

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

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NO. 479 & 510
ESTABLISHMENT OF FIELD RULES TO GOVERN)	
OPERATIONS IN THE GRAND VALLEY FIELD,)	DOCKET NO. 1208-AW-13
GARFIELD COUNTY, COLORADO)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that wells drilled in excess of 2,500 feet in depth be located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply. Sections 19, 20 and 23 through 36, Township 4 South, Range 95 West, 6th P.M., Sections 22 through 28, 33 through 36, Township 4 South, Range 96 West, 6th P.M., Sections 15 through 17, 19 through 22, and 27 through 34, Township 5 South, Range 95 West, 6th P.M., Sections 2 through 11, 14 through 18, 21 through 28, and 33 through 36, Township 5 South, Range 96 West, 6th P.M., and Sections 1 through 4, 9, 10, 15, 16, 21 and 22, Township 6 South, Range 96 West, 6th P.M. are subject to Rule 318.a. for the for the Iles Formation.

On April 19, 1990, the Commission entered Order No. 479-2 which, among other things, established two approximate 320-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Mesaverde Formation, including the Williams Fork and Iles Formations. Section 1, Township 6 South, Range 96 West, 6th P.M. is subject to this Order for the Iles Formation.

On May 16, 1994 the Commission entered Order No. 510-1 which, among other things, established new setback rules for the production of gas and associated hydrocarbons from the Williams Fork Formation of the Mesaverde Group. Sections 21 and 22, Township 6 South, Range 96 West, 6th P.M. are subject to this Order for the Williams Fork Formation.

On July 12, 2004 the Commission entered Order No. 510-11 which, among other things, approved the request by Petroleum Development Corporation to increase well density to the equivalent of one well per 10-acres, and change existing well setback rules to allow wells to be located downhole anywhere in the drilling and spacing unit but no closer than 100 feet from the boundaries, with no more than one multi-well pad per governmental quarter-quarter section for the production of gas and associated hydrocarbons from the Williams Fork Formation. Section 4, Township 6 South, Range 96 West, 6th P.M. is subject to this Order for the Williams Fork Formation.

On March 22, 2005 the Commission entered Order No. 479-15 which, among other things, increased well density in existing drilling and spacing units to the equivalent of one well per 10-acres and established new setback rules for the production of gas and associated hydrocarbons from the Williams Fork Formation, but not the Iles Formation. Section 1, Township 6 South, Range 96 West, 6th P.M. is subject to this Order for the Williams Fork Formation.

On March 22, 2005 the Commission entered Order No. 510-13 which, among other things, increased well density in existing drilling and spacing units to the equivalent of one well per 10-acres and established new setback rules for the production of gas and associated hydrocarbons from the Williams Fork Formation. Sections 19, 20 and 23 through 36, Township 4 South, Range 95 West, 6th P.M., Sections 22 through 28, 33 through 36, Township 4 South, Range 96 West, 6th P.M., Sections 15 through 17, 19 through 22, and 27 through 34, Township 5 South, Range 95 West, 6th P.M., Sections 2 through 11, 14 through 17, 21 through 28 and 33 through 36, Township 5 South, Range 96 West, 6th P.M., and Sections 2 through 4, 9, 10, 15, 16, 21 and 22, Township 6 South, Range 96 West, 6th P.M. are subject to this Order for the Williams Fork Formation.

On January 9, 2006 the Commission entered Order No. 510-18 which, among other things, established 320-acre drilling and spacing units, and approved the equivalent of one well per 10-acres, with the permitted well to be located no closer than 100 feet from the unit boundary, for the production of gas and associated hydrocarbons from the Williams Fork Formation. Sections 33 and 35, Township 5 South, Range 96 West, 6th P.M. are subject to this Order for the Williams Fork

Formation.

On April 24, 2006 the Commission entered Order No. 510-20 which, among other things, approved the equivalent of one well per 10-acres, with the permitted well to be located no closer than 100 feet from the unit boundary. Section 22, Township 6 South, Range 96 West, 6th P.M. is subject to this Order for the Williams Fork Formation.

On August 16, 2006 the Commission entered Order No. 510-25 which, among other things, established various drilling and spacing units and approved the equivalent of one well per 10-acres, with the permitted well to be located no closer than 100 feet from the unit boundary, for the production of gas and associated hydrocarbons from the Williams Fork Formation. Sections 33 and 36, Township 5 South, Range 96 West, 6th P.M. are subject to this Order for the Williams Fork Formation.

On January 8, 2007 the Commission entered Order No. 510-31 which, among other things, approved one well per 10-acres, with the permitted well to be located no closer than 100 feet from the outside boundary, for the production of gas and associated hydrocarbons from the Williams Fork, Iles and Sego Formations. Section 15, Township 6 South, Range 96 West, 6th P.M. is subject to this Order for the Williams Fork, Iles and Sego Formations.

On May 25, 2007 the Commission entered Order No. 510-35 which, among other things, approved one well per 10-acres, with the permitted well to be located no closer than 100 feet from the unit boundary and no closer than 200 feet from any lease line, for the production of gas and associated hydrocarbons from the Williams Fork Formation. Sections 17 and 18, Township 5 South, Range 96 West, 6th P.M. are subject to this Order for the Williams Fork Formation.

