

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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Date Received:

02/14/2013

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) INC4. COGCC Operator Number: 1001855. Address: 370 17TH ST STE 1700City: DENVER State: CO Zip: 80202-56326. Contact Name: Erin Hochstetler Phone: (720)876-5827 Fax: ()Email: erin.hochstetler@encana.com7. Well Name: Qualls Well Number: 3F-28H

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

9. Proposed Total Measured Depth: 11439

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 28 Twp: 3N Rng: 68W Meridian: 6Latitude: 40.191530 Longitude: -105.016410

Footage at Surface: 772 feet FNL/FSL 261 feet FEL/FWL
 FSL FWL

11. Field Name: WATTENBERG Field Number: 9075012. Ground Elevation: 4957 13. County: WELD

14. GPS Data:

Date of Measurement: 12/12/2012 PDOP Reading: 1.9 Instrument Operator's Name: RICE15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 404 FSL 734 FEL/FWL 350 FSL 460 FEL _____
 Sec: 28 Twp: 3N Rng: 68W Sec: 28 Twp: 3N Rng: 68W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 231 ft18. Distance to nearest property line: 261 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 238 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		320	GWA

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☒ No23b. 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):

Horizontal well crosses lease lines within GWA horizontal wellbore unit. See attached lease map.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 125

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	100	800	0
1ST	8+3/4	7	26	0	7,331	414	7,331	500
2ND	6+1/8	4+1/2	13.5	0	11,439	169	11,439	7,031

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. Encana also requests the approval of the omission of open hole logs, request letter attached. Proposed spacing unit is S/2S/2 of Section 28 and N/2N/2 of Section 33.

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: 2/14/2013 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: Matthew Lee Director of COGCC Date: 3/20/2013

API NUMBER

05 123 37048 00

Permit Number: _____ Expiration Date: 3/19/2015

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.

- 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from TD 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
1695597	SURFACE AGRMT/SURETY
400375861	FORM 2 SUBMITTED
400375978	30 DAY NOTICE LETTER
400375979	EXCEPTION LOC WAIVERS
400375980	EXCEPTION LOC REQUEST
400375981	OTHER
400375982	PROPOSED SPACING UNIT
400375984	WELL LOCATION PLAT
400375985	MINERAL LEASE MAP
400381715	DEVIATED DRILLING PLAN
400382862	DIRECTIONAL DATA

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	3/18/2013 10:18:05 AM
Permit	No Open Hole Log Omission Request letter required. Changed BHL footages to 350' FSL & 460' FEL & removed Surface bond and added SUA per operator. ok to pass.	3/6/2013 9:27:50 AM
Permit	Per operator Mineral lease is SE/4. Changed Distance to nearest mineral lease is 0'. Distance to nearest well is 238'. ON HOLD: requesting updated Open Hole Log Omission Request letter and confirmation of the BHL footages.	2/28/2013 11:00:17 AM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	2/28/2013 11:00:16 AM
Permit	ON HOLD: Requesting clarification of Mineral lease for this pad. Distance to nearest mineral lease. Confirmation of the Distance to nearest well. Confirm the BHL footages. Per operator changed the unit acreage to 320 and the unit config to GWA for the entire pad.	2/22/2013 2:52:58 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.	2/22/2013 2:52:58 PM
Permit	Operator's request for omission of open hole logs.	2/22/2013 2:52:57 PM
Permit	Passed completeness.	2/19/2013 1:02:23 PM
Permit	Returned to draft: 1) Surface surety bond # missing. 2) Dir. template has an additional line of data at TD; doesn't match dev. drlg. plan.	2/15/2013 7:33:56 AM

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	Encana will comply with the "COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012.

Total: 2 comment(s)