

**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 SOUTH BLANCO-PICTURED CLIFFS
GAS POOL, RIO ARRIBA COUNTY, NEW
MEXICO.**

JUN 07 2018 PM 03:09

CASE NO. 16225

HILCORP'S PREHEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby submits this Consolidated Pre-Hearing Statement for the above referenced matters scheduled for hearing before the Division Examiners on June 14, 2018.

APPEARANCES

APPLICANT

Hilcorp Energy Company
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Houston, Texas 77002

ATTORNEYS

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STATEMENT OF THE CASE

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit, comprised of the W/2 of Section 16, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, which is currently dedicated to the San Juan 29-7 Unit No. 181 Well (API No. 30-039-26995) and the San Juan 29-7 Unit No. 92 Well (API No. 30-039-07600) and producing from the South Blanco-Pictured Cliffs Pool.

The South Blanco-Pictured Cliffs Pool is governed by Special Rules and Regulations, which provide for 160-acre spacing and proration units. *See* Order No. R-8170, as amended by Order No. R-10987, effective April 9, 1998. However, this spacing and proration unit is also subject to the Unit Agreement San Juan 29-7 Federal Exploratory Unit, which allows for the creation of 320-acre drilling blocks for the Pictured Cliffs formation. As a result, this spacing and proration unit consists of two 160-acre units for density purposes for the South Blanco-Pictured Cliffs Pool and one 320-acre unit for revenue purposes for the Pictured Cliffs, pursuant to the Unit Agreement, which was approved by the Division in Order R-421.

Hilcorp is also the operator of the **San Juan 29-7 Unit No. 92B Well** (API No. 30-039-25825), located in Unit E, Section 16, Township 29 North, Range 7 West, NMPM, and is currently producing from the Blanco-Mesaverde Pool. Hilcorp now proposes to recomplete the **San Juan 29-7 Unit No. 92B Well** (API No. 30-039-25825) in the South Blanco-Pictured Cliffs Pool and dedicate and this well to the 320-acre spacing and proration unit currently dedicated to the San Juan 29-7 Unit No. 181 Well (API No. 30-039-26995) and the San Juan 29-7 Unit No. 92 Well (API No. 30-039-07600).

Hilcorp, therefore, requests that the Division enter an order granting an exception to the well density requirements of the South Blanco-Pictured Cliffs Pool.

APPLICANT'S PROPOSED EVIDENCE

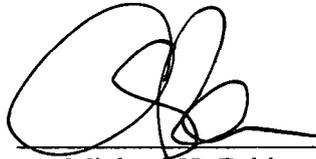
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Wyn McCubbin, Landman	Approx. 20	Approx. 5
Eddie Pippin, Geology	Approx. 20	Approx. 8
James Osborn, Reservoir Engineer	Approx. 20	Approx. 8

PROCEDURAL MATTERS

Hilcorp respectfully requests that Case Nos. 16222 through 16227 be consolidated for purposes of presenting testimony at hearing.

Respectfully submitted,

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