

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

**AMENDED APPLICATION OF HILCORP
ENERGY COMPANY FOR AN EXCEPTION
TO THE WELL DENSITY REQUIREMENTS
OF THE BLANCO-PICTURED CLIFFS POOL,
RIO ARRIBA COUNTY, NEW MEXICO.**

JUN 12 2018 PM03:58

CASE NO. 16224

AMENDED APPLICATION

Hilcorp Energy Company ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby files this application with the Oil Conservation Division for an order approving an exception to the well density requirements of the Blanco-Pictured Cliffs Pool (72359) in Rio Arriba County, New Mexico to allow an additional well within a standard spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a 320-acre, more or less, drilling block comprised of Lots 7 and 8 and the S/2 NW/4 and SW/4 of Section 5, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, which is currently dedicated to the **San Juan 29-7 Unit No. 168 Well** (API No. 30-039-26652) and the **San Juan 29-7 Unit No. 159 Well** (API No. 30-039-25856). Each of these wells are located in separate quarter sections and producing from the Blanco Pictured Cliffs Pool.

2. The Blanco-Pictured Cliffs Pool is governed by Rules and Regulations which provide for 160-acre spacing and proration units. However, the subject acreage is also subject to the San Juan 29-7 Federal Exploratory Unit Agreement, which allows for the creation of 320-acre drilling blocks for the Pictured Cliffs formation. As a result, the subject acreage consists of

two 160-acre units for density purposes for the Blanco-Pictured Cliffs Pool and one 320-acre unit for revenue purposes for the Pictured Cliffs formation under the Unit Agreement.

3. Hilcorp is also the operator of the **San Juan 29-7 Unit No. 79M Well** (API No. 30-039-29972), located in Unit E, Section 5, Township 29 North, Range 7 West, NMPM, and is currently producing from the Blanco-Mesaverde Pool.

4. Hilcorp proposes to recomplate the **San Juan 29-7 Unit No. 79M Well** (API No. 30-039-29972) in the Blanco-Pictured Cliffs Pool and dedicate and this well to the 320-acre drilling block currently dedicated to the **San Juan 29-7 Unit No. 168 Well** (API No. 30-039-26652) and the **San Juan 29-7 Unit No. 159 Well** (API No. 30-039-25856).

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of the Blanco-Pictured Cliffs Pool.

6. Approval of this application will afford Hilcorp the opportunity to produce incremental reserves that will otherwise not be recovered by the existing dedicated wells.

7. Approval of this application is 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 July 12, 2018, and, after notice and hearing as required by law, that the Division enter an order granting this application.

Respectfully submitted,

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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE 16224:

Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of the Blanco-Pictured Cliffs Pool (72359), Rio Arriba County, New Mexico, to permit an additional well within a standard spacing and proration unit. The subject acreage is comprised of Lots 7 and 8 and the S/2 NW/4 and SW/4 of Section 5, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico and is currently dedicated to the **San Juan 29-7 Unit No. 168 Well** (API No. 30-039-26652) and the **San Juan 29-7 Unit No. 159 Well** (API No. 30-039-25856). Each of these wells are located in separate quarter sections and producing from the Blanco-Pictured Cliffs Pool. Applicant seeks approval to add a third well, the **San Juan 29-7 Unit No. 79M Well** (API No. 30-039-29972), in the Blanco Pictured Cliffs Pool underlying this acreage. Said area is located approximately 13 miles east of Blanco, NM.