

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: 7/19/2019

Well information:

HILCORP ENERGY COMPANY
30-045-20347 LAWSON SRC #002

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:**

Conditions of Approval:

- Notify the OCD 24hrs prior to beginning operations.
- Hold C-104 for DHC (Trimming)
- A well file review revealed that this well appears to be directional. Please run a directional survey and provide a C-102 with correct BHL with the new C-104 for this well.


NMOCD Approved by Signature

9/6/19
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED **RECEIVED**
OMB No. 1004-0137
Expires: July 31, 2010 **JUL 19 2019**

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

☐ 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

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

Surface Unit B (NW/NE) 1120' FNL & 1560' FEL, Sec. 31, T32N, R11W

5. Lease Serial No.

NMNM010989

6. If Indian, Allottee or Tribe Name

**Farmington Field Office
Bureau of Land Management**

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

8. Well Name and No.

Lawson SRC 2

9. API Well No.

30-045-20347

10. Field and Pool or Exploratory Area

**Blanco Mesaverde / Blanco Pictured
Cliffs / Basin Dakota**

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 requests permission to recompleate the subject well in the Mesaverde and downhole trimingle with the existing Pictured Cliffs and Dakota formations. Attached is the procedure, wellbore diagram, plat, and gas capture plan. A DHC application will be filed and approved prior to trimingling. A closed loop system will be used. Interim reclamation will be performed after surface disturbing activities

NMOC

HOLD C104 FOR DHC

JUL 24 2019

DISTRICT III

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

Priscilla Shorty

Title **Operations/Regulatory Technician - Sr.**

Signature

Priscilla Shorty

Date **7/19/2019**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

See attached

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.

NMOC

District I

1625 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 268993

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-20347	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319539	5. Property Name LAWSON SRC	6. Well No. 002
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6466

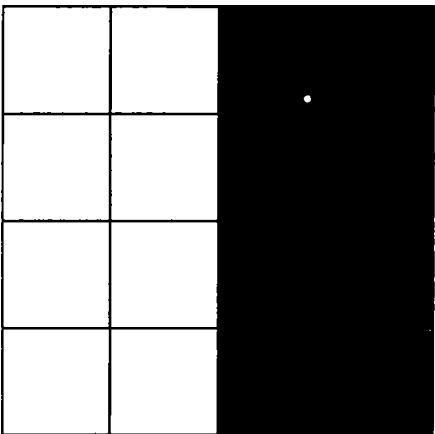
10. Surface Location

UL - Lot B	Section 31	Township 32N	Range 11W	Lot Idn	Feet From 1120	N/S Line N	Feet From 1560	E/W Line E	County SAN JUAN
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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 320.00	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

	<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>Priscilla Shorty</i> Title: Operations Regulatory Technician - Sr. Date: 6/25/2019</p> <hr/> <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: E.V. Echohawk Date of Survey: 9/6/1968 Certificate Number: 3602</p>
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LAWSON SRC 2
MESA VERDE RECOMPLETION SUNDRY

API #: 3004520347

JOB PROCEDURES

- ☒ NMOCD **Contact** OCD and BLM (where applicable) 24 hrs prior to MIRU or running MITs. Record and document all casing pressures
☒ BLM **daily, including** BH, IC (if present) and PC. Comply with all NMOCD, BLM (where applicable), and HEC safety and environmental regulations.

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with **2 3/8"** tubing set at **7,683'**.
3. Set a **4-1/2"** cast iron bridge plug at +/- **7,660'** to isolate the **Dakota**
4. Load hole with fluid run a CBL on the 4-1/2" casing. Verify cement bond within the **Mesa Verde** and confirm TOC. Review CBL results with the regulatory agencies and perform cmt remediation, as required.
5. RIH w/ 7-5/8" pkr, set at **3,175'** and perform a witnessed (by the appropriate regulatory agencies) MIT test, down the tbg, to 600 psi, POOH.
6. Set a **4-1/2"** cast iron bridge plug at +/- **5,860'** to provide a **base for the frac**.
7. Perforate the **Mesa Verde**. (Top perforation @ 4,684', Bottom perforation @ 5,760')
8. RIH w/ BHA (frac string, packer, burst disc sub), set packer @ ~4,600' **(to isolate the PC)**.
9. ND BOPs, NU frac stack. PT frac stack to 9,000#. PT frac string to 9,000#, PT backside to 300# (to insure packer is set).
NOTE: frac string is 2-7/8" 6.5# P110 with BTS-8 connections. PT is to max anticipated treating pressure (~60% of burst)
10. Break disc with slickline
11. Frac the **Mesa Verde** in 1-2 stages down the frac string.
12. Flowback well for 1-3 days as required
13. MIRU workover rig. Nipple down frac stack, nipple up BOPs and test.
14. Release packer and POOH w/ frac string
15. TIH w/ mill and clean down to the top of the **base of frac plug** at **5,860'**. Take **Mesa Verde/PC** gas samples and send for analysis
16. Drill out **base of frac plug** and cleanout to DK isolation plug at **7,660'**. POOH.
17. Drill out Dakota isolation plug and cleanout to PBTD of **7,756'**. TOOH.
18. TIH and land production tubing. ND BOPs and NU tree. Pump off expendable check.
19. RDMO. Get a commingled **Dakota/Mesa Verde/Pictured Cliffs** flow rate.



