

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

APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE WELL
DENSITY REQUIREMENTS OF THE SPECIAL
RULES AND REGULATIONS FOR THE
FULCHER KUTZ-PICTURED CLIFFS GAS
POOL, SAN JUAN COUNTY, NEW MEXICO.

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CASE NO. 16222

APPLICATION

Hilcorp Energy Company ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby files this application with the Oil Conservation Division for an order approving an exception to the well density requirements of the Fulcher Kutz-Pictured Cliffs Gas Pool (71280), San Juan County, New Mexico to allow up to three wells within a standard 160-acre, more or less, spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a standard 160-acre, more or less, spacing and proration unit, comprised of the NW/4 of Section 23, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico, which is currently dedicated to the **J C Gordon C 1 Well** (API No. 30-045-13237) and is producing from the Fulcher Kutz-Pictured Cliffs Gas Pool.

2. The Fulcher Kutz-Pictured Cliffs Gas Pool is governed by Special Rules and Regulations, which provide for 160-acre spacing and proration units. *See* Order No. R-1670, effective April 13, 1960.

3. Hilcorp is also the operator of the **J C Gordon D 3E Well** (API No. 30-045-24726), which has a surface and bottom hole location 450 feet from the north line, 1580 feet from the west line (Unit C) of Section 23, Township 27 North, Range 10 West, and is currently producing from the Basin Dakota Pool.

4. Hilcorp now proposes to recomplete the **J C Gordon D 3E Well** in the Fulcher Kutz-Pictured Cliffs Gas Pool and dedicate the well to said spacing and proration unit currently dedicated to the **J C Gordon C 1 Well** (API No. 30-045-13237).

5. Hilcorp, therefore, requests that the Division enter an order granting an exception to the well density requirements of the Fulcher Kutz-Pictured Cliffs Gas Pool to authorize Hilcorp to recomplete the **J C Gordon D 3E Well** in the Fulcher Kutz-Pictured Cliffs Gas Pool, permitting the total number of wells dedicated and producing within said spacing and proration unit to two.

6. Approval of this application will afford Hilcorp the opportunity to produce incremental reserves from this standard 160-acre, more or less, spacing and proration unit that will not otherwise be recovered from the existing dedicated well.

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 June 14, 2018, and, after notice and hearing as required by law, that the Division enter an order granting this application.

Respectfully submitted,

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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE 16224

Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Fulcher Kutz-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 the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico, to permit two Pictured Cliffs gas wells in the same standard 160-acre, more or less, spacing and proration unit, comprised of the NW/4 of Section 23, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico and is currently dedicated to the **J C Gordon C 1 Well** (API No. 30-045-13237). Applicant further seeks approval for the existing location of the **J C Gordon D 3E Well** (API No. 30-045-24726) in the Pictured Cliffs formation with a surface location in Unit C of said Section 23 and authorization to simultaneously recomplete and produce the **J C Gordon D 3E Well** from the Fulcher Kutz-Pictured Cliffs Gas Pool. Said area is located approximately 12 miles southeast of Bloomfield, NM.