

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



July 13, 2018
Administrative Order NSP-2108

NON-STANDARD SPACING UNIT

Priscilla A. Shorty
Hilcorp Energy Company [OGRID 372171]

Well(s)

Allison Unit Well No. 123H (API No. 30-045-35611)

Basin Fruitland Coal Gas Pool (Pool Code 71629) Special Pool Rules Apply

Proposed 652.7-Acre, Horizontal Gas Spacing Unit ("HGSU")

Comprised of the following lands:

Township 32 North, Range 7 West, NMPM San Juan County, New Mexico

Irregular Section 10: Lots 1 – 11, NW/4 SE/4, NE/4 SE/4, SE/4 SE/4 (All)

Irregular Section 11: Lots 3, 4, SW/4 (West Half Equivalent)

Consisting of the following Proposed Non-Standard Gas Spacing Units:

Irregular Section 10: E/2 Equivalent (214.5 acres)
Irregular Section 10: W/2 Equivalent (239.19 acres)
Irregular Section 11: W/2 Equivalent (199.01 acres)

Pertinent Rules:

Hearing Order R-8768, as amended,
320-acre Gas Spacing Units within the Basin Fruitland Coal Gas Pool.
Division Rule 19.15.15.11 B (3) NMAC
Notice Requirements, Formation of Non-Standard Spacing Units.
Division Rule 19.15.16.15 NMAC
Horizontal Well Rules recently revised in Case No 15957 by Order No. R-14689

Reference is made of your application received on July 11, 2018 for administrative approval of the above described non-standard gas spacing units and the horizontal gas spacing unit and the pertinent rules governing formation of the proposed units.

The three, proposed non-standard gas spacing units are necessitated by a variation in the land survey and should be approved. There are no affected parties as the proposed horizontal gas spacing unit is within the Allison Unit Fruitland Coal Participating Area.

The following vertically drilled wells, all operated by Hilcorp Energy Company are completed within the Basin Fruitland Coal Gas Pool and have gas spacing units wholly or partially within the proposed horizontal gas spacing unit:

Allison Unit Well No. 103	30-045-26956	Lot 8, Irregular Section 10
Allison Unit Well No. 103S	30-045-31337	Unit P, Irregular Section 10
Allison Unit Well No. 124	30-045-27155	Unit N, Irregular Section 11

The above referenced three proposed Non-Standard Gas Spacing Units and the proposed Horizontal Gas Spacing Unit are hereby approved.

Additional or alternately named wells may be drilled and produce from these non-standard spacing and proration units or from this horizontal spacing unit.

These approvals are subject to the operator following all other applicable Division rules. Jurisdiction is retained for the entry of such further orders as the Division may deem necessary.


HEATHER RILEY
Director

HR/wvjj

cc: Oil Conservation Division – Aztec District Office
Bureau of Land Management – Farmington Field Office

Jones, William V, EMNRD

From: Priscilla Shorty <pshorty@hilcorp.com>
Sent: Wednesday, July 11, 2018 1:46 PM
To: Jones, William V, EMNRD
Cc: Ben Mitchell; Chuck Creekmore; Mandi Walker
Subject: Allison Unit 123H
Attachments: Allison Unit Participating Area (123H & 145H Location).pdf; 123H Non-Standard.pdf

