

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

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

DHC-5209

Form C-103  
 Revised July 18, 2013

|  |  |  |
|--|--|--|
| SUNDRY NOTICES AND REPORTS ON WELLS<br>(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.)                     |  | WELL API NO.<br>30-045-11214   |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other  |  | 5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator<br>Hilcorp Energy Company  |  | 6. State Oil & Gas Lease No.<br><b>FEDERAL: NMSF076554</b>                               |
| 3. Address of Operator<br>382 Road 3100, Aztec NM 87410  |  | 7. Lease Name or Unit Agreement Name<br>Hamilton   |
| 4. Well Location<br>Unit Letter <u>M</u> : <u>990</u> ' from the <u>South</u> line and <u>990</u> ' from the <u>West</u> line<br>Section <u>30</u> Township <u>32N</u> Range <u>10W</u> LOT <u>17</u> NMPM San Juan County |  | 8. Well Number<br>1  |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.)<br>6092' GL   |  | 9. OGRID Number<br>372171  |
|  |  | 10. Pool name or Wildcat<br>Blanco PC/Blanco MV  |

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

| NOTICE OF INTENTION TO:                                | SUBSEQUENT REPORT OF:                            |
|--|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/>         | REMEDIAL WORK <input type="checkbox"/>           |
| TEMPORARILY ABANDON <input type="checkbox"/>           | ALTERING CASING <input type="checkbox"/>         |
| PULL OR ALTER CASING <input type="checkbox"/>          | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| DOWNHOLE COMMINGLE <input checked="" type="checkbox"/> | P AND A <input type="checkbox"/>                 |
| CLOSED-LOOP SYSTEM <input type="checkbox"/>            | CASING/CEMENT JOB <input type="checkbox"/>       |
| OTHER: <input type="checkbox"/>                        | OTHER: <input type="checkbox"/>                  |

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 Pictured Cliffs (pool 72359) and downhole commingle the existing Blanco Mesaverde (pool 72319). The production will be commingled per Oil Conservation Division Order Number 11363. See attached allocation methodology. Update allocation will be supplied as needed after project completion. 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: PC - 2909' - 3223'; MV - 4430' - 5395' These perforations are in TVD.

Interest is common, no notification is necessary.

Spud Date:  Rig Release Date:

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

SIGNATURE  TITLE Operations/Regulatory Technician Sr. DATE 4/28/2022

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177

**For State Use Only**

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 02/24/2023

Conditions of Approval (if any):

## CONDITIONS OF APPROVAL

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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.

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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

The Operator 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, the Operator 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 the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit 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.

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                               |  |  |
|-------------------------------|--|--|
| 1. API Number<br>30-045-11214 | 2. Pool Code<br>72359                      | 3. Pool Name<br>BLANCO PICTURED CLIFFS (GAS) |
| 4. Property Code<br>318786    | 5. Property Name<br>HAMILTON               | 6. Well No.<br>001                           |
| 7. OGRID No.<br>372171        | 8. Operator Name<br>HILCORP ENERGY COMPANY | 9. Elevation<br>6092                         |

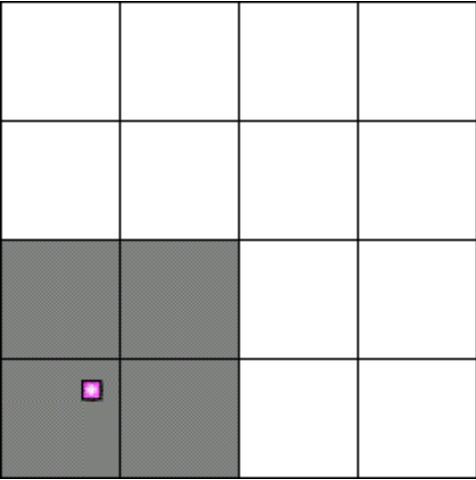

10. Surface Location

|               |               |                 |              |               |                  |               |                  |               |                    |
|---------------|---------------|-----------------|--------------|---------------|------------------|---------------|------------------|---------------|--------------------|
| UL - Lot<br>M | Section<br>30 | Township<br>32N | Range<br>10W | Lot Idn<br>17 | Feet From<br>990 | N/S Line<br>S | Feet From<br>990 | E/W Line<br>W | County<br>SAN JUAN |
|---------------|---------------|-----------------|--------------|---------------|------------------|---------------|------------------|---------------|--------------------|

