

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Gerasimos "Gerry" Razatos
Division Director (Acting)
Oil Conservation Division



Mr. Robert T. Carlson
rcarlson@hilcorp.com

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL - 8974

Hilcorp Energy Company [OGRID 372171]
Allison 601 Federal Com Well No. 604H
API No. 30-045-38448

Reference is made to your application received on May 2nd, 2025.

Proposed Location

	Footages	Unit/Lot	Sec.	Twsp	Range	County
Surface	227 FSL & 1784 FWL	N	12	32N	07W	San Juan
First Take Point	1480 FNL & 2569 FWL	F	13	32N	07W	San Juan
Last Take Point	2022 FNL & 2305 FEL	G	16	32N	07W	San Juan
Terminus	2022 FNL & 2345 FEL	G	16	32N	07W	San Juan

Proposed Horizontal Gas Units

Description	Acres	Pool	Pool Code
L9 – L12 SEC 09	2032.09	Basin Mancos	97232
N/2 SE/4, SE/4 SE/4, L7 – L11 SEC 10			
SW/4, W/2 SE/4, L6 – L7 SEC 11			
E/2 SW/4, L6 – L7 SEC 12			
E/2 NW/4, L1 – L2 SEC 13			
NW/4 NE/4, NW/4, L1 – L3 SEC 14			
NE/4 NE/4, L1 – L7, SEC 15			
NE/4 SEC 16			

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Hilcorp Energy Company
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You have requested to drill this horizontal well at an unorthodox well location described above in the referenced proposed pools or formation. 19.15.16.15(B)(3)(a) NMAC governs this proposed well and provides that the operator to dedicate each horizontal well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal well's completed interval penetrates, each of which consists of a governmental quarter section or equivalent. The set back requirements as directed by 19.15.16.15 (C)(1)(a) NMAC, orders the distance in the horizontal plane from any point in the completed interval to any outer boundary of the horizontal spacing unit, measured along a line perpendicular to the completed interval, shall be a minimum of 660 feet for a gas well. 19.15.16.15 (C) (1) (b) NMAC directs that the take points shall be no closer than 330 feet, in the horizontal plane, to any outer boundary of the horizontal spacing unit.

The request to deviate from an orthodox location has met all requirements of 19.15.16.15 (C)(5)(a) NMAC. It is understood that you are seeking this exception in order to create a non-standard location, comprised of First and Last Take Points referenced above within the described Horizontal Spacing Unit.

This well's completed interval is as close as 20 feet to the eastern boundary of the horizontal spacing unit. Encroachment will impact the following tract(s).

Section 13, T32N, R07W, encroachment to NE/4

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 towards which the proposed location encroaches.

The Division understands you are seeking this unorthodox location in order to maximize recovery of reserves and to minimize surface disturbance, thereby preventing waste of resources within the Mancos formation underlying the following spacing unit, L9 – L12 SEC 09, N/2 SE/4, SE/4 SE/4, L7 – L11 SEC 10, SW/4, W/2 SE/4, L6, L7 SEC 11, E/2 SW/4, L6 – L7 SEC 12, E/2 NW/4, L1, L2 SEC 13, NW/4 NE/4, NW/4, L1 – L3 SEC 14, NE/4 NE/4, L1 – L7 SEC 15, and the NE/4 SEC 16.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

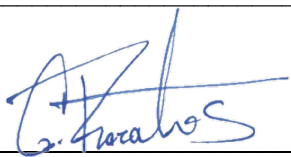
Per Subsection B of 19.15.15.13 NMAC, **Division approves this unorthodox location.**

Reference this NSL order number on the As Drilled C-102 submitted with the Authorization to Transport, to place this well into production.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.

