

August 10, 2011

**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 BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 16368

HILCORP'S PRE-HEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby submits this Consolidated Pre-Hearing Statement for the above referenced matters.

APPEARANCES

APPLICANT

Hilcorp Energy Company
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ATTORNEYS

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STATEMENT OF THE CASE

Hilcorp is the operator of a standard 316.86-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 26, Township 30 North, Range 10 West, San Juan County, New Mexico, in which the following three wells are currently completed and producing:

- a. Grenier A 001 Well (API No. 30-045-09115) Sec. 26, T30N, R10W (Unit M);
- b. Grenier A 001A (API No. 30-045-23076), Sec. 26, T30N, R10W (Unit C); and
- c. Grenier A 004M Well (API No. 30-045-35106), Sec. 26, T30N, R10W (Unit D).

The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations, which provide for 320-acre spacing and proration units and four wells per spacing unit. *See* Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A(1), effective Dec. 2, 2002.

Hilcorp now proposes to simultaneously dedicate and produce the following fifth well within the same standard spacing and proration unit: the **Grenier A 004E** (API No. 30-045-24887), Sec. 26, T30N, R10W (Unit F). Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **Grenier A 004E** (API No. 30-045-24887) within the W/2 of Section 26, Township 30 North, Range 10 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four and the number of wells within a quarter section to three.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Brad Pearson, Landman	Approx. 5	Approx. 5
James Osborn, Reservoir Engineer	Approx. 5	Approx. 8

PROCEDURAL MATTERS

Unless a party makes an appearance to protest the application, Hilcorp intends to present this case and by affidavit.

Respectfully submitted,

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