

Revised March 23, 2017

RECEIVED:	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: \_\_\_\_\_ OGRID Number: \_\_\_\_\_  
 Well Name: \_\_\_\_\_ API: \_\_\_\_\_  
 Pool: \_\_\_\_\_ Pool Code: \_\_\_\_\_

**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

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ 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.**

\_\_\_\_\_  
 Print or Type Name

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240

District II  
811 S. First St., Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
☐ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company

382 ROAD 3100, Aztec NM 87410

Operator

Address

San Juan 28-7 Unit

248E

UL J – Sec. 18, T28N, R7W

Rio Arriba

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 318432 API No. 30-039-22364 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	OTERO CHACRA (GAS)	BLANCO MESAVERDE (PRORATED GAS)	BASIN DAKOTA (PRORATED GAS)
Pool Code	82329	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4443’ – 4700’ - Estimated	5117’-6000’ - Estimated	7021’- 7223’
Method of Production (Flowing or Artificial Lift)	NEW ZONE	NEW ZONE	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1000 psi	1200 psi	1500 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1200	BTU 1250	BTU 1100
Producing, Shut-In or New Zone	NEW ZONE	NEW Zone	PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A  Rates:	Date: N/A  Rates:	Date: 9/1/2022  Rates: 954 MCF – GAS 12 BBL – Oil 0 BBL - Water
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Please see attachments	Oil Gas Please see attachments	Oil Gas Please see attachments

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☐ No ☒

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No ☒

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCDD Reference Case No. applicable to this well: R-10476B

- Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
  - Production curve for each zone for at least one year. (If not available, attach explanation.)
  - For zones with no production history, estimated production rates and supporting data.
  - Data to support allocation method or formula.
  - Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
  - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE

Kandis Roland

TITLE

Operation/Regulatory Tech

DATE

12/16/2022

TYPE OR PRINT NAME

Kandis Roland

TELEPHONE NO. ( 713 )

757-5246

E-MAIL ADDRESS

kroland@hilcorp.com

**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 324383

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-22364	2. Pool Code 82329	3. Pool Name OTERO CHACRA (GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 248E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6860

**10. Surface Location**

UL - Lot J	Section 18	Township 28N	Range 07W	Lot Idn	Feet From 1650	N/S Line S	Feet From 1670	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 160.00 SE/4	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**

	<b>OPERATOR CERTIFICATION</b>	
	<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>	
	E-Signed By: Kandis Roland Title: Regulatory Tech Date: 8/31/22	
	<b>SURVEYOR CERTIFICATION</b>	
<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>		
Surveyed By: Fred B. Kerr Jr. Date of Survey: 2/18/1980 Certificate Number: 3950		

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENTP. O. BOX 7088  
SANTA FE, NEW MEXICO 87501Form C-107  
Revised 10-1-78

All distances must be from the outer boundaries of the Section

Operator <b>EL PASO NATURAL GAS COMPANY</b>			Lease <b>SAN JUAN 28-7 UNIT (SF-078417)</b>		Well No. <b>248-E</b>
Unit Letter <b>J</b>	Section <b>18</b>	Township <b>28N</b>	Range <b>7W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>1650</b> feet from the <b>South</b> line and <b>1670</b> feet from the <b>East</b> line					
Ground Level Elev. <b>6860</b>	Producing Formation <b>Dakota</b>		Pool <b>Basin Dakota</b>		Dedicated Acreage: <b>320.00</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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?

X Unitization  
☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

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.

	<p align="center"><b>CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Neppy Bradford</i>  Name  <b>Drilling Clerk</b></p> <p>Position  <b>El Paso Natural Gas Co.</b></p> <p>Company  <b>April 22, 1980</b></p> <p>Date</p>
	<p>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.</p> <p>Date Surveyed  <b>February 12, 1980</b></p> <p>Registered Professional Engineer and/or Land Surveyor  <i>Fred B. Kerr Jr.</i>  <b>Fred B. Kerr Jr.</b></p> <p>Certificate No.  <b>3950</b></p>

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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 324383

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-22364	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 248E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6860

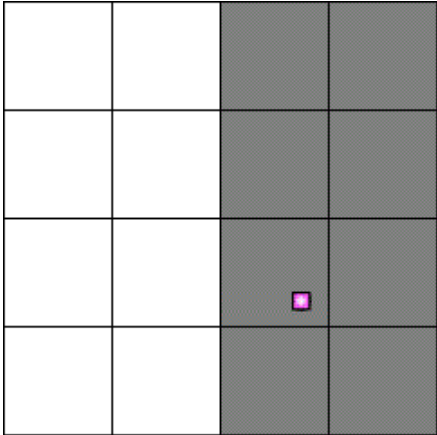
**10. Surface Location**

UL - Lot J	Section 18	Township 28N	Range 07W	Lot Idn	Feet From 1650	N/S Line S	Feet From 1670	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;"><b>OPERATOR CERTIFICATION</b></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: 8/31/22</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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: Fred B. Kerr Jr.  Date of Survey: 2/18/1980  Certificate Number: 3950</p>
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**San Juan 28-7 Unit 248E**

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

The BHPs of all zones, producing and non-producing, were estimated based upon basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

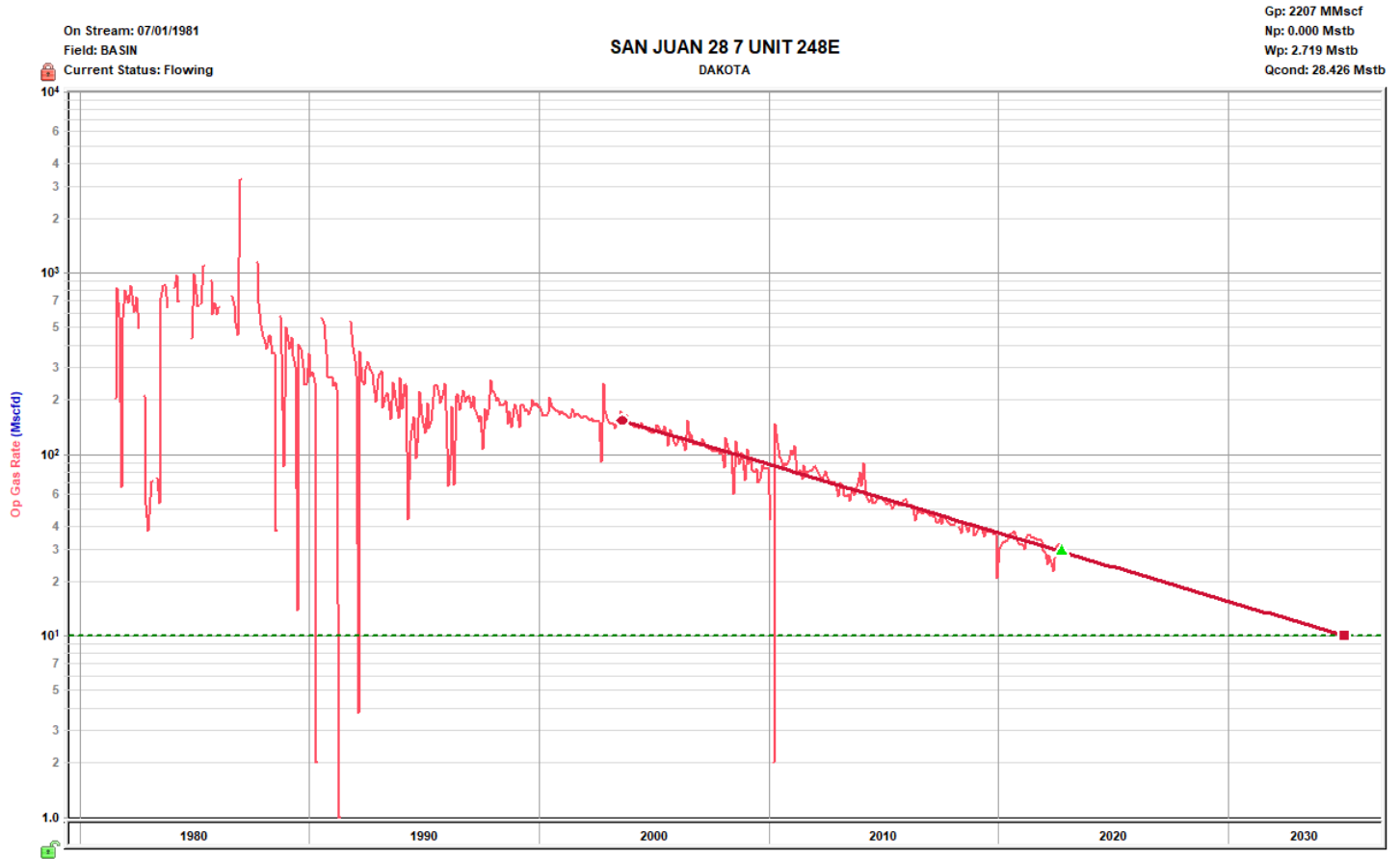
**Production Allocation Method – Subtraction****Gas Allocation:**

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 formations to be commingled are the Mesaverde & Chacra. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the base formation forecast will be allocated to the new formations.

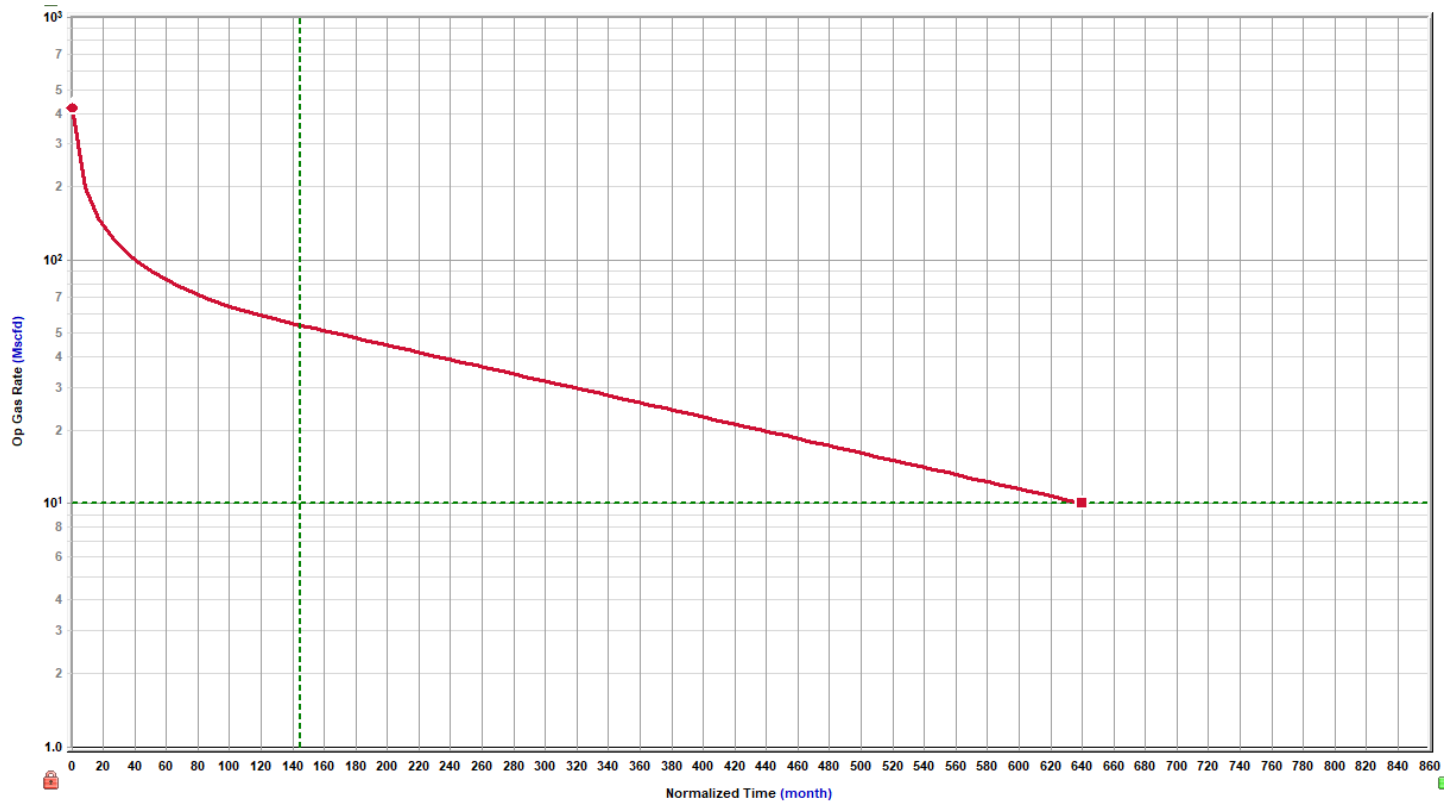
New zones (MV/CH) will be allocated using a fixed allocation. Forecasted rates for MV and CH are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MV and CH is based on the ratio of forecasted reserves as shown in the table below.

