

RECEIVED: 12/20/18	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1835541044
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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: NICKSON 17 **API:** 30-045-20187
Pool: BASIN DAKOTA **Pool Code:** 71599

**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

FOR OCD ONLY

- ☐ Notice Complete
☐ Application
 Content
 Complete

- 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
- 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

12/20/2018

Date

713-289-2793

Phone Number

bpearson@hilcorp.com

e-mail Address



December 20, 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 Basin Dakota
Nickson 17 (API: 30-045-20187)
SHL/BHL: Unit I (NE/SE), 1,782' FSL & 277' FEL
Proration Unit: E/320 Section 22, T26N, R8W, 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 Nickson 17 (the "Well") as to the Basin Dakota (71599). The Well was originally drilled in 1967 and the surface hole location ("SHL") was originally reported at 1850' FSL 790' FEL.

As part of its regular inspection program, the Aztec Oil Conservation Division ("OCD") inspector found a significant discrepancy from the reported SHL on file. After conducting a new survey, the actual SHL of the Well was found to be 1782' FSL 277' FEL.

The Basin Dakota 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 updated SHL is less than 660 feet from the outer boundary of the spacing unit; therefore, it is considered unorthodox as to the Basin Dakota.

The spacing unit encroached upon by this unorthodox location comprises the W/2 Section 23, T26N, R8W. Hilcorp is the operator and 100% working interest owner within this spacing unit; therefore, no notice is required.

A sundry with the new C-102 has been filed with the Aztec OCD district office. Attached is the original C-102, the new C-102 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

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

Operator SOUTHERN UNION PRODUCTION COMPANY				Lease RECEIVED		Well No. 17	
Unit Letter I	Section 22	Township 26 NORTH	Range 8 WEST	County SAN JUAN			
Actual Footage Location of Well: 1850 feet from the SOUTH line or 790 feet from the EAST line							
Ground Level Elev 6900.0	Producing Formation SAN JUAN		Pool SAN JUAN	Dedicated Acreage 1/4 320		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 by 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 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 Commission.



CERTIFICATION

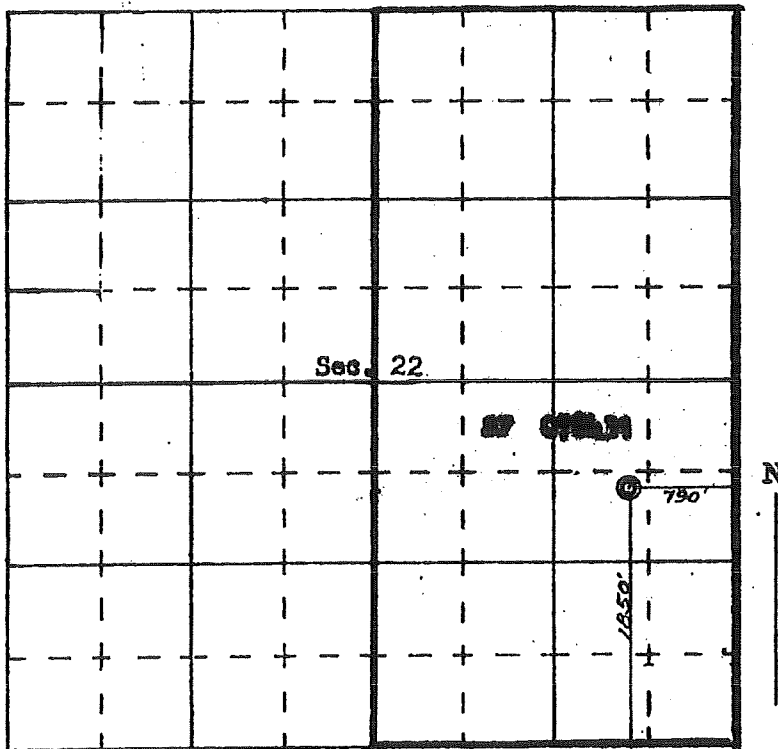
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Original signed by
GILBERT D. NOLAND, JR.

Name
Gilbert D. Noland, Jr.
 Position
Drilling Superintendent
 Company
Southern Union Production
 Date
October 25, 1967

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 knowledge and belief.

Date Surveyed
13 October 1967
 Registered Professional Engineer
 and/or Land Surveyor
JAMES P. LERSE



SCALE—1 INCHES EQUALS 1 MILE

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.

