

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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03/09/2012

PluggingBond SuretyID

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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: JENNIFER LIND Phone: (720)876-5890 Fax: (720)876-6890Email: JENNIFER.LIND@ENCANA.COM7. Well Name: DAVIS Well Number: 1B-9H

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

9. Proposed Total Measured Depth: 14388

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 9 Twp: 2N Rng: 66W Meridian: 6Latitude: 40.153530 Longitude: -104.778520

Footage at Surface: 2291 feet FNL/FSL 1602 feet FEL/FWL FEL

11. Field Name: WATTENBERG Field Number: 9075012. Ground Elevation: 4915 13. County: WELD

14. GPS Data:

Date of Measurement: 02/22/2012 PDOP Reading: 2.2 Instrument Operator's Name: MCGEHEE15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 2084 FNL 1592 FEL 463 FEL/FWL 1535 FEL
 Sec: 9 Twp: 2N Rng: 66W Sec: 4 Twp: 2N Rng: 66W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 558 ft18. Distance to nearest property line: 335 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 19 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	407	480	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):

SEE ATTACHED MAP.

25. Distance to Nearest Mineral Lease Line: 460 ft

26. Total Acres in Lease: 2000

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	198	800	0
1ST	8+3/4	7	26	0	7,508	918	7,508	500
2ND	6+1/8	4+1/2	13.5	0	14,388	590	14,388	7,208

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

33. Comments ENCANA REQUESTS THE APPROVAL OF A RULE 318A.a AND RULE 318A.c EXCEPTION LOCATION AS THE WELL HEAD IS TO BE LOCATED OUTSIDE A GWA DRILLING WINDOW AND WILL BE LOCATED MORE THAN 50' FROM AN EXISTING WELL - REQUEST LETTER AND WAIVERS ARE ATTACHED. ENCANA ALSO REQUESTS THE APPROVAL OF THE OMISSION OF OPEN HOLE LOGS - REQUEST LETTER ATTACHED. ENCANA PLANS TO DRILL 5 HORIZONTAL WELLS (DAVIS 1A-9H, 1B-9H, 1C-9H, 2A-9H & 2B-9H) FROM 2 SEPARATE PADS IN THE N/2 OF SEC.9. ALL OF THE WELLBORES ARE EVENLY THROUGHOUT SECTION 4 AND THE N/2 OF SEC.9. AS A RESULT OF THE UNIQUE WELLBORE CONFIGURATION, ENCANA HAS DETERMINED THAT THE MOST RESONABLE AND EFFECTIVE DRAINAGE & SPACING PATTERN FOR THIS WELL IS SEC.9: NE/4 AND SEC.4: E/2

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: JENNIFER LIND

Title: REGUALTORY ANALYST Date: 3/9/2012 Email: JENNIFER.LIND@ENCANA.C

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: 4/20/2012

API NUMBER

05 123 35421 00

Permit Number: _____ Expiration Date: 4/19/2014

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) Provide 48 hour notice of MIRU via an electronic Form 42.
- 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 TD to surface. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Operator must meet Water Well Testing requirements as per amended Rule 318A.

Attachment Check List

Att Doc Num	Name
2113474	WELL LOCATION PLAT
2113505	VARIANCE REQUEST
2113506	DEVIATED DRILLING PLAN
2113507	WELL LOCATION PLAT
2481470	SURFACE CASING CHECK
400257941	FORM 2 SUBMITTED
400260127	30 DAY NOTICE LETTER
400260128	EXCEPTION LOC REQUEST
400260130	PROPOSED SPACING UNIT
400260131	EXCEPTION LOC WAIVERS
400260133	TOPO MAP
400260134	MINERAL LEASE MAP
400260135	OTHER
400260136	DEVIATED DRILLING PLAN
400260137	DIRECTIONAL DATA
400272264	DIRECTIONAL DATA

Total Attach: 16 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Attached new plat. Operator requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and waivers attached. Operator respectfully requests the Director to waive Rule 318A.m for this well. Variance to rule attached. Opr has requested no open hold logs will be run. Final review complete.	4/18/2012 2:27:34 PM
Permit	Opr is changing BHL and top of production. UPloded new DS, DS Data, and variance request. Waiting for new plat.	4/13/2012 3:42:29 PM
Permit	On hold for distance to the nearest well, requires variance and comment.	4/6/2012 7:54:54 AM
Permit	Ready to pass pending public comment 4/2/12	3/14/2012 2:09:27 PM

Total: 4 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>Anti-collision BMP:</p> <p>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.</p>
Drilling/Completion Operations	<p>Best Management Practice for a Horizontal Wellbore Fracturing Stimulation</p> <ol style="list-style-type: none">1. At least seven (7) days prior to fracture stimulation, the operator is to notify all operators of non-operated wells within 300 feet of the wellbore to be fracture stimulated of the anticipated date stimulation date and the recommended best management practice to shut-in all wells within 300' of the stimulated wellbore completed in the same formation.2. The operator will monitor the bradenhead pressure of all wells within 300 feet of the well to be fracture stimulated.3. Bradenhead pressure gauges are to be installed 24 hours prior to stimulation. The gauges are to read at least once during every 24-hour period until 24-hours after stimulation is completed (post flowback). The gauges are to be of the type able to read current pressure and record the maximum encountered pressure in a 24-hour period. The gauge is to be reset between each 24-hour period. The pressures are to be recorded and saved.4. If at any time during stimulation or the 24-hour post-stimulation period, the bradenhead annulus pressure of the treatment well or offset wells increases more than 200 psig, as per Rule 341, the operator of the well being stimulated shall verbally notify the Director as soon as practicable, but no later than twenty-four (24) hours following the incident. Within fifteen (15) days after the occurrence, the operator shall submit a Sundry Notice, Form 4, giving all details, including corrective actions taken.

Total: 2 comment(s)