Administrative Order NSL – 8974
Hilcorp Energy Company
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Gerasimos Razatos
Division Director (Acting)
GR/lrl

Date: 6-12-2025

ID NO. 458137

NSL - 8974

Revised March 23, 2017

RECEIVED: 05/02/25	REVIEWER:	TYPE:	APP NO:
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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: <u>HILCORP ENERGY COMPANY</u>	OGRID Number: <u>372171</u>
Well Name: <u>ALLISON 601 FEDERAL COM 604H</u>	API: <u>30-045-38448</u>
Pool: <u>BASIN MANCOS</u>	Pool Code: <u>97232</u>

**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 holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ 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

5/2/2025

Date

(832) 839-4596

Phone Number

RCARLSON@HILCORP.COM

e-mail Address



May 2, 2025

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

Re: **Unorthodox Well Location Application**

Allison 601 Federal Com 604H (API: 30-045-38448)
Surface Location: 227' FSL / 1,784' FWL - Sec. 12, T32N-R7W
First Take Point: 1,480' FNL / 2,569' FWL - Sec. 13, T32N-R7W
Last Take Point: 2,022' FNL / 2,305' FEL - Sec. 16, T32N-R7W
Bottomhole Location: 2,022' FNL / 2,345' FEL - Sec. 16, T32N-R7W
Spacing Unit: Township 32 North, Range 7 West, N.M.P.M
Sec. 9: Lots 9-12; Sec. 10: Lots 7-11, N/2 SE/4, SE/4 SE/4;
Sec. 11: Lots 6-7, W/2 SE/4, SW/4; Sec. 12: Lots 6-7, E/2 SW/4;
Sec. 13: Lots 1-2, E/2 NW/4; Sec. 14: Lots 1-3, NW/4 NE/4, NW/4;
Sec. 15: Lots 1-7, NE/4 NE/4; Sec. 16: NE/4
San Juan County, New Mexico

Dear Mr. Lowe:

Pursuant to Paragraph (3) of Subsection B of 19.15.16.15 NMAC, and 19.15.15.13 NMAC, Hilcorp Energy Company ("Hilcorp") respectfully requests administrative approval of an unorthodox gas well location for the Allison 601 Federal Com 604H (the "Well"), an infill horizontal well targeting the Basin-Mancos Gas Pool (97232).

In lieu of the established spacing unit requirements for the Basin-Mancos Gas Pool, Hilcorp elected, as provided under Paragraph (3) of Subsection B of 19.15.16.15.B.3 NMAC, to form the subject 2,032.09-acre horizontal spacing unit ("HSU") comprised of the quarter sections penetrated by the lateral of defining horizontal well Allison 601 Federal Com 603H (API 30-045-38445) and those additional quarter sections within 330 feet (measured perpendicularly) of said lateral. There are no Mancos horizontal wells producing within the subject HSU or any of the adjoining quarter sections thereto.

Paragraph (1) of Subsection C of 19.15.16.15 NMAC prescribes minimum setbacks from the outer boundary of the HSU at 660 feet, measured perpendicularly from any point in the completed interval of the lateral, and 330 feet, measured in the horizontal plan, from the first take point ("FTP") and last take point ("LTP"). The LTP of the Well is compliant with the 330-foot setback requirement at approximately 349 feet from the western boundary of the HSU. The completed interval of the Well's lateral is also compliant with the 660-foot setback requirement from the northern and southern boundary of the HSU. However, the FTP, situated approximately 20 feet from the eastern boundary of the HSU, is **not compliant** and encroaches upon the quarter section in the NE/4 of Section 13, T32N-R7W.

Hilcorp believes this unorthodox location is necessary to maximize recovery of oil and gas reserves and minimize surface disturbance. Hilcorp is the operator and owner of 100% working interest in the affected quarter section being encroached upon which is comprised of fee minerals. Therefore, pursuant to Paragraph (2) of Subsection A of 19.15.4.12 NMAC and Paragraph (8) of Subsection A of 19.15.2.7 NMAC, no notice is required.

Sincerely,

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

PO Box 61229, Houston, TX 77208-1229 1111 Travis Street, Houston, TX 77002
Phone: (832) 839-4596 Fax 713/209-2478 rcarlson@hilcorp.com



Rob Carlson, CPL
Landman
(832) 839-4596
rcarlson@hilcorp.com

Attachments: 1) administrative application checklist, 2) plat survey, and 3) a map visualizing the pertinent details discussed herein.

