

RECEIVED: 12/04/18	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1833829649
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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:** SCOTT FEDERAL 27 11 23 001 **API:** 30-045-30892  
**Pool:** KUTZ PICTURED CLIFFS, WEST **Pool Code:** 79680

**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**

<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	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.**

Bradley W. Pearson - Landman

Print or Type Name

Bradley W. Pearson

Signature

12/03/18

Date

713-289-2793

Phone Number

bpearson@hilcorp.com

e-mail Address



December 3, 2018  
Sent via FedEx

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

RE: Unorthodox Well Location Application for Kutz Pictured Cliffs, West  
Scott Federal 27 11 23 001 (API: 30-045-30892)  
SHL/BHL: Unit H (SE/NE), 1,645' FNL & 360' FEL  
Proration Unit: NE/4 Section 23, T27N, R11W, San Juan County, New Mexico

Dear Mr. Lowe,

Pursuant to Division Rule 19.15.4.12.A.2 and 19.15.15.13, Hilcorp Energy Company ("Hilcorp") requests administrative approval of an unorthodox gas well location for Scott Federal 27 11 23 1 (the "Well") as to the Kutz Pictured Cliffs, West (79680). The Well was originally drilled to the Basin-Dakota (71599) in 2002. Hilcorp intends to recomplete the Well to the Kutz Pictured Cliffs, West and subsequently downhole commingle the two formations.

Kutz Pictured Cliffs, West production in the subject Well will be dedicated to a 160 acre standard gas spacing and proration unit comprised of the NE/4 Section 23, T27N, R11W.

The Kutz Pictured Cliffs, West Gas Pool is currently governed by Division Rule 15.10.C [19.15.15.10.C NMAC] which provides for 160 acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the spacing unit, nor closer than 10 feet to any interior quarter-quarter section line or subdivision inner boundary.

As evidenced by administrative order NSL-4671-1 approved 03/08/2004 related to the existing Basin-Dakota completion, the subject Well's location is considered unorthodox since the location is less than 660 feet from the outer boundary of the spacing unit; therefore, by default in terms of recompleting this wellbore, the subject Kutz Pictured Cliffs, West recompletion is considered unorthodox.

This unorthodox location, as to the Kutz Pictured Cliffs, West, is necessary to maximize recovery of oil and gas reserves and minimize surface disturbance.

The spacing unit encroached up by this unorthodox location comprises the NW/4 Section 24, T27N, R11W. Hilcorp is the operator and 100% working interest owner within this spacing unit; therefore, no notice is required.

A notice of intent to recomplete into the Kutz Pictured Cliffs, West pool will be filed with the Aztec OCD district office. Attached are C-102's for both formations and a plat identifying the subject proration unit/wells and proration unit/wells encroached upon. For questions, please contact me at the email/number below.

Sincerely,

A handwritten signature in cursive script that reads 'Bradley W. Pearson'.

Brad Pearson  
Landman

DISTRICT I  
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II  
811 South First, Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-30892		*Pool Code 71599	*Pool Name BASIN DAKOTA	
*Property Code 29140	*Property Name SCOTT FEDERAL 27-11-23			*Well Number H-1
*OCRD No. 193195	*Operator Name MARKWEST RESOURCES, INC.			*Elevation 6133'

<sup>10</sup> Surface Location

UL or lot no. H	Section 23	Township 27-N	Range 11-W	Lot Idn	Feet from the 1645'	North/South line NORTH	Feet from the 360'	East/West line EAST	County SAN JUAN
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<sup>11</sup> 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
Dedicated Acres 3.20		Joint or Infill		Consolidation Code		Order No. NSL 4671			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 CALC'D SEC. CORNER N 00-01 W 20 LINKS WITNESS CORNER FD 2 1/2" BC G.L.O. 1913		S 89-52-00 W 5297.46'		SEC. CORNER FD 2 1/2" BC G.L.O. 1913 1645' 2848.38'	
23		LAT. 36°33.8'N LONG. 107°57.9'W		964' 321' 360' 1003' S 00-15-03 W	
CALC'D CORNER S 00-01 E 2.7 CHAINS WITNESS CORNER FD 2 1/2" BC G.L.O. 1913				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Brian Wood</i> Signature Printed Name BRIAN WOOD Title CONSULTANT Date OCT. 28, 2001	
				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. 7- Date of Survey Signature and Seal of Professional Surveyor: ROSA A. RUSH NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 8894 Certificate Number	

**District I**1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720**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**

Form C-102  
August 1, 2011

Permit 260259

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-30892	2. Pool Code 79680	3. Pool Name KUTZ PICTURED CLIFFS, WEST (GAS)
4. Property Code 321968	5. Property Name SCOTT FEDERAL 27 11 23	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6133

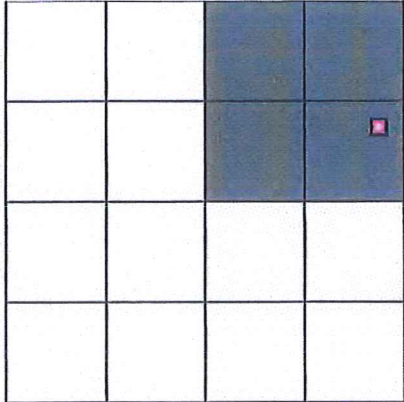
**10. Surface Location**

UL - Lot H	Section 23	Township 27N	Range 11W	Lot Idn	Feet From 1645	N/S Line N	Feet From 360	E/W Line E	County SAN JUAN
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 160.00 NE/4				13. Joint or Infill	14. Consolidation Code			15. Order No.	

