

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 POOLING ALL NONCONSENTING)	CAUSE NO.
INTERESTS IN THE CODELL, NIOBRARA AND)	
J-SAND FORMATIONS IN A DESIGNATED)	
WELLBORE SPACING UNIT LOCATED IN THE)	DOCKET NO.
WATTENBERG FIELD, WELD COUNTY,)	
COLORADO	

APPLICATION

COMES NOW Encana Oil & Gas (USA) Inc. (referred to herein as “Applicant”), by and through its undersigned attorney, and makes application to the Colorado Oil and Gas Conservation Commission (“Commission”), for an order to pool all interests within a designated wellbore spacing unit for the drilling of a well to produce from the Codell, Niobrara and J-Sand Formations located in Sections 34 and 35, Township 2 North, Range 68 West, Weld County, Colorado. In support thereof, the Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. Applicant owns certain leasehold interests in the wellbore spacing unit requested for pooling.
3. On October 19, 1981, the Commission issued Order No. 232-23 which amended Order No. 232-20 to include Sections 34 and 35, Township 2 North, Range 68 West, among other lands. Order No. 232-20 amended Order No. 232-1 by allowing the drilling of an additional well on each 320-acre drilling and spacing unit for the production of gas and associated hydrocarbons from the J-Sand Formation as established in Order No. 232-1.
4. On December 19, 1983, the Commission issued Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas and associated hydrocarbons from the Codell Formation underlying certain lands, including Sections 34 and 35, Township 2 North, Range 68 West, with the drilling and spacing unit to be designated by the operator drilling the first well in the quarter section, (or the Director, if the operator fails to designate). The permitted well shall be located in the center of either 40-acre tract within the drilling and spacing unit with a tolerance of 200 feet in any direction. The operator shall have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit.
5. On February 19, 1992, the Commission issued Order No. 407-87 (amended August 20, 1993), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas from the Codell and Niobrara Formations underlying certain lands, including Sections 34 and 35, Township 2 North, Range 68 West, with the permitted well locations in accordance with the provisions of Order No. 407-1.
6. On April 27, 1998, the Commission adopted Rule 318A, which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. The lands encompassing the Wellbore Spacing Unit, as defined below, are subject to this Rule, specifically Rule 318A.a.(4)(C) and 318A.e.(2), for the Codell, Niobrara and J-Sand Formations.
7. Applicant previously designated a 160-acre wellbore spacing unit, as described below, for the production of oil and associated hydrocarbons from the Codell, Niobrara and J-Sand Formations pursuant to Rule 318A.e.(2). Applicant holds an approved Application for Permit to Drill for the well within the Wellbore Spacing Unit and holds a 25% working interest in the Wellbore Spacing Unit.

8. Applicant, pursuant to Commission Rule 530 and pursuant to the provisions of C.R.S. §34-60-116(6) and (7), seeks an order to involuntarily pool all interests not voluntarily pooled in the Codell, Niobrara and J-Sand Formations underlying the following described 160-acre wellbore spacing unit:

Township 2 North, Range 68 West, 6th P.M.
Section 34: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 35: SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$
Weld County, Colorado

9. Applicant has directionally drilled the Billings 8-4-34 Well (hereinafter the "Wellbore Spacing Unit Well") within the designated Wellbore Spacing Unit with a proposed surface location of 2077' FNL and 1898' FEL of Section 34 and a proposed bottomhole location 2400' FSL and 50 FEL (NE $\frac{1}{4}$ SE $\frac{1}{4}$) of Section 34. A well location certificate is attached for reference.

10. Exhibit A attached hereto lists working interest and royalty owners for the Wellbore Spacing Unit together with their addresses. All working interest owners (not otherwise voluntarily pooled) have been offered the opportunity to voluntarily participate in the drilling of the Wellbore Spacing Unit Well. To date, however, not all of such working interest owners have elected to participate by agreeing to bear their respective proportionate shares of the costs and risks of drilling, completing and operating the well. AFE's containing the information respecting this well required by Commission Rule 530.b. were sent to these working interest owners more than thirty (30) days prior to the date of the hearing on this Application.

11. Applicant requests that the Commission's involuntary pooling order issued with respect to this Application be made retroactive to the date of the spudding of the Wellbore Spacing Unit Well.

12. Notice of this Application has been provided to those parties listed on Exhibit A attached hereto.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order.

A. Pooling involuntarily all of the working interest owners listed on Exhibit A with whom Applicant has been unable to secure an agreement for the drilling of the Wellbore Spacing Unit Well as described in Section 9 and that such working interest owners be treated as non-consenting owners under C.R.S. §34-60-116 and made subject to the terms and penalties provided for therein.

