

State of Colorado
Oil and Gas Conservation Commission

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Document Number:

400256084

Date Received:

03/01/2012

PluggingBond SuretyID

20100017

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: JENNIFER LIND Phone: (720)876-5890 Fax: (720)876-6890
Email: JENNIFER.LIND@ENCANA.COM

7. Well Name: MELBON RANCH Well Number: 3B-17H

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 11838

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 17 Twp: 2N Rng: 65W Meridian: 6

Latitude: 40.134980

Longitude: -104.696630

			FNL/FSL			FEL/FWL
Footage at Surface:	1310	feet	FSL	210	feet	FWL

- | | |
|----------------------------|---------------------|
| 11. Field Name: WATTENBERG | Field Number: 90750 |
|----------------------------|---------------------|

12. Ground Elevation: 4958 13. County: WELD

- #### 14. GPS Data:

- Date of Measurement: 02/22/2012 PDOP Reading: 1.7 Instrument Operator's Name: MCGEHEE

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				
<u>1755</u>		<u>FSL</u>		<u>543</u>		<u>FWL</u>		<u>1730</u>		<u>FSL</u>		<u>460</u>		<u>FEL</u>	
Sec:	17	Twp:	2N	Rng:	65W			Sec:		17	Twp:	2N	Rng:	65W	

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: 1293 ft

18. Distance to nearest property line: 210 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 275 ft

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.)
NIOBRARA	NBRR	407	320	S/2

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

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):

T2N-R65W-SEC.17: N/2NE, S/2

25. Distance to Nearest Mineral Lease Line: 460 ft

26. Total Acres in Lease: 400

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	22	16	30	0	80	80	80	0
SURF	12+1/4	9+5/8	40	0	880	198	880	0
1ST	8+3/4	7	26	0	7,538	922	7,538	500
2ND	6+1/8	4+1/2	13.5	0	11,838			

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

33. Comments ENCANA PLANS TO DRILL TWO HORIZONTAL WELLS FROM A SINGLE PAD LOCATED IN THE SWSW-SEC.17-T2N-R65W. THE CURRENT MELBON RANCH 3A-17H WILL BE RELOCATED TO THE WEST OF THE ORIGINALLY PERMITTED LOCATION TO GROUPED WITH THE NEW MELBON RANCH 3B-17H WELL. THE MELBON RANCH 3B-17H WILL REPLACE THE MELBON RANCH 4A-17H (API# 05-123-34624) AND WILL BE DRILLED FROM WEST TO EAST. AN ABANDONED LOCATION SUNDRY HAS BEEN SUBMITTED FOR THE MELBON RANCH 4A-17H. THE SINGLE PAD WILL ALLOW THE TWO HORIZONTAL WELLS TO BE DRILLED BACK TO BACK. ENCANA REQUESTS EXIGENT APPROVAL FOR THE MELBON RANCH 3B-17H - REQUEST LETTER AND SIGNED WAIVERS ATTACHED. ENCANA ALSO REQUESTS THE APPROVAL OF A RULE 318A.a AND RULE 318A.c EXCEPTION LOCATION AS THE WELL HEAD IS TO BE LOCATED OUTSIDE A GWA DRILLING WINDOW AND WILL BE LOCATED MORE THAN 50' FROM AN EXISTING WELL. REQUEST LETTER AND WAIVERS ARE ATTACHED. The anti-collision report included with the deviated drilling plans list all wells that come within 300' of the proposed lateral. For these Melbon horizontal wells, there are no vertical or directional wells' producing zones that fall within the 150' setback 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: JENNIFER LIND

Title: REGULATORY ANALYST Date: 3/1/2012 Email: JENNIFER.LIND@ENCANA.

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: 3/8/2012

API NUMBER

05 123 35228 00

Permit Number: _____ Expiration Date: 3/7/2014

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.

Operator must meet Water Well Testing requirements as per amended Rule 318A.

- 1)Note surface casing setting depth change from 800' to 880'. Increase cement coverage accordingly and cement to surface.
- 2)Provide 48 hour notice of MIRU to Mike Hickey via e-mail at mike.hickey@state.co.us or via an electronic Form 42.
- 3)Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara. Verify coverage with a cement bond log.
- 4)Comply with Rule 321. Run and submit Directional Survey from the TD to surface. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Attachment Check List

Att Doc Num	Name
400256084	FORM 2 SUBMITTED
400257183	DIRECTIONAL DATA
400257184	DEVIATED DRILLING PLAN
400257185	EXCEPTION LOC REQUEST
400257186	30 DAY NOTICE LETTER
400257188	MINERAL LEASE MAP
400257189	WELL LOCATION PLAT
400257190	EXCEPTION LOC WAIVERS
400257244	TOPO MAP
400257246	VARIANCE REQUEST
400257247	PROPOSED SPACING UNIT

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Comment regarding anti-collision added as directed by opr. Final review complete.	3/7/2012 8:58:44 AM
Permit	Opr is requesting expedited approval of this application without consultation per Rule 303.I.(1) & (2). Request letter and waivers are attached. Spud date is 3/15.	3/5/2012 9:56:37 AM

Total: 2 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>Best Management Practice for a Horizontal Wellbore Fracturing Stimulation</p> <ol style="list-style-type: none">1. At least seven (7) days prior to fracture stimulation, the operator is to notify all operators of non-operated wells within 300 feet of the wellbore to be fracture stimulated of the anticipated date stimulation date and the recommended best management practice to shut-in all wells within 300' of the stimulated wellbore completed in the same formation.2. The operator will monitor the bradenhead pressure of all wells within 300 feet of the well to be fracture stimulated.3. Bradenhead pressure gauges are to be installed 24 hours prior to stimulation. The gauges are to read at least once during every 24-hour period until 24-hours after stimulation is completed (post flowback). The gauges are to be of the type able to read current pressure and record the maximum encountered pressure in a 24-hour period. The gauge is to be reset between each 24-hour period. The pressures are to be recorded and saved.4. If at any time during stimulation or the 24-hour post-stimulation period, the bradenhead annulus pressure of the treatment well or offset wells increases more than 200 psig, as per Rule 341, the operator of the well being stimulated shall verbally notify the Director as soon as practicable, but no later than twenty-four (24) hours following the incident. Within fifteen (15) days after the occurrence, the operator shall submit a Sundry Notice, Form 4, giving all details, including corrective actions taken.
Drilling/Completion Operations	<p>Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.</p>

Total: 2 comment(s)