

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 DRILLING AND SPACING UNITS)	
FOR CERTAIN DESCRIBED LANDS IN THE)	
PARACHUTE FIELD AREA, GARFIELD COUNTY,)	Cause No. 139, 440
COLORADO)	Docket No. _____
)	

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 drilling and spacing units for 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 22: All

Garfield County, Colorado.

(hereafter the "Application Lands").

3. That the Application Lands are subject to Orders Nos. 440-32 and 139-16 of the Commission. Order No. 139-16 established 640-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Mesaverde Formation with the permitted well to be located no closer than 990 feet from the unit boundaries of the Application Lands. Order No. 440-32 provided the equivalent of one well per 20 acres in the 640-acre drilling and spacing unit consisting of the Application Lands for the production of gas and associated hydrocarbons from the Williams Fork formation.

4. Through this Application, Applicant wishes to modify the existing 640-acre drilling and spacing unit and establish 40 acre drilling and spacing units in lieu thereof. No production proceeds have been distributed based on the 640-acre drilling and spacing unit.

4. That Applicant has drilled, tested and completed multiple wells in the Williams Fork formation of the Mesaverde Group on the lands nearby to Application Lands.

5. That the established units of 40 acres for the Mesaverde formation is expected to efficiently drain the Williams Fork formation of the Mesaverde Group of the Application Lands which is a common sources of supply and such spacing is not smaller than the maximum area that can be efficiently and economically drained from said formation.

6. Applicant requests that the effective well density remain the equivalent of one well per 20 acres for the Williams Fork formations, and that the setback requirements be 200 feet from the boundaries

of the drilling and spacing unit and 400 feet from an existing Williams Fork well absent an exception from the Commission.

7. That the above-proposed drilling and spacing will allow more efficient drainage of the Williams Fork 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.

8. 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.

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 June, 2007.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: _____
Michael J. Wozniak
Susan L. Aldridge
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)

Cynthia Crewson, Land Negotiator of EnCana Oil & Gas (USA) Inc., upon oath deposes and says that she 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: _____
Cynthia Crewson, Land Negotiator

Subscribed and sworn to before me this____ day of May, 2007, by Cynthia Crewson, Land Negotiator of EnCana Oil & Gas (USA) Inc.

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

Notary Public

EXHIBIT A

INTERESTED PARTIES

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

Alarado Resources Limited
215 Union Blvd. #450
Lakewood, CO 80228

Delbarco Inc.
P.O. Box 781581
Wichita, KS 67278

MAB Resources LLC
1660 Lincoln Street, Suite 1900
Denver, CO 80264

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

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

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

Zenith Drilling Corporation
PO Box 78048
Wichita, KS 67278

Williams Production RMT Company
1515 Arapahoe Street
Tower 3, Ste #1000
Denver, CO 80202

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

Mobil Oil Exploration and
Producing North America Inc.
PO Box 5444
Denver, CO 80217

Jesse Smith
Garfield County
144 E. 3rd St., Suite 203
Rifle, CO 81650