

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Erin Taylor
Acting Cabinet Secretary

Ben Shelton
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



Rob Carlson
rcarlson@hilcorp.com

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL - 9229

**Hilcorp Energy Company [OGRID 372171]
San Juan 29 7 Unit Well No. 34B
API No. 30-039-29725**

Reference is made to your application received on January 7th, 2026.

Proposed Location; Vertical Well

<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
1395 FNL & 440 FWL	E	04	29N	07W	Rio Arriba

Proposed Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 Section 04	316.7	Basin Fruitland Coal	71629

This directional well was completed into an unorthodox location described above in the referenced pool or formation. Special pool rule R-8768-B governs this well to provide for 320-acre spacing units with setbacks no closer than 660 feet, nor closer than 10 feet to any interior quarter – quarter section line.

Administrative Order NSL – 9229
Hilcorp Energy Company
Page 2 of 2

The request to deviate from an orthodox location has met all requirements of 19.15.16.15 (C)(6) NMAC. It is understood that you are seeking this exception in order to create a non-standard location, comprised of the perforated zone referenced above within the proposed spacing unit.

This well's completed interval is as close as 440 feet to the western edge of the spacing unit. Encroachment will impact the following tracts.

Section 05, encroachment to the E/2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are requesting this unorthodox location to maximize recovery of oil and gas reserves and minimize surface disturbance. This will prevent waste within the Fruitland Coal formation underlying the W/2 of Section 04.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

Reference this NSL order number on the As Drilled C-102 submitted with the Authorization to Transport, to place this well into production.

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.



Albert C.S. Chang
Division Director
AC/lrl

Date: 2/6/26

ID NO. 540919

NSL - 9229

RECEIVED: 01/07/26	REVIEWER:	TYPE:	APP NO:
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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: SAN JUAN 29-7 UNIT 34B **API:** 30-039-29725
Pool: BASIN FRUITLAND COAL **Pool Code:** 71629

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

<u>FOR OCD ONLY</u>	
<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.

ROB CARLSON, CPL
 Print or Type Name

1/6/2026
 Date

Signature

(832) 839-4596
 Phone Number

RCARLSON@HILCORP.COM
 e-mail Address



January 6, 2026
Sent Overnight UPS

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-Fruitland Coal
San Juan 29 7 Unit #34B (API: 30-039-29725)
SHL/BHL: 1,395' FNL & 440' FWL
Spacing Unit: W/316.70 acres in Section 4, T29N, R7W
Rio Arriba County, New Mexico

Dear Mr. Lowe:

Pursuant to Division Rule 19.15.15.13, Hilcorp Energy Company ("Hilcorp") hereby requests administrative approval for an unorthodox gas well location in the Basin-Fruitland Coal Gas Pool (71629).

Hilcorp intends to utilize the subject wellbore for a recompletion attempt to the Fruitland Coal formation; dedicated to a 316.70-acre gas spacing and proration unit comprised of Lots 7 and 8, S/2 NW/4, SW/4 (aka W/2) in Section 4, Township 29 North, Range 7 West.

Rule (7) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool (Order R-8768-B) provides "*wells drilled or recompleted on every standard or non-standard unit in the Basin-Fruitland Coal Gas Pool...shall be located no closer than 660 feet to any outer boundary of a proration unit*". The subject vertical well, however, sits at an existing/approved unorthodox location (NSL-5328) approximately 440 feet from the west line. Thus, the Basin-Fruitland Coal recompletion contemplated herein becomes unorthodox by default.

Pursuant to Paragraph (2) of Subsection A of 19.15.4.12 NMAC, the affected spacing unit being encroached upon (shaded in yellow on the map enclosed) by this unorthodox location is comprised of Lots 5 and 6, S/2 NE/4, SE/4 (aka E/2) of Section 5, T29N, R7W. Notably, there are no active Fruitland Coal wells in the affected spacing unit.

