

**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 A 160-ACRE WELLBORE SPACING  
UNIT IN THE CODELL, NIOBRARA, AND J SAND  
FORMATIONS 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 Cosslett 4-0-22 Well ("Well"):

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

Section 15: SE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 22: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$

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, established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the J Sand Formation underlying certain lands, including 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.
5. On April 27, 1998, the Commission adopted Rule 318A, which, among other things, 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. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. The Application Lands are subject to Rule 318A for the Codell, Niobrara, and J Sand Formations.

6. Applicant designated a 160-acre wellbore spacing unit within the Application Lands, as described below, for the production of oil, gas, and associated hydrocarbons from the Codell, Niobrara and J Sand Formations pursuant to Rule 318A. and notified the appropriate parties under Rule 318A.

7. Applicant, pursuant to Commission Rule 530 and the provisions of C.R.S. §34-60-116 (6) and (7), seeks an order to pool all interests, including but not limited to, any nonconsenting interests, and in the following designated 160-acre wellbore spacing unit, located within the Application lands, for production from the Codell, Niobrara and J Sand Formations:

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

Section 15: SE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 22: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$

(hereafter "Wellbore Spacing 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 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 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 Wellbore Spacing Unit for the development of the Codell, Niobrara and J Sand Formations.

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 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 May, 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: March \_\_\_\_, 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: Jack Croom  
370 17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202

VERIFICATION

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

Jack Croom, of lawful age, being first duly sworn upon oath, deposes and says that he is a Land Negotiator 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.

\_\_\_\_\_  
Jack Croom, Land Negotiator

Subscribed and sworn to before this \_\_\_\_ day of March, 2012.

Witness my hand and official seal.

[SEAL]

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

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

EXHIBIT A  
Interested Parties

Encana Oil & Gas (USA) Inc.  
370 17<sup>th</sup> Street, Ste. 1700  
Denver, Colorado 80202

Noble Energy Inc.  
Attn: Libby Ecord  
1625 Broadway, Ste. 2200  
Denver, CO 80202

Kerr-McGee Oil & Gas Onshore  
1099 18<sup>th</sup> Street, Ste. 1800  
Denver, CO 80202  
Attn: Katie Reynolds

Estate of Betty Jean Cosslett Gilkinson  
c/o Brett Wilcox  
2727 N. Westover Road  
Portland, OR 97210

Anadarko E&P Company LP  
Attn: Katie Reynolds  
c/o Kerr-McGee Oil & Gas Onshore LP  
1099 18<sup>th</sup> Street, 6<sup>th</sup> Floor  
Denver, CO 80202

June Ann Pease  
34750 Church Road  
Warren, OR 97053

Freda June Erwin  
2040 George Street  
Billings, MT 59102

Viola Lara  
5642 McDonald Avenue  
Newark, CA 94560

Viola Laura, Successor Trustee of the Loghry  
2007 Trust, dated October 18, 2007  
5642 McDonald Avenue  
Newark, CA 94560

Roberta A. Hensley, Trustee of the Roberta Ann  
Nickie Hensley Revocable Trust dated June 2, 2008  
PO Box 454  
Rodeo, CA 94592

Beverly J. Collins  
2764 S. Golden Way  
Denver, CO 80227

Lucille Armstrong, aka Arlor Lucille Armstrong  
701 E. Lassen Avenue, #134  
Chico, CA 95973

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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 April \_\_, 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 March \_\_\_\_, 2012.

Witness my hand and official seal.

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

**Notary Public**