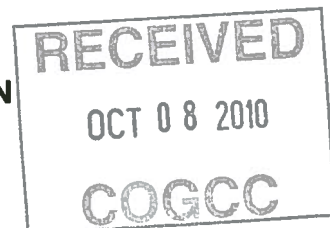




BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO



IN THE MATTER OF THE APPLICATION OF ENCANA OIL & GAS (USA), INC. FOR AN ORDER ESTABLISHING WELL LOCATION RULES FOR THE WILLIAMS FORK AND ILES FORMATIONS OF THE MESAVERDE GROUP FOR CERTAIN DESCRIBED LANDS IN GARFIELD AND MESA COUNTIES, COLORADO

CAUSE NO. \_\_\_\_\_

DOCKET NO. \_\_\_\_\_

ORIGINAL

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 spacing rules applicable to the drilling and producing of wells from two federal exploratory units for the Williams Fork and Iles Formations of the Mesaverde Group covering certain described lands in Garfield and Mesa Counties, 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 two certain federal exploratory units known as the Hunter Mesa Unit and the Middleton Creek Unit. The Hunter Mesa Unit was approved on November 30, 1993 by the Bureau of Land Management. The portions of the Hunter Mesa Unit subject to this Application consist of the following described lands:

Township 7 South, Range 93, West 6<sup>th</sup> P.M.

Section 9: S $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 14: S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 15: S $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$

Section 16: NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$

Section 22: N $\frac{1}{2}$ NE $\frac{1}{4}$

Section 23: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$

Section 24: NW $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 25: W $\frac{1}{2}$

Section 26: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 36: Lots 1-3, W $\frac{1}{2}$  of Tract 68 (f/d/a NE $\frac{1}{4}$ NW $\frac{1}{4}$ )

Garfield County, Colorado

Township 8 South, Range 93, West 6<sup>th</sup> P.M.

Section 1: Lots 7-9, 17, 19-21, Tracts 37, 38 (f/d/a LOT 2), 45, & 70, SW $\frac{1}{4}$ NW $\frac{1}{4}$

Section 11: Tracts 48 & 50

Section 12: Tracts 37 & 50

Section 13: Tract 50

Section 14: A portion of Lots 2-4, Tracts 48 & 50

Garfield County, Colorado

Township 8 South, Range 93, West 6<sup>th</sup> P.M.

Section 14: A portion of Lots 2-4, N $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$

Mesa County, Colorado

(hereinafter "Hunter Mesa Application Lands"). The Middleton Creek Unit was approved on August 24, 2005 by the Bureau of Land Management. The portions of the Middleton Creek Unit subject to this Application consist of the following described lands:

Township 7 South, Range 93 West, 6<sup>th</sup> P.M.

Section 16: SW $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 21: NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$

Section 22: S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$

Section 23: W $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 26: S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$   
Section 27: NE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 35: Lots 1-2, N $\frac{1}{2}$ NE $\frac{1}{4}$

Garfield County, Colorado

Township 8 South, Range 93 West, 6<sup>th</sup> P.M.

Section 1: Lot 16, Tract 46  
Section 2: Lots 5-6, 11-12, 15-16, Tract 44, S $\frac{1}{2}$ NE $\frac{1}{4}$   
Section 10: Lots 3-4  
Section 11: Tracts 46-48  
Section 12: Tracts 45-46, 49  
Section 14: A portion of Lot 1, Tract 48  
Section 15: Lot 1, a portion of Lot 2

Garfield County, Colorado

Township 8 South, Range 93, West 6<sup>th</sup> P.M.

Section 14: A portion of Lot 1, SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 15: A portion of Lot 2, E $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 23: N $\frac{1}{2}$ N $\frac{1}{2}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$

Mesa County, Colorado

(hereinafter "Middleton Creek Application Lands"). A reference map of the Hunter Mesa Application Lands and the Middleton Creek Application Lands is attached hereto.

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. Applicant has drilled, tested and completed wells in the Williams Fork and Iles Formations of the Mesaverde Group within the Hunter Mesa Application Lands and the Middleton Creek Application Lands and other nearby lands.

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 drilling of Williams Fork and Iles Formation wells within the Hunter Mesa Application Lands and the Middleton Creek Application Lands such that a 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) unit boundary unless such boundary abuts or corners lands in respect of which the Commission has not at 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 of the Commission.

6. That the above-proposed well location rules will allow more efficient drainage of the Williams Fork and Iles Formations of the Mesaverde Group; will not promote waste; will not violate 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 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 November, 2010, 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: October 8, 2010.

By:



Michael J. Wozniak

Jamie L. Jost

Beatty & Wozniak, P.C.

216 Sixteenth Street-Suite 1100

Denver, Colorado 80202-5115

303-407-4499

Applicant's Address:

370 17th Street, Suite 1700

Denver, CO 80202

VERIFICATION

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

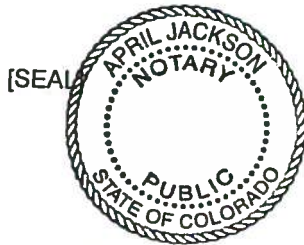
Danielle Scott, Land Negotiator, of Encana Oil and Gas (USA) Inc., upon oath deposes and says that she has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information, and belief.

Danielle Scott  
Danielle Scott, Land Negotiator  
Encana Oil & Gas (USA), Inc.

Subscribed and sworn to before this 8<sup>th</sup> day of October, 2010.

Witness my hand and official seal.

My commission expires:



My Commission Expires 03/25/2013

April Jackson  
Notary Public

## Exhibit A

### Interested Parties

John Howard Bass  
1727 E 47 St Pl  
Kearney, NE 68847

Shelli Beaubien  
7945 Ferncliff  
Colorado Springs, CO 80920

Mary Ann Bogani  
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Silt, CO 81652

Kelly Wilbur Couey  
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Silt, CO 81652

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Englewood, CO 80013-7611

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Flynn Family Trust dtd 6/01/05  
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30 Ridge View Pl  
Parachute, CO 81635

Debbie Kay Laudick  
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Rifle, CO 81650  
Debeque, CO 81630

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Minerals Mgmt Service Royalty  
Management Program FAO MMS S  
Piceance  
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Denver, CO 80217

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Shideler Energy Company, L.L.C.  
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The Charles D Sours Trust dated  
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Grand Junction, CO 81501

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Walter C Wieben  
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Denver, CO 80202

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Toronto ON M5X 1A9

Garfield County Board of County  
Commissioners  
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Glenwood Springs, CO 81601-3355

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Robert P Bass & Janice L Bass  
CoTrustees  
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Rapid City, SD 57702

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American Fork, UT 84003

Bolton Family Tr dtd 03/28/86  
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Scottsdale, AZ 85259-5855

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Nucla, CO 81424

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Boulder, CO 80304

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Parachute, CO 81635

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A Colorado Ltd Liability Co  
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Vickie L Osburn  
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Grand Junction, CO 81504

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Clifton, VA 20124

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Littleton, CO 80123-7917

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6060 Broadway  
Denver, CO 80216

Bureau of Land Management  
Colorado River Valley Field Office  
2300 River Frontage Road  
Silt, CO 81652

United State Department of Interior  
Bureau of Land Management  
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Lakewood, CO 80215

Kent Kuster  
Colorado Department of  
Public Health & Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

Judith H. Jordan  
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Colorado Department of Public  
Health and Environment  
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