

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	)	
LIFTING THE MORATORIUM ON DRILLING AND	)	
COMPLETION OPERATIONS IN CERTAIN	)	Cause No. 191
LANDS IN THE MAMM CREEK FIELD AREA,	)	Docket No. _____
GARFIELD COUNTY, COLORADO, AS	)	
ESTABLISHED BY COMMISSION ORDER	)	
NUMBER 1V-276 DATED AUGUST 16, 2004	)	

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 lifting the moratorium on drilling and completion operations established in Commission Order Number 1V-276, dated August 16, 2004, 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 various leasehold interests in the following described lands:

Township 6 South, Range 91 West, 6<sup>th</sup> P.M.  
Section 34: E/2NE, SESW, SE  
Section 35: ALL  
Section 36: S/2N/2, S/2

Township 7 South, Range 92 West, 6<sup>th</sup> P.M.  
Section 1: ALL  
Section 2: ALL  
Section 3: ALL  
Section 10: ALL  
Section 11: ALL  
Section 12: ALL  
Section 13: ALL  
Section 14: ALL  
Section 15: E/2, E/2NW  
Section 23: NE, N/2NW  
Section 24: N/2

Garfield County, Colorado

(hereafter the "Application Lands").

3. In 2004, Applicant was a party to an enforcement proceeding relating to a natural gas seep in the West Divide Creek area in Garfield County, Colorado. The order resulting from that proceeding established a moratorium on drilling and completion operations within a 2-mile radius of the seep, which includes some or all of the Application Lands.

The moratorium was required to remain in place:

until the staff evaluates (1) the effectiveness of the Notice to All Operators Drilling Wells to the Mesaverde Group or Deeper in the Mamm Creek Field, Garfield County, effective July 23, 2004 ("notice"), and (2) EnCana's compliance with any applicable Site Investigation and Remediation Workplan, Form 27, as approved or amended by the COGCC staff ("investigation and remediation requirements"), related to the gas seep in the area of West Divide Creek. After the COGCC staff evaluates the effectiveness of the notice and EnCana's compliance with investigation and remediation requirements, it shall make any modifications it deems necessary and lift the moratorium when, in the COGCC staff's determination, the appropriate safety precautions are set forth in the notice and EnCana has complied with all investigation and remediation requirements related to the gas seep in the area of West Divide Creek.

Order No. 1V-276 (8/16/04), p. 10.

4. Applicant desires to drill, complete and produce new Williams Fork wells (some or all of which will also be drilled into and produce from the Iles formation) on the Application Lands consistent with applicable State and Federal regulations. Five wells have been drilled by other operators in the moratorium area since the issuance of Order No. 1V-276, and all such wells were drilled and completed without incident.

5. The first condition in Order No. 1V-276 for lifting the moratorium has been met. On July 11, 2005, Commission Staff prepared an "Assessment of the Effectiveness of the Mamm Creek Notice to Operators and Recommendation" which indicated that the referenced Notice to Operators has been completely successful in preventing the conditions which led to the issuance of the moratorium:

It is staff's belief that the measures required by the [Notice to Operators] make drilling within the moratorium safe and will prevent the conditions and circumstances that resulted in the Divide Creek Gas Seep. Staff believes that drilling can safely resume within the moratorium area without impact to the public health, safety, welfare and the environment.

Since the time the Notice to Operators was first issued, Applicant has continued to provide information, and recommendations based on field experiences, to Commission Staff in connection with the Notice to Operators, and in fact the Notice has been refined and revised based on such information.

6. The second condition in Order No. 1V-276 for lifting the moratorium has also been met. Applicant has complied in all respects with the requirements of the Form 27 Site Investigation and Remediation Workplan approved by Commission Staff pursuant to Order No. 1V-276. As noted in the most recent Commission Staff Report dated December 6, 2005, Applicant has conducted (and continues to conduct) an extensive groundwater and surface water sampling program in the moratorium area and beyond, as well as a remediation system to address groundwater contamination in the vicinity of the seep. Commission Staff has stated in prior Staff Reports that the remediation system has been observed to be successfully containing and remediating the contamination in the area. *See, e.g.*, Staff Report dated October 31, 2005. Based on the extensive monitoring conducted over the last eighteen months, contamination has only ever been detected in groundwater or surface water in the immediate vicinity of the seep.

