

**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 POOLING ALL
INTERESTS IN THE CODELL, NIOBRARA, AND
J SAND FORMATIONS IN A 160-ACRE WELLBORE
SPACING UNIT IN WELD COUNTY, COLORADO

CAUSE NO.

DOCKET NO.

APPLICATION

COMES NOW Encana Oil & Gas (USA) Inc. ("Applicant"), by its attorneys, Beatty & Wozniak, P.C., and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order pooling all interests in the following-described 160-acre wellbore spacing unit for the development of the Codell, Niobrara, and J Sand Formations for the Elmquist 4-2-23 Well:

Township 2 North, Range 68 West, 6th P.M.
Section 23: E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$

Weld County, Colorado

(hereinafter "Application Lands").

In support of its application, 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 leasehold interests in a substantial portion of the Application Lands.
3. On October 19, 1981, the Commission issued Order No. 232-23, which among other things, amended order 232-20 to establish additional 320-acre drilling and spacing units and allow a second well to be drilled for the production of gas and associated hydrocarbons from the J Sand Formation, for certain lands, including Application Lands.
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. Applicant designated a 160-acre wellbore spacing unit consisting of the Application Lands for the production of oil, gas, and associated hydrocarbons from the J Sand, Codell, and Niobrara, Formations pursuant to Rule 318A.e. and notified all owners in the proposed wellbore spacing unit pursuant to Rule 318A.e.(6). Applicant did not receive any objections to the establishment of the proposed 160-acre wellbore spacing unit within the 30-day response period, and, as such, certifies to the Commission that it did not receive any objections to the well location, proposed spacing unit, or proposed formations.

7. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, seeks an order pooling all interests, including, but not limited to, any nonconsenting interests, in the Application Lands and wellbore spacing unit for the development of the Codell, Niobrara, and J Sand Formations, said order to apply to the currently-allowed well and any subsequent well drilled in the unit.

8. Applicant requests that the Commission's pooling order be made effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first incurred for the drilling of the Elmquist 4-2-23 well to the Codell, Niobrara, and/or J Sand Formations on the Application Lands.

9. Applicant certifies that copies of this Application will be served on all persons owning an interest in the mineral estate of the tracts to be pooled within seven (7) days of the date hereof, as required by Rule 507.b(2), and that at least thirty (30) days prior to the hearing on this matter, each such interest owner not already leased or voluntarily pooled will be offered the opportunity to lease, or to participate in the drilling of the well, and will be provided with the information required by Rule 530. The list of such interested parties is attached hereto as Exhibit A.

10. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands and the designated 160-acre wellbore spacing unit should be pooled for the orderly development of the Codell, Niobrara, and J Sand Formations, including any nonconsenting interests therein.

WHEREFORE, Applicant requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

A. Pooling all interests in the Application Lands and 160-acre wellbore spacing unit for the development of the Codell, Niobrara, and J Sand Formations, including the currently-allowed well and all subsequent wells.

B. Providing that the Commission's pooling order is made effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first

incurred for the drilling of the Elmquist 4-2-23 well to the Codell, Niobrara, and/or J Sand Formations on the Application Lands.

C. Providing that the interests of any owners with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the authorized well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof with respect to all wells drilled to develop the Codell, Niobrara, and J Sand Formations in the 160-acre wellbore spacing unit comprised of the Application Lands.

D. For such other findings and orders as the Commission may deem proper or advisable in this matter.

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

Dated: February ____, 2012

By: _____
Jamie L. Jost
Elizabeth Y. Gallaway
Beatty & Wozniak, P.C.
216 Sixteenth Street-Suite 1100
Denver, CO 80202-5115

Address of Applicant
Encana Oil & Gas (USA) Inc.
ATTN: Lisa Roy
370 17th Street, Suite 1700
Denver, CO 80202

VERIFICATION

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

 Lisa Roy, of lawful age, being first duly sworn upon oath, deposes and says that she is
_____ 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.

Title: _____

Subscribed and sworn to before this ____ day of February, 2012.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

MRPC II, LLC

2901 28th Street Ste 205
Santa Monica, CA 90405

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

TSK Enterprises (USA) Inc
12287 Sunset Pkwy
Los Angeles, CA 90064

KAR Petroleum Company
2901 28th Street Ste 205
Santa Monica, CA 90405

Western Minerals & Oil LLC
PO Box 1228
Farmington, NM 87499

Kerr McGee Oil & Gas Onshore LP
PO Box 370875
Dallas, TX 75373-0875

Tiago Corp
PO Box 370053
Denver , CO 80237

Norma Jeanne Freedman Estate
9145 E Kenyon Ave Ste 103
Denver, CO 80237

Green Family Exemption Trust
Margaret C Gerosin Trustee
c/o Margaret Gerosin
1874 N Locksley Way
Eagle, ID 83616

Trust U of the Jack & Rose Marie Beaty
Rev Tr UTA Dtd
703 Osuna Rd NE Ste 6
Albuquerque, NM 87113

Lena Mae Grant Irrevocabl Tr
C/O Errol J McBride Trtee
4880 W Division Rd
Crawfordsville, IN 47933

Robert S Pirtle
PO Box 1310
Tyler, TX 75710

Pirtle Properties, L. P.
3006 Concord Pl
Tyler, TX 75701

Lorna L Rogers
2962 Lake Dr
Loveland, CO 80538

Charlotte Smith
4800 Williamsburg Pl
Amarillo, TX 79119

Barbara Berger LLC
5901 W County Road 21
Fort Lupton, CO 80621

John R. Haley
14491 Weld County Road 5
Longmont, CO 80501

Charles W Haley
1139 Wyndemere Cir
Longmont, CO 80501-2321

Linda L. Haley
24331 Lake Shore Ln
Lake Forest, CA 92630

Jack C Bendler
Trustee of the Jack C Bendler Tr dtd
6812 E 89 St
Tulsa, OK 74133-5028

Darlene E Patterson
7865 E Mississippi Ave Ste 705
Denver, CO 80247

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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 February ___, 2012 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.

Elizabeth Y. Gallaway

Subscribed and sworn to before me February ____, 2012.

Witness my hand and official seal.

My commission expires: _____.

Notary Public