Formation	Forecasted Reserves (MMcf)	% Gas Allocation
Mesaverde	800	64%
Chacra	450	36%

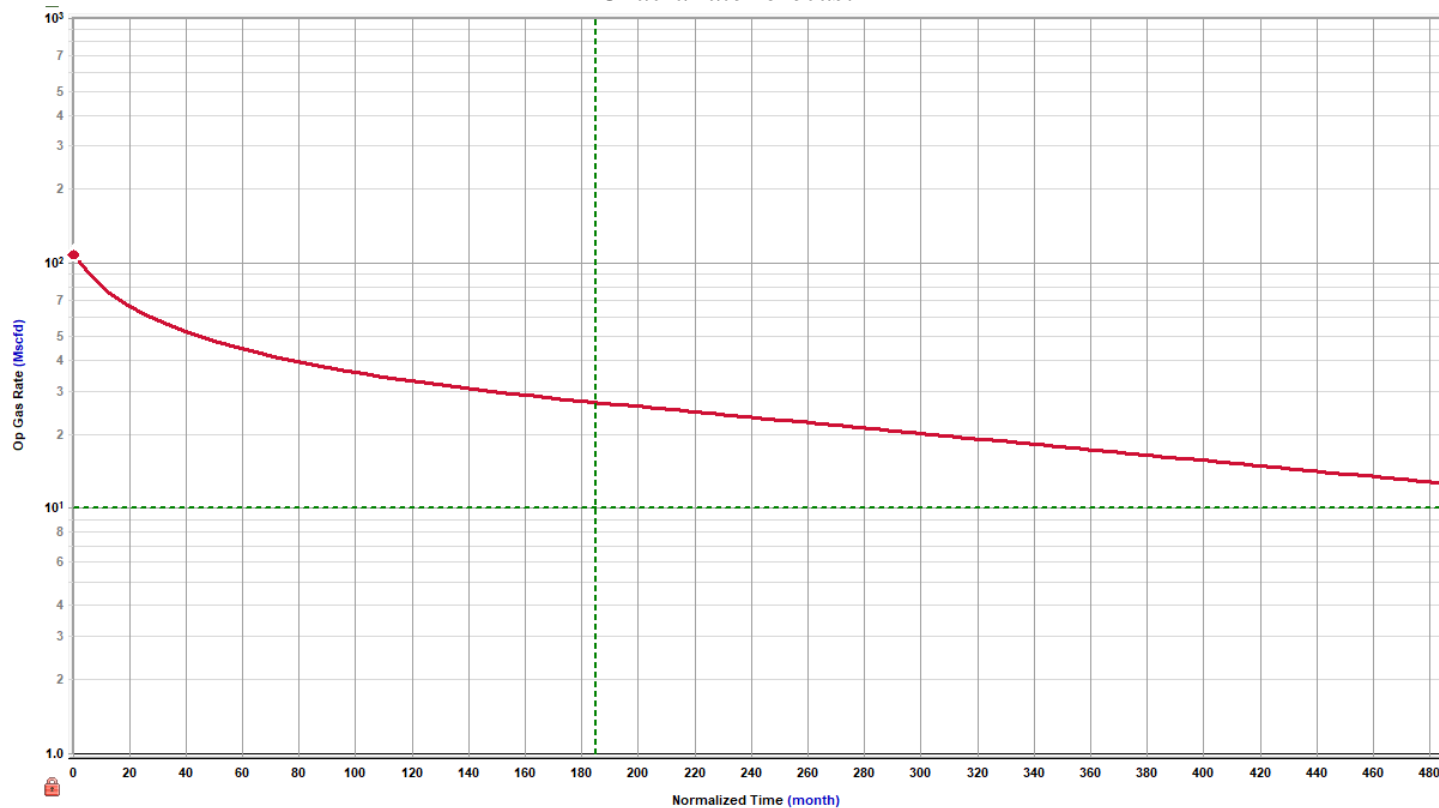
After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation.



Mesaverde rate forecast



Chacra rate forecast

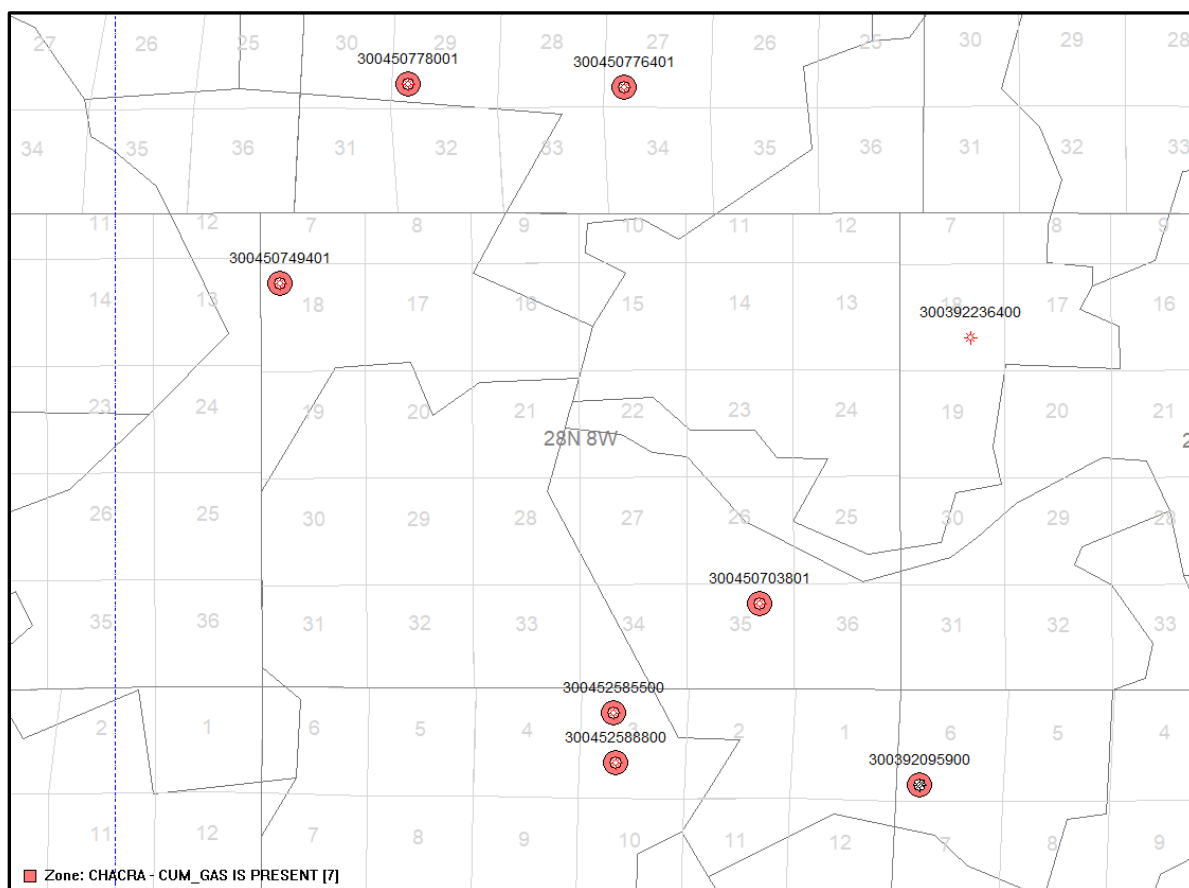


Mesaverde offsets map





## Chacra offsets map

**Oil Allocation:**

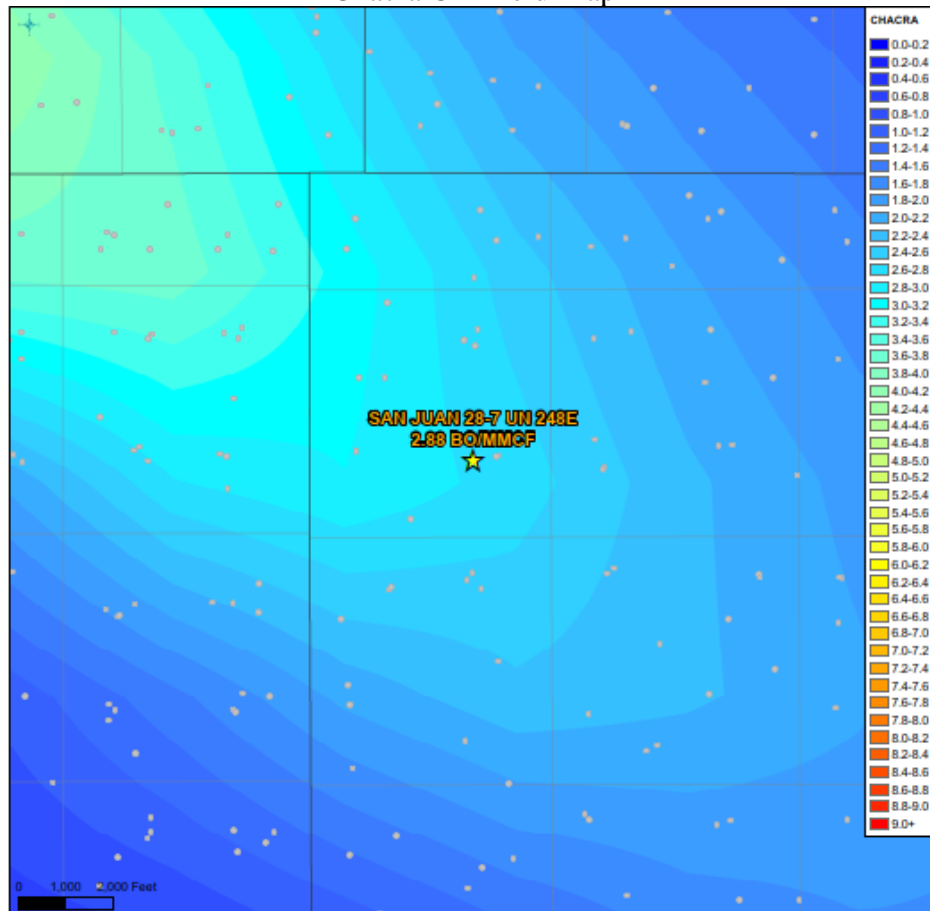
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining or Forecasted Reserves (MMcf)	% Oil Allocation
Dakota	12.33	80	19.6%
Mesaverde	3.44	800	54.7%
Chacra	2.88	450	25.7%