1463
Certificate No.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

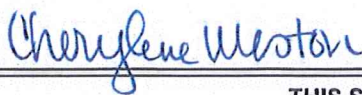
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF-078431
2. Name of Operator Hilcorp Energy Company		6. If Indian, Allottee or Tribe Name
3a. Address 382 Road 3100 Aztec, NM 87410	3b. Phone No. (include area code) 505-599-3400	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surface Unit I (NESE) 1782' FSL & 277' FEL, Sec. 22, T26N, R08W		8. Well Name and No. Nickson 17
		9. API Well No. 30-045-20187
		10. Field and Pool or Exploratory Area Basin Dakota
		11. Country or Parish, State San Juan , New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Re-Survey</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once Testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Through OCD inspection and file review, it was determined the footages and coordinates originally assigned to this well were incorrect. As such, Hilcorp Energy re-surveyed the subject well location. Please see attached, a revised C-102 with corrected footages and coordinates.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)	
Cherylene Weston	Title Operations/Regulatory Technician - Sr.
Signature 	Date 10-15-18

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I

1625 N. French Dr., Hobbs, N.M. 88240
Phone: (505) 393-8161 Fax: (505) 393-0720

DISTRICT II

611 E. First St., Artesia, N.M. 88210
Phone: (505) 748-1283 Fax: (505) 748-0720

DISTRICT III

1000 Rio Bravo Rd., Aztec, N.M. 87410
Phone: (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV

1220 E. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 478-3460 Fax: (505) 478-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-20187		² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 318826	⁵ Property Name NICKSON		⁶ Well Number 17
⁷ GRID No. 372171	⁸ Operator Name HILCORP ENERGY COMPANY		⁹ Elevation 6899'

¹⁰ Surface Location

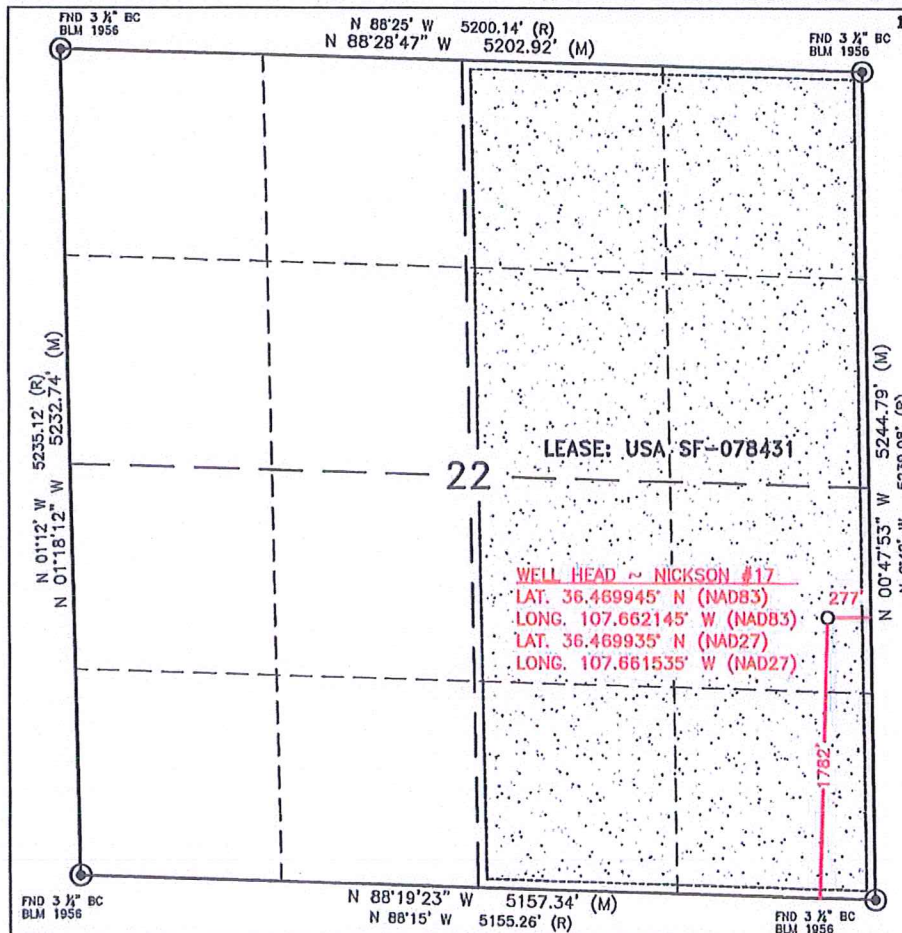
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	22	26N	8W		1782'	SOUTH	277'	EAST	SAN JUAN

¹¹ 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
¹² Dedicated Acres E/2 320 ACRES				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

10



¹⁶ 17 OPERATOR CERTIFICATION

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 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.

