

**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

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 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

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
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



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

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 481587

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 481587
	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.