

APPLICATION FOR PERMIT TO:

1.  Drill,  Deepen,  Re-enter,  Recomplete and Operate

2. TYPE OF WELL OIL  GAS  COALBED  OTHER:  SINGLE ZONE  MULTIPLE ZONES  COMMINGLE ZONES

Refilling  Sidetrack

3. Name of Operator: EnCana Oil & Gas (USA) Inc. 4. COGCC Operator Number: 100185

5. Address: 370 17th Street, Suite 1700 City: Denver State: CO Zip: 80202

6. Contact Name: Melanie Holt Phone: 720-876-5013 Fax: 720-875-6013

7. Well Name: Wheeler Well Number: 31-1

8. Unit Name (if appl): Unit Number: 9. Proposed Total Measured Depth: 8303'

10. QtrQtr: SWNE Sec: 1 Twp: 1N Rng: 69W Meridian: 6th P.M. Latitude: 40.08217 Longitude: 105.06331

Footage At Surface: 1940' FNL 2205' FEL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4908' 4965' 13. County: Boulder

14. GPS Data: Date of Measurement: 11/06/2006 PDOP Reading: 0.273 Instrument Operator's Name: Tom Winans

15. If well is:  Directional  Horizontal (highly deviated), submit deviated drilling plan. Bottomhole Sec Twp Rng: NWNE SEC 1 T1N-R69W Footage At Top of Prod Zone: 660' FNL 2023' FEL At Bottom Hole: 660' FNL 2023' FEL

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: 1600' 1923'

18. Distance to Nearest Property Line: 480' 19. Distance to nearest well permitted/completed in the same formation: +/- 30'

Table with 5 columns: Objective Formation(s), Formation Code, Spacing Order Number (s), Unit Acreage Assigned to Well, Unit Configuration (N/2, SE/4, etc.)

21. Mineral Ownership:  Fee  State  Federal  Indian Lease # 22. Surface Ownership:  Fee  State  Federal  Indian

23. Is the Surface Owner also the Mineral Owner?  Yes  No Surface Surety ID# 70020068

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): T1N-R69W SEC 1: NE, N2SE, S2S2.

25. Distance to Nearest Mineral Lease Line: 677' 26. Total Acres in Lease: 400'

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 27 or 28 are yes, is this location in a sensitive area (Rule 903)?  Yes  No If 28, 29 or 30 are "Yes" a pit permit may be required. 31. Mud disposal:  Offsite  Onsite Method:  Land Farming  Land Spreading  Disposal Facility  Other:

Table with 8 columns: String, Size of Hole, Size of Casing, Weight Per Foot, Setting Depth, Sacks Cement, Cement Bottom, Cement Top

32. BOP Equipment Type:  Annular Preventer  Double Ram  Rotating Head  None 33. Comments: Twinned w/ wheeler 32-1

34. Initial Rule 306 Consultation took place on (date) 12/13/2006, was waived, or is not required. Provide supporting documentation if consultation has been waived or if good faith effort did not result in consultation. PERMIT SUBMITTED TO COGCC PRIOR TO COMPLIANCE WITH RULE 306 CONSULTATION SHALL BE RETURNED UNAPPROVED. I hereby certify that a complete permit package has been sent to the applicable Local Government Designee(s), and all statements made in this form are, to the best of my knowledge, true, correct, and complete. Signed: [Signature] Print Name: Melanie Holt Title: Permitting Agent Date: 12/18/2006 Email: melanie.holt@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: [Signature] Director of COGCC Date: 01-30-07

Permit Number: 20066405 Expiration Date: 01-29-08

API NUMBER 05-013-06537-00

CONDITIONS OF APPROVAL, IF ANY:

- 1) Provide 24 hour notice of MIRU to Jim Precup at 303-469-1902 or e-mail at james.precup@state.co.us 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara and from 200' below Shannon to 200' above Sussex. Verify coverage with cement bond log. 3) Run and submit Directional Survey from TD to base of surface casing.



