

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 AN APPROXIMATE)	Cause No.
640-ACRE DRILLING AND SPACING UNIT)	
FOR THE WILLIAMS FORK AND ILES)	Docket No.
FORMATIONS OF THE MESAVERDE)	
GROUP FOR CERTAIN DESCRIBED LANDS)	
IN THE PARACHUTE FIELD AREA,)	
GARFIELD COUNTY, 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 a drilling and spacing unit 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 8 South, Range 97 West, 6th P.M.
Section 1: All

Garfield County, Colorado

(hereafter the “Application Lands”).

- 3. That the Application Lands are currently unspaced for the Williams Fork and Iles Formations and are therefore subject to Rule 318a well location rules.
- 4. Through this Application, Applicant wishes to establish a 640-acre drilling and spacing unit for both the Williams Fork and the Iles Formations.
- 5. That Applicant has drilled, tested and completed wells in the Williams Fork and Iles Formations of the Mesaverde Group on the lands nearby to Application Lands.
- 6. Applicant requests that the effective well density be the equivalent of one well per 20 acres for the Williams Fork Formation, and the same well density of one well per 20 acres be established as to the Iles Formation, 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 or Iles wells absent an exception from the Commission.
- 7. That the above-proposed drilling and spacing units with wells on a 20-acre pattern will allow more efficient and economic 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.
- 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.

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
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)

Trent Sims, 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: _____
Trent Sims, Land Negotiator

Subscribed and sworn to before me this ____ day of May, 2008, by Trent Sims, Land Negotiator of EnCana Oil & Gas (USA) Inc.

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

Notary Public

EXHIBIT A

INTERESTED PARTIES

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

Yates Petroleum Corporation,
Yates Drilling Company
ABO Petroleum Corporation,
MYCO Industries, Inc
Attn Kathy Porter
1055 Fourth St
Artesia, NM 88210

Attn Christopher M. Walsh
Williams Production RMT Company
Tower 3, Suite 1000
1515 Arapahoe Street
Denver, CO 80202

Attn Duane Spencer
Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215

Attn Hank Szymanski
Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215

Attn Trent Sims
EnCana Oil & Gas (USA) Inc
370 17th Street, Suite 1700
Denver, CO 80202