7. Applicant intends to comply fully, in all drilling and completion operations, with the requirements of the Notice to Operators (as amended), as well as with the Director's Bradenhead Testing and Reporting requirements for the Mamm Creek Field Area dated August 23, 2004.

8. In late 2004 and early 2005, Applicant's contractors performed walking surveys for gas seeps in the moratorium area; reports of those surveys have been provided to the Commission. Applicant intends to follow its current field practices for groundwater and surface water baseline sampling, consisting of sampling surface water features and groundwater within

½ mile of any well before drilling. Applicant commits to work with Commission Staff to develop an appropriate post-drilling monitoring program. Data from all sampling will be provided to Commission Staff, as well as to the applicable landowner for each sampling location.

9. Applicant commits to reduce and contain surface impacts from operations to the extent practicable by, for example, drilling new wells from existing pads and drilling multiple wells from each pad.

10. In recent months, Applicant has provided large amounts of data for inclusion in the Hydrogeologic Study by Garfield County. Applicant understands that the Study is nearly complete and an initial draft report and figures will be submitted within a few days to the Commission and to Garfield County for review. Applicant intends to comply with the recommendations of that report to the extent such recommendations are implemented, whether formally or informally, by Commission Staff.

11. Applicant's plans to drill are supported by a number of surface and mineral owners in the Application Lands. Applicant has sent information to all surface owners in the Application Lands relating to the moratorium, the request to lift the moratorium, and Applicant's plans of operations as described herein. Applicant intends to hold one or more public information sessions for surface and mineral owners in the area prior to the hearing in this matter.

12. The names and addresses of interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof. In addition, pursuant to the request of the Hearings Manager, the names and addresses of surface owners and other interested parties are also set forth in Exhibit A. Applicant hereby certifies that in accordance with Rule 503.d., a copy of this Application will be served on all parties listed in Exhibit A within seven days hereof.

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 27th day of December, 2005.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: \_\_\_\_\_  
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 )

Francois Goyer, 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 &amp; GAS (USA) INC.

By: Francois Goyer, CPL, Land Negotiator

Subscribed and sworn to before me this \_\_\_\_ day of December, 2005, by Francois Goyer,  
CPL, Land Negotiator of EnCana Oil & Gas (USA) Inc.

Witness my hand and official seal. My commission expires:\_\_\_\_\_

Notary Public

[SEAL]

EXHIBIT A

INTERESTED PARTIES

IN THE MATTER OF THE APPLICATION OF	)	
ENCANA OIL & GAS (USA) INC. FOR AN ORDER	)	
LIFTING THE MORATORIUM ON DRILLING AND	)	
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GARFIELD COUNTY, COLORADO, AS	)	
ESTABLISHED BY COMMISSION ORDER	)	
NUMBER 1V-276 DATED AUGUST 16, 2004	)	

**Leasehold / Working Interest Owners**

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

Windsor Castle Springs LLC  
14313 North May Avenue, #100  
Oklahoma City, OK 73134

