

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 WELL LOCATION RULES FOR)
THE WILLIAMS FORK AND ILES FORMATIONS,)
INCLUDING BUT NOT LIMITED TO THE) Cause No. 369, 386, 399, 429
ROLLINS, COZETTE AND CORCORAN, OF THE) and 529
MESAVERDE GROUP FOR CERTAIN) Docket No. 0705-AW-10
DESCRIBED LANDS IN THE BUZZARD CREEK)
FIELD AREA, MESA COUNTY, COLORADO)

AMENDED APPLICATION

EnCana Oil & Gas (USA) Inc. ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this **AMENDED** 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 (**INCLUDING BUT NOT LIMITED TO THE ROLLINS, COZETTE AND CORCORAN, HEREINAFTER "ILES"**) Formations of the Mesaverde Group covering certain described lands in the Buzzard Creek area, Mesa 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 8 South, Range 92 West
Section 31: SW ¼ SE ¼

Township 9 South, Range 92 West
Section 6: Lots 1-6, S½ NE¼, SE¼ (ALL)
Section 7: Lots 1-4, E½ (ALL)
Section 18: Lots 1-4, E½ (ALL)
Section 19: Lots 1-4, E½ (ALL)

Township 8½ South, Range 93 West
Section 1: Lots 1-3 (ALL)

Township 9 South, Range 93 West
Section 1: Lots 2, 5, 6, 7, SW¼ NE¼, NW¼ SE¼ (all that part of the E½ of Sec 1 outside of the Buzzard Creek Unit), Lot 3 & 4, S½ NW¼
Section 13: S½ S½
Section 14: SE¼ SE¼
Section 21: S½
Section 22: S½ N½, S½
Section 23: ALL
Section 24: ALL
Section 25: ALL
Section 26: ALL
Section 27: ALL
Section 28: ALL
Section 35: N½ NE¼
Section 36: ALL

Township 10 South, Range 93 West
Section 1: Lots 7-10, S½ NW¼, that part of Tract 37 lying in the S¼ NW¼ and N½ SW¼

Section 2: Lot 5-12, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, that part of Tract 37 lying in the NE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 3: S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Mesa County, Colorado.

(hereafter the "Application Lands").

3. A portion of the Application Lands, specifically Township 9 South, Range 93 W, Sections 23, 24, 25 and 26 ("Order 369-1 Lands") are subject to Order No. 369-1 of the Commission designating a 320-acre drilling and spacing units for the production of gas from the Mesaverde formation. Through this Application, Applicant requests that a portion of the Application Lands be established as 320-acre drilling and spacing units for the Mesaverde Formation specifically Township 9 South, Range 93 W, Section 22: S $\frac{1}{2}$ and all of Section 27 (as Operator's Option for "Standup" or "Laydown" spacing) and that such lands be made subject to the provisions of Order No. 369-1.

4. Additionally, a portion of lands in Township 10 South, Range 93 West, Sections 1 and 2 ("Order 399-1 Lands") are subject to Order No. 399-1 designating a 320-acre drilling and spacing unit for the production of gas from the Mesaverde formation. Applicant requests that the Order 399-1 Lands remain subject to the Order 399-1, while allowing for increased density as requested below.

5. The remaining portions of the Application Lands are not subject to any specific field Orders of the Commission and are subject to Rule 318 well location rules.

6. Through this Application, the Applicant requests the effective well density for the entire Application Lands be the equivalent of one well per 20 acres for both the Williams Fork and the Iles Formations, and for the lands within the 320-acre drilling and spacing units that the setback requirements 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. For the lands outside the currently spaced 320-acre drilling and spacing units, the Applicant requests that the setback requirements be 200 feet from any lease line, and 400 feet from any existing Williams Fork or Iles well absent an exception from the Commission.

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

8. 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

16 wells for the portion of the Application Lands with the previously-established 320-acre drilling and spacing unit.

9. 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. As applicable in the unspaced areas, each well may be located no closer than 200 feet from any lease line, and 400 feet from any existing Williams Fork or Iles well absent an exception from the 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 above-proposed density 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.

12. 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 the undersigned certifies that copies of this Application shall be served 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 March, 2007.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: _____
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Susan L. Aldridge
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EXHIBIT A

INTERESTED PARTIES

Sharon L. Brewster
360 Belford Ave.
Grand Junction, CO 81501

Chris Brownlee, Kenneth L.
Brownlee & Susan Brownlee,
James Vaughn
& Lawana B. Vaughn
602 Gunnison Ave.
Grand Junction, CO 81503

Chris Brownlee and
Hayward Ranch LLC
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Grand Junction, CO 81503

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Contex Energy Company
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Denver, CO 80293

Yvonne H. Coury, sole Trustee
of the Albert M. Coury, Sr.
Qualified Trust dated
January 4, 1998
PO Box 20850
Mesa, AZ 85277

Glen L. Currier &
Adelaide E. Currier
1255 22 Road
Grand Junction, CO 81505

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Burton Dole V, Sarah Marie Dole
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Arvada, CO 80004

Gunderson Ranch
c/o Jerry Gunderson
1505 Reisling Court
Las Vegas, CO 89144

The 2005 Gunderson
Irrevocable Trust,
u/t/a dated August 18, 2005,

Shayne M. Gunderson,
Trustee f/b/o
Chris E. Gunderson
59762 Hwy 330E
Collbran, CO 81624

The 2005 Gunderson
Irrevocable Trust,
u/t/a dated August 18, 2005,
Shayne M. Gunderson, Trustee
f/b/o David J. Gunderson
59762 Hwy 330E
Collbran, CO 81624

The 2005 Gunderson
Irrevocable Trust,
u/t/a dated August 18, 2005,
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& Angela M. Johnson
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Fruita, CO 81521

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Laramie Energy, LLC dba
Laramie Oil & Gas, LLC
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Maralex Resources, Inc.
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William H. McKelvie
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Atlanta, GA 30324

Clarence A. Nichols, Jr. and
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Wende M. Pomrenke & Bret W.
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EXHIBIT B
REFERENCE MAP