



September 13, 2011

William D. Sarchet, President and Manager
Melbon Ranch Inc.
8627 WCR 41
Fort Lupton, CO 80621

RE: Waiver of Rule 603.a.(2)
Melbon Ranch 2-8-17 Well
Township 2 North, Range 65 West
Section 17: SE/4SW/4
Weld County, Colorado

Dear Mr. Sarchet:

Encana Oil & Gas (USA) Inc. ("Encana") has staked the Melbon Ranch 2-8-17 well at a surface location 210 feet from the south line and 2575 feet from the west line of Section 17, Township 2 North, Range 65 West (see attached survey plat). This well is being drilled under the rules and regulations of the Colorado Oil and Gas Conservation Commission's ("COGCC") Rule 603.a. Statewide Setbacks Rule. This rule states that a well shall be a minimum distance of one hundred fifty (150) feet from a surface property line. The Melbon Ranch 2-8-17 well was staked at a location 80' from your property line. Encana respectfully requests your consent to an exception location for this well by waiver of the COGCC Rule 603.a (2).

If this meets with your approval, please sign and date both originals of this letter, keeping one for your files and returning one to the undersigned.

Thank you for your time and consideration in this matter. If you have any questions or comments, please contact me at (720) 876-3128.

Very truly yours,

Encana Oil & Gas (USA) Inc.


Spencer Booth
Land Negotiator

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado USA 80202
t 303.623.2300
www.encana.com

Melbon Ranch Inc.
Rule 603.a.(2) waiver
September 13, 2011
Page 2 of 2

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 603.a.(2) AS IT APPLIES TO THE SURFACE LOCATION OF THE Melbon Ranch 2-8-17 WELL AND APPROVES THE SURFACE LOCATION OF 210 FEET FROM THE SOUTH LINE AND 2575 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 65 WEST, WELD COUNTY, COLORADO.

MELBON RANCH INC.

William D. Sarchet 9/13/11

William D. Sarchet, President and Manager

John Robert McGehee LS#38219
Well: Melbon Ranch 2-8-17 WLC



September 13, 2011

William D. Sarchet, President and Manager
Melbon Ranch Inc.
8627 WCR 41
Fort Lupton, Colorado 80621

RE: Waiver of Rule 318A.a.(1)
Melbon Ranch 2-8-17
Surface Location – 210' FSL, 2575' FWL
Section 17, T2N, R65W
Weld County, Colorado

Dear Mr. Sarchet:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Melbon Ranch 2-8-17 well at a surface location 210 feet from the south line and 2575 feet from the west line of Section 17, Township 2 North, Range 65 West (see attached survey plat). This well is being drilled under the rules and regulations of the Colorado Oil and Gas Conservation Commission's ("COGCC") Rule 318A known as the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule. This rule states that all boundary infill wells be drilled from the same surface locations as previously designated in Rule 318A.a.(1) which reads:

"In the Greater Wattenberg Area ("GWA"), operators may utilize the following described surface drilling locations (GWA windows") to drill, twin, deepen, or recomplete a well (GWA well") and to commingle any or all of the Cretaceous Age formations.

- (1) A square with sides four hundred (400) feet in length, the center of which is the center of any governmental quarter-quarter section ("400' window"); ...

The Melbon Ranch 2-8-17 well was staked at a location 456' southeast of the defined 400' window. As this location was staked with your consent and approval, Encana respectfully requests your consent to an exception location for the Melbon Ranch 2-8-17 Well by waiver of the COGCC Rule 318A.a (1).

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado USA 80202
t 303.623.2300
www.encana.com

William D. Sarchet
Melbon Ranch Inc.
Rule 318A.a.(1) waiver
September 13, 2011
Page 2 of 2

If this meets with your approval, please sign and date both originals of this letter, keeping one for your files and returning one to the undersigned.

Thank you for your time and consideration in this matter. If you have any questions or comments, please call me at (720) 876-3128.

Very truly yours,

ENCANA OIL & GAS (USA) INC.


Spencer Booth
Land Negotiator

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A.a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE MELBON RANCH 2-8-17 WELL AND APPROVES THE SURFACE LOCATION OF 210 FEET FROM THE SOUTH LINE AND 2575 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 65 WEST, WELD COUNTY, COLORADO.

MELBON RANCH INC.

