

**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 NOS. 20426-20431, 20440**

**HILCORP'S CONSOLIDATED 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 seven cases scheduled for hearing before the Division Examiners on May 2, 2019.

**APPEARANCES**

**APPLICANT**

Hilcorp Energy Company  
1111 Travis St.  
Houston, Texas 77002

**ATTORNEYS**

Michael H. Feldewert, Esq.  
Adam G. Rankin, Esq.  
Julia Broggi, Esq.  
Kaitlyn A. Luck, 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  
jbroggi@hollandhart.com  
kaluck@hollandhart.com

**STATEMENT OF THE CASE**

The well density requirements in the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool currently state as follows:

## **I. ACREAGE AND WELL LOCATION REQUIREMENTS**

**A. Standard GPU (Gas Proration Unit):** A standard GPU in the Blanco-Mesaverde Pool shall be 320 acres (more or less) comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.

### **B. Well density:**

(1) Up to four (4) wells may be drilled on a standard GPU, as follows:

- (a) the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Mesaverde well;
- (b) the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;
- (c) the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;
- (d) at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;
- (e) no more than two wells shall be located within either quarter section in a GPU; and
- (f) any deviation from the above-described well density requirements shall be authorized only after hearing.

In these seven consolidated cases, Hilcorp seeks approval under Rule I(B)(1)(f) for the Division to enter an order granting an exception to the well density requirements as follows:

- In **Case No. 20426**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Clayton 001 Well** (API No. 30-045-09822) in Unit N of the S/2 of Section 2, Township 30 North, Range 12 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.



- In **Case No. 20427**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Gross 001** (API No. 30-045-10856) in Unit N of the SW/4 of Section 7, Township 31 North, Range 12 West, permitting the total number of wells dedicated and producing within this non-standard spacing and proration unit to three, with three wells in the same quarter section.
- In **Case No. 20428**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Leeds 1 Well** (API No. 30-045-10881) with a surface location in Unit L the W/2 of Section 8, Township 31 North, Range 12 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section and two wells in the same quarter-quarter section.
- In **Case No. 20429**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Nye SRC 013E Well** (API No. 30-045-29605) in Unit L of the S/2 of Section 12, Township 30 North, Range 11 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with three wells in the same quarter section.
- In **Case No 20430**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Richardson 008E Well** (API No. 30-045-24019) in Unit H of the E/2 of Section 10, Township 31 North, Range 12 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with three wells in the same quarter section.
- In **Case No. 20431**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Roelofs 1 Well** (API No. 30-045-20116) in Unit N of the W/2 of Section 22, Township 29 North, Range 8 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No. 20440**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Vasaly Com 001F** (API No. 30-045-34803) in Unit C of the N/2 of Section 22, Township 30 North, Range 11 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section and two wells in the same quarter-quarter section.

## **APPLICANT'S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Chuck Creekmore and/or Rob Carlson, and/or Brad Pearson, Landman	Approx. 15	Approx. 3 for each case
Michelle Sivadon or Tyler Teykl, Reservoir Engineer	Approx. 20	Approx. 6 for each case

## **PROCEDURAL MATTERS**

In the interest of administrative efficiency, Hilcorp requests that (a) these matters be consolidated for purposes of presenting evidence, and (b) the Examiners take administrative notice of the testimony and Division findings in the prior cases resulting in Division Orders R-14553 through R-14563. Also in the interest of administrative efficiency, Hilcorp respectfully requests that, if no other parties enter an appearance, it be permitted to present these consolidated cases by affidavit.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_

Michael H. Feldewert

Adam Rankin

Julia Broggi

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

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