

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

**APPLICATIONS OF HILCORP ENERGY
COMPANY FOR EXCEPTIONS TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NOS. 24261 & 24264

HILCORP'S CONSOLIDATED PREHEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, submits this Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Hilcorp Energy Company
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ATTORNEYS

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STATEMENT OF THE CASE

Hilcorp seeks orders for exceptions to the well density requirements of the Blanco-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico, as follows.

In **Case No. 24261**, Hilcorp seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool to permit it to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six

vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 32, Township 29 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. **San Juan 29-6 Unit 16A Well** (API No. 30-039-21090), which is vertically drilled with a surface location in NW/4 NW/4 (Unit D) of said Section 32;
- b. **San Juan 29-6 Unit 16 Well** (API No. 30-039-07471), which is vertically drilled with a surface location in SE/4 SW/4 (Unit N) of said Section 32;
- c. **San Juan 29-6 Unit 109 Well** (API No. 30-039- 27529), which is vertically drilled with a surface location in SE/4 NW/4 (Unit F) in said Section 32; and
- d. **San Juan 29-6 Unit 109M Well** (API No. 30-039-30233), which is directionally drilled with a surface hole location in the SW/4 NW/4 (Unit E) and bottom-hole location in the NW/4 SW/4 (Unit L).

Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- e. **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D); and
- f. **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-

Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING) and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), within the W/2 of Section 32, Township 29 North, Range 6 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

In **Case No. 24264**, seeks an order for an exception to the same well density requirements to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.

Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 32, Township 29 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- g. **San Juan 29-6 Unit 25 Well** (API No. 30-039- 07500), which is vertically drilled with a surface location in NW/4 NE/4 (Unit B) of said Section 32;
- h. **San Juan 29-6 Unit 25A Well** (API No. 30-039-21092), which is vertically drilled with a surface hole location in the SW/4 SE/4 (Unit O)
- i. **San Juan 29-6 Unit 25B Well** (API No. 30-039-26180), which is vertically drilled with a surface location in NE/4 SW/4 (Unit I) in said Section 32; and
- j. **San Juan 29-6 Unit 25C Well** (API No. 30-039-26799), which is vertically drilled with a surface location in NE/4 NE/4 (Unit A) of said Section 32.

Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- k. **San Juan 29-6 Unit 118 Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the SW/4 SE/4 (Unit O) and bottom-hole location in the SE/4 SE/4 (Unit P); and
- l. **San Juan 29-6 Unit 118M Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the SW/4 SE/4 (Unit O) and bottom-hole location in the NW/4 SE/4 (Unit J).

Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-6 Unit 118 Well** (API No. 30-039-PENDING) and the **San Juan 29-6 Unit 118M Well** (API No. 30-039-PENDING), within the E/2 of Section 32, Township 29 North, Range 6 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

Approval of these applications will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Hilcorp the opportunity to produce incremental reserves from these spacing units, avoiding waste. Approval also will 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
Chuck Creekmore, Landman	Self-Affirmed Statement	Approx. 3
Ray Brandhurst, Reservoir Engineer	Self-Affirmed Statement	Approx. 5

PROCEDURAL MATTERS

Hilcorp intends to present these cases through self-affirmed statement at 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 323486

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 323486
	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>