

FORM
2

Rev
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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| DE | ET | OE | ES |
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Document Number:

400244214

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: Erin Hochstetler Phone: (720)876-5827 Fax: ()

Email: erin.hochstetler@encana.com

7. Well Name: SG M27 496 Well Number: 8510A-27 M27496

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

9. Proposed Total Measured Depth: 13402

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 27 Twp: 4S Rng: 96W Meridian: 6

Latitude: 39.667903 Longitude: -108.161233

Footage at Surface: 670 feet FNL/FSL 816 feet FEL/FWL 816 feet

11. Field Name: Grand Valley Field Number: 31290

12. Ground Elevation: 8102.9 13. County: GARFIELD

14. GPS Data:

Date of Measurement: 12/22/2011 PDOP Reading: 1.7 Instrument Operator's Name: Robert Kay

15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 2548 FSL 1450 FEL 1450 FEL 1450 FEL 1450
Bottom Hole: FNL/FSL 2548 FSL 1450 FEL 1450 FEL 1450
Sec: 27 Twp: 4S Rng: 96W Sec: 27 Twp: 4S Rng: 96W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No

17. Distance to the nearest building, public road, above ground utility or railroad: 4700 ft

18. Distance to nearest property line: 2239 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 198 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 | | | |

21. Mineral Ownership: ☐ Fee ☐ State ☒ Federal ☐ Indian Lease #: 61137

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

23. 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. 27: SE/4 - COC 61137

25. Distance to Nearest Mineral Lease Line: 95 ft

26. Total Acres in Lease: 640

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: Recycle and bury

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 | 191 | 120 | 0 |
| SURF | 14+3/4 | 9+5/8 | 36 | 0 | 2,000 | 602 | 2,000 | 0 |
| 2ND | 7+7/8 | 4+1/2 | 12 | 0 | 13,402 | 1,615 | 13,402 | |

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 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: Erin Hochstetler

Title: Permitting Technician Date: 2/6/2012 Email: erin.hochstetler@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:  Director of COGCC Date: 2/29/2012

API NUMBER

05 045 21422 00

Permit Number: _____ Expiration Date: 2/27/2014

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.

THE PROPOSED SURFACE CASING SHOULD BE 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 DEDICATED* WATER WELL WITHIN 1-MILE IS 00 FEET DEEP.

PRODUCTION CASING CEMENT TOP VERIFICATION BY CBL REQUIRED.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 2537874 | UNIT CONFIGURATION MAP |
| 2537875 | UNIT CONFIGURATION MAP |
| 400244214 | FORM 2 SUBMITTED |
| 400244227 | WELL LOCATION PLAT |
| 400244229 | DEVIATED DRILLING PLAN |
| 400244230 | DIRECTIONAL DATA |
| 400249176 | FED. DRILLING PERMIT |

Total Attach: 7 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | LGD passed;public comments waived. Final Comprehensive Review Status--passed. | 2/29/2012 8:39:12 AM |
| Permit | removed plugging bond; changed #17 to nearest road @ 4700', checked SUA for #22b, attached Story Gulch Unit Map & proposed Big Jimmy Unit map, removed spacing order | 2/22/2012 2:01:08 PM |
| LGD | Passed | 2/9/2012 4:33:32 PM |

Total: 3 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------|--|
| Wildlife | <ul style="list-style-type: none">• Perform biological surveys (on-site) for each new development, using the most recent data sets for wildlife and aquatic resources.• Perform pre-disturbance surveys when the on-site inspection and commencement of disturbance occur in different field seasons using the most recent data sets for wildlife and aquatic resources.• Utilize the Encana Wildlife Resources Matrix to identify and document (where appropriate) potential impacts or concerns during the project planning phase for proposed drilling operations and construction of roads, pads and pipelines.• Prohibit Encana employees and contractors from carrying projectile weapons on Encana property, except during company organized events.• Prohibit pets on Encana property.• Strategically apply fugitive dust control measures, including enforcing established speed limits on Encana private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.• Use enclosed, locking garbage receptacles or implement a strict daily trash removal regime on each temporary or permanent work location. |
| Construction | <ul style="list-style-type: none">• Use solar panels as an alternative energy source for on-location production equipment, where appropriate, economically and technically feasible.• Use multiple gathering lines placed in a single trench to minimize disturbance and construction, where appropriate, economically and technically feasible.• Install trench plugs (sloped to allow wildlife or livestock to exit the trench should they enter) at known wildlife or livestock trails to allow safe crossing on long spans of open trench, where appropriate, economically and technically feasible.• Install pipeline crossings at right angles to the drainages, wetlands, and perennial water bodies, where appropriate, economically and technically feasible.• Maintain a minimum of five feet of soil cover between the pipeline and the lowest point of the drainage or water body channel. |

Total: 2 comment(s)