

**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 BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NOS. 20531-20533, 20545

**APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NOS. 20534-20544

HILCORP'S CONSOLIDATED PREHEARING STATEMENT

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby submits this Consolidated Pre-Hearing Statement for the above referenced sixteen cases scheduled for hearing before the Division Examiners on June 13, 2019.

APPEARANCES

APPLICANT

Hilcorp Energy Company
1111 Travis St.
Houston, Texas 77002

ATTORNEYS

Michael H. Feldewert, Esq.
Adam G. Rankin, Esq.
Julia Broggi, Esq.
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com

STATEMENT OF THE CASE

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

I. ACREAGE AND WELL LOCATION REQUIREMENTS

A. Standard GPU (Gas Proration Unit): A standard GPU in the Blanco-Mesaverde 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 standard GPU, as follows:

(a) the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Mesaverde well;

(b) the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;

(c) the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde 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 fifteen consolidated cases, Hilcorp seeks approval under Rule I(B)(1)(f) for the Division to enter an order granting an exception to the well density requirements as follows:

- In **Case No. 20531**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **the Hubbard Com 002 Well** (API No. 30-045-24898) in the Mesaverde formation with a surface location in Unit N within the W/2 of Section 30, Township 32 North, Range 11 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with three wells in the same quarter section and two wells in the same quarter-quarter section.
- In **Case No. 20532**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Jackson 002 Well** (API No. 30-045-10766) with a surface location in Unit G and the **Jackson 002E Well** (API No. 30-045-24386) with a surface location in Unit O in the Mesaverde formation within the E/2 of Section 18, Township 31 North, Range 12 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with three wells in the same quarter section and two wells in the same quarter-quarter section.
- In **Case No. 20533**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **Neuman 001 Well** (API No. 30-045-10616) with a surface location in Unit B and the **Neuman 001E Well** (API No. 30-045-24388) with a surface location in Unit C in the Mesaverde formation within the N/2 of Section 20, Township 31 North, Range 12 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with three wells in the same quarter section and two wells in the same quarter-quarter section.
- In **Case No. 20534**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 27-5 Unit 90 Well** (API No. 30-039-82362) in the Mesaverde formation with a surface location in Unit G within the E/2 of Section 16, Township 27 North, Range 5 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No 20535**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 115 Well** (API No. 30-039-07169), in the Mesaverde formation with a surface location in Unit N within the W/2 of Section 3, Township 27 North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section, and two wells in the same quarter-quarter section (Unit N).
- In **Case No. 20536**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 119 Well** (API No. 30-039-08063) in the Mesaverde formation with a surface location in Unit H within the E/2 of Section 22, Township 28

North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with three wells in the same quarter section, and two wells in the same quarter-quarter sections (Units H and O).

- In **Case No. 20537**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 208 Well** (API No. 30-039-20838) in the Mesaverde formation with a surface location in Unit L within the W/2 of Section 11, Township 27 North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No. 20538**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-6 Unit 213 Well** (API No. 30-039-20844) in the Mesaverde formation with a surface location in Unit A within the E/2 of Section 31, Township 28 North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with three wells in the same quarter section.
- In **Case No. 20539**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-7 Unit 145 Well** (API No. 30-039-20071) in the Mesaverde formation with a surface location in Unit N within the W/2 of Section 10, Township 27 North, Range 7 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No. 20540**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-7 Unit 186 Well** (API No. 30-039-2064400) in the Mesaverde formation with a surface location in Unit K within the W/2 of Section 13, Township 28 North, Range 7 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No. 20541**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-5 Unit 60 Well** (API No. 30-039-20456) in the Mesaverde formation with a surface location in Unit A within the E/2 of Section 32, Township 29 North, Range 5 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.

- In **Case No. 20542**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-5 Unit 68 Well** (API No. 30-039-20712) in the Mesaverde formation with a surface location in Unit A within the E/2 of Section 18, Township 29 North, Range 5 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No. 20543**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-7 Unit 114 Well** (API No. 30-039-21747) in the Mesaverde formation with a surface location in Unit K within the W/2 of Section 33, Township 29 North, Range 7 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No. 20544**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-7 Unit 550S Well** (API No. 30-039-2920200) in the Mesaverde formation with a surface location in Unit I within the E/2 of Section 11, Township 29 North, Range 7 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section.
- In **Case No. 20545**, Hilcorp requests that the Division enter an order granting an exception to authorize Hilcorp to simultaneously dedicate and produce the **State Com AJ 034 Well** (API No. 30-045-20019) in the Mesaverde formation with a surface location in Unit D within the N/2 of Section 36, Township 32 North, Range 12 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to four, with two wells in the same quarter-quarter section.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Brad Pearson, Charles Creekmore, and Rob Carlson, Landmen	Approx. 15	Approx. 3 for each case
Michelle Sivadon, Alex Liang, and Tyler Teykl, Reservoir Engineers	Approx. 20	Approx. 6 for each case

PROCEDURAL MATTERS

In the interest of administrative efficiency, Hilcorp requests that (a) these matters be consolidated for purposes of presenting evidence, and (b) the Examiners take administrative notice of the testimony and Division findings in the prior cases resulting in Division Orders R-14553 through R-14563. Also in the interest of administrative efficiency, Hilcorp respectfully requests that, if no other parties enter an appearance, it be permitted to present these consolidated cases by affidavit.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam Rankin
Julia Broggi
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggis@hollandhart.com

ATTORNEYS FOR HILCORP ENERGY COMPANY