

WRITTEN REPORT OF UNDESIRABLE EVENT (NTL-3A)

I27W Well Pad

Date of Incident – 09/30/2012

Encana Oil & Gas (USA) Inc.

A. The date and time of occurrence, and the date and time reported to USGS;

The release occurred at approximately 13:35 in the afternoon of September 30, 2012. This written report acts as the notification of the drilling mud release, and was emailed to James Byers (BLM – Colorado River Valley Field Office) and Linda Spry O'Rourke (Colorado Oil and Gas Conservation Commission) at approximately 17:00 on September 30, 2012.

B. The location where the incident occurred, including surface ownership and lease number;

Encana's MCU /26-12A (I27W) well pad is found on Federal surface and federal minerals, lease number COC-69616. NESE, Section 27, T7S-R93W.

C. The specific nature and cause of the incident;

While circulating a sweep prior to tripping, a derrick hand left the hopper valve open or the valve vibrated open during operation. The drilling contractor had been operating the valve without a locking valve in place. The recirculation line backed up and overflowed the hopper onto the location.

D. A description of the resultant damage;

The release occurred on the pad's working surface and accumulated in the hopper house, on top of drilling mats, and on location. No equipment damage occurred.

E. The action taken and the length of time required for control of the incident, for containing discharged fluids, and for subsequent cleanup;

Upon discovery of the failure, the hopper valve was closed and trash pumps were deployed to return discharged fluids to the mud tanks. Pressure washers were used to clean equipment and to mobilize mud from beneath onsite equipment. These fluids were also captured using trash pumps and returned to the mud tanks. All released fluids were contained on the location. Cleanup operations took approximately 6 hours to complete.

The spilled mud was from surface casing, with a pH of 8 and no weighting.

F. The estimated volumes discharged and the volumes lost;

An estimated 30 BBL of drilling mud was discharged onto the location during the release. The release occurred on compacted working surface, and collected on and beneath equipment surrounding the wellheads. In addition to the released drilling mud, an additional 5-10 BBL of water used during pressure washing were recovered.

G. The cause of death when fatal injuries are involved;

NA



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H. Actions that have been or will be taken to prevent a recurrence of the incident;

A valve lock was installed on the hopper valve, and operating procedures were reviewed with the derrick hand.

I. Other Federal or State agencies notified of the incident; and

A Form 19 and verbal notification were provided to the Colorado Oil and Gas Conservation Commission (COGCC) to document the release. A copy of the Form 19 was provided with the submission of this written report.

J. Other pertinent comments or additional information as requested by the District Engineer.

NA

