



EnCana Oil & Gas (USA) Inc.

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March 9, 2010

Brown W. Cannon
Cannon Land Company
3575 Cherry Creek North Drive
2nd Floor
Denver, Colorado 80209

RE: New Wells in Reference to Master Surface Damage Agreement

Dated October 2nd, 2007

T3N, R65W

Sec. 2: NW1/4 - Ione 0-2-2, 0-4-2, 2-4-2 and the 4-0-2
Sec. 2: SE1/4 - Ione 8-4-2, 4-6-2, and the 6-8-2
Sec. 2: SW1/4 - Ione 0-6-2, 2-8-2, 4-8-2 and the 4-4-2
Sec. 2: NE1/4 - Ione 6-0-2, 4-1-2, 4-2-2, and the 6-4-2
Sec. 4: SE1/4 - Ione 6-4-4, Ione 8-6-4, and the 6-8-4
Sec. 4: SW1/4 - Ione 4-8-4 and the 2-8-4
Sec. 8: NE1/4 - Ione 8-0-8, 6-0-8, and the 8-2-8
Sec. 8: SE1/4 - Ione 4-6-8
Sec. 9: NE1/4 - Ione 6-4-9, 8-2-9, and the 8-0-9
Sec. 9: NW1/4 - Ione 4-2-9, 2-4-9, and the 0-4-9
Sec. 10: NE1/4 - Ione 4-2-10, 8-2-10, and the 6-0-10
Sec. 10: SE1/4 - Ione 8-6-10 and the 6-8-10
Weld County, Colorado

Dear Mr. Cannon:

Please find attached a copy of the Memorandum of Master Surface Damage Agreement and Master Surface Damage Agreement. Please find listed below the description, crop type, agreed upon payment for each specific well. Well footages listed are bottomhole locations from specific padsites.

<u>Description & Well-Stake Location</u>	<u>Payment for Wellsite</u>
<u>T2N, R66W</u>	
Sec. 2: NW1/4- All wells will be staked from the Ione 12 location:	\$2,500.00
Ione 0-2-2	Pasture
1300'FNL 100'FWL	
Ione 0-4-2	Pasture
2660' FNL, 50' FWL	
Ione 2-4-2	Pasture
2660'FNL 1350'FWL	
Ione 4-0-2	Pasture
50'FNL 2550'FWL	
Sec. 2: SE1/4- All wells to be staked from the Ione 13 location:	\$2,500.00

Ione 8-4-2	Pasture	
2600' FSL 50' FEL		
Ione 6-8-2	Pasture	
100' FSL, 1375' FEL		
Ione 4-6-2	Pasture	
1320' FSL, 2590' FEL		
Sec. 2: SW1/4- All wells to be staked from the Ione 3 location:		\$2,500.00
Ione 0-6-2	Pasture	
1310' FSL 50' FWL		
Ione 2-8-2	Pasture	
150' FSL, 1200' FWL		
Ione 4-8-2	Pasture	
50' FSL, 2596' FWL		
Ione 4-4-2	Pasture	
2650' FNL, 2570' FWL		
Sec. 2: NE1/4- All wells to be staked from the Ione 4 location:		\$2,500.00
Ione 6-0-2	Pasture	
50' FNL 1100' FEL		
Ione 41-2	Pasture	
510' FNL, 510' FEL		
Ione 4-2-2	Pasture	
1320' FNL, 2590' FEL		
Ione 6-4-2	Pasture	
2580' FNL, 1325' FEL		
Sec. 4: SW1/4- All wells to be staked from the Ione 24-4 location:		\$3,500.00
Ione 2-8-4	Irrigated	
50' FSL 1320' FWL		
Ione 4-8-4	Irrigated	
50' FSL, 2590' FWL		
Sec. 4: SE1/4- All wells to be staked from Ione 8-6-4 new padsite:		\$20,000.00
Ione 8-6-4	Pasture	
1320' FSL 50' FEL		
Ione 6-4-4	Pasture	
2575' FSL 1325' FEL		
Ione 6-8-4	Pasture	
50' FSL 1320' FEL		
Sec. 8: NE1/4- All wells to be staked from the Ione 8-0-8 location:		\$20,000.00
Ione 8-0-8	Pasture	
160' FNL 160' FEL		
Ione 6-0-8	Pasture	
50' FNL, 1425' FEL		
Ione 8-2-8	Pasture	
1400' FNL, 50' FEL		
Sec. 9: NW1/4- All wells to be staked from the Davis 12-9 location:		\$3,500.00
Davis 4-2-9	Irrigated	
1300' FNL 2550' FWL		

Davis 2-4-9	Irrigated
2590' FNL, 1500' FWL	
Davis 0-4-9	Irrigated
2590' FNL, 50' FWL	

Sec. 9: NE1/4- All wells to be staked from the Davis 42-9 location: \$3,500.00

Davis 6-4-9	Irrigated
2590' FNL 1300' FEL	
Davis 8-2-9	Irrigated
1300' FNL, 50' FEL	
Davis 8-0-9	Irrigated
50' FNL, 50' FEL	

Sec. 10: NE1/4- All wells to be staked from the Ione 2 location: \$2,500.00

Ione 4-2-10	Pasture
1300' FNL 2490' FEL	
Ione 8-2-10	Pasture
1400' FNL, 50' FEL	
Ione 6-0-10	Pasture
50' FNL, 1500' FEL	

Sec. 10: SE1/4- All wells to be staked from the Ione 44-10 location: \$2,500.00

Ione 6-8-10	Pasture
50' FSL 1300' FEL	
Ione 8-6-10	Pasture
1500' FSL, 50' FEL	

The terms and conditions of this agreement shall supercede Letter Agreement dated September 24, 2009, between Cannon Land Company and EnCana Oil & Gas (USA) Inc. a copy of which has been attached to the back of this agreement.

Please contact me at 720-876-3696 or Cynthia.Owens@encana.com or Dave Bale at 303-885-5569 or David.Bale@encana.com with any questions, comments or problems with our drilling plans. EnCana would like to drill and complete the listed wells in an orderly fashion taking into account seasonal locations due to irrigation operations. Thank you for your cooperation.

Sincerely,



Cynthia Owens
Land Negotiator

Cannon Land Company



Brown W. Cannon, President