

ID NO. 348667

NSL - 8765

Revised March 23, 2017

RECEIVED: 05/29/24	REVIEWER:	TYPE:	APP NO: pLEL2415033582
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: HILCORP ENERGY COMPANY**OGRID Number:** 372171**Well Name:** SUNRAY G 002B**API:** 30-045-33908**Pool:** BASIN FRUITLAND COAL**Pool Code:** 71629

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete
☐ Application
 Content
 Complete

- 3) CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

ROB CARLSON

Print or Type Name

Signature

5/21/24
 Date

(832) 839-4596

Phone Number

rcarlson@hilcorp.com

e-mail Address



May 21, 2024

New Mexico Oil Conservation Division
Attn: Mr. Leonard Lowe
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Unorthodox Well Location Application for Basin-Fruitland Coal
Sunray G #002B (API: 30-045-33908)
SHL: D-22-31N-R09W, 585' FNL & 210' FWL
FTP (Fruitland Coal): A-21-31N-R09W, 1174' FNL & 332' FEL
LTP (Fruitland Coal): A-21-31N-R09W, 1300' FNL & 453' FEL
BHL: H-21-31N-R09W, 1560' FNL & 710' FEL
Spacing Unit: E/314.96 acres in Section 21, T31N, R09W
San Juan County, New Mexico

Dear Mr. Lowe:

Pursuant to Division Rule 19.15.15.13, Hilcorp Energy Company ("Hilcorp") hereby requests administrative approval for an unorthodox gas well location in the Basin-Fruitland Coal Gas Pool (71629).

Hilcorp intends to utilize the subject wellbore for a recompletion attempt to the Basin-Fruitland Coal formation; dedicated to a standard gas spacing unit comprised of Lots 1, 2, 7-10, 13-14 (aka E/2 equivalent) containing 314.96 acres, more or less, in Section 21, T31N, R09W.

Rule (7) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool (Order R-8768-B) provides "*wells drilled or recompleted on every standard or non-standard unit in the Basin-Fruitland Coal Gas Pool...shall be located no closer than 660 feet to any outer boundary of a proration unit*". Utilization of the subject directional wellbore for a Fruitland Coal recompletion prevents Hilcorp from satisfying this requirement. The top perforation (aka FTP), at a measured depth of ~2,831', occurs at a point in the wellbore located 332' from the eastern boundary of the spacing unit. The bottom perforation (aka FTP), at a measured depth of ~3,283', occurs at a point in the wellbore located 453' from the eastern boundary of the spacing unit.

Pursuant to Paragraph (2) of Subsection A of 19.15.4.12 NMAC, the affected spacing unit being encroached upon (bordered in blue on the map enclosed) is comprised of Lots 3-6, 11-14 (aka W/2 equivalent) in Section 22, T31N, R09W which are covered by a single federal lease. Simcoe LLC is Operator of the affected spacing unit and its Fruitland Coal well (depicted). Thus, pursuant to Paragraph (8) of Subsection A of 19.15.2.7 NMAC, Hilcorp, as of the date of this letter, sent notice to Simcoe LLC and the Bureau of Land Management.

This unorthodox location is necessary to maximize recovery of oil and gas reserves and minimize surface disturbance. A notice of intent to recomplete the Basin-Fruitland Coal Gas Pool has been filed with the Aztec OCD district office. Attached are C-102's for all formations, a map, a vertical depiction of the wellbore and the notice party/proof of notification as required by 19.15.4.12.A.2.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rob Carlson'.

Rob Carlson, CPL
Sr. Landman

1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462State of New Mexico
Energy, Minerals & Natural Resources DepartmentForm **Page 3 of 9**
Revised August 1, 2011Submit one copy to
Appropriate District OfficeOIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33908	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code	⁵ Property Name SUNRAY G	⁶ Well Number 2B
⁷ GRID No. 372171	⁸ Operator Name HILCORP ENERGY COMPANY	⁹ Elevation 6247'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	22	31N	9W	4	585	NORTH	210	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	21	31N	9W	8	1560	NORTH	710	EAST	SAN JUAN

