

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



Carson Rice
carice@hilcorp.com

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL - 9256

**Hilcorp Energy Company [OGRID 372171]
Zachry Well No. 45
API No. 30-045-25629**

Reference is made to your application received on January 27th, 2026.

Proposed Location; Vertical Well

<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
825 FSL & 1980 FEL	O	33	29N	10W	San Juan

Proposed Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 Section 33	320	Basin Fruitland Coal	71629

This vertical well was completed into an unorthodox location described above in the referenced pool or formation. Special pool rule R-8768 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 – 9256
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 615 feet to the western edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 33, encroachment to the SW/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 to maximize recovery of oil and gas reserves and minimize surface disturbance. This will prevent waste within the Basin Fruitland Coal formation underlying the E/2 of Section 33.

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: 3-13-2026

ID NO. 547204

NSL - 9256

Revised March 23, 2017

RECEIVED: 01/27/26	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: Zachry 45 **API:** 30-045-25629
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.

Carson Rice

Print or Type Name

Signature

1/26/2026
Date

713-757-7108
Phone Number

carice@hilcorp.com
e-mail Address



January 26, 2026

NEW MEXICO OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505
ATTN: MR. LEONARD LOWE

Re: Unorthodox Well Location Application – San Juan Basin, New Mexico

Dear Mr. Lowe:

Pursuant to Division Rule 19.15.15.13, Hilcorp Energy Company hereby requests administrative approval for an unorthodox well location with the following details:

Well Details & Relevant Proration Units:

Well – Zachry 45 (API No. 30-045-25629)

Type – Vertical

SHL/BHL – Unit O, 615' FWL & 825' FSL

Subject Proration Unit – E/2 of Section 33, T29N-R10W

Affected Proration Unit – W/2 of Section 33, T29N-R10W

Basin Fruitland Coal Gas Pool (Code 71629) – Order R-8768-F

Rule 7.A.1 provides that, “A well drilled or recompleted on a standard or non-standard spacing unit in the Basin Fruitland Coal (Gas) pool shall be located no closer than 660 feet to the outer boundary of the spacing unit”

The subject wellbore, however, is situated approximately 615 feet from the west line boundary of the E/2 spacing unit. Thus, the Fruitland Coal completion contemplated herein becomes unorthodox by default.

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 33, T29N, R10W; and contains a Federal lease. **Hilcorp operates & owns 100% working interest in the Zachry 13 (30-045-07629) & the Zachry 29 (30-045-25503), the two Fruitland Coal completion in the affected W/2 spacing unit. Notice has been sent via certified mail to the BLM.**

To Support this request, the following information is hereby submitted for your review:

1. Administrative Application Checklist
2. C-102
3. Unorthodox Location Plat pursuant to Paragraph (2) of Subsection A of 19.15.4.12 NMAC
4. Proof of notification to BLM for federal minerals in affected spacing unit

This unorthodox location is necessary to maximize recovery of oil and gas reserves and minimize surface disturbance. For questions, please contact me at the email/number below.

Sincerely,

HILCORP SAN JUAN, L.P.

By: HILCORP ENERGY COMPANY,
Its General Partner

A handwritten signature in blue ink, appearing to read 'Carson Rice'.

Carson Rice
Sr. Landman
713-757-7108
carice@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	<div style="text-align: right;"> C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting </div> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:15%;">Submittal Type:</td> <td> <input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled </td> </tr> </table>	Submittal Type:	<input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled
Submittal Type:	<input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled			

WELL LOCATION INFORMATION

API Number 30-045-25629	Pool Code 71629	Pool Name Basin Fruitland Coal (Gas)
Property Code 318769	Property Name Zachry	Well Number 45
OGRID No. 372171	Operator Name Hilcorp Energy Company	Ground Level Elevation 5775'
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
O	33	029N	010W		825 S	1980 E	36.6776199	-107.8880463	San Juan

Bottom Hole Location

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

Dedicated Acres 320.00 – E/2	Infill or Defining Well Infill	Defining Well API 30-045-07726	Overlapping Spacing Unit (Y/N) N	Consolidation Code
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	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

