

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 DENSITY	)	
RULES FOR DRILLING AND PRODUCING	)	
OF WELLS FROM THE WILLIAMS FORK	)	Cause No. _____
AND ILES FORMATIONS OF THE	)	Docket No. _____
MESAVERDE GROUP FOR CERTAIN	)	
DESCRIBED LANDS IN THE	)	
PARACHUTE/RULISON FIELDS, GARFIELD	)	
COUNTY, COLORADO	)	

VERIFIED APPLICATION

EnCana Oil & Gas (USA) Inc. (“EnCana” or “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 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/Rulison Fields, 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, 6<sup>th</sup> P.M.

Section 16: All  
Section 17: E/2E/2  
Section 19: All  
Section 20: All  
Section 21: All

Garfield County, Colorado.

(hereafter the “Application Lands”).

3. The Application Lands are subject to Commission Order Nos. 139-48, 440-30, 440-38, 440-45 and 440-48, which authorizes the equivalent of one (1) well per 20-acre density for the production of oil and gas from the Williams Fork and Iles Formations of the Mesaverde group. Through this Application, the Applicant requests the effective well density be the equivalent of one well per 10 acres for the Williams Fork Formation with permitted wells to be located anywhere in the drilling and spacing

unit but no closer than 100 feet from the boundaries of the unit, except that where the established unit abuts or corners lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10 acre density Williams Fork Formation wells, the well shall be located downhole no closer than 200 feet from the boundary of the drilling unit.

4. Specifically Order No. 440-48 established a 40-acre drilling and spacing unit for the E/2E/2 of Section 17 of the Application Lands, together with the approval of one well per 20-acres for production of the Williams Fork and Iles Formations.

5. Order No. 440-30 established a 40-acre drilling and spacing unit for the W/2 of Section 16 of the Application Lands, together with the approval of the well per 20 acres for production of the Williams Fork and Iles Formations.

6. Order No. 440-38 provided for the equivalent of 1 well per 20 acres or 16 wells for the 320-acre drilling and spacing unit in the E/2 of Section 16 of the Application Lands.

7. Order No. 440-45 created two 320-acre drilling and spacing units consisting of the N/2 and S/2 of said Section 19 of the Application Lands and allowed for the equivalent of 1 well per 20 acres within each 320-acre drilling and spacing unit for the Williams Fork and Iles Formations.

8. Order No. 139-48 established the equivalent of one well per 20 acres for the Williams Fork and Iles Formation for all of Sections 20 and 21 of the Application Lands.

9. That Applicant has drilled, tested and completed multiple wells in the Williams Fork Formation of the Mesaverde Group upon the Application Lands.

10. That to promote efficient drainage within the Williams Fork Formation 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 the Williams Fork Formation of the Application Lands to the equivalent of one well per 10 acres with the setbacks as requested in Paragraph 3 above.

11. That the above-proposed density will allow more efficient drainage of the Williams Fork Formation 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 April, 2008.

Respectfully submitted,

ENCANA OIL & GAS (USA) INC.

By: \_\_\_\_\_  
Michael J. Wozniak  
Susan L. Aldridge  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> 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 &amp; GAS (USA) INC.

By: \_\_\_\_\_  
Cynthia Crewson, Land Negotiator

Subscribed and sworn to before me this \_\_\_\_ day of April, 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

INTERESTED PARTIES

ABO Petroleum Corporation  
105 S 4<sup>th</sup> Street  
Artesia, NM 88210

Antero Resources Piceance Corporation  
1625 17<sup>th</sup> Street, Suite 300  
Denver, CO 80202

Apollo Energy, LLC  
1557 Ogden Street, Suite 300  
Denver, CO 80218

Aspen Leaf LLC  
PO Box 1488  
Mustang, OK 73064

Battlement Mesa Company  
P.O. Box 6000  
Battlement Mesa, CO 81636

Battlement Mesa, Inc.  
700 County Road 303  
Parachute, CO 81635

Bonneville Fuels Corporation  
1700 Broadway, Suite 1150  
Denver, CO 80290

Loretta L. Briteman  
156 Eloisa  
Santa Paula, CA 93060

Charles W. and Patty N. Brown, LLC  
P.O. Box 587  
Marlow, OK 73055

Burlington Resources Oil & Gas Company  
5051 Westheimer, Suite 1400  
Houston, TX 77056-2124

Myrtle L. Chaffee  
160 N. Gibbs  
Santa Paula, CA 93060

Chevron Midcontinent LP  
11111 S. Wilcrest  
Houston, TX 77099

Costilla Petroleum Corporation  
511 West Texas  
Midland, TX 79701

George B. Crain and Debra H. Crain, JT  
5446 W. Stone Creek Dr.  
Highland, UT 8003

Dominion Oklahoma Texas Exploration &  
Production  
14000 Quail Springs Parkway  
Oklahoma City, OK 73134

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

Exxon Mobil Corporation  
PO Box 4697  
Houston, TX 77210

Farm Credit Bank of Wichita  
PO Box 2940  
Wichita, KS 67201

First Church of Christ, Scientist  
Harding & Carbone, Inc.  
3903 Bellaire Blvd  
Houston, TX 77025

Sharon I. Gardner  
1236 302 Road  
Parachute, CO 81635

Estate of Shaunacy Addison Gates  
c/o Rex Elliott Emir Gates  
P.O. Box 1195  
Jenks, OK 74037-3658

Genesis Gas and Oil, L.L.C.  
14 Corporate Woods  
8717 W 110<sup>th</sup> St #420  
Overland Park, KS 66210

Graham Resources, Inc.  
3510 N. Causeway Blvd.  
Metairie, LA 70011

Hallwood Energy Partners, L.P.  
4610 S. Ulster St., Suite 200  
Denver, CO 80237

HCC Development, Inc., a Delaware  
Corporation  
1221 McKinley St.  
Houston, TX 77010

Nellie L. Hefty  
506 F Street  
La Grande, OR 97850

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

MAP2004-OK  
c/o Mineral Acquisition Partners  
100 Park Avenue, Suite 1008  
Oklahoma City, OK 73102

Merrion Oil & Gas Corporation  
610 Reilly Avenue  
Farmington, NM 87401

Mobil Exploration & Producing  
North America Inc.  
1225 17<sup>th</sup> Street  
Denver, CO 80202

Myco Industries, Inc.  
105 S 4<sup>th</sup> Street  
Artesia, NM 88210

Northwest Exploration Company  
P.O. Box 5600  
Terminal Annex  
Denver, CO 80217

Paradise Valley Minerals, LLC  
P.O. Box 6000  
Battlement Mesa, CO 81636-6000

Pioneer Natural Resources USA, Inc.  
1401 17<sup>th</sup> Street, Suite 1200  
Denver, CO 80202

Riata Energy Inc.  
5912 Amarillo Blvd W.  
Amarillo, TX 79106

Shideler Energy Co., LLC  
4128 County Road 315  
Silt, CO 81652

Transcontinent Oil Company  
621 17<sup>th</sup> Street, Suite 1201  
Denver, CO 80293

Yates Drilling Company  
105 S 4<sup>th</sup> Street  
Artesia, NM 88210

Yates Petroleum Corporation  
105 S 4<sup>th</sup> Street  
Artesia, NM 88210

Williams Production RMT Company  
1515 Arapahoe Street, Tower 3, Suite 1500  
Denver, CO 80202

XTO Energy Inc.  
810 Houston Street  
Fort Worth, TX 76102

Zenith Drilling Corporation  
P.O. Box 78048  
Wichita, KS 67278-0428

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