



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 1A-2H, 1B-2H, 1C-2H, 1D-2H, 1E-2H & 1F-2H
Surface Location – 418' FNL, 1367' FEL
418' FNL, 1357' FEL
419' FNL, 1347' FEL
419' FNL, 1337' FEL
419' FNL, 1327' FEL
419' FNL, 1317' FEL

Section 2, T2N, R66W
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the Ione 1A-2H, 1B-2H, 1C-2H, 1D-2H, 1E-2H & 1F-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 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 Ione 1A-2H well was staked at a location 401' northeast of the defined 400' window. The Ione 1B-2H well was staked at a location 411' northeast of the defined 400' window. The Ione 1C-2H well was staked at a location 421' northeast of the defined 400' window. The Ione 1D-2H well was staked at a location 401' northeast of the defined 431' window. The Ione 1E-2H well was staked at a location 441' northeast of the defined 400' window. The Ione 1F-2H well was staked at a location 451' northeast 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 1A-2H, 1B-2H, 1C-2H, 1D-2H, 1E-2H & 1F-2H wells by waiver of the COGCC Rule 318A.a (1).

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.

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

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 1A-2H WELL AND APPROVES THE SURFACE LOCATION OF 418 FEET FROM THE NORTH LINE AND 1367 FEET FROM THE EAST LINE OF SECTION 2, TOWNSHIP 2 NORTH, RANGE 66 WEST, WELD COUNTY, COLORADO.

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CANNON LAND COMPANY

By 
Stan Cannon, President



August 9, 2012

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

RE: RULE 318A(I).c.(1)
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Section 2, T2N, R66W
Weld County, Colorado

Dear Mr. Cannon:

Encana Oil & Gas (USA) Inc. ("Encana") staked the lone 1A-2H, 1B-2H, 1C-2H, 1D-2H, 1E-2H & 1F-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(I), known as the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule (Except the City and County of Broomfield). 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 lone 1A-2H well was staked at a location 439' southwest, the lone 1B-2H was staked at a location 448' southwest, the lone 1C-2H was staked at a location 457' southwest, the lone 1D-2H was staked at a location 466' southwest, the lone 1E-2H was staked at a location 476' southwest, lone 1F-2H was staked at a location 485' southwest of the existing lone 31-2 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 lone 1A-2H, 1B-2H, 1C-2H, 1D-2H, 1E-2H & 1F-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.

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Encana Oil & Gas (USA) Inc.



Cynthia Owens
Land Negotiator

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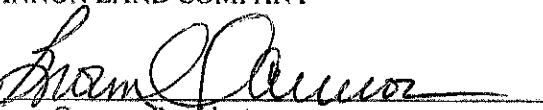
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CANNON LAND COMPANY

By 
Brown Cannon, President