Will,

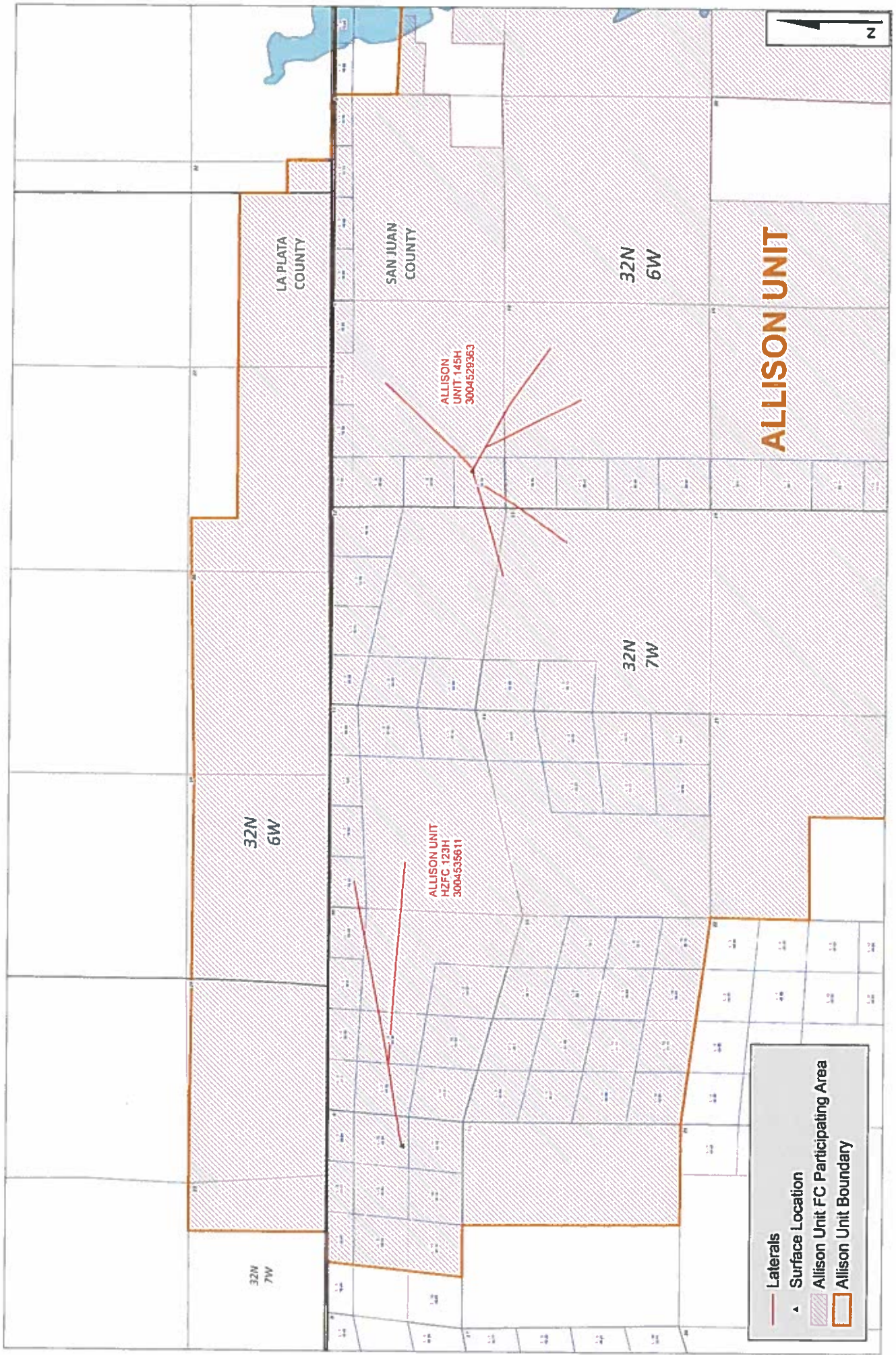
I hope this email finds you well.

I am writing you in reference to the Allison Unit 123H well (API# 30-045-35611) spacing. While Hilcorp would like to have the spacing as approved in the initial APD, I am requesting that the COGCC approve the combination of non-standard spacing units for the proration unit as described and depicted on the attached. Please note that the well has been drilled with the production interval entirely within the Allison Unit Participating Area and is wholly surrounded by the Allison Unit Participating area as shown on the attached map.

Should you have any questions or concerns please contact Ben Mitchell, Chuck Creekmore, or myself.

