

RECEIVED: 12/07/18	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1834155831
--------------------	---------------	-----------	------------------------

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 COMPANYOGRID Number: 372171Well Name: ZACHRY 37API: 30-045-25463Pool: BLANCO MESAVERDEPool Code: 72319

**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 holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ 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.

Bradley W. Pearson - Landman

Print or Type Name

12/7/2018

Date

713-289-2793

Phone Number

bpearson@hilcorp.com

e-mail Address

Signature



December 7, 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 Blanco Mesaverde
Zachry 037 (API: 30-045-25463)
SHL/BHL: Lot 1 (ULI) (NE/SE), 1,725' FSL & 475' FEL
Proration Unit: S/262.28 Section 11, T28N, R10W, 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 the Zachry 37 (the "Well") as to the Blanco Mesaverde (72319). The Well was originally drilled to the Armenta Gallup (2290) in 1982. Hilcorp intends to recomplete the Well to the Blanco Mesaverde and subsequently downhole commingle the two formations.

Blanco Mesaverde production in the subject Well will be dedicated to a 262.28 acre non-standard gas spacing and proration unit comprised of the S/2 Section 11, T28N, R10W.

The Blanco Mesaverde Gas Pool is currently governed by Division Rule 15.10.C [19.15.15.10.C NMAC] which provides for 320 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.

The Well's 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 Blanco Mesaverde recompletion is considered unorthodox.

This unorthodox location, as to the Blanco Mesaverde, 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 S/2 Section 12, T28N, R10W and the S/2 Section 35, T29N, R10W. Hilcorp is the operator and 100% working interest owner within both spacing units; therefore, no notice is required.

A notice of intent to recomplete into the Blanco Mesaverde 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

All distances must be from the outer boundaries of the Section

Lessor UNION TEXAS PETROLEUM CORP.			Lessee ZACHRY		Well No. 37
Letter I	Section 11	Township 28 NORTH	Range 10 WEST	County SAN JUAN	

Well Location of well:

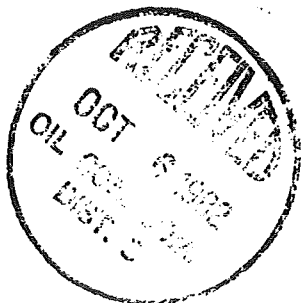
1725	feet from the	SOUTH	line and	475	feet from the	EAST	line
and Level Elev. 5717	Producing Formation GALLUP		Pool Armenta Extension		Dedicated Acres Lot 1 25.94		Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

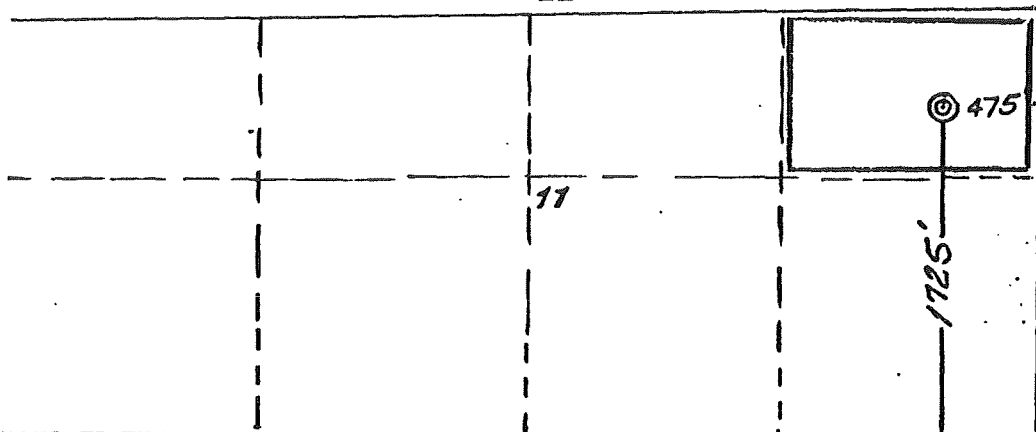
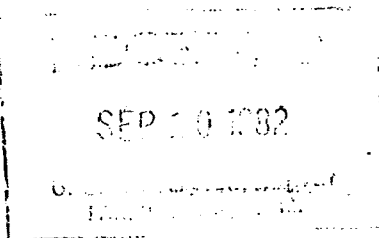
☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