Hilcorp believes this unorthodox location is necessary to maximize recovery of oil and gas reserves and minimize surface disturbance. Hilcorp is the Operator of the affected acreage (situated within the boundaries of the San Juan 29-7 Unit Area) and owns 100% working interest in the underlying federal lease. Therefore, pursuant to Paragraph (8) of Subsection A of 19.15.2.7 NMAC, the only "affected persons" entitled to notice is the Bureau of Land Management.

Attachments: 1) administrative application checklist, 2) plat survey, and 3) a map visualizing the pertinent details discussed herein.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rob Carlson'.

Rob Carlson, CPL
Sr. Landman
(832) 839-4596
rcarlson@hilcorp.com

Santa Fe Main Office Phone: (505) 476-3441 Fax: (55) 476-3462 General Information Phone: (505) 629-6116 Online Phone Directory Visit: https://www.emnrd.nm.gov/ocd/contact-us/	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
		Submittal Type: <input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled

WELL LOCATION INFORMATION

API Number 30-039-29725	Pool Code 71629	Pool Name Basin Fruitland Coal (Gas)
Property Code 318713	Property Name San Juan 29-7 Unit	Well Number 34B
OGRID No. 372171	Operator Name Hilcorp Energy Company	Ground Level Elevation 6155
Surface Owner: <input type="checkbox"/> State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
E	04	029N	07W		1395' N	440' W	36.7580566	-107.5838013	Rio Arriba

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
E	04	029N	07W		1395' N	440' W	36.7580566	-107.5838013	Rio Arriba

Dedicated Acres 316.7	Infill or Defining Well Defining	Defining Well API	Overlapping Spacing Unit (Y/N) N	Consolidation Code Unit
Order Numbers.			Well setbacks are under Common Ownership: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

