

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Melanie Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary (Acting)

Gerasimos "Gerry" Razatos
Division Director (Acting)
Oil Conservation Division



Rob Carlson
rcarlson@hilcorp.com

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL - 8882

**Hilcorp Energy Company [OGRID 372171]
Howell K Well No. 004B
API No. 30-045-30551**

Reference is made to your application received on February 6th, 2025.

Surface Location; Vertical Well

<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
1940 FNL & 2150 FEL	G	17	30N	08W	San Juan

Proposed Gas Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 of Section 17	320	Basin Fruitland Coal	71629

This vertical well was recompleted into an unorthodox location described above in the referenced pool or formation. 19.15.15.10.C NMAC governs this well which provides for 320-acre spacing units with setbacks no closer than 660 feet, nor closer than 10 feet to any interior quarter – quarter section line.

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 First and Last Take Points referenced above within the described Horizontal Spacing Unit.

Administrative Order NSL-8882
Hilcorp Energy Company
Page 2 of 2

This well's completed interval is as close as 490 feet to the western edge of the spacing unit. Encroachment will impact the following tracts.

Section 17, encroachment to the W/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 in order to maximize recovery of hydrocarbon resources and to minimize surface disturbance within the unit. Therefore preventing waste within the Basin Fruitland Coal formation underlying the E/2 of section 17.

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.



GERASIMOS RAZATOS
DIRECTOR (ACTING)
GR/lrl

Date: 3/19/2025

Revised March 23, 2017

ID NO. 428897

NSL - 8882

RECEIVED: 02/06/25	REVIEWER:	TYPE:	APP NO: pLEL2503730362
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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: Howell K #004B **API:** 30-045-30551
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

Print or Type Name

Signature

1/23/2025
Date

832-839-4596
Phone Number

rcarlson@hilcorp.com
e-mail Address



February 6, 2025

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
Howell K #004B (API: 30-045-30551)
SHL/BHL: Unit G (SW/NE), 1940' FNL & 2150' FEL
Spacing Unit: E/320 acres in Section 17, T30N, R08W
San Juan 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 Basin-Fruitland Coal formation; dedicated to a standard 320-acre gas spacing unit in the E/2 of Section 17, T30N, R08W.

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 wellbore, however, is situated approximately 489 feet from the west line boundary of the E/2 spacing unit. Thus, the Basin-Fruitland Coal recompletion contemplated herein becomes unorthodox by default.

Referring to the enclosed map titled "Unorthodox Location Plat":

Pursuant to Paragraph (2) of Subsection A of 19.15.4.12 NMAC, the affected spacing unit encroached upon by this unorthodox location (shaded in red on the map enclosed) is the W/2 of Section 17, T30N, R08W; comprised of two federal leases and one fee lease. Hilcorp operates and owns a majority working interest in the Howell Com K #301 (API 30-045-26885); the only producing Basin-Fruitland Coal well in the affected spacing unit. Thus, pursuant to Paragraph (8) of Subsection A of 19.15.2.7 NMAC, Hilcorp, as of the date of this letter, has provided notice to all working interest owners in the affected spacing unit and the Bureau of Land Management.

This unorthodox location is necessary to maximize recovery of oil and gas reserves and minimize surface disturbance. A notice of intent to recomplete the Basin-Fruitland Coal Gas Pool has or will be soon filed with the Aztec OCD district office. Attached are C-102's for both formations, an unorthodox location map and the notice parties/proof of notification as required by 19.15.4.12.A.2. For questions, please contact me at the email/number below.