11



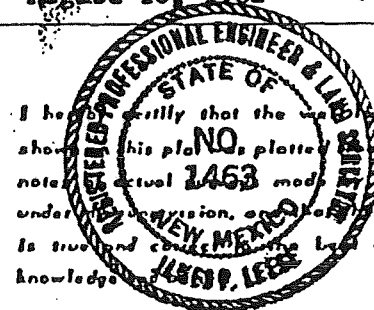
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Rudy D. Motto

Name
Rudy D. Motto
Position
Field Operations Manager
Company
Union Texas Petroleum

Date
August 10, 1982



Date Surveyed
July 28, 1982

Registered Professional Engineer
and/or Land Surveyor
James P. Leese
James P. Leese

Certificate No.
1463

District I1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., Artesia, NM 88210
Phone:(505) 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 260602

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-25463	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318769	5. Property Name ZACHRY	6. Well No. 037
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5717

10. Surface Location

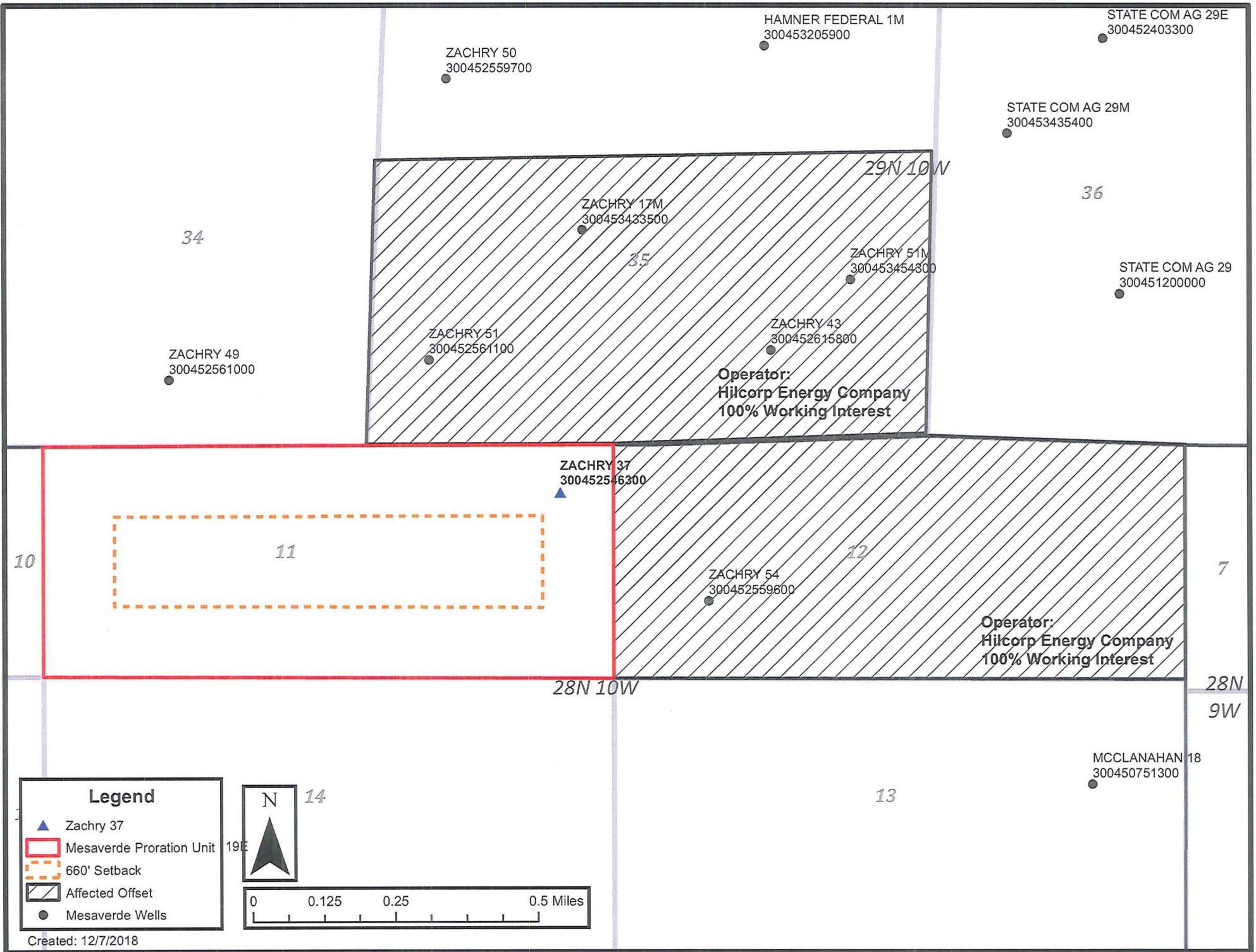
UL - Lot I	Section 11	Township 28N	Range 10W	Lot Idn	Feet From 1725	N/S Line S	Feet From 475	E/W Line E	County SAN JUAN
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	------------------	---------------	--------------------

