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

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| OIL | & | GAS | (USA), | INC. | FOR | AN | ORDER |
| ESTA | BLI | SHING | WELL | LOC | ATION | RULE | S FOR |
| SECT | LION | IS 17 AI | ND 20, TO | SNWC | SHIP 7 S | OUTH | , RANGE |
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| ILES | FOI | RMATIC | NS OF | THE | MESAV | ERDE | GROUP, |
| GARI | FIEL | D COU | NTY, COL | ORA | DO | | |

| CAUSE NO |
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| DOCKET NO |

APPLICATION

COMES NOW Encana Oil & Gas (USA), Inc. ("Applicant"), by the undersigned attorneys, and makes this application ("Application") to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing well location rules applicable to from two uncommitted sections within the Hunter Mesa Federal Exploratory Unit for the development and operations of the Williams Fork and Iles Formations of the Mesaverde Group covering certain described lands in Garfield County, Colorado and in support of its application states and alleges as follows:

- 1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.
- 2. That Applicant is the operator of the Hunter Mesa Unit, a federal exploratory unit approved on November 30, 1993 by the Bureau of Land Management. The below described lands are two uncommitted tracts within the Hunter Mesa Unit and are subject to individual Communitization Agreements with the Bureau of Land Management:

Township 7 South, Range 92 West, 6th P.M.

Section 17: All Section 20: All

Garfield County, Colorado (hereinafter the "Application Lands").

- 3. Under the Commission's Rule 318(d)(3), the well location rules otherwise applicable under Rule 318 do not apply to unit operations approved by federal authorities except that no well in excess of two thousand five hundred (2,500) feet in depth shall be located less than six hundred (600) feet from the exterior or interior (if there be one) boundary of the unit area unless otherwise authorized by the order of the Commission after proper notice to owners outside the unit area.
- 4. That to promote efficient drainage within the Williams Fork and Iles Formations of the Mesaverde Group of the Application Lands, the Commission should establish new setback rules applicable to the development and operation of the Williams Fork and Iles Formations within the uncommitted sections of the Hunter Mesa Unit for the Application Lands such that Williams Fork and/or Iles Formation wells should be located downhole anywhere upon the Application Lands but no closer than 100 feet from the boundaries of the exterior or interior (if applicable) of the uncommitted tract boundary unless such boundary abuts or corners lands where the Commission has not, as of the time of drilling, permit application granted the right to drill 10 acre

density Williams Fork and/or Iles Formation wells in which event the wells should be located downhole no closer than 200 feet from the exterior or interior (as applicable) unit boundary unless exception is granted by the Director.

- 5. That to promote efficient drainage within the Williams Fork and Iles Formations of the Mesaverde Group of the Application Lands, the Commission should establish new setback rules applicable to the development and operation of the Williams Fork and Iles Formations on the outer boundaries of the uncommitted sections of the Hunter Mesa Unit for the Application Lands such that Williams Fork and/or Iles Formation wells should be located downhole anywhere upon the Application Lands but no closer than 100 feet from the boundaries of the exterior or interior (if applicable) of the uncommitted tract boundary unless such boundary abuts or corners lands where the Commission has not, as of the time of drilling, permit application granted the right to drill 10 acre density Williams Fork and/or Iles Formation wells in which event the wells should be located downhole no closer than 200 feet from the exterior or interior (as applicable) unit boundary unless exception is granted by the Director.
- 6. That the above-proposed well location rules will allow more efficient drainage of the Williams Fork and Iles Formations of the Mesaverde Group within the Hunter Mesa Unit and the Application Lands; will prevent waste; will protect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.
- 7. That the names and addresses of the interested parties located within the two sections and within one half mile of the outer boundary of the Application Lands according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in July, 2013, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated: May 2013.

Respectfully submitted:

Encana Oil & Gas (USA) Inc.

