

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB NO. 1004-0137
Expires: July 31, 2010

1a. Type of Work DRILL REENTER
1b. Type of Well Oil Well Gas Well Other Single Zone Multiple Zone

5. Lease Serial No. C-099284
6. If Indian, Allottee or Tribe Name
7. If Unit or CA Agreement, Name and No.
Andy's Mesa Unit, COC-47585X
8. Lease Name and Well No.
Andy's Mesa Fed #83
9. API Well No.

2. Name of Operator
EnCana Oil & Gas (USA) Inc.
3a. Address
370 17th St., Suite 1700, Denver CO 80202
3b. Phone No. (include area code)
720-876-5339

10. Field and Pool, or Exploratory
Andy's Mesa
11. Sec., T., R., M., or Blk. And Survey or Area
Sec. 29, T44N-R16W

4. Location of well (Report location clearly and in accordance with any State requirements *)
At surface
738' FNL & 700' FEL
At proposed prod. zone **1367' FNL & 405' FEL**

14. Distance in miles and direction from nearest town or post office*
Approximately 6.0 Miles Southwest of Basin, CO

12. County or Parish
San Miguel
13. State
Colorado

15. Distance from proposed* location to nearest property or lease line, ft.
405' BHL
(Also to nearest drlg unit line, if any) 2583' BHL

16. No. of Acres in lease
560

17. Spacing Unit dedicated to this well
40 acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
553' BHL

19. Proposed Depth
8432' TVD

20. BLM/ BIA Bond No. on file
CO1461
COB0002350

21. Elevations (Show whether DF, KDB, RT, Gl., etc.)
6561.8' GR

22. Approximate date work will start*
May, 2009

23. Estimated Duration
30 Days

24. Attachments
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- 1. Well plat certified by a registered surveyor
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above).
- 5. Operator certification.
- 6. Such other site specific information and/ or plans as may be required by the BLM.

25. Signature *[Signature]* Name (Printed/Typed) **Jevin Croteau** Date **12/23/08**

Title **Regulatory Analyst**

APPROVED FOR A PERIOD
NOT TO EXCEED 2 YEARS

Approved By (Signature) *[Signature]* Name (Printed/Typed) _____ Date **14 May 09**

Title _____ Office _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2) (Instructions on page 2)

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto...

Venting / Flaring approved for 30 days per NTL-4A
OPERATOR'S COPY
SEE ATTACHED CONDITIONS OF APPROVAL

RECEIVED
JAN 28 2009
Bureau of Land Management
Durango, Colorado

ONSHORE ORDER No. 1
EnCana Oil & Gas (USA) Inc.
Andy's Mesa Fed #83
NENE, Section 29-T44N-R16W
San Miguel County, Colorado

Surface Use Plan

Lease No. C-099284

REVISED

ONSHORE OIL & GAS ORDER NO. 1
Twelve Point Surface Use Plan of Operations

12 28 09

Bureau of Land Management
Durango Colorado

The proposed well will be a development well drilled from the existing Andy's Mesa Federal #19 well pad. EnCana plans to drill this well in May, 2009. The BLM onsite inspection was conducted on November 25, 2008.

1. EXISTING ROADS

- a. The proposed well site is located approximately 6.0 miles west southwest of the Basin Store in the Dry Creek Basin of San Miguel County, Colorado. Directions from the Basin Store are as follows:

From the junction of Highway 141 and County Road U29, travel southwesterly on Highway 141 for 5.0 miles. Turn right onto County Road R25 and travel this road northwesterly for 2.7 miles. Turn left and travel southwesterly 0.15 miles to the existing Andy's Mesa Federal #19 location.

