

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Melanie Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



Carson Rice
carice@hilcorp.com

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL - 9154

Hilcorp Energy Company [OGRID 372171]
Zachry Com Well No. 1M
API No. 30-045-38489

Reference is made to your application received on October 15th, 2025.

Surface Location; Vertical Well

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
SHL/BHL	1585 FNL & 267 FWL	E	02	30N	12W	San Juan

Proposed Gas Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 Section 02	318.20	Blanco Mesaverde	72319

This vertical well was recomplected into an unorthodox location described above in the referenced pool or formation. Special pool rule R-10987-A-6 governs this well which provides for 160-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 - 9154
Hilcorp Energy Company
Page 2 of 2

This well's completed interval is as close as 267 feet to the western edge of the spacing unit. Encroachment will impact the following tracts.

Section 03, encroachment to the NE/4

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 due to maximize recovery of oil and gas reserves and minimize surface disturbance. This will prevent waste within the Blanco Mesaverde formation underlying the N/2 of section 02.

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: 12/14/2025

ID NO. 515317

NSL - 9154

Revised March 23, 2017

RECEIVED: 10/15/25	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: Zachry Com 1M **API:** TBD
Pool: Blanco Mesaverde **Pool Code:** 72319

**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

- ☐ Notice Complete
☐ 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.

Carson Rice

Print or Type Name

Signature

10/10/2025

Date

713-757-7108

Phone Number

carice@hilcorp.com

e-mail Address



October 14, 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 Blanco Mesaverde
Zachry Com 1M (API: TBD)
BHL: Unit E, 1585' FNL & 267' FWL
Mesaverde Spacing Unit: N/318.20 acres in Section 2, T30N, R12W
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 Blanco Mesaverde Gas Pool (72319).

Hilcorp intends to drill a Blanco-Mesaverde gas well with a BHL in the NW/4 of Sec. 2, T30N-R12W. Spacing is the N/2 of Section 2. The BHL will be in a non-standard location.

Rule (I.C.1) of the Amended Special Rules for the Blanco Mesaverde Pool (Order No. R-10987-A-6) provides, "Wells drilled on a GPU shall be located no closer than 660' to the outer boundary of the GPU and no closer than 10' to any interior quarter or quarter-quarter section line or subdivision line boundary". The subject wellbore, however, is situated approximately **267** feet from the west line boundary of the N/2 spacing unit. Thus, the Blanco-Mesaverde completion 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 E/2 of Section 3, T30N, R12W; comprised of a Federal lease. **Hilcorp owns 100% working interest in and operates the LC Kelly 5M (30-045-30761), the LC Kelly 5A (30-045-29252), the LC Kelly 5 (30-045-09869), and the LC Kelly 19 (30-045-32422), the four (4) Mesaverde completions in the affected spacing unit.**

This unorthodox location is necessary to maximize recovery of oil and gas reserves and minimize surface disturbance. An APD will be filed soon with the State. Attached is the C-102, an unorthodox location map and the 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 'Carson Rice'.

Carson Rice
Sr. Landman
713-757-7108
carice@hilcorp.com

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	<input checked="" type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
			<input type="checkbox"/> As Drilled

WELL LOCATION INFORMATION

API Number	Pool Code 72319	Pool Name BLANCO MESAVERDE
Property Code 319371	Property Name ZACHRY COM	Well Number 1M
OGRID No. 372171	Operator Name HILCORP ENERGY COMPANY	Ground Level Elevation 5,890.2'
Surface Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

Surface Location

UL E	Section 2	Township 30N	Range 12W	Lot	Ft. from N/S 1,585 NORTH	Ft. from E/W 267 WEST	Latitude (NAD 83) 36.844151°	Longitude (NAD 83) -108.075961°	County SAN JUAN
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Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
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Dedicated Acres N/2- 318.20	Infill or Defining Well Infill	Defining Well API 30-045-23311	Overlapping Spacing Unit (Y/N) N	Consolidation Code C
Order Numbers.		Well setbacks are under Common Ownership: <input 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 (NAD 83)	Longitude (NAD 83)	County
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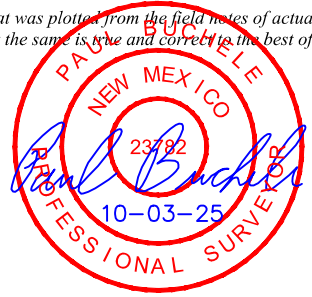
First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
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Last Take Point (LTP)

