

NSL Initial Application

Received March 5, 2019

This application is only placed in file. It MAY or MAY NOT have been reviewed to be determined Administratively Complete

RECEIVED: 03/05/19	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL1906656931
--------------------	---------------	-----------	------------------------

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: HUGHES 003 **API:** 30-039-60063
Pool: BALLARD PICTURED CLIFFS **Pool Code:** 71439

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

3/5/2019
Date

713-289-2793
Phone Number

bpearson@hilcorp.com
e-mail Address



March 5, 2019
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 Ballard Pictured Cliffs
Hughes 003 (API: 30-039-60063)
SHL/BHL: Unit M (SW/SW), 97' FSL & 128' FWL
Proration Unit: SW/160 Section 34, T26N, R7W, Rio Arriba 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 Hughes 003 (the "Well") as to the Ballard Pictured Cliffs (71439). The Well was originally drilled in 1953 and the surface hole location ("SHL") was originally reported at 990' FSL 990' FWL.

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 97' FSL 128' FWL.

The Ballard Pictured Cliffs 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.

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 Ballard Pictured Cliffs.

The spacing units encroached upon by this unorthodox location comprises the NW/4 Section 3, T25N, R7W, the NE/4 Section 4, T25N, R7W and SE/4 Section 33, T26N, R7W. Rim Operating, Inc. is the offset operator of the NE/4 Section, 4 (T25N, R7W); therefore, notice has been provided for this spacing unit. Hilcorp is the operator and 100% working interest owner of the NW/4 Section 3 (T25N, R7W) and SE/4 Section 33 (T26N, R7W); therefore, notice is not required for these spacing units.

