

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, 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: 6/27/19

Well information:

Hilcorp Energy

Trail Canyon #104H, API# 30-045-35884

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: Casing report information

Conditions of Approval:

- Include in the completion report, as verified verbally, that the pressure test on the Intermediate casing passed.

- Report TOC for intermediate csq on completion Sunday.


NMOCD Approved by Signature

6/28/19
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.***SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: COAL BED METHANE		5. Lease Serial No. NMNM0558144
2. Name of Operator HILCORP ENERGY COMPANY Contact: AMANDA WALKER E-Mail: mwalker@hilcorp.com (san juan nort)		6. If Indian, Allottee or Tribe Name
3a. Address 1111 TRAVIS STREET HOUSTON, TX 77002	3b. Phone No. (include area code) Ph: 505.324.5122	7. If Unit or CA/Agreement, Name and/or No. 891000446X
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 21 T32N R8W SESE 1294FSL 399FEL 36.965588 N Lat, 107.673050 W Lon		8. Well Name and No. TRAIL CANYON 104H
		9. API Well No. 30-045-35884-00-X1
		10. Field and Pool or Exploratory Area BASIN FRUITLAND COAL
		11. County or Parish, State SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<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 type="checkbox"/> Recomplete	<input checked="" 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 recompleat 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 recompleat 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.

Please see attached REVISED Casing Report to include the PT on 6/5/2019 and 6/10/2019.

NMOCB
JUN 27 2019
DISTRICT III

14. I hereby certify that the foregoing is true and correct. Electronic Submission #470993 verified by the BLM Well Information System For HILCORP ENERGY COMPANY, sent to the Farmington Committed to AFMSS for processing by JOE KILLINS on 06/27/2019 (19JK0062SE)	
Name (Printed/Typed) AMANDA WALKER	Title OPERATIONS REGULATORY TECH
Signature (Electronic Submission)	Date 06/27/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	JOE KILLINS Title ENGINEER	Date 06/20/2019
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 Farmington

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.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

A

Trail Canyon 104H
30-045-35884
Sub Drilling Report

6/3 – 6/4/2019: MIRU. LM W/BLM AND OCD ABOUT PT. SDFN.

6/5/2019: MU TEST PLUG. TEST ANN. PIPE & BLIND RAMS. LOW/5 MINS @ 250 PSI. HIGH/10 MINS @ 2100 PSI. TIW. KELLY COCK LOW/5 MINS @ 250 PSI. HIGH @ 10 MINS @ 2100 PSI. OUTER & INNER MANIFOLD, LOW/5 MIN @ 250 PSI, HIGH @ 2100 PSI. HCR, STINGER 1. STINGER 2, KILL 1, KILL 2. CHECK & DART VALVES. CSG @ 100 PSI. **SURF CSG PRESSURE TESTED @ 600 PSI FOR 30 MINS.** PU & MU DIRECTIONAL TOOLS. TIH T/481'. DO SHOE TRACK. DRILL 8 3/4" HOLE F/501' T/1680'.

6/6/2019: CONT DRILLING T/2341'. NOTIFICATION OF OPERATIONS MADE TO OCD AND BLM.

6/7/2019: CONT DRILLING T/4177'. **TD @ 4177'**. CIRC HOLE CLEAN. TOO H, BACK REAM FROM 2060' TO 800'. PMP SWEEPS TO CLEAN HOLE. LS DIRECTIONAL TOOLS. PU & TIH BHA.

6/8/2019: CONT TIH TO TD @ 4177'. TOO H. BACK REAM. CIRC W/FULL RETURNS.

6/9/2019: RU CSG EQUIP. RIH 91 JTS 7" 32# P-110, CSG. CIRC HOLE CLEAN. **LND CSG @ 4177'**. STG TOOL @ 2876'. RD CSG EQUIP. RU CMT EQUIP. PMP 1ST STAGE @ FOLLOWS: 20 BBLs TUNED SPACER III. LEAD – 29.6 BBLs 12.4 PPG VARICEM CMT (1.96 CUFT/SX, **85 SX**) TAIL – 32 BBL 12.9 PPG CARICEM CMT (1.3 CUFT/SX, **85 SX**). DROP PLUG & DISP W/60 BBLs FW & 101.3 BBL MUD (161.3 TOTAL). BUMP PLUG & OPEN STG TOOL. CIRC 24 BBS CMT TO SURFACE. CIRC BETWEEN STAGES. PMP 2ND STAGE AS FOLLOWS: 20 BBLs TUNED SPACER III. LEAD – 93 BBLs 12.5 PPG VARICEM CMT (1.9 CUFT/SX, **275 SX**). TAIL – 20.4 BBLs 15.8 PPG VARICEM CMT (1.15 CUFT/SX, **100 SX**). DROP PLUG & DISP W/113 BBL FW. LOST RETURNS 55 BBLs INTO DISP, SLOW RATE. BUMP PLUG & CLOSE STG TOOL. WOC. RD CMT EQUIP.

