

BEFORE THE OIL & 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 WORKING,)
UNLEASED AND/OR NONCONSENTING)
INTERESTS IN THE CODELL, NIOBRARA)
AND J SAND FORMATIONS IN A 160-ACRE)
WELLBORE SPACING UNIT IN BROOMFIELD)
COUNTY, COLORADO)

Cause No. _____

Docket No. _____

APPLICATION

COMES NOW EnCana Oil & Gas (USA) Inc. (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Colorado Oil and Gas Conservation Commission ("Commission"), for an order to pool all working, unleased, and/or non-consenting interests within an 160-acre wellbore spacing unit for production of oil, gas, and associated hydrocarbons from the Codell, Niobrara, and J-Sand Formations with the subject well being located in Section 26, Township 1 North, Range 68 West, 6th P.M., Broomfield 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, and is a registered operator in good-standing with the Commission.

2. Applicant owns certain leasehold interests in the following lands (hereinafter referred to as "Application Lands"):

Township 1 North, Range 68 West, 6th P.M.
Section 26: SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$,

Broomfield County, Colorado ("Application Lands")

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 November 21, 1983, the Commission issued Order No. 407-1, which among other things, established 80-acre drilling and spacing units for certain lands, including Application Lands, for the production of gas and associated hydrocarbons from the Codell Formation.

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 the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), 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.

6. On April 27, 1998, the Commission adopted Rule 318A, which, among other things, established drilling windows and 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. The Application Lands are subject to the foregoing Order and Rule 318A. Pursuant to Rule 318A.j., Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of GWA wells.

7. Pursuant to Rules 318 A.e and 318A.a, Applicant has designated a 160-acre wellbore spacing unit within the Application Lands, as described in Paragraph 9 below, for the production of oil, gas, and associated hydrocarbons from the Codell, Niobrara, and J-Sand Formations. Further, pursuant to Rule 318A.e.(6), Applicant has notified the appropriate parties of such designation and has not received any objections to this designation within the 20-day response period allowed for objection under the rule. Applicant hereby certifies such designation to the Director and states that no timely objections were received.

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

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

Section 26: SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$,

Broomfield County, Colorado (hereafter "Wellbore Spacing Unit").

9. Applicant directionally drilled the Sears 4-4-26 Well within the designated Wellbore Spacing Unit. A well location certificate showing the location of the Sears 4-4-26 Well is attached. The surface location of the Sears 4-4-26 Well is in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 26, Township 1 North, Range 68 West. The bottomhole location is located 2600' FNL and 2550' FWL of Section 26, Township 1 North, Range 68 West. The Sears 4-4-26 Well was spud on May 18, 2010.

10. Applicant holds an approved Application for Permit to Drill for the Sears 4-4-26 Well.

11. Exhibit A attached hereto lists working interest owners and unleased mineral interest owners for the 160-acre 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 Sears 4-4-26 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. AFEs 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.

12. Exhibit A also lists any unleased mineral owners within the 160-acre wellbore spacing unit. All unleased mineral owners (not otherwise voluntarily pooled) have been offered the opportunity to participate in the drilling of the Sears 4-4-26 Well. To date, however, not all of such owners have elected to participate by agreeing to bear their proportionate shares of the costs and risks of drilling, completing and operating the well. In addition, Applicant has made offers to lease each of these unleased mineral owners (not otherwise voluntarily pooled) as required by Commission Rule 530.c. and C.R.S. § 34-60-116(7)(d). To date, however, not all of such unleased mineral owners have accepted such offers. Such AFEs and offers to participate in drilling or to lease were sent to these unleased mineral interest owners more than thirty (30) days prior to the date of the hearing on this Application.

13. Applicant requests that the Commission's involuntary pooling order, and all costs associated with the Sears 4-4-26 Well and this involuntary pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Sears 4-4-26 Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

14. 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 Sears 4-4-26 Well and ordering 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. Pooling involuntarily all of the unleased mineral interest owners listed on Exhibit A with whom Applicant has been unable to secure a lease or an agreement for the drilling of the Sears 4-4-26 Well and ordering that such 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.

C. Finding that all interest owners in the 160-acre drilling and spacing unit on the Application Lands which are not voluntarily pooled be involuntarily pooled.

D. Establishing that the Commission's involuntary pooling order, and all costs associated with the Sears 4-4-26 Well and this involuntary pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Sears 4-4-26 Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

E. Providing for such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this ____ day of March, 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 Street, Suite 1700
Denver, Colorado 80202

VERIFICATION

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

_____ of lawful age, being first duly sworn upon oath, deposes and says that he/she is Attorney-in-Fact for Encana Oil and Gas (USA) Inc. and that he/she has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Name: _____
Title: _____

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

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

WORKING INTEREST OWNERS:

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

Timothy S Hager (Consenting)
155 East Boardwalk Drive
Fort Collins, CO 80525

F.S. Habib (Consenting)
46 Baldwin Farms North
Greenwich, CT 06831

Emil Damia (Non-Consenting)
432 Magellan Avenue
Half Moon Bay, CA 94019

Paul J. Kenny (Consenting)
19 Old Town Square
Fort Collins, CO 80526

Nancy L. Roberts (Consenting)
21900 County Road 196
Nathrop, CO 81236

Leslie M. Trexler (Consenting)
21900 County Road 196
Nathrop, CO 81236

Richard and Barbra Gamlen Trust
(Consenting)
554 Craig Road
Hillsborough, CA 94010

ExecuVest, Inc. (Consenting)
4220 S. Allison Street
Lakewood, CO 80534

Dennis Gamlen (Consenting)
2315 Deer Meadow Road
Missouri City, TX 77489

Dennis A. Gamlen, (Consenting)
Trustee of the Barbara Marie
Gamlen Trust
2315 Deer Meadow Road
Missouri City, TX 77489

Tod L. Gamlen (Non-Consenting)
Trustee of the Tod L. Gamlen
Childrens' Trust
1040 Via Del Pozo
Los Altos, CA 94022

Liberty Energy, LLC (Non-Consenting)
175 Berkeley St. Mail Stop 18K
Boston, MA 02116

ROYALTY OWNERS:

Vernon L. Alaux & Denise Vaughn
Trustees of the Vernon L. Alaux
Family Trust
4040 WCR 6
Erie, CO 80516

Robert Gene La Roche,
Trustee of the Robert G. La Roche
Living Trust
6161 Iroquois Rd
Westminster, CA 92683

Norden, LLC
300 Union Blvd., #350
Lakewood, CO 80228

Save a Child Incorporated, a CO Non-
Profit Corporation
4700 County Road 6
Erie, CO 80516

Arrowpoint Cattle Company, LLC
21900 County Road 196
Nathrop, CO 81236

Anadarko E & P Company LP
1099 18th Street, 6th Floor
Denver, CO 80202

John and Sue Quinlan
3716 N. 61st Street
Boulder, CO 80301

Veronica Douglass
HC 61 Box 380 Callao Rt.
Wendover, Utah 84083

Mathew C. Brant
14350 Hwy 34 Lot 96
Fort Morgan, CO 80701

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Redding, CA 96002

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68130 30 Ave.
Cathedral City, CA 92234

Davis Veach
7573 S. Ivenhoe Circle
Centennial, CO 80112

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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 March __, 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 March ____, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public