



August 9, 2012

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

RE: Waiver of Rule 318A.a.(1)  
Ione 2A-2H, 2B-2H, 2C-2H, 2D-2H, 2E-2H, 2F-2H & 2G-2H  
Surface Location – 509' FNL, 1370' FWL  
509' FNL, 1380' FWL  
509' FNL, 1390' FWL  
509' FNL, 1400' FWL  
510' FNL, 1410' FWL  
510' FNL, 1420' FWL  
510' FNL, 1430' FWL  
Section 2, T2N, R66W  
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Ione Ione 2A-2H, 2B-2H, 2C-2H, 2D-2H, 2E-2H, 2F-2H & 2G-2H wells at the above described surface locations in Section 2, Township 2 North, Range 66 West (see attached survey plats). These wells are 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 2A-2H well was staked at a location 400' northwest of the defined 400' window. The Ione 2B-2H well was staked at a location 390' northwest of the defined 400' window. The Ione 2C-2H well was staked at a location 380' northwest of the defined 400' window. The Ione 2D-2H well was staked at a location 370' northwest of the defined 400' window. The Ione 2E-2H well was staked at a location 360' northwest of the defined 400' window. The Ione 2F-2H well was staked at a location 350' northwest of the defined 400' window. The Ione 2G-2H well was staked at a location 340' 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 Ione 2A-2H, 2B-2H, 2C-2H, 2D-2H, 2E-2H, 2F-2H & 2G-2H wells by waiver of the COGCC Rule 318A.a (1).

Encana Oil & Gas (USA) Inc.  
Republic Plaza  
370 – 17 Street, Suite 1700  
Denver, Colorado  
United States 80202  
t 303.623.2300  
f 303.623.2400  
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 2A-2H WELL AND APPROVES THE SURFACE LOCATION OF 509 FEET FROM THE NORTH LINE AND 1370 FEET FROM THE WEST LINE OF SECTION 2, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

THE UNDERSIGNED SURFACE OWNER HEREBY WAIVES RULE 318A.a.(1) AS IT APPLIES TO THE SURFACE LOCATION OF THE IONE 2B-2H WELL AND APPROVES THE SURFACE LOCATION OF 509 FEET FROM THE NORTH LINE AND 1380 FEET FROM THE WEST LINE OF SECTION 2, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

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NORTH LINE AND 1430 FEET FROM THE WEST LINE OF SECTION 2, TOWNSHIP 2 NORTH, RANGE 66 WEST,  
WELD COUNTY, COLORADO.

CANNON LAND COMPANY

By   
Brown Cannon, President



August 9, 2012

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

Waiver of Rule 318A.a.(1)

Ione 2A-2H, 2B-2H, 2C-2H, 2D-2H, 2E-2H, 2F-2H & 2G-2H

Surface Location – 509' FNL, 1370' FWL  
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Section 2, T2N, R66W  
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Ione 2A-2H, 2B-2H, 2C-2H, 2D-2H, 2E-2H, 2F-2H & 2G-2H wells at the above described surface locations in Section 2, Township 2 North, Range 66 West (see attached survey plats). These wells are 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 Rule 318A(I).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 Ione 2A-2H well was staked at a location 648' southeast, the Ione 2B-2H was staked at a location 638' southeast, the Ione 2C-2H was staked at a location 628' southeast, the Ione 2D-2H was staked at a location 618' southeast, the Ione 2E-2H was staked at a location 609' southeast, Ione 2F-2H was staked at a location 599' southeast, Ione 2G-2H was staked at a location 589' southeast of the existing Ione 21-2 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 Ione 2A-2H, 2B-2H, 2C-2H, 2D-2H, 2E-2H, 2F-2H & 2G-2H wells by waiver of the COGCC Rule 318A(I).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.

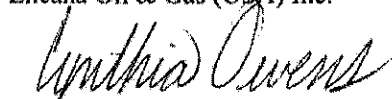
Encana Oil & Gas (USA) Inc.  
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Very truly yours,

Encana Oil & Gas (USA) Inc.



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CANNON BAND COMPANY

By



Brown Cannon, President