

## MACHII-ROSS PETROLEUM CO.

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May 19, 2010

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

VIA FAX (303-623-2400), EMAIL (Cynthia.Owens@encana.com) AND CERTIFIED MAIL

Re: **Response To Renewed Notice Of Proposed Rule 318A.e Boundary Well**  
Elmquist 2-4-23 Well; T2N, R68W, Sec. 23: SHL in the SW1/4NW1/4

Dear Ms. Owens:

On May 11, 2010, Machii-Ross Petroleum Co. and MRPC II LLC received your Renewed Notice of Intent for the subject well, which was dated May 4, 2010. The notice letter included a survey plat but did not include a proposed Stipulation of Interest, AFE, Joint Operating Agreement or Pooling Declaration. The letter indicates that these items will be forthcoming at a later date. Machii-Ross Petroleum Co. and MRPC II LLC do not object to the drilling of the proposed well and the establishment of the proposed 160-acre wellbore spacing unit.

When we receive your proposed AFE, JOA and Pooling Agreement, Machii-Ross Petroleum Co. and MRPC II LLC will determine any further action they may wish to take with respect to your proposed well, and they reserve all rights with respect thereto.

We ask that you keep us advised of your plans with respect to this well and consult with us with respect to EnCana's proposal, so that the parties can share information regarding the proposed well and title to the interests within the proposed units and can resolve any differences of opinion.

Machii-Ross Petroleum Co. 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.



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Please feel free to contact Machii-Ross Petroleum Co.'s and MRPC II LLC's attorney in this matter, Howard L. Boigon, Hogan Lovells US LLP, One Tabor Center, Suite 1500, 1200 Seventh Street, Denver CO 80202; email: [howard.boigon@hoganlovells.com](mailto:howard.boigon@hoganlovells.com). All Notices of Intent and correspondence should be directed to MRPC II LLC c/o Machii-Ross Petroleum Co. at 2901 28<sup>th</sup>. Street, Suite 205, Santa Monica CA 90405 and copied to Howard L. Boigon.

Sincerely,

**MRPC II LLC, A Colorado Limited Liability Company**

By: Machii-Ross Petroleum Co., a California general partnership, the sole member

By: TSK Enterprises (U.S.A.), Inc., a Delaware corporation  
Its: Co-Equal Partner

By:   
Edward H. Sato, CEO

By: KAR Petroleum Company, a California limited partnership  
Its: Co-Equal Partner

By: Pelletier Management Ltd. LLC  
Its: General Partner

By:   
C. Neil Rehkop, CEO

**MACHII-ROSS PETROLEUM CO., a California general partnership**

By: TSK Enterprises (U.S.A.), Inc., a Delaware corporation  
Its: Co-Equal Partner

By:   
Edward H. Sato, CEO

By: KAR Petroleum Company, a California limited partnership  
Its: Co-Equal Partner

By: Pelletier Management Ltd. LLC  
Its: General Partner

By:   
C. Neil Rehkop, CEO

cc: Howard L. Boigon