Thank you,

Priscilla A. Shorty
San Juan North Regulatory Technician
Hilcorp Energy Company
505-324-5188
pshorty@hilcorp.com



DISTRICT I
1025 N. French Dr., Hobbs, N.M. 88240
Phone: (505) 393-6161 Fax: (505) 393-6720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (505) 748-1283 Fax: (505) 748-8720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

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

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35611		*Pool Code 71629		*Pool Name BASIN FRUITLAND COAL LATERAL #1	
*Property Code 313977		*Property Name ALLISON UNIT HZFC Lateral #1			*Well Number 123H
*GRID No. 372171		*Operator Name HILCORP ENERGY COMPANY			*Elevation 6629'

10 Surface Location

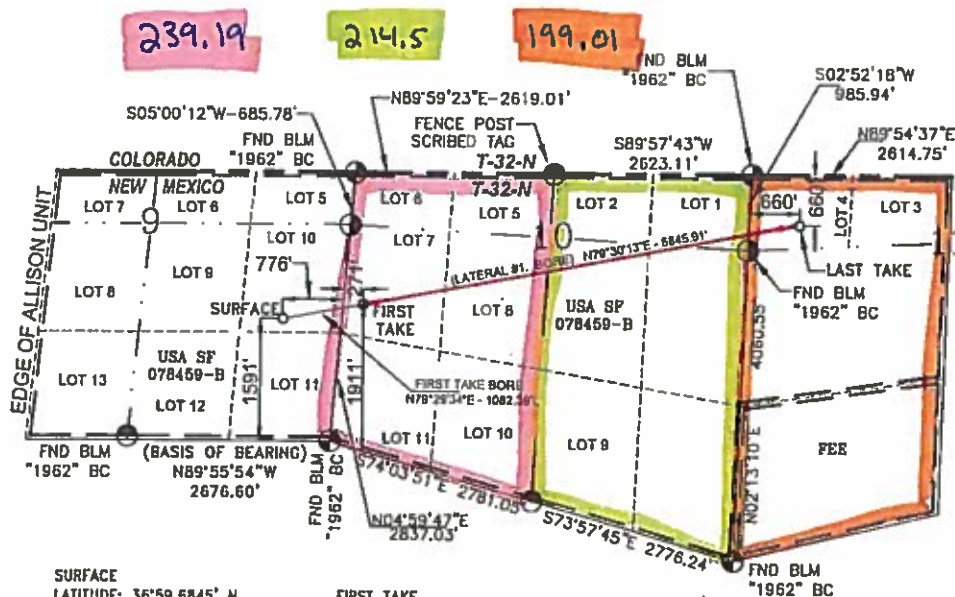
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	9	32-N	7-W	10	1591	SOUTH	776	EAST	SAN JUAN

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
E	11	32-N	7-W	4	660	NORTH	660	WEST	SAN JUAN

*Dedicated Acres FC = 972.64 ACRES 652.7		*Joint or Infill	*Consolidation Code	*Order No.
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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



SURFACE
LATITUDE: 36°59.8845' N
LONGITUDE: 107°33.9043' W
NAD27

LATITUDE: 36.994746° N
LONGITUDE: 107.565681° W
NAD83

FIRST TAKE
1911' FSL 271' FWL SEC. 10
LATITUDE: 36°59.7171' N
LONGITUDE: 107°33.6857' W
NAD27

LATITUDE: 36.995289° N
LONGITUDE: 107.562038° W
NAD83

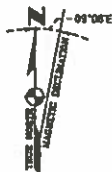
LAST TAKE
660' FNL 660' FWL SEC. 11
LATITUDE: 36°59.8927' N
LONGITUDE: 107°32.5053' W
NAD27

LATITUDE: 36.998216° N
LONGITUDE: 107.542363° W
NAD83

BASIS OF BEARING:

BETWEEN FOUND MONUMENTS AT THE SOUTHEAST CORNER AND THE SOUTH QUARTER CORNER OF SECTION 9, TOWNSHIP 32 NORTH, RANGE 7 WEST, N.M.P.M. SAN JUAN COUNTY, NEW MEXICO.

