

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)	
ENCANA OIL & GAS (USA) INC. FOR AN ORDER)	
ESTABLISHING SPACING AND WELL)	
LOCATION RULES FOR THE WILLIAMS FORK)	
AND ILES FORMATIONS OF THE MESAVERDE)	Cause No. 139
GROUP FOR CERTAIN DESCRIBED LANDS IN)	Docket No. _____
THE RULISON FIELD AREA, GARFIELD)	
COUNTY, COLORADO)	

APPLICATION

EnCana Oil & Gas (USA) Inc. (“Applicant”), by and through its attorneys, Dorsey & Whitney LLP, respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order establishing spacing rules applicable to the drilling and producing of wells from the Williams Fork and Iles Formations of the Mesaverde Group covering certain described lands in the Rulison Field area, Garfield County, Colorado and in support of its Application states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.

2. Applicant owns leasehold interests in the following described lands:

Township 7 South, Range 95 West, 6th P.M.
Section 20: All
Section 21: All
Section 28: All
Section 29: All

Garfield County, Colorado.

(hereafter the “Application Lands”)

3. That with respect to the Williams Fork Formation of the Mesaverde Group, the Application Lands are subject to the Commission’s Order No. 139-31, which provides for optional drilling of sixteen wells for each 640-acre drilling and spacing unit with the permitted wells to be located no closer than 400 feet from the outer boundaries of the drilling unit and no closer than 800 feet from any well or wells producing from the Williams Fork Formation.

3. That with respect to the Iles Formation of the Mesaverde Group, the Application Lands are subject to the Commission’s Order No. 139-3, which provides for optional drilling of one well for each 640-acre drilling and spacing unit with the permitted wells to be located no closer than 990 feet from the outer boundaries of the drilling unit.

4. That Applicant has drilled, tested and completed multiple wells in the Williams Fork and Iles Formations of the Mesaverde Group upon the Application Lands and/or other nearby lands.

5. That to promote efficient drainage within the Williams Fork and Iles Formations of the Mesaverde Group of the Application Lands, the Commission should increase the number of wells which can be optionally drilled into and produced from each of the Williams Fork and Iles Formation of the Application Lands which constitute existing drilling units (or portions thereof) to the equivalent of one well per 20 acres, or thirty-two wells for each 640-acre drilling and spacing unit.

6. That as to all future Williams Fork/Iles wells to be drilled upon the Application Lands, each well may be located downhole in the established drilling and spacing unit but no closer than 200 feet from the boundaries of the unit and no closer than 400 feet from any existing Williams Fork or Iles well without exception being granted by the Director of the Oil and Gas Conservation Commission.

7. Applicant commits that wells to be drilled under this Application will be drilled from the surface either vertically or directionally from no more than one pad located on a given quarter quarter section unless exception is granted by the Director of the Colorado Oil and Gas Conservation Commission, and that both the Williams Fork and Iles formations will be reached from a single wellbore, *i.e.*, separate wells will not be drilled to reach each formation.

8. That the above-proposed spacing and well location rules will allow more efficient drainage of the Williams Fork and Iles Formations of the Mesaverde Group; will prevent waste; will not adversely effect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

9. That the names and addresses of the interested parties according to the information and belief of the Applicant will be submitted within seven (7) days of the date of this Application as required under Rule 503.d.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 25th day of May, 2005.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: _____
Erika Zimmer Enger
Dorsey & Whitney LLP
Attorneys for Applicant
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(303) 629-3400

Applicant's Address: 370 17th Street, Suite 1700, Denver, CO 80202

VERIFICATION

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

Greg Ryan, CPL, Land Negotiator of EnCana Oil & Gas (USA) Inc., upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

ENCANA OIL & GAS (USA) INC.

By: _____
Greg Ryan, CPL
Land Negotiator

Subscribed and sworn to before me this ____ day of _____, 2005, by Greg Ryan, CPL, Land Negotiator of EnCana Oil & Gas (USA) Inc.

Witness my hand and official seal. My commission expires: _____

Notary Public

EXHIBIT A

INTERESTED PARTIES

IN THE MATTER OF THE APPLICATION OF)
ENCANA OIL & GAS (USA) INC. FOR AN ORDER)
ESTABLISHING SPACING AND WELL)
LOCATION RULES FOR THE WILLIAMS FORK)
AND ILES FORMATIONS OF THE MESAVERDE)
GROUP FOR CERTAIN DESCRIBED LANDS IN)
THE RULISON AND PARACHUTE FIELD AREAS,)
GARFIELD COUNTY, COLORADO)

Cause No. _____
Docket No. _____