

State of New Mexico
Energy, Minerals and Natural Resources Department

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Administrative Order NSP – 2175
(Supersedes NSP – 2108)

ADMINISTRATIVE NON-STANDARD HORIZONTAL SPACING UNIT

Mr. Robert Carlson
rcarlson@hilcorp.com

Hilcorp Energy Company [OGRID 372171]
Allison Unit Well No. 123H [API No. 30-045-35611] (Multilateral well) - Lateral 3
E/2 E/2 of Section 09, All of Section 10 & W/2 of Section 11, T32N R07W, San Juan County

Reference is made to your application received on September 18th, 2023.

You have requested approval of a non-standard horizontal spacing unit to be included in your proposed horizontal spacing unit, as follows:

Proposed Increased Horizontal Spacing Unit:

Description	Acres	Pool	Pool Code
E/2 E/2 of Section 09	759.40	Basin Fruitland Coal (Gas)	71629
All of Section 10			
W/2 of Section 11			

The proposed unit does not consist of a standard governmental section. Thus, an exception pursuant to Rule 4 of R – 8768 and 19.15.16.15(A)(3) NMAC, to approve a non-standard unit consisting of the entire area, as described above, has been requested.

The request includes completion of this horizontal well as a gas well as described above in the referenced pool or formation. This well is governed by special rules, R - 8768, for the Basin; Fruitland Coal (Gas) Pool and provides for 320-acres, comprising any two contiguous quarter sections of a single governmental section.

The Division understands this application is a request for an exception to create a non-standard unit, comprised of the Proposed Unit referenced above within San Juan County, New Mexico.

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units which are to be being included. Notice is not required due to 100% working interest ownership of all affected tracts.

NSP – 2175 (Supersedes NSP – 2108)
Hilcorp Energy Company
Page 2 of 2

You have requested a non-standard unit in order to drill a 3rd (third) lateral well from the same pilot hole. The perforation zone is exterior to the previously approved NSP's HSU for this well and the total acreage was increased by 106.70 acres, all within the Fruitland Coal formation. Approval will prevent waste underlying the E/2 E/2 of irregular Section 09, the entire irregular Section 10 and the W/2 irregular Section 11, all while protecting correlative rights within the referenced Horizontal Spacing Unit. This NSP supersedes the previously approved order, NSP – 2108.

Pursuant to the authority conferred by Division Rule 19.15.16.15(B)(5) NMAC, the above-described **non-standard horizontal spacing unit is hereby approved**. Further, the Applicant may add additional wells to the horizontal spacing unit. The additional well(s) shall be designated to the same horizontal spacing unit and pool/formation. Submit a Change of Plans to the OCD's permitting website. Once submitted, email the Action ID number to the following e-mail address: ocd.engineer@emnrd.nm.gov of notice for additional wells.

General Provisions

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.


DYLAN M. FUGE
DIRECTOR
DMF/lrl

Date: 10/9/23

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CONDITIONS

Action 274329

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 274329
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	10/10/2023