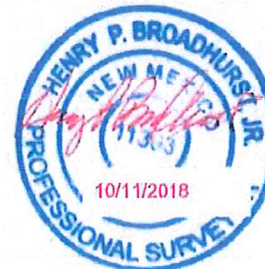
Cherylene Weston 10/15/18
Signature Date
Cherylene Weston
Printed Name
cweston@hilcorp.com
E-mail Address

SURVEYOR CERTIFICATION

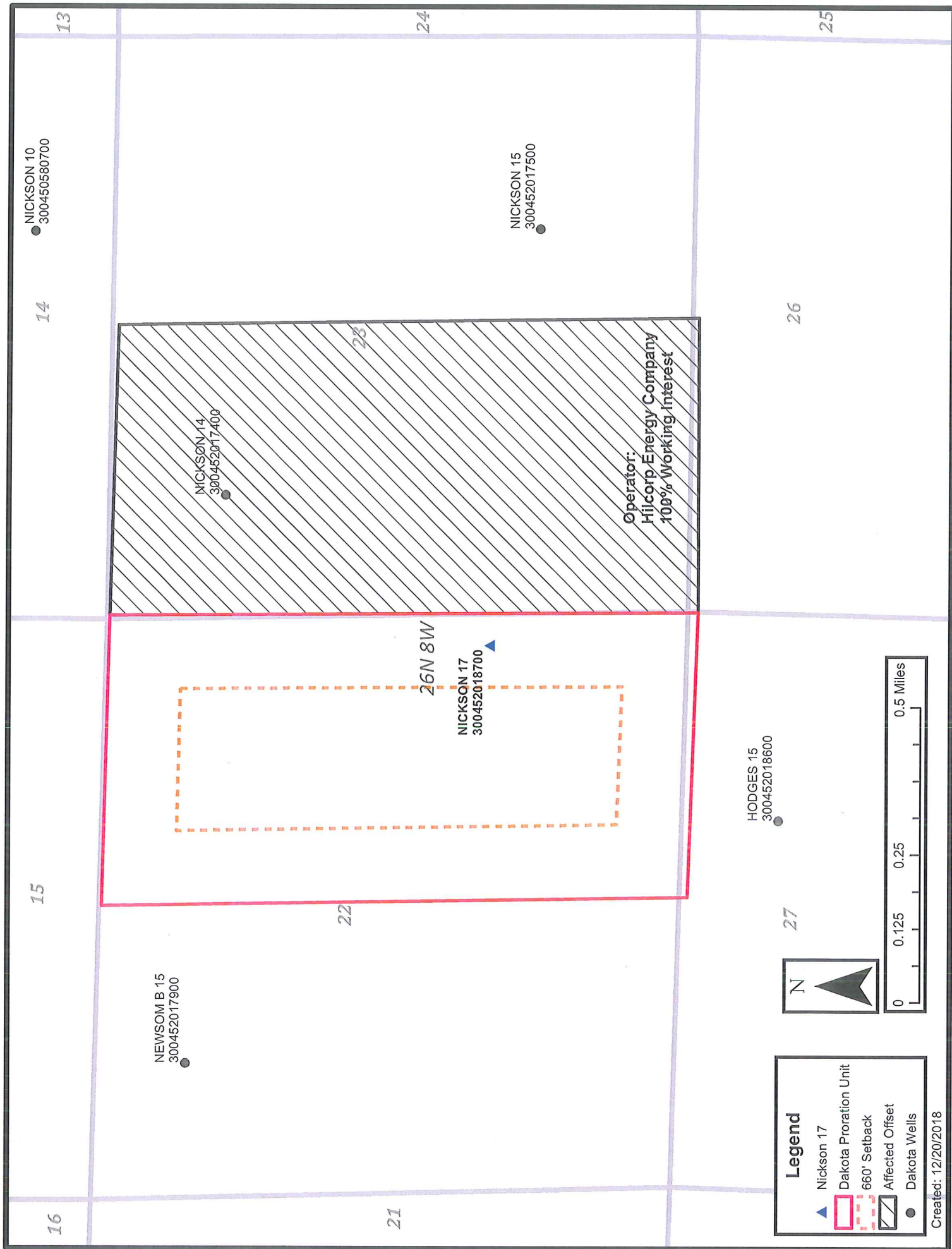
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 10, 2018

Date of Survey
Signature and Seal of Professional Surveyor:



Certificate Number 11393



Lowe, Leonard, EMNRD

From: Brenda Guzman <bguzman@hilcorp.com>
Sent: Thursday, December 20, 2018 2:13 PM
To: Lowe, Leonard, EMNRD
Cc: Brad Pearson
Subject: [EXT] Nickson 17 (API: 30-045-20187) NSL Application
Attachments: Nickson 17 DK NSL Application.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

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