

# ENCANA™



**EnCana Oil & Gas (USA) Inc.**

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May 25, 2006

Patricia A. Kacerguis  
Laramie Energy, LLC  
1512 Larimer Street, Suite 1000  
Denver, Colorado 80202

Re Colorado Oil & Gas Conservation Commission Applications  
Cause No. 371 Docket No. 0606-SP-24  
Cause No. 166 Docket No. 0606-AW-07  
Cause No. 429 Docket No. 0606-AW-08  
Mesa County, Colorado

Dear Patricia

Reference is made to the captioned applications ("Applications") filed by Laramie Energy, LLC ("Laramie") and protested by EnCana Oil & Gas (USA) Inc ("EnCana"). These applications are scheduled for pre-hearing before the Colorado Oil and Gas Conservation Commission on May 25, 2006.

This agreement sets forth the understanding between EnCana and Laramie relating to the Applications.

Laramie agrees to modify the Applications as shown on Exhibit A-1, Exhibit A-2 and Exhibit A-3. It is the intent of the parties to exclude all lands covered by EnCana Oil and Gas leases from the Applications.

Laramie agrees to convey all of its right, title and interest in and to all Oil & Gas leases in the lands described on Exhibit "B" to EnCana.

EnCana agrees to convey all of its right, title and interest in and to all Oil & Gas leases in the lands described on Exhibit "C" to Laramie.

EnCana agrees to withdraw its protests regarding the Applications.

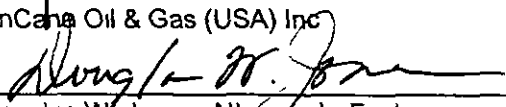
Please acknowledge Laramie's agreement to the above terms by executing and returning a copy of this letter to the undersigned.

Very truly yours,

EnCana Oil & Gas (USA) Inc

  
Francois J. Goyer, CPL  
Land Negotiator

EnCana Oil & Gas (USA) Inc

  
Douglas W. Jones, Attorney-In-Fact

Date 5/25/06

Laramie Energy, LLC

By 

Title President

Date 5/25/06

# EXHIBIT A-1

## APRIL, 2006 INCREASED DENSITY APPLICATION PLATEAU FIELD - CAUSE #166 Docket No. 0606-AW-07

Original Application	Lands Deleted	Revised Application
<u>T9S-R94W</u>	<u>T9S-R94W</u>	<u>T9S-R94W</u>
Section 31 All		31 All
Section 32 All	32 NWNE, SENE, S/2NWSE	32 W/2, NENE, SWNE, S/2SE, NESE, N/2NWSE
Section 33 S/2	33 E/2SE, NWSE, NWSW	33 S/2SW, NESW, SWSE
<u>T9S-R95W</u>	<u>T9S-R95W</u>	<u>T9S-R95W</u>
Section 25 SE/4, E/2SW/4	25 N/2SE, NESW	25 S/2SE, SESW
Section 35 SE/4		35 SE
Section 36 E/2, SW/4, E/2NW/4		36 E/2, SW/4, E/2NW/4
<u>T10S-R94W</u>	<u>T10S-R94W</u>	<u>T10S-R94W</u>
Section 4 All	4 E/2NE, SE, SWNE, SESW	4 NWNE, NW, N/2SW, SWSW
Section 5 All		5 All
Section 6 All		6 All
Section 7 All	7 NW, SE	7 NE, SW
Section 8 All		8 All
Section 9 All	9 E/2	9 W/2
Section 16 All	16 NE, N/2SE, E/2NW, NWNW	16 SW, S/2SE, SWNW
Section 17 All	17 NW, SE	17 NE, SW
Section 18 All	18 SWSE	18 W/2, NE, E/2SE NWSE
Section 19 All	19 W/2SW, SENE	19 NW, W/2NE, SE, E/2SW, NENE
Section 20 All	20 All	
Section 21 All	21 All	
Section 28 N/2	28 N/2	
Section 29 N/2	29 N/2	

Original Application	Lands Deleted	Revised Application
Section 30 N/2	30 NWNW, SENE	30. N/2NE, SWNE, E/2NW, SWNW
<u>T10S-R95W</u>	<u>T10S-R95W</u>	<u>T10S-R95W</u>
Section 1 All	1 SESE, E/2SWSE	1 N/2, SW, N/2SE, W/2SWSE
Section 12 All	12 All	
Section 13 All	13 All	
Section 24 All	24 All	
Section 25 N/2	25 N/2	

