

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 INCREASING WELL DENSITY FOR)	Cause No. 139, 440
THE WILLIAMS FORK FORMATION OF THE)	
MESAVERDE GROUP IN CERTAIN)	Docket No.
DESCRIBED LANDS IN 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 increasing well density for certain described lands in 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 94 West, 6th P.M.

Section 11: All
Section 16: All

Garfield County, Colorado

(hereinafter the "Application Lands").

- 3. On February 21, 1961, the Commission issued order 139-2 which, among other things, established Six Hundred Forty (640) acre drilling and spacing units for the production of gas from each productive zone from the Mesaverde formation, common source of supply underlying the Application Lands. Subsequently, the Commission issued Orders 139-31 and 440-16 which stated that for the 640-acre drilling and spacing units there shall be sixteen (16) wells allowed to be optionally drilled into and produced from the Williams Fork Formation, with the permitted well to be located no closer than 400 feet from the boundaries of the unit and no closer than 800 feet from any existing Williams Fork Formation well or wells. On September 26, 2005, the Commission issued Order 139-50 which allowed additional wells to be optionally drilled into and produced from the Williams Fork Formation for the Application Lands, the equivalent of one Williams Fork well per 20 acres, or thirty-two (32) wells for each 640-acre drilling and spacing unit, with each well located no closer than 200 feet from the boundaries of the unit and no closer than 400 feet from any existing Williams Fork Formation well without exception being granted by the Director of the Commission.
- 4. That to promote efficient drainage within the Williams Fork Formation in the Application Lands, the Commission should increase the number of wells which can be optionally drilled into and produced from the Williams Fork underlying the Application Lands to the equivalent of one Williams Fork Formation well per ten (10) acres.
- 5. All future Williams Fork wells should be located downhole anywhere upon the Application Lands but no closer than 100 feet from the boundaries of any lease line unless such lease line 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 wells in which event the wells should be drilled downhole no closer than 200 feet from the lease line which so abuts or corners the lands in respect of which 10-acre density downhole drilling for Williams Fork has not been ordered by the Commission. Applicant does not intend by this Application to drill more than four (4) Williams Fork

wells downhole per governmental quarter quarter section and no more than one (1) surface pad shall be located on a quarter quarter section.

6. That Applicant has drilled, tested and completed wells in the Williams Fork Formation of the Mesaverde Group on the lands nearby to Application Lands.

7. That the above-proposed drilling density will allow more efficient and economic 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.

8. 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 July, 2008.

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:
1675 Broadway, Suite 2000
Denver, CO 80202

VERIFICATION

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

Marian M. Learned, 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 her knowledge, information and belief.

ENCANA OIL & GAS (USA) INC.

By: _____
Marian M. Learned

Subscribed and sworn to before me this _____ day of July, 2008, by Marian M. Learned of EnCana Oil & Gas (USA) Inc.

Witness my hand and official seal.

My commission expires:_____

Notary Public

[SEAL]

EXHIBIT A
INTERESTED PARTIES

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

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

Attn Annette Apperson
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 Marian Learned
EnCana Oil & Gas (USA) Inc
370 17th Street, Suite 1700
Denver, CO 80202

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

Cypress Land Acquisition LLC
2432 W. 82nd Place #1
Westminster, CO 80031

Joan L. Savage
5933 County Road 330
Rifle, CO 81650