HILCORP ENERGY COMPANY
LAWSON SRC 2
MESA VERDE RECOMPLETION SUNDRY

LAWSON SRC 2 - CURRENT WELLBORE SCHEMATIC



Schematic - Current

Well Name: LAWSON SRC #2

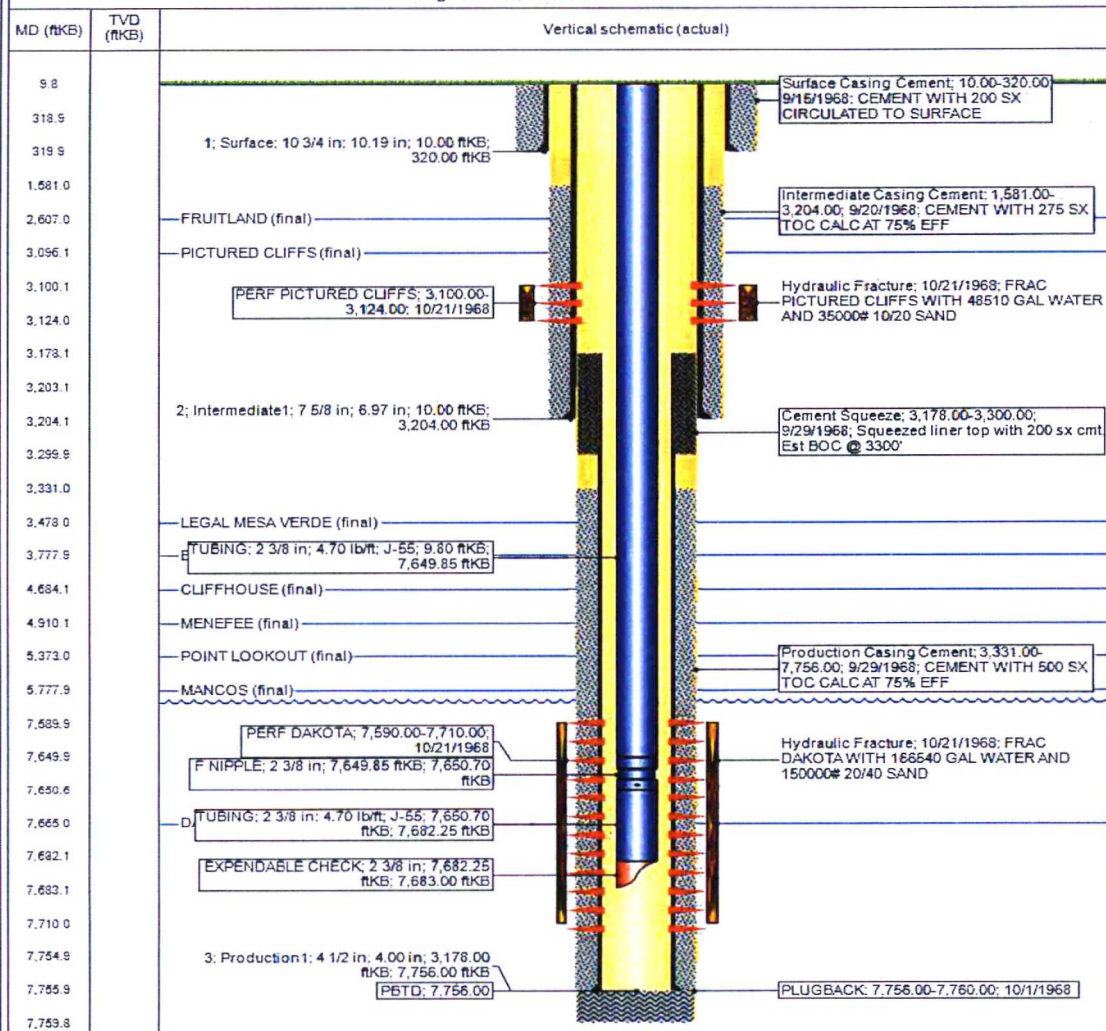
API / UWI 3004520347	Surface Legal Location 031-032N-011W-B	Field Name BLANCO PICTURED CLIFFS (GAS)	License No.	State/Province NEW MEXICO	Well Configuration Type
Original KBRT Elevation (ft) 6,476.00	MS-Grout Distance (ft) 10.00	Original Spud Date 9/15/1968 00:00	Rig Release Date 5/1/2000 15:00	PSTD (API) (ft/s) Original Hole - 7,756.0	Total Depth (TVD) (ft/s)

