

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 AZTEC-PICTURED CLIFFS GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.

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CASE NO. 16223

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 Aztec-Pictured Cliffs Gas Pool (71280), San Juan County, New Mexico to allow up to three wells within a non-standard 205.08-acre spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a non-standard 205.08-acre, more or less, spacing and proration unit, comprised of Lots 1-3 and the SE/4 SW/4 and S/2 SE/4 of irregular Section 8, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico, which is currently dedicated to the **Reid 11 Well** (API No. 30-045-07536) and is producing from the Aztec-Pictured Cliffs Gas Pool.

2. The Aztec-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 following two wells:

- a. the **Reid 22M Well** (API No. 30-045-35359), which has a surface location 990 feet from the south line, 915 feet from the west line (Unit M) and a bottom hole location 762 feet from the south line, 1918 feet from the west line of Section 8, Township 28 North, Range 9 West, and is currently producing from the Blanco-Mesaverde, Basin Mancos, and Basin Dakota Gas Pools; and
- b. the **Jackson Com 1E Well** (API No. 30-045-25592), which has a surface and bottom hole location 1690 feet from the south line, 30 feet from the east line (Lot 1) of Section 8, Township 28 North, Range 9 West, and is currently producing from the Blanco-Mesaverde and Basin Dakota Gas Pools.

4. Hilcorp now proposes to recomplete the **Reid 22M Well** and the **Jackson Com 1E Well** in the Aztec-Pictured Cliffs Gas Pool and dedicate and these wells to the 205.08-acre spacing and proration unit currently dedicated to the **Reid 11 Well** (API No. 30-045-07536).

5. Hilcorp, therefore, requests that the Division enter an order granting an exception to the well density requirements of the Aztec-Pictured Cliffs Gas Pool.

6. Approval of this application will afford Hilcorp the opportunity to produce incremental reserves from this 205.8-acre spacing and proration unit that will otherwise not be recovered by 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 16223

Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Aztec-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 Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico, to permit three Pictured Cliffs gas wells in the same non-standard 205.08-acre, more or less, spacing and proration unit, comprised of Lots 1-3 and the SE/4 SW/4 and S/2 SE/4 of irregular Section 8, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico which is currently dedicated to the **Reid 11 Well** (API No. 30-045-07536). Applicant further seeks approval for the existing location of the **Reid 22M Well** (API No. 30-045-35359) with a surface location in Unit M and a bottom hole location in Unit N, Section 8, Township 28 North, Range 9 West, NMPM, and the **Jackson Com 1E Well** (API No. 30-045-25592) with a surface and bottom hole location in Lot 1, Section 8, Township 28 North, Range 9 West, NMPM, in the Pictured Cliffs formation and authorization to simultaneously recomplete and produce the **Reid 22M Well** and the **Jackson Com 1E Well** from the Aztec-Pictured Cliffs Gas Pool. Said area is located approximately 4 miles south of Blanco, NM.