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type	<input checked="" type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
		<input type="checkbox"/> As Drilled	

WELL LOCATION INFORMATION

API Number 30-045-38448	Pool Code 97232	Pool Name BASIN MANCOS
Property Code 337188	Property Name ALLISON 601 FEDERAL COM	Well Number 604H
OGRID No. 372171	Operator Name HILCORP ENERGY COMPANY	Ground Level Elevation 6563'
Surface Owner: <input type="checkbox"/> State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input checked="" type="checkbox"/> State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL N	Section 12	Township 32N	Range 7W	Lot	Feet from N/S Line 227' SOUTH	Feet from E/W Line 1784' WEST	Latitude 36.989524 °N	Longitude -107.520952 °W	County SAN JUAN
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Bottom Hole Location

UL G	Section 16	Township 32N	Range 7W	Lot	Feet from N/S Line 2022' NORTH	Feet from E/W Line 2345' EAST	Latitude 36.984829 °N	Longitude -107.571575 °W	County SAN JUAN
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Penetrated Spacing Unit

Dedicated Acres 2032.09	Lots 9-12 S9 N/2 SE/4, SE/4 SE/4, Lots 7-11 S10 SW/4, W/2 SE/4, Lots 6-7 S11 E/2 SW/4, Lots 6-7 S12 + E/2 NW/4, Lots 1-2 S13 NW/4 NE/4, NW/4, Lots 1-3 S14 NE/4 NE/4, Lots 1-7 S15 + NE/4 S16	Infill or Defining Well Infill	Defining Well API Allison 601 Federal Com 603H API: TBD	Overlapping Spacing Unit <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Consolidation Code Com
Order Numbers				Well setbacks are under Common Ownership <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Kick Off Point (KOP)

UL N	Section 12	Township 32N	Range 7W	Lot	Feet from N/S Line 227' SOUTH	Feet from E/W Line 1784' WEST	Latitude 36.989524 °N	Longitude -107.520952 °W	County SAN JUAN
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First Take Point (FTP)

UL F	Section 13	Township 32N	Range 7W	Lot	Feet from N/S Line 1480' NORTH	Feet from E/W Line 2569' WEST	Latitude 36.984516 °N	Longitude 107.518331 °W	County SAN JUAN
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Last Take Point (LTP)

UL G	Section 16	Township 32N	Range 7W	Lot	Feet from N/S Line 2022' NORTH	Feet from E/W Line 2305' EAST	Latitude 36.984827 °N	Longitude -107.571437 °W	County SAN JUAN
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Vertical <input type="checkbox"/> Directional	Ground Floor Elevation
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<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</p> <p> Signature</p> <p>3/20/2025 Date</p> <p>Amanda Walker Printed Name</p> <p>mwalker@hilcorp.com E-mail Address</p>	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <div></div> <p>JASON C. EDWARDS</p> <p>Signature and Seal of Professional Surveyor</p> <table><tr><td>Certificate Number 15269</td><td>Date of Survey MARCH 12, 2024</td></tr></table>	Certificate Number 15269	Date of Survey MARCH 12, 2024
Certificate Number 15269	Date of Survey MARCH 12, 2024		

