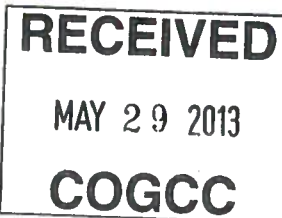




Encana Oil and Gas, Inc. (USA)



Story Gulch Unit L24 496 Pad

While drilling the surface section on SGU 8508E-24 L24 496 (API#05045211750000) at a depth of 1,035 ft MD, communication with the SGU 8507D-23 L24 496 (API#05045211640000) was observed. Drilling mud was coming out of the SGU 8507D-23 cellar from wellhead landing mandrel and 20" conductor. The well site supervisor notified Nate Denzin (ECA Drilling Engineer) of the situation around 23:00 5/16/2013.

(303) 882-9394

The SGU 8508E-24 L24 496 "A Groove" Top is 1315 ft TVD. Current hole depth in terms of TVD is 995 ft (projected to the bit).

Well site supervisors described the ground around quad 5 being soft due to spring runoff. Having these two wells communicating compounded concern for ground subsidence. In the interest of safety and time, the decision was made to move the rig off quad 5 and onto quad 6.

After discussions with the field drilling coordinator, and well site supervisors, the proposed plan was to weld a cap with a 2" nipple onto the SGU 8508E-24 L24. From there, we would rig up a cement truck to pump 62 bbls of class G (15.6 ppg) cement down the 8508E-24 conductor. This cement was to be displaced with 36 bbls of water. That would leave the cement top in the conductor to be around 90 ft MD. The goal of this remediation was to see cement come up through the conductor of the SGU 8507D-23, sealing off this pathway.

Since this operation was going to take 1-2 days, the decision was made to nipple up on the SGU 8505C-24 L24 496 (API#05045211660000), which is on quad 6, and drill/case/cement the surface section. Assuming a successful surface section on the 8505C-24, and a successful squeeze job on the 8508E/8507D-23, we would move back onto the SGU 8508E-24 L24 and clean out cement remnants and check for communication with the SGU 8507D-23. If no communication is observed, then drilling would continue on the original hole.

DA

This plan was discussed at 07:30 on 5/17/2013 with David Andrews from the COGCC via phone. David agreed that this was a viable remediation plan, and requested sundry notifications for both wells to be filed. Nate Denzin agreed and also planned to share isolation scanning logs of the SGU 8507D-23 after the squeeze job was completed with the COGCC.

UPDATE:

The remediate cement squeeze was successful. After moving back onto the SGU 8508E-24 L24, communication with the SGU 8507D-23 ceased. We have drilled finished the other two wells on quad 5, also showing no communication. Now that we are off of quad 5, we will be running an isolation scanning log ASAP. I will provide you with that information.