Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

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

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

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

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.

_____ Date

_____ Print or Type Name

_____ Phone Number

Cherylene Weston
_____ Signature

_____ 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
_X_Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company	382 Road 3100, Aztec, NM 87410		
Operator	Address		
Florance A	1B	G-25-T30N-R10W	San Juan County, NM
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 372171 Property Code 318519 API No. 30-045-30329 Lease Type: _X_Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2133' - 2640'		3635' - 5052'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		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)	81 psi		180 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1131 BTU		1265 BTU
Producing, Shut-In or 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: Rates:	Date: Rates:	Date: 11/1/2023 Rates: Oil - 0 bbl Gas - 688 mcf Water - 2 bbl
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 %	Oil % Gas %	Oil % Gas %

ADDITIONAL DATA

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

Will commingling decrease the value of production? Yes_____ No_X_

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_X_ No_____

NMOCD Reference Case No. applicable to this well: _____

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 Cherylene Weston TITLE Operations/Regulatory Tech-Sr. DATE 1/17/2024

TYPE OR PRINT NAME Cherylene Weston TELEPHONE NO. (713) 289-2615

E-MAIL ADDRESS cweston@hilcorp.com

The near wellbore shut-in bottom hole pressures of the above reservoirs are much lower than the calculated far-field stabilized reservoir pressured due to the low permeability of the reservoirs. Based on pressure transient analysis performed in the San Juan Basin, it would take 7-25 years for shut-in bottom hole pressures to build up to the calculated far-field reservoir pressure. Our observation is that even for areas of high static reservoir pressures, the low permeability of the reservoir rock results in rapid depletion of the near-fracture region, quickly enough that the wells are unable to produce without the aid of a plunger. Given low permeabilities and low wellbore flowing pressures in the above reservoirs, loss of reserves due to cross-flow is not an issue during producing or shut-in periods. Given low shut-in bottom hole pressures, commingling the above reservoirs in this well will not result in shut-in or flowing wellbore pressures in excess of any commingled pool's fracture parting pressure. The pressures provided in the C-107A are based on shut-in bottom hole pressures of offset standalone wells which match expected near-wellbore shut-in bottom hole pressures of this proposed commingled completion.

Note: BTU Data taken from standalone completions in the zone of interest within a 2 mile radius of the well.

A farther radius is used if there is not enough data for a proper statistical analysis.

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 355358

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-30329	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318519	FLORANCE A	001B
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6047

10. Surface Location

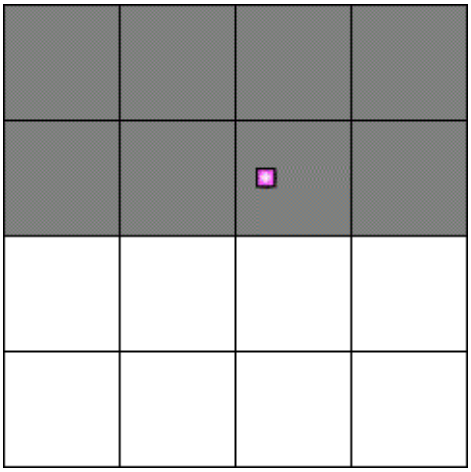
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
G	25	30N	10W	7	1950	N	2300	E	SAN JUAN

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	13. Joint or Infill	14. Consolidation Code	15. Order No.
315.68			

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



OPERATOR CERTIFICATION

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.

E-Signed By: Cherylene Weston
Title: Cherylene Weston
Date: 12/07/2023

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.

