

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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,
SAN JUAN COUNTY, NEW MEXICO.

CASE NOS. 20638-20642

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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. 20643-20653

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 July 11, 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. 20638**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Grenier 011 Well** (API No. 30-045-10763) and the **Grenier 011F Well** (API No. 30-045-30466) within the W/2 of Section 13, Township 31 North, Range 12 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with four wells in the same quarter section.
- In **Case No. 20639**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Hanley W M 1F** (API No. 30-045-34555) within the SW/4 of Section 18, Township 29 North, Range 10 West, permitting the total number of wells dedicated and producing within this non-standard spacing and proration unit to two, with two wells in the same quarter section.
- In **Case No. 20640**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Newsom 8-B Well** (API No. 30-045-0599700) within the E/2 of Section 6, Township 26 North, Range 8 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. 20641**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Nye 010E Well** (API No. 30-045-24872) within the N/2 of Section 12, Township 30 North, Range 11 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with two wells in the same quarter-quarter section equivalent (Lot 7).
- In **Case No 20642**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 010E Well** (API No. 30-045-33886) within the W/2 of Section 10, 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 and two wells in the same quarter-quarter section equivalent (Lot 13).
- In **Case No. 20643**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 27-5 Unit 83 Well** (API No. 30-039-20208), within the N/2 of Section 9, Township 27 North, Range 5 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. 20644**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), and the **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), within the W/2 of Section 3, Township

27 North, Range 5 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with three wells in the same quarter sections, and two wells in the same quarter-quarter sections (Units M and E).

- In **Case No. 20645**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 27-5 Unit 141 Well** (API No. 30-039-20465) within the W/2 of Section 30, Township 27 North, Range 5 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. 20646**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 101 Well** (API No. 30-039-20054) within the E/2 of Section 14, Township 28 North, Range 6 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. 20647**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 123R Well** (API No. 30-039-22265) within the E/2 of Section 6, Township 28 North, Range 6 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. 20648**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 135** (API No. 30-039-20577) within the W/2 of Section 6, Township 27 North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with three wells in the same quarter section.
- In **Case No. 20649**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 138 Well** (API No. 30-039-20044) within the E/2 of Section 23, Township 28 North, Range 6 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. 20650**, 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 194 Well** (API No. 30-039-20630) within the E/2 of Section 21, 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. 20651**, 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 234E Well** (API No. 30-039-22396) within the E/2 of Section 15, 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. 20652**, 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 242 Well** (API No. 30-039-21093) within the W/2 of Section 18, 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. 20653**, 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 111 Well** (API No. 30-039-21332) within the W/2 of Section 31, Township 29 North, Range 7 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with three wells in the same quarter section and two wells in the same quarter-quarter section (Unit K).

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Brad Pearson, Charles Creekmore, and Rob Carlson, Landmen	Approx. 15	Approx. 3 for each case
Michelle Sivadon, Alex Liang, and Tyler Teykl, Reservoir Engineers	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,

HOLLAND & HART LLP

A handwritten signature in blue ink, consisting of several loops and flourishes, positioned above a horizontal line.

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