Most Recent Job

Job Category FACILITIES	Primary Job Type COMMINGLE	Secondary Job Type COMMINGLE	Actual Start Date 4/29/2000	End Date 5/1/2000
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ID: 7,760.0

Original Hole, 6/24/2019 4:17:52 PM



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of Intent to Recomplete & Commingle

Well: Lawson SRC 2 30-045-20347

CONDITIONS OF APPROVAL

1. Contact BLM Inspection and Enforcement @ (505) 564 – 7750, 24 hours prior to conducting MIT work so an inspector can be present to witness the MIT.

Contact John Hoffman, Petroleum Engineer @ (505) 564 – 7742 to discuss any failed MIT results and/or your remedial action and isolation plans.

Submit the electronic copy of the MIT Test Chart and CBL for verification to the following addresses: jhoffman@BLM.gov and Brandon.Powell@state.nm.us.

2. The following modifications to your recompletion program are to be made:

- a) Upon rigging up, record Bradenhead pressure and monitor same during recompletion operations. Notify BLM and NMOCD if anomalous pressure changes occur. Provide monitoring results in the subsequent Report of Operations.
- b) Casing pressure test for fracture stimulation operations cannot exceed the internal yield strength of the casing including a 20% safety factor unless a waiver is granted. Stimulation operations cannot exceed this test pressure.
- c) CIBP for base of fracture stimulation to be set less 50' above top existing perforation.

3. File well test and recompletion results within 30 days of completing recompletion operations.

Vermersch, Amy H, EMNRD

From: Priscilla Shorty <pshorty@hilcorp.com>
Sent: Tuesday, September 10, 2019 5:45 AM
To: Vermersch, Amy H, EMNRD
Subject: [EXT] FW: [EXTERNAL] Lawson SRC 2_MV RC NOI BLM Appvd

Good morning Amy,

Please see Joe Killins', BLM, email below. Thank you.

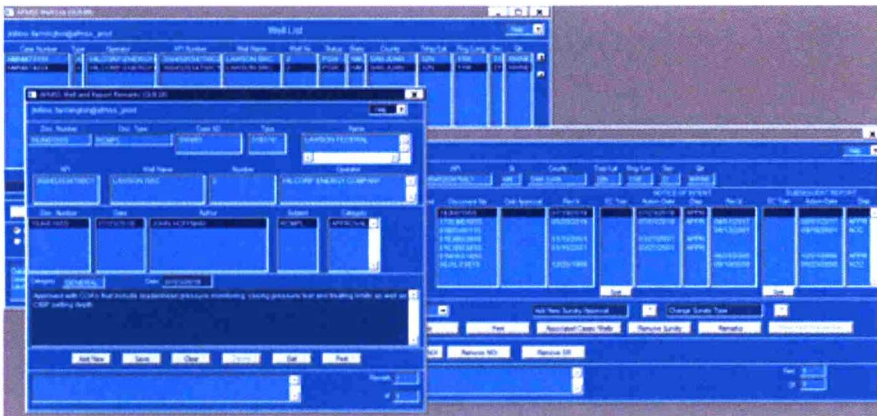
Priscilla

From: Killins, Joe [mailto:jkillins@blm.gov]
Sent: Monday, September 9, 2019 3:58 PM
To: Priscilla Shorty <pshorty@hilcorp.com>
Cc: John Hoffman (jhoffman@blm.gov) <jhoffman@blm.gov>
Subject: Re: [EXTERNAL] Lawson SRC 2_MV RC NOI BLM Appvd

Hi Priscilla,

The NOI was approved 7/23/2019. See the screenshot attached as record of approval. If you want a stamp, please bring it by and we can add one.

best regards,
Joe



On Mon, Sep 9, 2019 at 3:28 PM Priscilla Shorty <pshorty@hilcorp.com> wrote:

Joe and John,

It was brought to my attention by Amy, NMOCD, that the attached recomplete (and their copy) did not have an approved signature or an Accepted for Record/Date stamp. The Conditions of Approval were attached. Just to be sure, is this officially approved by you (BLM)?

Thank you,

Priscilla A. Shorty

San Juan North Regulatory Technician

Hilcorp Energy Company

505-324-5188

pshorty@hilcorp.com

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