¹² Dedicated Acres 314.96	E/2 - Section 21	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE
BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISIONEND OF LATERAL (D)
1560' FNL 710' FEL
SEC 21, T31N, R9W
LAT 36.886544°N
LONG -107.778412°W
DATUM: NAD1927LAST TAKE POINT (C)
1300' FNL 453' FEL
SEC 21, T31N, R9W
LAT 36.887264°N
LONG -107.777534°W
DATUM: NAD1927FIRST TAKE POINT (B)
1174' FNL 332' FEL
SEC 21, T31N, R9W
LAT 36.887615°N
LONG -107.777122°W
DATUM: NAD1927SURFACE LOCATION (A)
585' FNL 210' FWL
SEC 22, T31N, R9W
LAT 36.889233°N
LONG -107.775270°W
DATUM: NAD1927LAT 36.886548°N
LONG -107.779029°W
DATUM: NAD1983LAT 36.887268°N
LONG -107.778151°W
DATUM: NAD1983LAT 36.887618°N
LONG -107.777740°W
DATUM: NAD1983LAT 36.889237°N
LONG -107.775888°W
DATUM: NAD1983¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

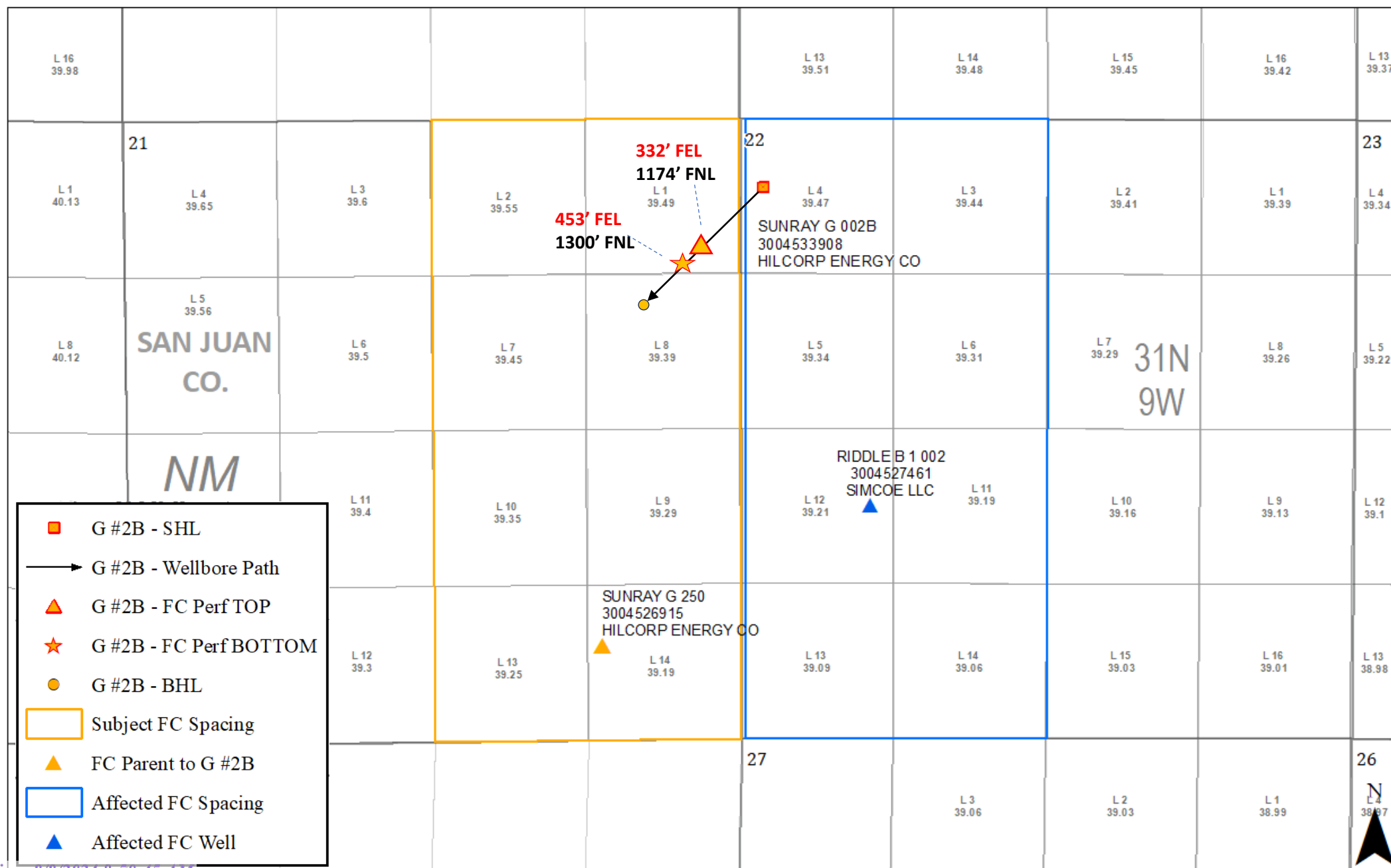
Date Revised: MAY 16, 2024
Date of Survey: APRIL 12, 2006