Surveyed By: Neale C. Edwards
Date of Survey: 6/5/2000
Certificate Number: 6857

District I
PO Box 1980, Hobbs, NM 88241-1980

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045- 30329	72319	Blanco Mesaverde

4 Property Code	5 Property Name	6 Well Number
7022	FLORANCE A	1B

7 OGRID No.	8 Operator Name	9 Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6047

10 Surface Location

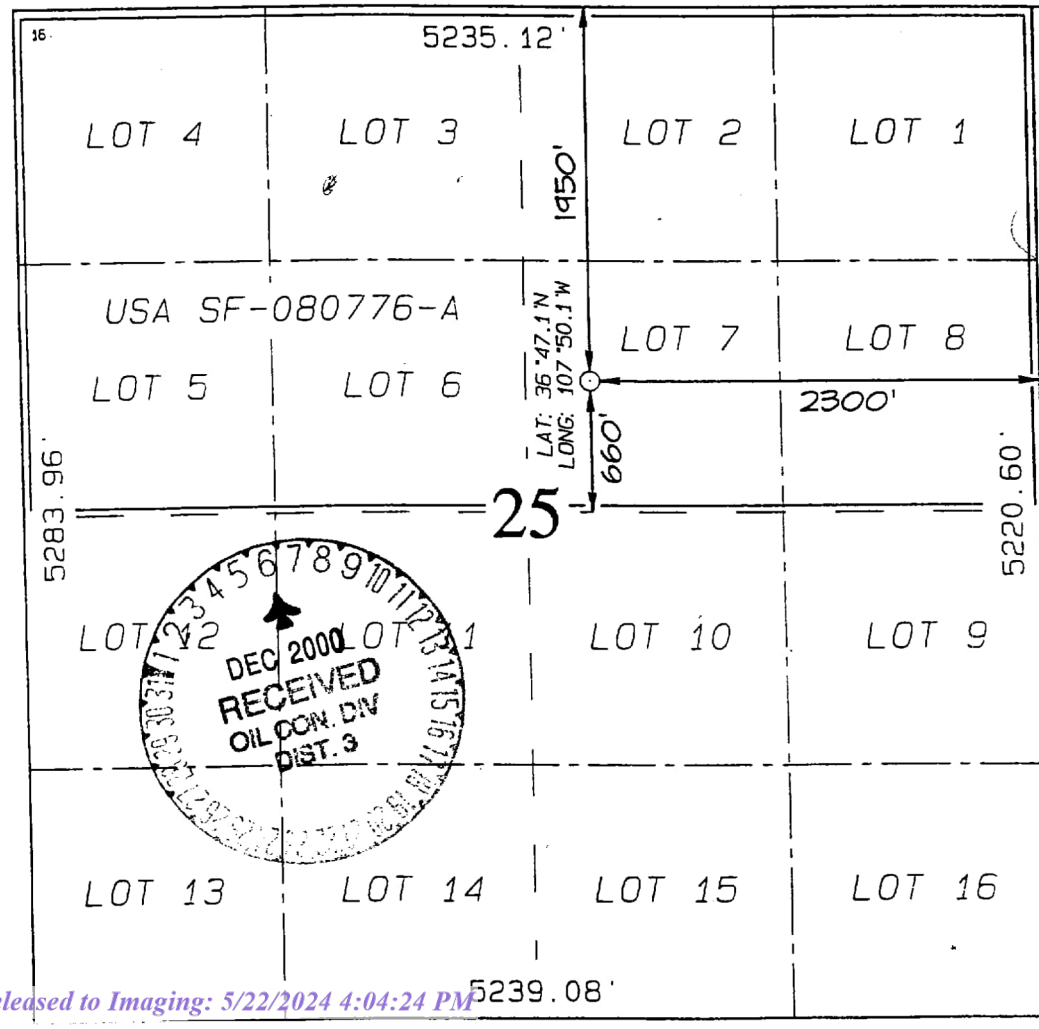
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	25	30N	10W		1950	NORTH	2300	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
N/315.68			

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



17 OPERATOR CERTIFICATION

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

Peggy Cole
Signature

Peggy Cole
Printed Name

Regulatory Supervisor
Title

8-1-00
Date

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.

JUNE 5, 2000
Date of Survey

Signature and Seal of Professional Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number 6857

Florance A 1B Production Allocation

The forecasts for Fruitland Coal production have been generated using type curves of production in the surrounding trend.

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.

