

Office
District I – (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
 811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039-08141	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. NMNM013656	
7. Lease Name or Unit Agreement Name San Juan 28-6 Unit	
8. Well Number 99	
9. OGRID Number 372171	
10. Pool name or Wildcat Blanco Mesaverde/Basin Dakota	

East__line
Rio Arriba County

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Hilcorp Energy Company

3. Address of Operator
382 Road 3100, Aztec NM 87410

- #### 4. Well Location

Unit Letter H : 1650 feet from the North line and 1090 feet from the East line

Section 24 Township 28N Range 6W NMPM Rio Arriba County

11. Elevation (*Show whether DR, RKB, RT, GR, etc.*)
6512'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK	<input type="checkbox"/>	PLUG AND ABANDON	<input type="checkbox"/>
TEMPORARILY ABANDON	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>
PULL OR ALTER CASING	<input type="checkbox"/>	MULTIPLE COMPL	<input type="checkbox"/>
DOWNHOLE COMMINGLE	<input checked="" type="checkbox"/>		
CLOSED-LOOP SYSTEM	<input type="checkbox"/>		
OTHER:	<input type="checkbox"/>		

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐
 OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to recomplete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. See attached allocation methodology. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV - 5090' - 5629'; **DK** - 7576' - 7749' **These perforations are in TVD.**

As referenced in Order # R- 10696 interest owners were not re-notified.

Spud Date:

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Rig Release Date:

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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Kandis Roland* TITLE Operations/Regulatory Technician Sr, DATE 8/4/2022

Type or print name Kandis Roland E-mail address: kroland@hilcorp.com PHONE: 713-757-5246

For State Use Only

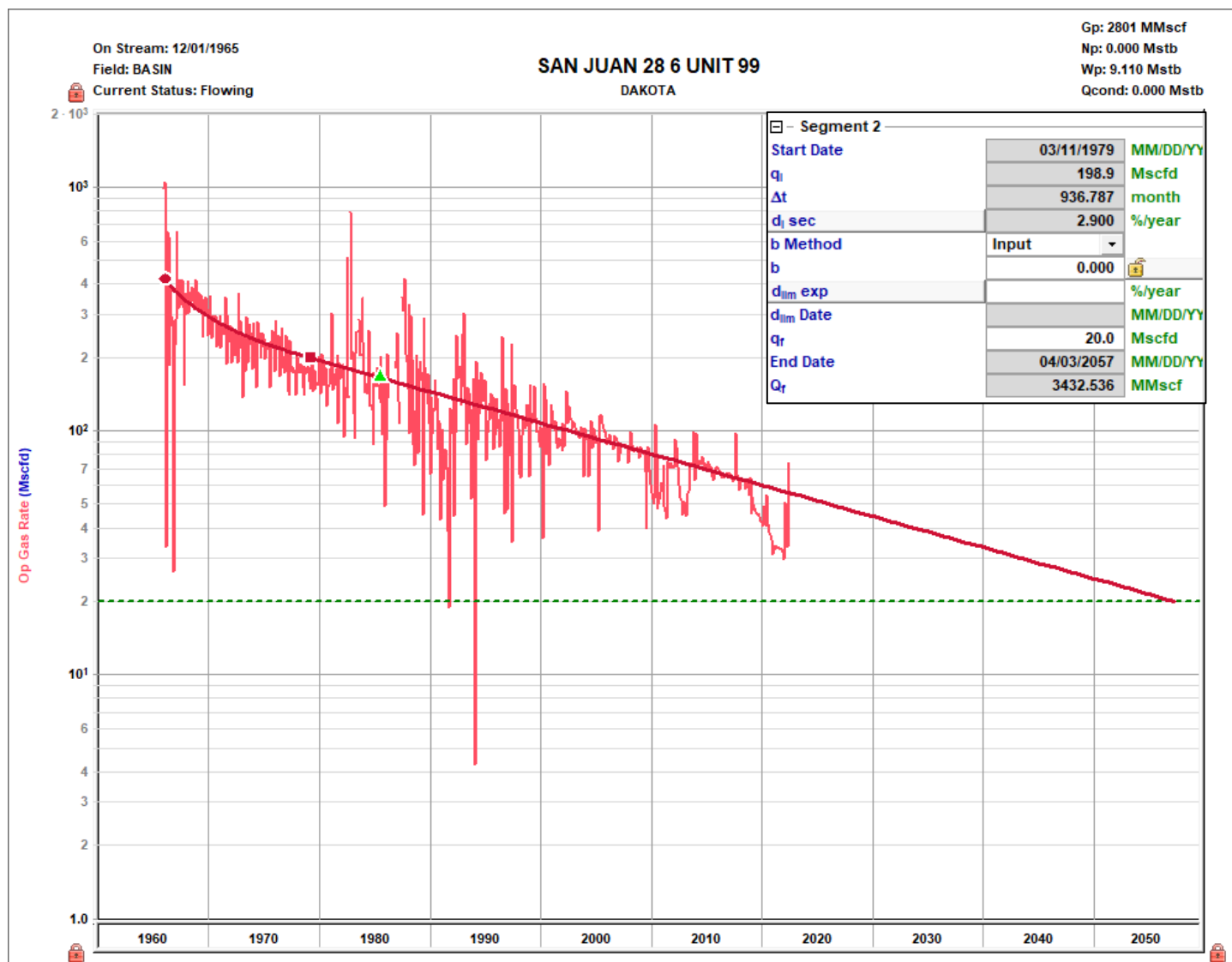
APPROVED BY:	TITLE	DATE
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Conditions of Approval (if any):

