

MACHII-ROSS PETROLEUM CO.

December 30, 2009

Ms. Cynthia Owens, Land Negotiator
EnCana Oil & Gas (USA), Inc.
370 17th Street, Suite 1700
Denver, CO 80202

VIA FAX TO 303-623-2400) (2 PAGES), EMAIL (Cynthia.Owens@encana.com) AND FIRST CLASS MAIL

Re: **Objection to Proposed Rule 318A.e Boundary Wells**
Elmquist 4-2-23 Well; SENW, Section 23, T2N, R68W

Dear Ms. Owens:

On December 15, 2009, Machii-Ross Petroleum Co. (Machii-Ross) received your Notice of Intent for the subject well, which was dated December 10, 2009. The notice letter included a survey plat but did not include a proposed Stipulation of Interest, AFE, Joint Operating Agreement or Pooling Declaration. To date we have not received these items. Machii-Ross therefore objects to the drilling of the proposed well and the establishment of the proposed 160-acre wellbore spacing unit. Until we receive the backup information, we have no basis for evaluating your proposal and we must object to the drilling of this well. In the absence of the review of a proposed AFE and JOA, Machii-Ross cannot make an informed decision as to whether it desires to join in the drilling of the proposed well by EnCana, and therefore objects to EnCana's operation of such wells. Machii-Ross reserves the right to supplement its objections when it has had the opportunity to review additional information.

We understand that pursuant to Rule 318A.e.(6)(B), upon filing of this objection EnCana's proposals may be placed on the next Commission docket. However, we think that Commission action will be unnecessary, or at the least is premature. Machii-Ross believes it is in the best interests of all parties to consult with respect to EnCana's proposal, so that the parties can share information regarding the proposed wells and title to the interests within the proposed units. We are confident that such discussions will readily resolve our objections.

Machii-Ross is the record title holder to the base of the J-sand in one 40-acre quarter-quarter (SWNE Section 23, T2N, R68W) that would be included in the proposed wellbore spacing unit. MRPC II LLC, a wholly-owned subsidiary of Machii-Ross Petroleum Co., is the record title holder to the base of the J-sand in the other 40-acre quarter-quarter (NWNE Section 23, T2N, R68W) that would be included in the proposed wellbore spacing unit. Please feel free to contact Machii-Ross at the letterhead address. Notices of Intent and correspondence to MRPC II LLC should be directed to their offices at 2154 West Eisenhower Blvd., Loveland, CO 80537.

Sincerely,

[Signature is set forth on page 2.]

Ms. Cynthia Owens, Land Negotiator
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MACHII-ROSS PETROLEUM CO., a California general partnership
By its:

CO-PARTNERS:

TSK Enterprises (U.S.A.), Inc., a Delaware corporation,

By: 
Edward H. Sato, CEO

and

KAR Petroleum Co., a California limited partnership,

By: Pelletier Management Ltd. LLC, a California limited liability company, as General Partner of KAR
Petroleum Company

By: 
C. Neil Rehkop, CEO

cc: Director, Colorado Oil & Gas Conservation Commission
MRPC II LLC

Last Transaction

31.12.2009 12:12 PM

Name : MACHII ROSS PETROLEUMCO

Tel : 310 450 8855

Date	Time	Type	ID	Duration	Pages	Result
31.12	12:12PM	send	13036232400	00:27	2	OK

Proof Of Service

I am a resident of Los Angeles County, California, over 18 years of age. My business address is 8033 Sunset Boulevard, Suite 985, Los Angeles CA 90046.

On the date below at the signature line, at Los Angeles, California, I mailed at a US post office the December 30, 2009 Machii-Ross Petroleum Co. letter to Ms. Sheila Frazier, Land Negotiator, EnCana Oil & Gas (USA), Inc. Re: Objection To Proposed Rule 318.A.e Boundary Wells / Elmquist 4-2-23 Well; SENW, Section 23, T2N, R68W, to the addressee listed below in a postage prepaid sealed envelope as follows:

Ms. Sheila Frazier, Land Negotiator
EnCana Oil & Gas (USA), Inc.
370 17th Street Suite 1700
Denver CO 80202

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on December 31, 2009 at Los Angeles, California.

s/ _____
Brian Matthew Bauer