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 262.28 S	13. Joint or Infill		14. Consolidation Code			15. Order No.			

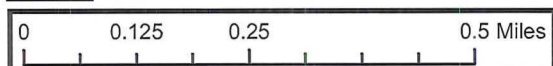
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</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: 12/4/2018</p>
	<p style="text-align: center;">SURVEYOR CERTIFICATION</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: James P. Leese Date of Survey: 7/28/1982 Certificate Number: 1463</p>



Legend

- ▲ Zachry 37
- ▭ Mesaverde Proration Unit
- ▭ 660' Setback
- ▨ Affected Offset
- Mesaverde Wells



Created: 12/7/2018

Lowe, Leonard, EMNRD

From: Brenda Guzman <bguzman@hilcorp.com>
Sent: Friday, December 7, 2018 3:13 PM
To: Lowe, Leonard, EMNRD
Cc: Brad Pearson
Subject: [EXT] RE: [EXTERNAL] RE: Zachry #37 (API: 30-045-25463) NSL Application
Attachments: Zachry 37 MV RC NSL Application.pdf

My apologies. Please see attached.

Regards,

Brenda Guzman
Land Tech – San Juan South
Hilcorp Energy Company
832-839-4574

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]
Sent: Friday, December 7, 2018 4:08 PM
To: Brenda Guzman <bguzman@hilcorp.com>
Cc: Brad Pearson <bpearson@hilcorp.com>
Subject: [EXTERNAL] RE: Zachry #37 (API: 30-045-25463) NSL Application

Dear Brenda Guzman,

There was no attachment.

llowe

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

From: Brenda Guzman <bguzman@hilcorp.com>
Sent: Friday, December 7, 2018 3:06 PM
To: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Cc: Brad Pearson <bpearson@hilcorp.com>
Subject: [EXT] Zachry #37 (API: 30-045-25463) NSL Application

Good Afternoon 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

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

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

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Thursday, December 13, 2018 9:42 AM
To: 'bpearson@hilcorp.com'
Cc: Powell, Brandon, EMNRD (Brandon.Powell@state.nm.us); Pickford, Katherine, EMNRD; Vermersch, Amy H, EMNRD; 'lisa@rwbyram.com'; Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; Dawson, Scott, EMNRD
Subject: APPROVED NSL-7792_Hilcorp Energy Co._Zachry Well No. 037_SEC 11 28N 10W
Attachments: NSL-7792_ORDER.pdf

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-7792

Hilcorp Energy Company

API #: 30-045-25463

WELL: Zachry Well No. 037

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

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