

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:
400868341
(SUBMITTED)

APPLICATION FOR PERMIT TO:

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

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

Date Received:
08/06/2015

Well Name: Woolley Becky Well Number: 2E-7H-E168
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: Toby Sachen Phone: (720)876-5845 Fax: ()
Email: toby.sachen@encana.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100017

WELL LOCATION INFORMATION

QtrQtr: SWNW Sec: 7 Twp: 1N Rng: 68W Meridian: 6
Latitude: 40.066854 Longitude: -105.053362
Footage at Surface: 2242 feet FNL/FSL FNL 589 feet FEL/FWL FWL
Field Name: WATTENBERG Field Number: 90750
Ground Elevation: 4994 County: WELD
GPS Data:
Date of Measurement: 01/21/2015 PDOP Reading: 2.0 Instrument Operator's Name: Chris Bettencourt
If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**
Footage at Top of Prod Zone: FNL/FSL FNL 1720 FNL 1439 FNL 460 FNL 1475 FNL
FEL/FWL FEL/FWL
Sec: 7 Twp: 1N Rng: 68W Sec: 6 Twp: 1N Rng: 68W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

The 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: Surface Use Agreement

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.)

T1N R68W SEC 7: N/2

Total Acres in Described Lease: 317 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 711 Feet
Building Unit: 841 Feet
High Occupancy Building Unit: 2370 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 381 Feet
Above Ground Utility: 361 Feet
Railroad: 4223 Feet
Property Line: 381 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: 171 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

T1N R68W Section 6: W/2; Section 7: NW/4

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| CODELL | CODL | | 480 | GWA |

DRILLING PROGRAM

Proposed Total Measured Depth: 14699 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 87 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 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Land application

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

McDonald Farms, Facility ID 431609 and Bella 18, Facility ID 431606 will be used.

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 431609 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 | 22 | 16 | 30 | 0 | 80 | 80 | 80 | 0 |
| SURF | 12+1/4 | 9+5/8 | 36 | 0 | 800 | 100 | 800 | 0 |
| 1ST | 8+3/4 | 7 | 26 | 0 | 8118 | 461 | 8118 | 500 |
| 2ND | 6+1/8 | 4+1/2 | 13.5 | 0 | 14699 | 262 | 14699 | 7818 |

☐ 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 SHL has changed.. Revised directional drilling plan attached. No Form 2A required. Town of Erie BMPs included.
Wells within 150' of the treated portion of the wellbore: Bearden 1, 123-09764. This well is operated by Encana.

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

Location ID: 305447

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: Toby Sachen

Title: Regulatory Analyst Date: 8/6/2015 Email: toby.sachen@encana.com

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: _____

Expiration Date: _____

API NUMBER

05 123 38112 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.

Best Management Practices

| No | BMP/COA Type | Description |
|----|-------------------------------------|---|
| 1 | Planning | Distance to Erie Building Units. For theVessels Minerals Well Pad, the minimum distance between a well or surface equipment, and the nearest exterior wall of an existing Erie Building Unit (as of the Effective Date) shall not be less than the following 1,050 feet. Compliance with this requirement shall be determined from the actual asbuilt locations of the well or surface equipment. Nothing herein shall be construed to grant Encana any surface rights on property owned by the Town or another person. No Pad Site will be located on Town property without authorization by the Town Board of Trustees. |
| 2 | Planning | Encana shall conduct all operations in accordance with the plans discussed during the Conceptual Review Process as updated from time to time. |
| 3 | Community Outreach and Notification | Prior to commencement of any new drilling or completion operations, provide notification to landowners within one-half (1/2) mile of the well-site. |