SJ 28-6 Unit 99 Production Allocation Method - Subtraction

Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation. After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.



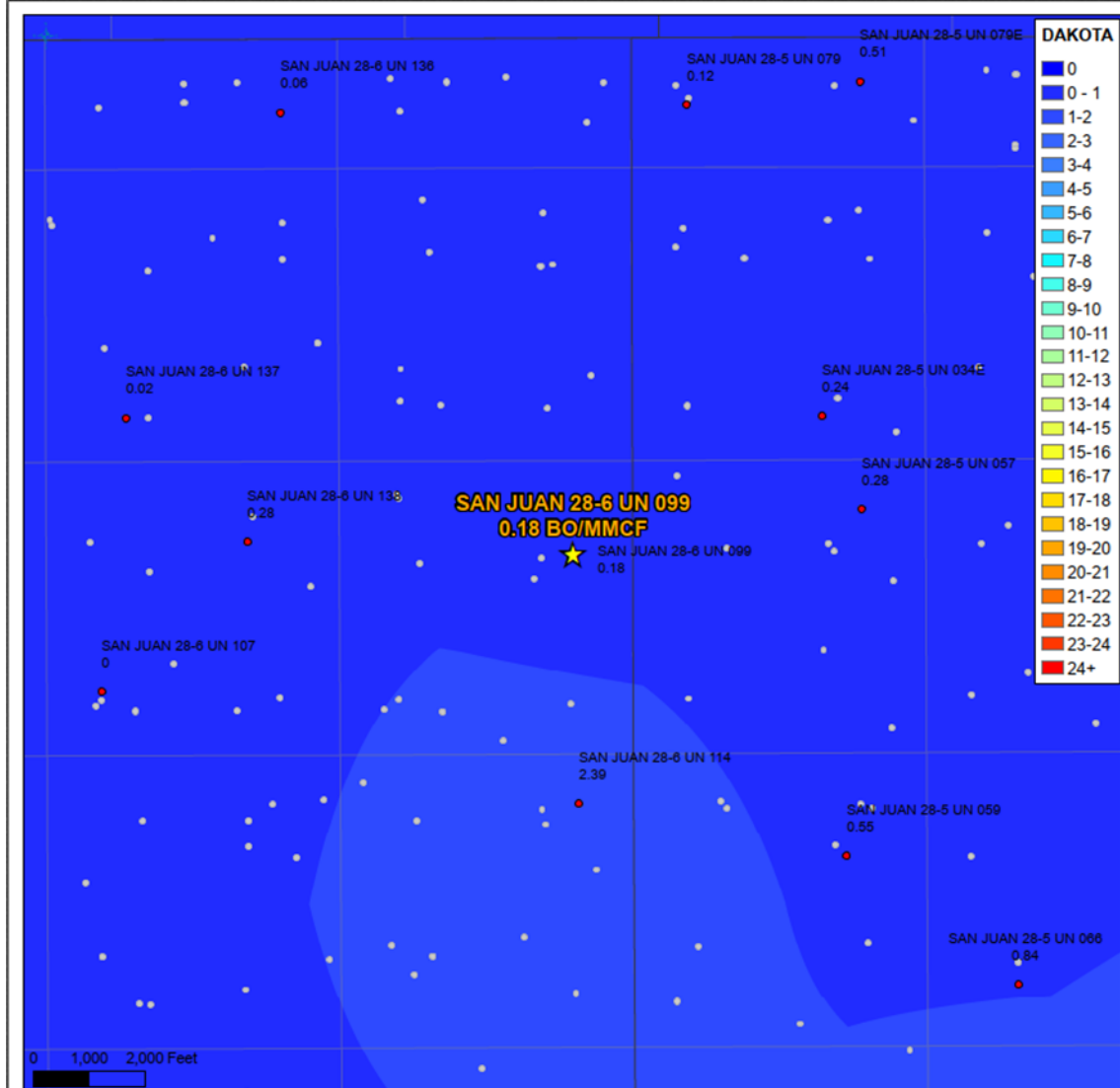
Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