- b. For access roads, see Topo Maps A and B.
c. All existing roads within a 1-mile radius are shown on Maps A and B.
d. No improvements to the existing access road will be necessary.
e. Existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. ACCESS ROAD AND WELL PAD CONSTRUCTION

- a. The BLM, Dolores Public Lands Office authorized officer (Tom Rice at 970-882-6845) will be contacted seven (7) days prior to commencement of construction activities for information on field conditions. Construction under adverse conditions may require additional stipulations.
b. There will be no new access road to be constructed.
c. Newly constructed or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management, will be constructed as outlined in the BLM 9113 manual for a resource road.
d. All brush, limbs, and other woody material will be stockpiled separately from the topsoil along the roadway, or near the well pad. The upper six inches of topsoil will be stockpiled near the well pad for future reclamation. If the soil stockpile is not used within six months it will be seeded to ensure topsoil integrity and prevent erosion.
e. EnCana will not allow any construction activities during periods when the soil is so wet to adequately support construction equipment. Construction activities will not commence until soil conditions improve. The roads shall be maintained reasonably smooth, and free of ruts in excess of 4-6 inches in depth, for a length of ten feet soft spots, chuckholes, rocks, slides and washboards. The BLM, Dolores Public Lands Office road specifications and "Gold Book" shall be followed for specifications on road design and culvert installation. All weather surfacing will be required if the well becomes a producer. A regular maintenance program shall include blading, ditching, sign replacement, surfacing, and culvert maintenance.
f. No fence cuts or cattle guards will be necessary.

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- g. Surface disturbance will be limited to the approved location and approved pipeline/access road route. Any additional area needed will be approved in advance.
 - h. Dust control measures will be implemented during dry weather when necessary. These may include mag chloride or other palliative.
 - i. Vehicle travel will be restricted to the well pad and access roads only. No pullouts or off-road parking will be allowed unless specifically authorized. "Keep vehicles on road surface" signs will be installed to assist with compliance. Shortcutting by vehicles operated by EnCana or its contractors, on roads not identified as access routes in the APD, will not be allowed.
 - j. A road right-of-way will not be required. The access is covered under existing ROW's or is located on private or state lands.
3. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION.
- a. Water Wells - 0
 - b. Injection or Disposal Wells - 0
 - c. Producing Wells - 32
 - d. Drilling Wells - 0
 - e. Shut-in Wells - 2
 - f. Plugged and Abandoned Wells - 1
 - g. Temporarily Abandoned Wells - 0
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES
- a. If the well is productive, the proposed facilities to be located on the well pad will be a typical tank battery.
 - b. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the BLM- Durango Field Office.
 - c. The oil and gas measurement facilities will be installed on the well location. Oil and gas meters will be calibrated in place prior to any deliveries. The Field Office Petroleum Engineer will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the BLM - Durango Field Office. All meter measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.
 - d. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 3162.7-5 (b.4.).
 - e. Any venting or flaring of gas will be done in accordance with Notice of Lessees (NTL) 4A and may need prior approval from the Field Office Petroleum Engineer.
 - f. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in Notice to Lessees (NTL-3A) will be reported to the BLM - Durango Field Office. Major events will be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production (Form 31606, formerly 9-329).
 - g. The proposed gas gathering line will be buried from the well head to the battery site. All