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| 4 | Community Outreach and Notification | <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> <p>a) A summary of planned operations, including identified access points and operational timeline, for posting to a local community information web-page</p> <p>b) A site plan for site preparation, mobilization and demobilization</p> <p>c) A plan for interim reclamation and vegetation of the site and final reclamation of the site</p> <p>d) A plan for noise, light and dust mitigation, to the extent feasible</p> <p>e) A traffic management plan</p> <p>f) Updates of this information if any change during operations</p> |
| 5 | Community Outreach and Notification | <p>Encana shall include its contact information on both the mailed notice required by Article III, Section 8 and the posted notice required by Article III, Section 9. This information shall include both a telephone number for Encana and the address and hours of Encana's Erie community office. Members of the public with concerns or complaints regarding the oil and gas development covered by this Agreement may use this information to speak with Encana.</p> |
| 6 | Traffic control | <p>Encana will implement the Traffic Management Plan required by Article III, Section 3, Subpart 10.</p> |
| 7 | Traffic control | <p>To reduce truck traffic, Erie and Encana will encourage the use of nearby water resources for the drilling and hydraulic fracturing of wells at the pad sites, including the use of Erie municipal water when determined technically feasible and economically practicable by Encana</p> |
| 8 | General Housekeeping | <p>Encana will install down cast lighting or some other form of lighting that mitigates light pollution and spill-over onto adjacent properties; provided, however, that Encana may still use lighting that is necessary for public and occupational safety</p> |
| 9 | General Housekeeping | <p>Access roads to well and production facilities that connect to a street within Erie shall be improved from the point of connection to a street within Erie a minimum distance of two hundred (200) feet on the access road as specified by the then current requirements of the Code.</p> |
| 10 | General Housekeeping | <p>Upon the request of either party, the Parties may revise one or more of these BMPs if they mutually agree such revision would better avoid or mitigate impacts the BMP(s) is intended to address.</p> |
| 11 | General Housekeeping | <p>Encana will recycle and reuse water at the pad sites and otherwise minimize waste water production to the extent that it determines such recycling, reuse, and waste water minimization is technically and economically feasible.</p> |
| 12 | General Housekeeping | <p>Oil and gas well facilities (above ground) within the Erie Town Limits shall be fenced as specified by the then current requirements of the Code.</p> |

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| 13 | General Housekeeping | <p>Road repairs.</p> <p>(a) Erie and Encana recognize that truck traffic accessing the Identified Well Pads may cause damage to Erie roads and that road repairs may be needed to mitigate such damage. To this end, Encana will arrange for a qualified outside consultant to perform a road impact study for all Erie roads that are used to access an Identified Well Pad during the Term of this Agreement. The consultant will conduct the first part of the study prior to Encana's operations at such Well Pad and the second part of the study after Encana completes all drilling and hydraulic fracturing at such Well Pad. Encana and Erie will use these studies to determine the extent of any damage accruing to the road during the study period. Encana will then promptly pay Erie to repair such damage or else arrange and pay the cost of such repairs itself whichever Erie prefers.</p> <p>(b) Encana shall maintain Financial Assurance to secure its road repair obligations under this Agreement. The amount of such Financial Assurance shall equal Erie's annual road maintenance budget as of the Effective Date multiplied by the percentage yielded by dividing the total number of Erie road miles as of the Effective Date into the number of such road miles that Encana will use to access the Identified Well Pads. Encana shall select the form of such Financial Assurance and shall maintain such Assurance until Encana fulfills its obligation to repair road damage under Subsection (a).</p> |
| 14 | Material Handling and Spill Prevention | Encana shall use steel rim berms or some other state of the art technology that will contain fluids and other material instead of sand or soil berms. |
| 15 | Construction | Utilize steel-rim berms around tanks and separators instead of sand or soil berms |
| 16 | Construction | Maximize equipment and wellhead setbacks from occupied buildings and residences to the extent feasible and practicable, as determined by Encana. |
| 17 | Noise mitigation | <p>Encana will comply with the following noise mitigation requirements at all pad sites:</p> <p>(a) For db(A) scale noise, Encana will insure that the noise level from operations subject to the light industrial zone noise standard under COGCC Regulations 802.b and 604.c.(2)(A) does not exceed sixty (60) db(A) and that the noise level from operations subject to the industrial zone noise standard under COGCC Regulations 802.b and 604.c.(2)(A) is reduced at least five (5) db(A) below the maximum level permitted by those Regulations. For this purpose, the noise level shall be measured as set forth in COGCC Regulations 802.b & c, except no measurements shall be taken when traffic is passing the sound level meter, Encana shall be present during all measurements, and building units shall be limited to those units existing as of the Effective Date. As set forth in COGCC Regulation 802.b, the noise levels shall be subject to increase for a period not to exceed fifteen (15) minutes in any one (1) hour period and reduction for periodic, impulsive or shrill noises.</p> <p>(b) For db(C) scale noise, Encana shall comply with the requirements of COGCC Regulation 802, as such requirements may be amended during the term of this Agreement.</p> |
| 18 | Emissions mitigation | <p>Well leak detection and repair</p> <p>(a) To identify leaks, Encana will perform audio, visual and olfactory inspections on a monthly basis at all of its new and existing wells and related facilities and equipment within Erie's Town Limits, provided that such related facilities and equipment are located on the pads for such wells, are part of adjacent tanks used for such pad sites, or are part of storage tanks for such pad sites authorized under Article IV, Section 4 of the Operator Agreement. Encana will also inspect each such well with an infra-red camera on a monthly basis. The initial baseline inspections will occur within sixty (60) calendar days after the Effective Date. After a well has produced for twelve (12) months, the frequency of such inspections shall decrease from monthly to quarterly. If Encana determines that any repairs are required based on these inspections, Encana will promptly initiate these repairs.</p> <p>(b) Encana will report to Erie on the inspection results and any associated repairs the month after the inspection or repair occurs. This information will be collectively reported on a monthly basis in the same format that Encana uses for reporting to the Air Pollution Control Division under Regulation 7, but that is specific to wells located within the Erie Town Limits. Erie will make this information publicly available.</p> <p>(c) This BMP will terminate five (5) years after the Effective Date, after which Encana will continue to comply with the leak detection, repair, and reporting requirements of Regulation 7, as such requirements may be amended.</p> |

