

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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07/25/2013

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: Bonnie Lamond Phone: (720)876-5156 Fax: ()Email: bonnie.lamond@encana.com7. Well Name: Pratt Well Number: 4G-29H-P168

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

9. Proposed Total Measured Depth: 17590

WELL LOCATION INFORMATION

10. QtrQtr: SESE Sec: 29 Twp: 1N Rng: 68W Meridian: 6Latitude: 40.016600 Longitude: -105.022360

Footage at Surface: 677 feet FNL/FSL 1181 feet FEL/FWL FEL

11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 5177 13. County: WELD

14. GPS Data:

Date of Measurement: 02/20/2013 PDOP Reading: 1.8 Instrument Operator's Name: John Rice15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 617 FSL 345 FEL 850 FEL/FWL 450 FEL 850
 Sec: 29 Twp: 1N Rng: 68W Sec: 20 Twp: 1N Rng: 68W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 774 ft18. Distance to nearest property line: 677 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 109 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 | | 640 | 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):

T1N, R68W: Section 20: N/2. Horizontal Wellbore crosses lease lines within drilling and spacing unit; distance to unit boundary is at least 460'.

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 | |
| SURF | 12+1/4 | 9+5/8 | 40# | 0 | 889 | 111 | 889 | |
| 1ST | 8+3/4 | 7 | 26# | 0 | 8440 | 480 | 8440 | 589 |
| 2ND | 6+1/8 | 4+1/2 | 13.5# | 0 | 17590 | 359 | 17590 | 8140 |

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

33. Comments Encana Oil & Gas (USA) Inc. requests the approval of a 318A.a.(1) and 318A.c(1) exception location as the well head is to be located outside of a GWA drilling window and further than 50' from an existing well. Request letter and waivers attached. This well is closer than 150' to the nearest permitted or producing BHL. A 318A.m. variance request letter attached. Encana Oil & Gas (USA) Inc. also requests the approval of the omission of open hole logs, request letter attached. Proposed unit configuration is T1N, R68W: Section 20: E/2E/2 Section 21: W/2W/2 Section 28: W/2W/2 Section 29: E/2E/2. Before any operations commence, a town permit will be submitted to the Town of Erie. Erie BMPs attached.

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: Bonnie Lamond

Title: Permitting Analyst Date: 7/25/2013 Email: bonnie.lamond@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: 10/4/2013

API NUMBER

05 123 38225 00

Permit Number: _____ Expiration Date: 10/3/2015

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.

Description

Operator acknowledges the proximity of the William H Peltier 2, (API NO 123-12614) well. Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.

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

Operator acknowledges the proximity of the non-operated Carr 1, (API NO 123-10017), and the Pezoldt 1-32, (API NO 123-15040) wells. Operator assures that this offset will be remediated per the DJ Basin Horizontal Offset Policy (options 1 or 2) or operator will address this well with mitigation option 4. Operator will submit a Form 42 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.

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

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

| <u>Att Doc Num</u> | <u>Name</u> |
|---------------------------|------------------------|
| 1695822 | EXCEPTION LOC WAIVERS |
| 400426737 | FORM 2 SUBMITTED |
| 400446855 | DEVIATED DRILLING PLAN |
| 400446857 | DIRECTIONAL DATA |
| 400446858 | MINERAL LEASE MAP |
| 400446859 | EXCEPTION LOC REQUEST |
| 400446860 | PROPOSED SPACING UNIT |
| 400446864 | 30 DAY NOTICE LETTER |
| 400446865 | OTHER |
| 400446867 | WELL LOCATION PLAT |
| 400446868 | EXCEPTION LOC WAIVERS |
| 400448510 | VARIANCE REQUEST |
| 400453221 | PROPOSED BMPs |
| 400453222 | OFFSET WELL EVALUATION |
| 400456657 | SURFACE AGRMT/SURETY |

Total Attach: 15 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|--------------------------|
| Permit | Final Review Completed. LGD comment addressed (see BMP's); no public comment received. | 10/3/2013 8:43:25 AM |
| Permit | Received and attached Exception Loc Waivers. ok to pass. | 8/16/2013 1:32:54 PM |
| Permit | Requesting Exception Loc Waiver for Rule 318A.a. | 8/13/2013 1:29:16 PM |
| Permit | Operator requests approval of a Rule 318Am exception location: Wellbore is to be located less than 150' from an existing wellbore. Request and waivers attached. | 8/13/2013 1:29:15 PM |
| Permit | 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. | 8/13/2013 1:29:14 PM |
| Permit | Operator's request for omission of open hole logs. | 8/13/2013 1:29:14 PM |
| Permit | Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'. | 8/13/2013 1:29:13 PM |
| LGD | The Town of Erie concurs with the EnCana Oil Gas (USA) Inc. request that the Erie BMP's identified on Form 2 and attached thereto, be conditions of approval of the issuance of this permit. | 8/13/2013 11:27:30 AM |

Total: 8 comment(s)

Best Management Practices

| No | BMP/COA Type | Description |
|----|-------------------------------------|---|
| 1 | Planning | <p>Prior to commencement of any new drilling or completion operations, provide to an Erie designated staff member the following for the well-site for informational purposes only, which Encana may revise from time to time during operations:</p> <ul style="list-style-type: none"> a) A summary of planned operations, including identified access points and operational timeline, for posting to a local community information web-page b) A site plan for site preparation, mobilization and demobilization c) A plan for interim reclamation and vegetation of the site and final reclamation of the site d) A plan for noise, light and dust mitigation, to the extent feasible e) A traffic management plan f) Updates of this information if any change during operations |
| 2 | Community Outreach and Notification | <p>Prior to commencement of any new drilling or completion operations, provide notification to landowners within one-half (1/2) mile of the well-site.</p> |
| 3 | Construction | <p>Maximize equipment and wellhead setbacks from occupied buildings and residences to the extent feasible and practicable, as determined by Encana.</p> |
| 4 | Drilling/Completion Operations | <p>Utilize a high-low pressure vessel (HLP) and vapor recovery unit (VRU) for new wells drilled. Encana may remove the VRU system at such time Encana determines that the VRU system is no longer necessary due to reduced emission recoveries and/or efficiencies, but no earlier than one (1) year after the new well is drilled</p> |
| 5 | Drilling/Completion Operations | <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 well path 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> |
| 6 | Drilling/Completion Operations | <p>Encana will comply with the "COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012.</p> |
| 7 | Drilling/Completion Operations | <p>Utilize steel-rim berms around tanks and separators instead of sand or soil berms</p> |
| 8 | Drilling/Completion Operations | <p>Utilize closed-loop systems for drilling and completion operations to minimize the need for earthen pits</p> |

Total: 8 comment(s)