

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

**IN THE MATTER OF APPLICATION FOR
AN EXCEPTION TO WELL DENSITY
REQUIREMENTS SUBMITTED BY
HILCORP ENERGY COMPANY**

**CASE NO. 25943
ORDER NO. R-24314**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 5, 2026, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Hilcorp Energy Company (“Operator”) submitted an application (“Application”) for an exception from the well density requirements for the BLANCO-MESAVERDE (PRORATED GAS) pool (Pool Code 72319) (“Pool”) within the spacing unit (“Spacing Unit”) consisting of the following lands situated in Rio Arriba County, New Mexico:

Township 29 North, Range 7 West, N.M.P.M
Section 34: E/2

2. The Pool is subject to special pool rules established in Order R-10987-A(6) which allows at most: eight (8) wells within the spacing unit, and four (4) wells within each quarter to simultaneously produce within the Spacing Unit.
3. The wells currently dedicated to the Spacing Unit are (“Existing Wells”):

SAN JUAN 29 7 UNIT #060 (API No. 30-039-07501)

Surface hole location: NE/4 NE/4 of Sec 34-T29N-R7W

Bottom hole location: NE/4 NE/4 of Sec 34-T29N-R7W

SAN JUAN 29 7 UNIT #060A (API No. 30-039-21920)

Surface hole location: NW/4 SE/4 of Sec 34-T29N-R7W

Bottom hole location: NW/4 SE/4 of Sec 34-T29N-R7W

SAN JUAN 29 7 UNIT #060N (API No. 30-039-30448)

Surface hole location: NW/4 SE/4 of Sec 34-T29N-R7W

Bottom hole location: SE/4 SE/4 of Sec 34-T29N-R7W

SAN JUAN 29 7 UNIT #060M (API No. 30-039-30508)

Surface hole location: SE/4 NE/4 of Sec 34-T29N-R7W

Bottom hole location: SE/4 NE/4 of Sec 34-T29N-R7W

4. Operator is proposing to additionally dedicate the following wells to the Spacing Unit (“Proposed Wells”):

SAN JUAN 29 7 UNIT #060P (API No. 30-039-PENDING)

Surface hole location: SW/4 NE/4 of Sec 34-T29N-R7W

Bottom hole location: SW/4 NE/4 of Sec 34-T29N-R7W

5. Operator identified all affected persons, as defined by 19.15.2.7 A.(8) NMAC, in spacing units in the Pool or in tracts not included in such spacing units adjoining the Spacing Unit and provided evidence that notice was given.
6. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, Section 70-2-6, Section 70-2-11, and Section 70-2-12 NMSA 1978.
8. Operator is the designated operator of wells within the Spacing Unit.
9. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC and 19.15.15.11 C. NMAC.
10. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
11. Approval of the Application will prevent waste and not impair correlative rights.

ORDER

12. Operator is authorized to simultaneously dedicate the Existing Wells and the Proposed Wells to the Spacing Unit.
13. Operator shall submit a Form C-102 that references this Order and includes the correct acreage for each of the Proposed Wells. The Form C-102 shall be included in each well’s APD or sundry including the well in the Spacing Unit.

14. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Albert Chang

ALBERT C. S. CHANG
DIRECTOR
AC/dm

Date: 04/10/2026