

FORM

2

Rev
12/05

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:

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Date Received:

01/25/2013

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) INC4. COGCC Operator Number: 1001855. Address: 370 17TH ST STE 1700City: DENVER State: CO Zip: 80202-56326. Contact Name: Erin Hochstetler Phone: (720)876-5827 Fax: ()Email: erin.hochstetler@encana.com7. Well Name: Billings Well Number: 3A-18H

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

9. Proposed Total Measured Depth: 14244

WELL LOCATION INFORMATION

10. QtrQtr: NWSW Sec: 18 Twp: 3N Rng: 68W Meridian: 6Latitude: 40.222670 Longitude: -105.052420

Footage at Surface: 1619 feet FSL 762 feet FWL
 FNL/FSL FEL/FWL

11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 5146 13. County: WELD

14. GPS Data:

Date of Measurement: 08/16/2012 PDOP Reading: 1.6 Instrument Operator's Name: John McGehee15. 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
2589 FSL 728 FWL 2500 FSL 2180 FWL
 Sec: 18 Twp: 3N Rng: 68W Sec: 17 Twp: 3N 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: 758 ft18. Distance to nearest property line: 319 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 50 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		480	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):

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

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 541

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	7,544	427	7,544	500
2ND	6+1/8	4+1/2	13.5	0	14,244	266	14,244	7,244

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 S2N2 & N2S2 Sec 18 & S2NW & N2SW Sec 17.

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: 1/25/2013 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: 3/14/2013

API NUMBER

05 123 36983 00

Permit Number: _____ Expiration Date: 3/13/2015

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.

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

- 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.

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
1695564	VARIANCE REQUEST
1695571	OTHER
400352653	FORM 2 SUBMITTED
400374021	WELL LOCATION PLAT
400374022	DEVIATED DRILLING PLAN
400374025	PROPOSED SPACING UNIT
400374028	30 DAY NOTICE LETTER
400374030	DIRECTIONAL DATA
400374042	EXCEPTION LOC REQUEST
400374043	EXCEPTION LOC WAIVERS
400374571	MINERAL LEASE MAP

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	3/7/2013 8:54:46 AM
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.	3/7/2013 8:54:33 AM
Permit	Changed mineral lease acres from 220 to 541 per operator. ok to pass.	3/6/2013 2:54:15 PM
Permit	Per operator attached new Open Hole Log Omission Request letter. Requesting confirmation of mineral lease acres.	2/27/2013 2:53:15 PM
Permit	Per operator added to operator comments: "Horizontal well crosses lease lines within GWA horizontal wellbore unit." & operator change the distance to nearest well permitted in the same formation from 632' to 50'. Received and attached a Variance Request 318A.m letter.	2/22/2013 8:53:39 AM
Permit	ON HOLD: Requesting addition to operator comments of: "Horizontal well crosses lease lines within GWA horizontal wellbore unit." & operator change the distance to nearest well permitted in the same formation & provide a 318A.m letter.	2/13/2013 11:49:08 AM
Permit	Operator's request for omission of open hole logs.	2/13/2013 11:49:06 AM
Permit	Horizontal well crosses lease lines within GWA horizontal wellbore unit; distance to lease line is 0'; distance to unit boundary is 460'.	2/13/2013 11:49:05 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.	2/13/2013 11:49:04 AM
Permit	Passed completeness.	1/28/2013 12:40:03 PM

Total: 10 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
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.
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.

Total: 2 comment(s)