

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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,
RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby files this application with the Oil Conservation Division for an order for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico. Specifically, Hilcorp seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool to permit it to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 32, Township 29 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. San Juan 29-6 Unit 16A Well (API No. 30-039-21090), which is vertically drilled with a surface location in NW/4 NW/4 (Unit D) of said Section 32;
- b. San Juan 29-6 Unit 16 Well (API No. 30-039-07471), which is vertically drilled with a surface location in SE/4 SW/4 (Unit N) of said Section 32;

- c. San Juan 29-6 Unit 109 Well (API No. 30-039- 27529), which is vertically drilled with a surface location in SE/4 NW/4 (Unit F) in said Section 32; and
- d. San Juan 29-6 Unit 109M Well (API No. 30-039-30233), which is directionally drilled with a surface hole location in the SW/4 NW/4 (Unit E) and bottom-hole location in the NW/4 SW/4 (Unit L).

2. The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. See Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A(6), effective Sept. 25, 2019. These Special Pool Rules and Regulations provide:

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) vertical or directional wells may be drilled and completed in the Blanco-Mesaverde Pool underlying a standard GPU;*
- (2) In addition to the four (4) wells authorized to be drilled and completed under B(1), an operator may conduct operations to recomplete up to four (4) vertical or directional wells in the Blanco-Mesaverde Pool within a standard GPU;*
- (3) No more than four (4) wells producing from the Blanco-Mesaverde Pool shall be located within either quarter section in a GPU; and*
- (4) Any deviation from the above-described well density requirements shall be authorized only after hearing.*

3. The objective formation in each of the above-described wells in Paragraph 1 is the Blanco-Mesaverde Gas Pool, and each well was permitted and drilled with a Mesaverde completion.

4. Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- a. **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D); and
- b. **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C).

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING) and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), within the W/2 of Section 32, Township 29 North, Range 6 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

6. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Hilcorp the opportunity to produce incremental reserves from this spacing unit, avoiding waste.

7. Approval of this application will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Hilcorp Energy Company requests that this application be set before an Examiner of the Oil Conservation Division on March 7, 2024, and, after notice and hearing as required by law, that the Division enter an order:

- Granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool (72319) permitting the total number of vertical and/or directional wells dedicated and producing within this spacing and proration unit to six; and
- **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING) and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING) from the Blanco-Mesaverde Gas Pool.

Respectfully submitted,

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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE _____: **Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico.** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico, to permit it to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit. Hilcorp further seeks approval for the proposed locations of the **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D), and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C), within the W/2 of Section 32, Township 29 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce both wells from the Blanco-Mesaverde Gas Pool. Said area is located approximately 18 miles east of Blanco, NM.