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- pipeline ROW's are covered under existing rights-of-way or are located on private or state lands.
- h. Any production pits will be fenced with at least four (4) strands of barbed wire and held in place by side posts and corner H-braces. (not used if production pits are not needed).
 - i. All permanent structures (onsite for six months or longer) constructed or installed will be painted a flat, non-reflective earth tone color which will be Military Olive or the prescribed color outlined in the approved permit to drill
 - j. If the well is productive, that portion of the drill site to be utilized for the production facilities will be surfaced with gravel after all the production equipment is installed. The Authorized Officer, upon request, may grant an extension of this time period due to inclement weather.
 - k. All access roads will be upgraded and maintained as necessary to prevent erosion and accommodate year-round traffic.
 - l. All production facilities will comply with Colorado Oil & Gas Conservation's Rules regarding noise. Regardless of whether the operation is at the construction, drilling, or production phase, adequate muffling techniques, if necessary, will be applied.
 - m. Pursuant to Onshore Order No. 7, water produced from this well may be disposed of in a lined pit for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90 day period. In order to meet this deadline, an application for the proposed permanent disposal method should be submitted along with any necessary water analysis, in compliance with Onshore Order No. 7 as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
 - n. EnCana will contract with a State Certified applicator licensed to work on public lands, and treat all State and San Miguel County identified noxious weed species at least annually, on all facilities associated with this well. If this level of control does not prove adequate more frequent treatments may be required. If annual control measures are no longer needed EnCana will apply for approval to spray less frequently. Approval shall be documented in writing by the BLM Authorized Officer (AO). The applicator must operate under an approved Pesticide Use Proposal (PUP) application from the BLM. Use of pesticides and herbicides will comply with the applicable Federal and State laws. Pesticides and herbicides will be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, the contracted applicator shall obtain from the AO written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the AO. Emergency use of pesticides shall be approved in writing by the AO prior to use
 - o. All Heavy equipment will be pressure washed at an offsite location prior to entering the site. This is a preventive measure for reducing noxious weed infestation at the drilling sites. If equipment is moved directly from site to site while on this project, then pressure washing between sites is not required. However, if equipment is removed from a site, used elsewhere, then brought back to the project area, pressure washing is required before the equipment can be used in the project area. This pertains to heavy equipment such as motor graders, bulldozers, backhoes, etc. Pickup trucks and passenger vehicles will not be pressure washed prior to entering the well sites.

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5. LOCATION AND TYPE OF WATER SUPPLY

- a. The source of water will be from a commercial water supplier drawing water from the Dolores River in Slickrock, CO. The commercial water supplier holds the rights to the water EnCana will purchase.

Water withdrawals from surface waters require prior approval from the State of Colorado regardless of private land ownership along or around the water source. Colorado requests notification two weeks prior to the beginning of surface waters withdrawals to determine if there is a call on or below the withdrawal point. The contact office for southwestern, Colorado is the Division of Water Resources in Durango, Colorado (970-247-1845), and for the Water Commissioner for the Dolores River is (970) 533-1333. After the drilling operations are completed a final estimate of the volume of water used for all activities should be submitted in writing to the State of Colorado.

6. CONSTRUCTION MATERIALS

- a. All materials needed for construction will be procured from a commercial source, except those materials that will be generated during the construction of this well (excess fill, etc.).
- b. No gravel or other related minerals from new or existing pits on Federal land will be used in the construction of roads, well pads, etc., without prior approval from the BLM.

7. METHODS FOR HANDLING WASTE DISPOSAL

- a. Drill cuttings are to be contained and buried in the reserve pit.
- b. The reserve pit will be sealed in such a manner as to prevent leakage of the fluids. The method used to insure containment of drilling fluids in the reserve pit will include lining the inside of the pit with at least a 12 mil plastic liner. The bottom of the pit shall be smooth and free of any sharp rocks. If the pit has a rocky bottom, it shall be bedded with a material such as soil, sand, straw or hay to avoid the possibility of puncturing the liner. A minimum of not less than a 2 foot freeboard will be maintained in the pit at all times. Prior to use, the reserve pit will be fenced "stock tight" on three sides, the fourth side will be fenced at time of construction and rig release, at which time the pit will be fenced and covered with a net capable of preventing wildlife from entering the pit. The fence and cover will be maintained until the pit is backfilled. **At no time after rig release, will any open pit be unfenced or be without netting.**
- c. Garbage is to be contained in the trash cage. The trash cage will be totally enclosed with small mesh wire to prevent wind scattering and wildlife entry. All garbage will be hauled to an approved disposal site at the end of drilling/completion operations.
- d. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- e. Sewage will be disposed of in accordance with State of Colorado (DEQ) regulations. No sewage boreholes will be allowed. Chemical porta-toilets will be furnished and their contents hauled to an approved disposal site.
- f. The produced fluids (produced water, frac fluid and possibly condensate), while testing the well will be flowed back to a 400 Bbl. Test tank. Any condensate will be skimmed and transferred to production tanks. Sand and produced fluids other than condensate will be transferred to the reserve pit until such time as the well is cleaned up sufficiently to produce pipeline quality gas. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

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- g. EnCana will evaluate and employ suitable BMPs as outlined in its Paradox Basin Storm Water Management Plan during any surface disturbing activities to help control sediment loss and improve storm water quality.

