

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



December 11, 2018

Hilcorp Energy Company
Attn: Mr. Bradley W. Pearson

NON-STANDARD LOCATION

Administrative Order NSL-7792

Hilcorp Energy Company
OGRID 372171
Zachery Well No. 037
API No. 30-045-25463

Proposed Surface Location; Vertical Well

<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
1725 FSL & 475 FEL	1	11	28N	10W	San Juan

Proposed Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S2 of Section 11	262.28	Blanco-Mesaverde (Prorated Gas)	72319

Reference is made to your application received on December 7, 2018.

You have requested to recomplete this vertical well within another formation 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 475 feet to the eastern edge of the project area. Encroachments will impact the following tracts.

Section 12, T28N R10W encroachment to the S2

Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all

adjoining units towards which the proposed location encroaches. However, the ownership is identical in the S2 Section 12; therefore, notice is not required.

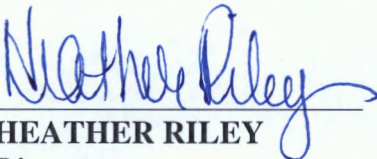
Division understands you seek this location to maximize recovery of oil and gas reserves and to minimize surface disturbance within the Mesaverde formation underlying the S2 of Section 11.

Your application has been filed under 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
Bureau of Land Management – Carlsbad Field Office