

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

**APPLICATIONS OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NOS. 25942 & 25943

HILCORP’S CONSOLIDATED PREHEARING STATEMENT

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

APPEARANCES

APPLICANT

Hilcorp Energy Company

ATTORNEYS

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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) vertical or directional wells may be drilled and completed in the Blanco-Mesaverde Pool underlying a standard GPU;*
- (2) *In addition to the four (4) wells authorized to be drilled and completed under B(1), an operator may conduct operations to recomplete up to four (4) vertical or directional wells in the Blanco-Mesaverde Pool within a standard GPU;*
- (3) *No more than four (4) wells producing from the Blanco-Mesaverde Pool shall be located within either quarter section in a GPU; and*
- (4) *Any deviation from the above-described well density requirements shall be authorized only after hearing.*

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

- In **Case No. 25942**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-6 Unit 063M Well** (API No. 30-039-PENDING), within the E/2 of Section 30, Township 29 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to five; and
- In **Case No. 25943**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-7 Unit 060P Well** (API No. 30-039-PENDING), within the E/2 of Section 34, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to five.

Approval of these applications will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Hilcorp the opportunity to produce incremental reserves from these spacing units, avoiding waste. Approval will also be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Gatewood Brown, Landman	Self-Affirmed Statement	Approx. 2
Marcus Hill, Reservoir Engineer	Self-Affirmed Statement	Approx. 5

PROCEDURAL MATTERS

Hilcorp requests that these matters be consolidated for hearing and intends to present these cases by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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QUESTIONS

Action 558410

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 558410
	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>