

**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 BLANCO-MESAVERDE GAS POOL,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NO. 20644

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-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico. Specifically, Hilcorp seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool to permit it to complete and simultaneously produce three Mesaverde gas wells in the same quarter sections, with two Mesaverde gas wells in the same quarter-quarter section, for a total of six Mesaverde gas wells within the same standard 320-acre, more or less, spacing and proration unit. 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 Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 3, Township 27 North, Range 5 West, Rio Arriba County, New Mexico, in which the following four wells are currently completed and producing:

- a. San Juan 27-5 Unit 25 Well (API No. 30-039-07164) Sec. 3, T27N, R5W
(Unit M);

(d) at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;

(e) no more than two wells shall be located within either quarter section in a GPU; and

(f) any deviation from the above-described well density requirements shall be authorized only after hearing.

3. The objective formation in each of the above-described wells in Paragraph 1 is the Blanco-Mesaverde Gas Pool, and each well was permitted and drilled with a Mesaverde completion.

4. Hilcorp now proposes to simultaneously dedicate and produce the following fifth and sixth wells within the same standard spacing and proration unit, at the following locations:

- a. **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), Sec. 3, T27N, R5W (Unit N); and
- b. **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), Sec. 3, T27N, R5W (Unit E).

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), and the **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), within the W/2 of Section 3, Township 27 North, Range 5 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with three wells in the same quarter sections, and two wells in the same quarter-quarter sections (Units M and E).

6. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Hilcorp the opportunity to use existing wells to produce incremental reserves from this spacing unit.

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 July 11, 2019, and, after notice and hearing as required by law, that the Division enter an order:

- Granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool (72319) permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with three wells in the same quarter sections, and two wells in the same quarter-quarter section (Unit E);
- Approving the proposed location of the **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), in the Mesaverde formation with a surface location in Unit N within the W/2 of Section 3, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico;
- Approving the proposed location of the **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), in the Mesaverde formation with a surface location in Unit E within the W/2 of Section 3, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico; and
- Authorizing Hilcorp to simultaneously complete and produce the **San Juan 27-5 Unit NP84 Well** and the **San Juan 27-5 Unit 84E Well** from the Blanco-Mesaverde Gas Pool.

CASE 20644 :

Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico, to permit it to complete and simultaneously produce six Mesaverde gas wells in the same standard 320-acre, more or less, spacing and proration unit, with three wells in the same quarter sections and two wells in the same quarter-quarter section. Hilcorp further seeks approval for the proposed locations of the **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157) in the Mesaverde formation with a surface location in Unit N, and the **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683) in the Mesaverde formation with a surface location in Unit E of the W/2 of Section 3, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the **San Juan 27-5 Unit NP84 Well** and the **San Juan 27-5 Unit 84E Well** from the Blanco-Mesaverde Gas Pool. Said area is located approximately 28 miles southeast of Bloomfield, NM.