

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 23, 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 23: SE¼SE¼

Broomfield County, Colorado (the "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 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.

5. 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 Orders 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.

6. Pursuant to Rules 318 A.e and 318A.a, Applicant has designated a wellbore spacing unit within the Application Lands 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.

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 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 23: SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 24: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 25: NW $\frac{1}{4}$ NW $\frac{1}{4}$
Section 26: NE $\frac{1}{4}$ NE $\frac{1}{4}$

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

8. Applicant directionally drilled the Helen 8-8-23 Well within the designated Wellbore Spacing Unit. A well location certificate showing the location of the Helen 8-8-23 Well is attached. The surface location of the Helen 8-8-23 Well is in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23, Township 1 North, Range 68 West. The bottomhole location is located 50' FSL and 50' FEL of Section 23, Township 1 North, Range 68 West. The Helen 8-8-23 Well was spud on September 30, 2010.

9. Applicant holds an approved Application for Permit to Drill for the Helen 8-8-23 Well.

10. Exhibit A attached hereto lists working interest owners and unleased mineral interest owners for the 160-acre drilling and 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 Helen 8-8-23 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.

11. Applicant requests that the Commission's involuntary pooling order, and all costs associated with the Helen 8-8-23 Well and this involuntary pooling, issued with respect to this

Application be retroactive to the earliest date costs are incurred for the Helen 8-8-23 Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

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 Helen 8-8-2 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 all of the terms, costs, and penalties provided for therein.

B. 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.

C. Establishing that the Commission's involuntary pooling order, and all costs associated with the Helen 8-8-23 Well and this involuntary pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Helen 8-8-23 Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

D. 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)

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 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.
370 17th Street, Suite 1700
Denver, Colorado 80202

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

Noble Energy Inc.
1625 Broadway, Ste. 2000
Denver, Colorado 80202

Timothy S. Hagar
155 E. Boardwalk Avenue, Ste. 400
Fort Collins, Co 80525

F. S. Habib
46 Baldwin Farms N
Greenwich, CT 06831

Paul J. Kenny
19 Old Town Square
Fort Collins, Co 80526

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

Emil Damia (Non-consenting)
C/O Cecilia Damia
432 Magellan Avenue
Half Moon Bay, CA 94019

Richard & Barbara Gamlen Trust (Non-consenting)
554 Craig Road
Hillsborough, CA 94010-6708

ExecuVest, Inc. (Non-consenting)
4220 S. Allison Street
Lakewood, Colorado 80534

Dennis Gamlen, Trustee (Non-consenting)
2315 Deer Meadow Drive
Missouri City, Texas 77489

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2315 Deer Meadow Drive
Missouri City, Texas 77489

Tod L. Gamlen, Trustee (Non-consenting)
1040 Via Del Pozo
Los Altos, CA 94022

Royalty Owners

Anadarko E & P Inc.
1099 18th Street, 6th Floor
Denver, Colorado 80202

Save a Child Incorporated, a
Colorado Non-Profit Corporation
4700 CRB
Erie, Colorado 80516

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

Clifford Myers
Address unavailable.

Barbara M. Myers, Trustee of the
Family Trust of Barbara M. Myers
Address unavailable.

Robert D. Myers
Address unavailable.

Henry Wallace Johnston
Address unavailable.

Estate of Herman Johnston
(Herman Johnston)
RR1
Erie, Colorado (no zip)

A. Reamer Patten
Address unavailable.

Margaret B. Johnson
Address unavailable.

Alyce D. Dunhill
Address unavailable.

Doris M. Higgins
Address unavailable.

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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