

Stanczyk, Jane

From: Scott, Danielle A. [Danielle.Scott@encana.com]
Sent: Wednesday, June 30, 2010 3:26 PM
To: mms@tasl.com; Missey, Jan
Cc: hajicek@aol.com; Sheila Fossen; Kathy Collins; Jost, Jamie; Dejmal, Dorothy; Stanczyk, Jane
Subject: RE: Please do not proceed with requesting the waivers-exception locations from the Colorado Oil and Gas Conservation Commission before...

Dear Ms. Sweeny,

Thank you for your email and your questions about Encana's June 1, 2010 Exception Location waiver letters for the Rose Ranch Fee 22-8B well, the Rose Ranch Fee 23-6C1 well (formerly Pitman Fee 23-6C1), the Rose Ranch Fee 23-12A1 well (formerly MCU Fee 23-12A1), and the Rose Ranch 22-8A1 well (collectively, "Wells"). Each of these letters described the proposed bottom hole locations for Wells as located within the boundaries of the Hunter Mesa and Middleton Creek Units.

This email serves as a follow up to our telephone conversation this morning and will serve to confirm the following items we discussed during our call:

1. Your Hunter Mesa Unit Consolidated Participating Area "ABC" decimal interest, meaning your royalty interest, will not be affected by the proposed exception location of the four Wells.
2. You had asked for clarification of the intent of Encana's waiver letters to mineral owners. Encana is requesting reduced setbacks between the Hunter Mesa Unit and Middleton Creek Unit in order to allow drilling of the Wells closer than 600' to the boundary line so that the resource can be more effectively captured.

Per the Colorado Oil & Gas Conservation Commission (COGCC or Commission) Rule 318.c., an oil and gas operator may request that it be allowed to drill its wells closer to the unit boundary line than the 600' setback requirement of Rule 318.d(3). I have included Section 318.c. and Section 318.d. below.

318.c. Exception locations. The Director may grant an operator's request for a well location exception to the requirements of this rule or any order because of geologic, environmental, topographic or archaeological conditions, irregular sections, a surface owner request, or for other good cause shown provided that a waiver or consent signed by the lease owner toward whom the well location is proposed to be moved, agreeing that said well may be located at the point at which the operator proposes to drill the well and where correlative rights are protected. If the operator of the proposed well is also the operator of the drilling unit or unspaced offset lease toward which the well is proposed to be moved, waivers shall be obtained from the mineral interest owners under such lands. If waivers cannot be obtained from all parties and no party objects to the location, the operator may apply for a variance under Rule 502.b. If a party or parties object to a location and cannot reach an agreement, the operator may apply for a Commission hearing on the exception location.

3.18.d(3). In a unit operation, approved by federal or state authorities, the rules herein set forth shall not apply except that no well in excess of two thousand five hundred (2,500) feet in depth shall be located less than so hundred (600) feet from the exterior or interior (if there be one) boundary of the unit area and no well less than two thousand five hundred (2,500) feet in depth below the surface shall be located less than two hundred (200) feet from the exterior or interior (if there be one) boundary of the unit area unless otherwise authorized by the order of the Commission after proper notice to owners outside the unit area.

Reference: <http://cogcc.state.co.us/> - Rules, 300 Series Drilling, Development, Producing and Abandonment – Rule 318.c. and Rule 318.d.

With respect to Rule 318.c., as we discussed, no objections were received from any mineral interest owners within the time allotted in the June 1, 2010 letter, therefore pursuant to the provision in Rule 318.c. stating "If waivers cannot be obtained from all parties and no party objects to the location, the operator may

apply for a variance under Rule 502.b.", Encana requested a variance from the COGCC for an exception location for each well on June 24th, 2010. These Request for Variances are now pending with the Commission.

Additionally, I want to address the statement in your email dated Monday, June 28th requesting "...that [Encana] please send all the mineral owners information about the anticipated impacts... on our royalty interests before you submit your requests...". As discussed, Encana is only responding to you since you, personally, have made the request via email. Encana fully respects your request, but is under no obligation to resubmit request for waiver letters to all mineral interest owners with the Hunter Mesa and Middleton Creek Units, unless you can show that you have been formally elected to personally represent each of them on behalf of their interests in both the Hunter Mesa and Middleton Creek Units.

I hope that this email helps to comfort and explain to you that (a) the Wells will not have any impact on your Hunter Mesa Unit Consolidated Participating Area "ABC" decimal interest, and (b) Encana's ability to seek approval from the COGCC for the exception locations of the Wells. Please feel free to contact me for any other concerns that you may have in the future. Thank you.

Best regards,
Danielle Scott
Danielle.Scott@Encana.com
720-876-5490

From: mms@tasl.com [mailto:mms@tasl.com]
Sent: Monday, June 28, 2010 7:29 PM
To: Scott, Danielle A.; jan.missey@state.co.us
Cc: mms@tasl.com; hajicek@aol.com; 'Sheila Fossen'; 'Kathy Collins'
Subject: Please do not proceed with requesting the waivers-exception locations from the Colorado Oil and Gas Conservation Commission before...
Importance: High

To Danielle Scott
Land Negotiator
Encana Oil & Gas Inc
370 17th, Suite 1700
Denver, CO 80202
Phone: 720-876-5490

RE: Request that you not submit waivers-exception requests to the Colorado Oil and Gas Conservation Commission for the following locations
until you have provided the mineral owners with a written explanation of the anticipated impacts on our royalty interests:

Rose Ranch Fee 22-8A1 Well, Township 7 South, Range 93 West 6th P.M., Section 22: SENE, Garfield County, Colorado
Rose Ranch Fee 22-8B Well, Township 7 South, Range 93 West 6th P.M., Section 22: SENE, Garfield County, Colorado
Pitman Fee 23-6C1 Well, Township 7 South, Range 93 West 6th P.M., Section 23: SENW, Garfield County, Colorado
MCU Fee 23-12A1 Well, Township 7 South, Range 93 West 6th P.M., Section 23: NWSW; Garfield County, Colorado

Dear Danielle,

This is a request that you please send all the mineral owners information about the anticipated impacts, of your proposed exceptions for the above listed locations, on our royalty interests before you submit your requests for these waivers-exception locations to the Colorado Oil and Gas Conservation Commission.

Right now:

- We (myself and the other mineral owners I have spoken with) have no idea what you are asking us to sign-off on.
- The time you have given us (until June 21, 2010, which is essentially 17 days from your mailing date) to consider, sign, and get the signed forms back to you in Colorado, is not sufficient.
- You assume we agree if we don't return the forms, but the other owners I have spoken with say they haven't returned your forms because they don't understand the impact of what you are asking.
- The forms you sent us to sign look a lot like the division orders we routinely sign, so some owners may inadvertently sign their agreement without realizing what rights they have waived, and.
- You have not given us a place to indicate non-agreement.

I hope you will send us the important impact information, then send us new forms to sign that we agree or disagree, then make the decision about submitting your exception requests to the Colorado Oil and Gas Conservation Commission. I hope you want us to know what we are signing.

Sincerely,

Margaret Sweeny, mineral owner
3654 Northwood Dr
Castro Valley, California 94546

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