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 30-045-30551	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 318569	Property Name Howell K	Well Number 4B
OGRID No. 372171	Operator Name Hilcorp Energy Company	Ground Level Elevation 5915'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" 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 G	Section 17	Township 30N	Range 08W	Lot	Ft. from N/S 1940' N	Ft. from E/W 2150' E	Latitude 36.8129921	Longitude -107.6968536	County San Juan
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Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Dedicated Acres 320.0	Infill or Defining Well Infill	Defining Well API 3004528867	Overlapping Spacing Unit (Y/N) No	Consolidation Code C
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
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First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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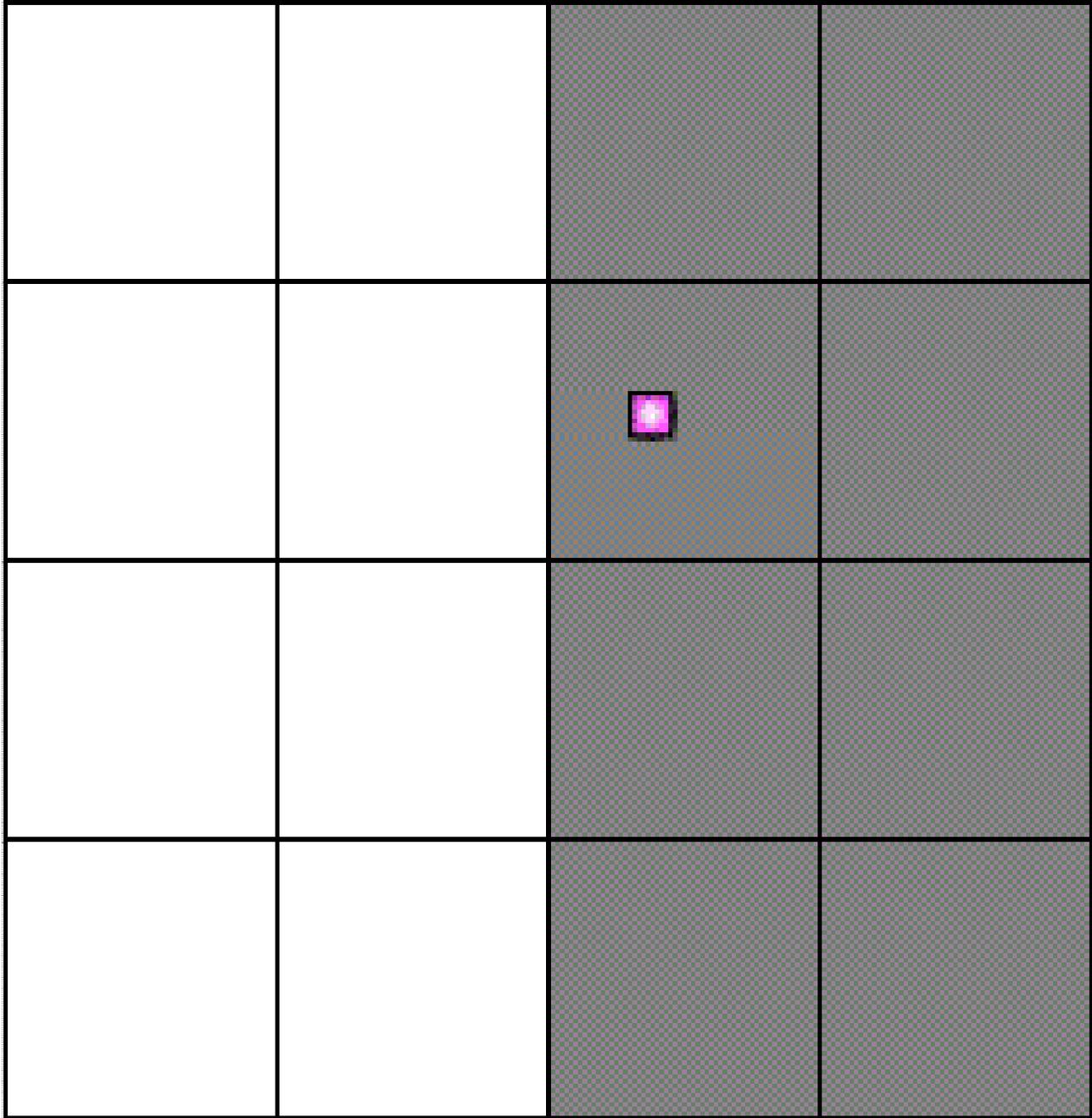
Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input checked="" type="checkbox"/> Vertical	Ground Floor Elevation:
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<p>OPERATOR CERTIFICATIONS</p> <p><i>I hereby certify that the information contained 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> 11/06/2024</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 4/19/2001</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.

