

February 17, 2009

To the Agriculture, Livestock, and Natural Resources Committee: RE: Revised State Statute 13-80-108, being presented under House Bill 09-1194.

We have examined our check stub detail and determined the following: Sec. 36, Township 7S, Range 96 W, covering the W/2SW4 of this section is missing 7 monthly payments. This property is located south and west of Parachute, CO.

1. The last check issued to us by Encana was on 3/15/06 for 01/06 production.
2. We did not receive another royalty check from Encana for the 15 wells referred to in the memo dated December 04, 2006 from Mr. John Holmberg at Encana. This was copied to Sandi Ruppert at Williams Production RMT.
3. We received payment on these aforementioned wells on 09/06 from Williams Production RMT. However there were no checks for production from the 15 wells from 02/06 to 08/06, a seven month period.
4. When we inquired about this omission we were told by Encana that Williams was taking their gas in-kind, and that Encana had been paying us as well as Williams, therefore, no further payments would be made by Encana to us and that Williams was now our lessee, and that we would be receiving our entire interest from Williams. (See attachment). No documentation, no calculations have been presented to us as justification for this action.
5. We were confused by this action and felt we were being shorted. We began talking to other family members to see if they had similar concerns and could see they did. Although we have questioned Williams, through phone conversations, e-mail communications, and through letters we still have no satisfactory explanation for the missing payments after 4 years.
6. This omission of 7 monthly production payments has also happened to [REDACTED] and to my brother, [REDACTED]. So in conclusion, our family feels it has been shorted production payments for a total of 21 months on 15 wells. This fact has been substantiated by a petroleum accountant. Despite efforts to rectify this problem we still have no response to our letter dated two years ago to Williams RMT. Our effort to be paid for production of our minerals is ongoing.
7. Additionally I want to add that in our family situation there are 3 different entities receiving royalties on similar properties. We delegate duties to different family members, and if a statute of limitations is in place from the time a problem is suspected, than that family member, following up on that problem, is the only one on record, and the statute could run out on the others. This places an unfair burden on royalty owners, many of whom may be managing complex issues on multiple properties, with multiple producers. We are not experts, we have jobs, families, many responsibilities and we struggle to do the due diligence required by our mineral ownership, in the face of what has been proven to be an uneven playing field for royalty owners. Finding facts, sifting through the doublespeak, waiting for responses, lack of accurate and credible information from the producers, the inevitable stalling, all make a statute of limitations a license for questionable business practice in the Oil and Gas Industry against the citizens of Colorado. We ask that you vote in favor of requiring best business practices of the Oil and Gas Producers and that you support the passage of HB 09-1194. Thank you.

Cristy Koeneke
8065 Marshall Ct.
Arvada, CO. 80003



ckoeneke@hotmail.com

Printed: Tuesday, December 5, 2006 4:45 PM

From : Holmberg, John <John.Holmberg@encana.com>
Sent : Monday, December 4, 2006 9:57 PM
To : <ckoeneke@hotmail.com>
CC : <sandi.rupprecht@williams.com>, <encanasupport@pds-austin.com>
Subject : FW: [~7778] Garfield Co RI owner 2162731 Cristy Koenek - negative pay status

Dear Ms. Koenek:

This is for Section 36, Township 7 South, Range 96 West
 Your lease comes from tract 2 covering the W/2SW4 of Section 36, dated August 7, 1998 to Barrett Resources Corporation (now Williams Production RMT Company).

EnCana operates the wells in Section 36 and originally was paying all the burdens, both for EnCana and Williams.

At the beginning of this year, we were informed by our marketing group that Williams was taking their gas in-kind, or marketing their gas direct with their gas purchaser. However, EnCana continued to pay not only Williams but Williams' royalty owners for the months previous to the notice. We endeavored to determine the effective date of the change through an audit. The following Section 36 wells were found to be set up incorrectly and were subsequently corrected. We now consider your interest as paid by Williams, your lessee. Please contact Sandi Rupprecht at Williams at sandi.rupprecht@williams.com. You should be receiving your entire interest from Williams for all the Section 36 wells.

TBI Fed 36-16 (corrected effective 9/1/2005)
 TBI Fed 36-04 (corrected effective 5/1/2005)
 TBI Fed 36-05 (corrected effective 9/1/2005)
 TBI Fed 36-12C (corrected effective 5/1/2005)
 Daybreak 36-01 (corrected effective 9/1/2005)
 TBI Fed 36-13 (corrected effective 10/1/2005)
 TBI Fed 36-14 (corrected effective 11/1/05)
 TBI Fed 36-15 (corrected effective 11/1/05)
 S Parachute TBI 36-33D (corrected effective 2/1/06)
 S Parachute TBI 36-32 (corrected effective 2/1/06)
 S Parachute TBI 36-24 (corrected effective 2/1/06)
 S Parachute TBI 36-23 (corrected effective 2/1/06)
 S Parachute TBI 36-22 (corrected effective 2/1/06)
 S Parachute TBI 36-12 (corrected effective 2/1/06)
 S Parachute TBI 36-34 (corrected effective 2/1/06)

EnCana Oil & Gas (USA) Inc.
 John R Holmberg
 Division Order Analyst

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

From : encanasupport@pds-austin.com [mailto:encanasupport@pds-austin.com]
Sent : Monday, December 04, 2006 10:18 AM
To : Murphy, Amy
Subject : Re: [~7778] Garfield Co RI owner 2162731 Cristy Koenek - negative pay status

Hi Amy,

ENCANA™



EnCana Oil & Gas (USA) Inc.

