

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

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION FOR THE  
PURPOSE OF CONSIDERING:**

**CASE NO. 13816**

**APPLICATION OF BLACK HILLS EXPLORATION &  
PRODUCTION, INC. FOR THE CREATION OF THE  
JICARILLA APACHE TRIBAL LANDS-PRODUCTION AREA  
AND THE ADOPTION OF SPECIAL RULES AND  
REGULATIONS THEREFORE FOR THE PICTURED CLIFFS  
FORMATION, EAST BLANCO-PICTURED CLIFFS POOL,  
AND THE TERTIARY FORMATION, CABRESTO CANYON-  
TERTIARY POOL, RIO ARRIBA COUNTY, NEW MEXICO.**

**2006 NOV 22 PM 2 17**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Black Hills Corp.  
Attn: Brenda Mustain  
350 Indiana Street, Suite 400  
Golden, CO 80401  
(303) 256-1671

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2297  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

**STATEMENT OF CASE**

Applicant seeks the creation of the Jicarilla Apache Tribal Lands Production Area to be comprised of the following lands located in Rio Arriba, County, New Mexico:

**TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM**

Sections 4 through 9:	All
Sections 15 through 22:	All
Sections 26 through 35:	All

**TOWNSHIP 31 NORTH, RANGE 3 WEST, NMPM**

Section 32:	S/2
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**TOWNSHIP 29 NORTH, RANGE 3 WEST, NMPM**

Sections 3 through 10:	All
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Applicant also seeks the adoption of Special Rules and Regulations for the Jicarilla Apache Tribal Lands Production Area that provide for increased well density within each standard 160-acre spacing and proration unit from the current maximum of one well as provided by Division General Rule 104.C, to a maximum of two wells (80-acre infill wells) per 160-acre gas spacing and proration unit and for special well location requirements.

**PROPOSED EVIDENCE**

**APPLICANT**

<u>WITNESSES</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
<u>Brenda Mustain</u> Landman	Approx. 10 Minutes	Approx. 5

Ms. Mustain will review the current status of the lands in the proposed Jicarilla Apache Tribal Lands-Production Area and the regulatory history of the development of these leased lands on the Jicarilla Nation.

<u>Richard White</u> Petroleum Geologist	Approx. 15 Minutes	Approx. 9
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Mr. White will provide the geological background for the application and will review the geological characteristics of each of the formations/zones which are the subject of this hearing which include the Pictured Cliffs, Ojo Alamo, Nacimiento and San Jose formations.

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Thomas Zadick  
(Petroleum Engineer)

Approx. 25 minutes

One exhibit comprised  
of 21 slides

Mr. Zadick will present the results of his Report to Black Hills on East Blanco Increased Density entitled: "Black Hills Gas Resources, East Blanco Field, 80-Acre Application." Mr. Zadick used information obtained from the Mallon pilot project and other well data in the proposed Jicarilla Apache Tribal Lands-Production Area. He will present the results of his RTA analysis, review his idealized recovery information, compare EUR vs. OGIP in this area, testify concerning recovery efficiency vs. OGIP and present recommendations that will establish that increased well density in the Pictured Cliffs formation in this area is technically justified. He will testify that, based on his engineering study, two vertical wells per 160-drainage unit, or two horizontal wells per 320-acre drainage unit, are needed to efficiently produce the Pictured Cliffs reserves under these lands.

Russell Peterson  
(Petroleum Engineer)  
MAY CALL

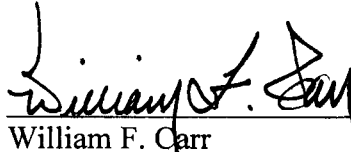
Approx. 10 min.

Approx. 4

Mr. Peterson will be available to discuss other engineering aspects of this application if needed.

**PROCEDURAL MATTERS**

Black Hills Exploration & Production, Inc., has none at this time.

  
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William F. Carr  
Attorney for Black Hills Exploration &  
Production, Inc.