LINE BEARS: N 89°55'54" W A DISTANCE OF 2676.60 FEET AS MEASURED BY C.P.S. LOCAL GRID NAD83.



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 a working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

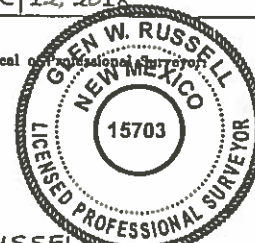
18 SURVEYOR CERTIFICATION

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, 2012

Date of Survey

Signature and Seal of Professional Surveyor



GLEN W. RUSSELL
Certificate Number

15703

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
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Form C-102
Revised August 1, 2011
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35611		² Pool Code 71629		³ Pool Name BASIN FRUITLAND COAL LATERAL #2	
⁴ Property Code 313977		⁵ Property Name ALLISON UNIT HZFC Lateral #2			⁶ Well Number 123H
⁷ GRID No. 372171		⁸ Operator Name HILCORP ENERGY COMPANY			⁹ Elevation 6629'

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
I	9	32-N	7-W	10	1591	SOUTH	776	EAST	SAN JUAN

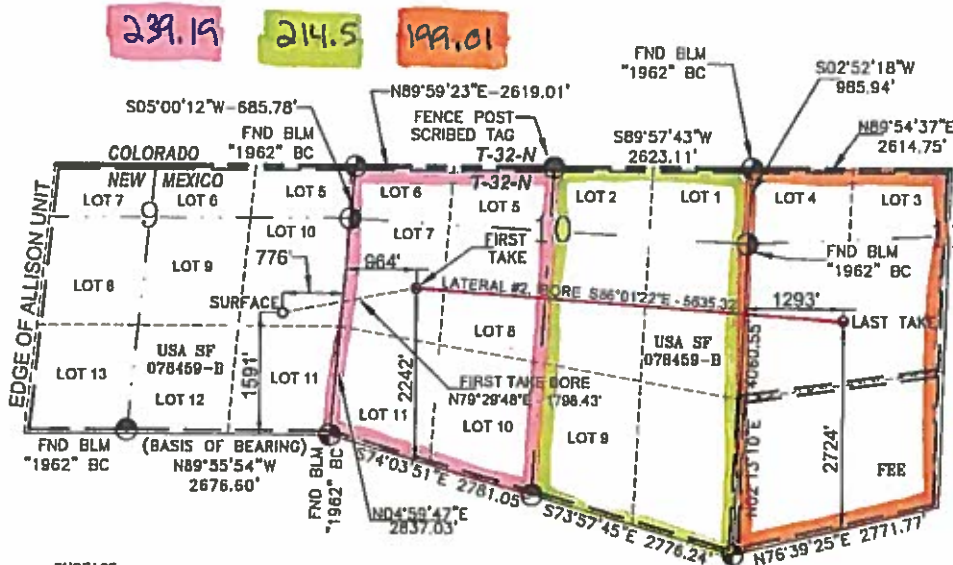
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	11	32-N	7-W		2724	SOUTH	1293	WEST	SAN JUAN

¹² Dedicated Acres FC = 972.64 ACRES 652.7	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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16



SURFACE
LATITUDE: 36°59.6845' N
LONGITUDE: 107°33.9043' W
NAD27

LATITUDE: 36.994746° N
LONGITUDE: 107.565681° W
NAD83

FIRST TAKE
2242' FSL 964' FWL SEC. 10
LATITUDE: 36°59.7386' N
LONGITUDE: 107°33.5412' W
NAD27

LATITUDE: 36.995647° N
LONGITUDE: 107.569628° W
NAD83

LAST TAKE
2724' FSL 1293' FWL SEC. 11
LATITUDE: 36°59.6744° N
LONGITUDE: 107°32.3866° W
NAD27

LATITUDE: 36.994577° N
LONGITUDE: 107.540385° W
NAD83

BASIS OF BEARING:

BETWEEN FOUND MONUMENTS AT THE SOUTHEAST CORNER AND THE SOUTH QUARTER CORNER OF SECTION 9, TOWNSHIP 32 NORTH, RANGE 7 WEST, N.M.P.M. SAN JUAN COUNTY, NEW MEXICO.

