

FORM
2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



| | | | |
|-----------------------------------|----|----|----|
| DE | ET | OE | ES |
| Document Number: 400205887 | | | |
| 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: JENNIFER LIND Phone: (720)876-5890 Fax: (720)876-6890
Email: JENNIFER.LIND@ENCANA.COM
7. Well Name: MELBON RANCH Well Number: 24-17
8. Unit Name (if appl): _____ Unit Number: _____
9. Proposed Total Measured Depth: 7949

WELL LOCATION INFORMATION

10. QtrQtr: SESW Sec: 17 Twp: 2N Rng: 65W Meridian: 6
Latitude: 40.132010 Longitude: -104.688170

Footage at Surface: 210 feet FNL/FSL 2585 feet FEL/FWL FWL

11. Field Name: WATTENBERG Field Number: 90750
12. Ground Elevation: 4918 13. County: WELD

14. GPS Data:

Date of Measurement: 08/20/2011 PDOP Reading: 1.6 Instrument Operator's Name: BURKE

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

Footage at Top of Prod Zone: FNL/FSL 660 FSL 1850 FEL/FWL 660 FSL 1850 FWL FWL
Sec: 17 Twp: 2N Rng: 65W Sec: 17 Twp: 2N Rng: 65W

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: 194 ft

18. Distance to nearest property line: 70 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 925 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| CODELL | CODL | 407 | 320 | S/2 |
| J SAND | JSND | 232 | 320 | S/2 |
| NIOBRARA | NBRR | 407 | 320 | S/2 |

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):

T2N-R65W-SEC.17: N/2NE, S/2

25. Distance to Nearest Mineral Lease Line: 660 ft

26. Total Acres in Lease: 400

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 |
|-------------|--------------|----------------|------------|---------------|---------------|-----------|---------|---------|
| SURF | 12+1/4 | 8+5/8 | 24 | 0 | 860 | 255 | 860 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 7,949 | 170 | 7,949 | 6,891 |
| | | | Stage Tool | | 4,858 | 83 | 4,858 | 4,258 |

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

33. Comments NO CONDUCTOR CASING WILL BE UTILIZED. ENCANA REQUESTS THE APPROVAL OF RULE 318A.a AND RULE 603.a EXCEPTION LOCATION. WELLHEAD TO BE LOCATED OUTSIDE OF GWA DRILLING WINDOW AND CLOSER THAN 150' TO A PROPERTY LINE. WAIVERS ARE ATTACHED.

34. Location ID: 410171

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: JENNIFER LIND

Title: REGULATORY ANALYST Date: 9/26/2011 Email: JENNIFER.LIND@ENCANA.

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: David S. Neslin

Director of COGCC Date: 10/20/2011

API NUMBER

05 123 34577 00

Permit Number: _____ Expiration Date: 10/19/2013

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.

Derrick height (ground to crown) cannot exceed 129 feet due to close proximity to public road per Rule 603a1 without an approved variance.

1)Provide 24 hour notice of MIRU to Jim Precup via e-mail at jim.precup@state.co.us.

2)Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with a cement bond log.

3)Comply with Rule 321. Run and submit Directional Survey from the end of production casing to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 2481206 | SURFACE CASING CHECK |
| 400205887 | FORM 2 SUBMITTED |
| 400208522 | TOPO MAP |
| 400208523 | 30 DAY NOTICE LETTER |
| 400208524 | EXCEPTION LOC REQUEST |
| 400208525 | WELL LOCATION PLAT |
| 400208526 | DEVIATED DRILLING PLAN |
| 400208527 | EXCEPTION LOC WAIVERS |
| 400208528 | MINERAL LEASE MAP |

Total Attach: 9 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | No LGD or public comment received; final review completed. | 10/19/2011 6:39:21 AM |

Total: 1 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------|-----------------------|
| | |

Total: 0 comment(s)