EnCana Oil & Gas (USA) Inc.  
370 17th Street, Ste. 1700  
Denver, CO 80202

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

Richard E. Agee  
11930 Kimberley  
Houston, TX 77024

Stephen Arthur  
PO Box 55  
Rangely, CO 81648

Ballard Petroleum LLC  
845 12th Street West  
Billings, MO 59104

Hollis Ann Crow  
5008 Green Tree  
Houston, TX 77056

**Leasehold / Working Interest Owners (continued)**

Anne E. Cushing  
22 Majestic Oaks Dr.  
Signal Mountain, TN 37377

Jay Clemens Groppe  
5260 Fiore Terrace, Apt. 1-220  
San Diego, CA 92122

Laura Groppe c/o Girl Games  
221 E. 9th St., Ste. 302  
Austin, TX 78701

Ernest Henry Groppe, III  
607 Pinehaven  
Houston, TX 77024

Ernest Henry Groppe, Jr.  
1111 Bagby, Ste. 2330  
Houston, TX 77002

Kinney Oil Company  
1401 17th Street, Ste. 870  
Denver, CO 80202

John D. Kirkland  
4922 Post Oak Timer  
Houston, TX 77056

Robert W. Kirkland  
5639 Inwood  
Houston, TX 77056

Solace Kirkland Southwick  
11606 Starwood  
Houston, TX 77024

J. David Kirkland, Jr.  
6531 Vanderbilt  
Houston, TX 77005

EnCana Oil & Gas, Inc.  
c/o Logan & Firmine, Inc.  
333 W. Hampden Ave., Ste 740  
Englewood, CO 80110



**Leasehold / Working Interest Owners (continued)**

Resource Enterprises, Inc.  
400 Wakara Way  
Salt Lake City, UT 84108

William H. Spires  
6894 Winona Street  
Westminster, CO 80030

Torch Energy Associates  
Torch Operating Company  
1221 Lamar, Ste. 1600  
Houston, TX 77010

Union Bank of California  
500 North Akard, Ste. 4200  
Dallas, TX 75201

Vessels Energy, Inc.  
1601 Arapahoe Street, 12th Floor  
Denver, CO 80202

**Unleased Owners**

Alpine Intercontinental Petro Chemical Alliance LLC  
401 23rd Street, Ste. 302  
Glenwood Springs, CO 81601

Lisa Le Eicher Bracken  
P.O. Box 30  
Silt, CO 81652

Norman H. Hunt and Virginia E. Hunt  
5597 County Road 233  
Silt, CO 81652

Steven Richard Thompson and Patricia Kay Thompson  
P.O. Box 737  
Silt, CO 81652

**Unleased Owners (continued)**

Robert Eicher and Emma Eicher,  
co-trustees of the Eicher Qualified Personal Residence  
Trust Agreement 10-22-01 F/B/O Robert Eicher,  
Emma Eicher and Blair Alexandria Bracken  
P.O. Box 975  
Silt, CO 81652

Makee and Nancy Anderson  
6107 County Road 331  
Silt, CO 81652

Torrance A. Eubanks  
PO Box 7180  
Boulder, CO 80306

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

Richard E. Agee  
11930 Kimberley  
Houston, TX 77024

Stephen Arthur  
PO Box 55  
Rangely, CO 81648

Ballard Petroleum LLC  
845 12th Street West  
Billings, MO 59104

Hollis Ann Crow  
5008 Green Tree  
Houston, TX 77056

Anne E. Cushing  
22 Majestic Oaks Dr.  
Signal Mountain, TN 37377

Jay Clemens Groppe  
5260 Fiore Terrace, Apt. 1-220  
San Diego, CA 92122

**Unleased Owners (continued)**

Laura Groppe c/o Girl Games  
221 E. 9th St., Ste. 302  
Austin, TX 78701

Ernest Henry Groppe, III  
607 Pinehaven  
Houston, TX 77024

Ernest Henry Groppe, Jr.  
1111 Bagby, Ste. 2330  
Houston, TX 77002

Kinney Oil Company  
1401 17th Street, Ste. 870  
Denver, CO 80202

John D. Kirkland  
4922 Post Oak Timer  
Houston, TX 77056

Robert W. Kirkland  
5639 Inwood  
Houston, TX 77056

Solace Kirkland Southwick  
11606 Starwood  
Houston, TX 77024

J. David Kirkland, Jr.  
6531 Vanderbilt  
Houston, TX 77005

Resource Enterprises, Inc.  
400 Wakara Way  
Salt Lake City, UT 84108

William H. Spires  
6894 Winona Street  
Westminster, CO 80030

**Unleased Owners (continued)**

Torch Energy Associates  
Torch Operating Company  
1221 Lamar, Ste. 1600  
Houston, TX 77010

