

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION FOR AN ORDER ESTABLISHING FIELD RULES FOR DEVELOPMENT OF THE NIOBRARA FORMATION, UNNAMED FIELDS, WELD COUNTY, COLORADO		CAUSE NO.  DOCKET NO.
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**APPLICATION**

COMES NOW Encana Oil & Gas (USA) Inc. (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission"), for an order establishing one approximate 320-acre wellbore spacing unit for the drilling of up to two horizontal wells for production of oil, gas, and associated hydrocarbons from the Niobrara Formation underlying the following lands:

Township 3 North, Range 68 West, 6<sup>th</sup> P.M.  
Section 28: N½

Weld County, Colorado ("Application Lands").

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 a substantial portion of the leasehold interests on the Application Lands.
3. 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 of the Application Lands. Since this Order contemplated vertical wells, Applicant requests a new 320-acre drilling and spacing unit covering the Application Lands to accommodate the drilling of a horizontal well.
4. On April 27, 1998, the Commission adopted Rule 318A, the Greater Wattenberg Well Location Rule ("GWA" rule), 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 Rule 318A. Pursuant to Rule 318A.j., the proposed 320-acre horizontal well drilling unit will supersede all prior Commission drilling and spacing orders affecting well location and density requirements of GWA wells, except as they apply to existing (vertical) wells.
5. Applicant requests the right to drill up to two horizontal wells to and in the Niobrara Formation in the requested drilling unit (regardless of lease lines within the unit).
6. Applicant has drilled one horizontal well on the Application Lands. The Frederiksen 1A-28H Well ("Well") has a surface location 2250' FNL and 257' FEL a bottomhole location 2015' FNL and 460' FWL of Section 36, Township 6 North, Range 64 West.

7. Applicant shall conform to the following setbacks for the drilling of each horizontal well within the drilling unit to and in the Niobrara Formation of the Application Lands:

(a) That the surface location of the well shall be within a designated GWA drilling window, and subject to the twinning requirements of Rule 318A.c unless surface owner approval of a different location is obtained;

(b) That the treated interval of the wellbore within the Niobrara Formation shall be located no closer than 460 feet from the drilling unit boundaries for the unit.

8. Applicant submits that the proposed drilling unit will allow more efficient development of the oil and gas resources within the Niobrara Formation, will prevent waste, will protect correlative rights and will lead to greater ultimate recovery of the hydrocarbons.

9. Applicant certifies 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 that notice and a copy of this application will be served on such parties within seven days of the filing hereof, pursuant to Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in January 2012; that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's request as set forth above.

Dated this \_\_\_\_\_ day of November, 2011.

Respectfully submitted,

**ENCANA OIL & GAS (USA) INC.**

By: \_\_\_\_\_  
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Elizabeth Y. Gallaway  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
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(303) 407-4499

Applicant's Address:

Encana Oil & Gas (USA) Inc.  
ATTN: Sheila Frazier  
370 17th Street, Suite 1700  
Denver, Colorado 80202

VERIFICATION

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

Ricardo D. Gallegos, of lawful age, being first duly sworn upon oath, deposes and says that he is Attorney-In-Fact for Encana Oil & 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.

\_\_\_\_\_  
Ricardo D. Gallegos, Attorney-In-Fact

Subscribed and sworn to before this \_\_\_\_ day of October, 2011.

Witness my hand and official seal.

[SEAL]

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

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

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## AFFIDAVIT OF MAILING

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

Elizabeth Y. Gallaway, of lawful age, and being first duly sworn upon her oath, states and declares:

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

Elizabeth Y. Gallaway

Subscribed and sworn to before me on November \_\_\_\_, 2011.

Witness my hand and official seal.

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

Notary Public

## **EXHIBIT A**

Kerr-McGee Oil & Gas Onshore, LP  
Attn: Mike Stephens  
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