

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 MESAVERDE)	
GROUP FOR CERTAIN DESCRIBED LANDS IN)	Cause No. 166
THE PLATEAU FIELD AREA, MESA COUNTY,)	Docket No. _____
COLORADO)	

APPLICATION

EnCana Oil & Gas (USA) Inc. ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing field rules applicable to the drilling and producing of wells from the Mesaverde Group covering certain described lands in the Plateau Field, Mesa 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 100% of the leasehold interests in the following described lands:

Township 10 South, Range 96 West, 6th P.M.
Section 1: All

Mesa County, Colorado.

(hereafter the "Application Lands").

3. That pursuant to Commission Order No. 166-1 dated April 17, 1962, a 640-acre drilling and spacing unit was established for the production of gas from the Mesaverde formation in the Application Lands, with permitted wells to be located no closer than 1320 feet from any section line. Order 166-1 was amended by Commission Order No. 166-8, dated May 5, 1967, to remove the Application Lands (among others) from the spaced area on the grounds that there had been no development in certain portions of the area subject to Order No. 166-1. As a result, the Application Lands are currently subject to Commission Rule 318.a.

4. That certain lands contiguous to the Application Lands are still subject to Order No. 166-1, specifically Section 12 in Township 10 South, Range 96 West (immediately south of the Application Lands). Pursuant to Commission Order No. 166-11, dated January 16, 1973, additional wells were authorized for the production of gas from the Mesaverde formation in that contiguous Section 12, up to a maximum of four wells per 640-acre drilling and spacing unit.

5. That pursuant to Commission Order No. 166-15, 160-acre drilling and spacing units were established for the production of gas from the Mesaverde group in certain additional sections contiguous to the Application Lands, specifically Sections 6 and 7 in Township 10 South, Range 95 West (immediately east and southeast of the Application Lands)

6. That Applicant has drilled, tested and completed multiple wells in the Mesaverde Group upon the Application Lands and/or other nearby lands.

7. That Applicant plans to drill a single horizontal well in the Application Lands. Because some of the minerals in the Application Lands are federally-owned, Applicant intends to seek BLM approval to communitize the Application Lands.

8. That to promote efficient drainage within the Mesaverde Group of the Application Lands, the Commission should re-establish a 640-acre drilling and spacing unit on the Application Lands, with the permitted well to be located no closer than 600 feet from any lease line or 1200 feet from any producible well in the Mesaverde without exception being granted by the Director of the Commission.

9. That the above-proposed spacing and well location rules will allow more efficient drainage 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.

10. That the only interested party in this Application within the meaning of Rule 503.d. who is entitled to notice is the Applicant itself, being the owner of 100% of the leasehold interest in the Application Lands.

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 12th day of September, 2005.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: _____
Erika Zimmer Enger
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

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 12th day of September, 2005, by Greg Ryan,
CPL, Land Negotiator of EnCana Oil & Gas (USA) Inc.

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

Notary Public

[SEAL]