By:

Jamie L. Jost Gregory J. Nibert Jr. Beatty & Wozniak, P.C. Attorneys for Applicant 216 16th Street, Suite 1100

Denver, Colorado 80202

(303) 407-4499

Applicant's Address: Encana Oil & Gas (USA) Inc. ATTN: Jessica Sellyei 370 17th Street, Suite 1700 Denver, CO 80202

VERIFICATION

| STATE OF COLORADO | | | | | | |
|---------------------------|-----|--|--|--|--|--|
| |)ss | | | | | |
| CITY AND COUNTY OF DENVER |) | | | | | |

Helen M. Capps, of lawful age, being first duly sworn upon oath, deposes and says that she is Attorney-in-Fact 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.

Helen M. Capps, Attorney-in-Fact Encana Oil & Gas (USA), Inc.

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Subscribed and sworn to before me this 30 day of May, 2013.

Witness my hand and official seal.

My commission expires: 10-04-13

Notary Public

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

| IN THE MATTER OF THE APPLICATION OF OIL & GAS (USA), INC. FOR AN ESTABLISHING WELL LOCATION RUL SECTION 17 AND 20, TOWNSHIP 7 SOUTH 92 WEST, 6TH P.M., FOR THE WILLIAMS FILES FORMATIONS OF THE MESAVERDE GARFIELD COUNTY, COLORADO | ORDER ES FOR CAUSE NO H, RANGE ORK AND DOCKET NO. | | | | | | | |
|--|---|--|--|--|--|--|--|--|
| AFFIDAVIT OF MAILING | | | | | | | | |
| STATE OF COLORADO) | | | | | | | | |
| CITY AND COUNTY OF DENVER) | | | | | | | | |
| Jamie L. Jost, of lawful age, and being first duly sworn upon his oath, states and declares: | | | | | | | | |
| That she is the attorney for Encana Oil & Gas (USA), Inc., that on or before June 2013 she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on <u>Exhibit A</u> to the Application. | | | | | | | | |
| | Jalie C. At | | | | | | | |
| Jamie L. Jost | | | | | | | | |
| Subscribed and sworn to before me May <u>3</u> 2, 2013. | | | | | | | | |
| Witness my hand and official seal. | | | | | | | | |
| My commission expires: 10-04-13 | Notary Public | | | | | | | |

Exhibit A Interested Parties

Leo B & Florence Helzel Living Trust, Leo B Helzel, Trustee 5707 Redwood Rd. Suite 6 Oakland, CA 914619-2400

Barry Craig & Marilyn J. Shideler 1411 County Road 316 Silt, CO 81652

2 Quiat LLC Gerald M. Quiat, Manager c/o The Quiat Company 1873 S. Bellaire Street, Suite 900 Denver, CO 80222

Magic M & R LLC 1720 S. Bellaire Street, Suite 1209 Denver, CO 80222

Mark A. & Cathlyn J. Huttner 21427 E. Ottawa Circle Aurora, CO 80016

Bay Minerals, LLC 1129 Pennsylvania Street Denver, CO 80203

Mimonte LLC PO Box 3358 Englewood, CO 80155

Captiva Resources Inc. 8001 S. InterPort Blvd., Suite 360 Englewood, CO 80112

Jacque Couey Burris 5411 County Road 346 Silt, CO 81652

Kelly Wilbur Couey 6275 County Road 315 Silt, CO 81652

Neil & Susan Wagstrom, JT 449 Ram Ln Silt, CO 81652

Karen L. Miller 15335 N. 77 Dr. Peoria, AZ 85381

Chester E. Wittwer 620 Ford Dr. Durango, CO 81301 Anna Laura Norcross 1620 Hermosa Ave., Suite 46 Grand Junction, CO 81506

Edward C. Loshbaugh 662 28 Rd. Grand Junction, CO 81506

HHK Wilcox Company Inc, Leo B. Helzel, President 5707 Redwood Rd Ste 6 Oakland, CA 94619-2400

Bryan Llewellyn Vaughan 128 Britten Rd. Basingstoke, HAM RG22 4HP

Catherine Owen
Trem Y Gath Poplar Rd.
Rhydyfelin Pontypridd,
South Wales, LDN CF 37 5LS