370 7th Street
Suite 1700
Denver, CO 80202

tel (303) 623-2300
fax (303) 623-2400
www.encana.com

March 24, 2008

M.E. Denomy, CPA, APA, CMM, CFD, CFTA
5953 Country Road 320
Rifle, CO 81650

RE: Judith R. Hayward
Section 36, T7S-R96W
Garfield County, CO

Dear M.E. Denomy:

We apologize for the late response to your letter dated March 18, 2007 requesting an explanation of the disposition of royalty payments from EnCana for [REDACTED].

Our records show that Williams Production RMT holds the oil and gas lease contract with [REDACTED]. Williams currently is, and has been, marketing the gas from [REDACTED] lease, and we understand that Williams has been paying [REDACTED] her gas royalty. Our records show that Williams started marketing the gas from [REDACTED] lease effective November 2005.

Prior to Williams marketing its gas with its own purchaser, EnCana was marketing 100% of the gas from the wells. EnCana was paying the Williams royalty owners directly at this time. However, EnCana was not properly notified when Williams began marketing its share of the gas, including the gas from Ms. Hayward's lease. EnCana continued to pay the Williams' royalty owners even though EnCana was not receiving Williams' share of the gas. This caused all the royalty owners to be paid incorrectly. The Williams' royalty owners were overpaid, because they received full payment from both EnCana and Williams, and it caused the EnCana royalty owners to be underpaid. The subsequent accounting adjustments left [REDACTED] in a negative status. This money has yet to be recouped from [REDACTED].

EnCana still has [REDACTED] set up for oil royalty payments, as EnCana markets 100% of the condensate product. However, because [REDACTED]'s account is in a negative status from the gas royalty overpayment, she will not receive any royalty oil checks until the negative amount is paid back. Her account currently shows a negative of \$2,046.13.

Attached, per your request, is an Owner Detail Sales report showing revenues paid to [REDACTED] for the wells in section 36.

Section 36, T7S-R96W
Garfield County, CO

If you have any further questions, please do not hesitate to call.

Sincerely,
EnCana Oil & Gas (USA) Inc.



Amy Murphy
Division Order Analyst
720-876-3580

CC: 

Most Recent Well ID Number	Well Name
Wells Partially Reported	
62066624	S Parachute 36-23
62067583	S Parachute TBI 36-22

May 14, 2008

Williams Production RMT Company
Revenue Account
PO Box 3102
Tulsa, Oklahoma 74101

Dear Revenue Department:


I have recently been corresponding with EnCana Oil and Gas(USA) Inc. concerning my wells located in Parachute, Colorado(S36,T7S, R96W). I have attached a list of the wells in question.

There are 2 issues that I need to raise based on the letter that I have received from EnCana. Since January, 2006, I have not received any royalty payments from EnCana for the wells listed. Their letter states that for production month beginning in September, 2005, payment month November, 2005, that your company began marketing the gas from the wells that you share with them. They were not aware immediately that you were responsible for my royalty from that point on and still continued to pay me for several more months. This resulted in an amount that I owed them back because you were responsible for my royalties from production month September, 2005 until now. They have withheld all of my royalties from any oil sales and will continue to do so until the balance that I owe them is paid off. After reviewing my check stubs from you, I realized that in March, 2007, Check Number 5032758, that you paid me for the first set of wells from March, 2006 production month through August, 2006. I have been paid by you for all the months since on the first set of wells on the list. However, I have not been paid my royalty (I had to repay EnCana) for all of the royalty that I am due from September, 2005 through February, 2006 for the first set of wells listed on my attachment. I am requesting that a payment for these back royalties, including any statutorily allowed interest, be remitted to me promptly.

The second set of wells on my list reflect wells that are producing and that I am entitled a royalty, that have never had gas royalties paid. These wells have been producing for several years now and I have not been remitted any payment for the substantial portion of my royalties on any of these wells. Therefore, I am requesting that payment of my royalties be made promptly, including any statutorily allowed interest.

Thank you.

Sincerely,



Attn: Diane Roth, NARO
1303 352-2486

2-18-09

TIMELINE

- March 18, 2007 Denomy wrote letter to Encana requesting explanation of royalty Payments for me
- March 24, 2008 Encana explanation letter telling us to ask Williams.
- May 14, 2008 Letter to Williams asking for explanation of why 6 months of Production payments were not sent and paid to me.
- Approx Aug 1, 2008 Delivered a copy of unanswered letter to Susan Alvillar, Public Relations person at Williams Office in Parachute, CO. I was meeting with her on other matters.
- August 28, 2008 Received a phone call from Jessica Harris, Williams Production, Parachute, CO telling me that the letter would be forwarded to Denver office.
- December, 2008 While in Williams office, meeting with Susan Alvillar, I asked about pending response. She called Sandy Hotard who knew nothing about my letter or inquiry. I was invited to bring my file and meet with Sandy. (This has not been done, as this date).

Prepared by [REDACTED]