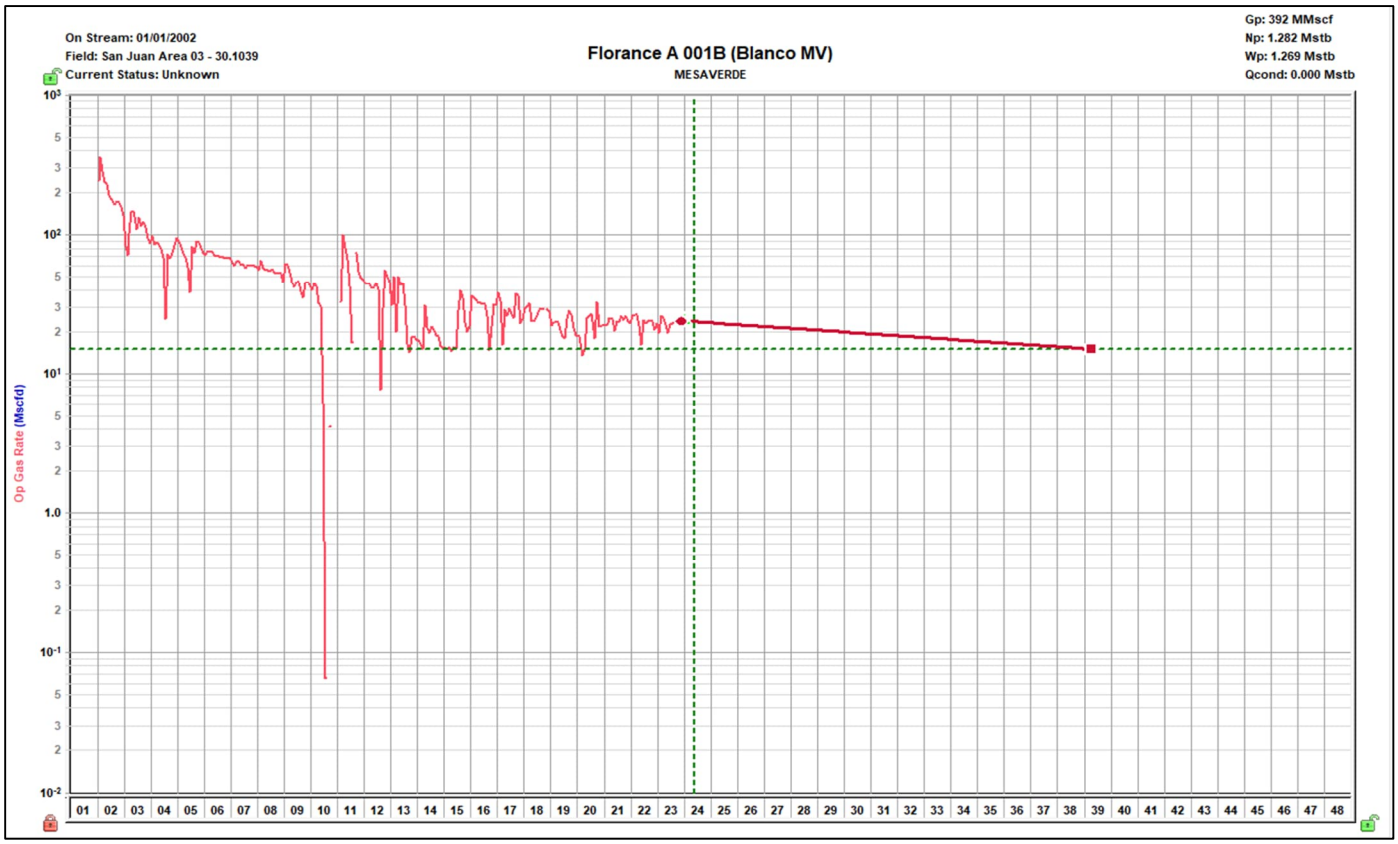
The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed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

