

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

**APPLICATION OF HILCORP ENERGY COMPANY
FOR APPROVAL OF A STANDARD OVERLAPPING
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 25898

HILCORP'S PREHEARING STATEMENT

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

APPEARANCES

APPLICANT

Hilcorp Energy Company
("Hilcorp")

ATTORNEYS

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STATEMENT OF THE CASE

Hilcorp seeks an order (a) approving a standard 588.80-acre, more or less, overlapping horizontal well spacing unit in the Basin Fruitland Coal formation underlying Lots 5 and 6, E/2 SW/4 and SE/4 (S/2 equivalent) of irregular Section 7 and Lots 7 and 8, E/2 SW/4 and SE/4 (S/2 equivalent) of irregular Section 8, Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico; and (b) pooling the uncommitted interest owners in this acreage.

Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed (1) **Trail Canyon 100 Federal Com 001H** well, with a surface location in Lot 12 (NE/4 SE/4

equivalent) of irregular Section 12, T32N-R9W, with a first take point in the SE/4 SW/4 (Unit N) of irregular Section 7, T32N-R8W, and a last take point in the SE/4 SE/4 (Unit P) of irregular Section 8, T32N-R8W.

This proposed standard horizontal well spacing unit will overlap the following existing vertical well spacing units in the Fruitland formation (Basin Fruitland Coal (Gas) [71629]):

- An existing 314.78-acre spacing unit underlying Lots 1-6, E/2 SW/4 and SE/4 (All equivalent) of irregular Section 7, T32N-R8W, currently dedicated to the Trail Canyon 100 (30-045-26983), operated by Hilcorp; and
- An existing 375.07-acre spacing unit underlying Lots 1-2 and 5-8, E/2 SW/4 and SE/4 (All equivalent) of irregular Section 8, T32N-R8W, currently dedicated to the Trail Canyon 101 (30-045-27096), operated by Hilcorp.

The completed interval for the well will comply with statewide setbacks for gas wells. Hilcorp has sought but been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing units.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Robert Carlson, Landman	Self-Affirmed Statement	Approx. 5
Vitaly Kuchinskiy, Petroleum Geology	Self-Affirmed Statement	Approx. 4

PROCEDURAL MATTERS

Hilcorp intends to present this case by self-affirmed statement if it is uncontested at the time of the hearing.

Respectfully submitted,

HOLLAND & HART LLP



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QUESTIONS

Action 548100

QUESTIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 548100
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS**Testimony**

Please assist us by provide the following information about your testimony.

Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>