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Signature _____ Date _____

Printed Name _____

E-mail Address _____

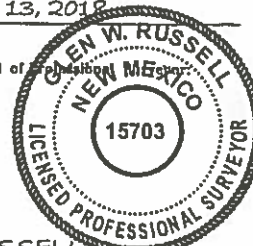
18 SURVEYOR CERTIFICATION

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 13, 2018

Date of Survey

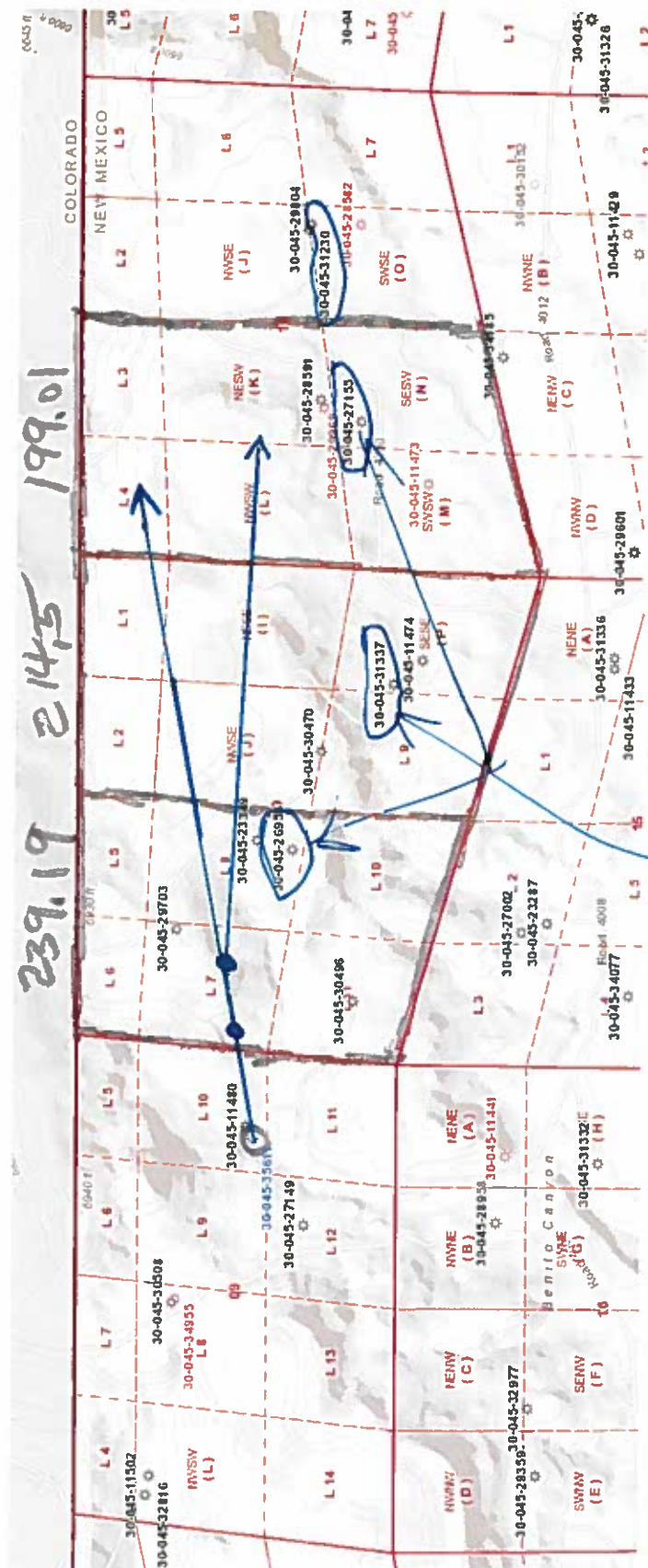
Signature and Seal of _____



GLEN W. RUSSELL

Certificate Number

15703



Vertical
B-FRC
Welded BF
all o/pans BF

Jones, William V, EMNRD

From: Pickford, Katherine, EMNRD
Sent: Wednesday, July 11, 2018 7:38 AM
To: Jones, William V, EMNRD; Perrin, Charlie, EMNRD
Cc: McMillan, Michael, EMNRD; Brooks, David K, EMNRD; Lowe, Leonard, EMNRD; Riley, Heather, EMNRD
Subject: RE: Allison Unit 123H

Good morning Will,

The person I have been communicating with regarding this well is:

Ben Mitchell
Landman – San Juan North
Hilcorp Energy
505-324-5179
bemitchell@hilcorp.com

Please let me know if I need to do anything further to initiate this process.

Thanks,

Kate

From: Jones, William V, EMNRD
Sent: Tuesday, July 10, 2018 12:03 PM
To: Perrin, Charlie, EMNRD <charlie.perrin@state.nm.us>; Pickford, Katherine, EMNRD <Katherine.Pickford@state.nm.us>
Cc: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>; Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>; Riley, Heather, EMNRD <Heather.Riley@state.nm.us>
Subject: RE: Allison Unit 123H

Hi Kate,

Do you know any Hilcorp regulatory people or anyone that is following this?
We do not yet have a formal request for an NSP here in Santa Fe.

Michael and David are on the road,

But I talked to Michael and David Brooks and we need Hilcorp to let us know if ownership is identical surrounding these three proposed NSP areas (formed without leaving out the tracts along the state line).
Basically we need to approach this as an application for (3) oversized Non-Standard Horizontal Spacing Units under the terms of the new rule. Which requires notice to surrounding "affected persons" and a wait of 20 days.