Production Allocation Method – Subtraction

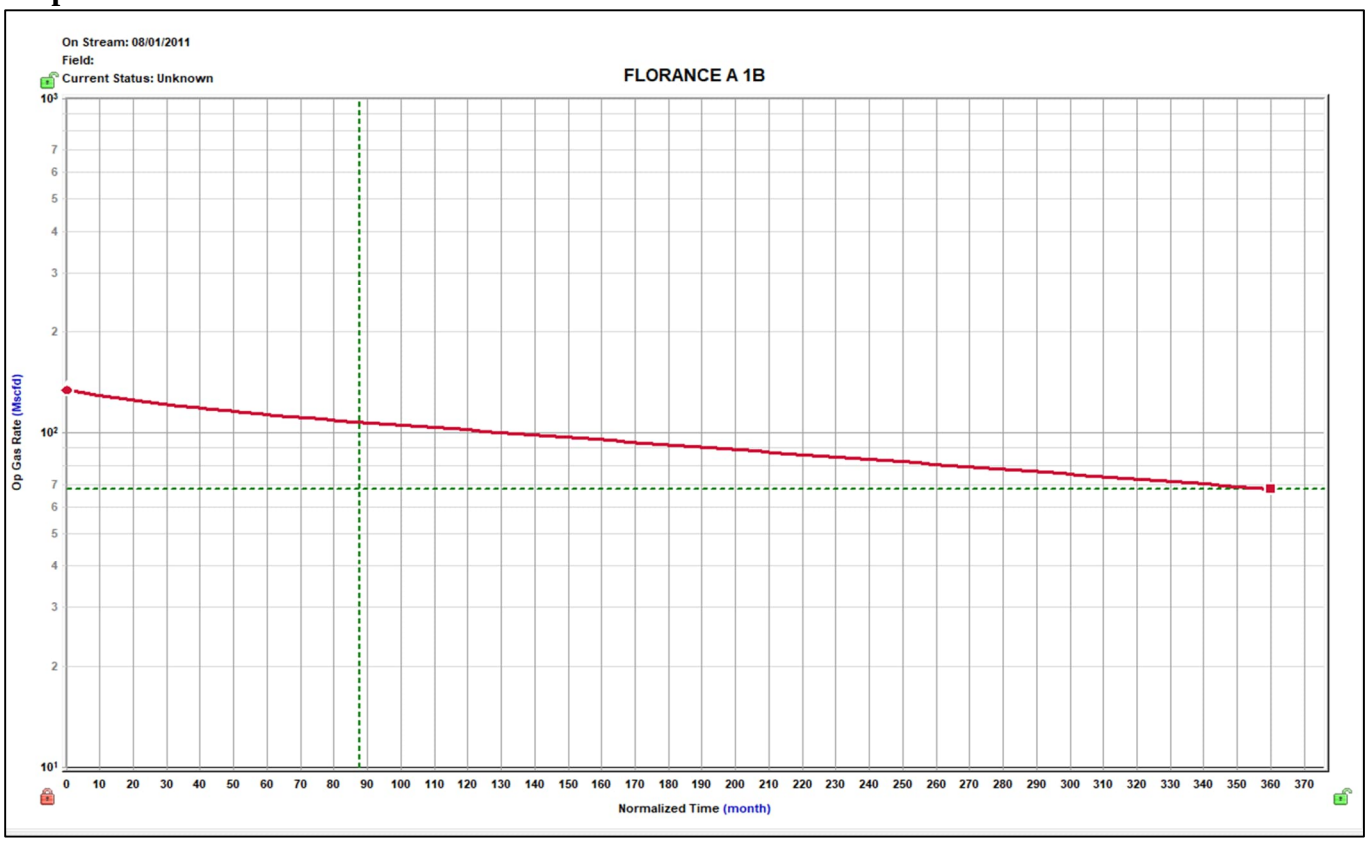
Gas Allocation:
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast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

Current Zone 1 Forecast – Mesaverde



Proposed Zone Forecast – Fruitland Coal



Average initial production curve in geologic region.

