

**encana**

May 22, 2014

**VIA E-MAIL AND**  
**UPS OVERNIGHT DELIVERY**

Dugan Production Corp.  
Mr. Kurt Fagrelus  
709 East Murray Drive  
Farmington, NM 87401

**Re: Application Of Encana Oil & Gas (USA) Inc. For Approval Of The Pinon Unit, Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico.**

Dear Mr Fagrelus:

Encana Oil & Gas (USA) Inc. ("Encana") filed the above-referenced application with the New Mexico Oil Conservation Division seeking an order (1) approving its Pinon Unit; (2) creating a new pool for horizontal wells within the unit area; and (3) allowing for 330 foot setbacks from the exterior of the proposed Unit. This application is set for hearing before a Division Examiner at 8:15 a.m. on May 29, 2014.

Due to a typographical error, the N/2 of Section 28, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico was omitted from the application. At all times Exhibit B to the Pinon Unit correctly identified the acreage. Nonetheless, the N/2 of Section 28 was inadvertently excluded from the original notification provided to you.

Because of the short time frame involved, there is now insufficient time to correct the typographical error omitting the N/2 of Section 28. Encana requests, therefore, that if Dugan Production Corp. has no objection to the above-mentioned application you waive any and all objections. We respectfully request that you sign this letter and return it by e-mail delivery to me (mona.binion@encana.com) as soon as possible. Thank you for your prompt consideration of this matter.

Encana Oil & Gas (USA) Inc.



Mona L. Binion, CPL  
Land Negotiator  
Encana Services Company Ltd.  
encana.com

Encana Services Company Ltd. provides operational, corporate, administrative and advisory services to Encana Corporation and its subsidiaries.

Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700 Denver CO 80202 USA 303.623.2300 [encana.com](http://encana.com)

BEFORE THE OIL CONSERVATION  
DIVISION

Santa Fe, New Mexico

Exhibit No. 2

Submitted by: ENCANA OIL & GAS (USA) INC.  
Hearing Date: May 29, 2014

Waiver

Dugan Production Corp. hereby agrees to waive any and all objections to Encana Oil & Gas (USA) Inc.'s application For Approval Of The Pinon Unit, Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico in Case No. 15154.

By: Kurt Fagrellino Date: 5/27/2014  
Name & Title

VP Land & Exploration  
Dugan Prod. Corp.

**encana**

May 22, 2014

**VIA E-MAIL AND**  
**UPS OVERNIGHT DELIVERY**

James B. Fullerton  
621 17th Street  
Denver, CO 80293

**Re: Application Of Encana Oil & Gas (USA) Inc. For Approval Of The Pinon Unit, Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico.**

Gentlemen:

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Encana Oil & Gas (USA) Inc.

*Mona L. Binion*

Mona L. Binion, CPL  
Land Negotiator  
Encana Services Company Ltd.  
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tel 720.876.5325  
fax 720.876.6325  
cell 303.204.3147

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Encana Oil & Gas (USA) Inc.

370 17th Street, Suite 1700 Denver CO 80202 USA 303.623.2300 encana.com

**Waiver**

James B. Fullerton hereby agrees to waive any and all objections to Encana Oil & Gas (USA) Inc.'s application For Approval Of The Pinon Unit, Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico in Case No.15154.

By: \_\_\_\_\_ Date: \_\_\_\_\_

**encana**

May 22, 2014

**VIA E-MAIL AND**  
**UPS OVERNIGHT DELIVERY**

Cross Timbers Energy LLC  
400 West 7th Street  
Fort Worth, TX 76102

**Re: Application Of Encana Oil & Gas (USA) Inc. For Approval Of The Pinon Unit, Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico.**

Gentlemen:

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Encana Oil & Gas (USA) Inc.



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Encana Oil & Gas (USA) Inc.

370 17<sup>th</sup> Street, Suite 1700 Denver CO 80202 USA 303.623.2300 encana.com

**Waiver**

Cross Timbers Energy LLC hereby agrees to waive any and all objections to Encana Oil & Gas (USA) Inc.'s application For Approval Of The Pinon Unit, Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico in Case No.15154.

