

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

**APPLICATIONS OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NOS. 25339, 25340-25341

**APPLICATIONS OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NOS. 25342 & 25343

HILCORP'S CONSOLIDATED PREHEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, submits this Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Hilcorp Energy Company
1111 Travis St.
Houston, Texas 77002

ATTORNEYS

Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

STATEMENT OF THE CASE

Hilcorp seeks orders for exceptions to the well density requirements of the Blanco-Mesaverde Gas Pool (72319), as follows.

In **Case No. 24339**, Hilcorp seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool to permit it to drill and complete one additional Mesaverde vertical and/or directional gas well, making a total of five vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 16, Township 29 North, Range 7 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. San Juan 29-7 Unit 092M Well (API No. 30-039-26809), which is vertically drilled with a surface location in NW/4 NE/4 (Unit B) of said Section 16;
- b. San Juan 29-7 Unit 091 Well (API No. 30-039-07635), which is vertically drilled with a surface hole location in the NE/4 NE/4 (Unit A)
- c. San Juan 29-7 Unit 091B Well (API No. 30-039-25826), which is vertically drilled with a surface location in NW/4 SE/4 (Unit J) in said Section 16; and
- d. San Juan 29-7 Unit 129M Well (API No. 30-039-25592), which is vertically drilled with a surface location in NE/4 SE/4 (Unit I) of said Section 16.

Hilcorp now proposes to simultaneously dedicate and produce the following additional well within the same standard spacing and proration unit, at the following locations:

- a. **San Juan 29-7 Unit 092N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NW/4 NE/4 (Unit B) and bottom-hole location in the NW/4 NE/4 (Unit B).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-

Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-7 Unit 092N Well** (API No. 30-039-PENDING), within the E/2 of Section 16, Township 29 North, Range 7 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to five.

In **Case No. 24340**, Hilcorp seeks an order for an exception to the same well density requirements to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 32, Township 29 North, Range 7 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. San Juan 29-7 Unit 031 Well (API No. 30-039-07496), which is vertically drilled with a surface location in SW/4 NE/4 (Unit G) of said Section 32;
- b. San Juan 29-7 Unit 031B Well (API No. 30-039-26046), which is vertically drilled with a surface hole location in the SE/4 NE/4 (Unit H) of said Section 32;
- c. San Juan 29-7 Unit 031A Well (API No. 30-039-22065), which is vertically drilled with a surface location in NW/4 SE/4 (Unit J) of said Section 32; and
- d. San Juan 29-7 Unit 031C Well (API No. 30-039-26048), which is vertically drilled with a surface location in SE/4 SE/4 (Unit P) of said Section 32.

Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- a. **San Juan 29-7 Unit 031N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the SE/4 NW/4 (Unit J) and bottom-hole location in the NW/4 NE/4 (Unit B); and
- b. **San Juan 29-7 Unit 031P Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NW/4 SE/4 (Unit J) and bottom-hole location in the SW/4 SE/4 (Unit O).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-7 Unit 031N Well** (API No. 30-039-PENDING) and the **San Juan 29-7 Unit 031P Well** (API No. 30-039-PENDING), within the E/2 of Section 32, Township 29 North, Range 7 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

In **Case No. 24341**, Hilcorp seeks an order for an exception to the same well density requirements to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 32, Township 29 North, Range 7 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. **San Juan 29-7 Unit 032B Well** (API No. 30-039-26021), which is vertically drilled with a surface location in SW/4 NW/4 (Unit E) of said Section 32;

- b. San Juan 29-7 Unit 032A Well (API No. 30-039-22064), which is vertically drilled with a surface hole location in the SE/4 NW/4 (Unit H) of said Section 32;
- c. San Juan 29-7 Unit 032 Well (API No. 30-039-07480), which is vertically drilled with a surface location in SW/4 SW/4 (Unit M) of said Section 32; and
- d. San Juan 29-7 Unit 032N Well (API No. 30-039-30563), which is vertically drilled with a surface location in SE/4 SW/4 (Unit N) of said Section 32.

Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- a. **San Juan 29-7 Unit 032P Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the SE/4 NW/4 (Unit F) and bottom-hole location in the SW/4 NW/4 (Unit E); and
- b. **San Juan 29-7 Unit 032Q Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the SE/4 NW/4 (Unit F) and bottom-hole location in the NE/4 SW/4 (Unit K).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-7 Unit 032P Well** (API No. 30-039-PENDING) and the **San Juan 29-7 Unit 032Q Well** (API No. 30-039-PENDING), within the W/2 of Section 32, Township 29 North, Range 7 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

In **Case No. 24342**, Hilcorp seeks an order for an exception to the same well density requirements to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration units in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 36, Township 29 North, Range 8 West, San Juan County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. State Com P 012F Well (API No. 30-045-30426), which is vertically drilled with a surface location in NE/4 NW/4 (Unit C) of said Section 36;
- b. State Com P 012A Well (API No. 30-045-21707), which is vertically drilled with a surface hole location in the SW/4 NW/4 (Unit E) of said Section 36;
- c. State Com P 012M Well (API No. 30-045-30427), which is vertically drilled with a surface location in NE/4 SW/4 (Unit K) of said Section 36; and
- d. State Com P 012 Well (API No. 30-045-07603), which is vertically drilled with a surface location in SW/4 SW/4 (Unit M) of said Section 36.

Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- a. **State Com P 012N Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit N) and bottom-hole location in the SE/4 SW/4 (Unit N); and

- b. **State Com P 012P Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit H) and bottom-hole location in the NW/4 SW/4 (Unit B).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **State Com P 012N Well** (API No. 30-045-PENDING) and the **State Com P 012P Well** (API No. 30-045-PENDING), within the W/2 of Section 36, Township 29 North, Range 8 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

In **Case No. 24343**, Hilcorp seeks an order for an exception to the same well density requirements to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration units in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 36, Township 29 North, Range 8 West, San Juan County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. **State Com Q 013B Well** (API No. 30-045-30461), which is vertically drilled with a surface location in NW/4 NE/4 (Unit B) of said Section 36;
- b. **State Com Q 013R Well** (API No. 30-045-29083), which is vertically drilled with a surface hole location in the SE/4 NE/4 (Unit H) of said Section 36;

- c. State Com Q 013A Well (API No. 30-045-22586), which is vertically drilled with a surface location in NW/4 SE/4 (Unit J) of said Section 36; and
- d. State Com Q 013M Well (API No. 30-045-30428), which is vertically drilled with a surface location in SE/4 SE/4 (Unit P) of said Section 36.

Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- a. **State Com Q 013N Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 NE/4 (Unit H) and bottom-hole location in the NE/4 NE/4 (Unit A); and
- b. **State Com Q Unit 013P Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 NE/4 (Unit H) and bottom-hole location in the NW/4 NE/4 (Unit B).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **State Com Q 013N Well** (API No. 30-045-PENDING) and the **State Com Q 013P Well** (API No. 30-045-PENDING), within the E/2 of Section 36, Township 29 North, Range 8 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

Approval of these applications will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Hilcorp the opportunity to produce incremental reserves from these spacing units, avoiding waste. Approval also will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

APPLICANT'S PROPOSED EVIDENCE

| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|--|-------------------------|-----------------|
| Gatewood Brown, Landman | Self-Affirmed Statement | Approx. 3 |
| William (Marcus) Hill, Reservoir Engineer | Self-Affirmed Statement | Approx. 6 |

PROCEDURAL MATTERS

Hilcorp intends to present these cases through self-affirmed statement at hearing.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
pmvance@hollandhart.com

ATTORNEYS FOR HILCORP ENERGY COMPANY

34736825_v1

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 457991

QUESTIONS

| | |
|--|--|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 457991 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

| | |
|---|---------------|
| Testimony | |
| Please assist us by provide the following information about your testimony. | |
| Number of witnesses | Not answered. |
| Testimony time (in minutes) | Not answered. |