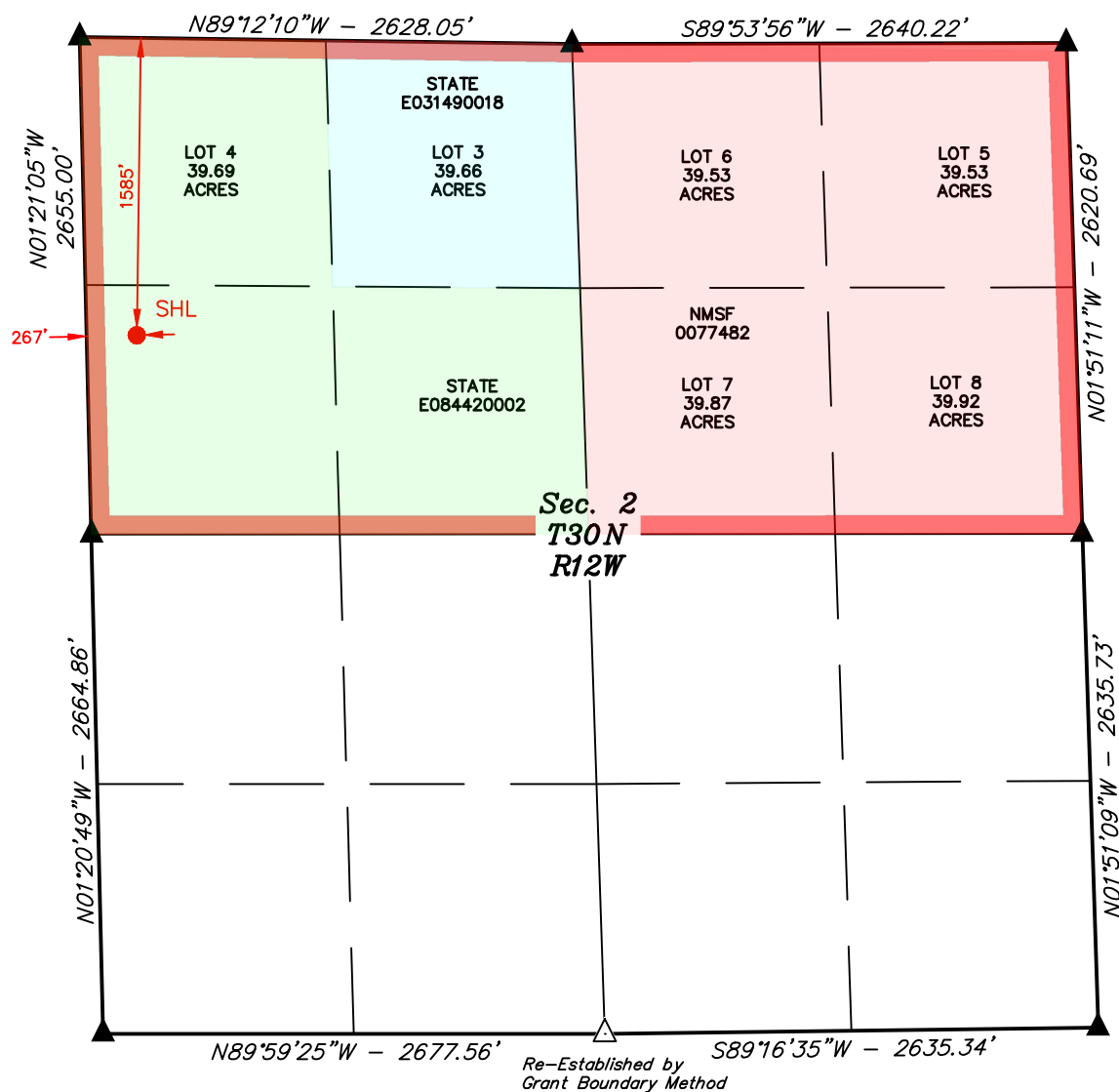
UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude (NAD 83)	Longitude (NAD 83)	County
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input checked="" type="checkbox"/> Vertical	Ground Floor Elevation: 5890'
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OPERATOR CERTIFICATIONS <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> <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> Cherylene Weston 10/7/2025 Signature _____ Date _____ Cherylene Weston, Operations/Regulatory Tech-Sr. Printed Name _____ cweston@hilcorp.com Email Address _____	SURVEYOR CERTIFICATIONS <i>I hereby certify that the well location shown on this plat was plotted from the 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>  Signature and Seal of Professional Surveyor _____ 23782 September 7, 2025 Certificate Number _____ Date of Survey _____
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Note: No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

Property Name ZACHRY COM	Well Number 1M	Drawn By H.S.S. 09-26-25	Revised By REV. 1 H.S.S. 10-03-25 (UPDATE ACREAGE)
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- = SURFACE HOLE LOCATION
 ▲ = SECTION CORNER LOCATED
 △ = SECTION CORNER RE-ESTABLISHED.
 (Not Set on Ground.)
 — = DESIGNATED SPACING UNIT



SCALE

NOTE:

- Distances referenced on plat to section lines are perpendicular.
- Bearings, Distances, Coordinates and Areas are based on the New Mexico Coordinate System of 1983, West Zone, in U.S. Feet.
- Colored areas within section lines represent oil & gas leases.
- Section breakdown information for this plat may be obtained from Uintah Engineering & Land Surveying.

NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 36°50'38.94" (36.844151°)	
LONGITUDE = -108°04'33.46" (-108.075961°)	
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 36°50'38.93" (36.844148°)	
LONGITUDE = -108°04'31.20" (-108.075334°)	
STATE PLANE NAD 83 (N.M. WEST)	
N: 2126684.07' E: 2652098.14'	
STATE PLANE NAD 27 (N.M. WEST)	
N: 2126620.71' E: 429188.02'	

Section 2, T30N R12W

LOT 4
39.69 ACRES

LOT 3
39.66 ACRES

LOT 6
39.53 ACRES

LOT 5
39.53 ACRES

LOT 7
39.87 ACRES

LOT 8
39.92 ACRES

SHL

**Sec. 2
T30N
R12W**

**Re-Established by
Grant Boundary Method**

Legend:

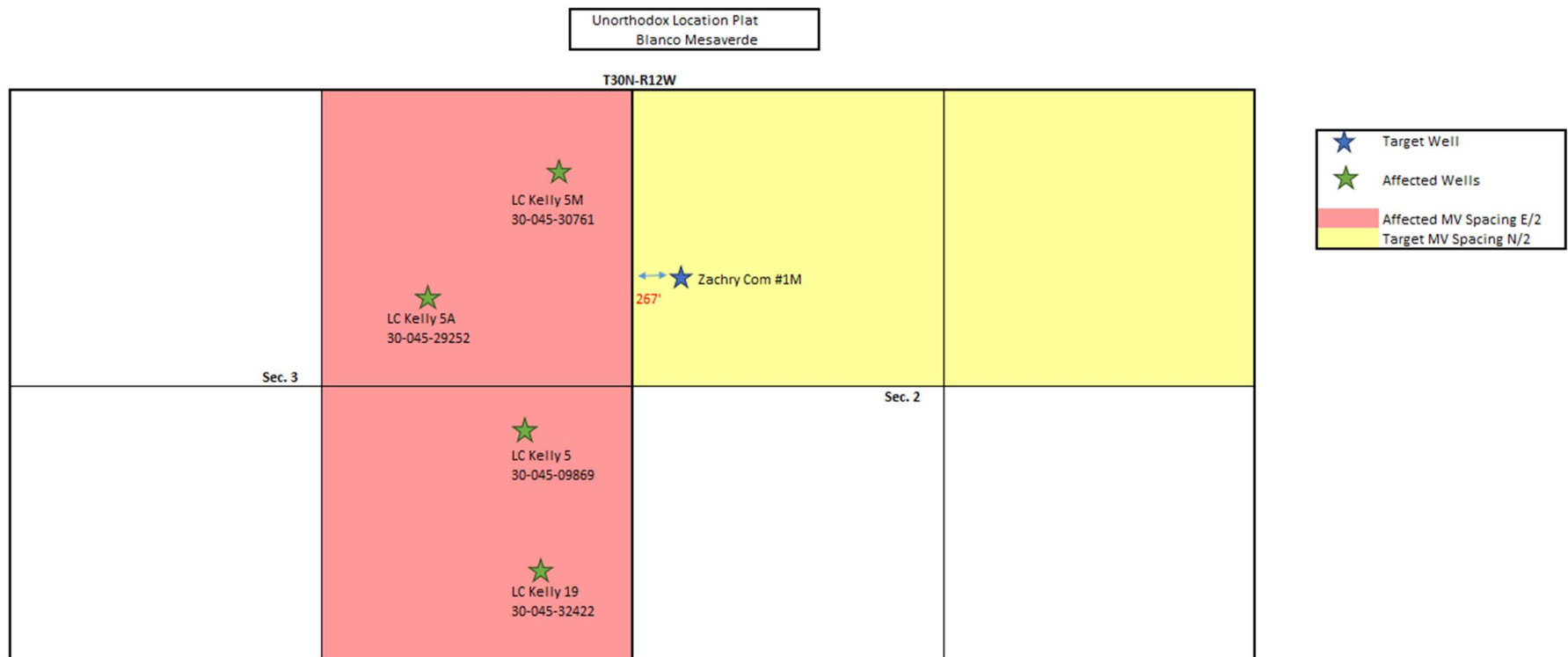
- = SURFACE HOLE LOCATION
- ▲ = SECTION CORNER LOCATED
- △ = SECTION CORNER RE-ESTABLISHED. (Not Set on Ground.)
- Red shaded area = DESIGNATED SPACING UNIT
- Magenta dashed line = SETBACK BOUNDARY

Scale: 1000' 500' 0' 1000'

NOTE:

- Distances referenced on plat to section lines are perpendicular.
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October 14, 2025

Sent via Certified Mail
9214 8969 0099 9790 1658 0516 63

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

**Re: Unorthodox Well Location Application for Blanco Mesaverde
Zachry Com 1M (API: TBD)
BHL: Unit E, 1585' FNL & 267' FWL
Mesaverde Spacing Unit: N/318.20 acres in Section 2, T30N, R12W
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 contains a federal lease. 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 'Carson Rice'.

Carson Rice
Sr. Landman
713-757-7108
carice@hilcorp.com

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 515317

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 515317
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	12/15/2025