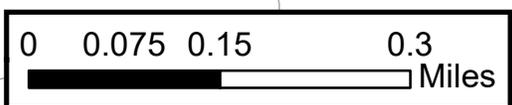
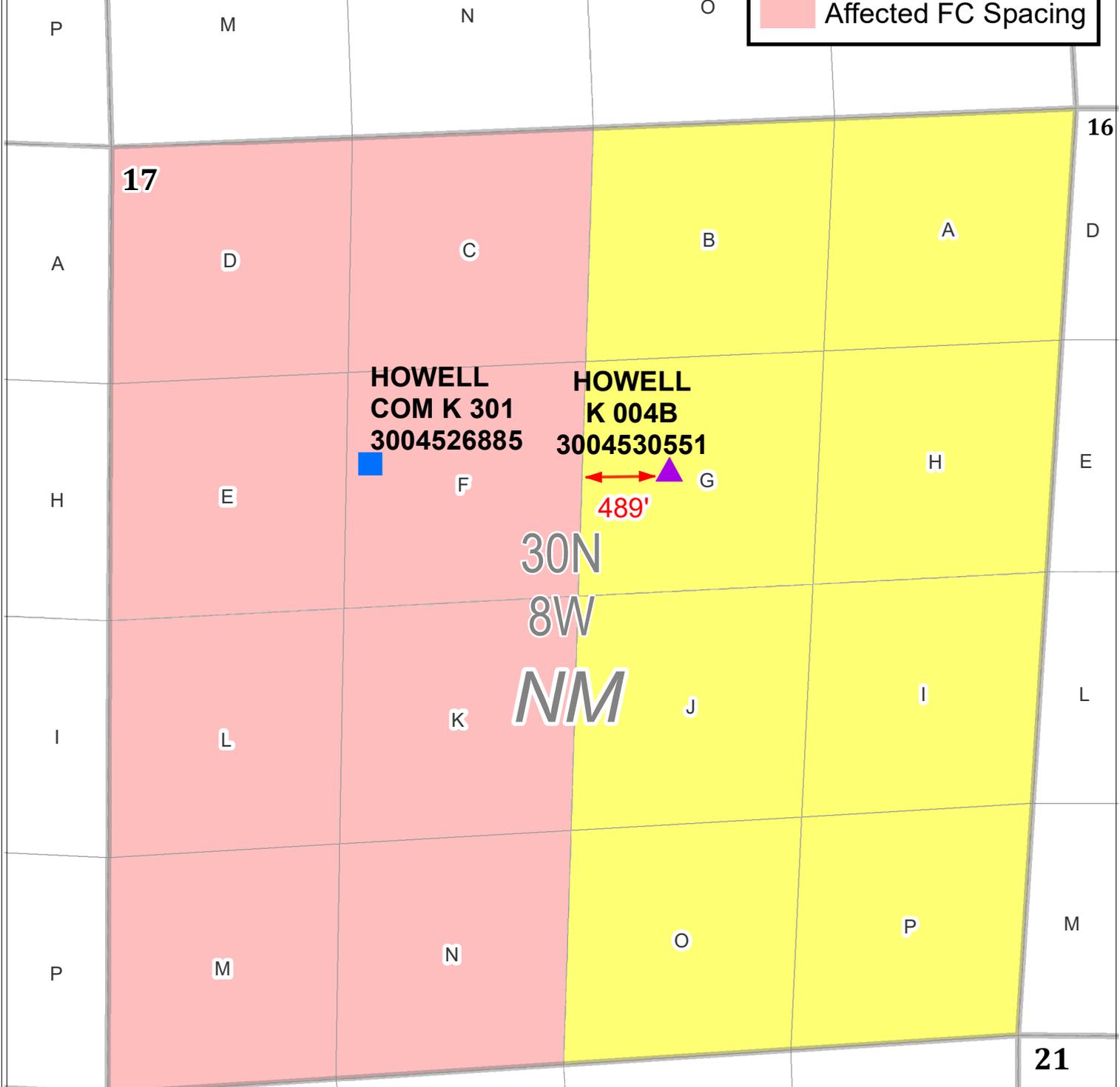
This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the 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.



**Unorthodox Location Plat:
Howell K #004B
Basin Fruitland Coal**

-  Subject Well
-  Subject FC Spacing
-  Affected Well
-  Affected FC Spacing





February 6, 2025

Sent via Certified Mail

Bureau of Land Management
6251 College Blvd A
Farmington, NM 87402

Re: Unorthodox Well Location Application for Basin-Fruitland Coal
Howell K #004B (API: 30-045-30551)
SHL/BHL: Unit G (SW/NE), 1940' FNL & 2150' FEL
Spacing Unit: E/320 acres in Section 17, T30N, R08W
San Juan County, New Mexico

To Whom it May Concern:

Pursuant to 19.15.15.13 NMAC, Hilcorp has filed an Unorthodox Location Application with the New Mexico Oil Conservation Division. The spacing unit the subject unorthodox location encroaches upon is partially comprised of two federal leases. Thus, this letter serves to provide the BLM with notice as required by 19.15.4.12.A.2 NMAC.