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269





May 21, 2024
Sent Certified Mail

Bureau of Land Management
6251 College Blvd.
Suite A
Farmington, NM 87402

Re: Unorthodox Well Location Application for Basin-Fruitland Coal
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Spacing Unit: E/314.96 acres in Section 21, T31N, R09W
San Juan County, New Mexico

To whom it may concern:

Hilcorp Energy Company ("Hilcorp"), as operator, intends to recomple the Sunray G #002B, an existing directional well producing from the Mesaverde and Dakota formations, to the Fruitland Coal formation. However, the directional nature of this wellbore in conjunction with its physical location makes it impossible for Hilcorp to recomple the Fruitland Coal in a manner compliant with the 660' setback distance from the east line.

Thus, pursuant to Division Rule 19.15.15.13, Hilcorp has filed an Unorthodox Location Application. In accordance with Division Rule 19.15.4.12.A.2, Hilcorp is required to provide the Bureau of Land Management with notice of said application as the spacing unit this unorthodox location encroaches upon is comprised of a single federal lease.

Attached you will find a copy of Hilcorp's application to the NMOCD along with supporting documentation.

If you should have any questions, please feel free to call me at 832-839-4596.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rob Carlson'.

Rob Carlson
Landman



May 21, 2024
Sent Certified Mail

Simcoe LLC
Attn: Land
1199 Main Ave.
Suite 101
Durango, CO 81301

Re: Unorthodox Well Location Application for Basin-Fruitland Coal
Sunray G #002B (API: 30-045-33908)
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San Juan County, New Mexico

To whom it may concern:

Hilcorp Energy Company ("Hilcorp"), as operator, intends to recomplete the Sunray G #002B, an existing directional well producing from the Mesaverde and Dakota formations, to the Fruitland Coal formation. However, the directional nature of this wellbore in conjunction with its physical location makes it impossible for Hilcorp to recomplete the Fruitland Coal in a manner compliant with the 660' setback distance from the east line.

Thus, pursuant to Division Rule 19.15.15.13, Hilcorp has filed an Unorthodox Location Application. In accordance with Division Rule 19.15.4.12.A.2, Hilcorp is required to provide you with notice of said application as Operator of the Fruitland Coal spacing unit this unorthodox location encroaches upon.

Attached you will find a copy of Hilcorp's application to the NMOCD along with supporting documentation. Pursuant to Division Rule 19.15.15.13, please be advised that Simcoe LLC has twenty (20) days from receipt of this notice to notify NMOCD in writing of any objections to this application.

If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown below or by email at rcarlson@hilcorp.com. If you should have any questions, please feel free to call me at 832-839-4596.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rob Carlson', is written over a horizontal line.

Rob Carlson
Landman



Waiver to Unorthodox Location Application – Sunray G #002B (API: 30-045-33908)

Simcoe LLC does not object to Hilcorp Energy Company recompleting the Sunray G #002B at its unorthodox location within the E/314.96 acres of Section 21, T31N, R09W.

Simcoe LLC

Date

Print Name: _____

92148969009997901836128538	Dani Kuzma	, SIMCOE, LLC, ATTN MICHELLE BLANKENSHIP, DURANGO, CO, 81301 Code: SUNRAY G 2B NSL	5/23/2024	Signature Pending
92148969009997901836128545	Dani Kuzma	, BUREAU OF LAND MANAGEMENT, , FARMINGTON, NM, 87402 Code: SUNRAY G 2B NSL	5/23/2024	Signature Pending

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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811 S. First St., Artesia, NM 88210
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District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 348667

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 348667
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	5/29/2024