BOTTOM HOLE LOCATION (E)
2022' FNL 2345' FEL
SECTION 16, T32N, R7W
LAT 36.984824°N
LONG -107.570965°W
DATUM: NAD1927

LAT 36.984829°N
LONG -107.571575°W
DATUM: NAD1983

LAST TAKE POINT (D)
2022' FNL 2305' FEL
SECTION 16, T32N, R7W
LAT 36.984823°N
LONG -107.570828°W
DATUM: NAD1927

LAT 36.984827°N
LONG -107.571437°W
DATUM: NAD1983

FIRST TAKE POINT (C)
1480' FNL 2569' FWL
SECTION 13, T32N, R7W
LAT 36.984511°N
LONG -107.517724°W
DATUM: NAD1927

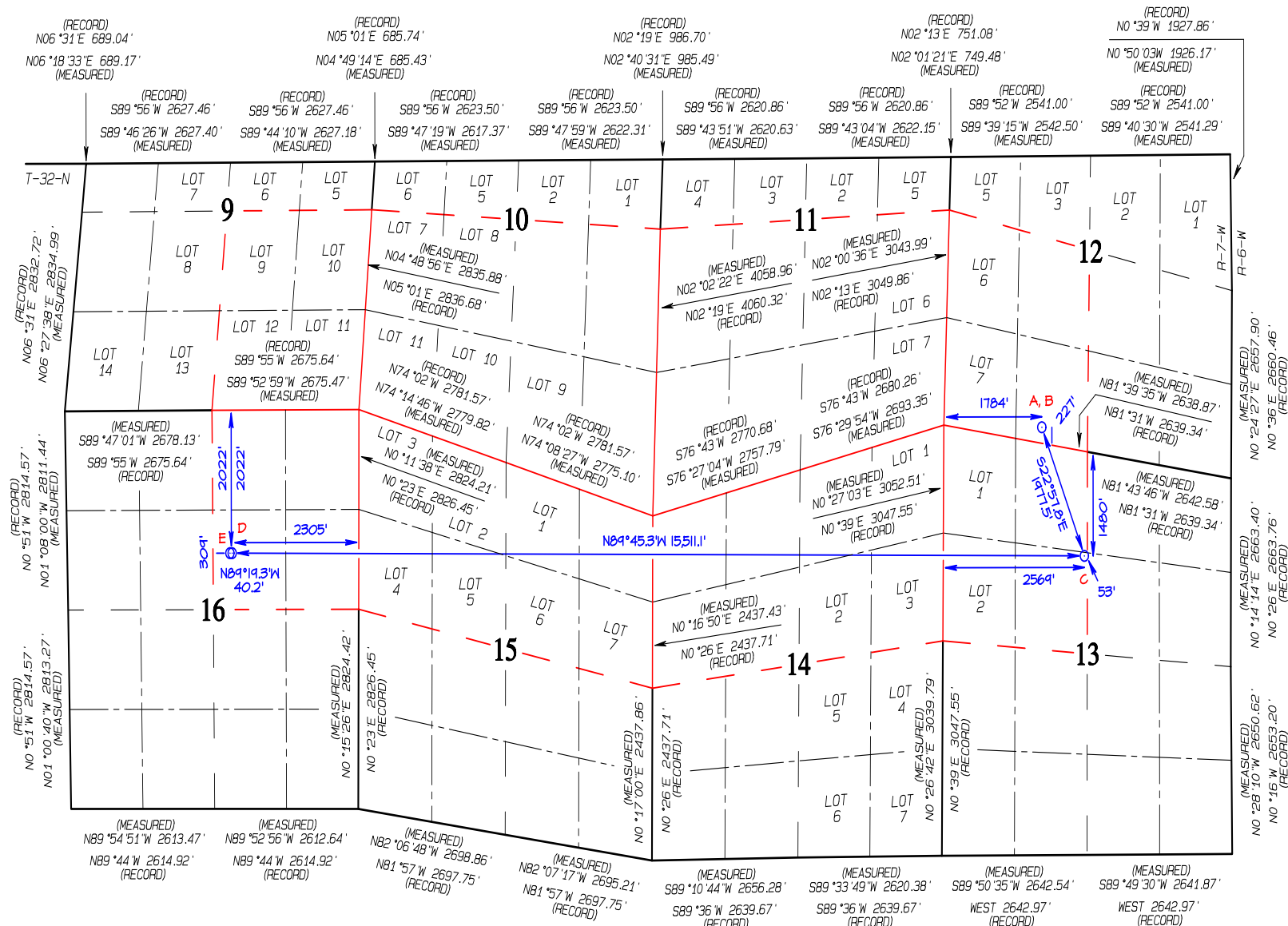
LAT 36.984516°N
LONG -107.518331°W
DATUM: NAD1983

