

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



October 17, 2018

Mr. Bradley W. Pearson
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NON-STANDARD LOCATION

Administrative Order NSL-1275-A

Hilcorp Energy Company [OGRID 372171]
Garcia Gas Com B Well No. 001E
API No. 30-045-24649

Surface Location; Vertical Well

<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
790 FSL & 590 FWL	M	21	29N	10W	San Juan

Proposed Gas Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S2 of Section 21	320	Blanco-Mesaverde (Prorated Gas)	72319

Reference is made to your application received on October 12, 2018.

You have requested to drill this vertical well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by Division Rule 19.15.15.10.B NMAC, which provides for 320-acre units, with wells to be located at least 660 feet from outer unit boundaries.

This well's completed interval is as close as 70 feet to the western edge of the spacing unit. Encroachments will impact the following tract.

Section 20, encroachment to the E2

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. However, the ownership is identical in the S2 of Section 20; therefore, notice is not required.

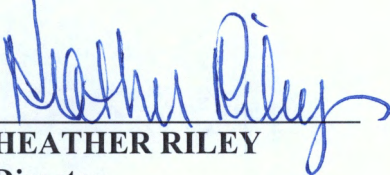
The Division understands you request this unorthodox location in order to maximize recovery of oil and gas reserves and to minimize surface disturbance underlying the spacing unit within the S2 of Section 21.

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

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

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.


HEATHER RILEY
Director

HR/lrl

cc: Oil Conservation Division – Aztec District Office