

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400256083

Date Received:

03/01/2012

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

PluggingBond SuretyID

20100017

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: 3A-17H

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

9. Proposed Total Measured Depth: 11828

WELL LOCATION INFORMATION

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

Latitude: 40.134910 Longitude: -104.696630

Footage at Surface: 1283 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 _____
799 FSL 553 FWL 775 FSL 460 FWL
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: 1266 ft

18. Distance to nearest property line: 210 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 285 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.)
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	11,828			

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

33. Comments RE-FILE FOR THE MELBON RANCH 3A-17H - SURFACE LOCATION CHANGE NOT WITHIN ORIGINAL QUARTER-QUARTER. 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. THIS WILL ALLOW OPTIMAL DISTANCE FROM ENCANA'S PLANNED DIRECTIONAL WELLS TO THE EAST AND WILL ALLOW THE TWO HORIZONTAL WELLS TO BE DRILLED BACK TO BACK. ENCANA REQUESTS EXIGENT APPROVAL FOR THE MELBON RANCH 3A-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.C

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: 3/22/2012

Permit Number: _____ Expiration Date: 3/21/2014

API NUMBER
05 123 34663 00

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) 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
2481460	SURFACE CASING CHECK
400256083	FORM 2 SUBMITTED
400257162	WELL LOCATION PLAT
400257165	EXCEPTION LOC REQUEST
400257166	30 DAY NOTICE LETTER
400257169	EXCEPTION LOC WAIVERS
400257171	DEVIATED DRILLING PLAN
400257172	MINERAL LEASE MAP
400257174	DIRECTIONAL DATA
400257221	TOPO MAP
400257233	VARIANCE REQUEST
400257234	PROPOSED SPACING UNIT

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete.	3/22/2012 7:49:11 AM
Permit	Opr reports that spud date on this well is set for approx 4/1. Public comment passes 3/21 therefore Opr requests that we remove the exigent request from this permit.	3/7/2012 7:50:14 AM
Permit	Opr is requesting expedited approval of this application without consultation per Rule 303.l.(1) & (2). Request letter and waivers are attached. Comment regarding anti-collision added as directed by opr.	3/5/2012 9:45:37 AM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>Anti-collision BMP: 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>
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.

Total: 2 comment(s)