

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

**APPLICATION OF HILCORP ENERGY COMPANY TO AMEND
THE WELL DENSITY AND LOCATION REQUIREMENTS AND
ADMINISTRATIVE EXCEPTIONS OF THE SPECIAL RULES
FOR THE BLANCO-MESAVERDE GAS POOL, RIO ARRIBA
AND SAN JUAN COUNTIES, NEW MEXICO.**

CASE NO. 16403

**UNOPPOSED MOTION TO AMEND THE SPECIAL RULES FOR THE BLANCO-
MESAVERDE POOL**

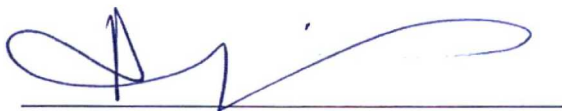
The New Mexico State Land Office, in an effort to resolve the above matter, proposes a stipulated order to amend the Special Rules for the Blanco-Mesaverde Pool. The State Land Office has consulted with the other parties to this matter: Hilcorp Energy Company, Enduring Resources, the San Juan Citizens Alliance, and the Oil Conservation Division, and all parties have agreed to the attached stipulated amendment to the Special Rules for the Blanco-Mesaverde Pool adopted under the Commission Order R-10987-A(2) as reflected in redline format on Exhibit A, attached hereto and incorporated by reference herein. Any further variance in well spacing shall go through the Oil Conservation Division application process.

Although not required by Order, the Commissioner of Public Lands believes that broad notice of an issue of public importance such as this is important to ensure that all interested and affected communities are kept apprised of developments. Therefore, on its own initiative, the State Land Office will provide notice to those chapter houses identified by the San Juan Citizen's Alliance and listed on Exhibit B, attached hereto and incorporated by reference herein.

WHEREFORE the Parties request that the Commission consider this Motion and the attached Order amending the Special Rules for the Blanco-Mesaverde Pool at its August 15, 2019 hearing.

Respectfully submitted,

NEW MEXICO STATE LAND OFFICE

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a long horizontal stroke and a large loop.

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EXHIBIT "A"
Case No. 16403

**AMENDED SPECIAL RULES FOR THE
BLANCO-MESAVERDE POOL**

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 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 recompleting up to four (4) existing vertical 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.

C. Well locations:

(1) Except as provided in subparagraph I.C (2) below, wells drilled on a GPU shall be located no closer than 660 feet to the outer boundary of the GPU and no closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary.

(2) A well drilled or recompleting within a federal exploratory unit is not subject to the 660-foot setback requirement to the outer boundary of a GPU, provided however:

(a) the well shall not be closer than 10 feet to any section, quarter section, or interior quarter-quarter section line or subdivision inner boundary;

- (b) the well shall not be closer than 660 feet to the outer boundary of the federal exploratory unit;
 - (c) if the well is located within the federal exploratory unit area but adjacent to an existing or prospective GPU containing a non-committed tract or partially committed tract, it shall not be closer than 660 feet to the outer boundary of its GPU;
 - (d) if the well is located within a non-committed or partially committed GPU, it shall not be closer than 660 feet to the outer boundary of its GPU;
 - (e) if the well is located within a participating area but adjacent to an existing or prospective GPU that is not within the same participating area, it shall not be closer than 660 feet to the outer boundary of the participating area; and
 - (f) if the well is located within the federal exploratory unit area but in an existing or prospective GPU that is a non-participating GPU, it shall not be closer than 660 feet to the outer boundary of its GPU.
- (3) The operator filing an APD for any well within a federal exploratory unit area that is closer to the outer boundary of its assigned GPU than 660 feet shall provide proof in the form of a participating area plat that such well meets the requirements of I.C (2) above.

II. ADMINISTRATIVE EXCEPTIONS:

The Division Director, in accordance with Subsection C of 19.15.15.11 NMAC, may administratively grant an exception to the well location requirements of I.C above upon application to the Division which includes notification by certified mail-return receipt requested to affected persons. [See 19.15.2.7.A(8) NMAC].

III. ALLOCATION AND GRANTING ALLOWABLES:

- A. Non-Marginal GPU Allowable:** The pool allowable remaining each month after deducting the total allowable assigned to marginal GPU's shall be allocated among the non-marginal GPU's entitled to an allowable in the following manner:
- (1) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPU's in the pool.

When calculating the allowable for a GPU containing one or more infill wells, the deliverability of the wells shall be added in calculating the AD Factor and the allowable may be produced from all wells.

- (2) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPU's in the pool.

