

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, 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 95 West, 6<sup>th</sup> P.M.  
Section 32: N/2N/2

Garfield County, Colorado.

(hereafter the "Application Lands").

3. That with respect to the Iles Formation of the Mesaverde Group, the Application Lands are subject to the Commission's Orders Nos. 139-3 and 139-16, which provide for the drilling of one well within the established 640-acre drilling and spacing unit, with the permitted well 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.

4. That with respect to the Williams Fork Formation of the Mesaverde Group, the Application Lands are subject to the Commission's Orders Nos. 139-3, 139-16 and 139-31, which provide for optional drilling of up to sixteen (16) 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 the nearest well producing from the same source of supply.

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

6. That lands contiguous to the Application Lands are currently spaced to allow the equivalent of one well per ten acres or one well per twenty acres, and as a result, due to limited drainage areas of Mesaverde Group wells in this area, it is no longer appropriate or necessary to have large drilling and spacing units covering the Application Lands.

7. That there are no producing wells in the Mesaverde Group in the Application Lands at this time.

8. That in order to allow more efficient drainage of the Williams Fork and Iles Formations of the Mesaverde Group; to prevent waste; to protect correlative rights and to assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir, the existing drilling and spacing unit should be vacated, and a new 160-acre drilling and spacing unit comprised of the captioned lands should be established, with the option to drill up to eight (8) wells in the unit.

9. That each well to be drilled may be located downhole in the established drilling and spacing unit 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.

10. 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.

11. 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 January, 2006.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: \_\_\_\_\_  
Michael J. Wozniak  
Erika Zimmer Enger  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> 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 )

Douglas W. Jones, Team Lead South Rockies Land 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 &amp; GAS (USA) INC.

By: Douglas W. Jones, Team Lead South Rockies Land

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, 2006, by Douglas W. Jones, Team Lead South Rockies Land 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 )  
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THE RULISON FIELD AREA, GARFIELD )  
COUNTY, COLORADO )

Cause No. 139  
Docket No. \_\_\_\_\_

ABO Petroleum Corporation  
105 South 4th Street  
Artesia, NM 88210

ERC Industries, Inc.  
1675 Larimer Street, #500  
Denver, CO 80202

Exxon Mobil Corporation  
PO Box 4610  
Houston, TX 77210

May Energy Partners Operating Partnership Ltd.  
5400 LBJ Freeway, #800  
Dallas, TX 75240

Myco Industries, Inc.  
105 South 4th Street  
Artesia, NM 88210

Pioneer Natural Resources USA Inc.  
1401 17th Street, Ste. 1200  
Denver, CO 80202

Presco, Inc.  
10200 Grogan's Mill Rd. Ste. 520  
The Woodlands, TX 77380

Williams Production RMT Company  
1515 Arapahoe, Tower 3, Suite 1000  
Denver, CO 80202

Yates Drilling Company  
105 South 4th Street  
Artesia, NM 88210

Yates Petroleum Corporation  
105 South 4th Street  
Artesia, NM 88210