8. ANCILLARY FACILITIES

No camps, airstrips or other facilities will be necessary.

9. WELLSITE LAYOUT

- a. The survey plats are attached.
- b. The well pad plan is attached with the location of the reserve pit and access road onto the well pad.
- c. A cross section of the well pad with the cut and fill diagram is attached.
- d. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6.
- e. The reserve pit will be designed to prevent the collection of surface runoff.
- f. The reserve pit liner shall remain intact until the reserve pit is reclaimed. Flare pits must be located a sufficient distance from the reserve pit to prevent the liner from being damaged during flaring operations.
- g. Prior to rigging up, a one-foot high berm will be constructed around the perimeter of the well pad to contain all storm events/spills from going downstream of the well pad. A lined sump pit may be utilized to contain the fluids. The well pad will be designed in such a manner as not to allow runoff water to enter the pad. The need for the berm will be reassessed upon completion of the well and after production is established.
- h. Compaction and construction of the berms surrounding the tank or tank batteries will be designed to prevent lateral movement of fluids through the utilized materials, prior to storage of fluids. The berms must be constructed to contain at a minimum 120 percent of the storage capacity of the largest tank within the berm. All load lines and valves shall be placed inside the berm.
- i. There shall be a sign or marker on location with the name of the operator, lease serial number, well number, and legal location of the well.

10. PLANS FOR RECLAMATION OF THE SURFACE

The following surface reclamation will be done upon completion of the operations.

- a. The reserve pit will be backfilled and re-contoured to blend with the existing environment. Bottom/Fly Ash may be needed to enhance evaporation of the reserve pit fluids. Interim and final reclamation will be completed within 6 months of well completion or abandonment (weather-permitting). The reserve pit solids will not be squeezed out of the pit. The liner shall be cut off at the mud level and removed to an approved disposal facility. There will be a minimum of 2 feet of overburden on the pit prior to replacing the topsoil and seeding.
- b. To the degree it is feasible, natural drainage will not be altered.
- c. During final reclamation of the site, the operator will push fill material into the cuts and up over the back slope to blend as nearly as possible with the original topography. No depressions will be left that trap water or form ponds. All areas compacted and devoid of vegetation should be ripped along contour to a minimum depth of 6 inches. Stockpiled topsoil should then be spread over the ripped and contoured areas and seeded. The

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stockpiled vegetation material would then spread over the seeded areas (Note: stockpiled vegetation would NOT be spread over the access road ROW and pipeline route areas).

- d. The Surface Managing Agency will be notified (970-882-6800) seven (7) days prior to seeding. All disturbed areas are to be seeded with the following Pinyon-Juniper Area seed mixture listed below or one approved by the surface owner.
- e. Reseeding is to be done by drilling with a drill equipped with a depth regulator to insure even depths of planting not to exceed 2 inches. Seeding is to be done during the months of September or October following construction completion. The seed mixture used shall be certified weed free. There shall be NO primary or secondary noxious weeds in the seed mixture. Seed labels from each bag shall be available for inspection while seeding is being accomplished. The seeding contractor will forward all seeding records (with bag labels) to Cara Gildar at the DPLO, 29211 Hwy 184, Dolores, CO 81323. In the event grasses and native vegetation is not established after the first seeding application, subsequent applications will be performed until grasses and/or native vegetation is established.

