

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-5369

Form C-103
Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-039-26461
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Hilcorp Energy Company		6. State Oil & Gas Lease No. NM-4454
3. Address of Operator 382 Road 3100, Aztec NM 87410		7. Lease Name or Unit Agreement Name Carson SRC
4. Well Location Unit Letter <u>E</u> :1380' feet from the <u>North</u> line and <u>660</u> ' feet from the <u>West</u> line Section <u>02</u> Township <u>30N</u> Range <u>05W</u> NMPM County <u>Rio Arriba</u>		8. Well Number <u>4</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6483' GR		9. OGRID Number 372171
		10. Pool name or Wildcat Blanco Mesaverde

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 the 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 - 5203' – 6247'; **DK** - 7935' - 8035' **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 Amanda Walker TITLE Operations/Regulatory Technician Sr. DATE 2/19/2024

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 04/26/2024

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

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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 360106

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-26461	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318473	5. Property Name CARSON SRC	6. Well No. 004
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6483

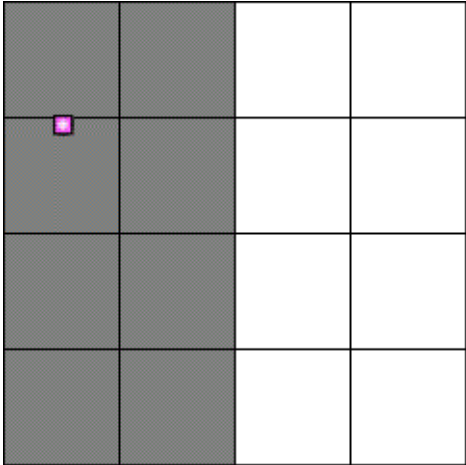
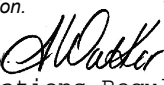
10. Surface Location

UL - Lot E	Section 2	Township 30N	Range 05W	Lot Idn	Feet From 1380	N/S Line N	Feet From 660	E/W Line W	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 318.79	13. Joint or Infill			14. Consolidation Code			15. Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By:  Title: Operations Regulatory Tech Sr. Date: 2/19/2024</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Neale EDWARDS Date of Survey: 2/15/2000 Certificate Number: 6857</p>
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District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

PO Box 2088, Santa Fe, NM 87504-2088

District IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039- 26461		*Pool Code 71599	*Pool Name Basin Dakota
*Property Code 18492	*Property Name CARSON SRC		*Well Number 4
*GRID No. 14538	*Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		*Elevation 6483'

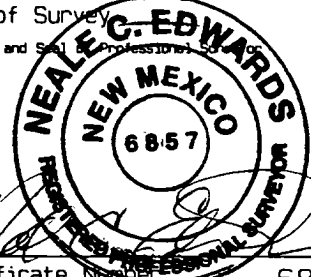
¹⁰ Surface Location

U. or Lot no. E	Section 2	Township 30N	Range 5W	Lot Idn	Feet from the 1380	North/South line NORTH	Feet from the 660	East/West line WEST	County RIO ARriba
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¹¹ Bottom Hole Location If Different From Surface

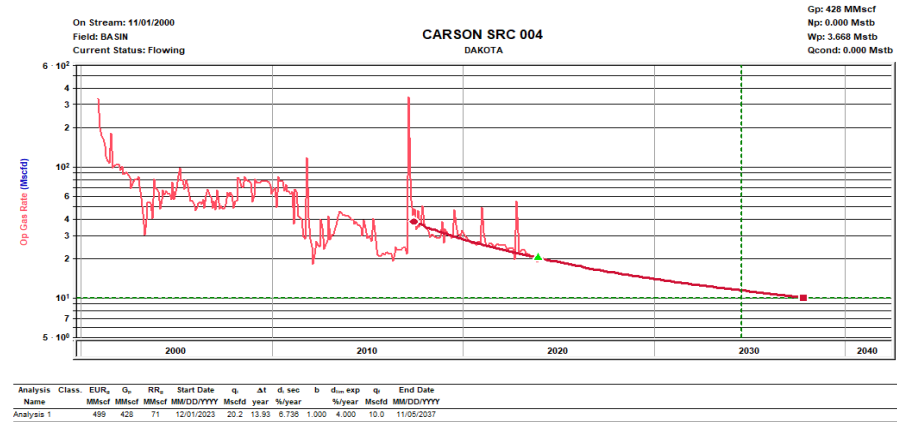
U. or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres W/318.79		*Joint or Infill		*Consolidation Code		*Order No.			

