

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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Heather Riley, Division Director
Oil Conservation Division



December 4, 2018

Mr. Bradley W. Pearson
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NON-STANDARD LOCATION

Administrative Order NSL-7791

Hilcorp Energy Company [OGRID 372171]
Scott Federal 27 11 23 Well No. 001
API No. 30-045-30892

Surface Location; Vertical Well

<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
1645 FNL & 360 FEL	H	23	27N	11W	San Juan

Proposed Gas Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NE4 of Section 23	160	Kutz Pictured Cliffs, West (Gas)	79680

Reference is made to your application received on December 4, 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 Statewide rules for the Kutz Pictured Cliffs, West (Gas) which provides for 160 acre units and statewide set backs of 660 feet.

This well's completed interval is as close as 360 feet to the eastern edge of the spacing unit. Encroachments will impact the following tract.

Section 24, encroachment to the NW/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 request this unorthodox location in order to maximize recovery of oil and gas reserves underlying the spacing unit within the NE4 of Section 23. The Division also understands that you are recompleting this well to the above referenced formation.

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. However, the ownership is identical within the affected tract therefore notice is not required.

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
Bureau of Land Management – Farmington Field Office