

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

RECEIVED OCD  
2015 MAY 26 P 4:48

APPLICATION OF ENCANA OIL & GAS (USA) INC. TO AMEND ORDER R-13931 TO  
EXPAND THE BLANCO WASH FEDERAL/ALLOTTED INDIAN/FEE  
EXPLORATORY UNIT AND THE CORRESPONDING BLANCO WASH UNIT HZ OIL  
POOL, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 15335

APPLICATION

Encana Oil & Gas (USA) Inc. ("Encana"), through its undersigned attorneys, files this application to amend order R-13931 to (1) expand the geographic area of the Blanco Wash Federal/Allotted Indian/Fee Exploratory Unit approved under Division Order R-13931; and (2) expand the corresponding Blanco Wash Unit Hz Oil Pool created by that Order to allow horizontal wells to be located anywhere within the Unit so long as the completed interval is no closer than 330 feet from the outer boundary of the expanded Blanco Wash Unit. In support of this application, Encana states:

1. Under Division Order R-13931, issued on November 10, 2014 in Case No. 15212, the Division (a) approved the Blanco Wash Federal/Allotted Indian/Fee Exploratory Unit in the Mancos formation consisting of approximately 4,804 acres of Federal and Indian Allotted lands in Sections 7, 18 and 19 of T-24-N, R-8-W and Sections 11-14, 23-24 in T-24-N, R-9-W, in San Juan County, New Mexico, and (b) created a new oil pool for horizontal wells within the Unit Area designated the Blanco Wash Unit Hz Oil Pool.

2. The Bureau of Land Management has not provided final approval of the Blanco Wash Unit. As a result, under the terms of Division Order R-13931, neither the Unit nor the corresponding horizontal oil pool is currently in effect.

3. Since the Division hearing in this matter, Encana has met with the Bureau of Land Management, the Federal Indian Minerals Office, and the New Mexico State Land Office about expanding the Blanco Wash Unit to include additional Federal, Indian Allotted, State and fee lands.

4. The proposed Unit Area for the expanded Blanco Wash Unit now consists of approximately 13,128 acres comprised of the following Federal, Indian Allotted, State and fee lands in San Juan County, New Mexico:

**Township 24 North, Range 8 West**

Section 6: Lots 1, 2, 3, 4, 5, 6, 7, SE/4 NW/4, S/2 NE/4, E/2 SW/4, SE/4  
Section 7: Lots 1, 2, 3, 4, E/2 W/2, E/2  
Section 18: Lots 1, 2, 3, 4, E/2 W/2, E/2  
Section 19: Lots 1, 2, 3, 4, E/2 W/2, E/2

**Township 24 North, Range 9 West**

Section 1: Lots 1, 2, 3, 4, S/2 N/2, S/2  
Section 2: Lots 1, 2, S/2 NE/4, SE/4  
Section 4: Lots 3, 4, S/2 NW/4, SW/4  
Section 5: Lots 1, 2, 3, 4, S/2 N/2, S/2  
Section 8: All  
Section 9: All  
Section 10: All  
Section 11: All  
Section 12: All  
Section 13: All  
Section 14: All  
Section 15: All  
Section 16: All  
Section 17: All  
Section 20: All  
Section 21: N/2  
Section 22: N/2  
Section 23: N/2  
Section 24: All

5. The unitized interval for the expanded Blanco Wash Unit remains the same as that identified in Division Order R-13931.

6. Encana will remain the designated operator under the revised Unit Agreement and the effective date of the expanded Blanco Wash Unit will be August 20, 2012.

7. The revised Unit Agreement for the expanded Blanco Wash Unit has been approved by a sufficient percentage of the interest owners within the proposed expanded Unit Area to provide effective control of unit operations.

8. Prior to the hearing, Encana expects to receive preliminary approval of the Unit Agreement for the expanded Blanco Wash Unit from the Bureau of Land Management, the Federal Indian Minerals Office and the New Mexico State Land Office.

9. The entire expanded Blanco Wash Unit area will be developed and operated as a single Participating Area.

10. The acreage Encana seeks to add to the unitized area is currently within the Basin Mancos Gas Pool (97232), the Bisti Lower Gallup Pool (5890), and the White Wash Mancos Dakota Pool (64290). The Basin Mancos Gas Pool is subject to 660 foot setbacks requirements while the remaining pools are subject to 330 foot setback requirements.

11. To remain consistent with the existing unitized area, and to allow for the most efficient horizontal well development pattern, Encana requests that the Division expand the Blanco Wash Unit Hz Oil Pool to include the additional unitized acreage and thereby allow horizontal wells to be located anywhere within the expanded Unit Area so long as the completed interval remains at least 330 feet from the outer boundary of the Blanco Wash Unit.

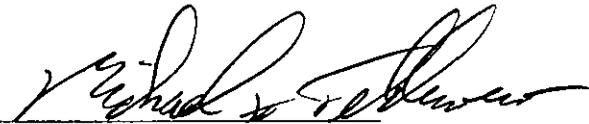
12. Notice of this Application has been provided to the affected parties in the spacing units offsetting the acreage to be added to the Blanco Wash Unit, as well as the Indian Allottee owners and working interest owners within the expanded Unit Area.

13. Approval of this Application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Encana Oil & Gas (USA) Inc. requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on June 25, 2015, and that after notice and hearing this Application be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert

Jordan L. Kessler

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

**ATTORNEYS FOR ENCANA OIL & GAS USA, INC.**

Case No. 15335: **Application Of Encana Oil & Gas (USA) Inc. To Amend Order R-13931 To Expand The Blanco Wash Federal/Allotted Indian/Fee Exploratory Unit And The Corresponding Blanco Wash Unit Hz Oil Pool, San Juan County, New Mexico.** Applicant seeks to amend Order R-13931 to (1) expand the geographic area of the Blanco Wash Federal/Allotted Indian/Fee Exploratory Unit approved under Division Order R-13931; and (2) expand the corresponding Blanco Wash Unit HZ Oil Pool created by that Order to allow horizontal wells to be located anywhere within the expanded Unit so long as the completed interval is no closer than 330 feet from the outer boundary of the Unit. The proposed expanded Unit Area will consist of approximately 13,128 acres of Federal, Indian Allotted, State and fee lands located in in all or parts of the following sections in San Juan County, New Mexico:

Sections 6-7, 18-19 of T-24-N, R-8-W; and  
Sections 1-2, 4-5, 8-17, 20-24 of T-24-N, R-9-W.

The unitized interval includes all formations from one one-hundred (100) feet below the stratigraphic equivalent of the top of the Mancos Shale (base of the Mesa Verde Group) to the stratigraphic equivalent of the base of the Greenhorn Limestone Formation. This acreage is located approximately 4 miles northwest of Nageezi, New Mexico.