11. Bottom Hole Location If Different From Surface

|                               |                     |          |       |                        |           |          |               |          |        |
|-------------------------------|---------------------|----------|-------|------------------------|-----------|----------|---------------|----------|--------|
| UL - Lot                      | Section             | Township | Range | Lot Idn                | Feet From | N/S Line | Feet From     | E/W Line | County |
| 12. Dedicated Acres<br>161.05 | 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><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: <br/>Title: Operations Regulatory Tech Sr.<br/>Date: 04/19/2022</p> <p><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: Charles Finklea<br/>Date of Survey: 6/12/1952<br/>Certificate Number: 1302</p> |
|---|--|

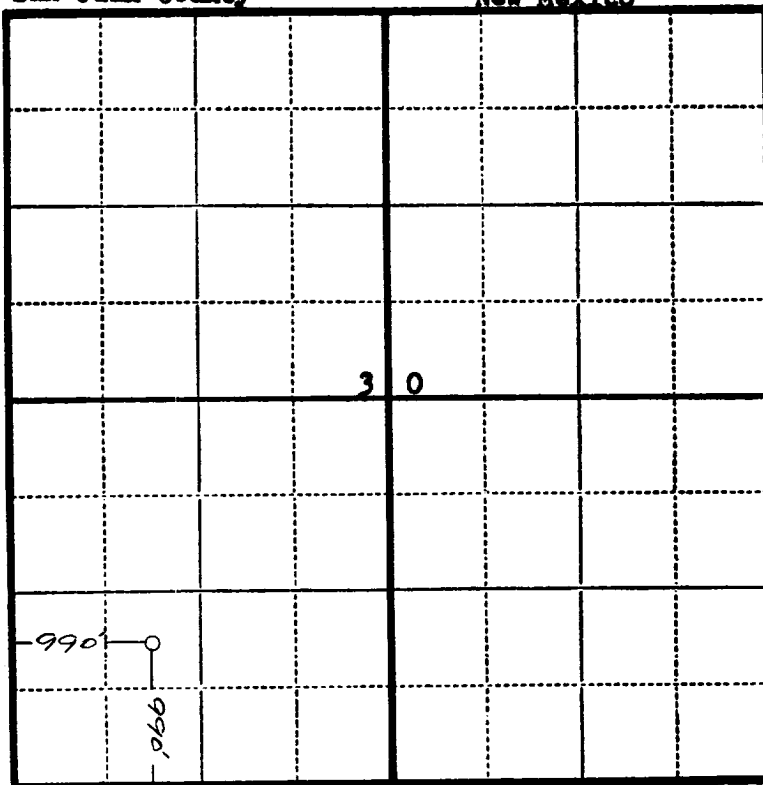
Company Pubco Development, Inc.

Lease \_\_\_\_\_ Well No. \_\_\_\_\_

Sec 30 T. 32 N. R. 10 W. N.M.P.M.Location 990' from the South line and 990' from the West line.

San Juan County

New Mexico



Scale—4 inches equals 1 mile.

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal:

