



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 4A-17H Well
Township 2 North, Range 65 West
Section 17: NE/4SE/4
Weld County, Colorado

Dear Mr. Sarchet:

Encana Oil & Gas (USA) Inc. ("Encana") has staked the Melbon Ranch 4A-17H well at a surface location 1977 feet from the south line and 436 feet from the east 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 4A-17H well was staked at a location 22' 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 4A-17H WELL AND APPROVES THE SURFACE LOCATION OF 1977 FEET FROM THE SOUTH LINE AND 436 FEET FROM THE EAST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 65 WEST, WELD COUNTY, COLORADO.

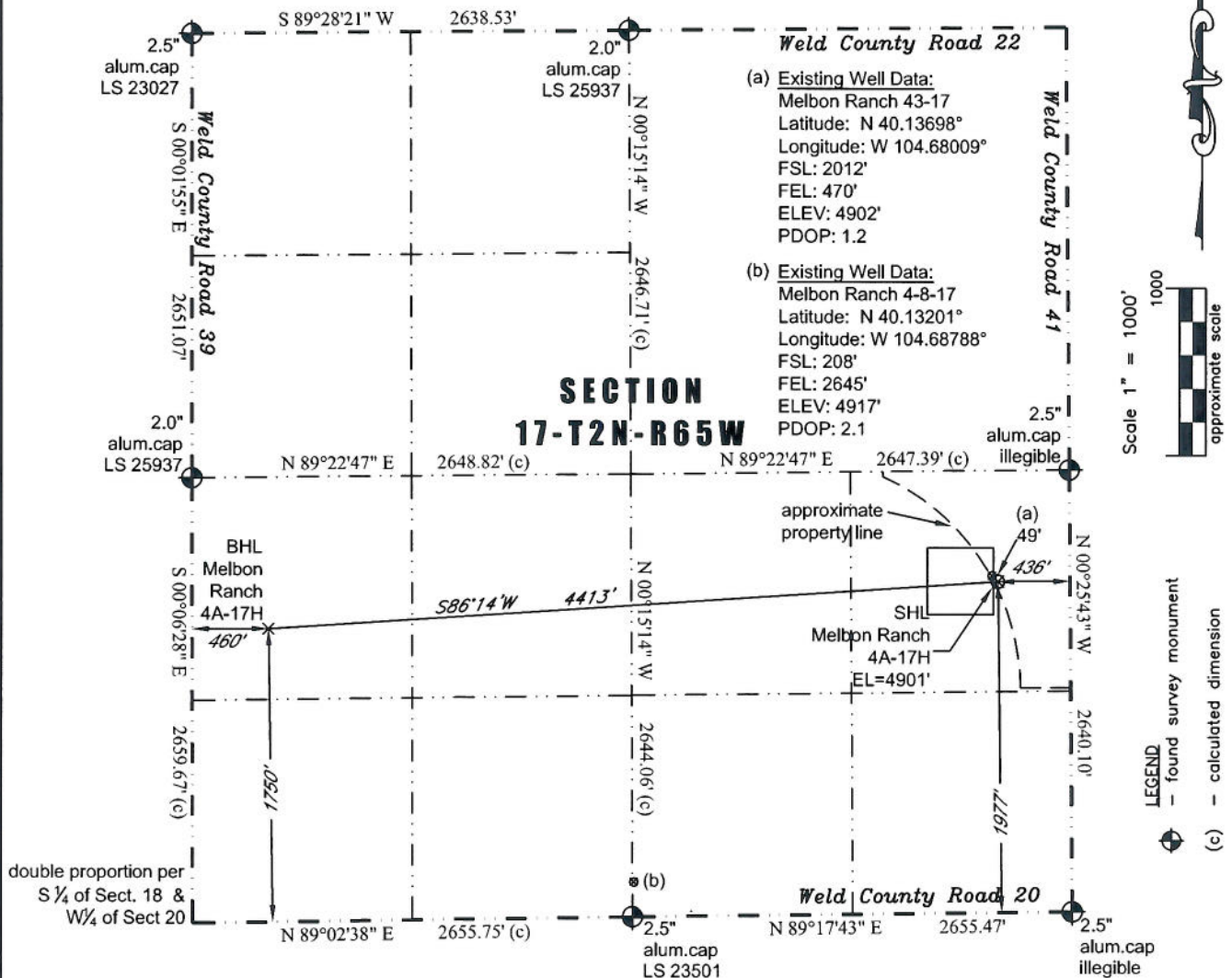
MELBON RANCH INC.

William D. Sarchet 9/13/11
William D. Sarchet, President and Manager

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 4A-17H** well site to be SHL: 1977' FSL and 436' FEL, (BHL 1750' FSL and 460' 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 40.13688° (BHL: 40.13620°)
Longitude: W 104.67997° (BHL: 104.69573°)
PDOP: 1.4

Nearest:

Building 752' southeast
Public Road 425' east
Property Line 22' southwest
Existing Well: Melbon Ranch 43-17 49' northwest

Above Ground Utility 414' east
Railroad 24,222' southeast
Well Window: SHL is 26' outside

Notes:

- 1) Bearings and distances based on NAD 83 Colorado North State Plane Coordinates using RTK GPS observations taken 8/20/11 by operator Craig Burke.
- 2) Conversion factor to ground (1.000273817).
- 3) Elevations based on NAVD 88 GPS heights and Geoid 2003 corrections.
- 4) See Location Drawing for visible improvements within 400 feet of Pad Site.
- 5) The surface use is irrigated corn field.

NOTICE: According to Colorado law you must commence any legal action based upon any defect in this W.L.C. within three years after you first discover such defect. In no event may any action based upon any defect in this W.L.C. be commenced more than ten years from this said date of the certification shown hereon.



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 4A-17H
Surface Location – 1977' FSL, 436' FEL
Section 17, T2N, R65W
Weld County, Colorado

Dear Mr. Sarchet:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Melbon Ranch 4A-17H well at a surface location 1977 feet from the south line and 436 feet from the east 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 4A-17H well was staked at a location 26' east 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 4A-17H 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

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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 4A-17H WELL AND APPROVES THE SURFACE LOCATION OF 1977 FEET FROM THE SOUTH LINE AND 436 FEET FROM THE EAST 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.

John Robert McGehee LS#38219
Well: Melbon Ranch 4A-17H WLC