

**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 BLANCO WASH 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. 15212

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

Michael H. Feldewert
Adam G. Rankin
Gabrielle A. Gerholt
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrankin@hollandhart.com
gagerholt@hollandhart.com

2014 SEP 25 P 2:59

RECEIVED OCD

STATEMENT OF THE CASE

Encana Oil & Gas (USA) Inc. ("Encana") seeks an order from the Oil Conservation Division (1) approving its Blanco Wash 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 Blanco Wash Unit Area consists of 4,803 acres, more or less, of Federal and Indian Allotted lands situated in all or parts of Sections 7, 18 and 19 of Township 24 North, Range 8 West, and Sections 11 – 14 and Sections 23 and 24 of Township 24 North, Range 9 West, N.M.P.M., San Juan County, New Mexico. The Bureau of Land Management has provided preliminary approval of the Unit Agreement. The Federal Indians Mineral Office has provided verbal approval of the proposed Blanco Wash Unit and will be signing the unit agreement on behalf of the Indian allottees. 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 White Wash Mancos Dakota Pool (Pool Code 64290). The White Wash Mancos Dakota 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 Blanco Wash Unit that covers the unitized interval and allows for 330 foot setbacks.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Mona Binion, 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



Michael H. Feldewert
Adam G. Rankin
Gabrielle A. Gerholt
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
gagerholt@hollandhart.com

ATTORNEYS FOR ENCANA OIL & GAS (USA) INC.