

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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-FRUITLAND GAS POOL, SAN
JUAN COUNTY, NEW MEXICO.**

CASE NO. 16054

HILCORP'S PREHEARING STATEMENT

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

APPEARANCES

APPLICANT

Hilcorp Energy Company
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Houston, Texas 77002

ATTORNEYS

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STATEMENT OF THE CASE

Hilcorp seeks an exception to the well density requirements of Rule 7(d) of the Special Rules of the Basin-Fruitland Gas Pool to permit it to complete and simultaneously produce three Fruitland coal gas wells in the same standard 320-acre, more or less, spacing and proration unit, and two wells in the same quarter section.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Basin-Fruitland Gas Pool comprised of the S/2 of Section 36, Township 29 North, Range 9 West, San Juan County, New Mexico, in which the following two wells are currently completed and producing:

- a. Standard Oil Com 100S Well (API No. 3004533581) Sec. 36, T29N, R9W (Unit O); and
- b. Standard Oil Com 100 Well (API No. 30-045-31049), Sec. 36, T29N, R9W (Unit K).

Hilcorp now proposes to simultaneously dedicate and produce the following third well within the same standard spacing and proration unit, at the following location: **Koch State Com 1A** (API No. 30-045-21787), Sec. 36, T29N, R9W (Unit I).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 7(d) of the Special Rules of the Basin-Fruitland Coal Gas Pool to authorize Hilcorp to simultaneously dedicate and produce the **Koch State Com 1A** (API No. 30-045-21787) within the S/2 of Section 36, Township 29 North, Range 9 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to three, and the number of wells within a quarter section to two.

APPLICANT'S PROPOSED EVIDENCE

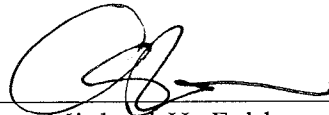
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Chuck Creekmore – Landman	Approx. 10	Approx. 5
Andrew Sparks – Geologist (if necessary)	Approx. 15	Approx. 8
Michelle Sivadon – Reservoir Engineer	Approx. 20	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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