

pBEFORE 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 ESTABLISHING
10 ACRE DENSITY FOR THE DRILLING OF ILES
FORMATION WELLS OF THE MESAVERDE GROUP
FOR CERTAIN DESCRIBED LANDS IN GARFIELD
COUNTY, COLORADO

CAUSE NO. _____

DOCKET NO. _____

APPLICATION

Encana Oil and Gas (USA) Inc. ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order establishing well location and setback rules applicable to the drilling and producing of wells from the Iles Formation covering certain described lands in Garfield County, Colorado and in support of its application states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.

2. Applicant owns a leasehold interest in all or a substantial portion of the lands described on Exhibit A (hereinafter "Application Lands"), attached hereto and incorporated by this reference herein. A reference map of the Application Lands is attached hereto.

3. With the exception of Section 1, Township 6 South, Range 96 West, 6th P.M., Commission Rule 318.a. applies to all sections of the Application Lands because they are unspaced as to the Iles Formation. Rule 318.a. provides that a well to be drilled to two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

4. Section 1, Township 6 South, Range 96 West, 6th P.M. is subject to Order No. 479-2 which established two (2) 320-acre drilling and spacing units for the Mesaverde Formation (which includes both the Williams Fork and the Iles Formations), among other things.

5. The Application Lands are subject to various prior Commission Orders which ultimately established 10 acre density for the Williams Fork Formation, but not the Iles Formation. Such Commission Orders governing the overall development of the Williams Fork Formation on the Application Lands with such development resulting in the current 10 acre density are as follows: 479-2, 479-15, 510-1, 510-11, 510-12, 510-13, 510-18, 510-20 510-25, 510-13, 510-34, 510-35, 510-49, and 510-53. More specifically, Order No. 510-13 established Applicant's request for 10 acre density drilling for the Williams Fork Formation on a portion of the Application Lands and Order No. 510-49, modified by Order No. 510-53, established Applicant's North Parachute Ranch Unit which allowed for 10-acre density drilling to the Williams Fork Formations for the remainder of the Application Lands.

6. Applicant asserts that multiple wells have been drilled upon lands on, adjacent to, or in close proximity of the Application Lands with the result that geological and engineering evidence indicates that Iles Formation wells in the Mesaverde Group on the Application Lands should be allowed to be drilled on a ten (10) acre density basis.

7. Applicant requests that the Commission allow Iles wells in the Mesaverde Group to be optionally drilled upon the Application Lands on a ten (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 one hundred (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 ten (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 two hundred (200) feet from that portion of the unit boundary or section line which so abuts or corners the lands in respect of which ten (10) acre density downhole drilling for Iles Formation wells has not been ordered by the Commission.

8. Applicant requests that the Commission allow wells drilled under this Application to be drilled from the surface either vertically or directionally from no more than one (1) pad located on a given quarter-quarter section (or lots or parcels approximately equivalent thereto) unless exception is granted by the Commission..

9. Applicant confirms that it is not requesting spacing for the Application Lands.

10. The above-proposed ten (10) acre density will allow development of the Iles Formation to occur, will prevent waste, will protect correlative rights, and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

11. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit B attached hereto and made a part hereof.

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

A. Allowing Iles wells in the Mesaverde Group to be optionally drilled upon the Application Lands on a ten (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 one hundred (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 ten (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 two hundred (200) feet from that portion of the unit boundary or section line which so abuts or corners the lands in respect of which ten (10) acre density downhole drilling for Iles Formation wells has not been ordered by the Commission;

B. Allow Iles Formation wells in the Mesaverde Group on the Application Lands to be drilled from the surface either vertically or directionally from no more than one (1) pad located on a given quarter-quarter section (or lots or parcels approximately equivalent thereto) unless exception is granted by the Commission pursuant to application made for such exception;

C. Confirming that there will be no spacing on the unspaced areas of the Application Lands; and

D. Granting any other relief necessary to prevent waste and protect correlative rights of the owners.

Dated: June 25, 2012.

By: Jamie L. Jost
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: Kirsten Orahood
370 17th Street, Suite 1700
Denver, CO 80202

VERIFICATION

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

Emily J. Cozyris, Land Negotiator, North Piceance Team, of EnCana Oil & Gas (USA) Inc., upon oath deposes and says that she has read the foregoing Amendment to Application and that the statements contained therein are true to the best of her knowledge, information and belief.

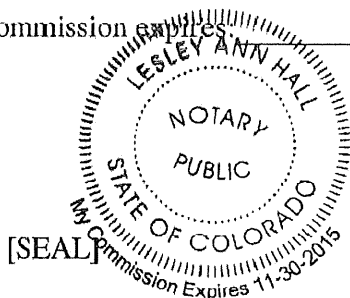
ENCANA OIL & GAS (USA) INC.

By: Emily J. Cozyris
Emily J. Cozyris

Subscribed and sworn to before me this 25th day of June, 2012, by Emily J. Cozyris of EnCana Oil & Gas (USA) Inc.

Witness my hand and official seal.

My commission expires: 11/1/81



Polina Ann Hall
Notary Public

EXHIBIT A

Application Lands – Garfield County, Colorado

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 38: 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

EXHIBIT B
Interested Parties

Elizabeth Brian
Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, CO 80202

Max Faith
Williams Production RMT Company
1515 Arapahoe Street
Tower 3, Suite 1000
Denver, CO 80202

Jim Schaff
Petroleum Development Corporation
1775 Sherman Street, Suite 3000
Denver, CO 802023

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Chevron North American
Exploration and Production Company
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Glen Murdoch
XTO / ExxonMobil Production Company
810 Houston St.
Ft. Worth, TX 76102-6298

Peggy Gilbert
Marathon Oil Corporation
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Houston, TX 77253-348

Mike Holland
Vantage Energy, LLC
116 Inverness Dr. E, Suite 107
Englewood, CO 80112

Ray Anderson
The Puckett Companies
5460 South Quebec Street, #250
Greenwood Village, CO 80111

Roger Hall
Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215

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Robin Delp
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Michael Warren
Colorado Division of Wildlife
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Denver, CO 80216

Hunt Walker
Bill Barrett Corporation
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Denver, CO 80202

Germaine B. Eaton Trst, Carol E. Preston as Trustee
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San Francisco, CA 94111

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Boston, MA 02116

Yates Petroleum Corporation
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Denver, CO 80202

Kirsten Orahood
Pavillion Land Development LLC
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Denver, CO 80202

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Palo Alto, CA

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Bruce Price
35 Manzanita Court
Milbrae, CA 94030

James F. Price - deceased - Heirs
Lowell Price
8420 Summer Breeze Place
Manassas, VA 20112

Lori Hart
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Marina Del Rey, CA 90292

Leslie James
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San Diego, CA 92116

Patricia Price
4571 East Talmadge Drive
San Diego, CA 92116

Edward Carpenter Ellet Heirs
c/o Edward C. Ellet, Jr.
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El Dorado, KS 67042-1619

Thomas V. Ellet
6243 Gentle Lane
Alexandria, VA 22310

Kent Kuster
Colorado Department of
Public Health & Environment
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Denver, CO 80246-1530

Kim Kaal
Colorado Division of Wildlife
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Denver, CO 80216

Kirby H. Wynn
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Rifle, CO 81650-8412

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Kirsten Orahood
Encana Oil & Gas (USA) Inc.
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STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

application.

Jamie L. Jost

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My commission expires: 10-04-13

Veronica R. Peters
Notary Public