B. Minimum Allowable: A minimum allowable of 250 MCF per month per GPU is assigned to prevent the premature abandonment of wells.

C. A GPU in the Blanco-Mesaverde Pool shall be classified as marginal unless reclassified by the Director pursuant to Division Rule 605.F.(2). Any operator in the Blanco-Mesaverde Pool may request a reclassification of a GPU in that pool.

IV. VERTICAL LIMITS OF THE BLANCO-MESA VERDE POOL:

The vertical limits for the Blanco-Mesaverde Pool are described in relation to the Chacra line and to the Huerfanito Bentonite Marker as follows: (i) Southwest of the Chacra line the top of the pool is a point 750 feet below the Huerfanito Bentonite Marker and the base of the pool is a point 500 feet below the top of the Point Lookout Sandstone; and (ii) Northeast of the Chacra line the top of the pool is a point 300 feet above the Huerfanito Bentonite Marker and the base of the pool is a point 500 feet below the top of the Point Lookout Sandstone.

The northwest southeast trending Chacra Line (originally established by Order R-5459, as amended) divides the Blanco-Mesaverde pool for purposes of defining the vertical limits of the pool. This line traverses the south side or west side of the sections listed below:

TOWNSHIP 24 NORTH, RANGE 1 EAST, NMPM

Section 31:

West

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

Section 3:	West
Section 10:	West and South
Section 14:	West and South
Section 24:	West
Section 25:	West and South

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM

Section 7:	West
Section 18:	West and South
Section 20:	West and South
Section 28:	West
Section 33:	West and South

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 1:	West and South
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TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Sections 7 and 8:	South
Section 16:	West and South
Section 22:	West and South
Section 26:	West
Section 35:	West and South

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM

Sections 2 and 3:	South
Section 4:	West and South
Section 12:	West and South

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM

Sections 31 and 32:	South
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TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM

Sections 31 through 36:	South
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TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Sections 31:	West and South
Sections 32 through 36:	South

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 6:	West
Section 7:	West and South
Sections 8 and 9:	South
Section 14:	South
Section 15:	West and South
Section 24:	West
Section 25:	West and South

TOWNSHIP 28 NORTH, RANGE 6 WEST, NMPM

Section 7:	West
Sections 18 and 19:	West
Sections 30 and 31:	West

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 31:	West and South
Sections 32 through 36:	South

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 17:	South
Section 18:	West and South
Section 21:	West and South
Section 22:	South
Section 25:	South
Section 26:	West and South

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

Section 3:	South
Section 4:	West and South
Section 11:	West and South
Section 12:	South

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 31:	West and South
Section 32:	South

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 18:	South
Section 20:	West and South
Sections 21 and 22:	South
Section 25:	South
Section 26:	West and South

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 6:	West and South
Section 8:	West and South
Sections 9 through 11:	South
Section 13:	West and South

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 19:	South
Sections 27 and 28:	South
Section 29:	West and South
Section 35:	West and South
Section 36:	South

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM

Sections 7 and 8:	South
Sections 14 and 15:	South
Section 16:	West and South
Section 24:	West and South

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Section 12:	South.
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EXHIBIT B

Chapter	Chapter Mailing Address	Name of Chapter Official(s) to Contact and Title	Email Address for Chapter Contact(s)	Chapter Phone Number
Alamo	PO Box 827 Magdalena NM, 87825	Mr. Stanley Herrera- President Mr. Earl Apachito- Vice President Miss Yvette Betone- Secreatary/Treasure Mr. Steve Apachito- Land Board Member Mr. Norman M. Begay-Council Delegate Mr. Chancey Martinez-LDA- Representative	alamo@navajochapters.org	575-854-2685
Baahaali	PO Box 6118, Gallup, NM 87305	Lee C. Jim, President Benjamin Livingston, Vice President David M. Emerson, Secretary/Treasurer Donald Arviso, Land Board Member Seth Damon, Council Delegate Gloria M. Skeet, Chapter Manager Guarena Adeky Skeets, Administrative Assistant	baahaali@navajochapters.org	505-778-5788 / 5796 / 5792
Baca/Prewitt	PO Box 563 Prewitt, NM 87045		sfrancisco@navajochapters.org or baca@navajochapters.org	505-972-9917
Becenti	PO Box 708 Crpt, NM 87313	Charles Long, President	becenti@navajochapters.org	505-786- 2283/2284

