

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)	
HILCORP ENERGY COMPANY FOR AN)	
ORDER ESTABLISHING AN ENHANCED)	Cause No.
RECOVERY UNIT AND AUTHORIZING)	
ASSOCIATED ENHANCED RECOVERY)	Docket No.
OPERATIONS IN CERTAIN DESCRIBED)	
LANDS IN WELD COUNTY, COLORADO)	

APPLICATION

COMES NOW, Hilcorp Energy Company (“Applicant”) by and through its counsel, Beatty and Wozniak, P.C. and submits its Application for Establishing an Enhanced Recovery Unit in Weld County, Colorado and as grounds therefore states as follows:

1. Applicant is requesting that this Commission approve the formation of an enhanced recovery unit and enhanced recovery operation on the following land:

Township 3 North, Range 62 West
Section 11: SE1/4 SW1/4
Section 14: N1/2 SW1/4; S1/2 NW1/4; NE1/4 NW1/4

Weld County, Colorado

Attached as Exhibit A-1 is a map showing the proposed Center Pivot Waterflood Unit including the boundary, Lease and mineral ownership tracts within, producing wells, proposed injector well, dry holes and plugged holes. Exhibit A-2 shows the mineral proposed Unit boundary, surface ownership, producing wells, proposed injector well, dry holes and plugged and abandoned wells.

2. Attached as Exhibit B is a list of all working interest, mineral interest and surface interest owners located within one-quarter (1/4) mile of the Lost Creek #6-14 proposed injection well. There are no active wells penetrating the injection zones within one-quarter mile of the proposed operations. Records pertaining to the plugged and abandoned State #1-14 well have been verified the result of which are part of the Commission’s records.

3. Attached as Exhibit C is a description of the proposed operations for which authorization is required.

4. Attached as Exhibit D is a copy of the Center Pivot Waterflood Unit Agreement. Applicant owns 100 percent of the working interests for the proposed Center Pivot Waterflood Unit area. Because of this ownership, there is no need for an operating agreement for the Center Pivot Waterflood Unit.

5. Injection of fluids as proposed.
- a. The formation to be unitized is the Dakota Formation consisting of the J Sandstone (“J Sand”) and the D Sandstone (“D Sand”) extending from 6,617 feet through 6,880 feet.
 - b. Attached as Exhibit E is a copy of the interval log from the proposed injection well.
 - c. Exhibit F attached describes the following formations
 - i. Those from which wells are producing in the Unit Area or have produced;
 - ii. Those from which wells in the Unit Area will receive any fluids to be injected;

and

- iii. Those in the Unit Area which are capable of limiting the movement of any fluids of any fluids to be injected.
 - d. Exhibit G attached describes the depths of all known underground sources of drinking water which may be affected by the proposed unit operations.
 - e. Exhibit H is a copy of the Dual Induction Log for the Lost Creek #6-14 proposed injection well run from the bottom of the surface casing to total depth. Due to the voluminous nature of Exhibit H, one copy is filed with this Application and is available for review at the Commission.
 - f. Attached as Exhibit I is a schematic diagram of the Lost Creek #6-14 proposed injection wells describing the casing of the well and showing surface and subsurface construction and a description of the cement job already in place or proposed.
 - g. Attached as Exhibit J is a statement of the type of fluid to be injected the source of the fluid, the estimated amount to be injected and the anticipated injection pressure, the available data on the compatibility of the fluid with the receiving formation and known or calculated fracture gradient.
 - h. No stimulation program is presently anticipated.
 - i. Attached as Exhibit B is a list of the names and last known addresses of all persons owning mineral interests in the mineral within the boundaries of the Unit area and within 1/4 mile of the tracts to be unitized.
6. Unitization of the D Sand and J Sand within the Unit Area is reasonably necessary to increase the ultimate recovery of oil and associated hydrocarbons.
7. The value of the estimated additional recovery of oil and associated hydrocarbons exceeds the estimated additional costs incident to conducting unit operations.
8. Applicant owns one hundred percent (100%) of the working interests in all the unit lands upon which the enhanced recovery operations will take place. Applicant anticipates reaching agreements with the more than eighty percent (80%) of the royalty interests for the Unit Area by the time this matter comes before the Commission for hearing.
9. The proposed plan for unit operations for the Center Pivot Waterflood Unit is necessary for the effective, efficient and economical development of the Unit Area and will result in the protection of correlative rights and the prevention of waste.

WHEREFORE, Applicant requests that this matter be set for hearing at the October 27 and 28, 2008 hearing, that notice hereof be given as required by law and, that upon evidenced introduced at the hearing, the Commission enter an order:

1. Approving the Center Pivot Waterflood Unit and unitized operations as proposed;
2. Providing for the pooling of all interests within said formation within the Unit Area under the terms of such Agreement; and

3. Providing for such further findings and orders as the Commission may deem proper and advisable.

Respectfully submitted this ____ day of September, 2008.

HILCORP ENERGY COMPANY

By: _____
Susan L. Aldridge
Andrew A. Bremner
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicant's Address:
1201 Louisiana, Suite 1400
Houston, TX 77002

VERIFICATION

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

_____, _____ of Hilcorp Energy Company, upon oath deposes and says that he/she has read the foregoing Application and that the statements contained therein are true to the best of his/her knowledge, information and belief.

HILCORP ENERGY COMPANY

By:_____

Subscribed and sworn to before me this _____ day of September, 2008, by _____ of Hilcorp Energy Company.

Witness my hand and official seal.

My commission expires:_____

Notary Public

[SEAL]