

Submit Copy To Appropriate District  
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-5321

Form C-103  
Revised July 18, 2013

|  |  |
|--|--|
| WELL API NO.<br>30-039-20501   |  |
| 5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input type="checkbox"/>   |  |
| 6. State Oil & Gas Lease No.<br>NMSF078885   |  |
| 7. Lease Name or Unit Agreement Name<br>Canyon Largo Unit  |  |
| 8. Well Number 186   |  |
| 9. OGRID Number<br>372171  |  |
| 10. Pool name or Wildcat<br>Basin Dakota/Blanco Mesaverde  |  |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><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.)<br>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/><br>2. Name of Operator<br>Hilcorp Energy Company<br>3. Address of Operator<br>382 Road 3100, Aztec NM 87410<br>4. Well Location<br>Unit Letter_A_: 990 feet from the North line and 1180 feet from the East line<br>Section 11 Township 25N Range 6W NMPM Rio Arriba County<br>11. Elevation (Show whether DR, RKB, RT, GR, etc.)<br>6765' |  |

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"/>         | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/>           | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/>           | CHANGE PLANS <input type="checkbox"/>     | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/>         |
| PULL OR ALTER CASING <input type="checkbox"/>          | MULTIPLE COMPL <input type="checkbox"/>   | CASING/CEMENT JOB <input type="checkbox"/>       |  |
| DOWNHOLE COMMINGLE <input checked="" type="checkbox"/> |   |  |  |
| CLOSED-LOOP SYSTEM <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 Mesaverde (pool 72319) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. See attached allocation methodology. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV - 5106' - 5469'; DK - 7145' - 7358'. **These perforations are in TVD.**

As referenced in Order # R-10786 interest owners were not re-notified.

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 Cherylene Weston TITLE Operations/Regulatory Technician Sr. DATE 6/20/2023

Type or print name Cherylene Weston E-mail address: cweston@hilcorp.com PHONE: 713-289-2615

**For State Use Only**

APPROVED BY: Dean R. McClure TITLE Petroleum Engineer DATE 08/25/2023

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 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) 476-3462Form C-102  
August 1, 2011

Permit 338713

**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>30-039-20501 | 2. Pool Code<br>72319                      | 3. Pool Name<br>BLANCO-MESAVERDE (PRORATED GAS) |
| 4. Property Code<br>318470    | 5. Property Name<br>CANYON LARGO UNIT      | 6. Well No.<br>186                              |
| 7. OGRID No.<br>372171        | 8. Operator Name<br>HILCORP ENERGY COMPANY | 9. Elevation<br>6765                            |

**10. Surface Location**

|               |               |                 |              |         |                  |               |                   |               |                      |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|----------------------|
| UL - Lot<br>A | Section<br>11 | Township<br>25N | Range<br>06W | Lot Idn | Feet From<br>990 | N/S Line<br>N | Feet From<br>1180 | E/W Line<br>E | County<br>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<br>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 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<br/> Title: Regulatory Tech<br/> Date: 4/19/2023</p> |
|  | <p 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: David Kilven<br/> Date of Survey: 5/3/2023<br/> Certificate Number: 1760</p>  |

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Superior Oil Co. 126  
El Paso Natural Gas Co.

All distances must be from the center of the well.

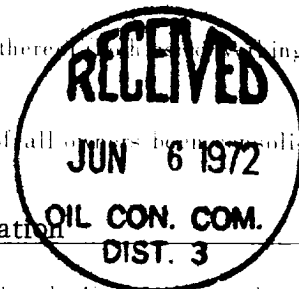
|                             |        |              |                               |            |     |
|-----------------------------|--------|--------------|-------------------------------|------------|-----|
| EL PASO NATURAL GAS COMPANY |        |              | CANYON LARGO UNIT (SF 078885) |            | 186 |
| A                           | 11     | 25-N         | 6-W                           | RIO ARriba |     |
| 990                         | NORTH  | 1180         | EAST                          |            |     |
| 6765                        | DAKOTA | BASIN DAKOTA | 320.00                        |            |     |

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 thereon (including 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, forced-pooling, etc?

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

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

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



SF 078885

966

1180

SECTION 11

CERTIFICATION

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

Original Signed by H. WOOD

Petroleum Engineer

El Paso Natural Gas Co.

June 2, 1972

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.

