



June 30, 2011

Cindy Sandell  
Bill Barrett Corporation  
1099 18<sup>th</sup> Street, Suite 2300  
Denver, Colorado 80208

Re: Approval to Drill through Encana Leasehold and  
Exception Setback Acknowledgement  
Township 7 South, Range 92 West, 6<sup>th</sup> P.M., Section 1: NE/4  
Township 6 South, Range 92 West, 6<sup>th</sup> P.M., Section 36: SE/4SE/4  
Garfield County, Colorado

Dear Cindy,

Reference is made to the May 18, 2011 letter, wherein Bill Barrett Corporation ("BBC") requested a) acknowledgement of the exception setback footage of 250' FSL for the 44A-36-692 well to be drilled in accordance with the January 10, 2008 Amendment to the December 27, 2004 Letter Agreement (the "Letter Agreement") and b) permission to directionally drill three wells, the 44A-36-692, 44B-36-692, and 44C-36-692 (collectively the "Wellbores"), though Encana Oil & Gas (USA) Inc.'s ("Encana") leasehold in the NE/4 of Section 1, Township 7 South, Range 92 West (the "Lands").

Encana acknowledges the exception setback footage and gives approval to BBC to drill the Wellbores through Encana's leasehold in the Lands subject to the following conditions:

- The completed intervals in the Wellbores are no closer than 250' from the southern lease line in accordance with the Letter Agreement.
- In the event, at some time in the future, Encana needs to drill through BBC leasehold or minerals to access bottom hole locations on Encana leasehold or minerals in the captioned townships, Encana shall provide BBC written request, prior to filing the necessary well permits, and BBC shall approve such request on a similar basis as a similar basis as provided in this letter, so long as BBC determines that such drilling will not interfere with BBC's current or future operations in that area.
- BBC assumes and will perform all obligations, liabilities and duties with respect to the ownership, operation and maintenance of the Wellbores for all periods, including reclamation and remediation. Further, BBC assumes full responsibility and liability for the following occurrences, events, conditions and activities on or related to the Wellbores, relating to, arising out of, or connected, directly or indirectly, with the Wellbores regardless of whether arising from any acts or omissions of Encana (INCLUDING THOSE ARISING FROM ENCANA'S SOLE, JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT):

**Encana Oil & Gas (USA) Inc.**  
Republic Plaza  
370 – 17 Street, Suite 1700  
Denver, Colorado  
United States 80202

t 303.623.2300  
f 303.623.2400  
[www.encana.com](http://www.encana.com)

- (i) Noncompliance with Applicable Laws, including Applicable Environmental Laws; and
  - (ii) Environmental pollution or contamination of any kind or character, including clean-up responses and the cost of remediation, control, assessment or compliance with respect to surface, subsurface and/or air pollution.
- BBC shall indemnify, release, defend, and hold harmless Encana and its affiliates and co-venturers, and its and their respective officers, directors, employees, contractors, licensees, invitees and agents ("Encana Indemnified Parties") from and against all claims, demands, causes of action, liabilities, (INCLUDING STRICT LIABILITIES), expenses (including reasonable attorneys' fees and expenses of investigation and litigation), damages, fines and penalties of any kind or character ("Claims and Liabilities") which the Encana Indemnified Parties may suffer, sustain or incur on account of, caused by, resulting from or incidental to: (i) the use, ownership, operation, and maintenance of the Wellbores, (ii) the negligent acts, negligent omissions, or willful misconduct of BBC, its affiliates and co-venturers, and its and their respective officers, directors, employees, contractors, licensees, invitees and agents, limited to operations on the Wellbores, (iii) violation of Applicable Laws, including Applicable Environmental Laws, in connection with the Wellbores.
  - With respect to the Wellbores only, Encana shall not be liable to BBC under this letter, and BBC hereby releases Encana from and against, any indirect, special, incidental, punitive, exemplary or consequential damages, including, but not limited to, damages for loss of production, loss of revenue and profits, loss of business or business interruptions, loss of use of assets or facilities, related to approval given under this letter (collectively "Losses"), whether or not such Losses are the result in whole or in part from the sole, concurrent, or comparative negligence of Encana, or any defect in the premises, pre-existing conditions, patent or latent, breach of statutory duty, strict liability or any other theory of legal liability.

If Barrett agrees to the above, please sign, date and return one copy of this letter to my attention by end of business on July 7, 2011, at which time this proposal will expire. Please do not hesitate to contact me at 720-876-3560 should you have any questions or concerns regarding the following.



Sincerely,  
Encana Oil & Gas (USA) Inc.



Damian Westerman  
Land Negotiator

AGREED THIS 6<sup>th</sup> DAY OF <sup>July</sup>~~JUNE~~, 2011.

**BILL BARRETT CORPORATION**

By:  

*Delivered to Encana by email on July 6<sup>th</sup>, 2011.*