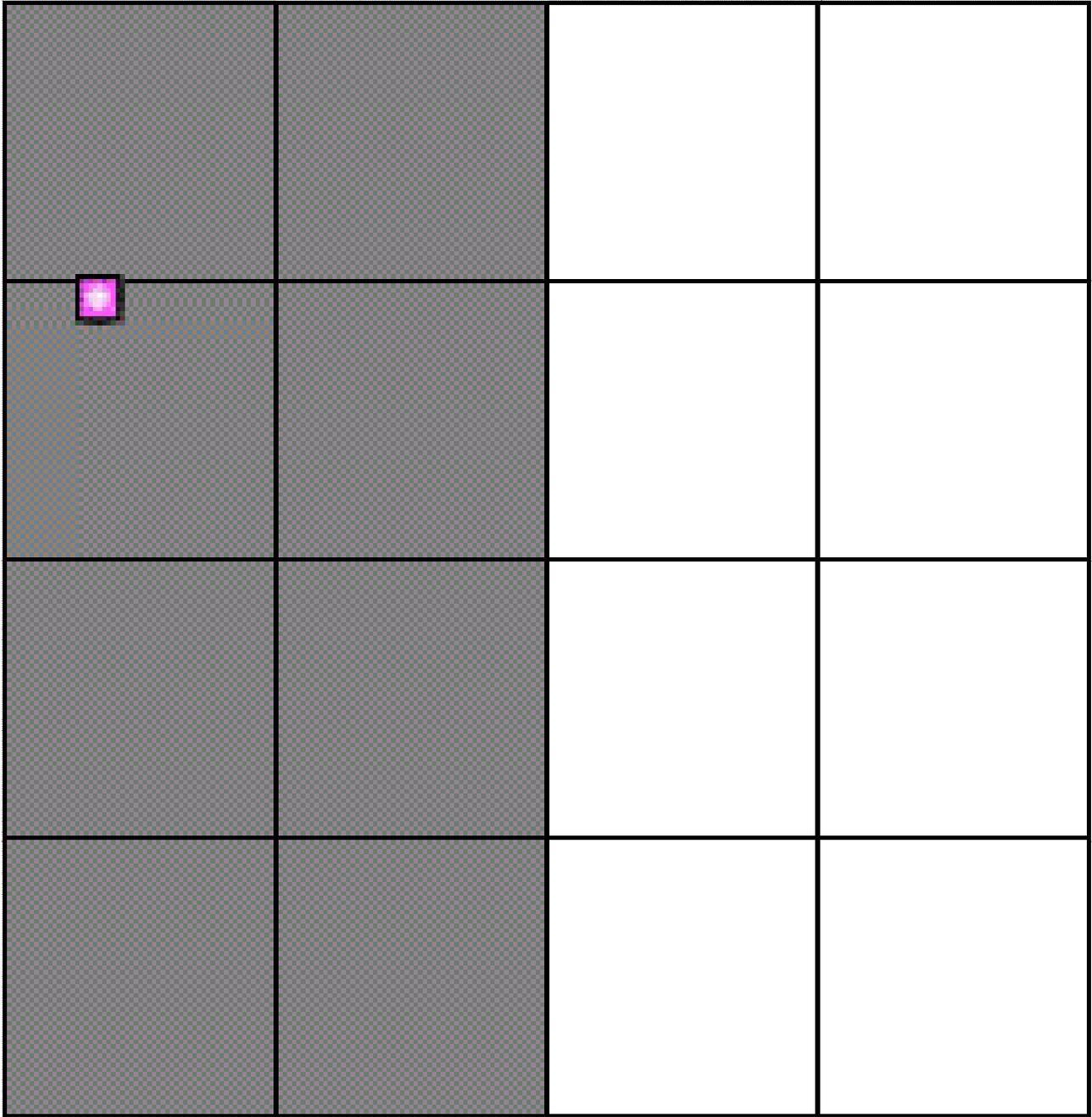
Unitized Area or Area of Uniform Interest SJ 29-7 Unit - Fruitland Coal PA	Spacing Unit Type <input type="checkbox"/> Horizontal <input checked="" type="checkbox"/> Vertical	Ground Floor Elevation:
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<p>OPERATOR CERTIFICATIONS</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i></p> <p> 12/11/2025</p> <p>Signature Date</p> <p>Amanda Walker</p> <p>Printed Name</p> <p>mwalker@hilcorp.com</p> <p>Email Address</p>	<p>SURVEYOR CERTIFICATIONS</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>Roy Rush</p> <p>Signature and Seal of Professional Surveyor</p> <p>8894 7/20/2005</p> <p>Certificate Number Date of Survey</p>
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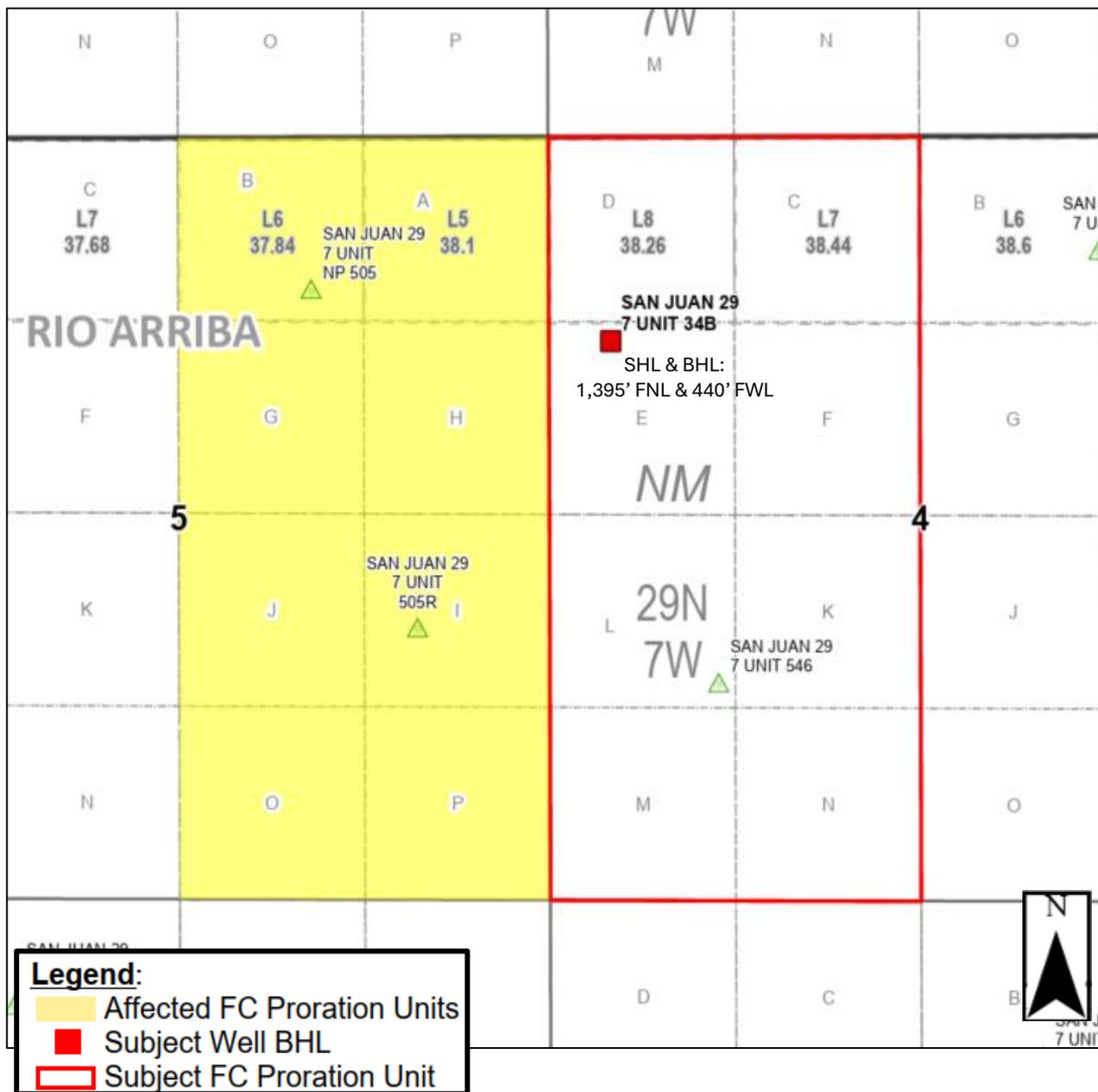
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



