

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

**APPLICATION OF ENCANA OIL & GAS (USA) INC. TO AMEND ORDER R-14067 TO
EXPAND THE VENADO CANYON UNIT, SANDOVAL COUNTY, NEW MEXICO.**

CASE NO. 15337 (re-opened)

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 to amend Order R-14067 to expand the geographic area of the Venado Canyon Unit by 960.00 acres of Federal land. This Unit was approved under Division Order R-14067 on October 29, 2015, in Case No. 15337. The Unit Area initially consisted of approximately 4,320 acres of Federal and Fee acreage in all or parts of Sections 1, 10-15, and 23-24, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico. However, the Bureau of Land Management did not provide final approval of the Venado Canyon Unit and accordingly the Unit is not currently in effect.

Since the Division hearing in this matter, Encana has met with the Bureau of Land Management about expanding the Venado Canyon Unit to include additional leased and unleased Federal lands. The proposed expanded Unit Area will now consist of approximately 5,280.00 acres of Federal and Fee lands located in all or parts of Sections 1, 10-15, and 22-24 of Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico. The unitized interval will remain the same as that approved under Order R-14067, Encana will remain the designated operator under the revised Unit Agreement.

The additional acreage Encana seeks to add to the unitized area is currently within the Lybrook Gallup Oil Pool (42289). The Lybrook Gallup Oil Pool is subject to Statewide Rule 19.15.15.9 which requires wells to be located no closer than 330 feet from the outer boundary of a spacing unit, or in this case the outer boundary of the Unit Area. Order R-14067 requires that wells drilled in the Venado Canyon Unit should be dedicated to the Lybrook Gallup Pool. Notice of this Application will be provided to working interest owners and overriding royalty interest owners within the Unit Area.

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

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

Michael H. Feldewert

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