

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

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

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CASE NO. 15978

AMENDED APPLICATION

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby files this amended application with the Oil Conservation Division for an order 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 complete and simultaneously produce up to five wells in the same 320-acre spacing and proration unit, three wells in the same quarter section, and two wells in the same quarter-quarter section. In support of this amended application, Hilcorp states:

1. 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 14, Township 28 North, Range 7 West, Rio Arriba County, New Mexico, in which the following three wells are currently completed and producing: 3003922619

- a. San Juan 28-7 Unit 24 Well (API No. 30-039-07425), Sec. 14, T28N, R7W (Unit H);

- b. San Juan 28-7 Unit 24A Well (API No. 30-039-21946), Sec. 14, T28N, R7W (Unit J); and
- c. San Juan 28-7 Unit 136M Well (API: 30-039-26981), Sec. 14, T28N, R7W (Unit P).

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 See Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A(1), effective Dec. 2, 2002. These Special Pool Rules and Regulations provide:

I. ACREAGE AND WELL LOCATION REQUIREMENTS

A. Standard GPU (Gas Proration Unit): *A standard GPU in the Blanco-Mesaverde Pool shall be 320 acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.*

B. Well density:

(1) *Up to four (4) wells may be drilled on a standard GPU, as follows:*

(a) *the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Mesaverde well;*

(b) *the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;*

(c) *the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;*

(d) *at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;*

(e) no more than two wells shall be located within either quarter section in a GPU; and

(f) any deviation from the above-described well density requirements shall be authorized only after hearing.

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

4. Hilcorp now seeks authority to simultaneously dedicate and produce the following two additional wells within the same standard spacing and proration unit, at the following locations:

a. **San Juan 28-7 Unit 233G Well** (API No. 30-039-27005), Sec. 14, T28N, R7W (Unit H); and

b. **San Juan 28-7 Unit 233E Well** (API No. 30-039-2291) Sec. 14, T28N, R7W (Unit G).

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-7 Unit 233G Well** (API No. 30-039-27005) in Unit H, and the **San Juan 28-7 Unit 233E Well** (API No. 30-039-2291) in Unit G, both within the E/2 of Section 14, Township 28 North, Range 7 West, permitting the total number of wells within the spacing unit to five, the number of wells in a quarter section to three, and two wells in the SE/4 NE/4 (Unit H).

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

7. Approval of this amended 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 amended application be set before an Examiner of the Oil Conservation Division on March 8, 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 Blanco-Mesaverde Gas Pool (72319) permitting the total number of wells within the spacing unit to five, the number of wells within a quarter section to three, and the total number of wells in the SE/4 NE/4 (Unit H) to two;
- Approving the proposed location of the San Juan 28-7 Unit 233G Well (API No. 30-039-27005) in the Mesaverde formation with a surface location in Unit H within the E/2 of Section 14, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico;
- Approving the proposed location of the San Juan 28-7 Unit 233E Well (API No. 30-039-2291) in the Mesaverde formation with a surface location in Unit G within the E/2 of Section 14, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico; and
- Authorizing Hilcorp to simultaneously complete and produce the San Juan 28-7 Unit 233G Well and the San Juan 28-7 Unit 233E Well from the Blanco-Mesaverde Gas Pool.

Respectfully submitted,

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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE 15978:

Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde 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 I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells within the same spacing unit, three wells within a quarter section (E/2 of Section 14), and two wells in the same quarter-quarter section (SE/4 NE/4, Unit H). Hilcorp further seeks approval for the proposed locations of the **San Juan 28-7 Unit 233G Well** (API No. 30-039-27005) (Unit H) and the **San Juan 28-7 Unit 233E Well** (API No. 30-039-2291) (Unit G) in the Mesaverde formation within the E/2 of Section 14, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-7 Unit 233G Well and the San Juan 28-7 Unit 233E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 25 miles east of Bloomfield, NM.