TROUBLE CALL: PHONE CALL MADE TO MONICA @ OCD AND EMAIL SENT TO JIM LOVATO AND PHONE CALL MADE TO VIRGIL LUCERO @ BLM. REQUEST TO DRILL STAGE TOOL AFTER 8 HRS WOC. MIT CSG, AND RUN CBL ONCE COMPLETION RIG MOVES ON AND PMP REMEDIAL CMT @ THAT TIME. VERBAL APPROVAL GIVEN BY MONICA WITH REQUEST TO RUN TEMP SURVEY. VERBAL APPROVAL GIVEN BY VIRGIL.

6/10/2019: SET PKR, TEST @ 3000 PSI FOR 5 MINS. WOC. RU BASIN WL FOR TEMP SURVEY, RUN. TIH T/2834'. TAG @ 2874'. DRILL DV TOOL. **WILSON SERVICES CHARTED CSG PRESSURE TEST @ 1500 PSI FOR 30 MINS.** TIH TO FLOAT COLLAR, DO. TOO H, LD BIT. PU BHA, TIH T/3364'. DRILL F/4165' T/4315'.

6/11/2019: CONT DRILLING F/4326' T/5200'.

TROUBLE CALL: EMAIL SENT TO OCD AND BLM TO CONFIRM THAT COMPLETION RIG WILL RUN SECOND CBL TO RULE OUT ANY CMT REMEDIATION. CBL WILL BE RAN FROM AS CLOSE TO LINER TOP TO SURFACE TO SHOW ENTIRE PRODUCTION CSG AND BOTH CMT STAGES.

6/12/2019: CONT DRILLING F/5211' T/6539'. CALL MADE TO BLM AND OCD ABOUT UPCOMING 4 1/2" LINER RUN.

6/13/2019: CONT DRILLING F/6539' T/**6666'**. BACK REAM OUT W/PRESSURE AND TORQUE RISING. STUCK PIPE F/6599' T/**6606'**. WORK PIPE. RUN WL, RD WL. TOO H W/DP. WORK PIPE OUT OF HOLE PMP AND ROTATING THROUGH TIGHT HOLE. NO BHA ON STRING. 10 1/2 STANDS WERE LEFT IN HOLE WHICH ADDED TO 762.77' OF FISH. TOF @ 5842'.

Trail Canyon 104H
30-045-35884
Sub Drilling Report

TROUBLE CALL: CALL MADE TO OCD AND BLM. WHILE DRILLING OUR BHA BECAME STUCK @ 6666'. ATTEMPTS AT FREEING STUCK PIPE WERE UNSUCCESSFUL. WE HAVE CONDUCTED A BACKOFF OF THE DRILLING PIPE @ 5842', LEAVING APPROX. 800' OF DP & BHA IN THE WELL. APPROVAL GIVEN TO INITIATE AN OPEN HOLE SIDETRACK @ 4450', WITH AN ATTEMPT TO REDRILL WITH THE SAME BHL AS ORIGINALLY PLANNED.

6/14/2019: REAM F/4148' T/4446'. BACK REAM OUT OF HOLE F/4405' T/4189'. CONT DRILLING T/5606'.

6/15/2019: TIH T/4437'. WASH THROUGH ST F/4437' T/4498'. FINISH TIH REAMING TIGHT SPOTS. LOST CIRC. BACK REAM OUT OF HOLE F/5596' TO SHOE @ 4165'. REAM TO TOP. WORK THROUGH ST T/4462'. LD DIRECTIONAL TOOLS.