KICK OFF POINT (B)
227' FSL 1784' FWL
SECTION 12, T32N, R7W
LAT 36.989519°N
LONG -107.520345°W
DATUM: NAD1927

LAT 36.989524°N
LONG -107.520952°W
DATUM: NAD1983

SURFACE LOCATION (A)
227' FSL 1784' FWL
SECTION 12, T32N, R7W
LAT 36.989519°N
LONG -107.520345°W
DATUM: NAD1927

LAT 36.989524°N
LONG -107.520952°W
DATUM: NAD1983

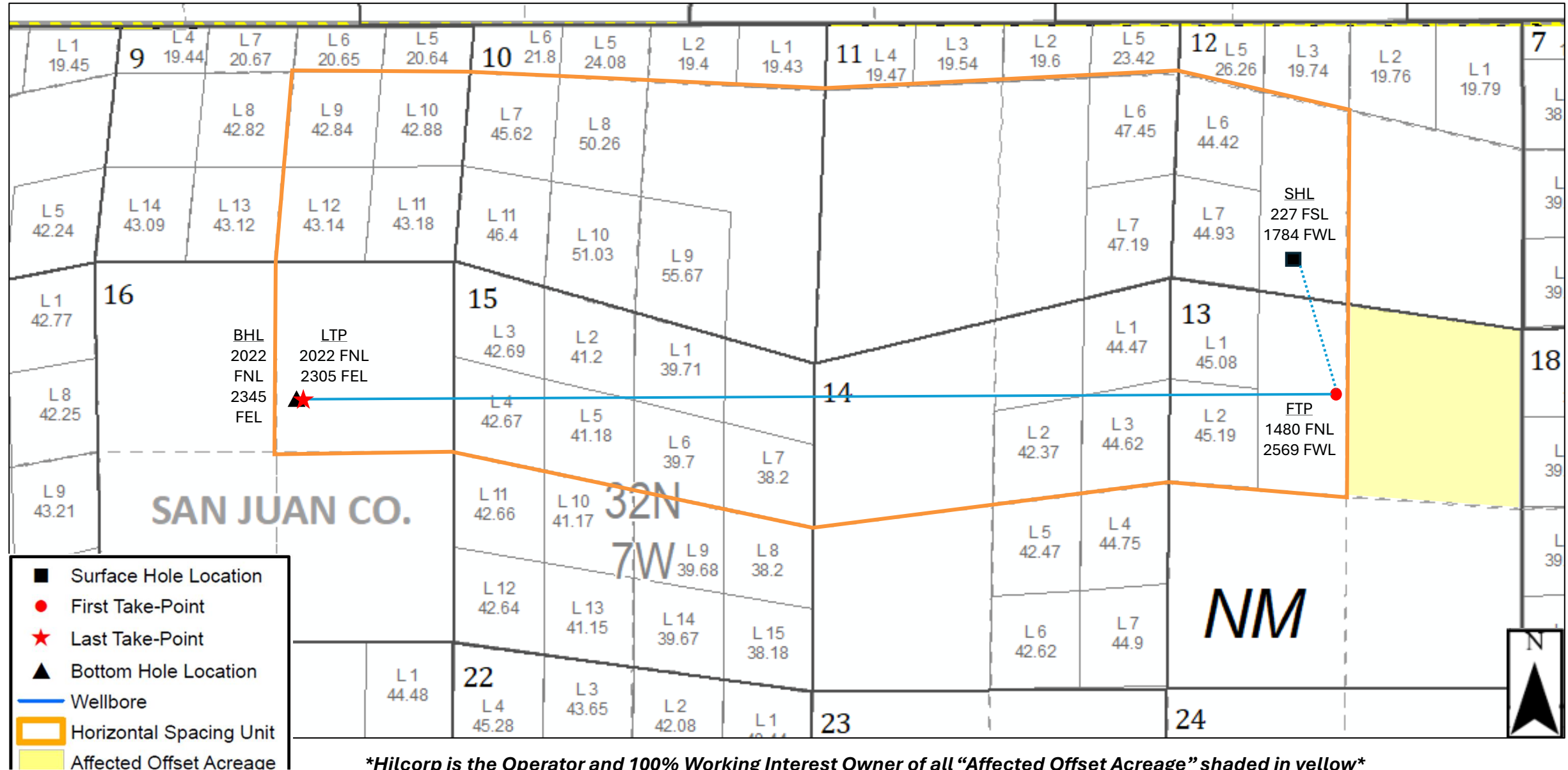


FIRST TAKE POINT (C)
1480' FNL 2569' FWL
SECTION 13, T32N, R7W
LAT 36.984511°N
LONG -107.517724°W
DATUM: NAD1927

LAT 36.984516 °N
LONG -107.518331 °W
DATUM: NAD1983



Application for Unorthodox Well Location: Allison 601 Federal Com 604H (API: 30-045-38448) Mancos Formation



Hilcorp is the Operator and 100% Working Interest Owner of all "Affected Offset Acreage" shaded in yellow

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 458137

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 458137
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	5/9/2025