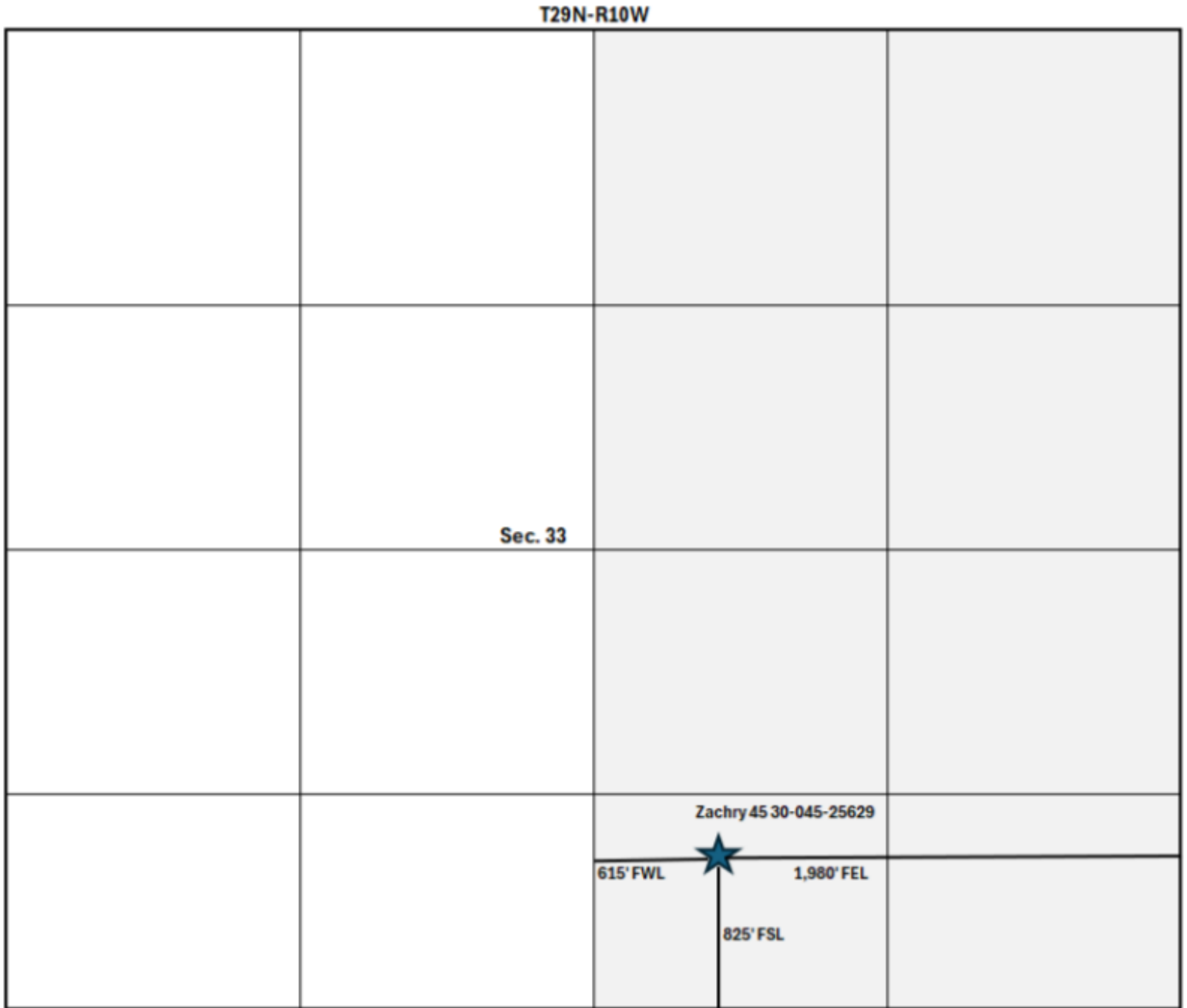
Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation: 5777'
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<p>OPERATOR CERTIFICATIONS</p> <p><i>I hereby certify that the information contained herein 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 style="font-size: 1.2em; color: blue;">Cherylene Weston</p> <p>Signature Date 9/23/2025</p> <p>Cherylene Weston, Operations/Regulatory Tech-Sr.</p> <p>Printed Name</p> <p>cweston@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 style="text-align: center;">Michael Daly</p> <p>Signature and Seal of Professional Surveyor</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Certificate Number 5992</td> <td style="width:50%;">Date of Survey 11/12/1982</td> </tr> </table>	Certificate Number 5992	Date of Survey 11/12/1982
Certificate Number 5992	Date of Survey 11/12/1982		

