

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400380293

Date Received:

02/28/2013

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: Erin Hochstetler Phone: (720)876-5827 Fax: ()

Email: erin.hochstetler@encana.com

7. Well Name: State Well Number: 3D-16H

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

9. Proposed Total Measured Depth: 11672

WELL LOCATION INFORMATION

10. QtrQtr: NWSW Sec: 16 Twp: 3N Rng: 68W Meridian: 6

Latitude: 40.222180 Longitude: -105.016400

Footage at Surface: 1330 feet FSL 257 feet FWL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 5059 13. County: WELD

14. GPS Data:

Date of Measurement: 12/07/2012 PDOP Reading: 1.7 Instrument Operator's Name: RICE

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

Footage at Top of Prod Zone: FNL/FSL _____ FEL/FWL _____ Bottom Hole: FNL/FSL _____ FEL/FWL _____
1476 FSL 737 FWL 1425 FSL 460 FEL
Sec: 16 Twp: 3N Rng: 68W Sec: 16 Twp: 3N Rng: 68W

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: 230 ft

18. Distance to nearest property line: 257 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 472 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 | | 320 | GWA |

21. Mineral Ownership: Fee State Federal Indian Lease #: 1392.11

22. Surface Ownership: Fee State Federal Indian

23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#: 20090011

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):

Horizontal well crosses lease lines within GWA horizontal wellbore unit. See attached mineral lease map.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 320

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 | 100 | 800 | 0 |
| 1ST | 8+3/4 | 7 | 26 | 0 | 7,609 | 430 | 7,609 | 500 |
| 2ND | 6+1/8 | 4+1/2 | 13.5 | 0 | 11,672 | 167 | 11,672 | 7,309 |

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

33. Comments Encana requests the approval of a 318A(I).a.(1) exception location as the well head is to be located outside of a GWA drilling window. Request letter and waivers attached. Encana also requests the approval of the omission of open hole logs, request letter attached. Proposed spacing unit is S/2 of Sec.16-T3N-R68W.

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: Erin Hochstetler

Title: Permitting Technician Date: 2/28/2013 Email: erin.hochstetler@encana.com

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: Matthew Lee Director of COGCC Date: 6/5/2013

API NUMBER

05 123 37512 00

Permit Number: _____ Expiration Date: 6/4/2015

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) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Operator will place an explicit comment on the Drilling Completion Report documenting which well on this pad was logged with a full suite of open hole logs.

Operator must meet water well testing requirements per Rule 318A.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 1695635 | MINERAL LEASE MAP |
| 400380293 | FORM 2 SUBMITTED |
| 400380405 | WELL LOCATION PLAT |
| 400380407 | DEVIATED DRILLING PLAN |
| 400380408 | DIRECTIONAL DATA |
| 400385872 | 30 DAY NOTICE LETTER |
| 400385873 | OTHER |
| 400385874 | EXCEPTION LOC REQUEST |
| 400385876 | PROPOSED SPACING UNIT |
| 400386248 | EXCEPTION LOC WAIVERS |

Total Attach: 10 Files

General Comments

| User Group | Comment | Comment Date |
|-------------------|--|--------------------------|
| Permit | Final Review Completed. LGD comment addressed (see COA's on form 2A); no public comment received. | 5/30/2013 4:02:43 PM |
| Permit | ON HOLD: w/o form 2A. | 5/16/2013 8:50:58 AM |
| Permit | Surface Restoration Bond on file with SLB; per Tim Kelly. ok to pass. | 3/25/2013 9:00:59 AM |
| Engineer | No offset wells within 500' | 3/21/2013 5:39:22 PM |
| Permit | Per operator: State lease number is 1392.11. total acreage is 320. attached lease map. ok to pass. | 3/14/2013 9:09:17 AM |
| Permit | ON HOLD: requesting State lease #, confirmation of mineral lease hold. Emailed Tim Kelly and Sherry Lee at SLB for verification of Surface Restoration Bond. | 3/12/2013 10:28:01 AM |
| Permit | Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached. | 3/12/2013 10:28:00 AM |
| Permit | Operator's request for omission of open hole logs. | 3/12/2013 10:27:59 AM |
| Permit | Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'. | 3/12/2013 10:27:58 AM |
| Permit | This form has passed completeness. | 3/1/2013 11:50:50 AM |

Total: 10 comment(s)

BMP

| Type | Comment |
|--------------------------------|---|
| Drilling/Completion Operations | Encana will comply with the "COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012. |
| Drilling/Completion Operations | 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. |

Total: 2 comment(s)