

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

APPLICATION OF ENCANA OIL & GAS (USA) INC. FOR APPROVAL OF THE GOOD TIMES UNIT, CREATION OF A NEW POOL FOR HORIZONTAL DEVELOPMENT WITHIN THE UNIT AREA, AND FOR ALLOWANCE OF 330 FOOT SETBACKS FROM THE EXTERIOR OF THE PROPOSED UNIT, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 15368

APPLICATION

Encana Oil & Gas (USA) Inc. ("Encana"), through its undersigned attorneys, files this application with the Oil Conservation Division for an order (1) approving its Good Times Unit; (2) creating a new pool for horizontal wells within the unit area; and (3) allowing for 330 foot setbacks from the exterior of the proposed Unit. In support of this application, Encana states:

1. The proposed Unit Area for the Good Times Unit consists of 14,146.50 acres, more or less, of Federal, State, and Indian Allotted lands situated in:

TOWNSHIP 24 NORTH, RANGE 9 WEST, SAN JUAN COUNTY, N.M.P.M.

Section 6:	All
Section 7:	All
Section 18:	All
Section 19:	All
Section 29:	All
Section 30:	All
Section 32:	All

TOWNSHIP 24 NORTH, RANGE 10 WEST, SAN JUAN COUNTY, N.M.P.M.

Section 13:	S/2
Section 14:	All
Section 19:	All
Section 20:	All
Section 22:	S/2
Section 23:	All
Section 24:	All
Section 25:	All

RECEIVED OGD
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Section 26: All
Section 27: All
Section 28: S/2
Section 29: All
Section 30: All
Section 31: All
Section 32: N/2
Section 33: All
Section 34: N/2
Section 35: All
Section 36: N/2

2. Encana is the designated operator under the Unit Agreement. The unitized interval is 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 as shown in the Bitsili 01 Well (API No. 30-045-33186) in Section 19, Township 24 North, Range 9 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. Applicant expects to receive preliminary approval of the Unit Agreement from the Bureau of Land Management, the Federal Indian Minerals Office, and the New Mexico State Land Office. Applicant has also been in contact with the New Mexico Oil Conservation Division's District 3 Office regarding this application.

5. The entire Unit Area will be developed and operated as a single Participating Area.

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 Unit Area is currently subject to the Special Rules and Regulations for the Basin Mancos Gas Pool (Pool Code 97232) adopted in 2008 under Division Order R-12984, the South Bisti Gallup Pool (Pool Code 5860), and the Bisti Lower Gallup Pool (Pool Code 5890).

8. Rule 4 of the Special Rules for South Bisti Gallup Pool requires wells to be located no closer than 330 feet to any quarter- quarter section or subdivision inner boundary of a spacing unit, or in this case the outer boundary of the Unit Area. *See* R-8090.

8. Rule 3 of the Special Rules for the Bisti Lower Gallup Pool requires wells to be located no closer than 330 feet to any quarter-quarter section or subdivision inner boundary of a spacing unit, or in this case the outer boundary of the Unit Area. *See* R-1069-B.

9. Rule C of the Special Rules for the Basin Mancos Gas Pool require wells to be located no closer than 660 feet to the outer boundary of a spacing unit, or in this case the outer boundary of the Unit Area.

10. In order to allow for the most efficient horizontal well development pattern, and to effectively drain the reserves in the unitized formation underlying the Unit Area, Encana requests that the Division create a new pool for horizontal development within the Good Times Unit that covers the unitized interval and allows for 330 foot setbacks.

11. Notice of this Application will be provided to the affected parties in the spacing units offsetting the proposed Unit Area, as well as the working interest owners and Indian Allottees within the unitized area.

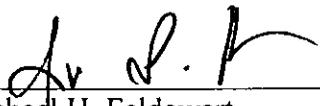
12. Encana will also cause notice of this Application to be published in a local newspaper of general circulation in San Juan County, New Mexico.

13. Approval of this Application and the creation of a new pool for horizontal development in the unitized area 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 September 3, 2015, and that after notice and hearing this Application be approved.

Respectfully submitted,

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ATTORNEYS FOR ENCANA OIL & GAS USA, INC.

Case No. 15368

Application Of Encana Oil & Gas (USA) Inc. For Approval Of The Good Times Unit, Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico. Applicant seeks approval of its Good Times Unit consisting of 14,146.50 acres, more or less, of Federal, State, and Indian Allotted lands situated in all or parts of Sections 6, 7, 18, 19, 29, 30, and 32 of Township 24 North, Range 9 West, and all or parts of Sections 13, 14, 19, 20, and 22-36 of Township 24 North, Range 10 West, N.M.P.M., San Juan County, New Mexico. The unitized interval is 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 as shown in the Bitsili 1 Well (API No. 30-045-33186) in Section 19, Township 24 North, Range 9 West, N.M.P.M., San Juan County, New Mexico. In addition, Applicant seeks an order creating a new pool for the unitized interval underlying the proposed Unit Area that will allow for 330 foot setbacks from the exterior of the proposed Unit. The subject acreage is located approximately 6 miles West of Nageezi, New Mexico.