

**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.**

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CASE NO. 16273

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 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the N/2 of Section 32, Township 32 North, Range 11 West, San Juan County, New Mexico, which is currently dedicated to the following three wells: the Day State 001 Well (API No. 30-045-11171) Sec. 32, T32N, R11W (Unit E); the Day State 001A Well (API No. 30-045-22325), Sec. 32, T32N, R11W (Unit A); and the Day State 002M Well (API No. 30-045-33148), Sec. 32, T32N, R11W (Unit B).

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 *See* Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A(1), effective Dec. 2, 2002.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 fourth well within the same standard spacing and proration unit: the **Day State 002E** (API No. 30-045-25008), Sec. 32, T32N, R11W (Unit H). 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 **Day State 002E** (API No. 30-045-25008) within the N/2 of Section 32, Township 32 North, Range 11 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. Hilcorp further seeks approval for the proposed location of the **Day State 002E** (API No. 30-045-25008) within the N/2 of Section 32, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce said well from the Blanco-Mesaverde Gas Pool.

APPLICANT'S PROPOSED EVIDENCE

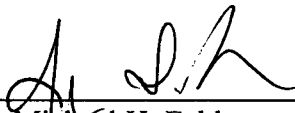
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Rob Carlson, Landman	Approx. 20	Approx. 5
Alex Liang, Reservoir Engineer	Approx. 20	Approx. 8

PROCEDURAL MATTERS

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

Respectfully submitted,

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