

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)	Cause No. 139
AND ILES FORMATIONS OF THE MESAVERDE)	
GROUP FOR CERTAIN DESCRIBED LANDS IN)	Docket No. 0509-AW-15
THE RULISON FIELD AREA, GARFIELD)	
COUNTY, 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 Williams Fork and Iles Formations of the Mesaverde Group covering certain described lands in the Rulison 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 94 West, 6th P.M.
Section 1: All
Section 2: All
Section 10: All
Section 11: All
Section 16: All

Garfield County, Colorado.

(hereafter the "Application Lands").

3. That the Application Lands are subject to various Orders of the Commission designating drilling and spacing units of varying sizes, and allowing optional drilling of varying numbers of wells, as described in detail herein. As a result, allowable well density on the Application Lands ranges from one well per 640-acre drilling and spacing unit in large areas for the Iles formation, to one well per 40-acre tract in certain sections for the Williams Fork formation, and setback requirements vary widely as well. The purpose of this Application is to request that the Commission apply uniform well density and setback rules to the Application Lands in both the Williams Fork and Iles formations, such that the effective well density shall be the equivalent of one well per 20 acres, and setback requirements shall be 200 feet from the boundaries of the drilling and spacing unit and 400 feet from any existing Williams Fork or Iles well absent an exception from the Commission. The currently-applicable well spacing and density for the Applicable Lands is set forth in paragraphs 4-8 below.

4. That with respect to the Iles Formation of the Mesaverde Group, the following described Application Lands are subject to the Commission's Orders Nos. 139-11 and 139-16, which provide for optional drilling of two wells for each 640-acre drilling and spacing unit with the permitted wells to be located no closer than 600 feet from the outer boundaries of the drilling unit and no closer than 1200 feet from the nearest well producing from the same source of supply:

Township 7 South, Range 94 West, 6th P.M.

Section 1: All

Section 2: All

5. That with respect to the Williams Fork Formation of the Mesaverde Group, the following described Application Lands are subject to the Commission's Order No. 139-26, which designated 640-acre drilling and spacing units, and the Commission's Order No. 139-28, which allows up to 16 wells to be drilled into and produced from the Williams Fork formation of the Mesaverde Group within each drilling and spacing unit, with the permitted wells to be located no closer than 400 feet from the boundaries of the drilling unit and no closer downhole than 800 feet from any existing Williams Fork Formation well or wells:

Township 7 South, Range 94 West, 6th P.M.

Section 10: All

Section 11: All

6. That with respect to the Iles Formation of the Mesaverde Group, the Application Lands described in paragraph 5 are subject to the Commission's Orders Nos. 139-2, 139-16 and 139-3, which provide for the optional drilling of one well within each of the established 640-acre drilling and spacing units, with the permitted wells to be located in either the NW/4 or the SE/4 and no closer than 990 feet from the outer boundaries of the drilling unit.

7. That with respect to the Williams Fork Formation of the Mesaverde Group, the following described Application Lands are subject to the Commission's Orders Nos. 139-2 and 139-31, which allow up to 16 wells to be drilled into and produced from the Williams Fork formation of the Mesaverde Group within each designated 640-acre drilling and spacing unit, with the permitted wells to be located no closer than 400 feet from the boundaries of the drilling unit and no closer than 800 feet from any well producing from the same formation:

Township 7 South, Range 94 West, 6th P.M.

Section 16: All

8. That with respect to the Iles Formation of the Mesaverde Group, the Application Lands described in paragraph 7 are subject to the Commission's Order Nos. 139-16 and 139-8, which provides for optional drilling of one well for each 640-acre drilling and spacing unit with the permitted wells to be located in either the NE/4 or the SW/4 and no closer than 600 feet

from unit boundaries and at least 1200 feet from the nearest well producing from the same source of supply.

9. 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.

10. That to promote efficient drainage within the Williams Fork and Iles Formations of the Mesaverde Group of the Application Lands, the Commission should apply consistent rules to the Application Lands to 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 32 wells for each previously-established 640-acre drilling and spacing unit and 16 wells for each previously-established 320-acre drilling and spacing unit.

11. 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.

12. 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. In this manner the wells will be economic as to both formations.

13. 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.

14. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and that Applicant will submit a Certificate of Service of this Application on each interested party within the next seven days as required by 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 ____ day of August, 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 ____ 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)	
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AND ILES FORMATIONS OF THE MESAVERDE)	Cause No. 139
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THE RULISON FIELD AREA, GARFIELD)	
COUNTY, COLORADO)	

4-D Energy, Inc. 1313 N. Webb Rd. Ste 100 Wichita, KS 67206	ABO Petroleum Corporation 105 S 4th Street Artesia, NM 88210	Alarado Resources 215 Union Blvd #450 Lakewood, CO 80228
Apollo Energy LLC 1557 Ogden Street #300 Denver, CO 80218	Barrett Resources Corporation 1515 Arapahoe St, Tower 3, Ste 1500 Denver, CO 80202	Benson Mineral Group, Inc. 1560 Broadway, Suite 1900 Denver, CO 80202
Burlington Resources Company 3300 North "A" Street, Bldg 6 Midland, TX 79705	Claudia R. Weatherly 10321 Newcombe St Westminster, CO 80021	Cypress Land Acquisition LLC 2432 W. 82nd Place # 1 Westminster, CO 80031
EnCana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	HHK-Wilcox Company, Inc. 5550 Redwood Road # 4 Oakland, CA 94619	Leo B. and Florence Helzel 5550 Redwood Road # 4 Oakland, CA 94619
Myco Industries, Inc. 105 S 4th Street Artesia, NM 88210	Noble Energy, Inc. 100 Glenborough Drive Houston, TX 77067	Oil Participations, Inc. P.O. Box 5444 Denver, CO 80217
Pawnee Management Corporation 1560 Broadway, Suite 1900 Denver, CO 80202	Petroro Corporation 1700 Lincoln Street # 5000 Denver, CO 80203	Pioneer Natural Resources USA Inc. 1401 17th St, Suite 1200 Denver, CO 80202
United States of America - Bureau of Land Management 2850 Youngfield St. Lakewood, CO 80215	Williams Production RMT Company 1515 Arapahoe St, Tower 3, Ste 1500 Denver, CO 80202	Yates Drilling Company 105 S 4th Street Artesia, NM 88210
Yates Petroleum Corporation 105 S 4th Street Artesia, NM 88210		