B. That all interest owners in the Wellbore Spacing Unit which are not voluntarily pooled in the Wellbore Spacing Unit be involuntarily pooled.

C. That the effective date of the COGCC's involuntary pooling order will be made retroactive to the date of spudding of the Wellbore Spacing Unit Well.

D. For such other findings and orders as the Commission may deem proper or advisable in the premises.

Dated this 1st day of September, 2010.

Respectfully submitted,
ENCANA OIL & GAS (USA) INC.

By: _____
Gretchen VanderWerf
Gretchen VanderWerf, PC
1525 17th Street
Denver, Colorado 80202
(303) 298-9939

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, Colorado 80202

VERIFICATION

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

Ricardo D. Gallegos, Team Lead – South Rockies Land, of lawful age, being first duly sworn upon oath, deposes and says that he is Attorney-in-Fact for Encana Oil & Gas (USA) Inc. and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Ricardo D. Gallegos, Team Lead – South Rockies Land
Attorney-in-Fact
Encana Oil & Gas (USA), Inc.

Subscribed and sworn to before me this 1st day of September, 2010

Witness my hand and official seal.

[SEAL]

My commission expires: _____.

Notary Public

EXHIBIT A

INTERESTED PARTIES

Working Interest Owners

Kerr-McGee Oil & Gas Onshore Inc.
1099 18th Street, 6th Floor
Denver, CO 80202

K.P. Kauffman Company, Inc.
1675 Broadway, Suite 2800
Denver, CO 80202

Royalty Owners

Billie Lee Lockman
76-12 35th Avenue, Unit 4A
Jackson Heights, NY 11372

Calvin Enterprises, Inc.
3695 65th Avenue
Greeley, CO 80634

Brownlynn Daniels
8788 Coral Springs Court, H206
Huntington Beach, CA 92646

McWilliams LLC
620 Lantern Parkway
Kerrville, TX 78028

Florence E. Foreman Williams
6207 Lamar Street
Arvada, CO 80003

JamesR. Harrison
P.O. Box 6389
Longmont, CO 80501

George Richard Foreman
4565 Anjelina Circle North
Colorado Springs, CO 80916

Fairchild/Zimmerman LLC
40499 Glen Meadow Place
Aldie, VA 20105

Guy Harlan Davis
110 North 7th Street
Livingston, MT 59047

Marjorie M. Zimmerman
2502 15th Avenue
Greeley, CO 80631

Michael Ray Campbell
P.O. Box 781651
Wichita, KS 67278-2651

Cecilia M. Gorce Trust
200 Fair Place
Boulder, CO 80302

David P. Nelson Family Partnership
LLLP
11023 West Hinsdale Drive
Littleton, CO 80127-3417

Donna M. Schnitzen, as Trustee of
the Donna M. Schnitzen Family Trust
446 Mallard Drive
Santa Rosa, CA 95401

Laurel Ann Karr
1602 West Maplewood Street
Chandler, AZ 85248

Carol N. Coburn Family Limited
Partnership, LLLP
7380 Windsor Drive
Boulder, CO 80301-3729

Donald Mandelko
P.O. Box 1036
Pauls Valley, OK 73075

Frederick Development Company, Inc.
2500 Arapahoe Ave., Suite 220
Boulder, CO 80302

Woolley Family Trust
P.O. Box 223
Allenspark, CO 80510

Kent P. Nelson Family Partnership,
LLLP
314 Grant Street
Longmont, CO 80501-5344

Nancy Lee Lockman
10686 West Tufts Drive
Littleton, CO 80127

William L. Smyth
1375 Radcliffe Drive
Corona, CA 92881

Vicky L. Higginbottom, as Executor of the
Estate of Frances Irene Foreman Sublett
423 North 23rd Street
Council Bluffs, IA 51501

Melvin Dinner
3360 East Dartmouth
Denver, CO 80210

Mary Alice Billings
2246 Riverside Drive
Lyons, CO 80540

Mary Alice Billings and the First
National Bank of Longmont, Trustee
P.O. Box 1159
Longmont, CO 80501

SueAnn Babcock, Trustee of the Grant
M. and SueAnn Babcock Revocable
Living Trust Survivor's Trust
P.O. Box 32341
Phoenix, AZ 85064-2341

Marcella I. Koll, Trustee of the Koll
Trust dated 2/1/90, Sub-Trust A
1408 Highland Avenue
Glendale, CA 91202

Theresa E. Lockman
10686 West Tufts Drive
Littleton, CO 80127

State of Colorado Department of
Highways
4201 East Arkansas, Room 212
Denver, CO 80222

Robert F. Mandelko.
938 Collyer Street
Longmont, CO 80501