragraph numbered 2 above for cases of unreasonable surface use and/or negligence by EnCana, Owner, for itself and its successors and assigns, does hereby, in consideration of the Damage Amount, release, relinquish and discharge EnCana, its affiliates, successors and assigns from all claims, demands, damages and causes of action that Owner may have be reason of the drilling of the Well(s) and all other damage or injury to the Lands caused by the drilling, completion, recompletion, reworking, re-entry, production, operation and maintenance of the Well(s), and Owner accepts the Damage Amount as full compensation therefor.
5. Owner hereby agrees that by its payment of the Damage Amount, EnCana has fully complied with the applicable governmental regulations and statutes, if any, relating to the settlement of the damages contemplated herein.
6. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, representatives, successors, agents, and assigns.

IN WITNESS WHEREOF, the parties have set their hands on the day and year first written above.

OWNERS


ENCANA OIL & GAS (USA) INC.

Randy N. Warren



Patricia D. Warren



By:  

Name: Ricardo Gallegos

Title: ATTORNEY-IN-FACT

STATE OF COLORADO §
CITY AND COUNTY OF DENVER §

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ENCANATM

EnCana Oil & Gas (USA) Inc.

370 17th Street
Suite 1700
Denver, CO 80202

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

August 22, 2008

Randy and Patricia Warren
P.O. Box 308
Parachute, CO 81635-0308

SENT VIA CERTIFIED MAIL

Re: Notification of Drilling Operations:
PI15 WELL PAD
Township 7 South, Range 95 West of the 6th P.M.
Section 15: SE/4
Warren 15-9 Well
Warren 15-9BB Well
Warren 15-10 Well
Warren 15-10BB Well
Warren Federal 15-16 Well
Warren Federal 15-16BB Well
Garfield County, Colorado

Dear Randy and Patricia:

In accordance with Rule 305 of the Colorado Oil and Gas Conservation Commission ("COGCC"), this letter serves as a 30-day notice by EnCana Oil & Gas (USA) Inc. ("EnCana") of its intention to drill one or more wells from the PI15 well pad. EnCana's operations are estimated to begin on or around September 30, 2008, pending receipt of required permits, approval of title and drilling rig availability. COGCC regulations provide that the surface owner may waive the 30-day notice requirement or designate a representative for surface consultation.

As the surface owner, it is your responsibility to notify any affected tenant farmer, lessee or other party that may own or have an interest in any crops or surface improvements that could be affected by these proposed operations.

Enclosed for your review are a copy of COGCC's notification, consultation and reclamation rules regarding oil and gas operations, a waiver and request for consultation form, and a copy of a policy recently adopted by the COGCC addressing on-site inspection requests including a form for requesting such an inspection.

If you have any questions please don't hesitate to call me at (720) 876-5667.

Sincerely,

EnCana Oil & Gas (USA) Inc.



Trent Sims
Land Negotiator

Enc.