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 ACREAGE DEDICATION PLAT**

FORM C-128
Revised 5/1/57

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

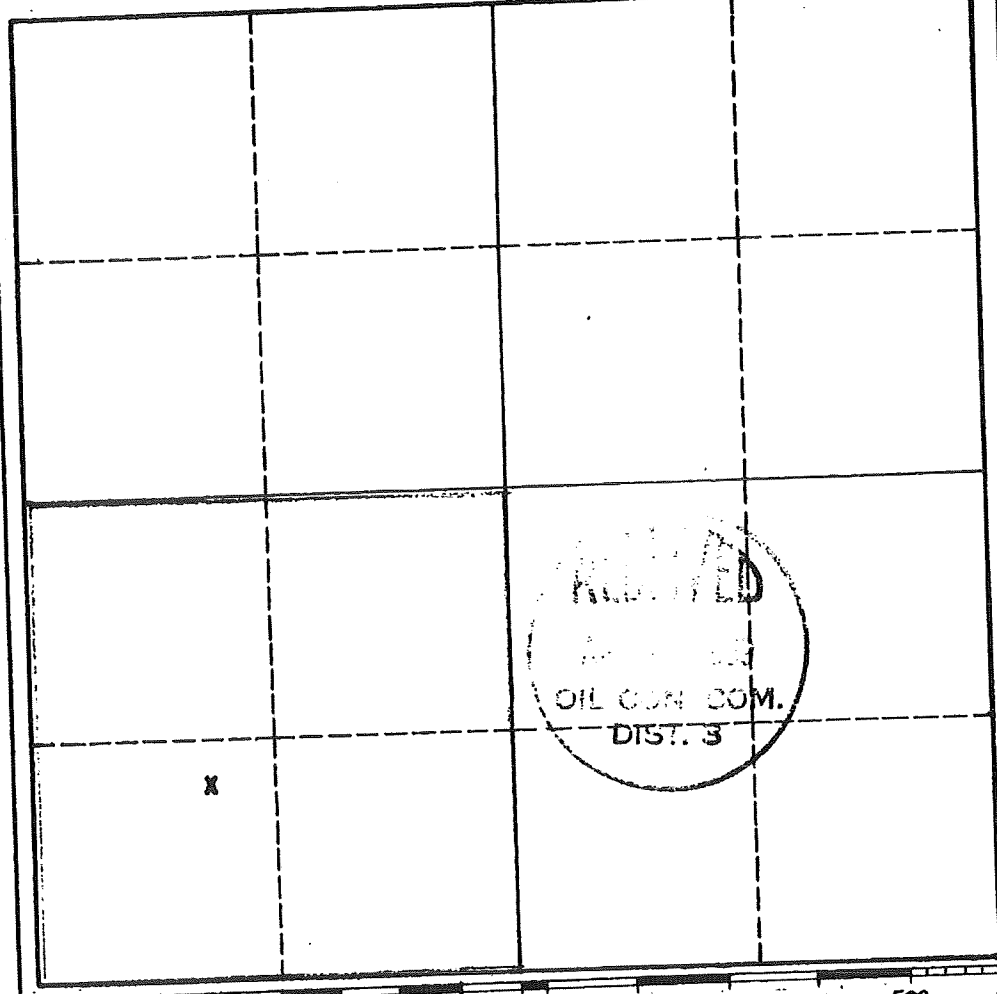
SECTION A

Operator Pubco Petroleum Corp.		Lease Hughes Federal		Well No. 3
Unit Letter M	Section 34	Township 26 N	Range 7 W	County Rio Arriba
Actual Footage Location of Well: 990 feet from the South line and 990 feet from the West line				
Ground Level Elev. 6277	Producing Formation Pictured Cliff	Pool Ballard	Dedicated Acreage: 160 Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES NO . ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES NO . If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description
Pubco Petroleum Corp.	

SECTION B



CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name **M. E. Marshall Jr.**
Manager Prod. Dept.

Position **Pubco Petr. Corp.**

Company **4-7-59**

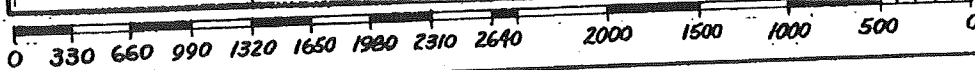
Date

I hereby certify that the well location shown on the plat in SECTION B 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

Registered Professional Engineer and/or Land Surveyor

Certificate No.



DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-8181 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 478-3480 Fax: (505) 478-3482

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 30-039-60063		² Pool Code 71439	³ Pool Name BALLARD PICTURED CLIFFS	
⁴ Property Code 318581	⁵ Property Name HUGHES			⁶ Well Number 3
⁷ OGRID No. 372171	⁸ Operator Name HILCORP ENERGY COMPANY			⁹ Elevation 6277'

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
M	34	26N	7W		97'	SOUTH	128'	WEST	RIO ARRIBA

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 SW/4 SECTION 34 160.00 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

16

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.