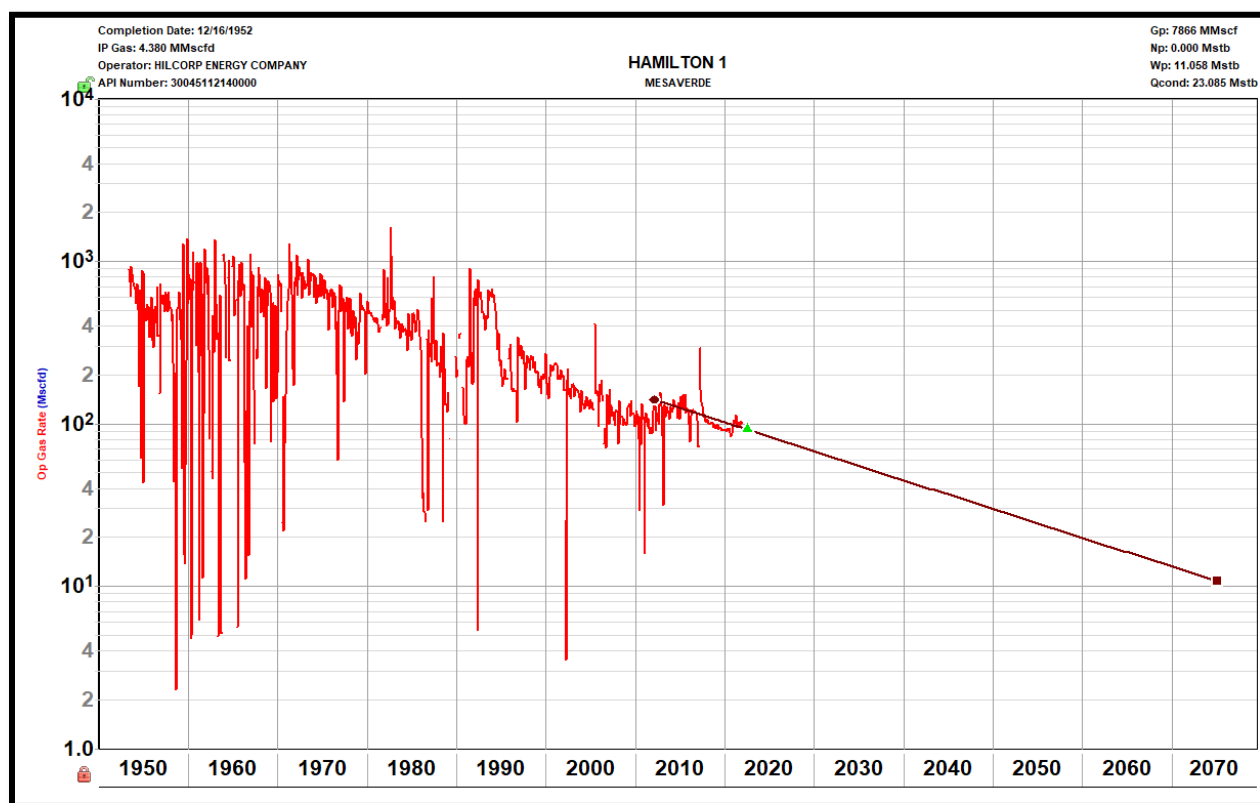
Registered Professional  
Engineer and Land Surveyor.Charles J. Finklea  
N. Mex. Reg. No. 1302Surveyed June 12, 1952

## 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 Mesaverde and the added formation to be commingled is the Pictured Cliffs. 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 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation.



