

FORM
2

Rev
12/05

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400264495

Date Received:

03/23/2012

PluggingBond SuretyID

20100017

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☐ GAS ☐ COALBED ☐ OTHER Strat Test
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: Heather Mitchell Phone: (720)876-3070 Fax: (720)876-4070

Email: heather.mitchell@encana.com

7. Well Name: Powell DV Well Number: 08-23 H23 4101

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

9. Proposed Total Measured Depth: 6169

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 23 Twp: 4S Rng: 101W Meridian: 6

Latitude: 39.688764 Longitude: -108.692517

Footage at Surface: 1617 feet FNL 1126 feet FEL

11. Field Name: Trail Canyon Field Number: 83820

12. Ground Elevation: 6753 13. County: RIO BLANCO

14. GPS Data:

Date of Measurement: 02/07/2012 PDOP Reading: 1.9 Instrument Operator's Name: Ben Johnson

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
1850 FNL 1235 FEL 1850 FNL 1235 FEL
Sec: 23 Twp: 4S Rng: 101 Sec: 23 Twp: 4S Rng: 101
W W

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: 773 ft

18. Distance to nearest property line: 360 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 2700 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.)
Dakota	DKTA			

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#: 20090011

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):

Township 4 South, Range 101 West, 6th P. M. Section 23: W/2SE, Section 23: S/2NE.

25. Distance to Nearest Mineral Lease Line: 533 ft

26. Total Acres in Lease: 160

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	30	20	Line pipe	0	120	319	120	0
SURF	12+1/4	9+5/8	36	0	800	167	800	0
2ND	8+3/4	4+1/2	12	0	6,169	529	6,169	

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

33. Comments A surface use agreement is being finalized with the Surface Owner. Distance in # 17 is from the nearest public road. Conductor and surface casing cement will be run to surface. Production string is tapered so it is both 8 3/4 and 7 7/8. Top of cement will be set at 200' above TOG. This is a strat test well. It will be cored and logged, but will not be produced. The well is cased for micro seismic monitoring. This well wil TD in the Dakota.

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

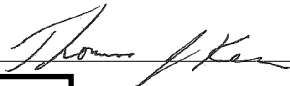
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Heather Mitchell

Title: Regulatory ANalyst Date: 3/23/2012 Email: heather.mitchell@encana.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: 4/26/2012

API NUMBER

05 103 11919 00

Permit Number: _____ Expiration Date: 4/25/2014

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) THE PROPOSED 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 000 FEET DEEP.

Attachment Check List

Att Doc Num	Name
400264495	FORM 2 SUBMITTED
400264517	WELL LOCATION PLAT
400264518	DEVIATED DRILLING PLAN
400264519	DIRECTIONAL DATA

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Changed #22 to "NO" since operator still working on signing surface owner to SUA and min. lease per operator's instructions. Encana does have partial mineral interests signed to lease at SHL. LGD & pub. comments waived. Final Review--passed.	4/17/2012 8:05:06 AM
Permit	Changed dist. to nearest well to 2700' which is nearest well permitted/producing in Dakota. Oper. referenced well that is P&A. Deleted language in oper.'s comments about % of leasehold and two separate leases.	4/17/2012 7:04:52 AM
Permit	This location on BLM coal-only leases.	4/5/2012 7:33:28 AM
Permit	Returned to draft at operators request.	3/27/2012 9:28:04 AM
Permit	Returned to draft at operators request.	3/26/2012 6:27:44 AM

Total: 5 comment(s)

BMP

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

Total: 0 comment(s)