



March 28, 2012

Cannon Land Company  
Attn: Brown Cannon  
3575 Cherry Creek North Dr.  
Denver, Colorado 80209

RE: Waiver of Rule 318A.a.(1)  
Ione 4-4-2  
Surface Location – 876' FSL, 1077' FWL  
Section 2, T2N, R66W  
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Ione 4-4-2 well at a surface location 876 feet from the south line and 1077 feet from the west line of Section 2, Township 2 North, Range 66 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 Ione 4-4-2 well was staked at a location 51' south 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 Ione 4-4-2 well by waiver of the COGCC Rule 318A.a (1).

**Encana Oil & Gas (USA) Inc.**  
370 17th Street, Suite 1700  
Denver, Colorado USA 80202  
☎ 303.623.2300  
[www.encana.com](http://www.encana.com)

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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) 876-3696.

Very truly yours,

ENCANA OIL & GAS (USA) INC.

  
Cynthia Owens  
Land Negotiator

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A.a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE IONE 4-4-2 WELL AND APPROVES THE SURFACE LOCATION OF 876 FEET FROM THE SOUTH LINE AND 1077 FEET FROM THE WEST LINE OF SECTION 2, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

CANNON LAND COMPANY

By   
Fran Cannon, President