The map displays a geographical area with various data points and a color-coded legend. The legend, titled "DAKOTA", lists values from 0 to 24+ in increments of 1, with corresponding color swatches. The map includes several labeled points such as "PRICE 001 8.54", "PRICE 004 8.63", "PRICE 002E 7.46", "SAN JUAN 28-7 UN 248 10.17", "SAN JUAN 28-7 UN 242 9.59", "SAN JUAN 26-7 UN 248E 12.66 BOMMCF" (marked with a star), "SAN JUAN 28-7 UN 257 12.68", "SAN JUAN 28-7 UN 219E 12.52", "SAN JUAN 28-7 UN 238N 6.7", "SAN JUAN 28-7 UN 230 8.82", "SAN JUAN 28-7 UN 199 8.06", "RUSSELL 002E 7.2", "RUSSELL 004 7.79", "HARDIE 005E 8.36", "PRICE COM 004E 9.03", "PRICE 001 7.76", "PRICE 002 7", "SAN JUAN 28-7 UN 030 8.06", "SAN JUAN 28-7 UN 256 8.45", "SAN JUAN 28-7 UN 241F 2.63", "SAN JUAN 29-7 UN 111 3.3", and "SAN JUAN 29-7". A scale bar at the bottom left indicates distances of 0, 1,000, and 2,000 Feet.

Map of the San Juan River Basin showing mesaverde distribution. The map is color-coded by mesaverde percentage, with a legend on the right ranging from 0.0-0.3 (dark blue) to 9.8-10 (dark red). The highest concentrations (red/orange) are in the central and eastern parts of the basin, while the lowest (blue) are in the western part. Numerous well locations are marked with black dots and labeled with names and values. A star marks the location of San Juan 26-7 UN 249E with a value of 8.44 BQ/MMCF. A scale bar at the bottom left indicates 0, 1,000, and 2,000 feet.

Chacra Oil Yield Map





December 16, 2022

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: C-107A (Downhole Commingle)  
San Juan 28-7 Unit 248E  
API No. 30-039-22364  
Section 18, T28N-R07W  
Rio Arriba County, NM

Concerning Hilcorp Energy Company's C-107A application to downhole commingle production in the subject well, this letter serves to confirm the following:

Interest is not common between the formations listed below:

- Otero Chacra (Pool Code: 82329)
- Blanco Mesaverde (Pool Code: 72319)
- Basin Dakota (Pool Code: 71599)

Order No. R-10476-B waives the notice requirement and thus no notices will be sent.

The subject well is located within the bounds of a Federal Unit. Therefore, pursuant to Subsection C.(1) of 19.15.12.11 NMAC, written notice has been sent to the Bureau of Land Management as of the date of this letter.

If you have any questions or concerns, please contact the undersigned using the information provided below.

Sincerely,

By: HILCORP ENERGY COMPANY,  
Its General Partner

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

Carson Parker Rice  
Landman – San Juan Basin  
Hilcorp Energy Company  
1111 Travis Street  
Houston, Texas 77002  
713-757-7108 Direct  
Email: carice@hilcorp.com

Well Name: SAN JUAN 28-7 UNIT	Well Location: T28N / R7W / SEC 18 / NWSE / 36.65834 / -107.610886	County or Parish/State: RIO ARRIBA / NM
Well Number: 248E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078417	Unit or CA Name: SAN JUAN 28-7 UNIT--DK	Unit or CA Number: NMNM78413C
US Well Number: 3003922364	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2699904

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 10/27/2022

Time Sundry Submitted: 07:36

Date proposed operation will begin: 11/10/2022

**Procedure Description:** Hilcorp Energy Company requests permission to recompleate the subject well in the Mesaverde/Chacra formations and downhole commingle with the existing Dakota. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit was held on 10/26/2022 with Roger Herrera/BLM. The reclamation plan is attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

San\_Juan\_28\_7\_Unit\_248E\_NOI\_20221027073613.pdf

Well Number: 248E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078417	Unit or CA Name: SAN JUAN 28-7 UNIT--DK	Unit or CA Number: NMNM78413C
US Well Number: 3003922364	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Operator

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: KANDIS ROLAND	Signed on: OCT 27, 2022 07:36 AM
Name: HILCORP ENERGY COMPANY	
Title: Operation Regulatory Tech	
Street Address: 382 Road 3100	
City: Farmington	State: NM
Phone: (505) 599-3400	
Email address: kroland@hilcorp.com	

Field

Representative Name:		
Street Address:		
City:	State:	Zip:
Phone:		
Email address:		

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK	BLM POC Title: Petroleum Engineer
BLM POC Phone: 5055647742	BLM POC Email Address: krennick@blm.gov
Disposition: Approved	Disposition Date: 11/02/2022
Signature: Kenneth Rennick	