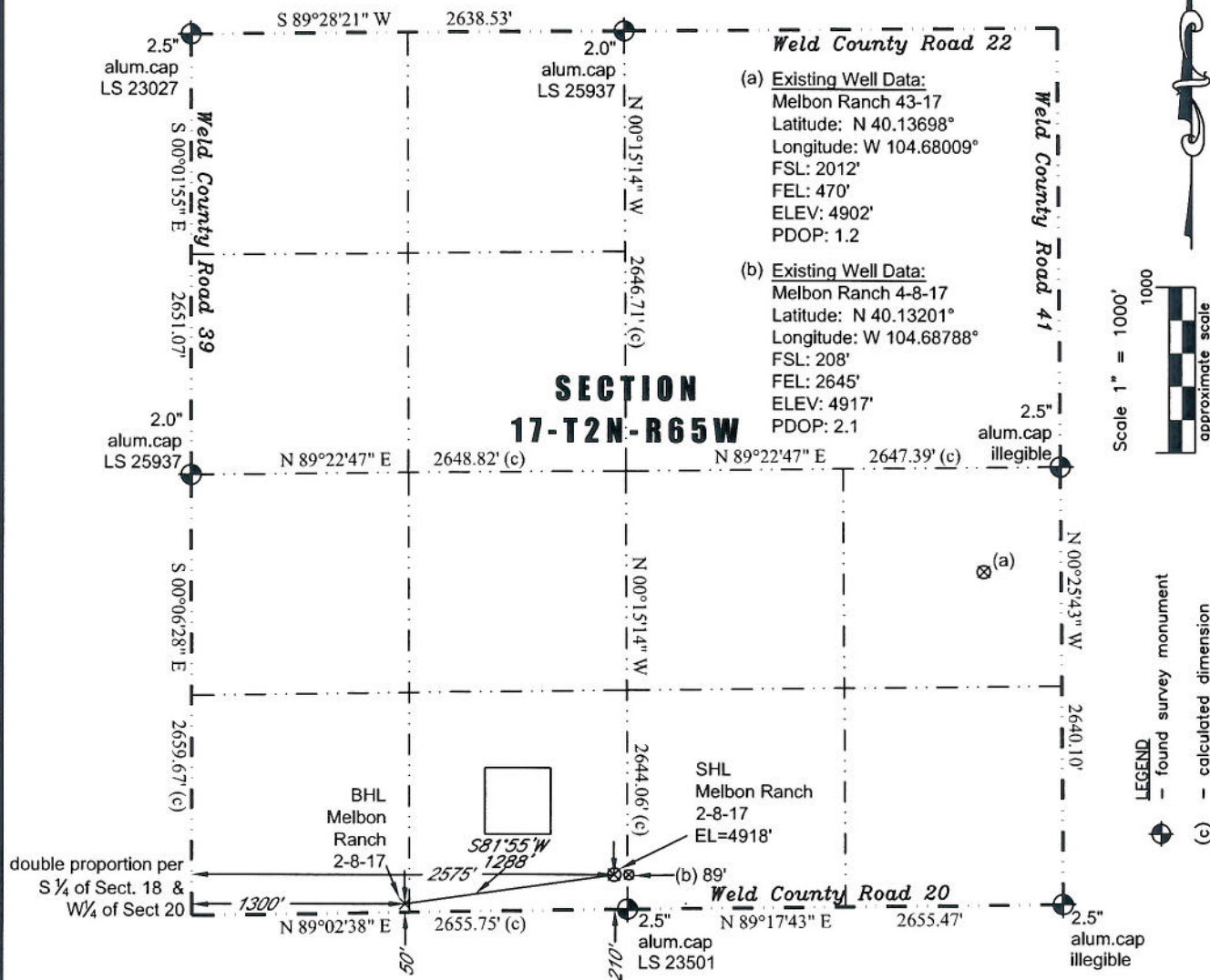
by William D. Sarchet 9/13/11
WILLIAM D. SARCHET, PRESIDENT AND MANAGER

Encl.

PLS Group, LLC
109 Coronado Ct. - Bldg. 7
Fort Collins, Colorado 80525
P. 970-282-3446 Fx. 970-377-6767

WELL LOCATION CERTIFICATE

THIS MAP DOES NOT REPRESENT A BOUNDARY SURVEY



In accordance with a request from Jay Knutson of EnCana Oil & Gas (USA) Inc., PLS Group, LLC has determined the location of the **Melbon Ranch 2-8-17** well site to be SHL: 210' FSL and 2575' FWL, (BHL 50' FSL and 1300 FWL), as measured at ninety (90) degrees from the section lines of Section 17, Township 2 North, Range 65 West of the 6th Principal Meridian, Weld County Colorado.

Proposed Surface Hole Data:
Latitude: N 40.13201° (BHL: 40.13155°)
Longitude: W 104.68820° (BHL: 104.69277°)
PDOP: 1.6

Nearest:
Building 4546' southwest
Public Road 194' south
Property Line 80' east
Existing Well: Melbon Ranch 4-8-17 89' east

Above Ground Utility 1,320' southeast
Railroad 24,391' southeast
Well Window: SHL is 456' outside

I hereby certify that this Well Location Certificate was prepared by me or under my direct supervision on 9/5/2011 for and on behalf of EnCana Oil & Gas (USA) Inc. That it is not a Land Survey Plat or an Improvement Survey Plat and that it is not to be relied upon for establishment of fences, buildings, or other future improvement lines.

John Robert McGehee LS#38219
Well: Melbon Ranch 2-8-17 WLC