MAY 3, 1972

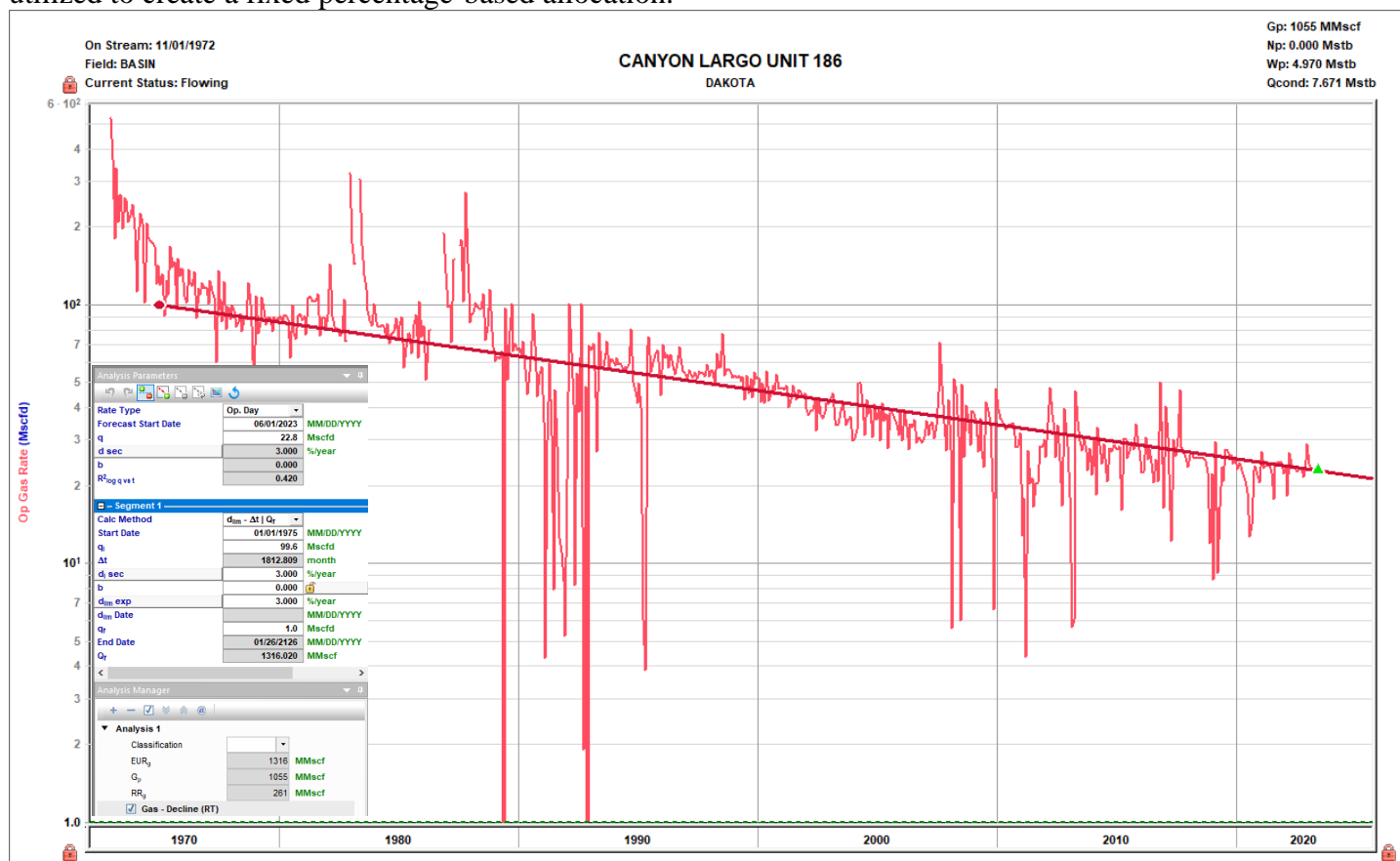
*Paul Wilburn*

1760

## Canyon Largo 186 Production Allocation Method - Subtraction

**Gas Allocation:**

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

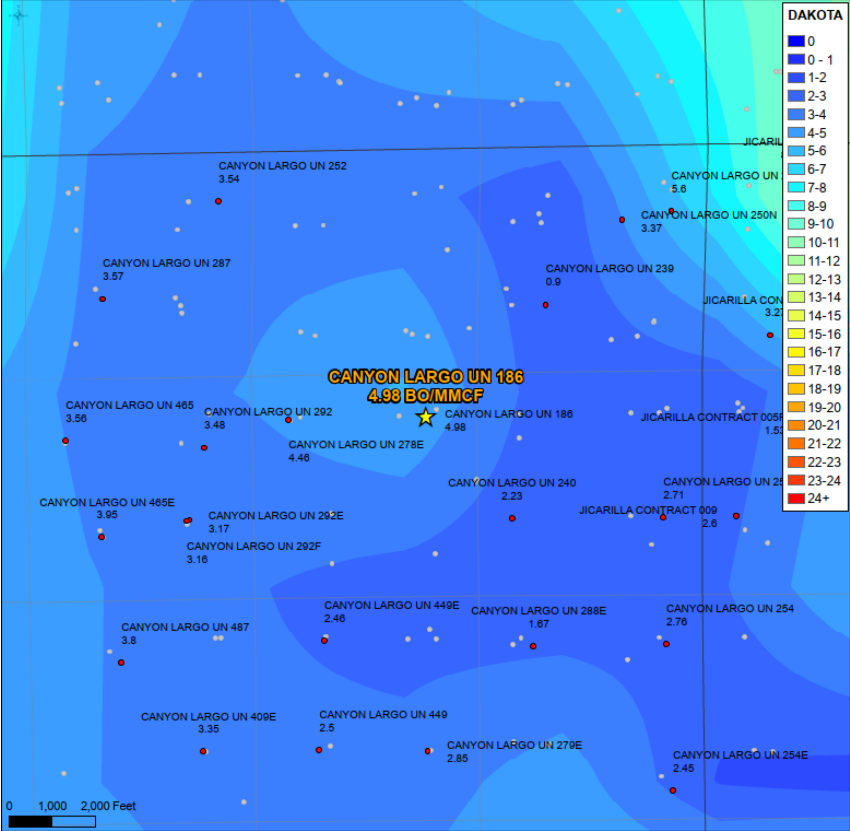
**Oil Allocation:**

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

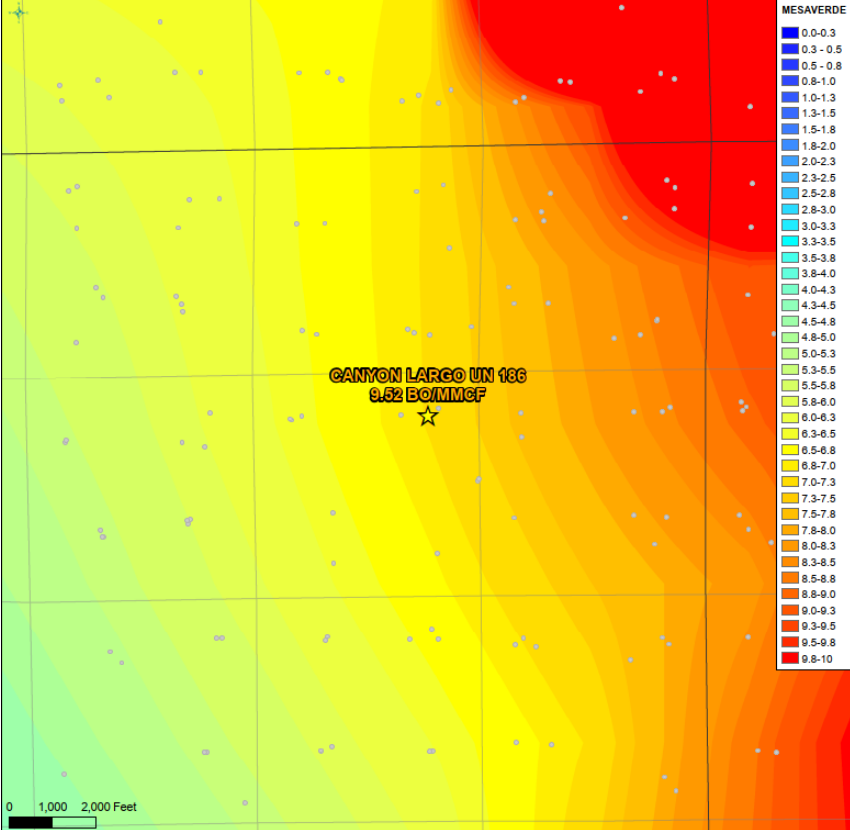
After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

| Formation | Yield (bbl/MM) | Remaining Reserves (MMcf) | % Oil Allocation |
|-----------|----------------|---------------------------|------------------|
| DK        | 4.98           | 261                       | 21%              |
| MV        | 9.52           | 500                       | 79%              |

Dakota Oil Yield Map



Mesaverde Oil Yield Map



**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 230732

**CONDITIONS**

|  |  |
|--|--|
| Operator:<br>HILCORP ENERGY COMPANY<br>1111 Travis Street<br>Houston, TX 77002 | OGRID:<br>372171                                     |
|  | Action Number:<br>230732                             |
|  | 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.   | 8/25/2023      |
| 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.  | 8/25/2023      |
| 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.   | 8/25/2023      |
| 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. | 8/25/2023      |