

**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 CROW CANYON 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. 15369**

**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 Crow Canyon 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 7,251.96 acres, more or less, of Federal, State, and Indian Allotted lands situated 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 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. 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 Lybrook Gallup Pool (Pool Code 42289), and the Cuervo Gallup Pool (Pool Code 15006). The Unit Area is also adjacent to the Dufers Point Gallup-Dakota Oil Pool (Pool Code 19859), a pool which is not frozen under the provisions of Order R-12984. The Lybrook Gallup Pool and the Cuervo Gallup Pool are subject to the statewide rule for oil wells. Rule 4 of the Special Rules for the Dufers Point Gallup-Dakota Oil Pool also 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. *See* R-7435. The Special Rules for the Basin Mancos Gas Pool requires 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

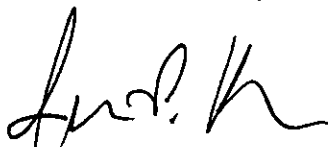
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Mona Binion, Petroleum Land Negotiator, Encana	Approx. 15 minutes	Approx. 5 Exhibits
Erik P. Graven, Petroleum Geologist, Encana	Approx. 10 minutes	Approx. 5 Exhibits

## PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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