

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



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Document Number:

400234786

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) INC4. COGCC Operator Number: 1001855. Address: 370 17TH ST STE 1700City: DENVER State: CO Zip: 80202-56326. Contact Name: Jevin Croteau Phone: (720)876-5339 Fax: (720)876-6339Email: jevin.croteau@encana.com7. Well Name: Federal Well Number: 21-16 (PJ-21)8. Unit Name (if appl): _____ Unit Number: COC-708349. Proposed Total Measured Depth: 7718

WELL LOCATION INFORMATION

10. QtrQtr: NWSE Sec: 21 Twp: 7S Rng: 95W Meridian: 6Latitude: 39.421559 Longitude: -107.999956
 Footage at Surface: 2103 feet FSL 2050 feet FEL
 FNL/FSL FEL/FWL
11. Field Name: Parachute Field Number: 6735012. Ground Elevation: 6300 13. County: GARFIELD

14. GPS Data:

Date of Measurement: 09/13/2005 PDOP Reading: 0.0 Instrument Operator's Name: Ted Taggart15. 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
825 FSL 756 FEL 825 FSL 756 FEL
 Sec: 21 Twp: 7S Rng: 95W Sec: 21 Twp: 7S Rng: 95W
16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 550 ft18. Distance to nearest property line: 790 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 630 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.)
Williams Fork	WMFK	440-52		

21. Mineral Ownership: ☐ Fee ☐ State ☒ Federal ☐ Indian Lease #: COC-0152322. 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 ☐ No23b. 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):

Mineral lease description attached.

25. Distance to Nearest Mineral Lease Line: 1870 ft

26. Total Acres in Lease: 2536

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

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

Method: ☐ Land Farming ☐ Land Spreading ☒ Disposal Facility Other: _____

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	24	16	65#	0	200	587	200	0
SURF	12+1/4	9+5/8	36#	0	1,158	311	1,158	0
1ST	7+7/8	4+1/2	11.6#	0	7,718	651	7,718	4,337

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

33. Comments BHL falls within the Tier II Project Rulison Blast Area.

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: Jevin Croteau

Title: Regulatory Analyst Date: 12/21/2011 Email: jevin.croteau@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. Neslin

Director of COGCC Date: 1/20/2012

API NUMBER

05 045 21288 00

Permit Number: _____ Expiration Date: 1/19/2014

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) PERFORM A HIGH-ACCURACY GYROSCOPIC DIRECTIONAL WELLBORE SURVEY UPON REACHING TOTAL DEPTH OF THE WELL. E-MAIL A COPY OF THE SURVEY ALONG WITH A SUNDRY NOTICE, FORM 4, REQUESTING APPROVAL TO DAVID.ANDREWS@STATE.CO.US THE DIRECTIONAL DRILLING SURVEY REPORT SHALL INCLUDE A MAP VIEW AND A VERTICAL PROFILE VIEW SHOWING WELLBORE TRAJECTORY AND DISTANCE FROM THE ½-MILE RADIUS FROM PROJECT RULISON. THE OPERATOR SHALL OBTAIN APPROVAL FROM THE COGCC PRIOR TO COMMENCING CASING-PERFORATING AND OTHER COMPLETION OPERATIONS.

(4) COMPLY WITH ALL DOE OFFICE OF LEGACY MANAGEMENT REQUESTS FOR SAMPLING AND ANALYSIS OF NATURAL GAS AND OTHER MATERIALS ASSOCIATED WITH DRILLING AND PRODUCTION.

(5) SPUD NOTICE MUST IDENTIFY IF THE WELL IS LOCATED IN TIER I OR TIER II OF THE APPROVED RULISON SAMPLING AND ANALYSIS PLAN.

(6) OPERATOR SHALL PROVIDE COMPLETE WELL-SPECIFIC EMERGENCY CONTACT INFORMATION TO THE COGCC AREA ENGINEER IN THE SPUD NOTICE PRIOR TO SPUDDING THE WELL.