TROUBLE CALL: EMAIL SENT TO OCD AND BLM. UNABLE TO CONT DRILLING LATERAL ST DUE TO DETERIORATING HOLE CONDITIONS. ST1 WAS STOPPED @ 5606' MD. WE ARE PROPOSING TO SET BP INSIDE OUR 7" CSG @ ~4050'. THEN RUN A MECHANICAL WS AND MILL A WINDOW FROM ~4020' TO 4040'. WE WILL THEN CONT TO OUR ORIGINAL TD BHL. UPDATED DIRECTIONAL PLAN ALSO EMAILED.

6/16/2019: MU BIT, TIH T/4407'. THREE FAILED ATTEMPTS WERE MADE TO FIND 1ST ST. TIH T/4050'. SET BRIDGE PLUG @ 4050'. CIRC HOLE. TEST CIBP @ 500 PSI FOR 15 MINS. TEST OKAY. TOO H. PU & MU MILL & WS. TIH. TAGGED @ 3424'.

6/17/2019: TIH T/4032'. RET WS & TIH. LS FISHING ASSEMBLY & WS. TIH & REAM F/3423' T/3448'. CONT TIH AND TAG CIBP @ 4051'. TOO H W/REAMER ASSEMBLY. PU NEW WS BHA. TAG BP @ 4051'. MO WINDOW. WINDOW TOP @ 4033'. BTM OF WS @ 4041'. DRILL T/4045'. REAM OUT WINDOW, PMP SWEEPS & CIRC HOLE CLEAN. TOO H W/MILL. TIH TO DRILL CURVE.

6/18/2019: DRILL 6 1/4" PROD HOLE F/4045' T/6100'.

6/19/2019: CONT DRILL 6-1/4" PROD HOLE F/6100 T/6475'. LOSSES INCREASED TO 160 BBL/HR. CONSULT ENG/ CALL TD @ 6475' FOR ST02. PMP & CLEAN HOLE. TOO H. RU CSG EQUIP. RUN 57 JTS 4-1/2", 11.6# L-80 LINER. TG BTM @ 6475'. DROP BALL & DISPLACE TO PMP OFF TOOL. PRESSURE UP & PMP OFF LINER W/1750 PSI. TOL @ 4005'. BOL @ 6475'. ✓

6/20/2019: RDRR @ 1800 hrs ✓

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.*5. Lease Serial No.
NMNM0558144

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 27. If Unit or CA/Agreement, Name and/or No.
891000446X

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other: COAL BED METHANE8. Well Name and No.
TRAIL CANYON 104H2. Name of Operator
HILCORP ENERGY COMPANYContact: AMANDA WALKER
E-Mail: mwalker@hilcorp.com (san juan nort)9. API Well No.
30-045-35884-00-X13a. Address
1111 TRAVIS STREET
HOUSTON, TX 770023b. Phone No. (include area code)
Ph: 505.324.512210. Field and Pool or Exploratory Area
BASIN FRUITLAND COAL

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

Sec 21 T32N R8W SESE 1294FSL 399FEL
36.965588 N Lat, 107.673050 W Lon11. County or Parish, State
SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
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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 recomple 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 recomple 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.

Please see attached Casing Report

NMOC

JUN 25 2019

DISTRICT III

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #470473 verified by the BLM Well Information System For HILCORP ENERGY COMPANY, sent to the Farmington Committed to AFMSS for processing by JOE KILLINS on 06/25/2019 (19JK0056SE)	
Name (Printed/Typed) AMANDA WALKER	Title OPERATIONS REGULATORY TECH
Signature (Electronic Submission)	Date 06/25/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	JOE KILLINS Title ENGINEER	Date 06/25/2019
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 Farmington

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(Instructions on page 2)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Trail Canyon 104H
30-045-35884
Sub Drilling Report

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TROUBLE CALL: PHONE CALL MADE TO MONICA @ OCD AND EMAIL SENT TO JIM LOVATO AND PHONE CALL MADE TO VIRGIL LUCERO @ BLM. REQUEST TO DRILL STAGE TOOL AFTER 8 HRS WOC. MIT CSG, AND RUN CBL ONCE COMPLETION RIG MOVES ON AND PMP REMEDIAL CMT @ THAT TIME. VERBAL APPROVAL GIVEN BY MONICA WITH REQUEST TO RUN TEMP SURVEY. VERBAL APPROVAL GIVEN BY VIRGIL.

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6/20/2019: RDRR @ 1800 hrs