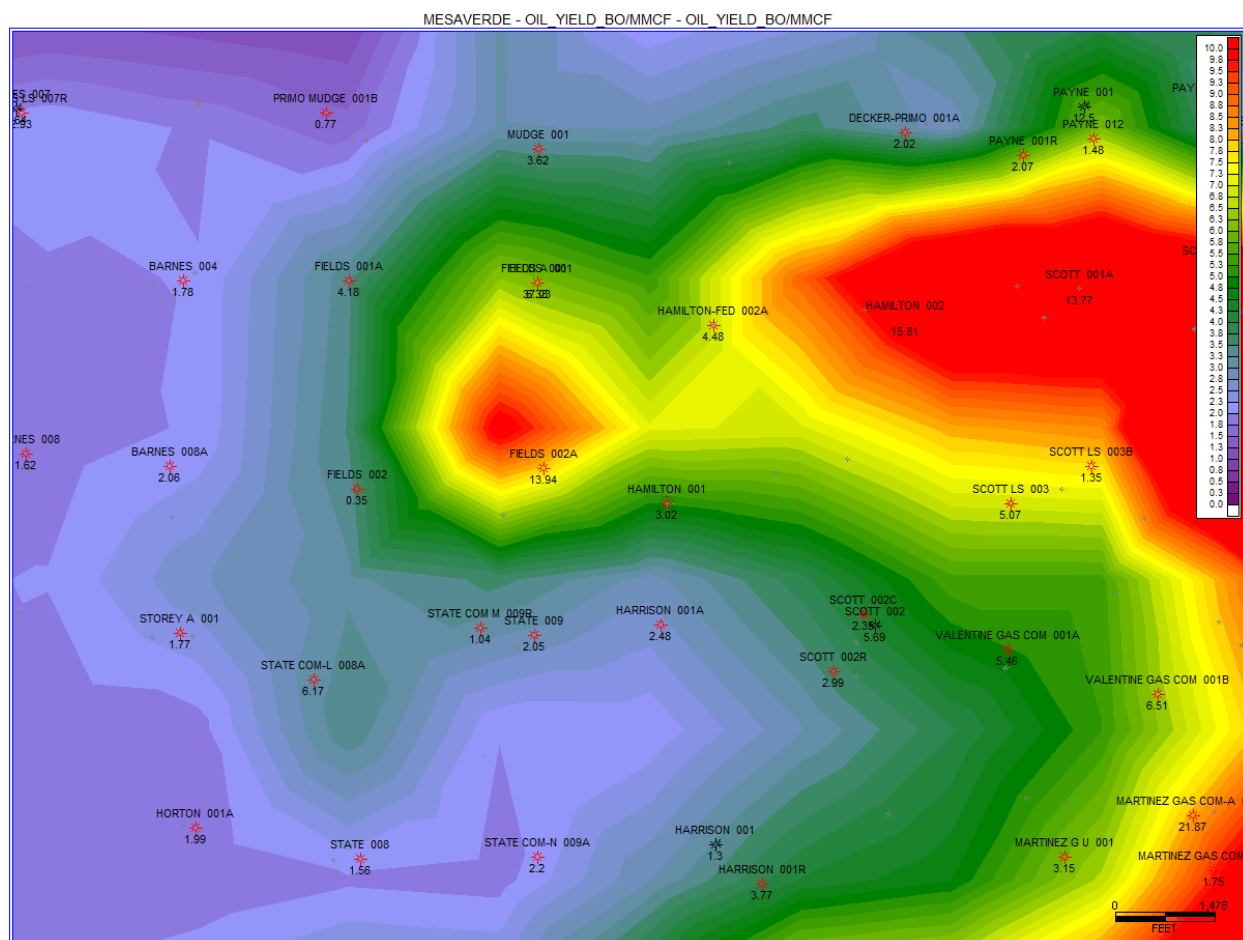
**Oil Allocation:**

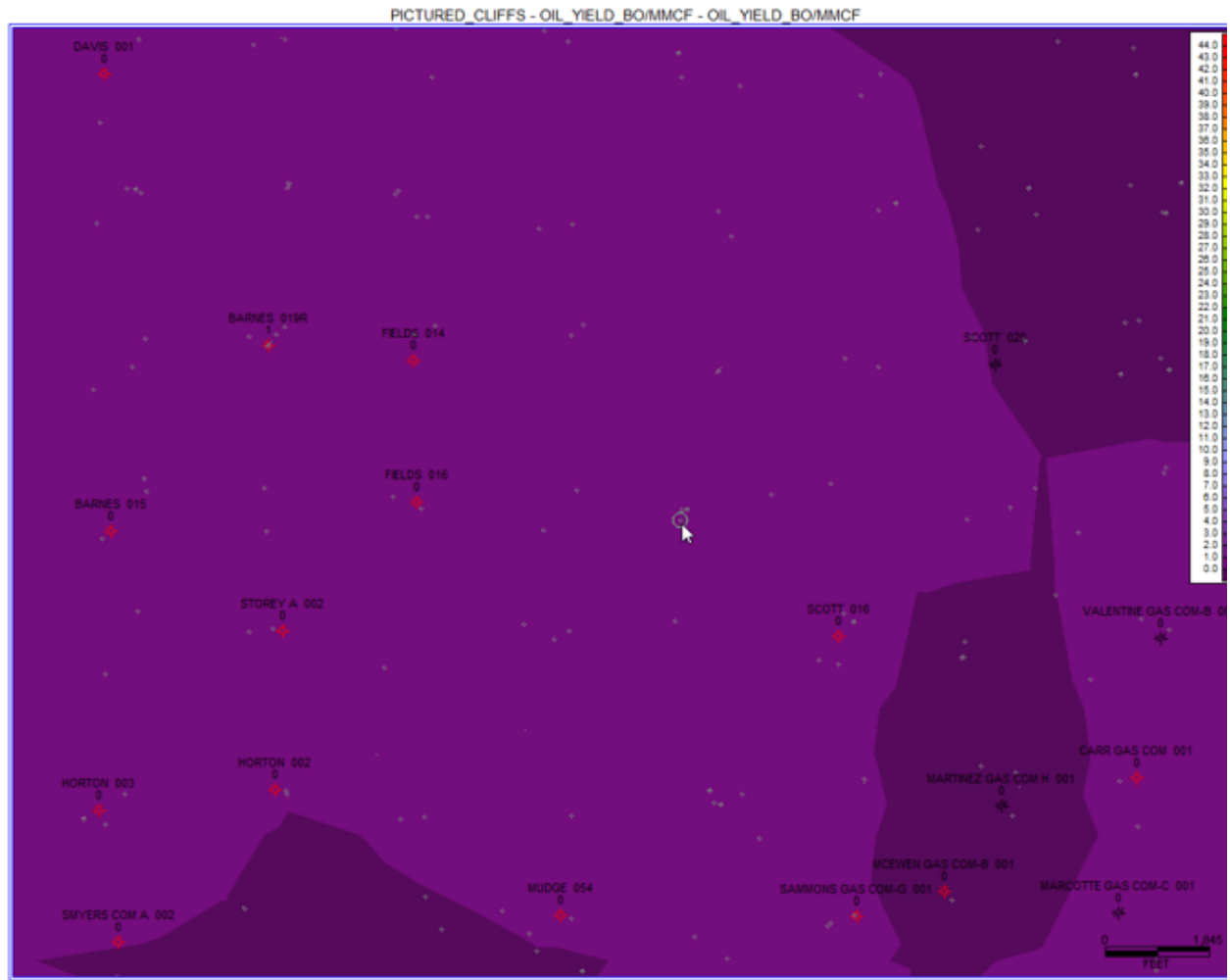
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