SB5OUT1

LOCATION: SW1/4 OF NE1/4 OF SEC. 1, T.1N., R.69W. (1940 NSL, 2205 ESL)

Ground Elevation: 4965

Number of Acres: 320

| AQUIFER           | ELEVATION |      | NET SAND | DEPTH TO |      | ANNUAL APPROP A-F | STATUS |
|-------------------|-----------|------|----------|----------|------|-------------------|--------|
|                   | BOT.      | TOP  |          | BOT.     | TOP  |                   |        |
| UPPER DAWSON      | ----      | ---- | ----     | ----     | ---- | ----              | ---    |
| LOWER DAWSON      | ----      | ---- | ----     | ----     | ---- | ----              | ---    |
| DENVER            | ----      | ---- | ----     | ----     | ---- | ----              | ---    |
| UPPER ARAPAHOE    | ----      | ---- | ----     | ----     | ---- | ----              | ---    |
| LOWER ARAPAHOE    | ----      | ---- | ----     | ----     | ---- | ----              | ---    |
| LARAMIE-FOX HILLS | ----      | ---- | ----     | ----     | ---- | ----              | ---    |

note: E indicates location is at aquifer boundary and values may be more approximate.

Data for the LARAMIE FOX-HILLS may be missing or approximate and should be checked against DENVER BASIN ATLAS NO. 4

**SURFACE CASING CHECK**

Well Name WHEELER 31-1

New Drill  Refiling  Deepen  Re-Enter  Recomplete and Operate  Plug and Abandon  Casing Repair

SB5 Base of Fox Hills NA

Cheyenne Basin Map Base of Fox Hills NA

Fox Hills Protection Area 5% Rule 8303 (5%) = 416'

Deepest Water Well w/in One Mile 495 + 50 = 545'

Operator-Proposed Surface Casing Depth 850'

Actual Surface Casing Depth \_\_\_\_\_

Change Permit Surface Casing Depth from \_\_\_\_\_ to \_\_\_\_\_

OK on  this well's or  offset well's induction log at 850'

D.A.  
1/3/2007



**Selected Items Report**

**Oil and Gas Wells Selected**

Filter Results by Formation   *SX-SN IS PRODUCED W/IN ONE MILE*

| WELL DESCRIPTION | LOCATION | WELL INFORMATION |
|------------------|----------|------------------|
|------------------|----------|------------------|