**San Juan 28-7 Unit 248E**

J – 18 – 28N – 07W 1650 FSL 1670 FEL

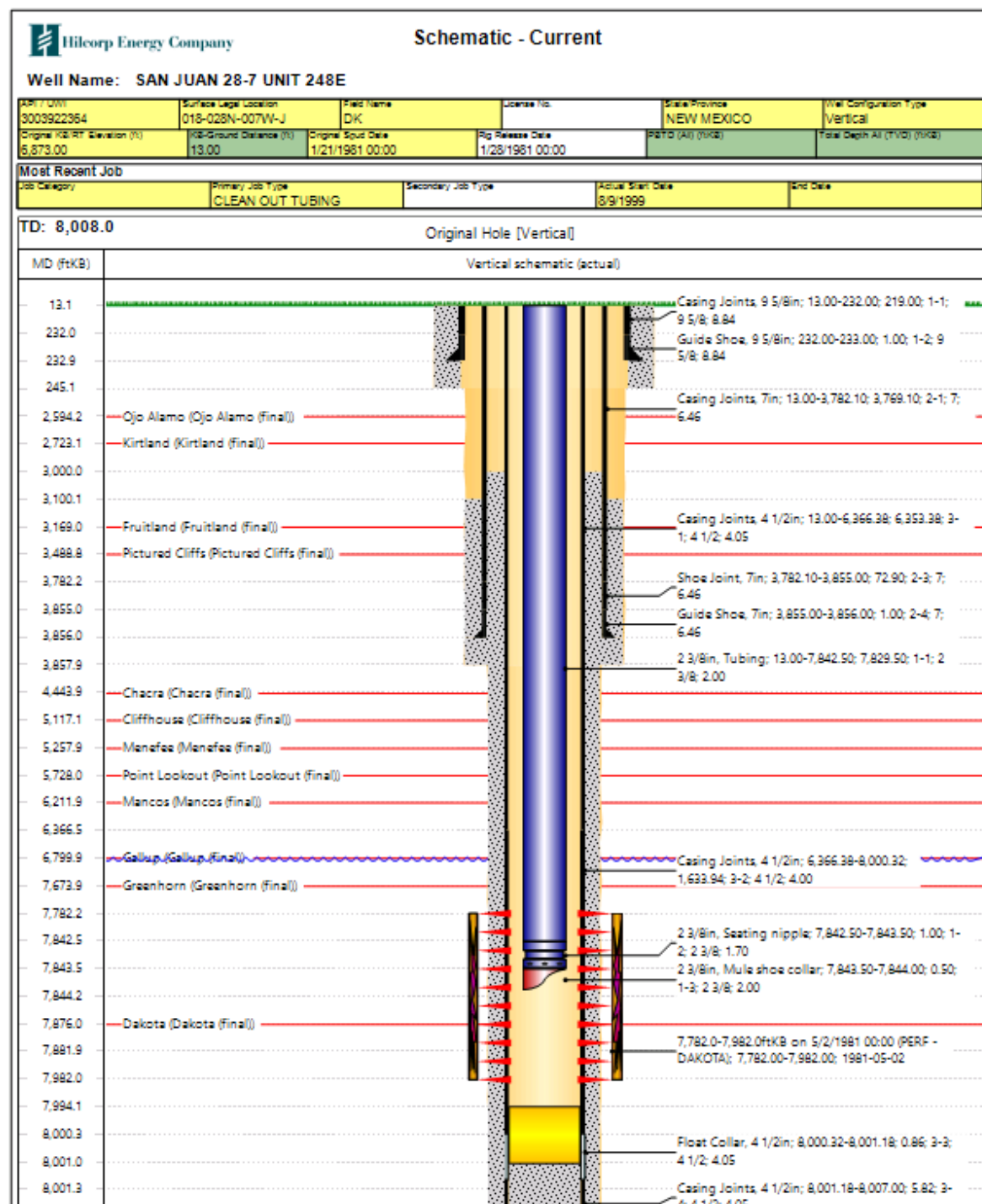
API#: 3003922364

**Mesa Verde and Chacra Recompletion Procedure**

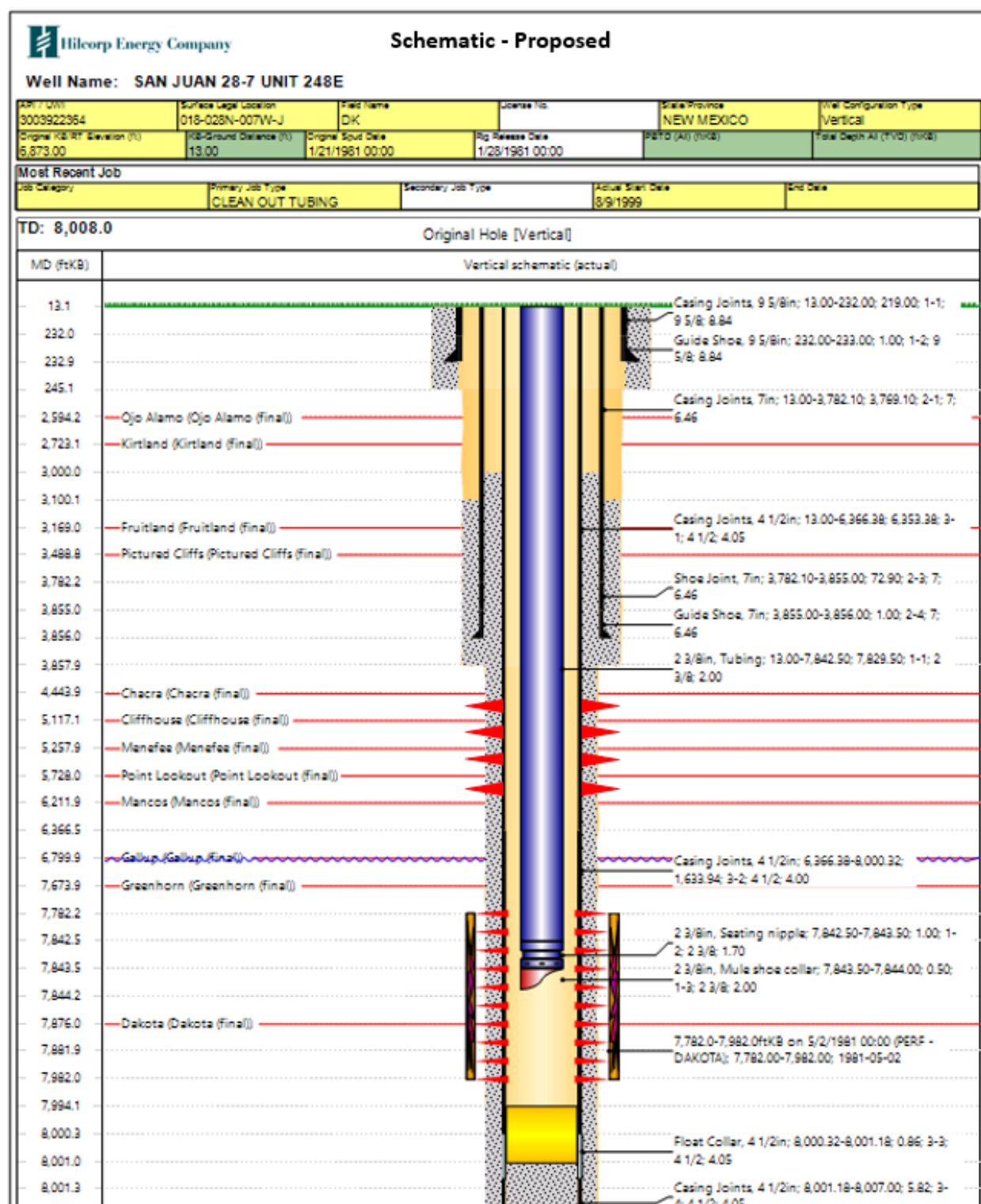
08/26/2022

**Procedure:**

1. MIRU PU and associated equipment. Kill well and NDWH.
2. NUBOP and unseat tubing, tag for fill and scan out with production tubing
3. Set CIBP at 7732' to isolate existing Dakota completion. Load and roll hole.
4. RU wellcheck and MIT wellbore to 500 PSI
5. Run CBL from 7732 to surface
6. Set CBP at 6000'
7. Pressure test wellbore from 6000' to surface to max frac pressure
8. MIRU frac spread.
9. Perforate and frac the Mesa Verde from 5,117' to 6,000'.
10. Perforate and frac the Chacra from 4443' to 4700'. RDMO frac spread.
11. MIRU service rig.
12. Test BOP's.
13. PU mill and RIH to clean out to Dakota isolation plug.
14. When water and sand rates are acceptable, flow test the intervals.
15. Clean out Dakota isolation plug.
16. TIH and land production tubing.
17. ND BOP's, NU production tree.
18. RDMO service rig & turn well over to production.







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

Submit Electronically  
Via E-permitting

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description Effective May 25, 2021

**I. Operator:** Hilcorp Energy Company **OGRID:** 372171 **Date:** 10/27/2022

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipat ed Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
San Juan 28-7 Unit 248E	3003922364	J-18-28N-7W	1650' FSL & 1670' FEL	2	580	25

**IV. Central Delivery Point Name:** Chaco-Blanco Processing Plant [See 19.15.27.9(D)(1) NMAC]

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
<u>San Juan 28-7 Unit 248E</u>	<u>3003922364</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Not Yet Scheduled</u>

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

**Section 2 – Enhanced Plan**  
**EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

**IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

**X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature: <i>Kandis Roland</i>
Printed Name: Kandis Roland
Title: Operations/Regulatory Tech Sr.
E-mail Address: kroland@hilcorp.com
Date: 10/27/22
Phone: 713-757-5246
<b>OIL CONSERVATION DIVISION</b> <b>(Only applicable when submitted as a standalone form)</b>
Approved By:
Title:
Approval Date:
Conditions of Approval:

## VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recompleting project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recompleting to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recompleting operations.

## VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
  - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations
  - This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompleting
  - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
  - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
  - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
  - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
  - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
  - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
  - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
  - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
6. Subsection (F) Measurement or estimation of vented and flared natural gas
  - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
  - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

1. Operator has adequate storage and takeaway capacity for wells it chooses to recomplete as the flowlines at the sites are already in place and tied into a gathering system.
2. Operator will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
3. Operator combusts natural gas that would otherwise be vented or flared, when technically feasible.
4. Operator will shut in wells in the event of a takeaway disruption, emergency situation, or other operations where venting or flaring may occur due to equipment failures.

Hilcorp Energy  
Recomplete Reclamation Plan  
**SAN JUAN 28-7 248E**  
API: 30-039-22364  
T28N-R7W-Sec.18-J  
LAT: 36.65834 LONG: -107.61089  
Footage: 1650' FSL & 1670' FEL  
Rio Arriba County, NM

**1. PRE- RECLAMATION SITE INSPECTION**

A pre-reclamation site inspection was completed with Roger Herrera from the BLM and Eufracio Trujillo, Hilcorp Energy SJ South Construction Foreman, on October 26, 2022.

**2. LOCATION RECLAMATION PROCEDURE**

1. Reclamation work will begin in the spring.
2. All trash and debris will be removed within a 25' buffer outside of the location disturbance during reclamation.
3. Facilities will be partially stripped to accommodate frac crew.
4. Brush hog South and Northwest portions of location and fence off area for disturbance.
5. Level off pad to accommodate for equipment.
6. Blade roads into location.
7. Fix damage to roads, TUA surfaces that are disturbed, and fix drainage issues.
8. Put in water diversion bars where they may be needed.
9. Reclaim all disturbed area being used for recompletion activities.
10. Install two diversion ditches behind tanks to flow North to a low water crossing and South to flow towards meter run
11. Seed all disturbed areas on pad.
12. Reclaim areas damaged by moving crews in.

**3. SEEDING PROCEDURE**

1. A Pinon/ Juniper seed mix will be used for all reclaimed and disturbed areas of the well pad(s) and lease road.
2. Drill seed will be done where applicable, and all other disturbed areas will be broadcast seeded and harrowed. Broadcast seeding will be applied at a double the rate of seed.
3. Timing of the seeding will be when the ground is not frozen or saturated.

**4. WEED MANAGEMENT**

1. No action is required at this time for weed management, no noxious weeds were identified during this onsite.



**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

CONDITIONS  
  
Action 156491

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 156491
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
kpickford	DHC required	11/21/2022
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	11/21/2022

**From:** [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)  
**To:** [Kandis Roland](#); [Mandi Walker](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Paradis, Kyle O](#)  
**Subject:** Approved Administrative Order DHC-5272  
**Date:** Monday, February 20, 2023 8:10:24 AM  
**Attachments:** [DHC5272 Order.pdf](#)

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NMOCD has issued Administrative Order DHC-5272 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

**Well Name:** **San Juan 28 7 Unit #248E**

**Well API:** **30-039-22364**

---

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

**From:** [Kandis Roland](#)  
**To:** [McClure, Dean, EMNRD](#); [Mandi Walker](#)  
**Subject:** RE: [EXTERNAL] Action ID: 167857 (DHC-5272)  
**Date:** Monday, February 13, 2023 1:04:19 PM  
**Attachments:** [SJ 28-7 Unlit 248E DHC.pdf](#)

---

Dean,

Please see revised DHC. Sorry for the oversight. Let me know if you need anything else.

Thanks,

Kandis Roland  
HILCORP ENERGY  
San Juan East/South Regulatory  
713.757.5246  
[kroland@hilcorp.com](mailto:kroland@hilcorp.com)

---

**From:** McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>  
**Sent:** Monday, February 13, 2023 1:20 PM  
**To:** Kandis Roland <kroland@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>  
**Subject:** [EXTERNAL] Action ID: 167857 (DHC-5272)

**CAUTION:** External sender. DO NOT open links or attachments from UNKNOWN senders.

To whom it may concern (c/o Kandis Roland for Hilcorp Energy Company),

The Division is reviewing the following application:

<b>Action ID</b>	167857
<b>Admin No.</b>	DHC-5272
<b>Applicant</b>	Hilcorp Energy Company (372171)
<b>Title</b>	San Juan 28 7 Unit #248E
<b>Sub. Date</b>	12/16/2022

Please provide the following additional supplemental documents:

- An amended C-107-B
  - Based upon the attached WBD and well history, it appears that the Dakota perforations depth is incorrectly described.

Please provide additional information regarding the following:

-

Additional notes:

- 

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

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

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While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

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Revised March 23, 2017

RECEIVED:	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: \_\_\_\_\_ OGRID Number: \_\_\_\_\_  
 Well Name: \_\_\_\_\_ API: \_\_\_\_\_  
 Pool: \_\_\_\_\_ Pool Code: \_\_\_\_\_

### 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

#### FOR OCD ONLY

- ☐ Notice Complete  
☐ 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.**

\_\_\_\_\_  
 Print or Type Name

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240

District II  
811 S. First St., Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
☐ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company

382 ROAD 3100, Aztec NM 87410

Operator

Address

San Juan 28-7 Unit

248E

UL J – Sec. 18, T28N, R7W

Rio Arriba

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 318432 API No. 30-039-22364 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	OTERO CHACRA (GAS)	BLANCO MESAVERDE (PRORATED GAS)	BASIN DAKOTA (PRORATED GAS)
Pool Code	82329	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4443’ – 4700’ - Estimated	5117’-6000’ - Estimated	7782’- 7982’
Method of Production (Flowing or Artificial Lift)	NEW ZONE	NEW ZONE	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1000 psi	1200 psi	1500 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1200	BTU 1250	BTU 1100
Producing, Shut-In or New Zone	NEW ZONE	NEW Zone	PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A  Rates:	Date: N/A  Rates:	Date: 9/1/2022  Rates: 954 MCF – GAS 12 BBL – Oil 0 BBL - Water
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Please see attachments	Oil Gas Please see attachments	Oil Gas Please see attachments

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☐ No ☒

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No ☒

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCDD Reference Case No. applicable to this well: R-10476B

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.

Production curve for each zone for at least one year. (If not available, attach explanation.)

For zones with no production history, estimated production rates and supporting data.

Data to support allocation method or formula.

Notification list of working, royalty and overriding royalty interests for uncommon interest cases.

Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools

List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.

Bottomhole pressure data.

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

SIGNATURE

Kandis Roland

TITLE

Operation/Regulatory Tech

DATE

12/16/2022

TYPE OR PRINT NAME

Kandis Roland

TELEPHONE NO. ( 713 )

757-5246

E-MAIL ADDRESS

kroland@hilcorp.com

**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 324383

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-22364	2. Pool Code 82329	3. Pool Name OTERO CHACRA (GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 248E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6860

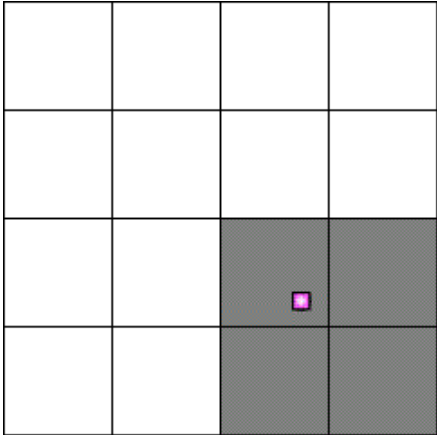
**10. Surface Location**

UL - Lot J	Section 18	Township 28N	Range 07W	Lot Idn	Feet From 1650	N/S Line S	Feet From 1670	E/W Line E	County RIO ARRIBA
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	-------------------	---------------	-------------------------

**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 160.00 SE/4	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;"><b>OPERATOR CERTIFICATION</b></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: 8/31/22</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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: Fred B. Kerr Jr.  Date of Survey: 2/18/1980  Certificate Number: 3950</p>
--	---

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENTP. O. BOX 7088  
SANTA FE, NEW MEXICO 87501Form C-107  
Revised 10-1-78

All distances must be from the outer boundaries of the Section

Operator <b>EL PASO NATURAL GAS COMPANY</b>			Lease <b>SAN JUAN 28-7 UNIT (SF-078417)</b>		Well No. <b>248-E</b>
Unit Letter <b>J</b>	Section <b>18</b>	Township <b>28N</b>	Range <b>7W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>1650</b> feet from the <b>South</b> line and <b>1670</b> feet from the <b>East</b> line					
Ground Level Elev. <b>6860</b>	Producing Formation <b>Dakota</b>		Pool <b>Basin Dakota</b>		Dedicated Acreage: <b>320.00</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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?

X

Unitization

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

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.

	<b>CERTIFICATION</b>  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Neppy Bradford</i> Name <b>Drilling Clerk</b> Position <b>El Paso Natural Gas Co.</b> Company <b>April 22, 1980</b> 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 <b>February 12, 1980</b> Registered Professional Engineer and/or Land Surveyor <i>Fred B. Kerr Jr.</i> <b>Fred B. Kerr Jr.</b> Certificate No. <b>3950</b>	
--	--	--



**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 324383

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-22364	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 248E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6860

**10. Surface Location**

UL - Lot J	Section 18	Township 28N	Range 07W	Lot Idn	Feet From 1650	N/S Line S	Feet From 1670	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**

	<b>OPERATOR CERTIFICATION</b>	
	<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>	
	E-Signed By: Kandis Roland Title: Regulatory Tech Date: 8/31/22	
	<b>SURVEYOR CERTIFICATION</b>	
<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>		
Surveyed By: Fred B. Kerr Jr. Date of Survey: 2/18/1980 Certificate Number: 3950		

**San Juan 28-7 Unit 248E**

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

The BHPs of all zones, producing and non-producing, were estimated based upon basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

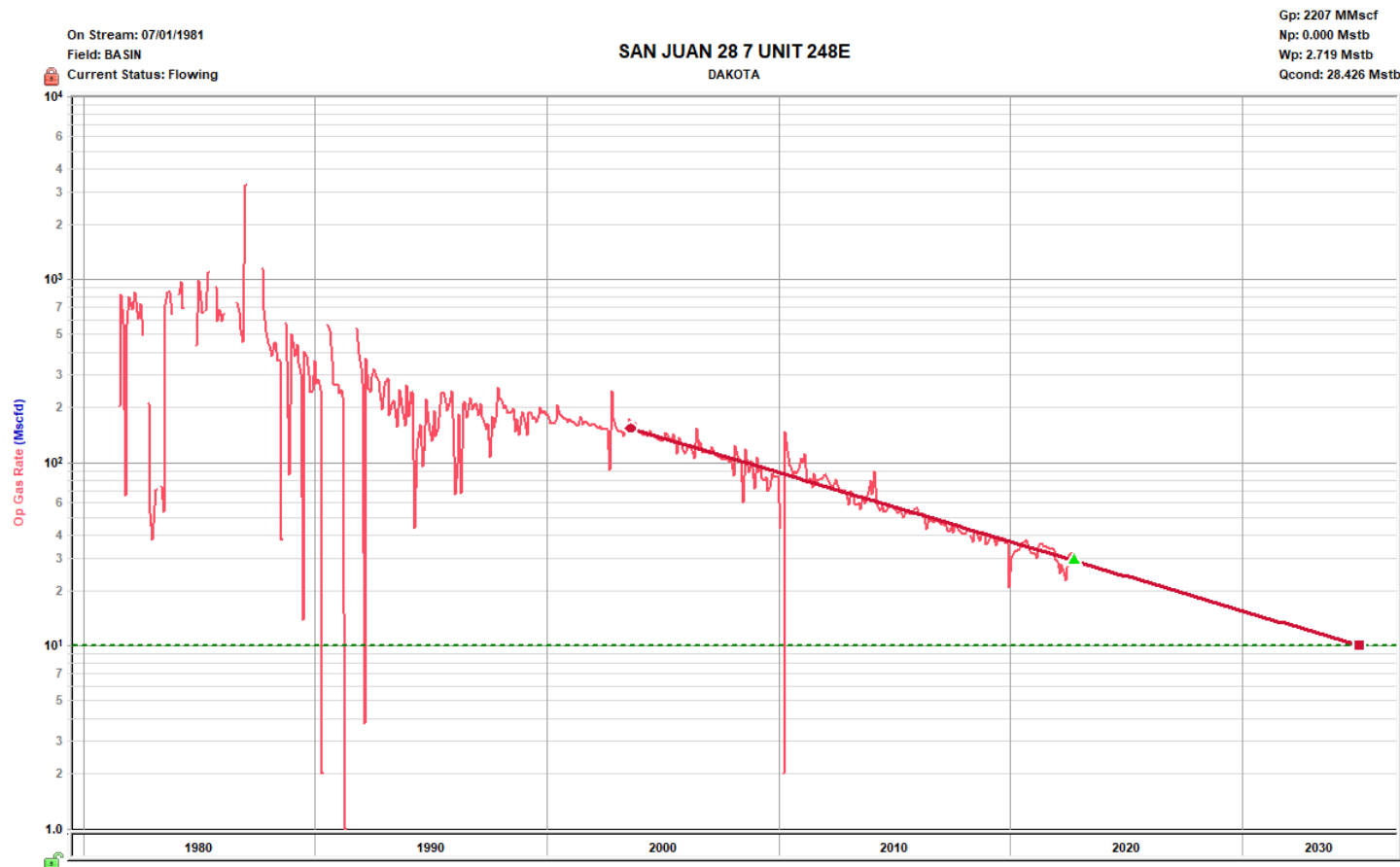
**Production Allocation Method – Subtraction****Gas Allocation:**

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 formations to be commingled are the Mesaverde & Chacra. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the base formation forecast will be allocated to the new formations.

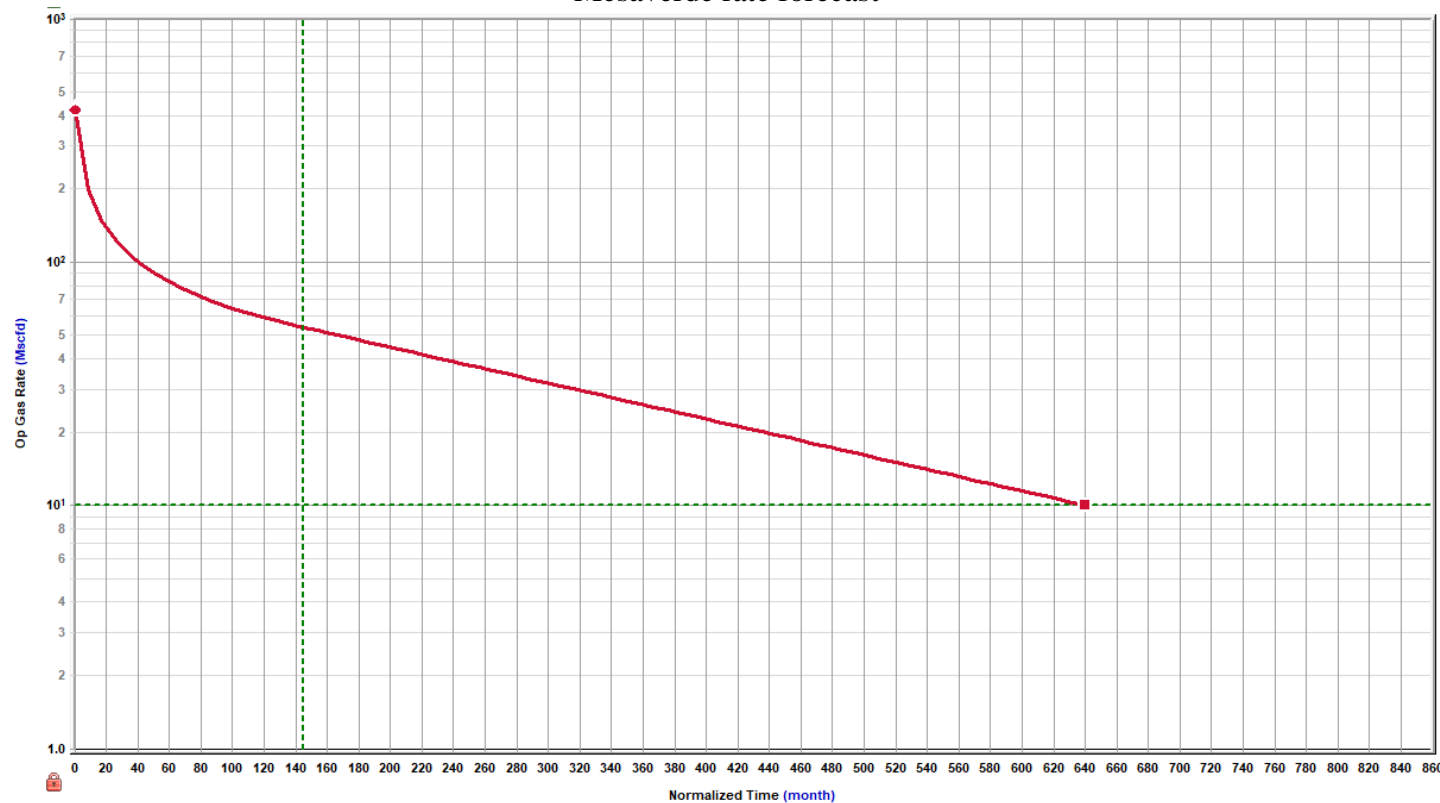
New zones (MV/CH) will be allocated using a fixed allocation. Forecasted rates for MV and CH are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MV and CH is based on the ratio of forecasted reserves as shown in the table below.

