

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. 440
GROUP FOR CERTAIN DESCRIBED LANDS IN)	Docket No. _____
THE PARACHUTE 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 Parachute 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 16: W/2

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. 440-12, which designated 320-acre drilling and spacing units, and the Commission's Order No. 440-18, which allows up to eight (8) 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.

4. That with respect to the Iles Formation of the Mesaverde Group, the Application Lands are subject to the Commission's Order No. 440-12 which provides for the drilling of one well within each of the established 320-acre drilling and spacing units, 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 any well producing or producible from the same formation.

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 320-acre drilling and spacing units should be vacated, and new 40-acre units comprised of each quarter quarter section should be established on the Application Lands, with the option to drill up to two (2) wells per unit.

9. That each well to be drilled 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.

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 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)

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 & 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)
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LOCATION RULES FOR THE WILLIAMS FORK)
AND ILES FORMATIONS OF THE MESAVERDE)
GROUP FOR CERTAIN DESCRIBED LANDS IN)
THE PARACHUTE FIELD AREA, GARFIELD)
COUNTY, COLORADO)

Cause No. 440
Docket No. _____

Woodard Bentley Gates
PO Box 703
Jenks, OK 74037

Lehman Commercial Paper, Inc.
745 Seventh Avenue
New York, NY 10019

Exxon Mobil Corporation
PO Box 4610
Houston, TX 77210

Alvin R. & Gladys A. Winter
926 County Road 308
Parachute, CO 81635

Marshall T. Savage
PO Box 1926
Rifle, CO 81650

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

Cecil Gardner
PO Box 425
Parachute, CO 81635

Rex Elliott Emir Gates
PO Box 1195
Jenks, OK 77037

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

Daniel W. Savage
PO Box 1926
Rifle, CO 81650

Roy E. Savage
PO Box 1926
Rifle, CO 81650

Rulison Production
Company, LLC
One Williams Center
Tulsa, OK 74172

David R. & Mary Ann Tonder
1104 County Road 308
Parachute, CO 81635

Tosco Corporation
10100 Santa Monica Boulevard
Los Angeles, CA 90067

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

Edward A. Stierberger Trustee,
or his successor, of the Edward A.
Stierberger Revocable Trust, dated
11/14/1996
80 North Oak Street
Union, MO 63084

ABO Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210

Apollo Energy, LLC
1557 Odgen St., Ste. 300
Denver, CO 80218

Yates Drilling Company
105 S. 4th Street
Artesia, NM 88210

Fred O. Gardner
343 Elm Avenue
Rifle, CO 81650

Bill Barrett Corporation
1099 18th Street, Ste. 2300
Denver, CO 80202

Yates Petroleum Company
105 S. 4th Street
Artesia, NM 88210

John W. Savage, Jr.
PO Box 1926
Rifle, CO 81650

Burlington Resources Oil & Gas Company
717 Texas Avenue, Ste. 2100
Houston, TX 77002

Battlement Mesa Company
PO Box 6000
Battlement Mesa, CO 81636-6000