



February 27, 2012

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 3B-17H
Surface Location – 1310' FSL, 210' FWL
Section 17, T2N, R65W
Weld County, Colorado

Dear Mr. Sarchet:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Melbon Ranch 3B-17H well at a surface location 1310 feet from the south line and 210 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 recompleat 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 3B-17H well was staked at a location 507' northwest 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 3B-17H Well by waiver of the COGCC Rule 318A.a (1).

Encana Oil & Gas (USA) Inc.
3601 Stagecoach Road
Longmont, Colorado USA 80504
Cell: 303-656-9260
Ryan.Bevans@encana.com
www.encana.com

William D. Sarchet
Melbon Ranch Inc.
Rule 318A.a.(1) waiver
February 27, 2012
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 (303) 774-3986.

Very truly yours,

ENCANA OIL & GAS (USA) INC.



Ryan Bevens
Field Land Negotiator

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A.a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE MELBON RANCH 3B-17H WELL AND APPROVES THE SURFACE LOCATION OF 1310 FEET FROM THE SOUTH LINE AND 210 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 65 WEST, WELD COUNTY, COLORADO.

MELBON RANCH INC.

by William D. Sarchet
WILLIAM D. SARCHET, PRESIDENT AND MANAGER

Encl.



February 27, 2012

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

Re: Waiver of Rule 318A.c.(1)
Melbon Ranch 3B-17H
Surface Location - 1310' FSL, 210' FWL
Township 2 North, Range 65 West
Section 17: SW/4SW/4
Weld County, Colorado

Dear Mr. Sarchet:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Melbon Ranch 3B-17H well at a surface location 1310 feet from the south line and 210 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. Rule 318A.c.(2) states:

"When the operator is requesting a surface well location greater than fifty (50) feet from a well (unless safety or mechanical considerations of the well to be twinned or topographical or surface constraints justify a location greater than fifty (50) feet), the operator shall provide a consent to the exception signed by the surface owner on which the well is proposed to be located in order for the Director to approve the well location administratively."

The Melbon Ranch 3B-17H was staked at a location 1,033' west of the existing Melbon Ranch 14-17 well located in the same drilling window. As this location was staked with your consent and approval, Encana respectfully requests your consent to an exception location for the Melbon Ranch 3B-17H by waiver of the COGCC Rule 318A.c.(1).

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

Encana Oil & Gas (USA) Inc.
3601 Stagecoach Road
Longmont, Colorado USA 80504
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Thank you for your time and consideration in this matter. If you have any questions or comments, please contact me at (303) 774-3986.

Very truly yours,

ENCANA OIL & GAS (USA) INC.



Ryan Bevens
Field Land Negotiator

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318Ac.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE MELBON RANCH 3B-17H WELL AND APPROVES THE SURFACE LOCATION OF 1310 FEET FROM THE SOUTH LINE AND 210 FEET FROM THE WEST LINE OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 65 WEST, WELD COUNTY, COLORADO.

MELBON RANCH, INC.

