

**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.**

JUL 05 2018 PM03:23

CASE NO. 16267

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
1111 Travis St.
Houston, Texas 77002

ATTORNEYS

Michael H. Feldewert, Esq.
Adam G. Rankin, Esq.
Jordan L. Kessler, Esq.
Julia Broggi, Esq.
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jlkessler@hollandhart.com
jbroggi@hollandhart.com

STATEMENT OF THE CASE

Hilcorp is the operator of a standard 306.40-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 31, Township 32 North, Range 11 West, San Juan County, New Mexico, which is currently dedicated to the following four wells: the Vasaly 002E Well (API No. 30-045-25033), the Vasaly Federal 001A Well (API No. 30-045-22315), the Vasaly Federal 001B Well (API No. 30-045-30500), and the Vasaly Federal 001Y Well (API No. 30-045-20868).

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 *See* Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A(1), effective Dec. 2, 2002.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 **Vasaly 002** (API No. 30-045-20328), Section 31, Township 32 North, Range 11 West (Unit K). 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 **Vasaly 002** (API No. 30-045-20328) within the W/2 of Section 31, Township 32 North, Range 11 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, and the number of wells within a quarter section to three. Hilcorp further seeks approval for the proposed location of the **Vasaly 002** (API No. 30-045-20328), Section 31, Township 32 North, Range 11 West (Unit K), San Juan County, New Mexico, and authorization to simultaneously complete and produce said well from the Blanco-Mesaverde Gas Pool.

APPLICANT'S PROPOSED EVIDENCE

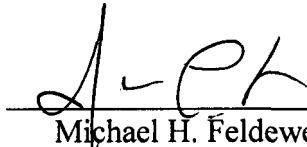
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Rob Carlson, Landman	Approx. 20	Approx. 5
Alex Liang, Reservoir Engineer	Approx. 20	Approx. 8

PROCEDURAL MATTERS

Hilcorp respectfully requests that Case Nos. 16267 through 16275 be consolidated for purposes of presenting testimony at hearing.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert

Adam Rankin

Jordan L. Kessler

Julia Broggi

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Santa Fe, New Mexico 87504-2208

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ATTORNEYS FOR HILCORP ENERGY COMPANY