Application for Unorthodox Well Location:
San Juan 29-7 Unit #34B (API: 30-039-29725)
Fruitland Coal Formation



Note: Hilcorp is the Operator and 100% Working Interest Owner of the Affected Spacing Unit





January 7, 2026

Attn: Kyle Paradis
Bureau of Land Management, NMSO
301 Dinosaur Trail
Santa Fe, NM 87508

Re: **Notice of Unorthodox Well Location Application**
San Juan 29 7 Unit #34B (API: 30-039-29725)

Mr. Paradis:

In accordance with Paragraph (2) of Subsection A of 19.15.4.12 NMAC and Paragraph (8) of Subsection A of 19.15.2.7 NMAC, the enclosed materials are being provided to satisfy notice obligations associated with Hilcorp's intent to file an application for unorthodox location with the New Mexico Oil Conservation Division ("NMOCD") for the subject well.

Should you have an objection to this application, please notify the NMOCD within 20 days and subsequently contact me for further discussion.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rob Carlson'.

Rob Carlson, CPL
Landman
(832) 839-4596
rcarlson@hilcorp.com

92148969009997901852800302	Cole Gorman	Bureau of Land Management, NMSO , Attn: Kyle Paradis, 301 Dinosaur Trail, Sant Fe, NM, 87508 Code: SJ 29-7 34B NSL	1/6/2026	Signature Pending
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Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 540919

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 540919
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	1/14/2026