

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

**APPLICATION OF HILCORP ENERGY  
COMPANY FOR AN EXCEPTION TO THE  
WELL DENSITY REQUIREMENTS OF THE  
SPECIAL RULES AND REGULATIONS FOR  
THE BASIN-FRUITLAND COAL GAS POOL,  
SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO. 25952**

**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

**ATTORNEYS**

Adam G. Rankin  
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**STATEMENT OF THE CASE**

The well density requirements in the Special Rules and Regulations of the Basin-Fruitland Coal Gas Pool currently state as follows:

***Rule 7(d): WELL DENSITY***

*(1) Well density within the “Low Productivity Area”: No more than two  
(2) wells per standard 320-acre gas spacing unit may be located in the  
“Low Productivity Area” of the pool as follows:*

*(i) the OPTIONAL INFILL WELL drilled on an existing spacing  
unit shall be located in the quarter section not containing the  
INITIAL Fruitland Coal gas well;*

*(ii) the plat (Form C-102) accompanying the "Application for Permit to Drill ("APD")" (Form C-101 or federal equivalent) for the optional infill well within an existing spacing unit shall have outlined the boundaries of the unit and shall show the location (well name, footage location, API number) of the initial Fruitland Coal gas well plus the proposed infill well.*

In **Case No. 25952**, Hilcorp seeks approval under Rule 7(d) for the Division to enter an order granting an exception to the well density requirements to authorize Hilcorp to simultaneously dedicate and produce the **Allison Unit Com 62C** (API No. 30-045-34857) within the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, permitting the total number of wells dedicated and producing within this spacing and proration unit to three, and the number of wells within a quarter section to two.

Approval of this application will not impair the correlative rights of any other interest owner in the Basin-Fruitland Coal Gas Pool and will afford Hilcorp the opportunity to produce incremental reserves from this spacing unit, 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**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Rob Carlson, Landman	Self-Affirmed Statement	Approx. 2
Shane Smith, Reservoir Engineer	Self-Affirmed Statement	Approx. 5

**PROCEDURAL MATTERS**

Hilcorp intends to present this case by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

QUESTIONS

Action 558452

**QUESTIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 558452
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<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>