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| 19 | Drilling/Completion Operations | 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 |
| 20 | 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. |
| 21 | 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 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 asconstructed gyro survey will be submitted to COGCC with the Form 5. |
| 22 | Drilling/Completion Operations | Utilize closed-loop systems for drilling and completion operations to minimize the need for earthen pits |
| 23 | Drilling/Completion Operations | Upon initial rig-up and at least once every thirty (30) days during drilling operations thereafter, pressure testing of the casing string and each component of the blowout prevention equipment including flange connections will be performed to seventy percent (70%) of working pressure or seventy percent (70%) of the internal yield of casing, whichever is less. Pressure testing shall be conducted and the documented results will be retained by the operator for inspection by the Director for a period of one (1) year. Activation of the pipe rams for function testing shall be conducted on a daily basis when practicable. |
| 24 | Drilling/Completion Operations | Adequate blowout prevention equipment will be used on all well servicing operations. |
| 25 | Drilling/Completion Operations | Backup stabbing valves shall be required on well servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using both low-pressure air and high-pressure fluid. |
| 26 | Drilling/Completion Operations | No drill stem tests will be performed. |
| 27 | Drilling/Completion Operations | One of the first wells drilled on the pad will be logged with Open Hole Resistivity Log and Gamma Ray Log from the kick-off point to into the surface casing. All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The horizontal portion of every well will be logged with a measured-while-drilling gamma-ray log. The form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run. |
| 28 | Drilling/Completion Operations | Encana has developed and implemented a company-wide Responsible Products Program to manage the fluid products used in its hydraulic fracturing operations. This Responsible Products Program helps Encana evaluate the hydraulic fracturing fluid products it uses in its operations for safety, effectiveness and potential public health and environmental impacts. As part of this program, Encana has informed all of its hydraulic fracturing fluid product suppliers that any products containing diesel fuels (as defined by EPA 816-R-12-004), 2-Butoxyethanol (2-BE), benzene or heavy metals (i.e. lead, mercury, arsenic, cadmium and chromium) cannot be used in hydraulic fracturing at Encana operations. Encana will continue to conduct its hydraulic fracturing operations within the Erie town limits in accordance with its Responsible Products Program. |
| 29 | Drilling/Completion Operations | Encana shall use closed-loop systems for drilling and completion operations. |

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| 30 | Final Reclamation | In an effort to reduce air emissions, Encana intends to construct a central gathering and storage facility at a location in 1N-68W-Section 21 (the "Hub") to receive liquids from the wells which are the subject of this Agreement. As a result, Encana will not install hydrocarbon storage tanks at these pad sites, which will eliminate potential sources of hydrocarbons from the sites. However, Encana will still install at the pad sites all other equipment and facilities necessary for the production of hydrocarbons, including wellhead equipment, separation equipment, electrical equipment, and temporary flowback equipment (including temporary storage tanks). In addition, this BMP is subject to Article IV, Sections 3 and 4 of the Agreement. |
| 31 | Underground Injection Control | Encana shall not develop any new Class II underground injection control wells within the Operator Agreement Area during the Term of this Agreement. |

Total: 31 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| <u>Att Doc Num</u> | <u>Name</u> |
|---------------------------|-----------------------------|
| 400868341 | FORM 2 SUBMITTED |
| 400873360 | DEVIATED DRILLING PLAN |
| 400873361 | DIRECTIONAL DATA |
| 400881070 | WELL LOCATION PLAT |
| 400890183 | OPEN HOLE LOGGING EXCEPTION |
| 400894926 | OffsetWellEvaluations Data |

Total Attach: 6 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Returned to draft. 1.) The Offset Wells Evaluation attachment and data is missing. 2.) Operator's Wellbore Integrity Contact email is blank. Please add the second refile condition "I certify that there have been no changes on land use, lease description". | 8/12/2015 11:51:36 AM |

Total: 1 comment(s)