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 |
|-----------|----------------|---------------------------|------------------|
| MV        | 3.02           | 740                       | 97%              |
| PC        | 0.05           | 1339                      | 3%               |

All documentation will be submitted to NMOCD.





| Formation | Yield (bbl/MM) | Remaining Reserves (MMcf) | % Oil Allocation |
|-----------|----------------|---------------------------|------------------|
| MV        | 3.02           | 740                       | 97%              |
| PC        | 0.05           | 1339                      | 3%               |

**From:** [Mandi Walker](#)  
**To:** [McClure, Dean, EMNRD](#); [Kandis Roland](#)  
**Subject:** RE: [EXTERNAL] Action ID: 102232; DHC-5209  
**Date:** Friday, February 24, 2023 12:07:55 PM  
**Attachments:** [30045112140000\\_Hamilton\\_1\\_NOI\\_DHC.pdf](#)

---

Hello Dean,

I have updated the packet and attached. Let me know if you need anything further.

Thank you!

Mandi

---

**From:** McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>  
**Sent:** Friday, February 24, 2023 11:45 AM  
**To:** Mandi Walker <mwalker@hilcorp.com>; Kandis Roland <kroland@hilcorp.com>  
**Subject:** [EXTERNAL] Action ID: 102232; DHC-5209

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

To whom it may concern (c/o Amanda Walker for Hilcorp Energy Company),

The Division is reviewing the following application:

|                  |                                 |
|------------------|---------------------------------|
| <b>Action ID</b> | 102232                          |
| <b>Admin No.</b> | DHC-5209                        |
| <b>Applicant</b> | Hilcorp Energy Company (372171) |
| <b>Title</b>     | Hamilton #1                     |
| <b>Sub. Date</b> | 04/28/2022                      |

Please provide the following additional supplemental documents:

- An amended C-103 which includes all of the perforations
  - The current C-103 seems to be missing the perforations from 4430 to 4444

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

---

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

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.

---

**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 102232

**CONDITIONS**

|  |  |
|--|--|
| Operator:<br>HILCORP ENERGY COMPANY<br>1111 Travis Street<br>Houston, TX 77002 | OGRID:<br>372171                                     |
|  | Action Number:<br>102232                             |
|  | Action Type:<br>[C-107] Down Hole Commingle (C-107A) |

**CONDITIONS**

| Created By | Condition   | Condition Date |
|------------|---|----------------|
| dmcclure   | 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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.   | 2/24/2023      |
| dmcclure   | 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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.  | 2/24/2023      |
| dmcclure   | If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.   | 2/24/2023      |
| dmcclure   | The Operator 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, the Operator 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 the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit 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. | 2/24/2023      |