Signature _____ Date _____

Christine Brock
Printed Name

cbrock@hilcorp.com
E-mail Address

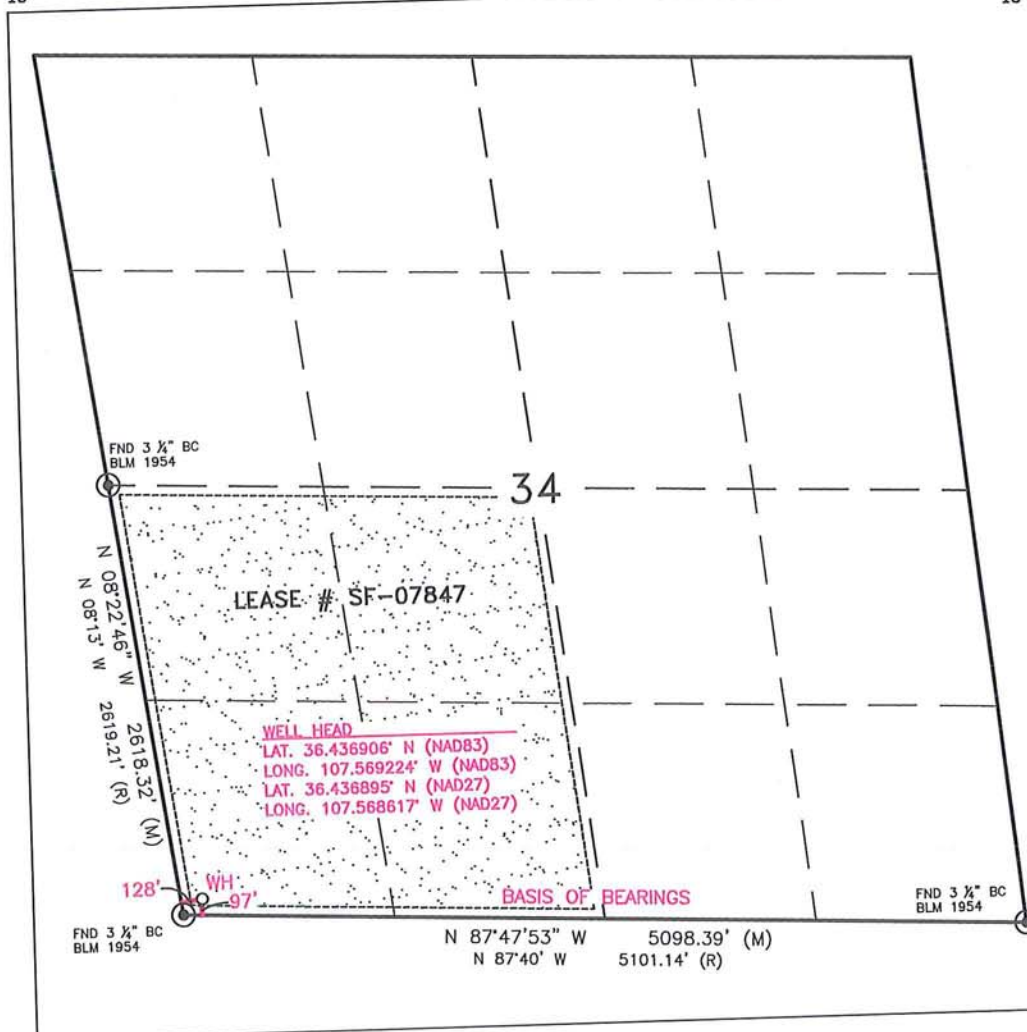
SURVEYOR CERTIFICATION

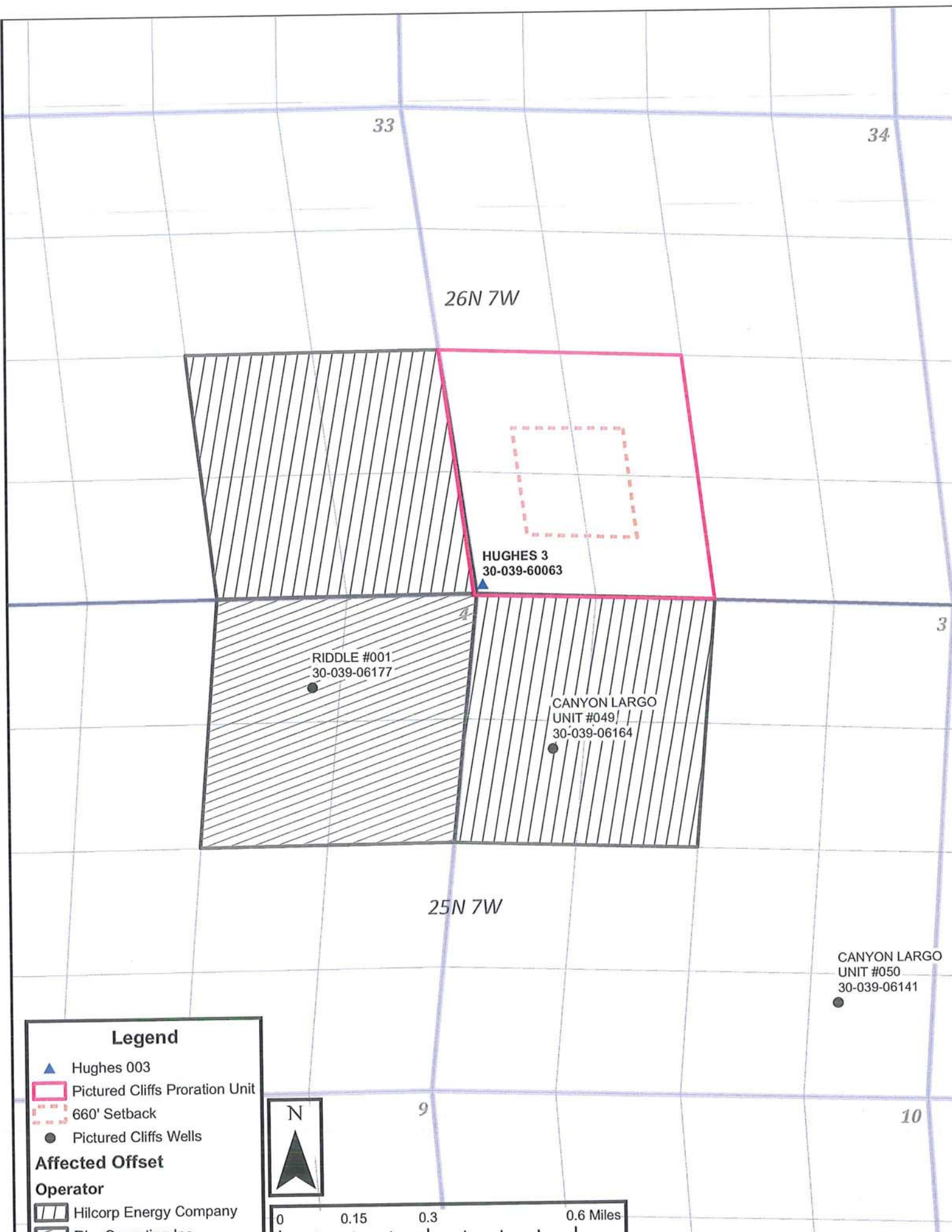
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
FEBRUARY 12, 2019