# EXHIBIT A-2

## APRIL, 2006 INCREASED DENSITY APPLICATION

### BRUSH CREEK FIELD - CAUSE #429 Docket No. 0606-AW-08

Original Application	Lands Deleted	Revised Application
<u>T8S-R94W</u>		<u>T8S-R94W</u>
Section 33 All		33 All
<u>T8-1/2S-R93W</u>		<u>T8-1/2S-R93W</u>
Section 6 All		6 All
<u>T8-1/2S-R94W</u>		<u>T8-1/2S-R94W</u>
Section 1 All		1 All
Section 2 All		2 All
Section 3 All		3 All
Section 4 All		4 All
Section 5 E/2		5 E/2
<u>T9S-R93W</u>	<u>T9S-R93W</u>	<u>T9S-R93W</u>
Section 6 All	6 All	
Section 7 All	7 All	
Section 17 All	17 All	
Section 18 All	18 SE, E/2NE, S/2SW, NWSW, W/2NE	18 NW, NESW
Section 19 All	19 All	
Section 20 All	20 All	
Section 29 All	29 All	
Section 30 All	30 All	
Section 31 All	31 N/2, S/2S/2, NWSW	31 NESW, N/2SE

Original Application	Lands Deleted	Revised Application
Section 32 All	32 All	
Section 33 W/2	33 SW, S/2NW	33 N/2NW
<u>T9S-R94W</u>	<u>T9S-R94W</u>	<u>T9S-R94W</u>
Section 1 All	1 All	
Section 2 All		2 All
Section 3 All	3 All	
Section 4 All	4 All	
Section 5 E/2	5 E/2	
Section 8 E/2	8 E/2	
Section 9 All	9 All	
Section 10 All	10 All	
Section 11 All		11 All
Section 12 All		12 All
Section 13 All		13 All
Section 14 All		14 All
Section 15 All	15 W/2, W/2E/2	15 E/2NE, SE
Section 16 All	16 W/2W/2, NENW, E/2NE, E/2SE	16 W/2NE, SENW, W/2SE
Section 17 E/2	17 E/2	
Section 20 E/2	20 E/2	
Section 21 All	21 All	
Section 22 All	22 W/2SW, E/2SE, E/2NW, NENW	22 E/2SW, W/2SE, NE, SENW
Section 23 All	23 E/2NE	23 W/2NE, NW, S/2
Section 24 All		24 All
Section 25 All	25 E/2E/2, W/2NE, NWSE, SWSW, W/2NW, NWSW	25 S/2SW, NESW, SWSE, E/2NW
Section 26 All	26 W/2W/2	26 E/2, E/2W/2

Original Application	Lands Deleted	Revised Application
Section 27 All	27 W/2W/2, E/2E/2, SESW, SWNE	27 E/2NW, NESW, NWNE, W/2SE
Section 35 All	35. W/2NW, SW, SENW, SWNE, NWSE	35. NENW, N/2NE, SENE, NESE, S/2SE
Section 36 All	36 E/2, E/2W/2	36. W/2W/2
<u>T10S-R93W</u>	<u>T10S-R93W</u>	<u>T10S-R93W</u>
Section 6 W/2	6. W/2	
<u>T10S-R94W</u>	<u>T10S-R94W</u>	<u>T10S-R94W</u>
Section 1 All	1. E/2, SW	1 NW
Section 2 All	2 W/2, S/2SE, SWNE, NWSE	2. N/2NE, SENE, NESE

EXHIBIT A-3		
APRIL, 2006 INCREASED DENSITY APPLICATION		
BUZZARD FIELD - CAUSE #371 Docket No. 0606-SP-24		
Original Application	Lands Deleted	Revised Application
<u>T9S-R94W</u>	<u>T9S-R94W</u>	<u>T9S-R94W</u>
Section 30 All	Section 30 W/2	Section 30 E/2

