



August 31, 2011

Melbon Ranch Inc.
c/o Fred Sarchet
3173 52nd Avenue
Greeley, CO 80634

Re: Notice of Operations – Melbon Ranch 23-17, 2-4-17, 13-17, 3A-17H and 14-17 Wells

Township 2 North, Range 65 West
Section 17: SW/4
Weld County, Colorado

Dear Mr. Sarchet:

In accordance with the requirements of Rules 305.e.(1).A. and 305.e.(1).B. of the Colorado Oil and Gas Conservation Commission ("COGCC"), this letter serves as advanced notice by Encana Oil & Gas (USA) Inc. ("Encana") of its intention to conduct drilling operations on the captioned wells located on your property. Encana's operations are estimated to begin in the fourth quarter of 2011 pending receipt of required permits, approval of title and drilling rig availability.

Encana's representative, Dave Bale, will be contacting you within the next several days to schedule a consultation to discuss the locations of the wellsites, access roads, production facilities and other related matters (please see the enclosed aerial plat), however the well locations may be staked prior to a consultation. Enclosed for your review is an informational copy of COGCC's notification, consultation and reclamation rules regarding oil and gas operations.

The COGCC regulations provide that the surface owner may designate a representative for surface consultation. Enclosed is an owner response form and we ask that you indicate your

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

preference with regard to the consultation requirement and return the form in the self-addressed stamped envelope provided for your convenience.

Also enclosed for your review is a copy of a policy recently adopted by the COGCC addressing on-site inspection requests including a form for requesting such an inspection.

As the surface owner, it is your responsibility to notify any affected tenant farmer, lessee or other party that may own or have an interest in any crops or surface improvements that could be affected by these proposed operations.

Should you have concerns regarding the surface location, please feel free to contact Dave Bale at 303-885-5569, or if you have questions about this notice, you may reach the undersigned at 720-876-3128.

Very truly yours,

ENCANA OIL & GAS (USA) INC.

Spencer Booth
Land Negotiator

A handwritten signature in black ink, appearing to read 'Spencer Booth', is written over the printed name and title.

Enc. Aerial Plat
Postage-paid envelope
COGCC Rule Pamphlet
COGCC On-site inspection policy