

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

**IN THE MATTER OF APPLICATION OF
HILCORP ENERGY COMPANY FOR
EXCEPTION TO THE WELL DENSITY
REQUIREMENTS OF THE SPECIAL RULES
AND REGULATIONS FOR THE
BLANCO-MESAVERDE GAS POOL,
RIO ARRIBA COUNTY, NEW MEXICO**

**CASE NO.: 24264
ORDER NO.: R-23334**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through its Hearing Examiner on March 21, 2024, and after considering the testimony, evidence, and recommendation of the Hearing Officer and Technical Examiner, issues the following Order.

FINDINGS OF FACT

1. Hilcorp Energy Company (“Hilcorp”) submitted an application (“Application”) for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool (72319), Rio Arriba 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 two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit.
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. See Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A(6), effective Sept. 25, 2019.
3. Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 32, Township 29 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:
 - San Juan 29 6 Unit 25 (API: 30-039-07500)
 - San Juan 29 6 Unit 25A (API: 30-039-21092)
 - San Juan 29 6 Unit 25B (API: 30-039-26180)
 - San Juan 29 6 Unit 25C (API: 30-039-26799)
4. Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit (“Proposed Wells”).
 - San Juan 29 6 Unit 118 (API: 30-039-Pending)

- San Juan 29 6 Unit 118M (API: 30-039-Pending)

5. At the March 21, 2024, Hearing, Hilcorp presented evidence by affidavit in support of its Application which was admitted as evidence without objection.
6. The evidence shows that the Proposed Wells will target development of incremental Mesaverde gas reserves in areas where there is not adequate gas drainage and will not impair the Blanco-Mesaverde Gas Pool.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to NMSA 1978 § 70-2-11.
8. Hilcorp is an operator in the Pool.
9. The Application will prevent waste and protect correlative rights
10. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

ORDER

11. The Application for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico. Specifically, 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 two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit is hereby **Approved**.
12. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



GERASIMOS RAZATOS
DIRECTOR (Acting)
GR/jag

Date: 8/28/2024