Formation	Forecasted Reserves (MMcf)	% Gas Allocation
Mesaverde	800	64%
Chacra	450	36%

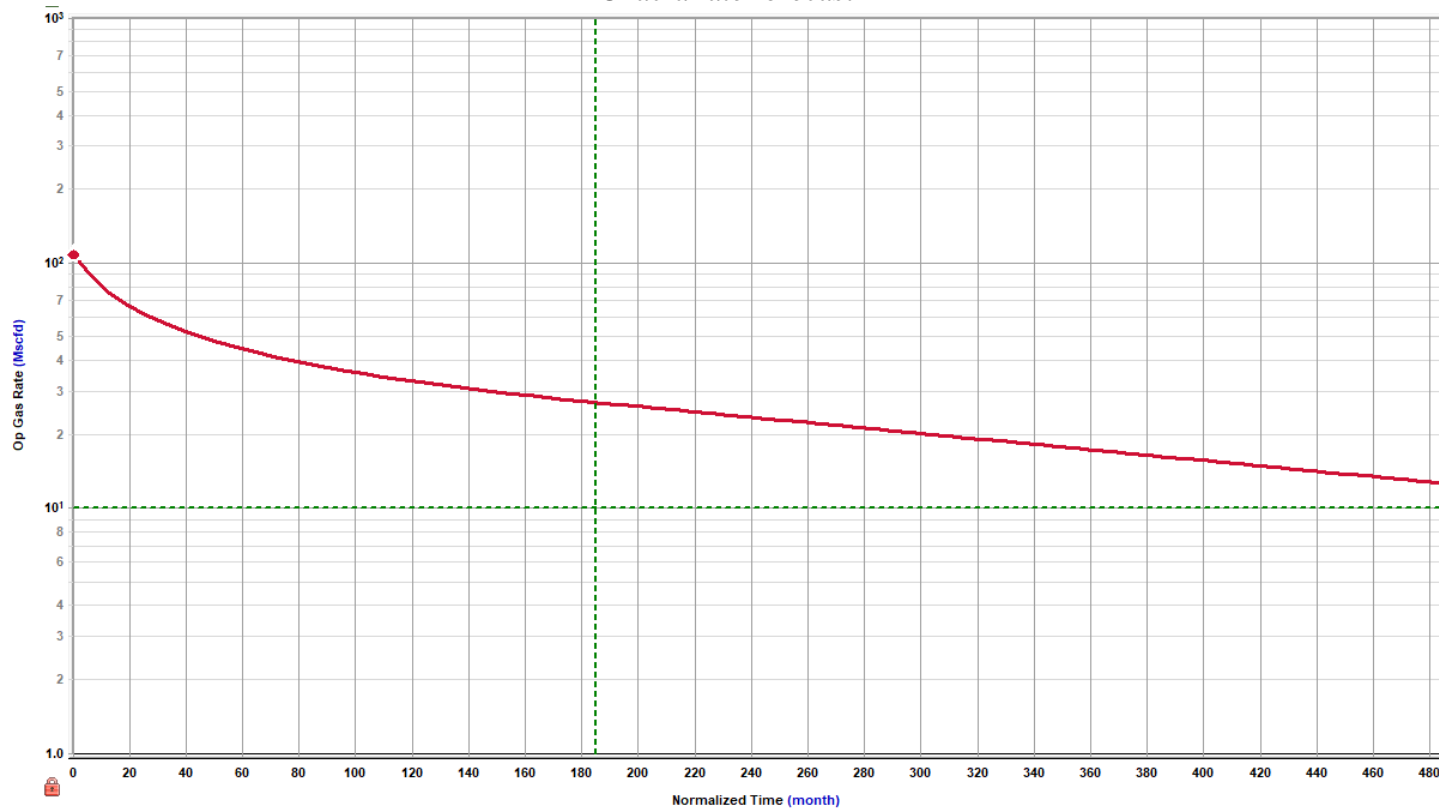
After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation.



