

**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 GOOD TIMES 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. 15368

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 Good Time 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 14,146.50 acres, more or less, of Federal, State, and Indian Allotted lands in San Juan County. 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 Bitsili 01 Well (API No. 30-045-33186) in Section 19, Township 24 North, Range 9 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 Basin Mancos Gas Pool (Pool Code 97232), the South Bisti Gallup Pool (Pool Code 5860), and the Bisti Lower Gallup Pool (Pool Code 5890). The Special Rules for South Bisti Gallup Pool and the Bisti Lower Gallup Pool require wells to be located no closer than 330 feet to any quarter-quarter section or subdivision inner boundary of a spacing unit, or in this case the outer boundary of the Unit Area. 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. 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 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

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
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

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

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