

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

**APPLICATION OF ENCANA OIL & GAS (USA) INC. FOR APPROVAL OF THE HUTTON CANYON 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. 15210**

**APPLICANT'S PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Encana Oil & Gas (USA) Inc. ("Encana"), as required by NMAC 19.15.4.13.B.

**APPEARANCES**

**APPLICANT**

Encana Oil & Gas (USA) Inc.

**ATTORNEY**

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**STATEMENT OF THE CASE**

Encana Oil & Gas (USA) Inc. ("Encana"), seeks an order from the Oil Conservation Division (1) approving its Hutton Canyon 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.

The proposed Hutton Canyon Unit Area consists of 2,563 acres, more or less, of Federal lands situated in all or parts of Sections 11, 13, and 14 of Township 23 North, Range 8 West, and Section 18 of Township 23 North, Range 7 West, N.M.P.M., San Juan County, New Mexico. The Bureau of Land Management has provided preliminary approval of the Unit Agreement. The entire Unit Area will be developed and operated as a single Participating Area.

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 and the Lybrook Gallup Oil Pool (Pool Code 42289). The Lybrook Gallup Oil Pool is subject to Statewide Rule 19.15.15.9 which requires 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. In contrast, 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.

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 Hutton Canyon Unit that covers the unitized interval and allows for 330 foot setbacks.

**APPLICANT’S PROPOSED EVIDENCE**

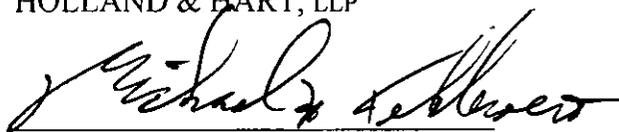
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
T. Skylar Fast, Petroleum Land Negotiator, Encana	Approx. 15 minutes	Approx. 4 Exhibits
Erik P. Graven, Petroleum Geologist, Encana	Approx. 10 minutes	Approx. 4 Exhibits

**PROCEDURAL MATTERS**

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written over a horizontal line.

Michael H. Feldewert

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