

**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,
SAN JUAN 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 granting an exception to the well density requirements of the Blanco-Mesaverde Gas Pool (72319), San Juan 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 one additional Mesaverde vertical and/or directional gas well, making a total of six vertical and/or directional gas wells within the same standard 317.84-acre, more or less, spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a standard 317.84-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of Lots 1-5, SE/4 NE/4 and S/2 NW/4 (N/2 equivalent) of irregular Section 1, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, in which the following five vertical and/or directional wells were drilled and completed or recompleted, and are currently producing:

- a. Scott Gas Com 1 Well (API No. 30-045-09991) (recompleted to the Blanco-Mesaverde Gas Pool), which is vertically drilled with a surface hole location in Lot 1 (NE/4 NE/4 equivalent) of said irregular Section 1;

- b. Scott Gas Com 1F Well (API No. 30-045-32872), which is vertically drilled with a surface hole location in Lot 5 (SW/4 NE/4 equivalent) of said irregular Section 1;
- c. Scott Gas Com 1N Well (API No. 30-045-38488), which is vertically drilled with a surface hole location in Lot 3 (NE/4 NW/4 equivalent) of said irregular Section 1;
- d. McPhee Gas Com 1 Well (API No. 30-045-29296), which is vertically drilled with a surface hole location in the SE/4 NW/4 (Unit F) of said irregular Section 1; and
- e. Scott Gas Com 1E Well (API No. 30-045-33030), which is vertically drilled with a surface hole location in Lot 4 (NW/4 NW/4 equivalent) of said irregular Section 1.

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 and four wells may be recompleted. *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 or recompletion.

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

- a. **Scott Gas Com 1M Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in Lot 4 (NW/4 NW/4 equivalent) and a bottom hole location in Lot 4 (NW/4 NW/4 equivalent) of said irregular Section 1.

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 **Scott Gas Com 1M Well** (API No. 30-045-PENDING), within Lots 1-5, SE/4 NE/4 and S/2 NW/4 (N/2 equivalent) of irregular Section 1, Township 30 North, Range 12 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 October 8, 2026, and, after notice and hearing as required by law, that the Division enter an order:

- A. 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
- B. Authorizing Hilcorp to simultaneously complete and produce the **Scott Gas Com 1M Well** (API No. 30-045-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, San Juan 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), San Juan County, New Mexico, to permit it to drill and complete an additional Mesaverde vertical and/or directional gas well, making a total of six vertical and/or directional gas wells within the same standard 317.84-acre, more or less, spacing and proration unit comprised of Lots 1-5, SE/4 NE/4 and S/2 NW/4 (N/2 equivalent) of irregular Section 1, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico. Hilcorp further seeks approval for the proposed location of the **Scott Gas Com 1M Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in Lot 4 (NW/4 NW/4 equivalent) and a bottom hole location in Lot 4 (NW/4 NW/4 equivalent) of said irregular Section 1, and authorization to simultaneously complete and produce the wells from the Blanco-Mesaverde Gas Pool. Said area is located approximately 2.5 miles northwest of Aztec, New Mexico.