Union Bank of California  
500 North Akard, Ste. 4200  
Dallas, TX 75201

Vessels Energy, Inc.  
1601 Arapahoe Street, 12th Floor  
Denver, CO 80202

**Surface Owners (included per request of the Hearings Manager)**

Makee and Nancy Anderson  
6107 County Road 331  
Silt, CO 81652

Torrance A. Eubanks  
PO Box 7180  
Boulder, CO 80306

Shirley A. and Rick Arbaney  
5646 County Road 331  
Silt, CO 81652

Daniel J. and Lee Ann Aklinski  
5993 County Road 331  
Silt, CO 81652

Julie Ann & Warren Randal Allmon  
6532 County Road 331  
Silt, CO 81652

Richard F. Arbaney  
5646 County Road 331  
Silt, CO 81652

**Surface Owners (continued)**

Aspen Resource Management Co.  
126 North Barton Street  
New Buffalo, MI 49117

Christopher D. Southwick and  
Bethany N. Kaufman, Joint Trustees  
6043 County Road 311  
New Castle, CO 81647

John R. and Alice D. Boulton Life Estates,  
C/O John R. Boulton, Jr.  
PO Box 666  
Rifle, CO 81650

James H. & Pamela T. Buerger  
7596 County Road 331  
Silt, CO 81652

Bureau of Land Management  
PO Box 1009  
Glenwood Springs, CO 81602

Oni Butterfly  
PO Box 347  
Silt, CO 81652

Kelly Lee & Marty Ray Carter  
9674 County Road 311  
Silt, CO 81652

Cherokee Mountain Estates, LLC  
PO Box 10688  
Aspen, CO 81612

Donald Lee Currie  
4926 County Road 331  
Silt, CO 81652

Russell L. Dahlin  
840 County Road 326  
Silt, CO 81652

**Surface Owners (continued)**

Frank G. & Sheila M. Daley  
4670 County Road 311  
New Castle, CO 81647

Gordon A. Daniels Jr. & Carla A. Daniels  
10 Ptarmigan Ln  
Glenwood Springs, CO 81601

Beth Ann Dardynski  
PO Box 1534  
Glenwood Springs, CO 81602

Karen Donelson  
4778 County Road 331  
Silt, CO 81652

EnCana Oil & Gas (USA) Inc.  
C/O Logan & Firmine, Inc.  
333 W. Hampden Ave., Ste 740  
Englewood, CO 80110

Dwight D. and Shermette L. Esgar,  
as Trustees of the Dwight and Shermette Esgar Trust  
5882 County Road 331  
Silt, CO 81652

Martin & Julianne Flaherty  
9650 County Road 311  
Silt, CO 81652

Robert A. and Karin K. George  
PO Box 26  
Aspen, CO 81612

William R. Griffin  
6542 County Road 331  
Silt, CO 81652

CL Hazelbush  
4784 County Road 331  
Silt, CO 81652

**Surface Owners (continued)**

Gary D. and Karen K. Hill  
2473 County Road 336  
Silt, CO 81652

Kris & Jerry Hoffmeister  
4550 County Road 331  
Silt, CO 81652

Steve Igleheart  
1751 County Road 324  
Silt, CO 81652

J&D Rifle Properties, LLC  
2192 Glenhaven Drive  
Loveland, CO 80538

Gerard C. Jr & Nancy K. Jacobsen Gagne  
PO Box 1238  
Glenwood Springs, CO 81602

Jon E. and Bonnie R. Julius  
1747 County Road 326  
Silt, CO 81652

Josef P. Langegger  
DBA Twin Creek Ranch  
3807 Lupine Drive  
Vail, CO 81657

Last Dance, LLC  
106 Club Lodge Dr.  
Carbondale, CO 81623

Mark W. Linkenhoker  
17104 Tomahund Drive  
Williamsburg, VA 23185

Robert and Emma Eicher, Co-Trustees  
c/o Lisa Le Eicher  
PO Box 30  
Silt, CO 81652