Date of Survey _____
Signature and Seal of Professional Surveyor: _____



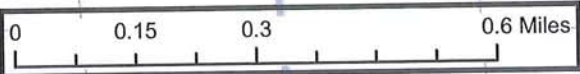
Certificate Number 11393





Legend

-  Hughes 003
-  Pictured Cliffs Proration Unit
-  660' Setback
-  Pictured Cliffs Wells
- Affected Offset**
- Operator**
-  Hilcorp Energy Company
-  Rim Operating Inc





March 5, 2019

Rim Operating, Inc.
Attn: Land Manager
5 Inverness Drive East
Englewood, CO 80112

RE: Non-Standard Location (“NSL”) Application for Ballard Pictured Cliffs
Hughes 003 (API# 30-039-60063)
Unit M (SW/SW), 97’ FSL & 128’ FEL, Sec. 34, T26N, R7W
Rio Arriba County, NM

To Whom It May Concern,

Enclosed you will find a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty (20) days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If the 20 day waiting period expires, the Division will conclude that your company has no objection to the NSL.

If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown below or by email at bpearson@hilcorp.com. If you should have any questions concerning this application, please feel free to call me at 713-757-7125.

Sincerely,

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

Brad Pearson
Landman

bmg
Enclosures

Lowe, Leonard, EMNRD

From: Brenda Guzman <bguzman@hilcorp.com>
Sent: Tuesday, March 5, 2019 3:57 PM
To: Lowe, Leonard, EMNRD
Cc: Brad Pearson
Subject: [EXT] Hughes #3 (API: 30-039-60063) NSL Application
Attachments: Hughes 3 PC NSL Application.pdf

Good Afternoon Mr. Lowe,

Attached is a NSL application for the subject well. Notice has been sent to the affected offset operator. Please contact Brad Pearson, cc'd in this email, if you have any questions or concerns. I will send a 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

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Wednesday, April 3, 2019 5:09 PM
To: 'bpearson@hilcorp.com'
Cc: Powell, Brandon, EMNRD (Brandon.Powell@state.nm.us); Vermersch, Amy H, EMNRD; 'lisa@rwbyram.com'; Jones, William V, EMNRD; Dawson, Scott, EMNRD; Murphy, Kathleen A, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; 'jglover@blm.gov'
Subject: NSL-7847_Hilcorp Energy Company_Hughs Well No. 003_SEC 34 26N 07W
Importance: High

Mr. Bradley 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-7847

Hilcorp Energy Company

API #: 30-039-60063

Hughes Well No. 003

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/>