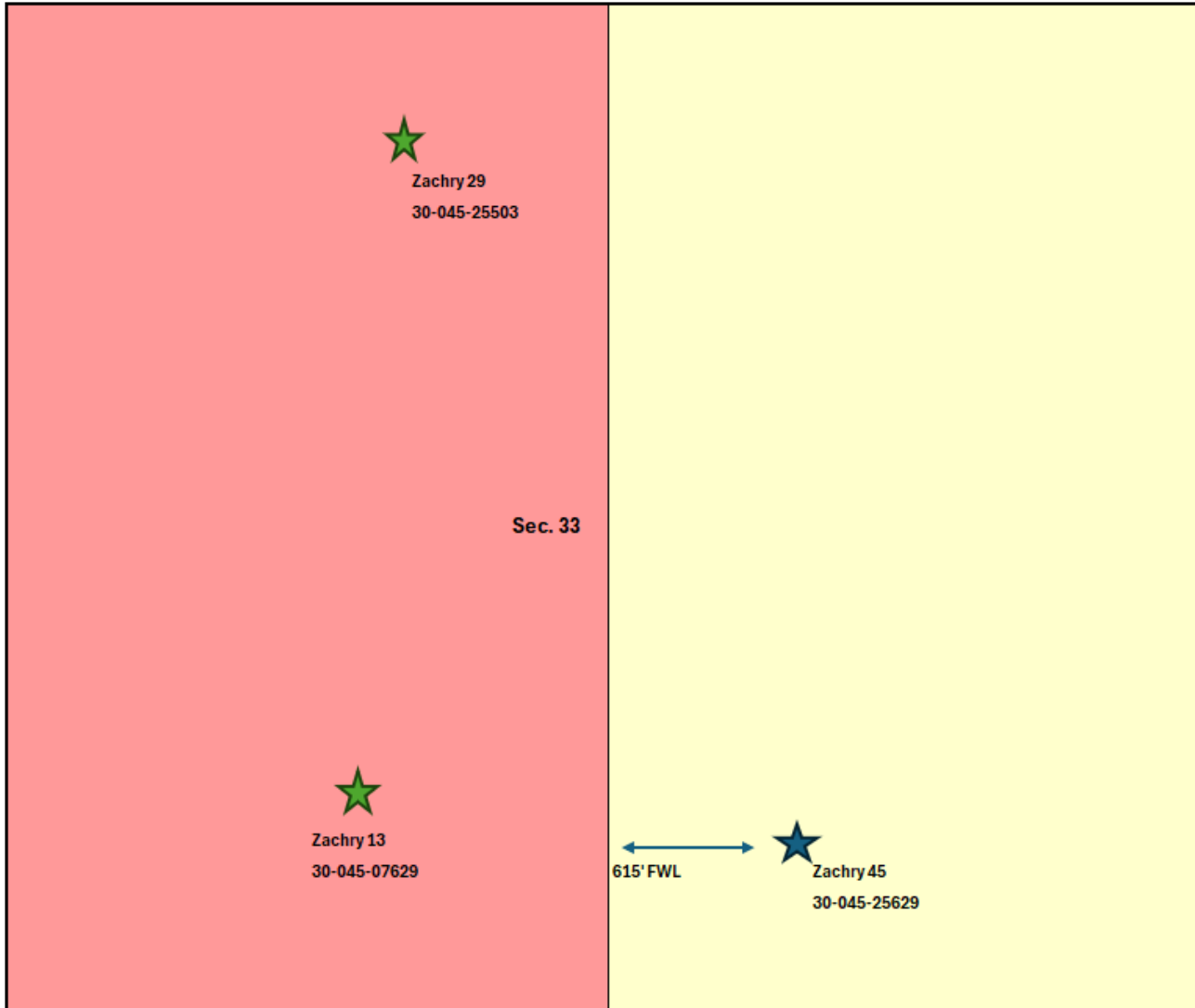
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.





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
Basin Fruitland Coal
T29N-R10W



	Target Well
	Affected Wells
	Affected FC Spacing W/2
	Target FC Spacing E/2



January 26, 2026

Sent via Certified Mail
9214 8969 0099 9790 1659 1423 08

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

**Re: Unorthodox Well Location Application for Basin Fruitland Coal
Zachry 45 (API: 30-045-25629)
SHL/BHL – Unit O, 615' FWL & 825' FSL
Fruitland Coal Spacing Unit: E/2 of Section 33, T29N, R10W
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 you 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 547204

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 547204
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	2/11/2026