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April 20, 2010

Ms. Linda Spry O'Rourke
Colorado Oil & Gas Conservation Commission
707 Wapiti Court, Suite 204
Rifle, CO 81650

RE: Investigation Activities
Former Dietrich Replacement Water Well (Moon 2) Thermogenic Gas Impact
NENE Section 10 T7S R92W, Water Well Permit 256670-A
Garfield County, Colorado
COGCC Project #2061

Dear Ms. O'Rourke,

This letter is in response to your letter of March 19, 2010 regarding the investigation of thermogenic methane found in the Moon 2 domestic water well. We wish to provide clarification to statements in your letter, as well as to provide you with an update on our activities to date.

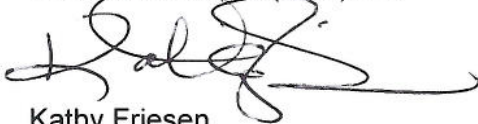
- For clarification, the samples collected on February 3, 2010 were collected from a spigot located just inside the house, prior to the water entering the storage tank in the Moon's basement; not from a spigot near the well head.
- As you indicated, we have collected gas samples from our gas wells on the P3 and F11E well pads for thermogenic analysis. We expect to receive the results of that analysis soon, and we will submit it to you via a Sundry Form 4 as soon as practicable upon receipt.
- You also requested that Encana submit all bradenhead readings for gas wells on the P3 and F11E well pads to the COGCC via a Sundry Form 4. Data through November 2009 for these wells was included in the annual report of bradenhead pressures submitted to David Andrews. On April 9, 2010, we provided you with an updated summary spreadsheet of bradenhead pressure readings from June 2009 through April 2010 for the P3 and F11E well pads, and on April 13, we provided a corrected spreadsheet to you.
- As indicated in your letter, we made modifications to the Moon water storage tank on March 11, 2010, to increase the vent pipe size from a ¾" diameter to a 3" diameter. We also provided a gas detector which was installed directly above the tank. We have not provided water for human/livestock consumption and household use because we are

taking a stepped approach to additional system modifications based on our close monitoring of laboratory analytical data for any changes.

- Water samples were collected from both the Moon 2 well and the former Dietrich water well (Moon 1) on February 3, March 11, and April 7, 2010. The March and April sampling included two samples: one taken before the water enters the holding tank and another taken directly from the kitchen faucet. As we told you during our telephone conversation on April 13, the methane concentrations in the February, March and April samples have shown a decline in the methane concentration. We will forward an updated summary table and laboratory analytical reports to you via email as soon as we receive the remaining data from the lab for the samples collected on April 7. We plan to collect another round of samples in early to mid-May.
- We are developing a soil gas survey to include the Moon property, the P3 well pad, and the adjacent Encana owned property, which includes the F11E well pad. This work is scheduled for the week of April 26, 2010 and will mimic a similar survey conducted in 2004.
- We will provide engineering and drilling documentation, bradenhead pressures/testing, gas composition and isotopic gas sampling if/as identified/requested by COGCC.
- In addition, we arranged a conference call on April 1, 2010 between the landowner and Anthony Gorody, Ph. D., P.G., a hydrogeologist with expertise in water quality issues in western Garfield County. Mr. Moon had the opportunity to ask a variety of questions regarding his water well and received recommendations for routine water well maintenance.

We will continue our investigation efforts and cooperation with COGCC to identify and resolve the source of thermogenic methane.

Sincerely
Encana Oil & Gas (USA) Inc.



Kathy Friesen
Environmental Coordinator

cc: Diane Blieszner – Encana
Brett Middleton – Encana
David Neslin – COGCC Director
Debbie Baldwin – COGCC Environmental Manager
Alex Fischer – COGCC Environmental Supervisor
Bob Chesson – COGCC Environmental Protection Specialist
Kevin King – COGCC NW Area Engineer