

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

**APPLICATIONS OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BASIN-DAKOTA GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NOS. 25605 & 25607

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

ATTORNEYS

Adam G. Rankin
Paula M. Vance
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

STATEMENT OF THE CASE

The well density requirements in the Special Rules and Regulations of the Basin-Dakota Gas Pool currently state as follows:

II. ACREAGE AND WELL LOCATION REQUIREMENTS

A. Standard GPU (Gas Proration Unit): *A standard GPU in the Basin-Dakota 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 GPU, as follows:*
- (a) *the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Dakota well;*
 - (b) *the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Dakota well and within a quarter section of the GPU not containing more than one (1) Dakota well;*
 - (c) *the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section of the GPU not containing a Dakota well and within a quarter section of the GPU not containing more than one (1) Dakota 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 II.B for the Division to enter an order granting an exception to the well density requirements as follows:

- In **Case No. 25605**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Rhoda Abrams 2P** (API No. 30-045-PENDING), within the Lots 7 and 8, S/2 SW/4 and the SE/4 (S/2 equivalent) of irregular Section 5, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within the same quarter section associated with this spacing and proration unit to three; and
- In **Case No. 25607**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Yager Com 1M Well** (API No. 30-045-PENDING) and **Yager Com 1N Well** (API No. 30-045-PENDING), within the SE/4 NW/4 and Lots 4, 5 and 8-12 (N/2 equivalent) of irregular Section 6, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, permitting the total number of vertical and/or directionally

drilled wells dedicated and producing within the same quarter section associated with this spacing and proration unit to three.

Approval of these applications will not impair the correlative rights of any other interest owner in the Basin-Dakota Gas Pool and will afford Hilcorp the opportunity to produce incremental reserves from these spacing units, 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 |
|---------------------------------------|-------------------------|-----------------|
| Carson Rice, Landman | Self-Affirmed Statement | Approx. 3 |
| Sikander Khan, Reservoir Engineer | Self-Affirmed Statement | Approx. 5 |

PROCEDURAL MATTERS

Hilcorp requests that these matters be consolidated for hearing and intends to present these cases by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



Adam G. Rankin
 Paula M. Vance
 Post Office Box 2208
 Santa Fe, New Mexico 87504-2208
 (505) 988-4421
 (505) 983-6043 Facsimile
 agrankin@hollandhart.com
 pmvance@hollandhart.com

ATTORNEYS FOR HILCORP ENERGY COMPANY

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 510647

QUESTIONS

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| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 510647 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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|---|---------------|
| Testimony | |
| Please assist us by provide the following information about your testimony. | |
| Number of witnesses | Not answered. |
| Testimony time (in minutes) | Not answered. |