

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

**APPLICATION OF HILCORP ENERGY
COMPANY FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Hilcorp Energy Company ("Applicant") (OGRID No. 372171), through its undersigned counsel, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Pictured Cliffs formation underlying the SW/4 of Section 36, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, to be dedicated to a standard 160-acre gas spacing unit within the Pictured Cliffs formation. In support of this application, Applicant states:

1. Applicant is an interest owner in the subject acreage and has a right to drill thereon.
2. Applicant proposes to simultaneously dedicate the above-referenced spacing unit to its **State Com M 010 Well** (API No. 30-045-34025), to be recompleted at a standard gas well location in the NW/4 SW/4 (Unit L) of Section 36 to a depth sufficient to test the Pictured Cliffs formation.
3. The well was previously drilled and completed within the Mesaverde and Dakota formations at a surface location 2,110 feet from the south line and 855 feet from the west line of Section 36, and dedicated to standard 320-acre gas spacing units in the Blanco-Mesaverde Pool (Pool Code 72319) and Basin-Dakota Pool (Pool Code 71599), comprised of the W/2 of said Section 36.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject acreage.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Hilcorp to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this spacing unit should be pooled and Applicant should be designated the operator of the proposed well and spacing unit.

WHEREFORE, Hilcorp requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 14, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests within the Pictured Cliffs formation;
- B. Designating Applicant as the operator of said spacing unit and well;
- C. Authorizing Applicant to recover its costs of drilling, equipping, completing, and recompleting the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and recompleting the well against any working interest owner who does not voluntarily participate in the drilling and recompleting of the well.

Respectfully submitted,

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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE _____: **Application of Hilcorp Energy Company for Compulsory Pooling, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Pictured Cliffs formation in a standard 160-acre spacing unit located in the SW/4 of Section 36, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico. Applicant proposes to dedicate the above-referenced spacing unit to its **State Com M 010 Well** (API No. 30-045-34025), to be recompleted at a standard gas well location in the NW/4 SW/4 (Unit L) of said Section 36 to a depth sufficient to test the Pictured Cliffs formation. Also to be considered will be the cost of drilling and re-completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for risk involved in drilling and recompleting said well. Said area is located approximately 8 miles north of Aztec, New Mexico.