

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  
10-ACRE DENSITY FOR THE DRILLING OF WILLIAMS  
FORK FORMATION WELLS OF THE MESAVERDE  
GROUP FOR CERTAIN DESCRIBED LANDS IN  
GARFIELD COUNTY, COLORADO

CAUSE NO. \_\_\_\_\_

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 establishing well location and setback rules applicable to the drilling and producing of wells from the Williams Fork Formation covering certain described lands in Mesa County 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 a leasehold interest in all or a substantial portion of following described lands (hereinafter "Application Lands"):

Township 7 South, Range 93 West, 6<sup>th</sup> P.M.  
Section 17: E $\frac{1}{2}$ SE $\frac{1}{4}$

Mesa County, Colorado.

A reference map for this application is attached hereto.

3. The Application Lands are unspaced and are subject to Rule 318.a. which provides for a well to be drilled two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.
4. On August 15, 2007, the Commission issued Order No. 139-76, which among other things, established that one (1) well per 10 acres may be drilled on lands in Section 17, Township 7 South, Range 93 West, 6th P.M., including lands directly west (W/2SE/4) of the Application Lands, for the production of gas and associated hydrocarbons from the Williams Fork Formation. In Order No. 139-76, the Commission further ordered that Williams Fork Formation wells in Section 17, Township 7 South, Range 93 West, 6th P.M shall be located no closer than 100 feet from a lease line or unit boundary unless such lease line or unit boundary abuts or corners lands in respect of which the Commission has not at the time of the drilling permit application granted the right to drill 10-acre downhole drill from the Williams Fork Formation, in which event the Will Fork Formation wells to be drilled shall be drilled downhole no closer than 200 feet from the lease line or unit boundary which abuts or corners the lands in respect of the which 10-acre density drilling for the Williams Fork Formation wells has not bee ordered by the Commission.
5. Applicant asserts that multiple wells have been drilled upon lands in close proximity to the Application Lands with the result that geological and engineering evidence indicates that Williams Fork wells in the Mesaverde Group on the Application Lands now should be allowed to be drilled on a ten (10) acre density basis.
6. Applicant requests that the Commission, as to the above described Application Lands, allow Williams Fork wells in the Mesaverde Group to be optionally drilled upon a ten (10) acre density basis with each such well to be located downhole anywhere within the unit provided no such wells shall be located downhole any closer than one hundred (100) feet from the boundary of the unit unless such boundary abuts or corners lands in respect of which the Commission has not at the time of the drilling permit application granted the right to drill ten (10) acre density Williams Fork Formation wells, in which event Williams Fork Formation wells to be drilled upon the given drilling and spacing unit shall be drilled downhole no closer than two hundred (200) feet from that portion of the unit boundary which so abuts or corners the lands in respect of which ten (10)

acre density downhole drilling for Williams Fork Formation wells has not been ordered by the Commission.

7. Applicant requests that this Commission allow wells drilled under this Application to be drilled from the surface either vertically or directionally from no more than one (1) pad located on a given quarter quarter section (or lots or parcels approximately equivalent thereto) unless exception is granted by the Colorado Oil and Gas Conservation Commission pursuant to application made for such exception.

8. Applicant confirms that it is not requesting spacing for the Application Lands.

9. The above-proposed 10-acre density will allow development of the Williams Fork Formation to occur, will prevent waste, will protect correlative rights, and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

10. 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 at the next regular hearing date; that notice be given as required by law and that upon such hearing this Commission enter its order:

A. Allowing Williams Fork Formation wells in the Mesaverde Group on the Application Lands to be optionally drilled upon a ten (10) acre density basis with each such well to be located downhole anywhere within the unit provided no such wells shall be located downhole any closer than one hundred (100) feet from the boundary of the unit unless such boundary abuts or corners lands in respect of which the Commission has not at the time of the drilling permit application granted the right to drill ten (10) acre density Williams Fork wells, in which event Williams Fork Formation wells to be drilled upon the given drilling and spacing unit shall be drilled downhole no closer than two hundred (200) feet from that portion of the unit boundary which so abuts or corners the lands in respect of which ten (10) acre density downhole drilling for Williams Fork Formation wells has not been ordered by the Commission;

B. Allow Williams Fork Formation wells in the Mesaverde Group on the Application Lands to be drilled from the surface either vertically or directionally from no more than one (1) pad located on a given quarter quarter section (or lots or parcels approximately equivalent thereto) unless exception is granted by the Colorado Oil and Gas Conservation Commission pursuant to application made for such exception;

C. Confirming that there will be no spacing on the unspaced areas of the Application Lands; and

D. Granting any other relief necessary to prevent waste and protect correlative rights of the owners.

Dated this 8th day of October, 2010.

Respectfully submitted,

EnCana Oil and Gas (USA) Inc.

By: \_\_\_\_\_

Jamie L. Jost  
William E. Sparks  
Michael J. Wozniak  
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 AND COUNTY OF DENVER)

Danielle Scott, Land Negotiator, of EnCana Oil and 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.

\_\_\_\_\_  
Danielle Scott  
Land Negotiator

Subscribed and sworn to before this \_\_\_\_ day of October, 2010.

Witness my hand and official seal.

My commission expires:

\_\_\_\_\_  
Notary Public

[SEAL]

**EXHIBIT A**  
**INTERESTED PARTIES**

Flynn Family Trust dtd 6/01/05  
5085 W 136 Ave Apt 338  
Broomfield, CO 80023

Grass Mesa Ranch A Colorado JV  
c/o Carol Rudolph  
3169 8 St  
Boulder, CO 80304

Williams Production RMT Company  
1515 Arapahoe Street  
Denver, CO 80202-2110

Colorado Division of Wildlife  
6060 Broadway  
Denver, CO 80216

United State Department of Interior  
Bureau of Land Management  
2850 Youngfield Street  
Lakewood, CO 80215

Bureau of Land Management  
Colorado River Valley Field Office  
2300 River Frontage Road  
Silt, CO 81652

Garfield County Board of County  
Commissioners  
108 8 St Ste 213  
Glenwood Springs, CO 81601-3355

Colorado Department of Public Health and  
Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

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  
10-ACRE DENSITY FOR THE DRILLING OF WILLIAMS  
FORK FORMATION WELLS OF THE MESAVERDE  
GROUP FOR CERTAIN DESCRIBED LANDS IN  
GARFIELD COUNTY, COLORADO

CAUSE NO. \_\_\_\_\_

DOCKET NO. \_\_\_\_\_

## 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 October 15, 2010, 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 October 8, 2010.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

Notary Public