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Name & Title

## Adam Rankin

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**From:** Binion, Mona <Mona.Binion@Encana.com>  
**Sent:** Wednesday, May 28, 2014 3:03 PM  
**To:** Adam Rankin  
**Subject:** FW: Waiver Letter

Sent with Good ([www.good.com](http://www.good.com))

-----Original Message-----

**From:** Jim Fullerton [[jbf1645@aol.com](mailto:jbf1645@aol.com)]  
**Sent:** Wednesday, May 28, 2014 08:08 AM Mountain Standard Time  
**To:** Binion, Mona  
**Subject:** Re: Waiver Letter

I will be back in the office on Thursday May 29th. I am not in a place where I can open the attachment so cannot provide a signed waiver until tomorrow.

I can provide you verbal acceptance in this e-mail with no objections.

Jim Fullerton

-----Original Message-----

**From:** Binion, Mona <Mona.Binion@Encana.com>  
**To:** James B. Fullerton - JAMES B. FULLERTON ([jbf1645@aol.com](mailto:jbf1645@aol.com)) <[jbf1645@aol.com](mailto:jbf1645@aol.com)>  
**Sent:** Tue, 27 May 2014 19:02  
**Subject:** Waiver Letter

  
Jim,

Attached is a request for a waiver of notice for Application filed by Encana for its proposed Pinon Unit area. There was a typo in our application – which inadvertently omitted the N2 Sec 28 in its description of the Application Area. The WI owners that offset the N2 Section 28 (you being one of such offset owners) were properly noticed, however, the document provided to you did not properly describe the application area. Because we the hearing was set to be presented May 29 there was not enough time to send new copies of the Applications out and still have 20 days for notice period before the hearing date, therefore we've asked that the parties offsetting the N2 Section 28 waive any objection to the application so that we can be heard on the 29<sup>th</sup> and not have to re-schedule the hearing for another date.

You have an interest both inside the unit area in the N2 Section 28 and outside in Section 27.

We would ask that if you have no objections if you could please sign the waiver and send it back to me be either scanning the signed waiver and e-mailing it to me, or sending it to me by fax to (720) 876-6325. We will present it to the OCD when it is received. We can represent your verbal acceptance if you can let us know you have no objection and send them hard copy acceptance later.

Your support and cooperation would be greatly appreciated.

**Mona L. Binion, CPL**

Land Negotiator  
San Juan Basin  
t 720.876.5325  
c 303.204.3147

•  
**Encana Services Company Ltd.**  
**encana.com**

•  
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<http://www.encana.com>

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<http://www.encana.com>



Adam Rankin

---

**From:** Binion, Mona <Mona.Binion@Encana.com>  
**Sent:** Wednesday, May 28, 2014 4:04 PM  
**To:** Adam Rankin  
**Subject:** Cross timbers

Sent with Good ([www.good.com](http://www.good.com))

-----Original Message-----

**From:** Cassandra Hoehle [[choehle@mspartners.com](mailto:choehle@mspartners.com)]  
**Sent:** Tuesday, May 27, 2014 10:36 AM Mountain Standard Time  
**To:** Binion, Mona  
**Subject:** San Juan County, NM

Hi Mona-

I returned your call last week in regards to the message you left concerning an offset interest Encana has in San Juan County, NM.

I've included my e-mail if you still need to discuss.

Thanks!

*Cassandra Hoehle*

MorningStar Partners, LP and Cross Timbers Energy, LLC  
400 W. 7<sup>th</sup> Street  
Fort Worth, TX 76102  
(817) 334-7703

This email communication and any files transmitted with it may contain confidential and or proprietary information and is provided for the use of the intended recipient only. Any review, retransmission or dissemination of this information by anyone other than the intended recipient is prohibited. If you receive this email in error, please contact the sender and delete this communication and any copies immediately. Thank you.

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