

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

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

**CASE NO. 25437**

**APPLICATION OF HILCORP ENERGY COMPANY FOR  
AN EXCEPTION TO THE WELL DENSITY  
REQUIREMENTS OF THE SPECIAL RULES AND  
REGULATIONS FOR THE BASIN-DAKOTA GAS POOL,  
RIO ARRIBA COUNTY, NEW MEXICO.**

**CASE NO. 25438**

**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

**ATTORNEYS**

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**STATEMENT OF THE CASE**

Hilcorp seeks orders for exceptions to the well density requirements of the Basin-Dakota Gas Pool (71599), as follows:

In **Case No. 25437**, Hilcorp seeks an exception to the well density requirements of Rule II.B of the Special Rules and Regulations of the Basin-Dakota Gas Pool to permit it to drill and complete two additional Basin-Dakota vertical and/or directional gas wells, making a total of four 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 Basin-Dakota 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 two vertical and/or directional wells were drilled and completed, and are currently producing:

- a. 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; and
- b. 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);
- b. **State Com Q 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 II.B of the Special Rules and Regulations of the Basin-Dakota 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 three of the wells to produce within the same quarter section of the spacing unit.

In **Case No. 25438**, Hilcorp seeks an order for an exception to the same well density requirements to drill and complete two additional Basin-Dakota vertical and/or directional gas wells, 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 Basin-Dakota 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 three vertical and/or directional wells were drilled and completed, and are currently producing:

- a. 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 F) of said Section 32;
- b. San Juan 29-7 Unit 032E Well (API No. 30-039-22411), which is vertically drilled with a surface location in NE/4 SW/4 (Unit K) of said Section 32; and
- c. 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 II.B of the Special Rules and Regulations of the Basin-Dakota 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 five.

Approval of these applications will not impair the correlative rights of any other interest owner in the Basin-Dakota 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**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Gatewood Brown, Landman	Self-Affirmed Statement	Approx. 2
Griffin Selby, Reservoir Engineer	Self-Affirmed Statement	Approx. 6

**PROCEDURAL MATTERS**

Hilcorp requests that these matters be consolidated for hearing and intends to present these cases by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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

QUESTIONS

Action 481585

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 481585
	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.