		<p>Pauleen Billie, Vice-President</p> <p>Kathleen Lee, Secretary/Treasurer</p> <p>Jonathan Perry, Council Delegate</p> <p>Janice Padilla, Land Board Member</p>		
		<p>Fernie Yazzie, President & ENA Council Secretary</p> <p>Limbert Largo III, Vice President</p> <p>Janet Mariano, Sec/Treasurer</p> <p>Bobby Delgarito, Landboard Member</p>		
Casamero Lake	PO Box 549 Prewitt, New Mexico 87045	Leonard Tsosie, Council Delegate	casamerolake@navajochapters.org	505-786-2457
		<p>Tommy Nelson, President</p> <p>Joe M. Lee, Vice-President</p> <p>Norma Muskett, Secretary-Treasurer</p>		
Chichiltah	Chichiltah Chapter P.O. Box 1436 Gallup, NM 87305	<p>Paul Houston, Land Board Official</p> <p>Seth Damon, Navajo Nation Council Delegate</p>	chichiltah@navajochapters.org	505-713-9994
		<p>Johnnie Henry Jr. - Chapter President</p> <p>Sherman Woody, - Chapter Vice President</p> <p>Louise Jim, - Chapter Secretary-Treasurer</p>		
Church Rock	PO Box 549 Church Rock, NM 87311	Donald Arviso, District 16 Land Board Member	churchrock@navajochapters.org	505-488-2166

Counselor	P.O. Box 93 Counselor, NM 87018	President: Harry Domingo Sr. Vice President: Laura Lopez Secretary-Treasurer: Damien Augustine Land Board Officer: Elizabeth Stoney Council Delegate: Daniel Tso	counselor@navajochapters.org	575-568-4311
Crownpoint	P.O. Box 336 Crownpoint, New Mexico 87313	Rita M. Capitan, President Leonard Perry, VP	crownpoint@navajochapters.org	505-786-2130 /2131
Huerfano	P.O. Box 968 Bloomfield, New Mexico 87413	Ben Woody Jr., Chapter President Irene L. Harvey, Chapter Vice- President Lois Y. Werito, Chapter Secretary/Treasurer Jonathan Perry, Council Delegate	huerfano@navajochapters.org	505-960-1400
Iyanbito	211A Iyanbito Road Post Office Box 498 Fort Wingate, New Mexico 87316	Steve Arviso, President Ricky Smith, Vice President Wanda Arviso, Secretary/ Treasurer Loren Cooke, Land Board Edmund Yazzie, Council Delegate	iyanbito@navajochapters.org	505-905-5650
Lake Valley	Post Office Box 190 Crownpoint, NM 87313	President - Tony Padilla Jr. Vice-President - Edison Tso Secretary/Treasurer - Betty S. Dennison	lakevalley@navajochapters.org	505-786-2190

Little Water	PO Box 1898 Crownpoint NM 87313	George Jim, President Paul Pablo, Vice President	littlewater@navajochapters.org	505-786-2120
Manuelito	HCR 57 Box 9069 Gallup, New Mexico 87301	Milton Davidson, President Julia Ellison, Vice- President Deborah A. Nelson, Secretary/Treasurer Paul Houston, Land Board Member Seth Damon, Council Delegate	manuelito@navajochapters.org	
Mariano Lake	Post Office Box 164 Smith Lake, New Mexico 87365	President Jay R. Degroat Vice-President Henry T. Begay Secretary/Treasurer Linda Thomas Council Delegate Edmund Yazzie Land Board Member Edmund Henry Community Services Coordinator Leandra K. James	marianolake@navajochapters.org	505-786- 2180/2182
Nageezi	P.O. Box 100 Nageezi, NM 87037	President: Ervin Chavez Vice President: Rory Jaques Sec./Treas.: Jessie Valdez Land Board: Carlos Arviso	nageezi.navajochapters.org	505-960-7200

Nahodishgish	P.O. Box 369 Crownpoint, NM 87313	<p>Council Delegate: Danny Simpson Etta M. Morgan, Chapter President</p> <p>Roger Morgan Jr, Chapter Vice- President</p> <p>Sylvia Morgan, Chapter Secretary</p> <p>Violette Nelson, Land Board Member</p> <p>Jonathan Perry, Council Delegate</p>	nahodishgish@navajochapters.org	505-786-2028
Ojo Encino	HCR 79 Box 1500 Ojo Encino, NM 87013	<p>George Werito, Jr., President</p> <p>Taylor Pinto, Vice- President</p> <p>Brandon Sam, Secretary/Treasurer,</p> <p>Leonard Tsosie, Council Delegate</p> <p>Elizabeth Stoney, Land Board</p>	ojoencino@navajochapters.org	505-731-2263 /2262
Pinedale	PO Box 03 Churchrock, NM 87311	<p>Edmund Yazzie, Council Delegate</p> <p>Raphael Martin, President</p> <p>Clara J. Daye, Vice- President</p> <p>Dorothy Harjo, Secretary/Treasurer</p> <p>Loren Cooke, Land Board Member</p>	pinedale@navajochapters.org	505-786-2208
Pueblo Pintado	HCR 79, Box 3026, Cuba, New Mexico 87013	<p>Rena Murphy, President</p> <p>Erlene Henderson, Vice-President</p> <p>Rhea Murphy- Willeto,</p>	puebloupintado@navajochapters.org	505-655-3221

