

**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
GOBERNADOR PICTURED CLIFFS 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 Gobernador Pictured Cliffs (Gas) Pool (77440), Rio Arriba County, New Mexico. Specifically, Hilcorp seeks an exception to the well density requirements of Rule 19.15.15.10 NMAC for the Gobernador Pictured Cliffs (Gas) Pool to permit it to complete one additional Pictured Cliffs vertical gas well, making a total of two vertical gas wells within the same 320-acre, more or less, standard spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a 320-acre, more or less, standard spacing¹ and proration unit for the Gobernador Pictured Cliffs (Gas) Pool comprised of the E/2 of Section 9, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, in which the following vertical well was drilled and completed, and is currently producing:

- a. San Juan 29 5 Unit 61A (API No. 30-039-29759), which is vertically drilled with a surface location in SW/4 SE/4 (Unit O) of said Section 9.

2. Rule 19.15.15.10 NMAC governs gas spacing unit size, well density, and well setbacks within the Gobernador Pictured Cliffs (Gas) Pool. Subsection C of said rule states that a

¹ The spacing is standard, in accordance with Division Director approval, dated September 2, 1955.

shallow [vertical] gas well in New Mexico (those wells not covered by preceding portions of 19.15.15.10 NMAC) shall be located in a spacing unit consisting of 160 surface contiguous acres, more or less, substantially in the form of a square that is a quarter section and a legal subdivision of the United States public land surveys and shall be located no closer than 660 feet to an outer boundary of the unit and no closer than 10 feet to a quarter-quarter section or subdivision inner boundary.

3. Subsection C of 19.15.15.11 NMAC specifies that the director may grant exceptions to the [limited] number of [vertical] wells per spacing unit after notice to all affected persons, as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, and opportunity for hearing.

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

- a. **San Juan 29 5 Unit 61C** (API No. 30-039-29758), a vertical well to be recompleted at a surface location in the SE/4 SE/4 (Unit P).

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 19.15.15.10 NMAC to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 29 5 Unit 61C** (API No. 30-039-29758), within the standard spacing unit comprised of E/2 of Section 9, Township 29 North, Range 5 West, permitting the total number of vertical wells dedicated and producing within said spacing and proration unit to two.

6. Approval of this application will not impair the correlative rights of any other interest owner in the Gobernador Pictured Cliffs (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 5, 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 19.15.15.10 NMAC for the Gobernador Pictured Cliffs (Gas) Pool (77440) permitting the total number of vertical wells dedicated and producing within this spacing and proration unit to two; and
- B. Authorizing Hilcorp to complete and produce the **San Juan 29 5 Unit 61C** (API No. 30-039-29758) from the Gobernador Pictured Cliffs (Gas) Pool.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Adam G. Rankin
Paula M. Vance
A. Raylee Starnes
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
agrarkin@hollandhart.com
pmvance@hollandhart.com
arstarnes@hollandhart.com

ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE _____: **Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Gobernador Pictured Cliffs (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 19.15.15.10 NMAC for the Gobernador Pictured Cliffs Pool (77440), Rio Arriba County, New Mexico, to permit it to complete and produce one additional Pictured Cliffs vertical gas well, the **San Juan 29 5 Unit 61C** (API No. 30-039-29758) with a surface hole location in the SE/4 SE/4 (Unit P), making a total of two vertical gas wells within the same 320-acre, more or less, standard spacing and proration unit in the E/2 of Section 9, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. Said area is located approximately 35 miles east of Aztec, New Mexico.