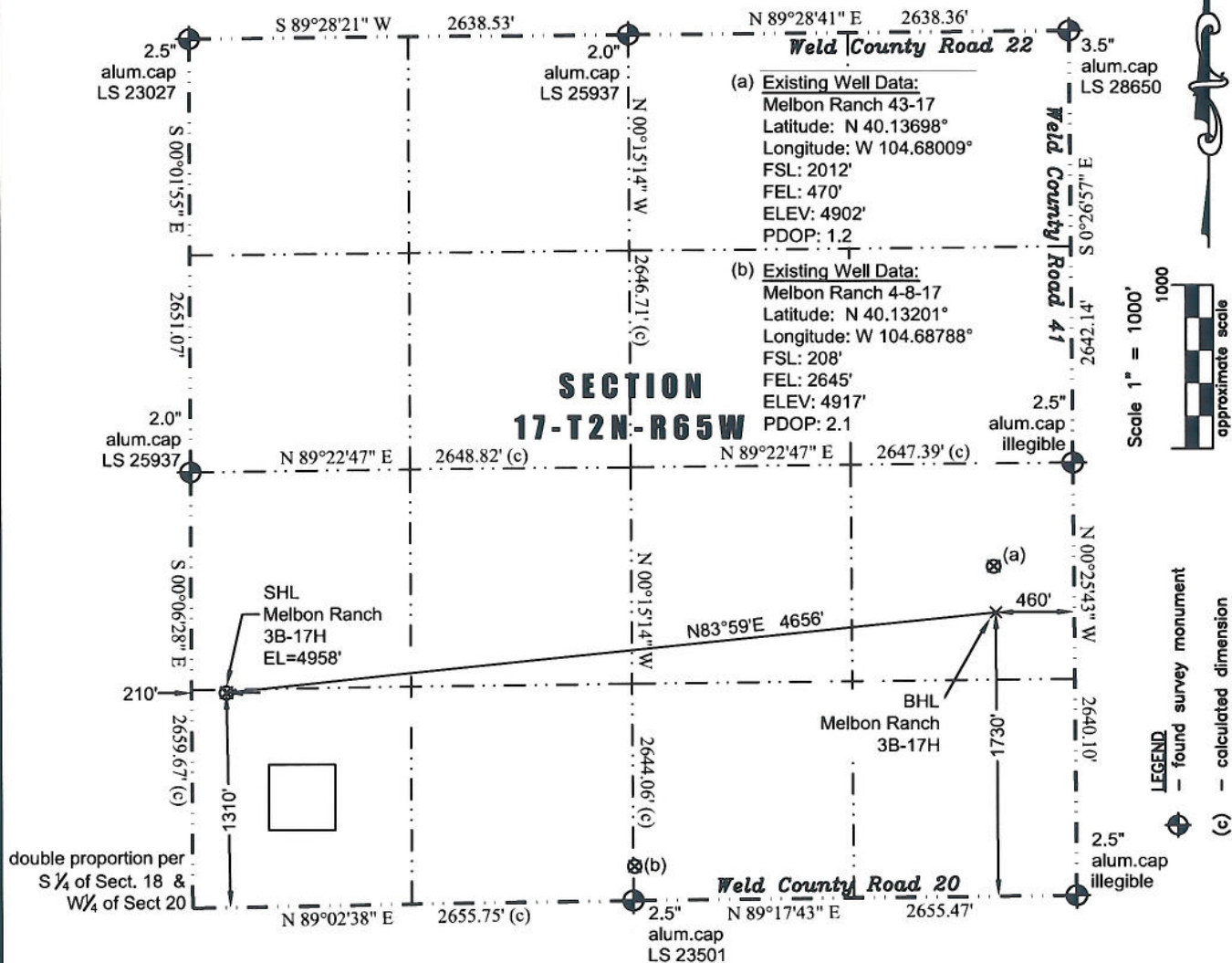
By: 

WILLIAM D. SARCHET, PRESIDENT AND MANAGER

JR Land Surveying, LLC
8114 Northstar Drive
Windsor, Colorado 80528
P. 970-576-4641

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., JR Land Surveying, LLC has determined the location of the **Melbon Ranch 3B-17H** well site to be SHL: 1310' FSL and 210' FWL, (BHL 1730' FSL and 460' FEL), 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 40.13498° (BHL: 40.13620°)
Longitude: W 104.69663° (BHL: 104.68006°)
PDOP: 1.7

Nearest:

Building 1,544' northwest	Above Ground Utility 3,883' southeast
Public Road 1,293' south	Railroad 26,782' southeast
Property Line 210' west	Well Window: SHL is 507' outside
Existing Well: Hudco #16-18, 1,158' southwest	

I hereby certify that this Well Location Certificate was prepared by me or under my direct supervision on 2/24/2012 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 3B-17H WLC

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.