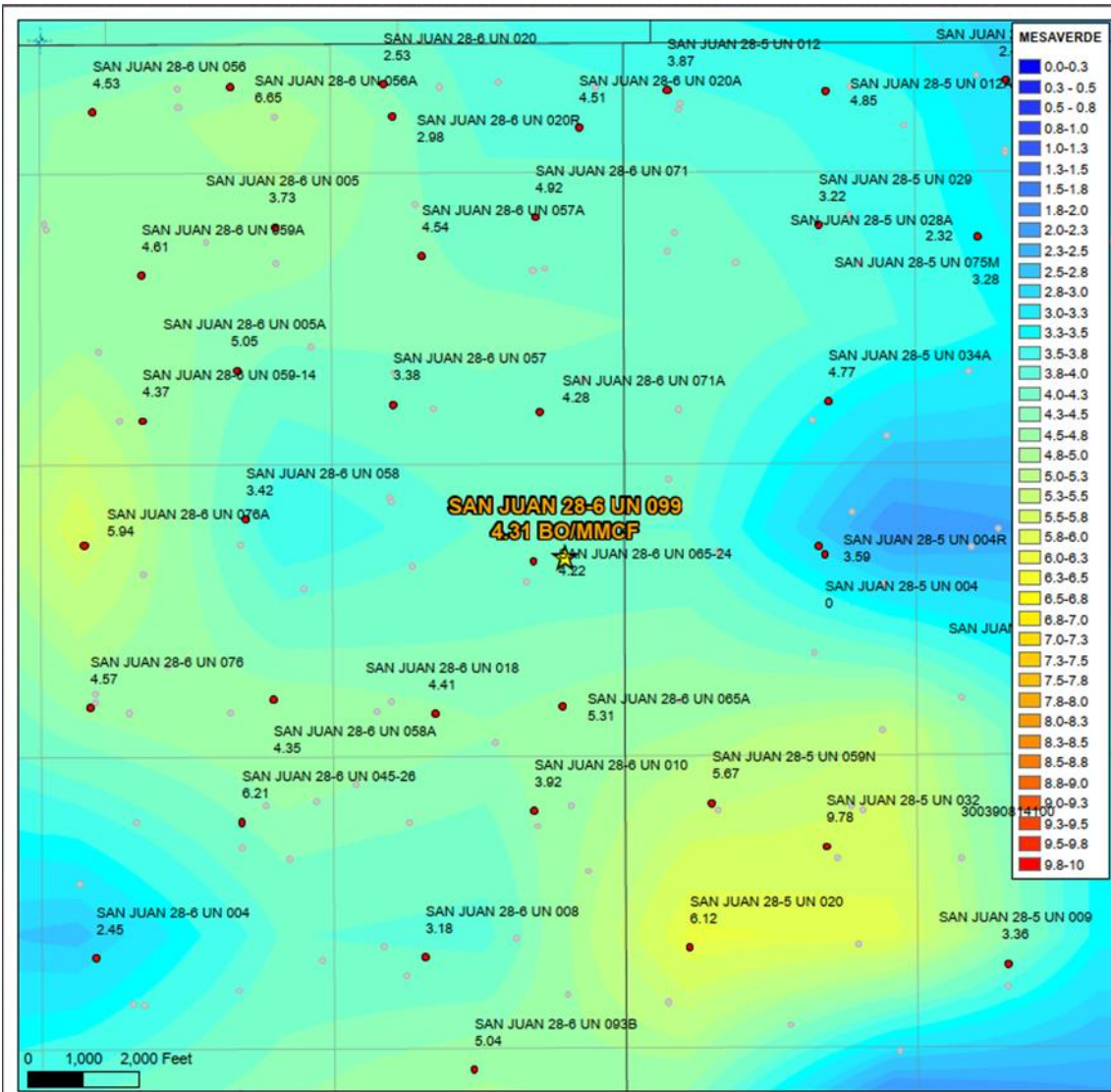
After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.180	1,806	4.5%
MV	4.310	1,600	95.5%

