

**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
BLANCO PICTURED CLIFFS POOL, SAN
JUAN 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 Blanco Pictured Cliffs (Gas) Pool (72359), San Juan County, New Mexico. Specifically, Hilcorp seeks an exception to the well density requirements of Rule 19.15.15.10 NMAC for the Blanco 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 148.69-acre, more or less, non-standard spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of an established 148.69-acre, more or less, non-standard spacing and proration unit (Division Order No. R-3669) in the Blanco Pictured Cliffs (Gas) Pool comprised of Lots 3-6, SE/4 NW/4 and NE/4 SW/4 of Section 6, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico, in which the following vertical well was drilled and completed, and is currently producing:

a. Quigley 2 (API No. 30-045-20480), which is vertically drilled with a surface location in NE/4 SW/4 (Unit K) of said Section 6.

2. Rule 19.15.15.10 NMAC governs gas well density¹ within the Blanco Pictured Cliffs (Gas) Pool. Subsection C of said rule states that a 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 established non-standard spacing and proration unit, at the following location:

- a. **Quigley 1A** (API No. 30-045-22445), to be recompleted at a surface and bottom-hole location in the SE/4 NW/4 (Unit F).

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 **Quigley 1A** (API No. 30-045-22445), within the established non-standard spacing unit comprised of Lots 3-6, SE/4 NW/4 and NE/4 SW/4 of Section 6, Township 30 North, Range 9 West, permitting the total number of vertical wells dedicated and producing within said spacing and proration unit to two.

¹ Division Order R-46 governs the well spacing and setbacks for the Blanco Pictured Cliffs (Gas) Pool; however, are consistent with statewide gas well requirements.

6. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco 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 Blanco Pictured Cliffs (Gas) Pool (72359) 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 **Quigley 1A** (API No. 30-045-22445) from the Blanco Pictured Cliffs (Gas) Pool.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE _____:

Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Blanco Pictured Cliffs (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 19.15.15.10 NMAC for the Blanco Pictured Cliffs Pool (72359), San Juan County, New Mexico, to permit it to complete and produce one additional Pictured Cliffs vertical gas well, the **Quigley 1A** (API No. 30-045-22445) with a surface hole and bottom-hole location in the SE/4 NW/4 (Unit F), making a total of two vertical gas wells within the same established 148.69-acre, more or less, non-standard spacing and proration unit comprised of Lots 3-6, SE/4 NW/4 and NE/4 SW/4 of Section 6, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico. Said area is located approximately 10 miles east of Aztec, New Mexico.