

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

**APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE AZTEC-PICTURED CLIFFS GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

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CASE NO. 16227

HILCORP'S PREHEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby submits this Consolidated Pre-Hearing Statement for the above referenced matters scheduled for hearing before the Division Examiners on June 14, 2018.

APPEARANCES

APPLICANT

Hilcorp Energy Company
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Houston, Texas 77002

ATTORNEYS

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STATEMENT OF THE CASE

The Fulcher Kutz-Pictured Cliffs Gas Pool (71280) is governed by Special Rules and Regulations which provide for 160-acre spacing and proration units. *See* Order No. R-1670, effective April 13, 1960. Hilcorp is the operator of a non-standard 202.82-acre, more or less, spacing and proration unit, comprised of Lots 2-4 and the S/2 SW/4 and SW/4 SE/4 of irregular Section 12, Township 28 North, Range 10 West, San Juan County, New Mexico, which is currently dedicated to the Zachry 1R Well (API No. 30-045-29559) and the Zachry 1 Well (API No. 30-045-07566) which are producing from the Aztec-Pictured Cliffs Gas Pool. This non-standard 202.82-acre spacing and proration unit was created by Order No. R-658.

Hilcorp is also the operator of the **Zachry 19E Well** (API No. 30-045-24357), which has a surface location 1120 feet from the south line, 1520 feet from the east line (Unit O) of Section 12, Township 28 North, Range 10 West, and is currently producing from the Basin Dakota and Otero Chacra Pools. Hilcorp now proposes to recomplete the **Zachry 19E Well** in the Aztec-Pictured Cliffs Gas Pool and dedicate the well to the non-standard 202.82-acre, more or less, spacing and proration unit which is currently dedicated to the Zachry 1R Well (API No. 30-045-29559) and the Zachry 1 Well (API No. 30-045-07566).

Hilcorp, therefore, requests that the Division enter an order granting an exception to the well density requirements of the Aztec-Pictured Cliffs Gas Pool to authorize Hilcorp to recomplete the **Zachry 19E Well** in the Aztec-Pictured Cliffs Gas Pool, permitting the total number of wells dedicated and producing within said spacing and proration unit to three.

APPLICANT'S PROPOSED EVIDENCE

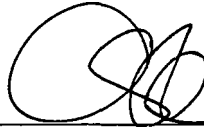
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Wyn McCubbin, Landman	Approx. 20	Approx. 5
Eddie Pippin, Geology	Approx. 20	Approx. 8
James Osborn, Reservoir Engineer	Approx. 20	Approx. 8

PROCEDURAL MATTERS

Hilcorp respectfully requests that Case Nos. 16222 through 16227 be consolidated for purposes of presenting testimony at hearing.

Respectfully submitted,

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