

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

**APPLICATION OF HILCORP
ENERGY COMPANY FOR
COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Hilcorp Energy Company (“Applicant”) (OGRID No. 372171), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interest owners in a standard 798.27-acre, more or less, horizontal well spacing unit in the Mancos formation underlying SE/4 of Section 12, Township 32 North, Range 7 West, and Lots 6-7, E/2 SW/4, SE/4 (S/2 equivalent) of Section 7, and the S/2 of Section 8, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico. In support of its application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed (1) **Allison 701 Federal Com #607H** well, with a surface location in the SE/4 SW/4 (Unit N) of said Section 12, with a first take point in the NW/4 SE/4 of Section 12 (Unit J) and a last take point NE/4 SE/4 (Unit I) of Section 8, and (2) the **Allison 701 Federal Com #608H** well, with a surface location in the SE/4 SW/4 (Unit N) of said Section 12, with a first take point in the SW/4 SE/4 of Section 12 (Unit O) and a last take point SE/4 SE/4 (Unit P) of Section 8.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners in the subject spacing unit.

4. The pooling of interests in the proposed horizontal well spacing unit will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 8, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted mineral interest owners in the horizontal spacing unit;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE: _____

Application of Hilcorp Energy Company for Compulsory Pooling, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interest owners in a standard 798.27-acre, more or less, horizontal well spacing unit in the Mancos formation underlying SE/4 of Section 12, Township 32 North, Range 7 West, and Lots 6-7, E/2 SW/4, SE/4 (S/2 equivalent) of Section 7, and the S/2 of Section 8, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico. This spacing unit will be initially dedicated to the proposed (1) **Allison 701 Federal Com #607H** well, with a surface location in the SE/4 SW/4 (Unit N) of said Section 12, with a first take point in the NW/4 SE/4 of Section 12 (Unit J) and a last take point NE/4 SE/4 (Unit I) of Section 8, and (2) the **Allison 701 Federal Com #608H** well, with a surface location in the SE/4 SW/4 (Unit N) of said Section 12, with a first take point in the SW/4 SE/4 of Section 12 (Unit O) and a last take point SE/4 SE/4 (Unit P) of Section 8. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, the operating costs and charges for supervision, the designation of applicant as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 28 miles northeast of Aztec, New Mexico.