

**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 NORTH ALAMITO 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 AND SANDOVAL COUNTIES, NEW MEXICO.**

**CASE NO. 15367**

**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 an order (1) approving its North Alamito Unit; (2) creating a new pool for horizontal wells within the unitized area; and (3) allowing for 330 foot setbacks from the exterior of the proposed Unit. The proposed Unit consists of 13,140.38 acres, more or less, of Federal, State, and Indian Allotted lands situated in Sandoval and San Juan Counties. 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 Lybrook H36-2307 01H Well (API No. 30-043-21117) in Section 36, Township 23 North, Range 7 West, N.M.P.M. Encana 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 prior to the hearing in this matter.

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 Lybrook Gallup Pool (Pool Code 42289), and the Alamito Gallup Pool (Pool Code 1039). The Lybrook Gallup Pool and the Alamito Gallup Pool are subject to Division’s statewide rules for oil pool while the special rules for the Basin Mancos Gas Pool require that 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. 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 North Alamito Unit that covers the unitized interval and allows for horizontal wells to be located anywhere within the Unit Area so long as the completed interval remains at least 330 feet from the outer boundary of the Unit.

**APPLICANT’S PROPOSED EVIDENCE**

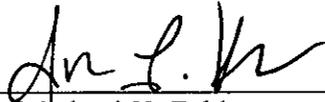
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Mona Binion, Petroleum Land Negotiator, Encana	Approx. 15 minutes	Approx. 5 Exhibits
Erik P. Graven, Petroleum Geologist, Encana	Approx. 10 minutes	Approx. 5 Exhibits

**PROCEDURAL MATTERS**

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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