Mesaverde rate forecast



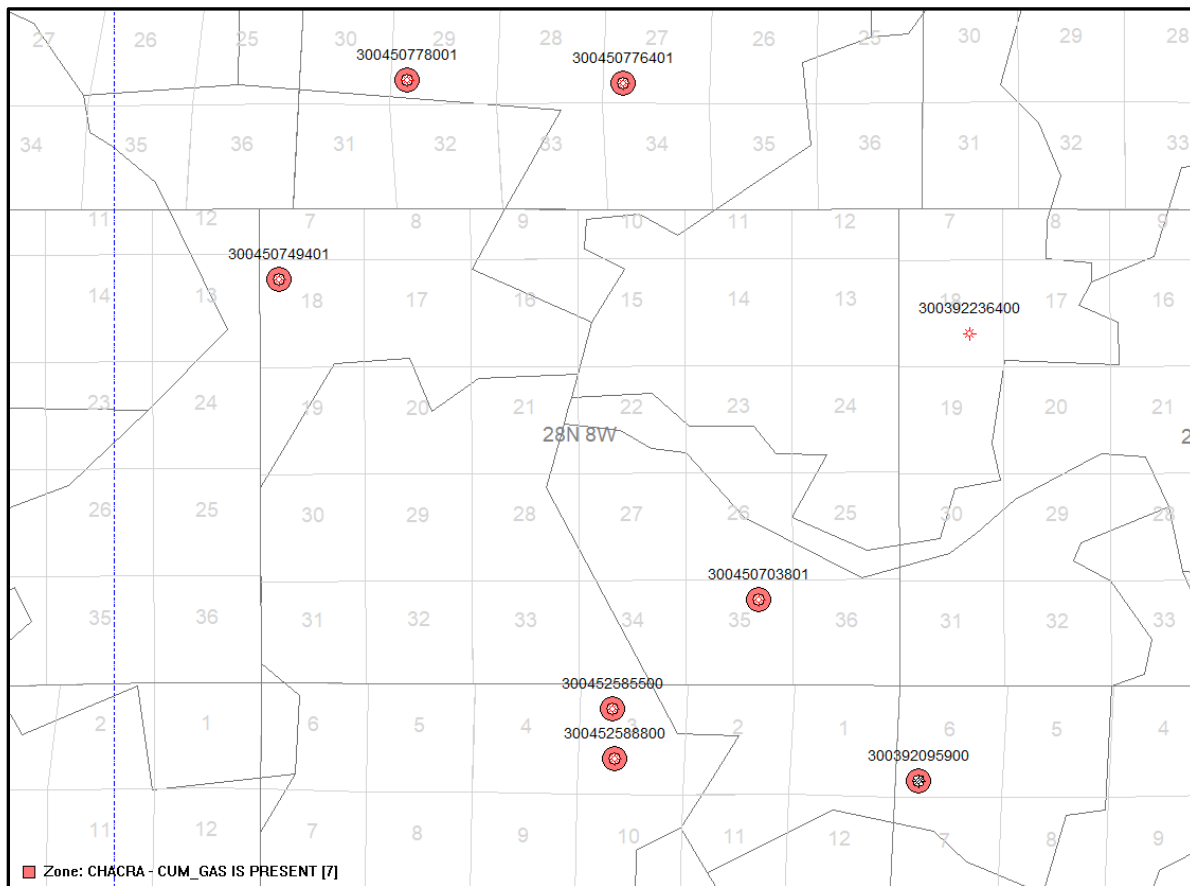
Chacra rate forecast



Mesaverde offsets map



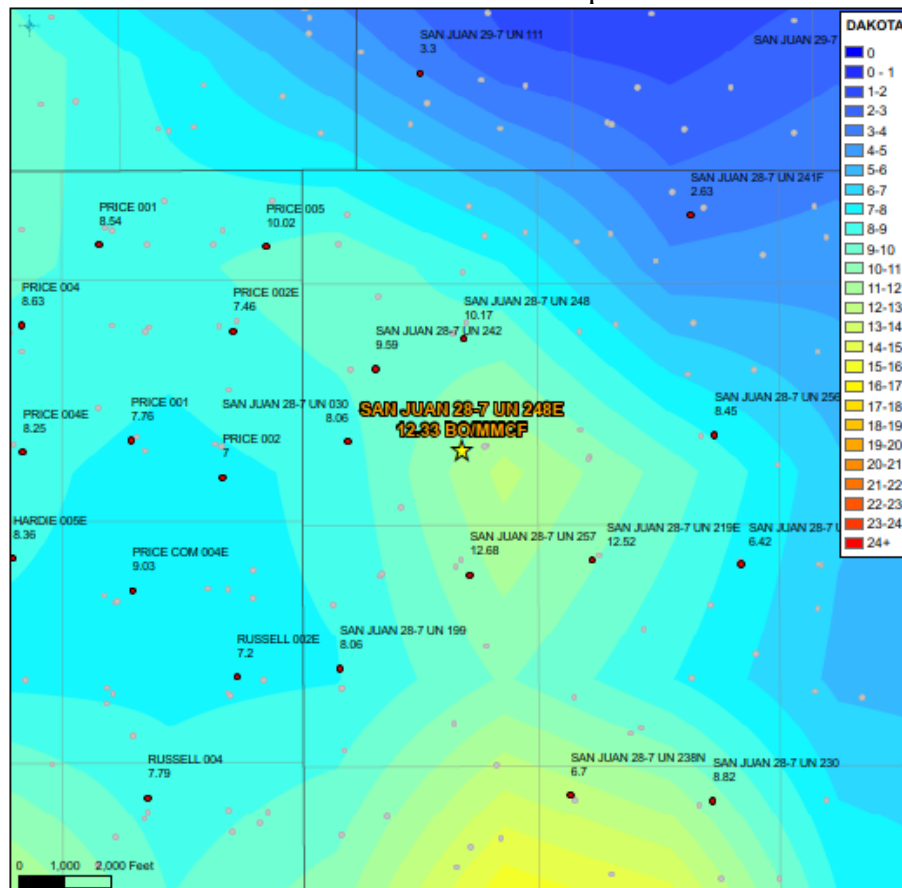
## Chacra offsets map

**Oil Allocation:**

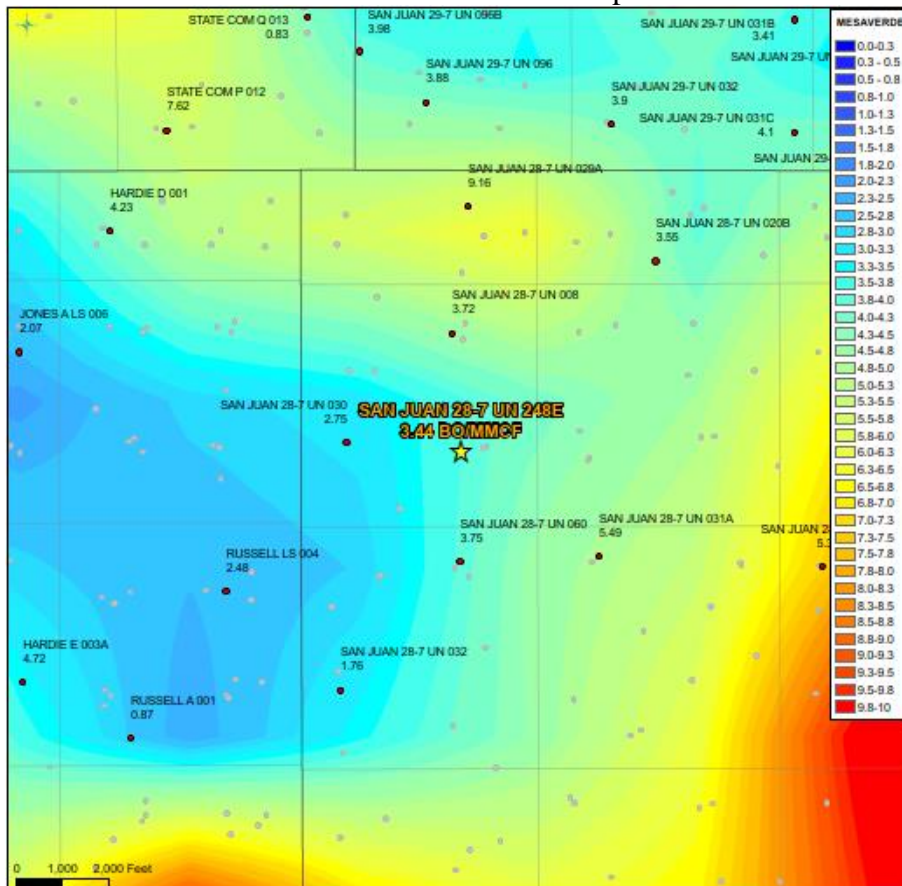
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining or Forecasted Reserves (MMcf)	% Oil Allocation
Dakota	12.33	80	19.6%
Mesaverde	3.44	800	54.7%
Chacra	2.88	450	25.7%

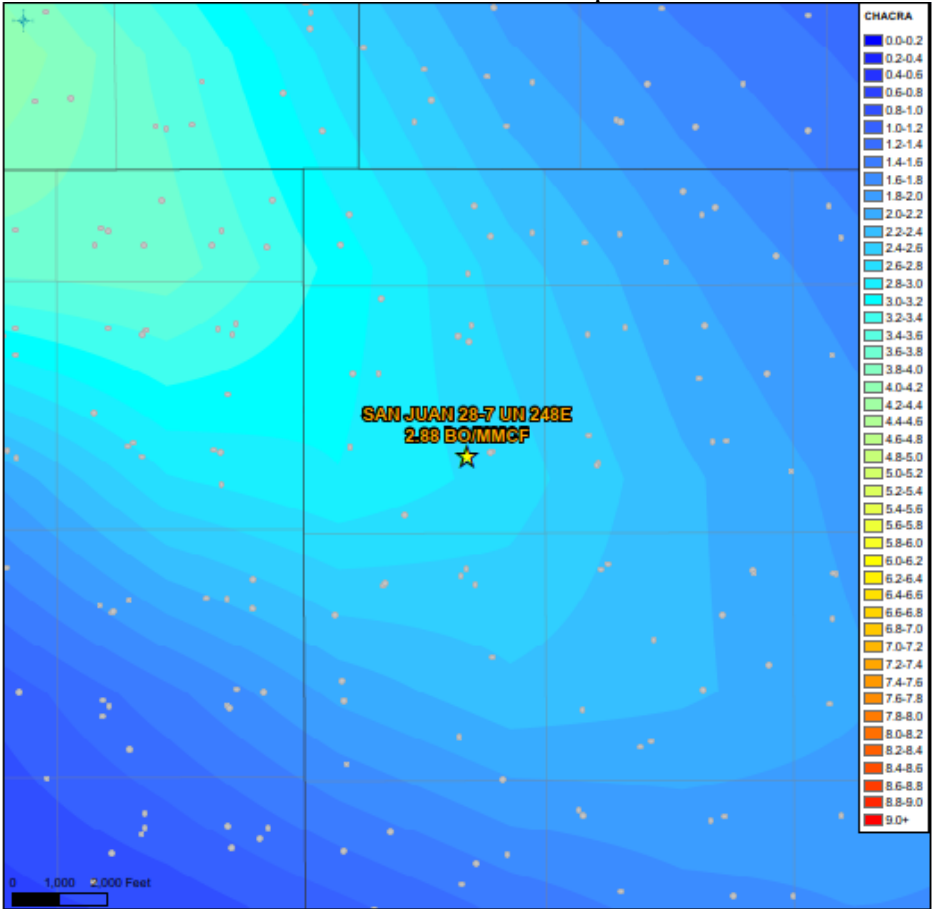
Dakota Oil Yield Map



Mesaverde Oil Yield Map



Chacra Oil Yield Map





**December 16, 2022**

**New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505**

**Re: C-107A (Downhole Commingle)  
San Juan 28-7 Unit 248E  
API No. 30-039-22364  
Section 18, T28N-R07W  
Rio Arriba County, NM**

Concerning Hilcorp Energy Company's C-107A application to downhole commingle production in the subject well, this letter serves to confirm the following:

Interest is not common between the formations listed below:

- *Otero Chacra (Pool Code: 82329)*
- *Blanco Mesaverde (Pool Code: 72319)*
- *Basin Dakota (Pool Code: 71599)*

Order No. R-10476-B waives the notice requirement and thus no notices will be sent.

The subject well is located within the bounds of a Federal Unit. Therefore, pursuant to Subsection C.(1) of 19.15.12.11 NMAC, written notice has been sent to the Bureau of Land Management as of the date of this letter.

If you have any questions or concerns, please contact the undersigned using the information provided below.

Sincerely,

By: HILCORP ENERGY COMPANY,  
Its General Partner

A handwritten signature in blue ink, appearing to read 'Carson Parker Rice', is written over a horizontal line.

Carson Parker Rice  
Landman – San Juan Basin  
Hilcorp Energy Company  
1111 Travis Street  
Houston, Texas 77002  
713-757-7108 Direct  
Email: carice@hilcorp.com



Well Name: SAN JUAN 28-7 UNIT	Well Location: T28N / R7W / SEC 18 / NWSE / 36.65834 / -107.610886	County or Parish/State: RIO ARRIBA / NM
Well Number: 248E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078417	Unit or CA Name: SAN JUAN 28-7 UNIT--DK	Unit or CA Number: NMNM78413C
US Well Number: 3003922364	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2699904

Type of Submission: Notice of Intent

Date Sundry Submitted: 10/27/2022

Date proposed operation will begin: 11/10/2022

Type of Action: Recompletion

Time Sundry Submitted: 07:36

**Procedure Description:** Hilcorp Energy Company requests permission to recompleate the subject well in the Mesaverde/Chacra formations and downhole commingle with the existing Dakota. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit was held on 10/26/2022 with Roger Herrera/BLM. The reclamation plan is attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