Please refer to copies of the application materials enclosed for further details. Per 19.15.15.13 NMAC, objections shall be made in writing with the NMOCD within twenty (20) days from the date of this letter.

Should have any questions concerning this application, please feel free to call me at the number below.

Sincerely,

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

Rob Carlson, CPL
Sr. Landman
832.839.4596
rcarlson@hilcorp.com



February 6, 2025

Sent via Certified Mail:

To: All Affected Working Interest Owners

Re: Unorthodox Well Location Application for Basin-Fruitland Coal
Howell K #004B (API: 30-045-30551)
SHL/BHL: Unit G (SW/NE), 1940' FNL & 2150' FEL
Spacing Unit: E/320 acres in Section 17, T30N, R08W
San Juan County, New Mexico

Dear Working Interest Owner:

Pursuant to 19.15.15.13 NMAC, Hilcorp has filed an Unorthodox Location Application for the subject well. This letter serves to provide you, an owner of working interest in the affected spacing unit this unorthodox location encroaches upon, with notice of said application as required by 19.15.4.12.A.2 NMAC.

Please refer to copies of the application materials enclosed for further details. Per 19.15.15.13 NMAC, objections shall be made in writing with the NMOCD within twenty (20) days from the date of this letter.

Should you support this effort, no action is required on your part unless you'd like to expedite approval by executing and returning (via email) the waiver below to cole.gorman@hilcorp.com. For questions, please contact me at the email/number below.

Please note: You own working interest in the subject Fruitland Coal completion and the existing Fruitland Coal well being encroached upon (Howell K #301 – API 30-045-26885). Hilcorp plans to recomplete the subject well to the Fruitland Coal formation in late-summer/early-fall of this year. Thus, you should expect to receive a formal ballot to make your election as to participation in the coming months.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rob Carlson', is written over a light blue horizontal line.

Rob Carlson, CPL
Sr. Landman
832.839.4596
rcarlson@hilcorp.com

92148969009997901843049437 Request Signature via Email	Cole Gorman	GRAYFORE PARTNERS LP , , PO BOX 98670, LUBBOCK, TX, 79499-8670 Code: Howell K 4B NSL	1/27/2025	Delivered, PO Box January 30, 2025 Signature Pending
92148969009997901843049444	Cole Gorman	BETTY T JOHNSTON MARITAL TRUST BETTY T JOHNSTON TOM N AUNE, , 17347 VILLAGE GREEN DR STE #101, HOUSTON, TX, 77040 Code: Howell K 4B NSL	1/27/2025	In Transit to Next Facility, Arriving Late Signature Pending
92148969009997901843049451	Cole Gorman	V A JOHNSTON LTD , , PO BOX 303247, AUSTIN, TX, 78703 Code: Howell K 4B NSL	1/27/2025	Arrived at USPS Regional Origin Facility January 30, 2025 Signature Pending
92148969009997901843049468 Request Signature via Email	Cole Gorman	EULA MAY JOHNSTON TRUST 661 BANK OF AMERICA N A, , PO BOX 840738, DALLAS, TX, 75284-0738 Code: Howell K 4B NSL	1/27/2025	Delivered, Individual Picked Up at Postal Facility January 30, 2025 Signature Pending
92148969009997901843049475 Request Signature via Email	Cole Gorman	DIXIE LAKE ROYALTY LLC , , PO BOX 2109, LONGVIEW, TX, 75606 Code: Howell K 4B NSL	1/27/2025	Delivered, PO Box January 30, 2025 Signature Pending
92148969009997901843049482 Request Signature via Email	Cole Gorman	VALHALLA EQUITY LLC , , PO BOX 3266, LONGVIEW, TX, 75606 Code: Howell K 4B NSL	1/27/2025	Delivered, PO Box January 30, 2025 Signature Pending

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 428897

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 428897
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	2/6/2025