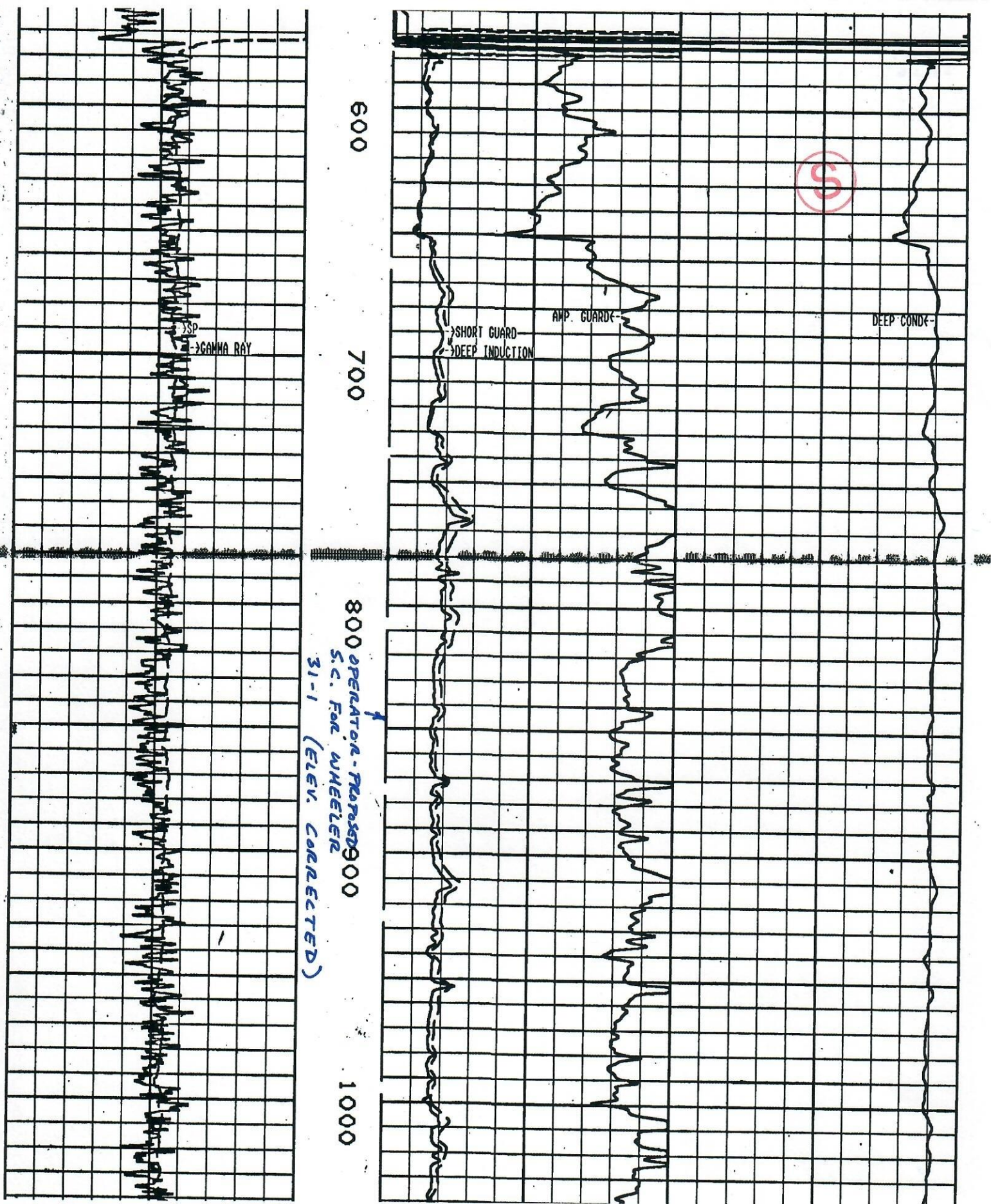
**Facilities Selected**

| FACILITY DESCRIPTION | LOCATION | PIT INFORMATION |         |        |
|----------------------|----------|-----------------|---------|--------|
|                      |          | Type            | Unlined | Status |

**Water Wells Selected From Map**

\* Filter Results by Depth

| WELL DESCRIPTION                                                                 | LOCATION         | WELL INFORMATION |          |             |         |
|----------------------------------------------------------------------------------|------------------|------------------|----------|-------------|---------|
|                                                                                  |                  | Depth            | Top Perf | Bottom Perf | Aquifer |
| Receipt=0428286, Permit=0209646--<br><b>LOVE ROBERT R</b>                        | NESW 6<br>1N-68W | 495              | 265      | 475         | KLF     |
| Receipt=9065576, Permit=0080328--<br><b>DUGGER MARVIN N &amp; THELMA B</b>       | NWSW 6<br>1N-68W | 125              | 0        | 0           | GW      |
| Receipt=9066030, Permit=0096758--<br><b>DIRSCHL WILLIAM LEE</b>                  | NWSW 6<br>1N-68W | 190              | 0        | 0           | GW      |
| Receipt=0088771, Permit=0096746--<br><b>SCHROEDER DUSTIN M</b>                   | SWSW 6<br>1N-68W | 175              | 95       | 175         | GW      |
| Receipt=0379587, Permit=0059561--A<br><b>DURAN ANDREW</b>                        | SWSW 6<br>1N-68W | 240              | 70       | 230         | GW      |
| Receipt=0223327, Permit=0124266--A<br><b>MEYER BARBARA L &amp; HALL DANIEL H</b> | NWNE 1<br>1N-69W | 140              | 80       | 140         | GW      |
| Receipt=9009042, Permit=0011185--<br><b>BROWN BOB</b>                            | SWNW 1<br>1N-69W | 250              | 0        | 0           | GW      |
| Receipt=9009043, Permit=0011186--<br><b>BROWN BOB</b>                            | SWNW 1<br>1N-69W | 248              | 0        | 0           | GW      |
| Receipt=9009044, Permit=0011187--<br><b>BROWN BOB</b>                            | SWNW 1<br>1N-69W | 230              | 0        | 0           | GW      |
| Receipt=9009071, Permit=0011518--<br><b>BROWN BOB</b>                            | SWNW 1<br>1N-69W | 240              | 0        | 0           | GW      |
| Receipt=9009123, Permit=0012081--<br><b>BROWN BOB</b>                            | SWNW 1<br>1N-69W | 240              | 0        | 0           | GW      |
| Receipt=9009124, Permit=0012082--<br><b>BROWN BOB</b>                            | SWNW 1<br>1N-69W | 240              | 0        | 0           | GW      |
| Receipt=9009127, Permit=0012126--<br><b>BROWN BOB</b>                            | SWNW 1<br>1N-69W | 230              | 0        | 0           | GW      |
| Receipt=9009164, Permit=0012733--<br><b>WENG KENNETH</b>                         | SWNW 1<br>1N-69W | 330              | 0        | 0           | GW      |
| Receipt=9009173, Permit=0012812--<br><b>BROWN S O</b>                            | SWNW 1<br>1N-69W | 265              | 0        | 0           | GW      |
| Receipt=9009240, Permit=0013459--<br><b>WAGNER MILTON</b>                        | SWNW 1<br>1N-69W | 245              | 0        | 0           | GW      |