Estate of Stephen J. Brown c/o Chris Mahre & Associates 1525 Poplar Dr. Grand Junction, CO 81506

HHK Wilcox Company Inc, Leo B. Helzel, President 5707 Redwood Rd, Suite 6 Oakland, CA 94619-2400

J Kyle Jones PO Box 1874 Midland, TX 79702

Kathleen P. Collins 3266 Nancy Ct. Merced, CA 95340

Laura Luke 702 Putter Dr. Grand Junction, CO 81506

Mamm Creek Ranch Co., a Corporation 8544 315 Rd. Silt, CO 81652

Margaret Mary Sweeny 3654 Northwood Dr. Castro Valley, CA 94546

Montego Minerals LP PO Box 2379 Midland, TX 79702 Sabrina H. Statton PO Box 878 Ouray, CO 81427

Sheila Sweeny Fossen 1024 Thorncreek Ct. Thornton, CO 80241

Spindletop Exploration Company, Inc. PO Box 25163
Dallas, TX 75225

White Star Energy Inc. PO Box 51108 Midland, TX 79710

Gary D. & Karen K. Hill 7715 County Road 331 Silt, CO 81652

J Gentry PO Box 1300 Rifle, CO 81650

JAKBEK Ltd. 5957 Rd 319 Rifle, CO 81650

Kristine M. Peterson 5951 Middlefield Rd, Suite 205 Littleton, CO 80123-7917

Linda Mary Vaughan 2 Raff Cottages Llwnypia Mid Glamorgan County M6 Porth Rhondda MGM CF40 2JG

MAP2003-NET an Oklahoma General Partnership c/o MAP Royalty PO Box 268947 Oklahoma City, OK 73126

Marilyn S. Hajicek 2980 S. Newcombe Way Lakewood, CO 80227

Morgo Family Ltd Partnership 723 Orchard Ct. Louisville, CO 80027

Shannon Brown Beavers 104 Cardinal Ln. Glenwood Springs, CO 81601 Shideler Energy Company, LLC 7223 S. Zephyr Way Littleton, CO 80128

Virgina Brown Dunfee Cain 105 Linda Ct. Georgetown, TX 78628

William Alexander Fairweather & Norma Fairweather 12 Pendicke St. Southam, WAR CV47 1PF

Ralph Snow 148 29 Rd Grand Junction, CO 81503

Carol Jo Shideler Bennett PO Box 1202 American Fork, UT 84003

The Esperanza Corp. 475 17 St, Suite 980 Denver, CO 80202

Marshall Quiat Trust c/o Nicolette Rounds Trustee 3773 Cherry Creek Dr. 575 Denver, CO 80209

Left Hand Resources PO Box 3498 Boulder, CO 80307

BJJ Partners 1129 Pennsylvania Street Denver, CO 80203

Daniels Petroleum Company 1499 Blake St., Suite 7K Denver, CO 80202

United States Department of Interior Bureau of Land Management 2850 Youngfield Street Lakewood, CO 80215

Benson Mineral Group, Inc. 1560 Broadway Suite 1900 Denver, CO 80202

Joanne Lisa Couey 10400 331 Rd. Silt, CO 81652 Testamentary Trust Established by Marvelle P. Couey 7238 County Road 315 Silt, CO 81652

Margaret M. Devlin 1504 Hillside Dr. Ft. Collins, CO 80524

James Dodge 2313 Bennett Ct Glenwood Springs, CO 81601

The Carl and Margaret Wittwer Family Trust Attn: Margaret L. Wittwer 195 County Road 297 Rifle, CO 81650 Leo L. Wittwer 592 Stanford Way Grand Junction, CO 81504

Dale L. Schwarzhoff PO Box 3690 Yountville, CA 94599-3690

Barrett D. Baker 1499 Blake St. Suite 7K Denver, CO 80202

Carole L. Brown PO Box 68 Glenwood Springs, CO 81602

Desert Partners II, LP PO Box 3579 Midland, TX 79702

