

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

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APPLICATION OF ENCANA OIL & GAS (USA) INC. FOR APPROVAL
OF THE VENADO CANYON UNIT, SANDOVAL COUNTY, NEW MEXICO.

CASE NO. 15337

APPLICATION

Encana Oil & Gas (USA) Inc. ("Encana") files this application for an order approving it's Venado Canyon Unit pursuant to 19.15.20.14 NMAC. In support of its application, Encana states:

1. The proposed Unit Area for the Venado Canyon Unit consists of approximately 4,320 acres of the following Federal and fee lands in Sandoval County, New Mexico:

TOWNSHIP 22 NORTH, RANGE 6 WEST

- Section 1: S/2
- Section 10: NE/4, S/2
- Section 11: All
- Section 12: All
- Section 13: All
- Section 14: All
- Section 15: N/2, SW/4
- Section 23: W/2
- Section 24: NE/4

2. Encana is the designated operator under the Unit Agreement and the unitized interval is the Mancos formation defined as 100 feet below the stratigraphic equivalent of the top of the Mancos Shale (base of Mesa Verde Group) to the stratigraphic equivalent of the base of the Greenhorn Limestone as shown in the Double

Ought No. 1 Well (30-043-20089) located in Unit N of Section 12, Township 22 North, Range 6 West, N.M.P.M.

3. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

4. Encana has met with the Bureau of Land Management and expects to receive preliminary approval of the Unit Agreement in advance of the hearing in this matter.

5. The entire Unit Area will be developed and operated as a single Participating Area and the effective date pursuant to the Unit Agreement will be November 1, 2014.

6. Pursuant to 19.15.20.14 NMAC, after notice and hearing, the Division may approve the combining of contiguous developed proration units into a unitized area.

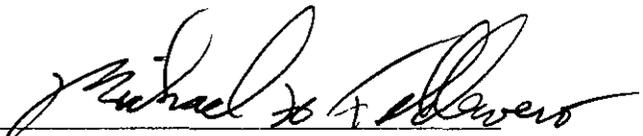
7. The Division has indicated that the Unit Area is located in or near the Lybrook Gallup Pool (42289), which is subject to the general statewide rules for oil wells requiring wells to be located no closer than 330 feet to the outer boundary of a spacing unit.

8. Approval of this Application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Encana 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 as required by law, the Division enter its order granting this Application.

Respectfully submitted,

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

CASE 15337: Application Of Encana Oil & Gas (USA) Inc. For Approval Of The Venado Canyon Unit, Sandoval County, New Mexico. Applicant seeks approval of its Venado Canyon Unit consisting of approximately 4,320 acres of the following Federal and fee lands in Sandoval County:

TOWNSHIP 22 NORTH, RANGE 6 WEST

Section 1: S/2
Section 10: NE/4, S/2
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: N/2, SW/4
Section 23: W/2
Section 24: NE/4

The unitized interval is the Mancos formation defined as 100 feet below the stratigraphic equivalent of the top of the Mancos Shale (base of Mesa Verde Group) to the stratigraphic equivalent of the base of the Greenhorn Limestone as shown in the Double Ought No. 1 Well (30-043-20089) located in Unit N of Section 12, Township 22 North, Range 6 West, N.M.P.M. The subject acreage is located approximately 4 miles southeast of Counselor, New Mexico.