

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



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 12/5/18
Well information:

HILCORP ENERGY COMPANY, **Zachry #37**, API# 30-045-25463

Application Type:

- ☐ P&A ☐ Drilling/Casing Change ☐ Location Change
☐ Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84; Submit Gas Capture Plan form prior to spudding or initiating recompletion operations)
☒ Other: Recomplete

Conditions of Approval:

- Notify NMOCD 24 Hours prior to commencing activities
- Cement was not reported as circulated on the first stage of the intermediate cement job.
- Set cast iron bridge plug (CIBP) inside of cemented casing and at least 500' below the bottom of the proposed perforations. To show adequate formation/cement isolation.
- Perform and submit a cement bond log (CBL) to the OCD for review and approval prior to perforating the formation.
- If needed, submit proposed remediation plan to the OCD for review and approval prior to starting remediation.

NMOCD Approved by Signature

1/2/2019
Date

RECEIVED

DEC 06 2018

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington Field Office
Bureau of Land ManagementFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Case Serial No.

SF080724-A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well☒ Gas Well☐ Other

2. Name of Operator

Hilcorp Energy Company

3a. Address

382 Road 3100, Aztec, NM 87410

3b. Phone No. (include area code)

505-599-3400

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.

Zachry 37

9. API Well No.

30-045-25463

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface Unit I (NESE) 1725' FSL & 475' FEL, Sec. 11, T28N, R10W

10. Field and Pool or Exploratory Area

Blanco Mesaverde/Armenta Gallup

11. Country or Parish, State

San Juan, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input checked="" type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof.

If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once Testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Hilcorp Energy Company plans to recompleate the subject well in the Mesaverde formation and downhole commingle with the existing Gallup. Attached is the MV C102, recompleate procedure & wellbore schematic. The DHC application will be submitted and approved prior to commingling. A closed loop system will be utilized. Interim reclamation will be performed after surface disturbing activities.

NMOC

DEC 20 2018

DISTRICT III

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Christine BrockTitle **Operations/Regulatory Technician - Sr.**

Signature

Christine Brock

Date

12/5/18

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instruction on page 2)

NMOC

District I1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720**District III**1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170**District IV**1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-102
August 1, 2011

Permit 260602

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|---|
| 1. API Number 30-045-25463 | 2. Pool Code 72319 | 3. Pool Name BLANCO-MESAVERDE (PRORATED GAS) |
| 4. Property Code 318769 | 5. Property Name ZACHRY | 6. Well No. 037 |
| 7. OGRID No. 372171 | 8. Operator Name HILCORP ENERGY COMPANY | 9. Elevation 5717 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|--------------------|
| UL - Lot I | Section 11 | Township 28N | Range 10W | Lot Idn | Feet From 1725 | N/S Line S | Feet From 475 | E/W Line E | County SAN JUAN |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|--------------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------------------------|---------------------|----------|-------|------------------------|-----------|----------|---------------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 262.28 S | 13. Joint or Infill | | | 14. Consolidation Code | | | 15. Order No. | | |

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

| | |
|--|--|
| <div style="border: 1px solid black; height: 100px; width: 100%; position: relative;"> <div style="position: absolute; top: 5px; right: 5px; font-size: 10px;">11</div> </div> | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>Levistine Brock</i> Title: Operation/Regulatory Tech Sr. Date: 12/4/2018</p> <p style="text-align: center;">SURVEYOR CERTIFICATION</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>Surveyed By: James P. Leese Date of Survey: 7/28/1982 Certificate Number: 1463</p> |
|--|--|

Zachry 37

011-028N-010W-I

API#: 3004525463

Mesa Verde Recompletion Procedure

12/3/2018

Procedure:

1. MIRU Service rig and associated equipment
2. Test BOP's
3. TOOH with 2-3/8" tubing currently set with EOT at 5,864'
4. Set a CIBP to isolate the Gallup @ $\pm 4,650'$
5. ND BOP's. NU frac stack and test same to maximum frac pressure
6. RDMO Service rig
7. MIRU frac spread
8. Perforate and frac the MV from 3,550' to 4,550'. RDMO frac spread
9. MIRU Service rig
10. Test BOP's
11. PU mill & RIH to clean out to Gallup isolation plug
12. When water and sand rates are acceptable, flow test the MV
13. Drill out Gallup isolation plug & TOOH
14. TIH and land production tubing. Obtain a commingled Gallup flow rate
15. ND BOP's, NU production tree
16. RDMO service rig & turn well over to production.

Well Name: ZACHRY #37

| | | | | | |
|-----------------------------------|---|----------------------------------|--------------------------------|--------------------------------|-------------------------|
| API / UWI 3004525463 | Surface Legal Location 011-028N-010W-1 | Field Name ARMENTA GALLUP | Route 0806 | State/Province NEW MEXICO | Well Configuration Type |
| Ground Elevation (ft) 5,735.00 | Original KB/BT Elevation (ft) 5,747.00 | KB-Ground Distance (ft) 12.00 | KB-Casing Flange Distance (ft) | KB-Tubing Hanger Distance (ft) | |

Original Hole, 12/3/2018 1:35:39 PM

