

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

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**APPLICATION OF HILCORP ENERGY  
COMPANY FOR AN EXCEPTION TO THE  
WELL DENSITY REQUIREMENTS OF THE  
SPECIAL RULES AND REGULATIONS FOR  
THE BASIN-FRUITLAND GAS POOL, SAN  
JUAN COUNTY, NEW MEXICO.**

CASE NO. 16054

**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 Basin-Fruitland Gas Pool (71629), San Juan County, New Mexico. Specifically, Hilcorp seeks an exception to the well density requirements of Rule 7(d) of the Special Rules of the Basin-Fruitland Gas Pool to permit it to complete and simultaneously produce three Fruitland coal gas wells in the same standard 320-acre, more or less, spacing and proration unit, and two wells in the same quarter section. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration unit in the Basin-Fruitland Gas Pool comprised of the S/2 of Section 36, Township 29 North, Range 9 West, San Juan County, New Mexico, in which the following two wells are currently completed and producing:

- a. Standard Oil Com 100S Well (API No. 3004533581) Sec. 36, T29N, R9W  
(Unit O); and

- b. Standard Oil Com 100 Well (API No. 30-045-31049), Sec. 36, T29N, R9W (Unit K).

2. The Basin-Fruitland Gas Pool is governed by Special Rules which, within the subject acreage, provide for 320-acre spacing and proration units on which as many as two wells may be drilled. See Order No. R-8768-F, effective July 17, 2003 (Rule 7(d)(1) Well density within the "Low Productivity Area"). These Special Pool Rules provide:

**Rule 7(d): WELL DENSITY**

- (1) Well density within the "Low Productivity Area": No more than two*
- (2) wells per standard 320-acre gas spacing unit may be located in the "Low Productivity Area" of the pool as follows:*

*(i) the OPTIONAL INFILL WELL drilled on an existing spacing unit shall be located in the quarter section not containing the INITIAL Fruitland coal gas well;*

*(ii) the plat (Form C-102) accompanying the "Application for Permit to Drill ("APD")" (Form C-101 or federal equivalent) for the optional infill well within an existing spacing unit shall have outlined the boundaries of the unit and shall show the location (well name, footage location, API number) of the initial Fruitland coal gas well plus the proposed infill well.*

3. The objective formation in each of the above-described wells in Paragraph 1 is the Basin-Fruitland Coal Gas Pool, and each well was permitted and drilled with a Fruitland coal completion.

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

- a. **Koch State Com 1A** (API No. 30-045-21787), Sec. 36, T29N, R9W (Unit I).

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 7(d) of the Special Rules of the Basin-Fruitland Coal

Gas Pool to authorize Hilcorp to simultaneously dedicate and produce the **Koch State Com 1A** (API No. 30-045-21787) within the S/2 of Section 36, Township 29 North, Range 9 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to three, and the number of wells within a quarter section to two.

6. Approval of this application will not impair the correlative rights of any other interest owner in the Basin-Fruitland Coal Gas Pool, and will afford Hilcorp the opportunity to use existing wells to produce incremental reserves from this spacing unit.

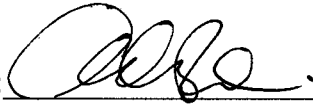
7. Approval of this application will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Hilcorp Energy Company requests that this application be set before an Examiner of the Oil Conservation Division on April 5, 2018, and, after notice and hearing as required by law, that the Division enter an order:

- Granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Basin-Fruitland Coal Gas Pool (71629) permitting the total number of wells dedicated and producing within this spacing and proration unit to three, and the number of wells within a quarter section to two;
- Approving the proposed location of the **Koch State Com 1A** (API No. 30-045-21787) in the Fruitland coal formation with a surface location in Unit I within the S/2 of Section 36, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico; and
- Authorizing Hilcorp to simultaneously complete and produce the Koch State Com 1A Well from the Basin-Fruitland Coal Gas Pool.

Respectfully submitted,

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**ATTORNEYS FOR HILCORP ENERGY COMPANY**

CASE 16054

**Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules of the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule 7(d) of the Special Rules for the Basin-Fruitland Coal Gas Pool (71629), San Juan County, New Mexico, to permit it to complete and simultaneously produce three Fruitland coal gas wells in the same standard 320-acre, more or less, spacing and proration unit, and two wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Koch State Com 1A** (API No. 30-045-21787) in the Fruitland coal formation with a surface location in Unit I of the S/2 of Section 36, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Koch State Com 1A from the Basin-Fruitland Coal Gas Pool. Said area is located approximately 14 miles east of Bloomfield, NM.