(7) PRODUCED WATER FROM THIS LOCATION MAY NOT BE TRANSPORTED TO OR RE-USED AT ANOTHER LOCATION WITHOUT SPECIFIC WRITTEN APPROVAL FROM COGCC AND ONLY AFTER ANALYSIS CONFIRMS COMPLIANCE WITH THE RULISON SAP.

(8) DRILL SOLIDS AND CUTTINGS FROM THIS LOCATION MAY NOT BE TRANSPORTED TO, DISPOSED OF, OR RE-USED AT ANOTHER LOCATION WITHOUT SPECIFIC WRITTEN APPROVAL FROM COGCC AND ONLY AFTER ANALYSIS CONFIRMS COMPLIANCE WITH THE RULISON SAP.

(9) A CLOSED-LOOP MUD SYSTEM SHALL BE UTILIZED TO ENSURE CONTAINMENT OF ALL MATERIALS THAT HAVE BEEN IN CONTACT WITH DOWNHOLE STRATA AND FLUIDS. ALL CUTTINGS AND FRESH MAKE-UP WATER STORAGE PITS SHALL BE LINED TO ENSURE CONTAINMENT. CONTOUR FEATURES, FRENCH DRAINS, AND OTHER STORMWATER BMPs AS NECESSARY SHALL BE EMPLOYED TO ENSURE SITE INTEGRITY.

(10) NO INDIVIDUAL OPERATOR SHALL UTILIZE MORE THAN ONE RIG WITHIN ONE MILE OF THE PROJECT RULISON BLAST SITE AT ANY GIVEN TIME AND NO INDIVIDUAL OPERATOR SHALL UTILIZE MORE THAN TWO RIGS WITHIN A THREE MILE RADIUS OF THE SITE AT ANY GIVEN TIME. THE TOTAL NUMBER OF RIGS ALLOWED BY ALL OPERATORS WITHIN THREE MILES OF THE SITE SHALL BE LIMITED TO FIVE AT ANY GIVEN TIME.

(11) OPERATOR SHALL COMPLY WITH ALL PROVISIONS OF THE MOST RECENT COGCC-APPROVED REVISION OF THE RULISON SAMPLING AND ANALYSIS PLAN. IN ADDITION TO THE PRODUCED-WATER SAMPLING AND ANALYSIS OUTLINED IN SECTION 5.8 OF THE PLAN, THE OPERATOR SHALL ALSO OBTAIN AND ANALYZE PRODUCED-WATER SAMPLES ON WELLS DESCRIBED IN THE PLAN FOR CONSTITUENTS LISTED IN THE PLAN USING THE SPECIFIC METHOD WHERE APPLICABLE.

(12) OPERATOR MUST ENSURE 110 PERCENT SECONDARY CONTAINMENT FOR ANY VOLUME OF FLUIDS CONTAINED AT WELL-SITE DURING DRILLING AND COMPLETION OPERATIONS. IF FLUIDS ARE CONVEYED VIA PIPELINE, OPERATOR MUST IMPLEMENT BEST-MANAGEMENT-PRACTICES TO CONTAIN ANY UNINTENTIONAL RELEASE OF FLUIDS.

(13) 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 200 FEET DEEP.

Operator agrees to accommodate future DOE sampling requests. BHL in Tier II of Rulison. Operator notification letter to DOE attached. COGCC notification letter to DOE emailed.

Attachment Check List

Att Doc Num	Name
2537739	OTHER
400234786	FORM 2 SUBMITTED
400234814	LEGAL/LEASE DESCRIPTION
400234815	TOPO MAP
400234816	CORRESPONDENCE
400234817	LEASE MAP
400234818	WELL LOCATION PLAT
400234819	DEVIATED DRILLING PLAN
400234820	FED. DRILLING PERMIT

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	LGD/public comments waived. Final Comprehensive Review Status--passed.	1/18/2012 10:49:42 AM
Permit	Operator input #15. This form has passed completeness.	12/27/2011 11:14:46 AM
Permit	Returned to draft. Missing #15.	12/27/2011 8:03:19 AM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)