

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

**APPLICATION TO AMEND REFERENCE
CASE ORDER R-12865 TO INCLUDE THE
PICTURED CLIFFS AND FRUITLAND COAL
GAS POOLS FOR PRE-APPROVAL OF
DOWNHOLE COMMINGLING AS TO ALL
CRITERIA FOR ITS SAN JUAN 28-4 UNIT
AND TO ELIMINATE THE NOTICE
REQUIREMENT, RIO ARRIBA COUNTY,
NEW MEXICO.**

**CASE NO. 13987 (Re-Open)
ORDER NO. R-12865**

HILCORP'S PREHEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby submits this Pre-Hearing Statement for the above referenced case set for hearing before the Division Examiners on September 19, 2019.

APPEARANCES

APPLICANT

Hilcorp Energy Company
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ATTORNEYS

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STATEMENT OF THE CASE

Hilcorp is the operator of the San Juan 28-4 Unit, which covers portions of Township 28 North, Range 4 West, Rio Arriba County, New Mexico, consisting of approximately 6,443.84 acres, more or less, as identified on Exhibit A to the Application. In re-opened Case No. 13987, Hilcorp seeks an order amending downhole commingling reference case Order R-12865: (1) to include pre-approval to downhole commingle production from the Pictured Cliffs and Fruitland Coal Gas Pools, and (2) to eliminate the notification requirement pursuant to 19.15.12.11(C) NMAC on an area-wide basis for existing and future wells within its San Juan 28-4 Unit, Rio Arriba County, New Mexico.

Order **R-11363** pre-approved downhole commingling production from the Basin Dakota Gas Pool and the Blanco-Mesaverde Gas Pool, on a pool-wide basis, for all existing and future wells. In addition, Order R-12984-B pre-approved downhole commingling production from the Basin-Mancos Pool with gas production from the Basin Dakota Gas Pool and the Blanco-Mesaverde Gas Pool, on a pool-wide basis, for all existing and future wells. Order **R-12865** established a downhole commingling “reference case” under Division regulations for the San Juan 28-4 Unit. It permits Hilcorp, as operator of the San Juan 28-4 Unit, to reference the Order when applying to the Division for approval to downhole commingle production from Dakota and Mesaverde formations and formal notice of that commingling to diverse owners within the wellbore is not required. All other Division provisions relating to applications for downhole commingling are still in force and effect. The Division has retained jurisdiction for the entry of further orders as the Division may deem necessary. Later, Order **R-13681** amended the reference case for the San Juan 28-4 Unit to eliminate the notification requirement to all owners for downhole

commingling production from the Basin-Mancos Pool with production from the Basin Dakota Gas Pool and the Blanco-Mesaverde Gas Pool within the geographic area of the Unit.

The San Juan 28-4 Unit currently includes the following wells in each of the following pools:

- a. 1 well in the Choza Mesa-Pictured Cliffs Pool (74960);
- b. 3 wells in the Basin-Fruitland Coal Gas Pool (71629);
- c. 29 wells in the Blanco-Mesaverde Pool (72319); and
- d. 10 wells in the Basin-Dakota Pool (71599).

In the absence of authorization to downhole commingle any combination of these pools in the “reference case” under Order R-12865, Division Rule 19.15.12.11(B) requires that separate administrative applications for downhole commingling of gas production between and among these pools be submitted on Form C-107(A), processed, and approved on a well-by-well basis.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Chuck Creekmore, Landman	Approx. 15	Approx. 6
Ashlyn Murphy, Geologist	Approx. 20	Approx. 8
Braden Riley, Reservoir Engineer	Approx. 20	Approx. 8

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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