

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

**APPLICATION OF ENCANA OIL & GAS (USA) INC. TO AMEND ORDER R-13856 TO EXPAND THE NAGEEZI FEDERAL/STATE/ALLOTTED INDIAN/FEE EXPLORATORY UNIT AND THE CORRESPONDING NAGEEZI UNIT HZ OIL POOL, SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO. 15336**

**APPLICANT'S PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Encana Oil & Gas (USA) Inc. ("Encana"), as required by Division rules.

**APPEARANCES**

**APPLICANT**

Encana Oil & Gas (USA) Inc.

**ATTORNEY**

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**STATEMENT OF THE CASE**

Encana Oil & Gas (USA) Inc. ("Encana") seeks to amend Order R-13856 to (1) expand the geographic area of the Nageezi Federal/Allotted Indian/State/Fee Exploratory Unit by two sections of land, and (2) expand the corresponding Nageezi Unit Hz Oil Pool (47540) 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 Nageezi

Unit area. The Nageezi Unit and the corresponding horizontal oil pool in the Mancos formation was created under Division Order R-13856, issued on July 1, 2014. The Bureau of Land Management and the State Land Office provided final approval of the Nageezi Unit and under the terms of Order R-13856, the Unit Agreement it became effective on July 22, 2014.

Encana has met with the Bureau of Land Management, the Federal Indian Minerals Office, and the New Mexico State Land Office about expanding the Nageezi Unit to include two additional sections of Federal and State lands. The proposed Unit Area for the expanded Nageezi Unit now consists of approximately 10,415 acres comprised of Federal, Indian Allotted, State and fee lands in all or parts of Sections 1-5, 9-11 of T-23-N, R-9-W and Sections 21-23, 25-28, 33-36 of T-24-N, R-9-W in San Juan County, New Mexico. The unitized interval will remain the same at that approved under Order R-13856, Encana will remain the designated operator under the revised Unit Agreement, and the effective date of the expanded Nageezi Unit will remain July 22, 2014.

The two sections of land Encana seeks to add to the unitized area are currently within the Basin Mancos Gas Pool (97232) which is subject to 660 foot setback requirements. 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 Nageezi 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 Nageezi Unit.

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

## APPLICANT'S PROPOSED EVIDENCE

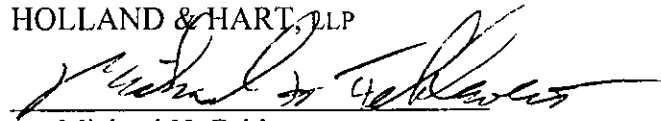
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Mona Binion, Petroleum Land Negotiator, Encana	Approx. 15 minutes	Approx. 5 Exhibits
Erik P. Graven, Petroleum Geologist, Encana	Approx. 10 minutes	Approx. 5 Exhibits

## PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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