

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

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

CASE NO. 15469

**APPLICATION**

Encana Oil & Gas (USA) Inc. ("Encana"), through its undersigned attorneys, files this application with the Oil Conservation Division for an order approving its Alamos Canyon Unit.

In support of this application, Encana states:

1. The proposed Unit Area for the Alamos Canyon Unit consists of 6,247 acres, more or less, of Federal and Allotted Indian lands situated in:

TOWNSHIP 22 NORTH, RANGE 6 WEST, SANDOVAL COUNTY, N.M.P.M.

Section 3: S/2  
Section 4: Lots 3, 4, S/2 NW/4, S/2  
Section 5: S/2  
Section 6: Lots 3, 4, E/2 SW/4, SE/4  
Section 7: Lots 1-4, E/2 W/2, E/2  
Section 8: All  
Section 9: All  
Section 10: NW/4  
Section 17: N/2  
Section 18: Lots 1-2, E/2 NW/4, NE/4

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TOWNSHIP 22 NORTH, RANGE 7 WEST, SANDOVAL COUNTY, N.M.P.M.

Section 1: S/2  
Section 11: E/2  
Section 12: All  
Section 13: N/2, SW/4  
Section 14: E/2

2. Encana is the designated operator under the Unit Agreement. The unitized interval is the stratigraphic equivalent of the interval described as the Mancos Shale Group,

including the genetically related rocks from 100 feet below the stratigraphic equivalent of the top of the Mancos Shale (base of Mesa Verde Group) to the to the stratigraphic equivalent of the base of the Greenhorn Limestone (top of the Graneros Shale) as shown in the Logos #3 well (API # 30-043-21135) well in Section 5, Township 22 North, Range 6 West, N.M.P.M, extending from 4,496' to 6,240' (measured depth).

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 and the Federal Indian Minerals 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 Statewide rules for wildcat oil spacing. *See* NMAC 19.15.15.8.A.

8. The Statewide rules for wildcat oil wells allow for 40-acre spacing and require wells to be located no closer than 330 feet to the outer boundary of a spacing unit, or in this case the outer boundary of the Unit Area. *See* NMAC 19.15.15.9.A.

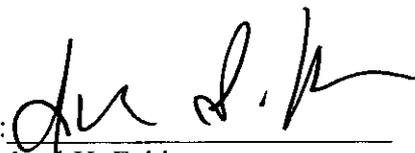
9. Notice of this Application will be provided to the overriding royalty interest owners and allottee interests within the unitized area.

10. 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 March 31, 2016, and that after notice and hearing this Application be approved.

Respectfully submitted,

HOLLAND & HART, LLP

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

Case No. 15469

**Application Of Encana Oil & Gas (USA) Inc. For Approval Of The Alamos Canyon Unit, Sandoval County, New Mexico.** Applicant seeks approval of its Alamos Canyon Unit consisting of 6,247 acres, more or less, of Federal and Allotted Indian lands situated in all or parts of Sections 3-10 and 17-18 of Township 22 North, Range 6 West, and all or parts of Sections 1 and 11-14, Township 22 North, Range 7 West, N.M.P.M., Sandoval County, New Mexico. The unitized interval is the stratigraphic equivalent of the interval described as the Mancos Shale Group, including the genetically related rocks from 100 feet below the stratigraphic equivalent of the top of the Mancos Shale (base of Mesa Verde Group) to the to the stratigraphic equivalent of the base of the Greenhorn Limestone (top of the Graneros Shale) as shown in the Logos #3 well (API # 30-043-21135) well in Section 5, Township 22 North, Range 6 West, N.M.P.M, extending from 4,496' to 6,240' (measured depth). The subject acreage is located approximately 4 miles southwest of Counselor, New Mexico.