<u>Common Name</u>	<u>Pure Live Seed (PLS) lbs/acre</u>
Indian Ricegrass	3.7
Blue Grama	0.5
Muttongrass	0.2
Squirreltail	2.3
	6.7 lbs. /acre

- f. If the seed is broadcast, application rates will be doubled and some means such as a rake or harrow will be used to incorporate the seed into the soil. Certified weed free mulch may be required on locations with an adequate supply of removed vegetation. EnCana will apply mulch, if notified by the BLM that this is appropriate.
- g. Vegetation or soil disturbance by the operator will be held to the minimum consistent with practical construction operations and the operator will smooth all disturbed areas to conform as nearly as practical to the adjacent terrain.
- h. Following receipt of "Notice of Intent to Abandon", final BLM recommendations will be specified.
- i. Reclamation will be considered successful when the desired vegetative species are established, erosion is controlled, weeds are considered a minimal threat, and it is likely that ground cover will return to a desirable condition. EnCana will continue revegetation efforts until this standard is met. BLM shall be responsible for determining when reclamation efforts are successful
- j. A fence shall be installed around the perimeter of the area undergoing reclamation. The fence shall be maintained in a manner to prevent cattle from entering the area, and shall be constructed as follows: Posts to be no more than 16' apart; fence wire: four wires of at least 12.5 gauge, double strand twisted; two stays between posts; wire stretched taut between brace panels, wire spacing from the ground up: 14", 22", 30", 42". The fence shall be maintained in place for a minimum of 3 years, and will be removed by EnCana when so instructed by the BLM.

11. SURFACE OWNERSHIP

Well site - United States, Department of the Interior, BLM- San Juan Field Office.

Roads - All access roads within the leased area are either maintained by the County

ONSHORE ORDER No. J
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Road Department or are on BLM State and private lands.

12. OTHER INFORMATION

- a. A Class III archeological survey has been conducted by 4 Corners Archaeological Services for the original location and a CRAM has been submitted by 4-CAS for this location and sent under separate cover.
- b. If any archaeological or historical materials are discovered during construction, the operator must immediately halt surface disturbing activities and notify the Area manager. The Area manager will then assign a BLM archaeologist(s) to visit the location and gather sufficient information to consult with the Colorado State historic Preservation Officer (SHPO) concerning the NRHP significance of the discovered materials, and to recommend appropriate measures to manage those resources and/or to mitigate any adverse effects than may have occurred to them. The costs of mitigation beyond determination of NRHP eligibility will be the responsibility of the fluid minerals lessee. The determination of appropriate management actions, including possibly avoidance or mitigation actions will be made by the Area Manager in consultation with the SHPO and the Advisory Council on Historic Preservation, as appropriate pursuant to Federal Regulation 36 CFR 800. The developer will also be invited to consult with the Area manager regarding his management decisions.
- c. If subsurface cultural resources are unearthed during operations, activity in the vicinity of the cultural resource will cease and a BLM representative notified immediately. Pursuant to 43 CFR 10.4 EnCana must notify the authorized officer, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, EnCana shall stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.
- d. EnCana will inform all persons associated with this project that they will be subject to prosecution for knowingly disturbing Native American Indian shrines, historic and prehistoric archaeology sites, or for collecting artifacts of any kind, including historic items and/or arrowheads and pottery fragments from Federal lands.
- e. "Sundry Notice and Report of Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 32 CFR 3164.



**WELL LOCATION LOOKING NORTH
SEPTEMBER 6, 2008**



**WELL LOCATION LOOKING SOUTH
SEPTEMBER 6, 2008**



**WELL LOCATION LOOKING EAST
SEPTEMBER 6, 2008**



**WELL LOCATION LOOKING WEST
SEPTEMBER 6, 2008**



**EXISTING ACCESS AT PAD
SEPTEMBER 6, 2008**

ANDY'S MESA FEDERAL #83



DRG RIFFIN & ASSOCIATES, INC.
1414 ELK ST., ROCK SPRINGS, WY 82901

(307) 362-5028

DATE: 10/1/08 - RCR

NO SCALE

REVISED: 1/18/10 - DEH

DRG JOB No. 16601

REVISE TITLE BLOCK

EXHIBIT 6

LOCATION PICTURES

**ENCANA OIL & GAS (USA) INC.
ANDY'S MESA FEDERAL #83
NENE, SECTION 29,
T. 44 N., R. 16 W., NEW MEXICO P.M.
SAN MIGUEL COUNTY, COLORADO**