

FORM
2Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



DE ET OE ES

Document Number:

400211012

PluggingBond SuretyID

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER _____
SINGLE ZONE ☐ MULTIPLE ☒ COMMINGLE ☒Refiling ☐Sidetrack ☐

3. Name of Operator: ENCANA OIL & GAS (USA) INC

4. COGCC Operator Number: 100185

5. Address: 370 17TH ST STE 1700

City: DENVER State: CO Zip: 80202-5632

6. Contact Name: Julia Carter Phone: (720)876.5240 Fax: (720)876.6240

Email: Julia.Carter@encana.com

7. Well Name: SG Well Number: 8507E-23 L24496

8. Unit Name (if appl): Story Gulch Unit Number: COC69333X

9. Proposed Total Measured Depth: 13619

WELL LOCATION INFORMATION

10. QtrQtr: NWSW Sec: 24 Twp: 4S Rng: 96W Meridian: 6

Latitude: 39.684981 Longitude: -108.123314

Footage at Surface: 1612 feet FNL/FSL FSL 893 feet FEL/FWL FWL

11. Field Name: GRAND VALLEY Field Number: 31290

12. Ground Elevation: 8180 13. County: GARFIELD

14. GPS Data:

Date of Measurement: 08/18/2010 PDOP Reading: 1.6 Instrument Operator's Name: Greg Olsen

15. If well is ☒ Directional ☐ Horizontal (highly deviated) submit deviated drilling plan.Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL
2302 FNL 1818 FEL 2302 FNL 1818 FEL
Sec: 23 Twp: 4S Rng: 96W Sec: 23 Twp: 4S Rng: 96W16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No

17. Distance to the nearest building, public road, above ground utility or railroad: 1035 ft

18. Distance to nearest property line: 3781 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 196 ft

20. LEASE, SPACING AND POOLING INFORMATION

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Iles | ILES | | | |
| Williams Fork | WMFK | | | |

21. Mineral Ownership: ☐ Fee ☐ State ☒ Federal ☐ Indian Lease #: COC6481422. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. Is the Surface Owner also the Mineral Owner? ☐ Yes ☒ No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☐ Yes ☐ No

23b. If 23 is No: ☐ Surface Owners Agreement Attached or ☐ \$25,000 Blanket Surface Bond ☐ \$2,000 Surface Bond ☐ \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):
T4S, R96W, Sec 22: Lots 1-6, E2NE, NW, S2S2, Sec 23: Lots 1-2, 4-8, NE, W2NW, S2SW, SWSE, Sec 24: Lots 1-4, S2N2, S2, Sec 26: NW, Sec 27: N2

25. Distance to Nearest Mineral Lease Line: 2302 ft 26. Total Acres in Lease: 2425

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? ☐ Yes ☒ No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☒ No

31. Mud disposal: ☐ Offsite ☒ Onsite
Method: ☐ Land Farming ☐ Land Spreading ☐ Disposal Facility Other: Recycle & Bury

If 28, 29, or 30 are "Yes" a pit permit may be required.

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-----------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 26 | 20 | Line Pipe | 0 | 120 | | 120 | 0 |
| SURF | 14+3/4 | 9+5/8 | 36# | 0 | 3,000 | 939 | 3,000 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 13,619 | 1,337 | 13,619 | |

32. BOP Equipment Type: ☒ Annular Preventer ☒ Double Ram ☐ Rotating Head ☐ None

33. Comments Encana Oil & Gas (USA) Inc. owns surface. Please note conductor and surface casing will be run to surface. Surface casing hole size will be 14-3/4", 12-1/4" or 13-1/2". Production casing hole size will be 7-7/8" and 8-3/4". Production casing will be cemented 200' above WMFK. Distance on #17 taken from the nearest public road.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? ☐ Yes ☒ No

36. Is this application part of submitted Oil and Gas Location Assessment ? ☒ Yes ☐ No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Julia M. Carter

Title: Regulatory Analyst Date: 10/18/2011 Email: Julia.Carter@encana.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: David S. Nash Director of COGCC Date: 11/15/2011

API NUMBER

05 045 21176 00

Permit Number: _____ Expiration Date: 11/14/2013

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) GARFIELD COUNTY RULISON-FIELD NOTICE TO OPERATORS. NOTE: ALL NOTICES SHALL BE GIVEN VIA E-MAIL. SEE ATTACHED NOTICE.

(3) THE MOISTURE CONTENT OF ANY DRILL CUTTINGS IN A CUTTINGS PIT, TRENCH, OR PILE SHALL BE AS LOW AS PRACTICABLE TO PREVENT ACCUMULATION OF LIQUIDS GREATER THAN DE-MINIMIS AMOUNTS. AT THE TIME OF CLOSURE, THE DRILL CUTTINGS MUST ALSO MEET THE APPLICABLE STANDARDS OF TABLE 910-1.

(4) NO PORTION OF ANY PIT THAT WILL BE USED TO HOLD LIQUIDS SHALL BE CONSTRUCTED ON FILL MATERIAL, UNLESS THE PIT AND FILL SLOPE ARE DESIGNED AND CERTIFIED BY A PROFESSIONAL ENGINEER, SUBJECT TO REVIEW AND APPROVAL BY THE DIRECTOR PRIOR TO CONSTRUCTION OF THE PIT. THE CONSTRUCTION AND LINING OF THE PIT SHALL BE SUPERVISED BY A PROFESSIONAL ENGINEER OR THEIR AGENT. THE ENTIRE BASE OF THE PIT MUST BE IN CUT.

(5) THE SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1 -MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 00 FEET DEEP.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400211012 | FORM 2 SUBMITTED |
| 400211014 | WELL LOCATION PLAT |
| 400211016 | DEVIATED DRILLING PLAN |
| 400215838 | FED. DRILLING PERMIT |

Total Attach: 4 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | LGD/pub. comm. waived. Final comprehensive Review Status--passed. | 11/15/2011 10:44:06 AM |
| Permit | checked commingled. corr. field name to Grand Valley, 31290. ready to approve in permitting. | 10/28/2011 1:47:35 PM |
| LGD | pass | 10/19/2011 3:57:31 PM |

Total: 3 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------|-----------------------|
| | |

Total: 0 comment(s)