**EXHIBIT B**

**LARAMIE ENERGY, LLC/ENCANA OIL & GAS (USA) INC. PROPOSED ACREAGE SWAP**

TRADE TO ENCANA												
Area	Description	Section	Twonshp	Range	Lease #	Fee Gross	Fee Net	Fed Gross	Fed Net	WI	NRI	Net Min Acre
Buzzard	S/2NE/4, N/2SE/4, SE/4SE/4	13	9S	93W	1112	200	200			100.00%	82.00%	164.00
	E/2NE/4, NE/4SE/4	24	9S	93W	1112	120	120			100.00%	82.00%	98.40
Brush Creek	SW/4	20	9S	93W	1103			160	160	100.00%	86.50%	138.40
Middleton Creek	SW/4SE/4	31	8S	92W	1135			40	40	100.00%	87.50%	35.00
W of Brush Creek	N/2NW/4, NW/4NE/4	4	9S	94W	1102							
	NE/4NE/4	5	9S	94W	1102			170	170	100.00%	82.33%	139.96
Brush Creek	W/2NE	18	9S	93W		80	80			100.00%	85.00%	68.00
	SW/4SE/4	18	9S	93W		40	20			50.00%	84.50%	16.90
Brush Creek	NW/4NE/4, N/2NW/4, W/2NW	19	9S	93W		200	100			50.00%	84.50%	84.50
	NE/4NE/4	18	9S	93W		40	10			25.00%	85.00%	8.50
	NW/4NW/4	17				40	10			25.00%	85.00%	8.50
	TOTAL					320	320	370	370			762.16



**EXHIBIT C**

**LARAMIE ENERGY, LLC/ENCANA OIL & GAS (USA) INC. PROPOSED ACREAGE SWAP**

**TRADE FROM ENCANA**

Area	Description	Section	Twnshp	Range	Lease #	Fee Gross	Fee Net	Fed Gross	Fed Net	WI	NRI	NMA	Joint	Exp Date
East Plateau	LOT 1(41.14 NWNW), E2NW, NE	31	9S	94W	800149.000			281.14	281.14	100.00%	82.50%	231.94	NO	HBP
Brush Creek	S/2SE/4	24	9S	94W	806135.000			80	80	100.00%	87.50%	70.00	NO	05/31/2011
	S/2S/2	23	9S	94W	806135.000			160	160	100.00%	87.50%	140.00	NO	05/31/2011
	SEC 24 SENE, NESE, AND THAT PART OF THE NWNE, NENW LYING SOUTH OF BUZZARD CREEK, EXCEPT THAT STRIP OF LAND CONTAINING .31 ACRES CONVEYED TO MESA COUNTY IN THE RECORDS OF MESA COUNTY CLERK AND RECORDER, BOOK 400, PAGE 462	24	9S	94W	800197.020	119.69	17.104			14.29%	87.50%	14.97	YES	09/20/2010
					800197.021	119.69	17.104			14.29%	87.50%	14.97	YES	11/02/2010
					800197.022	119.69	8.5459			7.14%	87.50%	7.48	YES	09/20/2010
					800197.011	119.69	1.7116			1.43%	87.50%	1.50	YES	03/18/2008
					800197.012	119.69	1.7116			1.43%	87.50%	1.50	YES	03/18/2008
					800197.013	119.69	1.7116			1.43%	87.50%	1.50	YES	03/18/2008
					800197.014	119.69	1.1371			0.95%	87.50%	0.99	YES	03/18/2008
					800197.015	119.69	1.7116			1.43%	87.50%	1.50	YES	03/18/2008
					800197.016	119.69	1.1371			0.95%	87.50%	0.99	YES	03/18/2008
					800197.017	119.69	2.3699			1.98%	87.50%	2.07	YES	03/18/2008
					800197.018	119.69	1.1371			0.95%	87.50%	0.99	YES	03/18/2008
East Plateau	LOTS 1, 2, S/2NE/4, N/2SE/4, SW/4SE/4	5	10S	94W	806139.000			282	282	100.00%	87.50%	247.00	NO	05/31/2011
Brush Creek	NE/4NE/4	24	9S	94W	806849.001	40	20			50.00%	82.00%	16.40		09/19/2011
<b>TOTALS</b>						<b>159.69</b>	<b>75.38</b>	<b>803.43</b>	<b>803.43</b>			<b>753.80</b>		