

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF HILCORP
ENERGY COMPANY FOR
COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 25337

HILCORP'S PREHEARING STATEMENT

Hilcorp Energy Company ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Hilcorp Energy Company
1111 Travis St.
Houston, Texas 77002

ATTORNEYS

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STATEMENT OF THE CASE

Hilcorp seeks an order pooling all uncommitted mineral interest owners in a standard 798.27-acre, more or less, horizontal well spacing unit in the Mancos formation underlying SE/4 of Section 12, Township 32 North, Range 7 West, and Lots 6-7, E/2 SW/4, SE/4 (S/2 equivalent) of Section 7, and the S/2 of Section 8, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico.

Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed (1) **Allison 701 Federal Com #607H** well, with a surface location in the SE/4 SW/4 (Unit N) of said Section 12, with a first take point in the NW/4 SE/4 of Section 12 (Unit J) and a last take point NE/4 SE/4 (Unit I) of Section 8, and (2) the **Allison 701 Federal Com #608H** well, with a surface location in the SE/4 SW/4 (Unit N) of said Section 12, with a first take point in the SW/4 SE/4 of Section 12 (Unit O) and a last take point SE/4 SE/4 (Unit P) of Section 8.

The wells will be dedicated to the Basin Mancos Pool (Pool Code 97232). The Allison 701 Federal Com #607H well will be a non-standard location with the first take point being less than the required 330-foot distance (measured in the horizontal plane) from the western boundary of the horizontal spacing unit. The Allison 701 Federal Com #608H well will be a non-standard location with: 1) the first take point being less than the required 330-foot distance (measured in the horizontal plane) from the western boundary of the horizontal spacing unit and 2) the lateral being less than the required 660 foot distance (measured perpendicularly to the completed interval) from the southern boundary of the horizontal spacing unit. In all instances, Applicant operates and owns 100% working interest in the adjoining quarter sections being encroached upon by these non-standard locations. Applicant intends to file the necessary non-standard location applications.

Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners in the subject spacing unit. The pooling of interests in the proposed horizontal well spacing unit will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Robert Carlson, Landman	Self-Affirmed Statement	Approx. 5
Russell Crouch, Petroleum Geology	Self-Affirmed Statement	Approx. 4

PROCEDURAL MATTERS

Hilcorp intends to present this case by self-affirmed statement if it is uncontested at the time of the hearing.

Respectfully submitted,

HOLLAND & HART LLP

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QUESTIONS

Action 457810

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 457810
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>