Dakota Oil Yield Map



Mesaverde Oil Yield Map



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

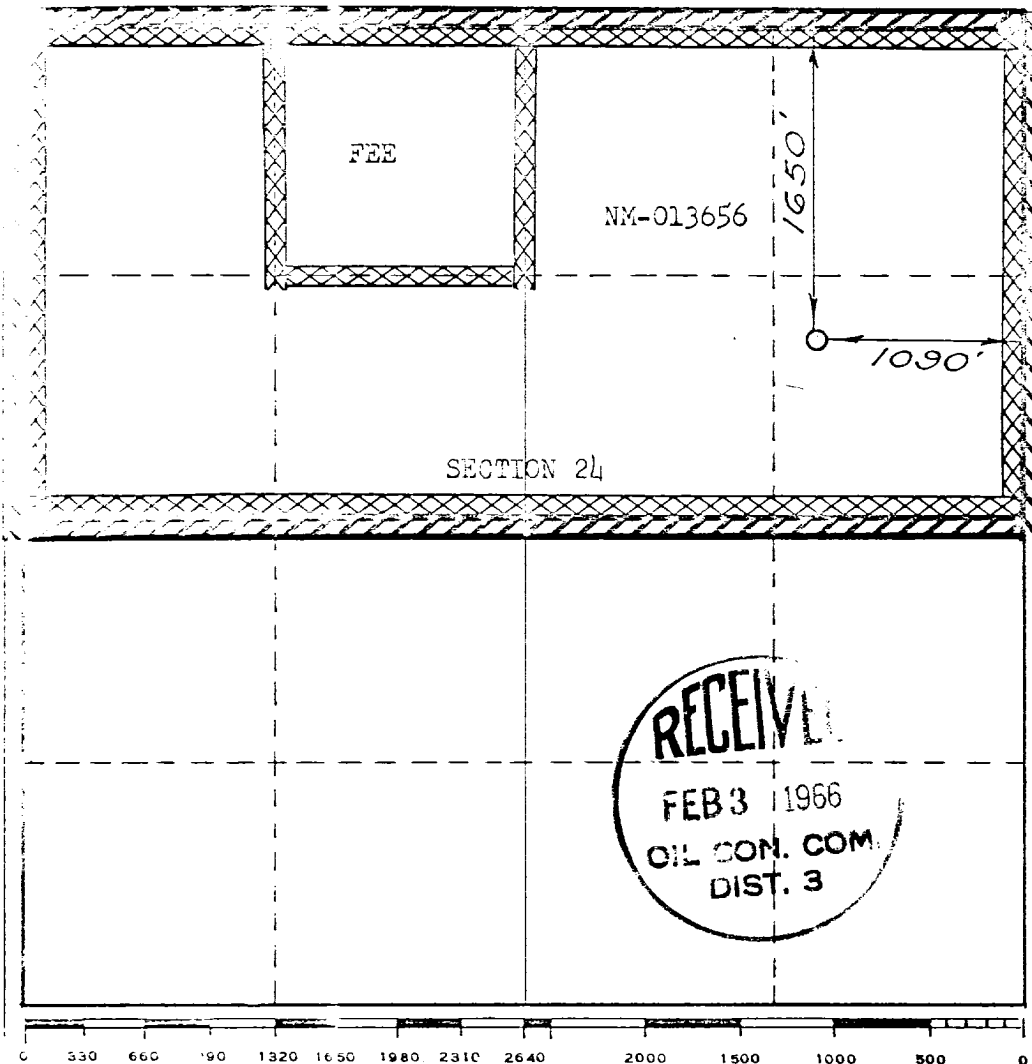
Operator EL PASO NATURAL GAS COMPANY			Lease SAN JUAN 28-6 UNIT NM-013656		Well No. 99
Unit Letter H	Section 24	Township 28-N	Range 6-W	County RIO ARriba	
Actual Postage Location of Well: 1650 feet from the NORTH line and 1090 feet from the EAST line					
Ground Level Elev. 6512	Producing Formation DAKOTA		Pool BASIN DAKOTA	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation **Unitization**