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>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(s) 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.</i></p> <p>E-Signed By: <i>Christine Brock</i>          Title: Operation/Regulatory Tech Sr.          Date: 11/27/2018</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Roy Rush          Date of Survey: 7/11/2001          Certificate Number: 8894</p>
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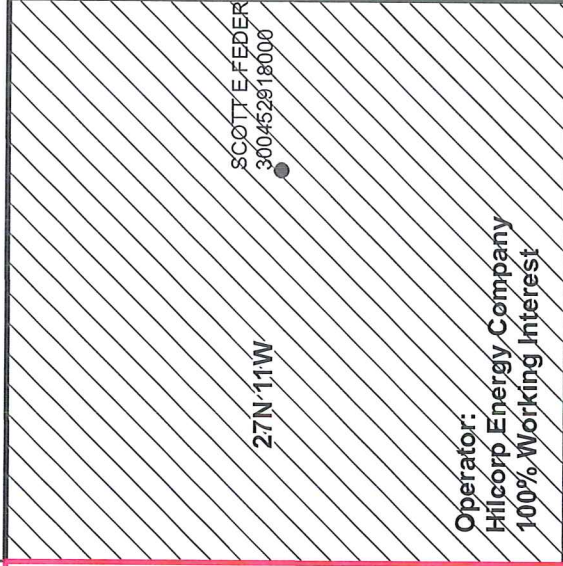


FULLERTON FEDERAL 10  
300450649000

FULLERTON FEDERAL 13 24  
300452917900

14

13



SCOTT E FEDERAL 24 21  
300452818000

27N-11W

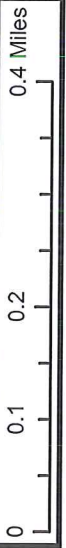
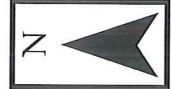
Operator:  
Hilcorp Energy Company  
100% Working Interest

SCOTT FEDERAL 27 11 23 1  
300453089200

23

24

FULLERTON FEDERAL 241  
300453114200



### Legend

- Scott Federal 27 11 23 1
- Pictured Cliffs Proration Unit
- 660' Setback
- Affected Offset
- Pictured Cliffs Wells

Created: 12/3/2018

## **Lowe, Leonard, EMNRD**

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**From:** Brenda Guzman <bguzman@hilcorp.com>  
**Sent:** Tuesday, December 4, 2018 7:20 AM  
**To:** Lowe, Leonard, EMNRD  
**Cc:** Brad Pearson  
**Subject:** [EXT] Scott Federal 27 11 23 #1 (API: 30-045-30892) NSL Application  
**Attachments:** Scott Federal 27 11 23 1 NSL Application.pdf

Good Morning Mr. Lowe,

Attached is a NSL application for the subject well. Hilcorp is the offset operator and has 100% WI so notice is not required. Please contact Brad Pearson, cc'd in this email, if you have any questions or concerns. I will send the hard copy via FedEx to your attention.

Regards,

**Brenda Guzman**  
**Land Tech – San Juan South**  
**Hilcorp Energy Company**  
1111 Travis  
Houston, Texas 77002  
Main: (713) 209-2400  
Direct: (832) 839-4574  
Email: [bguzman@hilcorp.com](mailto:bguzman@hilcorp.com)

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*Hilcorp Energy Company's address is 1111 Travis St, Houston, TX 77002*

## **Lowe, Leonard, EMNRD**

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**From:** Lowe, Leonard, EMNRD  
**Sent:** Friday, December 7, 2018 9:19 AM  
**To:** 'bpearson@hilcorp.com'  
**Cc:** Perrin, Charlie, EMNRD; Vermersch, Amy H, EMNRD; Pickford, Katherine, EMNRD; 'lisa@rwbyram.com'; Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; Dawson, Scott, EMNRD; 'jglover@blm.gov'  
**Subject:** APPROVED NSL-7791\_Hilcorp Energy Company\_Scott Federal 27 11 23 Well No. 001\_SEC 23 27N 11W  
  
**Importance:** High

*Mr. Bradley W. Pearson*

The following administrative order has been issued and will soon be available on the Division's web site:  
<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

### **NSL-7791**

Hilcorp Energy Company

API #: 30-045-30892

WELL: Scott Federal 27 11 23 Well No. 001

### **Leonard Lowe**

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)

Website: <http://www.emnrd.state.nm.us/ocd/>