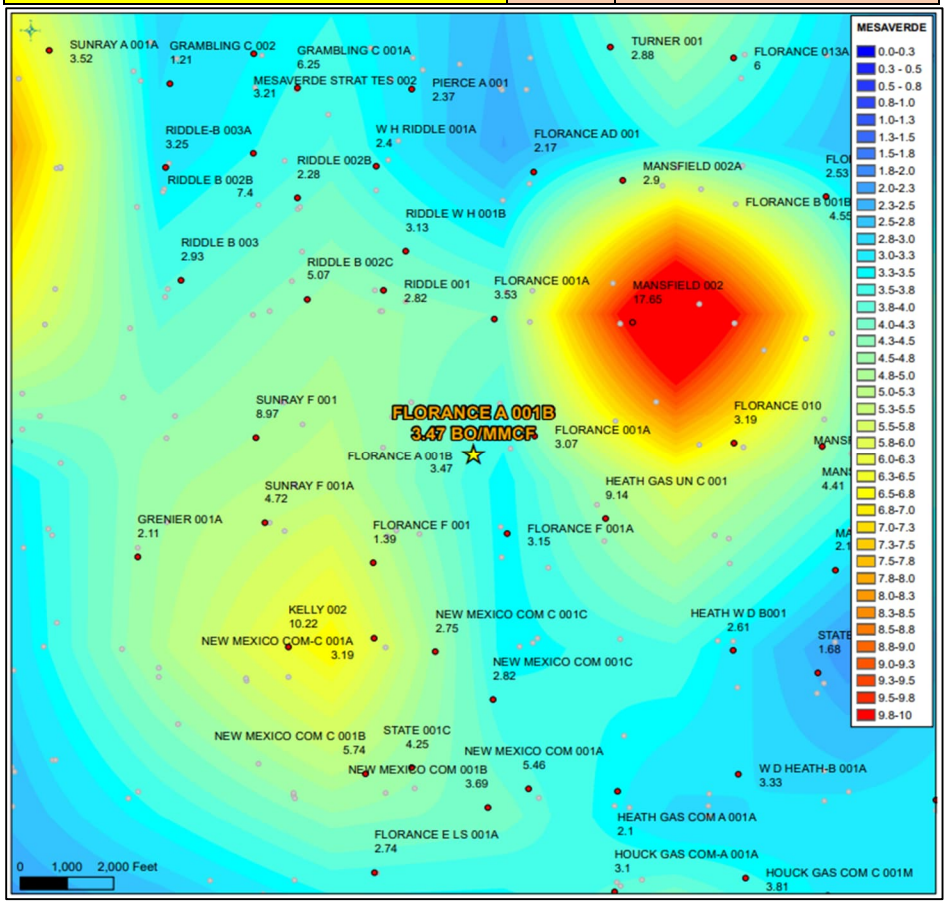
Oil Allocation:

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 adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	3.47	499	100%
FRC	0	1989	0%
			100%

