

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 NIOBRARA)
FORMATION FOR CERTAIN DESCRIBED LANDS) Cause No. _____
IN THE PLATEAU FIELD AREA, MESA COUNTY,) Docket No. _____
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 Niobrara Formation covering certain described lands in the Plateau Field 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 100% of the leasehold interest in the following described lands:

Township 10 South, Range 96 West, 6th P.M.
Section 1: All

Mesa County, Colorado.

(hereafter the "Application Lands").

3. That pursuant to Commission Order No. 166-21, a 640-acre drilling and spacing unit for the production of gas from the Mesaverde Formation with permitted well to be no closer than 600 feet from any lease line or 1,200 feet from any producible well from the Mesaverde Formation was established for the Application Lands.

4. That the Niobrara Formation underlying the Application Lands is unspaced and is subject to Rule 318a. well location rules.

5. That Applicant has drilled, tested and completed wells in the Niobrara Formation upon the Application Lands and/or other nearby lands and proposes to test the Application Lands for Niobrara production utilizing the same surface well pad as the current Dakota/Niobrara Formation vertical well located in the SE/4 of the Application Lands.

6. That Applicant plans to drill one (1) horizontal well in the Application Lands from the existing Niobrara/Dakota well pad in the SE/4 of the Application Lands. Because some of the minerals in the Application Lands are federally-owned, Applicant intends to seek BLM approval to communitize the Application Lands.

7. That to promote efficient drainage from the Niobrara Formation of the Application Lands, the Commission should establish a 640-acre drilling and spacing unit for the Niobrara Formation on the Application Lands, allowing the proposed horizontal well to penetrate the productive formation no closer than 600 feet from any lease line and with an interwell setback of not less than 250' from any producible well in the Niobrara Formation without exception being granted by the Director of the Commission.

8. That the above-proposed spacing and well location rules will allow for efficient and economic drainage of the Niobrara Formation; 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. Moreover the reduced interwell setback will allow the proposed horizontal well to be drilled from the existing well pad. No adverse effect on correlative rights will occur since all ownership interests in the Application Lands are uniform.

9. 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 May, 2008.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: _____

Michael J. Wozniak
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
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(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, 2008, by Cynthia Crewson,
Land Negotiator of EnCana Oil & Gas (USA) Inc.

Witness my hand and official seal.

My commission expires:_____

Notary Public

EXHIBIT A

Randy Price
Mesa County Planning & Eco. Development
750 Main Street
PO Box 20000
Grand Junction, CO 81501

Bureau of Land Management
Grand Junction Field Office
2815 H Road
Grand Junction, CO 81506