If the Fruitland PA within the Allison Unit is surrounding these 3 proposed HSU's then there may not be any affected parties and we could approve all three in Santa Fe with a signature of the Director immediately.
So the regulatory person must contact the Landman and let us know.

If we get the contact with Hilcorp, then we can talk to them and ask for a formal application.
They need to initiate this and be prepared to share each well with the people in the lots near Colorado.
If that is not their intention, then we will need to talk again about this.

Will

From: Perrin, Charlie, EMNRD
Sent: Tuesday, July 10, 2018 8:29 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>
Subject: FW: Allison Unit 123H

Michael,

Can you give us the current status on the Hilcorp Allison Unit 123H.

Charlie

frmWellFilterSub																				
API Well #	Well Name	Well #	Operator Name	Type	Stat	County	Surf_Owner	UL	Sec	Twp	N/S	Rng	W/E	Feet	NS	Flt	EW	Last Insp	Order_No	SiDist
30-045-35611-00-00	ALLISON UNIT	123H	HILCORP ENERGY COMPANY	G	N	San Juan	F		9	32	N	7	W	1591	S	776	E			03

From: Pickford, Katherine, EMNRD
Sent: Tuesday, July 10, 2018 8:19 AM
To: Perrin, Charlie, EMNRD <charlie.perrin@state.nm.us>
Subject: Allison Unit 123H

Charlie,

I sent David Brooks a reminder yesterday that we are waiting on a decision about the proposed HZ spacing unit for this well. I have not received a response.

I also discussed this with Michael McMillan last week. He said he would get back with me, but he never called me back. Ben Mitchell, of Hilcorp, said they are ready to produce the well, just waiting on OCD approval.

Is there something other than the HZ spacing unit decision preventing them from producing the well?

I know they have already submitted the completion report and C-104.

Mandi told me last week that Hilcorp had submitted an application for NSP, but Ben tells me that is not the case. They are waiting for a decision as to whether an NSP is required.

Kate Pickford
Geoscientist
OCD District III
1000 Rio Brazos Rd
Aztec, NM 87410
505-334-6178 Ext 114
505-334-6170 (fax)

