

**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 LOCATION RULES FOR THE WILLIAMS FORK AND ILES FORMATIONS OF THE MESAVERDE GROUP FOR CERTAIN DESCRIBED LANDS IN GARFIELD AND MESA COUNTIES, COLORADO

CAUSE NO. ____

DOCKET NO. ____

APPLICATION

COMES NOW Encana Oil & Gas (USA), Inc. ("Applicant"), by the undersigned attorneys, and makes this application ("Application") to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing spacing rules applicable to the drilling and producing of wells from two federal exploratory units for the Williams Fork and Iles Formations of the Mesaverde Group covering certain described lands in Garfield and Mesa Counties, Colorado and in support of its application states and alleges as follows:

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

2. That Applicant is the operator of two certain federal exploratory units known as the Hunter Mesa Unit and the Middleton Creek Unit. The Hunter Mesa Unit was approved on November 30, 1993 by the Bureau of Land Management. The portions of the Hunter Mesa Unit subject to this Application consist of the following described lands:

Township 7 South, Range 93, West 6th P.M.

Section 9: S $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 14: S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 15: S $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$

Section 16: NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$

Section 22: N $\frac{1}{2}$ NE $\frac{1}{4}$

Section 23: NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$

Section 24: NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 25: W $\frac{1}{2}$

Section 26: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 36: Lots 1-3, W $\frac{1}{2}$ of Tract 68 (f/d/a NE $\frac{1}{4}$ NW $\frac{1}{4}$)

Garfield County, Colorado

Township 8 South, Range 93, West 6th P.M.

Section 1: Lots 7-9, 17, 19-21, Tracts 37, 38 (f/d/a LOT 2), 45, & 70, SW $\frac{1}{4}$ NW $\frac{1}{4}$

Section 11: Tracts 48 & 50

Section 12: Tracts 37 & 50

Section 13: Tract 50

Section 14: A portion of Lots 2-4, Tracts 48 & 50

Garfield County, Colorado

Township 8 South, Range 93, West 6th P.M.

Section 14: A portion of Lots 2-4, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Mesa County, Colorado

(hereinafter "Hunter Mesa Application Lands"). The Middleton Creek Unit was approved on August 24, 2005 by the Bureau of Land Management. The portions of the Middleton Creek Unit subject to this Application consist of the following described lands:

Township 7 South, Range 93 West, 6th P.M.

Section 16: SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 21: NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

Section 22: S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$

Section 23: W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 26: S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 27: NE $\frac{1}{4}$ NE $\frac{1}{4}$
Section 35: Lots 1-2, N $\frac{1}{2}$ NE $\frac{1}{4}$

Garfield County, Colorado

Township 8 South, Range 93 West, 6th P.M.

Section 1: Lot 16, Tract 46
Section 2: Lots 5-6, 11-12, 15-16, Tract 44, S $\frac{1}{2}$ NE $\frac{1}{4}$
Section 10: Lots 3-4
Section 11: Tracts 46-48
Section 12: Tracts 45-46, 49
Section 14: A portion of Lot 1, Tract 48
Section 15: Lot 1, a portion of Lot 2

Garfield County, Colorado

Township 8 South, Range 93, West 6th P.M.

Section 14: A portion of Lot 1, SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
Section 15: A portion of Lot 2, E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 23: N $\frac{1}{2}$ N $\frac{1}{2}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$

Mesa County, Colorado

(hereinafter "Middleton Creek Application Lands"). A reference map of the Hunter Mesa Application Lands and the Middleton Creek Application Lands is attached hereto.

3. Under the Commission's Rule 318(d)(3), the well location rules otherwise applicable under Rule 318 do not apply to unit operations approved by federal authorities except that no well in excess of two thousand five hundred (2,500) feet in depth shall be located less than six hundred (600) feet from the exterior or interior (if there be one) boundary of the unit area unless otherwise authorized by the order of the Commission after proper notice to owners outside the unit area.

4. Applicant has drilled, tested and completed wells in the Williams Fork and Iles Formations of the Mesaverde Group within the Hunter Mesa Application Lands and the Middleton Creek Application Lands and other nearby lands.

5. That to promote efficient drainage within the Williams Fork and Iles Formations of the Mesaverde Group of the Application Lands, the Commission should establish new setback rules applicable to the drilling of Williams Fork and Iles Formation wells within the Hunter Mesa Application Lands and the Middleton Creek Application Lands such that a Williams Fork and/or Iles Formation wells should be located downhole anywhere upon the Application Lands but no closer than 100 feet from the boundaries of the exterior or interior (if applicable) unit boundary unless such boundary 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 and/or Iles Formation wells in which event the wells should be located downhole no closer than 200 feet from the exterior or interior (as applicable) unit boundary unless exception is granted by the Director of the Commission.

6. That the above-proposed well location rules will allow more efficient drainage of the Williams Fork and Iles Formations of the Mesaverde Group; will not promote waste; will not violate correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

7. 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 in November, 2010, 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: October 8, 2010.

By: _____
Michael J. Wozniak
Jamie L. Jost
Beatty & Wozniak, P.C.
216 Sixteenth Street-Suite 1100
Denver, Colorado 80202-5115
303-407-4499

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

VERIFICATION

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

Danielle Scott, of lawful age, being first duly sworn upon oath, deposes and says that she is Land Negotiator for Encana Oil & Gas (USA), Inc. and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Danielle Scott, Land Negotiator
Encana Oil & Gas (USA), Inc.

Subscribed and sworn to before me this ____ day of October, 2010.

Witness my hand and official seal.

My commission expires: _____

Notary Public

Exhibit A

Interested Parties

John Howard Bass
1727 E 47 St Pl
Kearney, NE 68847

Shelli Beaubien
7945 Ferncliff
Colorado Springs, CO 80920

Mary Ann Bogani
584 Pioneer Rd
Grand Junction, CO 81504

Jacque Couey Burris
5411 County Road 346
Silt, CO 81652

Kelly Wilbur Couey
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Silt, CO 81652

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3415 S Clayton Blvd
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PO Box 442
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Flynn Family Trust dtd 6/01/05
5085 W 136 Ave Apt 338
Broomfield, CO 80023

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Denver, CO 80222

Minerals Mgmt Service Royalty
Management Program FAO MMS S
Piceance
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Silt, CO 81652

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Walter C Wieben
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Silt, CO 81652

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Brownstone Ventures (US) Inc.
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Garfield County Board of County
Commissioners
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Glenwood Springs, CO 81601-3355

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Robert P Bass & Janice L Bass
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Rapid City, SD 57702

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PO Box 1202
American Fork, UT 84003

Bolton Family Tr dtd 03/28/86
Marian B Bolton-Farris Trtee
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Scottsdale, AZ 85259-5855

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Silt, CO 81652

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Silt, CO 81652

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Nucla, CO 81424

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Boulder, CO 80304

Myron Duane Jewell
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Parachute, CO 81635

Lula Cameron Family LLC
A Colorado Ltd Liability Co
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Debeque, CO 81630

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Grand Junction, CO 81505

Vickie L Osburn
405 30 Rd
Grand Junction, CO 81504

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Rifle, CO 81650

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Denver, CO 80209

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Littleton, CO 80123-7917

Kim Kaal
Colorado Division of Wildlife
6060 Broadway
Denver, CO 80216

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

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

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

Judith H. Jordan
Garfield County
375 County Road 352, Bldg 2060
Rifle, CO 81650-8412

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

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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 his oath, states and declares:

That she is the attorney for Encana Oil & Gas (USA), Inc., that on or before October ____ 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 __, 2010.

Witness my hand and official seal.

My commission expires: _____.

Notary Public