		<p>Secretary/Treasurer</p> <p>Alex Sandoval, Land Board</p> <p>Leonard Tsosie, Council Delegate</p> <p>Vacant, Community Service Coordinator</p>		
Ramah	<p>HC 61 Box 13 Ramah, New Mexico 87321-9601</p>	<p>Mr. David Jose, President Mr.</p> <p>Norman M. Begay, Council Delegate</p> <p>Mr. Jamie Henio, Vice-President Alamo/ Tohajiilee/ Ramah</p> <p>Mrs. Dixie M. Begay, Secretary/Treasurer</p> <p>Mr. Chancey Martinez, Legislative District Assistant</p> <p>Mr. Rodger Martinez, Eastern Navajo Land Board Member</p>	<p>ramah@navajochapters.org</p>	<p>505-775-7130 / 7140/7142</p>
Red Rock	<p>Red Rock Chapter P.O.Box 2548 Gallup, N.M. 87301</p>	<p>Charles B. Lee, Chapter President</p> <p>Virginia Yazzie-Ballenger, Chapter Vice-President</p> <p>Grace M. Boyne, Chapter Secretary / Treasurer</p>	<p>redrock@navajochapters.org and tselichii.chapter@yahoo.com</p>	<p>505-905-8071 / 8135</p>
Rock Springs	<p>Post Office Box #4608 Yahtahey, New Mexico 87375</p>	<p>Carl Smith, President</p> <p>Jasper Long, Vice-President</p> <p>Eleanore Jones, Secretary/Treasurer</p> <p>Heny Hudson, Land Board Member</p> <p>Seth Damon, Council Delegate</p>	<p>rocksprings@navajochapters.org</p>	<p>505-371-5100</p>

Smith Lake	PO Box 60, Smith Lake NM, 87365	Chapter Coordinator: Leatrice Kay Bennett-Cowboy Accounts Maintenance Specialist: Sharon McCarthy Chapter Vice President: Andy Booher Chapter President: Marie Perry-Henio	smithlake@navajochapters.org	505-786-2141
Standing Rock	Tse'ii'ahi' (Standing Rock) Chapter PO Box 247 Crownpoint, New Mexico 87313	Johnny Johnson, President Phyllis Willetto- Lancer, Vice President Arlene Coan, Secretary/Treasurer Annie Alfred, Land Board District 15	standingrock@navajochapters.org	505-786-2247 /2248
Thoreau	P.O. Box 899 1 MILE Marker NM- 371 Thoreau, NM 87323	Vivinita R. Bennett, CSC Shirley A. Gibson- Lee, AMS	thoreau@navajochapters.org	505-905-0139
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Torreón/Star- Lake	P.O. Box 1024 Cuba, New Mexico 87013	David Rico, Chapter President Richard Montoya Sr., Vice President Sherry W. Begaye, Secretary/Treasurer Alex Sandoval, Land Board	torreon@navajochapters.org	505-731-2336
Tsayatoh	P.O. Box 86 Mentmore, NM 87319	President: Walter Hudson	tsayatoh@navajochapters.org	505-905-2649

		<p>Vice President: David Lee</p> <p>Secretary/Treasurer: Sarphina Blackgoat</p> <p>Land Board: Teri Watchman</p>		
		<p>Artlee Chavez, President</p> <p>Debra L. Tolino, Vice President</p> <p>Rita A. King, Secretary/Treasurer</p>		
Whitehorse Lake	HCR 79, PO Box 4069	Howard R. Martinez, Land Board Member	whitehorselake@navajochapters.org	505-655-5430

CERTIFICATE OF SERVICE

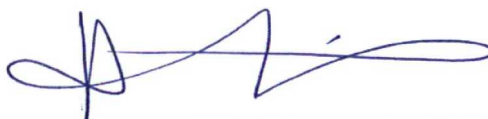
I hereby certify that on July 12, 2019, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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