San\_Juan\_28\_7\_Unit\_248E\_NOI\_20221027073613.pdf

Well Number: 248E

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF078417

Unit or CA Name: SAN JUAN 28-7 UNIT--DK

Unit or CA Number: NMNM78413C

US Well Number: 3003922364

Well Status: Producing Gas Well

Operator: HILCORP ENERGY COMPANY

Operator

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: KANDIS ROLAND

Signed on: OCT 27, 2022 07:36 AM

Name: HILCORP ENERGY COMPANY

Title: Operation Regulatory Tech

Street Address: 382 Road 3100

City: Farmington

State: NM

Phone: (505) 599-3400

Email address: kroland@hilcorp.com

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742

BLM POC Email Address: krennick@blm.gov

Disposition: Approved

Disposition Date: 11/02/2022

Signature: Kenneth Rennick

**San Juan 28-7 Unit 248E**

J – 18 – 28N – 07W 1650 FSL 1670 FEL

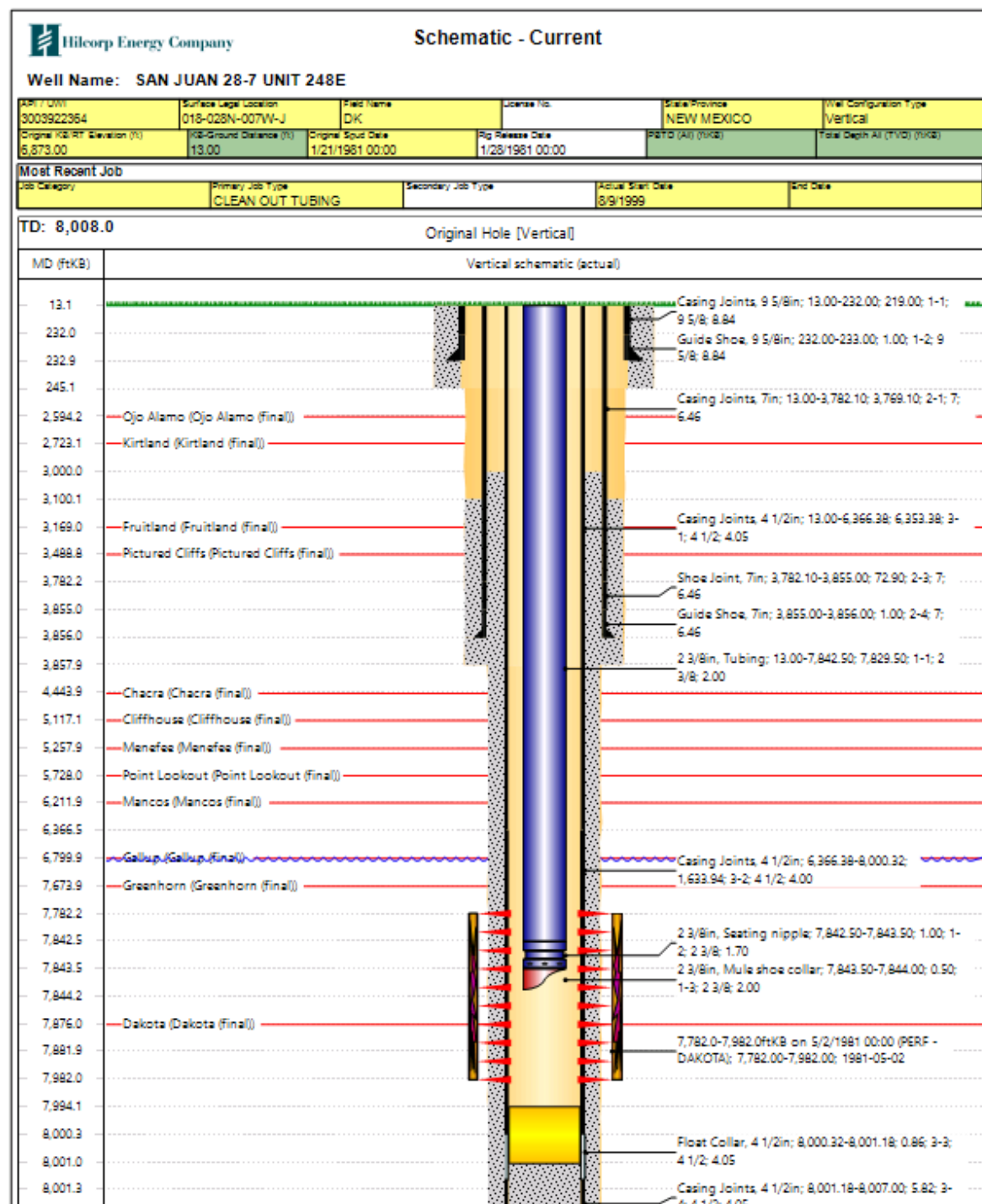
API#: 3003922364

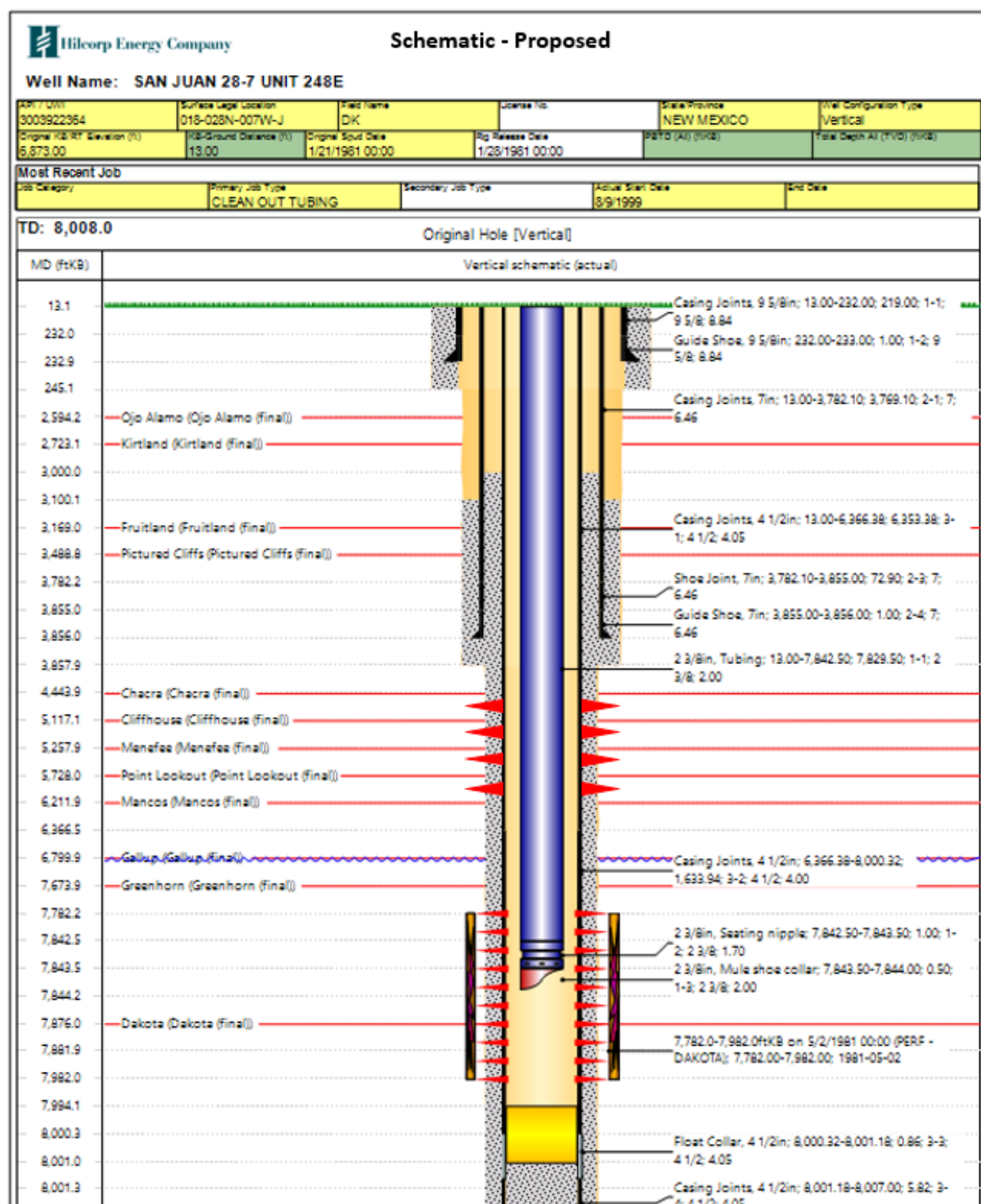
**Mesa Verde and Chacra Recompletion Procedure**

08/26/2022

**Procedure:**

1. MIRU PU and associated equipment. Kill well and NDWH.
2. NUBOP and unseat tubing, tag for fill and scan out with production tubing
3. Set CIBP at 7732' to isolate existing Dakota completion. Load and roll hole.
4. RU wellcheck and MIT wellbore to 500 PSI
5. Run CBL from 7732 to surface
6. Set CBP at 6000'
7. Pressure test wellbore from 6000' to surface to max frac pressure
8. MIRU frac spread.
9. Perforate and frac the Mesa Verde from 5,117' to 6,000'.
10. Perforate and frac the Chacra from 4443' to 4700'. RDMO frac spread.
11. MIRU service rig.
12. Test BOP's.
13. PU mill and RIH to clean out to Dakota isolation plug.
14. When water and sand rates are acceptable, flow test the intervals.
15. Clean out Dakota isolation plug.
16. TIH and land production tubing.
17. ND BOP's, NU production tree.
18. RDMO service rig & turn well over to production.





State of New Mexico  
Energy, Minerals and Natural Resources Department

Submit Electronically  
Via E-permitting

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description Effective May 25, 2021

**I. Operator:** Hilcorp Energy Company **OGRID:** 372171 **Date:** 10/27/2022

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipat ed Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
San Juan 28-7 Unit 248E	3003922364	J-18-28N-7W	1650' FSL & 1670' FEL	2	580	25

**IV. Central Delivery Point Name:** Chaco-Blanco Processing Plant [See 19.15.27.9(D)(1) NMAC]

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
<u>San Juan 28-7 Unit 248E</u>	<u>3003922364</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Not Yet Scheduled</u>

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

**Section 2 – Enhanced Plan**  
**EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

**IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

**X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.



### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.



I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature: <i>Kandis Roland</i>
Printed Name: Kandis Roland
Title: Operations/Regulatory Tech Sr.
E-mail Address: kroland@hilcorp.com
Date: 10/27/22
Phone: 713-757-5246
<b>OIL CONSERVATION DIVISION</b> <b>(Only applicable when submitted as a standalone form)</b>
Approved By:
Title:
Approval Date:
Conditions of Approval:

## VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recompleting project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recompleting to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recompleting operations.

## VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
  - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations
  - This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompleting
  - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
  - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
  - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
  - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
  - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
  - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
  - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
  - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
6. Subsection (F) Measurement or estimation of vented and flared natural gas
  - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
  - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

1. Operator has adequate storage and takeaway capacity for wells it chooses to recomplete as the flowlines at the sites are already in place and tied into a gathering system.
2. Operator will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
3. Operator combusts natural gas that would otherwise be vented or flared, when technically feasible.
4. Operator will shut in wells in the event of a takeaway disruption, emergency situation, or other operations where venting or flaring may occur due to equipment failures.

Hilcorp Energy  
Recomplete Reclamation Plan  
**SAN JUAN 28-7 248E**  
API: 30-039-22364  
T28N-R7W-Sec.18-J  
LAT: 36.65834 LONG: -107.61089  
Footage: 1650' FSL & 1670' FEL  
Rio Arriba County, NM

**1. PRE- RECLAMATION SITE INSPECTION**

A pre-reclamation site inspection was completed with Roger Herrera from the BLM and Eufracio Trujillo, Hilcorp Energy SJ South Construction Foreman, on October 26, 2022.

**2. LOCATION RECLAMATION PROCEDURE**

1. Reclamation work will begin in the spring.
2. All trash and debris will be removed within a 25' buffer outside of the location disturbance during reclamation.
3. Facilities will be partially stripped to accommodate frac crew.
4. Brush hog South and Northwest portions of location and fence off area for disturbance.
5. Level off pad to accommodate for equipment.
6. Blade roads into location.
7. Fix damage to roads, TUA surfaces that are disturbed, and fix drainage issues.
8. Put in water diversion bars where they may be needed.
9. Reclaim all disturbed area being used for recompletion activities.
10. Install two diversion ditches behind tanks to flow North to a low water crossing and South to flow towards meter run
11. Seed all disturbed areas on pad.
12. Reclaim areas damaged by moving crews in.

**3. SEEDING PROCEDURE**

1. A Pinon/ Juniper seed mix will be used for all reclaimed and disturbed areas of the well pad(s) and lease road.
2. Drill seed will be done where applicable, and all other disturbed areas will be broadcast seeded and harrowed. Broadcast seeding will be applied at a double the rate of seed.
3. Timing of the seeding will be when the ground is not frozen or saturated.

**4. WEED MANAGEMENT**

1. No action is required at this time for weed management, no noxious weeds were identified during this onsite.

**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

CONDITIONS  
  
Action 156491

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 156491
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
kpickford	DHC required	11/21/2022
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	11/21/2022

**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-5272**

**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. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-10476-B.
7. 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**

8. 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.
9. 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.
10. 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.

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
12. 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. twenty-five and seven tenths percent (25.7%) shall be allocated to the OTERO CHACRA (GAS) pool (pool ID: 82329);
  - b. fifty-four and seven tenths percent (54.7%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
  - c. nineteen and six tenths percent (19.6%) 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 OTERO CHACRA (GAS) pool (pool ID: 82329); and
- b. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

The current pool(s) are:

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

Until a different plan to allocate gas production is approved by OCD, of the gas production allocated to the new pools:

- a. thirty-six percent (36%) shall be allocated to the OTERO CHACRA (GAS) pool (pool ID: 82329); and
- b. sixty-four percent (64%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

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**

  
**DYLAN M. FUGE**  
**DIRECTOR (ACTING)**

**DATE:** 2/19/2023



State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **DHC-5272**

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

Well Name: **San Juan 28 7 Unit #248E**

Well API: **30-039-22364**

**Upper Zone**

Pool Name: **OTERO CHACRA (GAS)**

Pool ID: **82329**

Current:

New: **X**

Allocation:

Oil: **25.7%**

Gas: **36%**

Interval: **Perforations**

Top: **4,443**

Bottom: **4,700**

**Intermediate Zone**

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

Pool ID: **72319**

Current:

New: **X**

Allocation:

Oil: **54.7%**

Gas: **64%**

Interval: **Perforations**

Top: **5,117**

Bottom: **6,000**

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

**Lower Zone**

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

Pool ID: **71599**

Current: **X**

New:

Allocation:

Oil: **19.6%**

Gas:

Interval: **Perforations**

Top: **7,782**

Bottom: **7,982**

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

**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**

CONDITIONS  
  
Action 167857

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 167857
	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.	2/20/2023