

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

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

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CASE NO. 15470

APPLICATION

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

In support of this application, Encana states:

1. The proposed Unit Area for the Corrales Canyon Unit consists of 2,560 acres, more or less, of Federal and State lands situated in:

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

Section 24: S/2
Section 25: All
Section 26: All
Section 35: E/2
Section 36: All

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 Navajo Allotted #1 well (API #30-043-20138) located in the SE/4 SE/4 of Section 28, Township 22 North Range 6 West, Sandoval County, New Mexico, extending from 3,945' to 5,682' (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 New Mexico State Land Office. Applicant will also be in contact with the New Mexico Oil Conservation Division's District 3 Office regarding this application prior to the hearing date.

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.

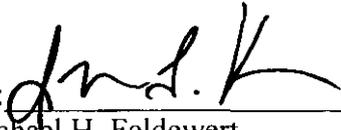
9. Notice of this Application will be provided to the overriding royalty interest owners within the unitized area. Working interest owners within the unitized area will also receive a courtesy notice.

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,

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ATTORNEYS FOR ENCANA OIL & GAS USA, INC.

Case No. 124:70 **Application Of Encana Oil & Gas (USA) Inc. For Approval Of The Corrales Canyon Unit, Sandoval County, New Mexico.** Applicant seeks approval of its Corrales Canyon Unit consisting of 2,560 acres, more or less, of Federal and State lands situated in all or parts of Sections 24-26 and 35-36 of Township 22 North, Range 6 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 stratigraphic equivalent of the base of the Greenhorn Limestone (top of the Graneros Shale) as shown in the Navajo Allotted #1 well (API #30-043-20138) located in the SE/4 SE/4 of Section 28, Township 22 North Range 6 West, Sandoval County, New Mexico, extending from 3,945' to 5,682' (measured depth). The subject acreage is located approximately 7 miles south of Counselor, New Mexico.