

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 INTERESTS IN A 160-ACRE
WELLBORE SPACING UNIT FOR PRODUCTION FROM
THE J-SAND, CODELL AND NIOBRARA FORMATIONS
LOCATED ON CERTAIN DESCRIBED LANDS WITHIN
THE WATTENBERG FIELD, BROOMFIELD COUNTY,
COLORADO

CAUSE NO. 232, 407

DOCKET NO. _____

APPLICATION

EnCana Oil and Gas (USA) Inc. ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order to pool all non-consenting interests in a designated 160-acre drilling and spacing unit for production from the J-Sand, Codell, and Niobrara Formations with the subject well being located in Section 23, Township 1 North, Range 68 West, 6th P.M., Broomfield County, Colorado. In support thereof, Applicant states and alleges and follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.

2. Applicant owns a substantial leasehold interest in a portion of the following described lands:

Township 1 North, Range 68 West, 6th P.M.
Section 22: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 23: SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$

Broomfield County, Colorado

3. On October 19, 1981, the Commission issued Order No. 232-23 which, among other things, established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the J-Sand for the Application Lands and allowed up to two (2) wells to be drilled within each 320-acre drilling and spacing unit.

4. On February 19, 1992, the Commission issued Order No. 407-87 (as amended), 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 the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. Order No. 407-1 (as amended), 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 the Application Lands, 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 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 Formation 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 in this Application are subject to Rule 318A, specifically Rule 318A.a.(4)(C) and 318A.e., for the J-Sand, Codell and Niobrara Formations.

6. Applicant designated a 160-acre Wellbore Spacing Unit, as described below, for the production of oil, gas, and associated hydrocarbons from the J-Sand, Codell, and Niobrara, Formations pursuant to Rule 318A.e. and notified the appropriate parties under Rule 318A.e.(6).

Applicant did not receive any objections to the establishment of the proposed Wellbore Spacing Unit within the 20-day response period, and, as such, certifies to the Commission that it did not receive any objections to the well location, proposed spacing unit, or proposed formations.

7. 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 (including working interests) in the J-Sand, Codell, and Niobrara Formations underlying the following designated 160-acre wellbore spacing unit:

Township 1 North, Range 68 West, 6th P.M.

Section 22: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 23: SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$

(referred to herein as the "Wellbore Spacing Unit")

8. Applicant directionally drilled the Helen 0-4-23 Well within the designated Wellbore Spacing Unit with a surface location 1506' FSL and 989' FWL of Section 23, Township 1 North, Range 68 West and a bottomhole location 2597' FSL and 50' FWL of Section 23, Township 1 North, Range 68 West. The Helen 0-4-23 Well was spud on October 31, 2010. A Well Location Certificate for the Helen 0-4-23 Well is attached hereto.

9. Exhibit A attached hereto lists the interest 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. As applicable, 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. Pursuant to Commission Rule 530.b, an Authority for Expenditure ("AFE") and offers to participate containing the information respecting this well was sent to these working interest owners more than thirty (30) days prior to the date of the hearing on this application.

10. 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 Helen 0-4-23 Well.

11. 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 interest owners listed on Exhibit A (including but not limited to the working interest owners) with whom Applicant has been unable to secure an agreement for the drilling of the Helen 0-4-23 Well as described in Paragraph 8 and that such 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 Helen 0-4-23 Well.

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

DATED this ____ day of February, 2011.

Respectfully submitted,

ENCANA OIL & GAS (USA), INC.

By: _____

Jamie L. Jost
Elizabeth Y. Gallaway
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicant's Address:
370 17th St., Suite 1700
Denver, CO 80202

VERIFICATION

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

Jack A. Croom, Jr., of lawful age, being first duly sworn upon oath, deposes and says that he is a Landman for Encana Oil and 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.

Jack A. Croom, Jr.

Subscribed and sworn to before this ____ day of February, 2011.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Working Interest Owners:

Kerr-McGee Oil & Gas Onshore LP
ATTN: Elizabeth Smith
1099 18th Street, 6th Floor
Denver, Colorado 80202

Tipperary Mining Company, Ltd.
ATTN: George Brennan
3014 Albion Street
Denver, Colorado 80202

Royalty Interest Owners:

Kerr-McGee Oil & Gas Onshore LP
ATTN: Elizabeth Smith
1099 18th Street, 6th Floor
Denver, Colorado 80202

George B. Brennan
3014 Albion Street
Denver, Colorado 80207

Imperial Oil & Gas LLC
2451 South Xenon Way
Lakewood, Colorado 80228

Farmers Reservoir & Irrigation Company
80 S. 27th Ave.,
Brighton, Colorado 80601

June Ann Pease
34750 Church Road
Warren, Oregon 97053

Freda June Erwin
2111 S. 19th Street
Mount Vernon, Washington 98273

Viola Lara
1836 Winchester Drive
Manteca, California 95336

Nancy J. Loghry, Trustee
1836 Winchester Drive
Manteca, California 95336

Roberta A. Hensley
985 California Street
P.O. Box 454
Rodeo, California 94572

Beverly J. Collins
2764 Golden Way
Denver, Colorado 80227

Estate of Raymond Armstrong
P.O. Box 1599
Manfield, Louisiana 71052

Anadarko E & P Company LP
P.O. Box 730875
Dallas, Texas 75373-0875

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OF THE STATE OF COLORADO

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AFFIDAVIT OF MAILING

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

Jamie L. Jost of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Encana Oil and Gas (USA) Inc., that on or before February 11, 2011, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Jamie L. Jost

Subscribed and sworn to before me on February ____, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public