

**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
GOBERNADOR PICTURED CLIFFS POOL,
RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NO. 25951

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

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STATEMENT OF THE CASE

Rule 19.15.15.10 NMAC governs gas spacing unit size, well density, and well setbacks within the Gobernador Pictured Cliffs (Gas) Pool. Subsection C of said rule states that a shallow [vertical] gas well in New Mexico (those wells not covered by preceding portions of 19.15.15.10 NMAC) shall be located in a spacing unit consisting of 160 surface contiguous acres, more or less, substantially in the form of a square that is a quarter section and a legal subdivision of the United States public land surveys and shall be located no closer than 660 feet to an outer boundary of the unit and no closer than 10 feet to a quarter-quarter section or subdivision inner boundary. Subsection C of 19.15.15.11 NMAC specifies that the director may grant exceptions to the

[limited] number of [vertical] wells per spacing unit after notice to all affected persons, as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, and opportunity for hearing.

In **Case No. 25951**, Hilcorp seeks approval under Rule 19.15.15.10 NMAC for the Division to enter an order granting an exception to the well density requirements to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29 5 Unit 61C** (API No. 30-039-29758), within the standard spacing unit comprised of the E/2 of Section 9, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, permitting the total number of vertical wells dedicated and producing within said spacing and proration unit to two.

Approval of this application will not impair the correlative rights of any other interest owner in the Gobernador Pictured Cliffs (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

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
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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Oil Conservation Division
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QUESTIONS

Action 575048

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 575048
	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>