

FORM

2

Rev
08/13

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109

Document Number:

400612752

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate

Date Received:

05/21/2014

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____Refilling ☒ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: N Parachute

Well Number: UWF05C-03H04596

Name of Operator: ENCANA OIL & GAS (USA) INC

COGCC Operator Number: 100185

Address: 370 17TH ST STE 1700

City: DENVER

State: CO

Zip: 80202-5632

Contact Name: Kelly Hamden

Phone: (720)876-5185

Fax: (720)876-6185

Email: Kelly.Hamden@encana.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100017

WELL LOCATION INFORMATION

QtrQtr: SENE Sec: 4 Twp: 5S Rng: 96W Meridian: 6

Latitude: 39.646047

Longitude: -108.164961

Footage at Surface: 1921 feet FNL/FSL FNL 36 feet FEL/FWL FEL

Field Name: GRAND VALLEY

Field Number: 31290

Ground Elevation: 8270

County: GARFIELD

GPS Data:

Date of Measurement: 04/11/2012 PDOP Reading: 1.4 Instrument Operator's Name: Brian Baker

If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FNL 1915 FNL 1352 FNL 1915 FNL 1352 FNL 1915 FNL 1352 FNL 1915 FNL 1352
 Sec: 3 Twp: 5S Rng: 96W Sec: 3 Twp: 5S Rng: 96W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe Surface Owner is: ☒ is the mineral owner beneath the location.

(check all that apply)

☐ is committed to an Oil and Gas Lease.☐ has signed the Oil and Gas Lease.☒ is the applicant.The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: applicant is owner

Surface damage assurance if no agreement is in place:

Surface Surety ID:

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

T5S-R96W-Sec. 3: All and other lands. See mineral lease map.

Total Acres in Described Lease: 25341 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 1915 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1656 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 2547 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 3074 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☐ Buffer Zone
☐ Exception Zone
☐ Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 260 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary _____ Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

T5S-R96W-Sec. 3: All and other lands. See mineral lease map.

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| WILLIAMS FORK | WMFK | 510-13 | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 13000 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 260 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: ☒ Annular Preventor ☒ Double Ram ☐ Rotating Head ☐ None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: ONSITE Drilling Fluids Disposal Methods: Other

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

RECYCLE AND BURY

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

CASING PROGRAM

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-----------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 26 | 20 | line pipe | 0 | 120 | 176 | 120 | 0 |
| SURF | 14+3/4 | 9+5/8 | 36 | 0 | 2200 | 851 | 2200 | 0 |
| 1ST | 8+3/4 | 4+1/2 | 12 | 0 | 13000 | 827 | 13000 | |

☐ Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 318A.a. Exception Location (GWA Windows).
- ☐ Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

☐ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number

OTHER LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 318.c. Exception Location from Rule or Spacing Order Number
- ☐ Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

| | |
|----------|---|
| Comments | <p>This is a refire 05-045-21598-0000. There have been no changes to this location and land use/lease description; as Encana owns both surface and minerals.</p> <p>The pad has been built, and there will be no additional surface disturbance. The location does not require a variance from any of the rules listed in Rule 306d (1) (A) (ii).</p> <p>No Form 2A is required, as the oil and gas assessment for the H04 pad has been amended and does not expire until 06/16/2016.</p> |
|----------|---|

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 335907

Is this application being submitted with an Oil and Gas Location Assessment application? No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Kelly Hamden

Title: Regulatory Analyst Date: 5/21/2014 Email: Kelly.Hamden@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:  Director of COGCC Date: 7/27/2014

Expiration Date: 07/26/2016

API NUMBER

05 045 21598 00

Conditions Of Approval

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.

COA Type

Description

| | |
|--|--|
| | <p>(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE.</p> <p>(2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON FIELD NOTICE TO OPERATORS IS REQUIRED, WITH THE FOLLOWING EXCEPTION: ALL FIELD NOTICE REQUIREMENTS SPECIFIED IN THIS NOTICE TO OPERATORS ARE SUPERSEDED BY THE REQUIREMENTS OF THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY (SEE CONDITION OF APPROVAL #1). SEE ATTACHED NOTICE.</p> <p>(3) PROVIDE CEMENT COVERAGE FROM THE PRODUCTION CASING (4+1/2" FIRST STRING) SHOE TO A MINIMUM OF 200 FEET ABOVE ALL MESAVERDE GROUP (AND OHIO CREEK, IF PRESENT) OIL, GAS, AND WATER-BEARING SANDSTONE AND COALBED FORMATIONS. VERIFY PRODUCTION CASING CEMENT COVERAGE WITH A CEMENT BOND LOG.</p> |
| | <p>Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.</p> |
| | <p>Final review completed on this refile. No LGD comments.</p> |

Best Management Practices

| No | BMP/COA Type | Description |
|----|----------------------|---|
| 1 | General Housekeeping | <ul style="list-style-type: none">• Prohibit Encana employees and contractors from carrying projectile weapons on Encana property, except during company organized events.• Prohibit pets on Encana property. |
| 2 | Wildlife | <ul style="list-style-type: none">• Install trench plugs (sloped to allow wildlife or livestock to exit the trench should they enter) at known wildlife or livestock trails to allow safe crossing on long spans of open trench, where appropriate, economically and technically feasible.• Perform biological surveys (on-site) for each new development, using the most recent data sets for wildlife and aquatic resources.• Perform pre-disturbance surveys when the on-site inspection and commencement of disturbance occur in different field seasons using the most recent data sets for wildlife and aquatic resources.• Utilize the Encana Wildlife Resources Matrix to identify and document (where appropriate) potential impacts or concerns during the project planning phase for proposed drilling operations and construction of roads, pads and pipelines.• Use enclosed, locking garbage receptacles or implement a strict daily trash removal regime on each temporary or permanent work location. |
| 3 | Dust control | <ul style="list-style-type: none">• Strategically apply fugitive dust control measures, including enforcing established speed limits on Encana private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources. |
| 4 | Construction | <ul style="list-style-type: none">• Use solar panels as an alternative energy source for on-location production equipment, where appropriate, economically and technically feasible.• Use multiple gathering lines placed in a single trench to minimize disturbance and construction, where appropriate, economically and technically feasible.• Install pipeline crossings at right angles to the drainages, wetlands, and perennial water bodies, where appropriate, economically and technically feasible.• Maintain a minimum of five feet of soil cover between the pipeline and the lowest point of the drainage or water body channel. |

Total: 4 comment(s)

Applicable Policies and Notices to Operators

Piceance Rulison Field - Notice to Operators.

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| Att Doc Num | Name |
|-------------|------|
|-------------|------|

| | |
|-----------|------------------|
| 400612752 | FORM 2 SUBMITTED |
|-----------|------------------|

Total Attach: 1 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|--------------------------|
| Permit | There are two producers on this pad, 2A expires 6/16/2016. | 7/24/2014 8:13:36 AM |
| LGD | pass, gdb | 6/6/2014 10:33:24 AM |
| Engineer | There are no permitted water wells within one mile of this surface location. The "Offset Wells Evaluation" tab has "No Offset Well within 1500' " checked. However, permitted and existing gas wells are present within 1500' of the planned wellbore paths of proposed wells on this pad. COGCC evaluated existing offset wells within 1,500 feet of this wellbore. No mitigation required. | 5/23/2014 2:49:13 PM |
| Permit | Passed completeness | 5/22/2014 11:10:24 AM |

Total: 4 comment(s)