**Surface Owners (continued)**

Kirsty Macmaster  
3130 Booth Creek Dr.  
Vail, CO 81657

Wayne D. McCray  
551 County Road 324  
Silt, CO 81652

McCray Ranch Company, Ltd.  
511 County Road 324  
Silt, CO 81652

Miller Land & Cattle Company  
7121 County Road 311  
New Castle, CO 81647

Richard D. & Kay D. Morgan  
293 County Road 313  
New Castle, CO 81647

7h7 Properties - Morris, LLC  
142 Peachblow Rd  
Basalt, CO 81621

Kelly R. and Karen Protz  
1563 County Road 326  
Silt, CO 81652

Dow & Katharine Rippy  
2785 County Road 344  
Silt, CO 81652

Robert R. and Wilma K. Buerger,  
Trustees of the Robert R. Buerger Living Trust  
7348 County Road 331  
Silt, CO 81652

George D. Robinson Jr. & Diane M. Robinson  
1850 County Road 326  
Silt, CO 81652



**Surface Owners (continued)**

Perry Dan Rodreick  
5888 County Rd 311  
New Castle, CO 81647

Danny L. and Dana K. Rohan  
6109 County Road 331  
Silt, CO 81652

Michelle & Daniel Schirer  
531 County Road 326  
Silt, CO 81652

Judith Schoonmaker  
52 Tower Hill Road  
Killingworth, CT 06419

Henry J.C. and Linda Schwartz  
1114 Punahou Street, #11A  
Honolulu, HI 96826

Duane & Annie Scott  
6051 County Road 311  
New Castle, CO 81647

Arthur C. & Tina M. Scott  
6053 County Road 311  
New Castle, CO 81647

Gregory G. & Victoria D. Shaner  
330 County Road 342  
Silt, CO 81652

Harold R. Smith, Jr., and Linda L. Smith  
546 County Road 326  
Silt, CO 81652

William M. & Patricia A. Smith  
795 County Road 326  
Silt, CO 81652

Michael W. and Kenda R. Spaulding  
293 County Road 313  
New Castle, CO 81647

**Surface Owners (continued)**

Ronald J. Rogers and Lisa Specht,  
or their successors in trust  
1875 Century Park East, Ste. 300  
Los Angeles, CA 90067

Leon and Alretta Spinden  
5191 County Road 331  
Silt, CO 81652

Hermann Staufer  
PO Box 5000  
Vail, CO 81658

Steven R. and Patricia Kay Thompson  
PO Box 737  
Silt, CO 81652

Union Divide Creek Cemetery, Inc.  
311 County Road  
Silt, CO 81652

Arlen & Edith West  
0340 County Road 326  
Silt, CO 81652

Richard L. & Kaethe Eliss Williams  
1037 County Road 326  
Silt, CO 81652

EnCana Oil & Gas (USA) Inc.  
370 17th Street, Ste. 1700  
Denver, CO 80202

Donald G. Price  
Juniper Group, LLC  
411 Franklin Street  
Clayton, New York 13624

**Other Interested Parties (included per request of the Hearings Manager)**

Bureau of Land Management  
Attn: Rick Ryan  
2850 Youngfield Street  
Lakewood, CO 80215

**Other Interested Parties (continued)**

Ed Green, County Manager  
Garfield County, Colorado  
108 8<sup>th</sup> Street, Suite 213  
Glenwood Springs, CO 81601

Bureau of Land Management  
Glenwood Springs Field Office  
50629 Hwys 6 & 24  
Glenwood Springs, CO 81601

Don DeFord, Esq.  
Garfield County Attorney's Office  
108 8th St., Suite 219  
Glenwood Springs, CO 81601

Carolyn Lamb, Esq.  
Oil & Gas Accountability Project  
PO Box 112  
Durango, CO 81302