On August 18, 2009 the Commission entered Order No. 510-49 which, among other things, established the North Parachute Ranch Unit under § 34-60-118, C.R.S., for the development and operation of the Williams Fork Formation. Sections 15 through 17, 19 through 22, and 27 through 34, Township 5 South, Range 95 West, 6th P.M., and Sections 1 through 4, 9, 10, 15, 16, 21 and 22, Township 6 South, Range 96 West, 6th P.M. are subject to this Order for the Williams Fork Formation.

On June 1, 2010 the Commission entered Order No. 510-53 which, among other things, modified the size of the North Parachute Ranch Unit as established by Order No. 479-20 and 510-49, for the production of gas and associated hydrocarbons from the Williams Fork Formation. Sections 19 through 22, and 27 through 34, Township 5 South, Range 95 West, 6th P.M., and Sections 1 through 4, 9, 10, 15, 16, 21 and 22, Township 6 South, Range 96 West, 6th P.M. are subject to this Order for the Williams Fork Formation.

On June 25, 2012, Encana Oil and Gas (USA) Inc. ("Encana" or "Applicant"), by its attorneys, filed with the Commission pursuant to § 34-60-116 C.R.S., a verified application ("Application") for an order to establish well location and setback rules applicable to the drilling and producing of wells from the Iles Formation covering the below-described lands ("Application Lands"), specifically:

- 1) To allow Iles wells in the Mesaverde Group to be optionally drilled upon the Application Lands on a 10-acre density basis with each such well to be located downhole anywhere within the Application Lands provided no such wells shall be located downhole any closer than 100 feet from the boundary of any established unit or section line unless such boundary abuts or corners lands which the Commission has not, at the time of the drilling permit application, granted the right to drill 10-acre density Iles Formation wells. In such an event, Iles Formation wells to be drilled upon the given drilling and spacing unit or section shall be drilled downhole no closer than 200 feet from that portion of the unit boundary or section line which so abuts or corners the lands in respect of which 10-acre density downhole drilling for Iles Formation wells has not been ordered by the Commission; and
- 2) To allow wells drilled under this Application to be drilled from the surface either vertically or directionally from no more than one pad located on a given quarter-quarter section (or lots or parcels approximately equivalent thereto) unless exception is granted by the Director:

Township 4 South, Range 95 West, 6th P.M.
Sections 19 and 20: All

Sections 23 through 36: All

Township 4 South, Range 96 West, 6th P.M.

Sections 22 through 27: All
Section 28: E $\frac{1}{2}$
Section 33: SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$
Section 34 through 36: All

Township 5 South, Range 95 West, 6th P.M.

Section 15: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$
Section 16: All that part lying South of the southernmost Mahogany marker a.k.a. Hoffman No. 36 Placer Mining Claim (S $\frac{1}{2}$ N $\frac{1}{2}$ of Sec. 16, being a portion thereof) a.k.a. Hoffman No. 35 Placer Mining Claim (N $\frac{1}{2}$ S $\frac{1}{2}$ of Sec. 16, being a portion thereof) a.k.a. Hoffman No. 34 Placer Mining Claim
Section 17: All that part of the N $\frac{1}{2}$ S $\frac{1}{2}$ lying South of the southernmost Mahogany marker a.k.a Hoffman No. 30 Placer Mining Claim (N $\frac{1}{2}$ S $\frac{1}{2}$ of Sec. 17), S $\frac{1}{2}$ S $\frac{1}{2}$ a.k.a. Hoffman No. 31 Placer Mining Claim (S $\frac{1}{2}$ S $\frac{1}{2}$ of Sec. 17)
Sections 19 through 22: All
Sections 27 through 34: All

Township 5 South, Range 96 West, 6th P.M.

Section 2: W $\frac{1}{2}$, less and except those portions conveyed by Union Oil Company of California to Exxon Corporation by Special Warranty Deed recorded in Book 640, Page 869, Garfield County, Colorado
Sections 3 through 10: All
Section 11: W $\frac{1}{2}$, less and except those portions conveyed by Union Oil Company of California to Exxon Corporation by Special Warranty Deed recorded in Book 640, Page 869, Garfield County, Colorado
Section 14: W $\frac{1}{2}$, SE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$
Sections 15 through 18: All
Sections 21 through 28: All
Section 33: N $\frac{1}{2}$ N $\frac{1}{2}$, less and except the West 32 rod of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ containing 16 acres, more or less
Sections 34 through 36: All

Township 6 South, Range 96 West

Section 1: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14
Section 2: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, S/2
Section 3: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, E/2SW/4, SE/4
Section 4: Lots 3, 4, 6, 7, 8, 9, 13, 14, and that portion of Lots 1, 5 and the S/2NW/4 lying easterly of the center of Parachute Creek as located on April 18, 1966 and more fully described by metes and bounds in deed recorded in Book 377 at Page 111 of the Garfield County records.
Section 9: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 14, 15, SW/4NW/4
Section 10: Lots 1, 2, 3, 4, E/2W/2, NE/4, SE/4
Section 15: W/2E/2, SW/4
Section 16: SE/4
Section 21: Lots 6, 7, E/2NW/4, NE/4, N/2SE/4
Section 22: Lots 1, 2, N/2, N/2SW/4

Applicant requests that any order of the Commission confirm there will be no spacing on the unspaced areas of the Application Lands.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2) specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, August 20, 2012
Tuesday, August 21, 2012

Time: 9:00 a.m.

Place: COGCC Offices
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than August 6, 2012, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of August 6, 2012.** Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **August 6, 2012, the Applicant may request that an administrative hearing be scheduled beginning August 6, 2012.** In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By


Robert J. Frick, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
July 16, 2012

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