

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF ENCANA OIL & GAS (USA) FOR
APPROVAL OF UNORTHODOX WELL LOCATIONS,
SANDOVAL COUNTY, NEW MEXICO.**

CASE NO. 15046

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Encana Oil & Gas (USA) ("Encana"), as required by NMAC 19.15.4.13.B.

APPEARANCES

APPLICANT

Encana Oil & Gas (USA)
370 17th Street, Suite 1700
Denver, Colorado 80202

ATTORNEY

Michael H. Feldewert
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OPPONENT

Parko, Inc.

ATTORNEY

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STATEMENT OF THE CASE

Encana seeks an order approving unorthodox well locations for its proposed Lybrook E27-2306 01H well and Lybrook E27-2306 03H well, located in the N/2 of Section 28, Township 23 North, Range 6 West, N.M.P.M., Sandoval County, New Mexico. The subject wells will be completed within 2 miles of the Counselors Gallup-Dakota Pool, which is governed

by the Special Rules and Regulations adopted under Division Order R-7034. These Special Rules provide for 160-acre spacing units, require wells to be located no closer than 660 feet to the outer boundary of the spacing unit, and require a well to be no nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool. Accordingly, the completed interval for Encana's proposed wells will be unorthodox because (a) they are 330 feet from the East and West boundaries of the N/2 of Section 28, (b) the completed interval for the proposed Lybrook E27-2306 01H well will encroach the North line of Section 28, and (c) these two wells will be closer in proximity than the 1320 feet required by Rule 4 of the Special Rules.

Encana filed for administrative approval of the unorthodox well locations on July 8, 2013. This matter was set for hearing after Parko Inc. filed an untimely objection letter dated August 5, 2013, but prior to issuance of an approval order by the Division.

APPLICANT'S PROPOSED EVIDENCE

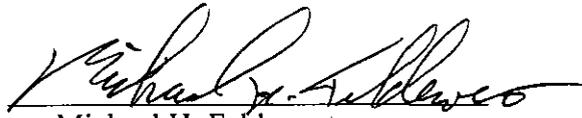
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Aaron T. Johnson, Petroleum Engineer	Approx. 10 minutes	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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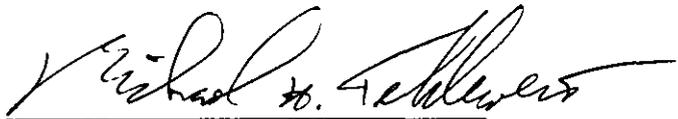
agrarkin@hollandhart.com

ATTORNEYS FOR ENCANA OIL & GAS (USA)

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served upon the following counsel of record via electronic mail on the 26th day of September, 2013.

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Michael H. Feldewert