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

ORIGINAL SIGNED E. S. OBERLY

Name
Petroleum Engineer
Position
El Paso Natural Gas Co.
Company
January 31, 1966
Date

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 knowledge and belief.

Date Surveyed
JANUARY 23, 1961

Registered Professional Engineer
and/or Land Surveyor

Certificate No.
1760

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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 308673

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-08141	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318710	5. Property Name San Juan 28-6 Unit	6. Well No. 099
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6512

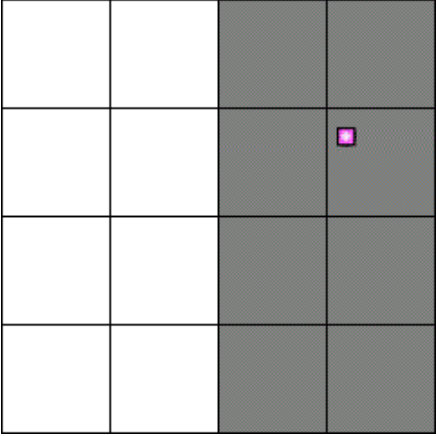
10. Surface Location

UL - Lot H	Section 24	Township 28N	Range 06W	Lot Idn	Feet From 1650	N/S Line N	Feet From 1090	E/W Line E	County RIO ARRIBA
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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 E/2			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: Kandis Roland Title: Regulatory Tech Date: 2/16/2022</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: David Kilven Date of Survey: 1/23/1961 Certificate Number: 1760</p>
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From: [Engineer, OCD, EMNRD](#)
To: [Kandis Roland](#); [Mandi Walker](#)
Cc: [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Paradis, Kyle O](#)
Subject: Approved Administrative Order DHC-5219
Date: Monday, August 8, 2022 9:33:17 AM
Attachments: [DHC5219 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5219 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **San Juan 28 6 Unit #99**

Well API: **30-039-08141**

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING
SUBMITTED BY HILCORP ENERGY COMPANY**

ORDER NO. DHC-5219

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Hilcorp Energy Company (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool’s fracture parting pressure.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
7. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
8. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-10696.
9. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.

11. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
12. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
14. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil production from the Well to each of the Pools until a different plan to allocate oil production is approved by OCD. Of the oil production from the Well:
 - a. four and a half percent (4.5%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
 - b. ninety-five and a half percent (95.5%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Applicant shall allocate gas production to the new pool(s) equal to the total gas production from the Well minus the projected gas production from the current pool(s) until a different plan to allocate gas production is approved by OCD. The new pool(s) are:

- a. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

The current pool(s) are:

- a. the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Applicant shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall

terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

3. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
4. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
5. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
6. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE E. SANDOVAL
DIRECTOR**

DATE: 8/07/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5219**

Operator: **Hilcorp Energy Company (372171)**

Well Name: **San Juan 28 6 Unit #99**

Well API: **30-039-08141**

Upper Zone

Pool Name: **BLANCO-MESAVERDE (PRORATED GAS)**

Pool ID: **72319**

Current:

New: **X**

Allocation:

Oil: **4.5%**

Gas:

Interval: **Perforations**

Top: **5,090**

Bottom: **5,629**

Intermediate Zone

Pool Name:

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

Bottom of Interval within 150% of Upper Zone's Top of Interval:

Lower Zone

Pool Name: **BASIN DAKOTA (PRORATED GAS)**

Pool ID: **71599**

Current: **X**

New:

Allocation:

Oil: **95.5%**

Gas:

Interval: **Perforations**

Top: **7,576**

Bottom: **7,749**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **NO**

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

CONDITIONS

Action 131364

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 131364
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	8/8/2022