

**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,
RIO ARriba AND SAN JUAN COUNTIES,
NEW MEXICO.**

CASE NOS. 20697, 20703, 20707, 20709, 20711

HILCORP'S CONSOLIDATED PREHEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby submits this Consolidated Pre-Hearing Statement for the above referenced cases scheduled for hearing before the Division Examiners on August 8, 2019.

APPEARANCES

APPLICANT

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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) 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 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. 20697**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Lefkovitz Gas Com B 001 Well** (API No. 30-045-07897) within the E/2 of Section 25, Township 29 North, Range 10 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. 20703**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Ludwick LS 016 Well** (API No. 30-045-09019) within the E/2 of Section 31, Township 30 North, Range 10 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. 20707**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-7 Unit 164 Well** (API No. 30-039-2051700) within the E/2 of Section 13, Township 28 North, Range 7 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. 20709**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-7 Unit 224 Well** (API No. 30-039-21004) within the E/2 of Section 28, Township 28 North, Range 7 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with four wells in the same quarter section and two wells in the same quarter-quarter section (Unit H).
- In **Case No 20711**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-7 Unit 235 Well** (API No. 30-039-21327) within the S/2 of Section 10, Township 29 North, Range 7 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 (Unit M).

APPLICANT'S PROPOSED EVIDENCE

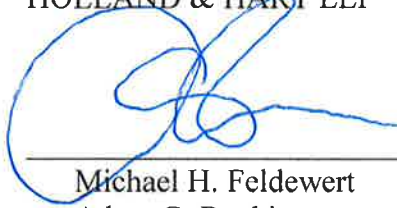
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Brad Pearson, Landman	Approx. 15	Approx. 3 for each case
Tyler Teykl, Reservoir Engineer	Approx. 20	Approx. 6 for each case

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,

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