

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

**APPLICATION OF ENCANA OIL & GAS (USA) INC. TO AMEND ORDER R-14090 TO  
EXPAND THE CROW CANYON UNIT AND THE CORRESPONDING CROW  
CANYON UNIT; MANCOS POOL, SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO. 15369 (re-opened)**

**APPLICATION**

Encana Oil & Gas (USA) Inc. ("Encana"), through its undersigned attorneys, files this application to amend Order R-14090 to (1) expand the geographic area of the Crow Canyon Unit by 6,415.47 acres of Federal and State land; and (2) expanding the corresponding Crow Canyon Unit; Mancos Pool created by that Order to allow horizontal wells to be located anywhere within the Unit so long as the completed interval is no is no closer than 330 feet from the outer boundary of the expanded Crow Canyon Unit. In support of this application, Encana states:

1. Under Division Order R-14090, issued on December 3, 2015, in Case No. 15369, the Division approved the Crow Canyon Unit in the Mancos formation consisting of approximately 7,212.26 acres of Federal, State, and Indian Allotted lands situated in San Juan County, comprised of the following acreage:

**TOWNSHIP 24 NORTH, RANGE 8 WEST, SAN JUAN COUNTY, N.M.P.M.**

Section 4:	W/2
Section 5:	All
Section 8:	All
Section 9:	All
Section 16:	All
Section 17:	All
Section 20:	All
Section 21:	All
Section 27:	S/2

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Section 28: All  
Section 29: All  
Section 30: All  
Section 34: NE/4

2. Division Order R-14090 also created a new pool for horizontal wells within the Unit Area designate the Crow Canyon Unit; Mancos Pool.

3. Encana has bet with the Bureau of Land Management about expanding the Crow Canyon Unit to include the following additional Federal and State acreage:

**TOWNSHIP 24 NORTH, RANGE 8 WEST, SAN JUAN COUNTY, N.M.P.M.**

Section 3: All  
Section 4: E/2  
Section 10: All  
Section 15: N/2

**TOWNSHIP 25 NORTH, RANGE 8 WEST, SAN JUAN COUNTY, N.M.P.M.**

Section 25: All  
Section 26: All  
Section 32: All  
Section 33: All  
Section 34: All  
Section 35: All  
Section 36: All

4. The proposed Unit Area now consists of approximately 13,631.90 acreage comprised of the following Federal, Indian Allotted, and State lands in San Juan County, New Mexico:

**TOWNSHIP 24 NORTH, RANGE 8 WEST, SAN JUAN COUNTY, N.M.P.M.**

Section 3: All  
Section 4: All  
Section 5: All  
Section 8: All  
Section 9: All

Section 10: All  
Section 15: N/2  
Section 16: All  
Section 17: All  
Section 20: All  
Section 21: All  
Section 27: S/2  
Section 28: All  
Section 29: All  
Section 30: All  
Section 34: NE/4

**TOWNSHIP 25 NORTH, RANGE 8 WEST, SAN JUAN COUNTY, N.M.P.M.**

Section 25: All  
Section 26: All  
Section 32: All  
Section 33: All  
Section 34: All  
Section 35: All  
Section 36: All

5. The unitized interval for the expanded Crow Canyon Unit remains the same as identified in Division Order R-14090.

6. Encana will remain the designated operator under the revised Unit Agreement and the effective date of the expanded Crow Canyon Unit will remain the same as designated in Order R-14090.

7. The revised Unit Agreement for the expanded Crow Canyon Unit has been approved by a sufficient percentage of the interest owners within the proposed expanded Unit Area to provide effective control of unit operations.

8. Prior to the hearing, Encana expects to receive preliminary approval of the Unit Agreement for the expanded Crow Canyon Unit from the Bureau of Land Management, the Federal Indian Minerals Office, and the New Mexico State Land Office.

9. The entire expanded Crow Canyon Unit Area will be developed and operated as a single Participating Area.

10. The additional acreage Encana seeks to add to the unitized area is currently within the Dufer's Point Gallup-Dakota Pool (19859), which is currently subject to the Special Rules and Regulations for the Dufer's Point Gallup-Dakota (Pool Code 19859) adopted in 1984 under Division Order R-7435. Rule 4 of the Special Rules for Dufer's Point Gallup-Dakota Pool requires wells to be located no closer than 330 feet to the outer boundary of the proration unit or quarter-quarter section line, nor nearer than 660 feet to the nearest well within the same pool. See R-7435.

11. To remain consistent with the existing unitized area, and to allow for the most efficient horizontal well development pattern, Encana request that the Division expand the Crow Canyon Unit; Mancos Pool to include the unitized acreage and thereby allow horizontal wells to be located anywhere within the expanded Unit Area so long as the completed interval remains at least 330 feet from the outer boundary of the North Alamito Unit.

12. Notice of this Application will be provided to the affected parties in the spacing units offsetting the acreage to be added to the Crow Canyon Unit, as well as the Indian Allottee owners, working interest owners, and overriding royalty interest owners within the Unit Area.


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

14. 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 April 14, 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. 15369 (re-opened):      **Application Of Encana Oil & Gas (USA) Inc. To Amend Order R-14090 To Expand The Crow Canyon Unit And The Corresponding Crow Canyon Unit; Mancos Pool, San Juan County, New Mexico.** Applicant seeks to amend Order R-14090 to (1) expand the geographic area of the Crow Canyon Unit by 6,415.47 of Federal and State land; and (2) expand the corresponding Crow Canyon Unit; Mancos Pool created by that Order to allow horizontal wells to be located anywhere within the Unit so long as the completed interval is no closer than 330 feet from the outer boundary of the expanded Crow Canyon Unit area. The proposed expanded Unit Area will consist of approximately 13,631.90 acres of Federal, Indian Allotted, and State lands located in all or parts of the following sections in San Juan County, New Mexico:

Sections 3-5, 8-10, 15-17, 20-21, 28-30, and 34 of T-24-N, R-5-W;  
and Sections 25-26, 32-36 of T-25-N, R-8-W.

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 Anabel C No. 001 (API No. 30-045-25452) in Section 34, Township 25 North, Range 8 West, N.M.P.M., San Juan County, New Mexico. The subject acreage is located approximately 2 miles Northeast of Nageezi, New Mexico.