

The Revision of the Rulison Sampling and Analysis Plan (RSAP) currently approved by the COGCC is Revision 3, dated July 2010. Revision 3 of the RSAP amends the requirement for Tier II monitoring and states:

“Tier II monitoring shall only be conducted at gas wells located between a 1-to-3-mile radius from the Project Rulison device emplacement well R-E (Figure 2) if the well is the closest designated well (i.e. no Tier I well) in a monitoring sector.”

The bottom hole locations (BHLs) of 21 out of the 21 new wells on the PC22 pad fall within Tier II, Sector 11. There are a number of existing Larmarie wells (approximately 8 wells) within Tier II, Sector 11 that have BHLs closer to the Project Rulison device emplacement well.

Therefore, and in noting Condition of Approval (CoA) on the Form 2A for the subject wells which states Operator shall comply with all provisions of the most recent COGCC approved revision of the Rulison Sampling and Analysis Plan, we request that the following CoA's below be rescinded.

PERFORM A HIGH-ACCURACY GYROSCOPIC DIRECTIONAL WELLBORE SURVEY UPON REACHING TOTAL DEPTH OF THE WELL. E-MAIL A COPY OF THE SURVEY ALONG WITH A SUNDRY NOTICE, FORM 4, REQUESTING APPROVAL TO dnr_rulison.submittal@state.co.us and jane.stanczyk@state.co.us. THE DIRECTIONAL DRILLING SURVEY REPORT SHALL INCLUDE A MAP VIEW AND A VERTICAL PROFILE VIEW SHOWING WELLBORE TRAJECTORY AND DISTANCE FROM THE ½-MILE RADIUS FROM PROJECT RULISON. THE OPERATOR SHALL OBTAIN APPROVAL FROM THE COGCC PRIOR TO COMMENCING CASING-PERFORATING AND OTHER COMPLETION OPERATIONS.

Encana Comment – All 21 BHLs are greater than 4975 feet from the Tier 1 boundary which is greater than the 200 foot stipulation outlined in the RSAP; therefore, this CoA should be rescinded.

The RSAP Monitoring Approach states “If a Tier II well is the closest designated well in a monitoring sector (i.e. no Tier I well), a high accuracy gyroscopic directional wellbore survey shall be performed after reaching the total wellbore depth but prior to commencing perforation and completion activities for wells whose bottom-hole location is projected to be within 200 feet of the 1-mile monitoring radius (Tier 1) to verify that the wellbore did not penetrate the Tier I boundary.”;

Encana Comment – BHLs for the PC22 are not the closest wells within the Tier II and are not subject to this COA.

On the 2A the following COA was applied

A CLOSED LOOP MUD SYSTEM SHALL BE UTILIZED TO ENSURE CONTAINMENT OF ALL MATERIALS THAT HAVE BEEN IN CONTACT WITH DOWNHOLE STRATA AND FLUIDS. ALL CUTTINGS WILL BE KEPT ON THE PAD IN A AN AREA WHERE THEY CAN BE ISOLATED FROM THE GROUND SURFACE, PRECIPITATION, AND PRECIPITATION/SNOW MELT RUN-ON/RUN-OFF. CONTOUR FEATURES, FRENCH DRAINS AND OTHER STORMWATER BMP'S AS NECESSARY SHALL BE EMPLOYED TO ENSURE SITE INTERGRITY.

Encana Comment - Encana will use a closed loop mud system, and solids will initially be isolated in a steel containment. The free liquid will be reduced as low as practicably possible, and cuttings will be stabilized with organic material, before being stacked on-site during drilling operations. The pad and

access road shall be constructed with standard stormwater BMPs that function in compliance with CDPHE stormwater discharge permit requirements and COGCC stormwater management requirements for erosion and sediment control. An SPCC plan is in place in case of spills. This area has been cleared of all Rulison Area COAs by closer wells in sector 11 (FURR 16-22B and others). Standard methods of cuttings management should apply to this location.

Encana requests this COA rescinded

Lastly,

THE LOCATION IS IN AN AREA OF MODERATE TO HIGH RUN-ON/RUN-OFF POTENTIAL THEREFORE THE PAD AND ACCESS ROAD SHALL BE CONSTRUCTED TO PREVENT ANY STORMWATER RUN-ON/RUN-OFF. STANDARD STORMWATER BMPS MUST BE IMPLEMENTED AT THIS LOCATION TO INSURE COMPLIANCE WITH CDPHE AND COGCC REQUIREMENTS AND TO PREVENT ANY STORMWATER RUN-ON AND/OR STORMWATER RUNOFF.

Encana comment- Standard BMPS will be implemented to ensure compliance with CDPHE and COGCC. Encana will implement our SWMP and our BMP's for our stormwater discharge per our permit.

Encana request this COA be modified or rescinded.