

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

**APPLICATION OF ENCANA OIL & GAS (USA) INC. TO CONTRACT THE HORIZONTAL LIMITS OF THE NAGEEZI-GALLUP POOL (47540) IN THE MANCOS FORMATION BY EXCLUDING THE W/2 OF SECTION 10, TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM, SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO. 15539**

**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 removing the W/2 of Section 10, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico, from the horizontal limits of the Nageezi-Gallup Pool (47540). As set forth in Division Order R-14195, entered on July 28, 2016, in Case No. 15416, the E/2 of Section 10 is located within the Basin Mancos Gas Pool (97232) created by Division Order R-12984, which requires 320-acre spacing units and 660 foot setbacks from the outer boundary of the spacing unit. The W/2 of Section 10 is in the Nageezi Gallup Pool (47540) which is an unlisted pool under R-12984 and subject to the

Division's Statewide Rules for oil wells, which provide for 40-acre spacing units and 330 foot setbacks from the outer boundary of the spacing units. *See* Order R-14195, ¶ (3) and ¶ (4). Section 10 "awkwardly straddle[s]" two pools, one of which is considered a gas pool and the other an oil pool with differing spacing requirements. *Id.* at ¶ (10).

Encana seeks to contract the W/2 of Section 10 from the Nageezi-Gallup Pool, which will result in the acreage being "automatically" placed in the Basin Mancos Gas Pool per Division Order R-12984, which allows for 320-acre spacing units. *Id.* at ¶ (13). Once Section 10 is entirely within the Basin Mancos Gas Pool, Encana will be free to "to form a project area within the Basin Manos Gas Pool consisting of two standard gas spacing units and drill wells in the direction and density as allowed by well performance." *Id.* at ¶ (13). This will allow Encana to efficiently and effectively orient its horizontal wells and remain within the requirements of the Division rules.

#### **APPLICANT'S PROPOSED EVIDENCE**

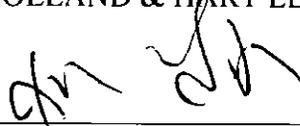
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Mona Binion, Petroleum Land Negotiator, Encana	Approx. 15 minutes	Approx. 4 Exhibits

#### **PROCEDURAL MATTERS**

This case will be presented by affidavit.

Respectfully submitted,

HOLLAND & HART LLP



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