013-06250 BECKY 6-36 NWSE 36-2N-69W GS = 4961'

**Andrews, David**

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**From:** Holt, Melanie [Melanie.Holt@encana.com]  
**Sent:** Wednesday, January 03, 2007 11:44 AM  
**To:** Andrews, David  
**Subject:** RE: Wheeler 31-1 topo map and plat



Ok, had a moment!!!  
Let's try this one!!!  
Thanks!

-----Original Message-----

**From:** Andrews, David [mailto:David.Andrews@state.co.us]  
**Sent:** Wednesday, January 03, 2007 11:24 AM  
**To:** Holt, Melanie  
**Subject:** RE: Wheeler 31-1 topo map and plat

Melanie,

Let's try one more time on the topo map. Your topo map attachment shows the well in Section 31-2N-68W. Form 2 and the plat put the well in Section 1-1N-69W. Email format is fine by me.

Dave

-----Original Message-----

**From:** Holt, Melanie [mailto:Melanie.Holt@encana.com]  
**Sent:** Wednesday, January 03, 2007 11:09 AM  
**To:** Andrews, David  
**Subject:** RE: Wheeler 31-1 topo map and plat

Hi David-

I attached a copy of the revised plat and the topo map, does this work for you or should I send you a hard copy in the mail? Please let me know if you need anything else for this APD.  
Thanks so much!

Melanie Holt  
Permitting Agent  
EnCana Oil & Gas (USA) Inc.  
Phone (720) 876-5013  
Fax (720) 876-6013

-----Original Message-----

**From:** Andrews, David [mailto:David.Andrews@state.co.us]  
**Sent:** Tuesday, December 26, 2006 10:32 AM  
**To:** Holt, Melanie  
**Subject:** Wheeler 31-1 topo map and plat

Melanie,

I am reviewing Form 2 – Application for Permit to Drill for Wheeler 31-1 (SWNE 1-1N-69W).

01/03/2007

Your submittal is missing a topographic map. Please reply to this email with a topographic map

Also, based on the topographic data on our GIS, it appears that the ground surface elevation for this location is approximately 4960'. However, the ground surface elevation shown on the plat and permit for this location is 4908'. If the elevation on the plat is incorrect, please reply to this email with a revised plat.

I will hold this permit until I hear back from you.

Thanks,

**David D. Andrews, P.E., P.G.**

**State of Colorado**  
**Oil and Gas Conservation Commission**  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203  
Phone: (303) 894-2100 Ext. 145  
Fax: (303) 894-2109  
E-mail: [David.Andrews@state.co.us](mailto:David.Andrews@state.co.us)  
Website: <http://www.oil-gas.state.co.us/>

Well name and number:

*Wheeler 31-1*



**Survey Plat Check list**

| number | Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
|        | 8-1/2" x 11" scaled drawing of the entire section                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ✓         |
| 1      | Dimensions on adjacent exterior section lines sufficient to completely describe the quarter section containing the proposed well shall be indicated                                                                                                                                                                                                                                                                                                                                                                    | ✓         |
| 1a     | If dimensions are not field measured, state how the dimensions were determined                                                                                                                                                                                                                                                                                                                                                                                                                                         | ✓         |
| 2      | The latitude and longitude of the proposed well location shall be provided on the drawing with a minimum of five (5) decimal places of accuracy and precision using the North American Datum (NAD) of 1983 (e.g.; latitude 37.12345 N, longitude 104.45632 W). If GPS technology is utilized to determine the latitude and longitude, all GPS data shall meet the requirements set forth in Rule 215. a. through h.                                                                                                    | ✓         |
| 2a     | PDOP value <7 if GPS used                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ✓         |
| 2b     | 5 decimal places of accuracy & precision                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | ✓         |
| 2c     | NAD 1983                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | ✓         |
| 3      | For directional drilling into an adjacent section, that section shall also be shown on the location plat and dimensions on exterior section lines sufficient to completely describe the quarter section containing the proposed productive interval and bottom hole location shall be indicated. (Additional requirements related to directional drilling are found in Rule 321.)                                                                                                                                      | <i>WA</i> |
| 4      | For irregular, partial or truncated sections, dimensions will be furnished to completely describe the <u>entire</u> section containing the proposed well.                                                                                                                                                                                                                                                                                                                                                              | <i>WA</i> |
| 5      | The field-measured distances from the nearer north/south and nearer east/west section lines shall be measured at ninety (90) degrees from said section lines to the well location and referenced on the plat. For unsurveyed land grants and other areas where an official public land survey system does not exist, the well locations shall be spotted as footages on a protracted section plat using Global Positioning System (GPS) technology and reported as latitude and longitude in accordance with Rule 215. | ✓         |
| 6      | A map legend                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | ✓         |
| 7      | A North Arrow                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | ✓         |
| 8      | A scale expressed as an equivalent (e.g. 1" = 1000').                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ✓         |
| 9      | A bar scale.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | ✓         |
| 10     | The ground elevation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ✓         |
| 11     | The basis of the elevation (how it was calculated or its source).                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ✓         |
| 12     | The basis of bearing or interior angles used.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | ✓         |
| 13     | Complete description of monuments and/or collateral evidence found; all aliquot corners used shall be described.                                                                                                                                                                                                                                                                                                                                                                                                       | ✓         |
| 14     | The legal land description by section, township, range, principal meridian, baseline and county.                                                                                                                                                                                                                                                                                                                                                                                                                       | ✓         |
| 15     | Operator name                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | ✓         |
| 16     | Well name and number                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ✓         |
| 17     | Date of completion of scaled drawing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ✓         |
| 18     | All visible improvements within two hundred (200) feet of a wellhead (or, in a high density area within four hundred (400) feet of a wellhead) shall be physically tied in and plotted on the well location plat or on an addendum, with a horizontal distance and approximate bearing from the well location.                                                                                                                                                                                                         | <i>—</i>  |
| 18a    | Visible improvements shall include, but not be limited to, all buildings, publicly maintained roads and trails, major above ground utility lines, railroads, pipelines, mines, <u>oil wells, gas wells</u> , injection wells, water wells, visible plugged wells, sewers with manholes, standing bodies of water, and natural channels including permanent canals and ditches through which water flows.                                                                                                               | <i>—</i>  |
| 18b    | If there are no visible improvements within two hundred (200) feet of a wellhead (or in a high density area within four hundred (400) feet of a wellhead), it shall be so noted on the Permit-to-Drill, Form 2.                                                                                                                                                                                                                                                                                                        | <i>—</i>  |
| 19     | Surface use shall be described within the two hundred (200) foot radius of a wellhead (or in a high density area within the four hundred (400) foot radius of a wellhead).                                                                                                                                                                                                                                                                                                                                             | <i>—</i>  |

**The survey plat you submitted with your permit was found to be in ~~non~~-compliance with COGCC rule 303c. See above checklist. If a survey plat is not in compliance with rule 303c the operator will be notified and the permit will be placed on hold until an adequate replacement is supplied to the COGCC.**

*WA*