

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)	Cause No. 440
OF THE MESAVERDE GROUP FOR)	Docket No. 0711-SP-33
CERTAIN DESCRIBED LANDS IN THE)	
PARACHUTE FIELD AREA, GARFIELD)	
COUNTY, COLORADO)	

AMENDED 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 spacing and well location 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 15: E/2

Garfield County, Colorado.

(hereafter the “Application Lands”).

3. Pursuant to COGCC Order 440-12, an approximate 320-acre drilling and spacing unit for the Williams Fork Formation was established as to the Application Lands. Through Order 440-12, the said drilling and spacing unit of 320-acres shall consist of the E/2 and W/2 or the N/2 and S/2 of a section. The first well permitted in a section designates the drilling unit and shall be located no closer than 600 feet from the boundaries of said unit and no closer than 1200 feet from any well producing or producible from the same formation for each governmental section at the option of the operator of the unit(s). Subsequently, Order Nos. 139-31 and 440-18 allowed the optional drilling of up to eight (8) wells per 320-acre drilling and spacing unit for the production of gas from the Williams Fork Formation.

4. Rule 318.a. of the Commission Rules and Regulations applies to the Iles Formation underlying the Applications Lands which requires that wells drilled in excess of two thousand five hundred (2500) feet in depth be located not less than six hundred (600) feet from any lease line, and located not less than one thousand two hundred (1200) feet from any other producible or drilling oil or gas well to the same common source of supply.

5. Through this Application, Applicant requests the effective well density be the equivalent of one well per 20 acres for both the Williams Fork and the Iles Formations, and 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. Such unit is not smaller than the maximum area that can be economically and efficiently drained by eight wells. **Applicant further request that an approximate 320-acre drilling and spacing unit be established for the Iles Formation as already exists for the Williams Fork Formation.**

6. 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.

7. 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.

8. 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.

10. That the above-proposed spacing unit, 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 reservoirs.

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 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 4th day of October, 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 **Amended** Application and that the statements contained therein are true to the best of her knowledge, information and belief.

ENCANA OIL & GAS (USA) INC.

By: _____
Cynthia Crewson, Land Negotiator

Subscribed and sworn to before me this ____ day of October, 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

Williams Production RMT Company,
Williams Production RMT Company
(formerly Alarado Corporation), and
Williams Production RMT Company
(formerly Rulison Production Company LLC)
1515 Arapahoe Street, Tower 3, Suite 1500
Denver, CO 80202

Yates Drilling Company
ABO Petroleum Corporation
Myco Industries, Inc.
Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210

Exxon Mobil Corporation
PO Box 53
Houston, TX 77001-0053

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

Antero Resources Piceance Corporation
1625 17th Street, Suite 300
Denver, CO 80202

Craig L. Hayward and Cristy A. Koeneke
1650 38th Street, Suite 101
Boulder, CO 80301

Genesis Gas & Oil LLC
14 Corporate Woods
8717 W 110th St. #420
Overland Park, KS 66210

ConocoPhillips
(formerly Meridian Oil, Inc.)
600 North Dairy Ashford Road
Houston, TX 77079

Mesa Acres, LLC
Crag L. Hayward, Manager
Cristy Koeneke, Manager
7454 Park Circle
Boulder, CO 80301

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

Oil Participations Incorporated
PO Box 5444
Denver, CO 80217

Pioneer Natural Resources (USA) Inc.
1401 17th Street Suite 1200
Denver, CO 80202

Judith H. Jordan
Garfield County
144 E. 3rd St. Suite 203
Rifle, CO 81650