

**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
SPECIAL RULES AND REGULATIONS FOR
THE BASIN-FRUITLAND COAL GAS 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 Basin-Fruitland Coal 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 Coal 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 Coal Gas Pool comprised of the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, in which the following two wells are currently completed and producing:
 - a. Allison Unit Com 122 (API No. 30-045-29253), which is vertically drilled with a surface location in NE/4 NE/4 (Unit A) of said Section 6; and
 - b. Allison Unit Com 122S (API No. 30-045-31876), which is vertically drilled with a surface location in NE/4 SE/4 (Unit I) of said Section 6.

2. The Basin-Fruitland Coal 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. **Allison Unit Com 62C** (API No. 30-045-34857), a vertical well to be recompleted at a surface location in the SW/4 SE/4 (Unit O).

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 **Allison Unit Com 62C** (API No. 30-045-34857) within the E/2 of Section 31, Township 32 North, Range 6 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 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 7(d) 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;
- B. Approving the proposed location of the **Allison Unit Com 62C** (API No. 30-045-34857) in the Fruitland Coal formation with a surface location in the SW/4 SE/4 (Unit O) within the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico; and
- C. Authorizing Hilcorp to recomplete and produce the **Allison Unit Com 62C** (API No. 30-045-34857) from the Basin-Fruitland Coal Gas Pool.

Respectfully submitted,

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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 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 **Allison Unit Com 62C** (API No. 30-045-34857) in the Fruitland Coal formation with a surface location in the SW/4 SE/4 (Unit O) of the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously recomplete and produce the Allison Unit Com 62C from the Basin-Fruitland Coal Gas Pool. Said area is located approximately 4.5 miles south of Young Place, New Mexico.