

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:

400351896

Date Received:

12/06/2012

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

Email: erin.hochstetler@encana.com

7. Well Name: Billings Well Number: 2G-18H

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

9. Proposed Total Measured Depth: 14093

WELL LOCATION INFORMATION

10. QtrQtr: NWNW Sec: 18 Twp: 3N Rng: 68W Meridian: 6

Latitude: 40.229230 Longitude: -105.054290

Footage at Surface: 1296 feet FNL 230 feet FWL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 5197 13. County: WELD

14. GPS Data:

Date of Measurement: 09/26/2012 PDOP Reading: 1.9 Instrument Operator's Name: John McGehee

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

Footage at Top of Prod Zone: 2150 FNL 460 FWL 2150 FNL 2179 FWL
Sec: 18 Twp: 3N Rng: 68W Sec: 17 Twp: 3N Rng: 68W

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: 224 ft

18. Distance to nearest property line: 230 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 700 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		480	GWA

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):

See attached map. Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 780

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	800	218	800	0
1ST	8+3/4	7	26	0	7,376	901	7,376	500
2ND	6+1/8	4+1/2	13.5	0	14,093	577	14,093	7,076

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

33. Comments Encana requests the approval of a 318A(I).a.(1) exception location as the well head is to be located outside of a GWA drilling window. Request letter and waivers attached. Proposed spacing unit is N/2 Sec 18 & NW/4 Sec 17 creating a 480 acre wellbore spacing unit. Tank Battery information can be found on 2A Document #400353938.

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: 12/6/2012

Email: erin.hochstetler@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: 1/11/2013

API NUMBER

05 123 36545 00

Permit Number: _____ Expiration Date: 1/10/2015

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 per Rule 318A.

- 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

Att Doc Num	Name
1695307	VARIANCE REQUEST
400351896	FORM 2 SUBMITTED
400355098	WELL LOCATION PLAT
400355099	TOPO MAP
400355101	MINERAL LEASE MAP
400355104	30 DAY NOTICE LETTER
400355106	DEVIATED DRILLING PLAN
400355107	PROPOSED SPACING UNIT
400355108	EXCEPTION LOC WAIVERS
400355112	DIRECTIONAL DATA

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Received and attached corrected 30 Day Cert letter and Proposed Spacing unit map. Corrected operator comments: "Proposed spacing unit is N/2 Sec 18 & NW/4 Sec 17 creating a 480 acre wellbore spacing unit." OK to pass.	1/10/2013 11:04:48 AM
Final Review	On HOLD - proposed horizontal wellbore spacing unit is incorrect - in letter, on map, on form comments	12/31/2012 4:05:11 PM
Permit	Final Review Completed. No LGD or public comment received.	12/31/2012 1:08:13 PM
Permit	Received and attached the 318A.m Variance letter and waiver. ok to pass.	12/20/2012 11:08:08 AM
Permit	ON HOLD: requesting a 318A.m Variance letter and waiver.	12/18/2012 4:11:17 PM
Permit	Corrected lat/long to -105.05429 per well plat. Moved GWA to unit config. Added "Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'." to mineral comments, changed distance to nearest well from 3038' to 700' per operator. Moved COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing to own BMP.	12/18/2012 1:06:36 PM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	12/18/2012 1:06:35 PM
Permit	Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached.	12/18/2012 1:06:34 PM
Permit	corrected lat/longs to -105.05429 per well plat.	12/17/2012 2:17:52 PM

Total: 9 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	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.
Drilling/Completion Operations	Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012. (attached)

Total: 2 comment(s)