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

16 1298.88' 1380' 660'	LOT 8	5280.00'	LOT 7	LOT 6	LOT 5	1303.50' 1320.00' 1320.00' 1320.00'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <u>Peggy Cole</u> Printed Name <u>Peggy Cole</u> Title <u>Regulatory Supervisor</u> Date <u>5-3-00</u>
							¹⁸ SURVEYOR CERTIFICATION 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. FEBRUARY 15, 2000 Date of Survey Signature and Seal of Professional Surveyor  Certificate Number <u>6857</u>
USA NM-4453 2 5260.20'							

Gas Allocation:
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the **Dakota** and the added formation to be commingled is the **Mesaverde**. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation.

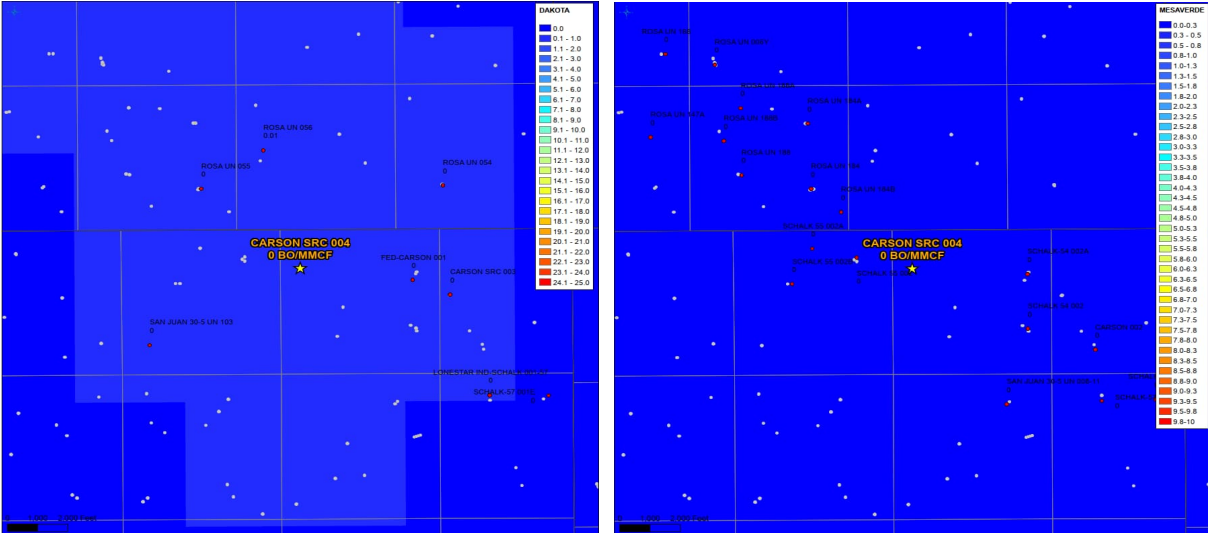
After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.



Oil Allocation:
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. The Dakota formation has historically never produced oil. If the well produces and oil, it will be allocated 100% to the Mverde formation.

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

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0	71	0%
MV	0	880	100%





February 19, 2024

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

Re: Application for Downhole Commingling
Well: CARSON SRC #004
API: 3003926461
T30N - R05W - Section 2, Unit Letter: E
Rio Arriba County, NM

Ladies and Gentlemen:

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

- All working, royalty and overriding royalty interests are identical between the **Basin Dakota (71599)** and **Blanco Mesaverde (72319)** as such relates to the prescribed spacing unit(s) being the **W/318.79** acres.

Pursuant to Subsection C.(1)(c) of 19.15.12.11, if the spacing unit(s) contains state, federal or tribal lands, Hilcorp will have provided notice via mail or sundry to the State Land Office and/or BLM as of the date of this letter.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me at the email or number provided below.

Regards,

Hilcorp Energy Company

A handwritten signature in blue ink, appearing to read 'R. Carlson'.

Robert T. Carlson
Sr. Landman
(832) 839-4596
rcarlson@hilcorp.com

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

CONDITIONS

Action 316000

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID:
	372171
	Action Number:
	316000
Action Type: [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.	4/26/2024
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.	4/26/2024
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.	4/26/2024
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.	4/26/2024