

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

**APPLICATION OF HILCORP ENERGY COMPANY
TO AMEND THE WELL DENSITY AND LOCATION
REQUIREMENTS AND ADMINISTRATIVE
EXCEPTIONS OF THE SPECIAL RULES FOR THE
BLANCO-MESAVERDE GAS POOL, RIO ARRIBA
AND SAN JUAN COUNTIES, NEW MEXICO.**

Case No. 16403

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Hilcorp Energy Company
1111 Travis Street
Houston, Texas 79701

Attention: Chuck Creekmore

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks to amend the Well Density Requirements of the Special Rules for the Blanco-Mesaverde Gas Pool (72319) for purposes of increasing well density for Mesaverde wells, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks to update Rule I.B for the Special Rules for the Blanco-Mesaverde Gas Pool to authorize infill drilling, or simultaneous dedications of well recompletions, for up to eight wells within in a standard 320-acre gas spacing unit ("GPU") by increasing the well density from the current maximum of four (4) wells (80-acre infill) as provided in Order R-10987-A(1) to a maximum of eight (8) wells (40-acre infill) per 320-acre GPU and up to four (4) wells within either quarter section within a GPU. Applicant also proposes to eliminate the well location requirements for each GPU and to update regulatory references in the Administrative Exceptions provision.

There are substantial hydrocarbon reserves remaining in the Pool. Current pool rules will not result in the full recovery of reserves.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

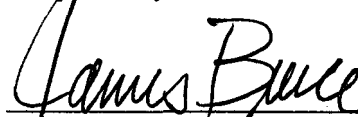
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Chuck Creekmore (landman)	20 min.	Approx. 10
Andrew Sparks (geologist)	20 min.	Approx. 10
Michelle Sivadon (engineer)	30 Min.	Approx. 15

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Respectfully submitted,



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