Current Zone 1 – Mesaverde Oil Yield Map

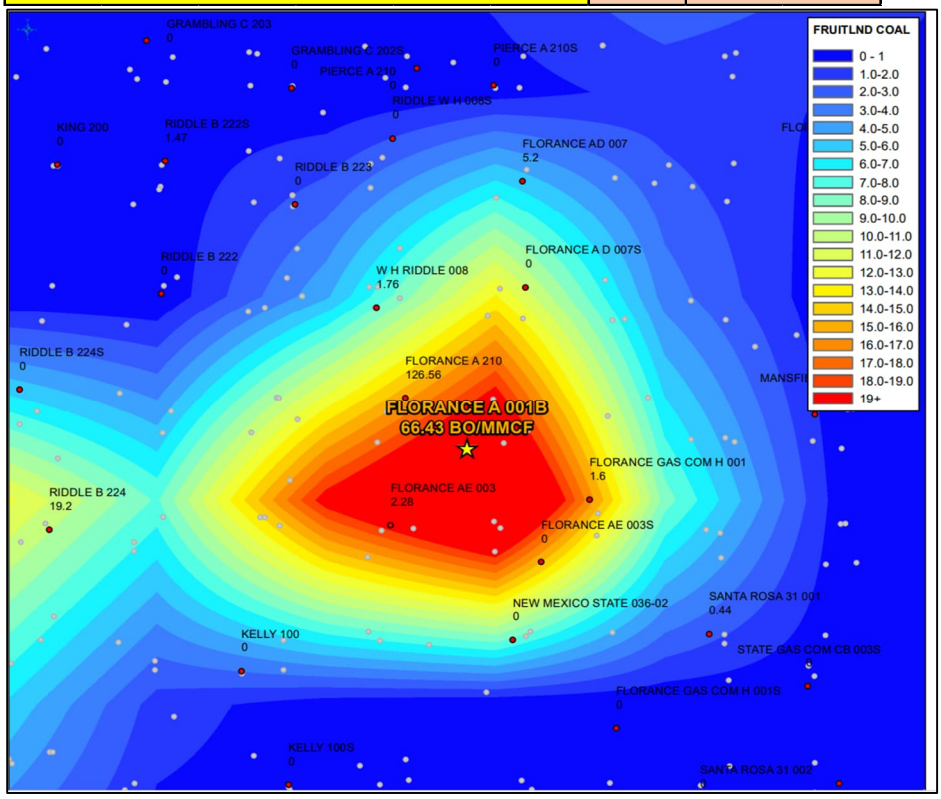
MV	3.47	BO/MMCF



9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Proposed Zone – Fruitland Coal Oil Yield Map

Fruitland Coal	0	BO/MMCF



9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Supplemental Information:

Shut in pressures were calculated for operated offset standalone wells in each of the zones being commingled in the well in question via the following process:

1) Wells were shut in for 24 hours
2) Echometer was used to obtain a fluid level
3) Shut in BHP was calculated for the proposed commingled completion

List of wells used to calculate BHPs for the Project:

3004530135	FLORANCE E LS 1A	MV
3004534732	RIDDLE B 222S	FC

I believe each of the reservoirs to be continuous and in a similar state of depletion at this well and at each of the wells from which the pressures are being derived.

Water Compatibility in the San Juan Basin
- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters.
- The samples below all show fresh water with low TDS.

Well Name	API
FLORANCE A 1B	3004530329

FRC Offset		MV Offset	
API	3004527022	API	3004530135
Property	FLORANCE B 250	Property	FLORANCE E LS 1A
CationBarium	0.3	CationBarium	0
CationBoron		CationBoron	
CationCalcium	5.79	CationCalcium	24.12
CationIron	57.63	CationIron	63
CationMagnesium	0.11	CationMagnesium	1.95
CationManganese	0.54	CationManganese	0.51
CationPhosphorus		CationPhosphorus	
CationPotassium		CationPotassium	
CationStrontium	0.06	CationStrontium	0.07
CationSodium	189.27	CationSodium	1451.98
CationSilica		CationSilica	
CationZinc		CationZinc	
CationAluminum		CationAluminum	
CationCopper		CationCopper	
CationLead		CationLead	
CationLithium		CationLithium	
CationNickel		CationNickel	
CationCobalt		CationCobalt	
CationChromium		CationChromium	
CationSilicon		CationSilicon	
CationMolybdenum		CationMolybdenum	
AnionChloride	61.3	AnionChloride	1101.21
AnionCarbonate	0	AnionCarbonate	0
AnionBicarbonate	414.8	AnionBicarbonate	
AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride	
AnionHydroxyl	0	AnionHydroxyl	0
AnionNitrate		AnionNitrate	
AnionPhosphate		AnionPhosphate	
AnionSulfate	0.46	AnionSulfate	308
phField	6.2	phField	7.06
phCalculated		phCalculated	
TempField	69	TempField	55
TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity	1600.82
OtherSpecificGravity	1	OtherSpecificGravity	1
OtherTDS	730.27	OtherTDS	4649.03
OtherCaCO3		OtherCaCO3	68.3
OtherConductivity	1141.04	OtherConductivity	
DissolvedCO2	68	DissolvedCO2	96
DissolvedO2		DissolvedO2	
DissolvedH2S	0	DissolvedH2S	1.44
GasPressure	82	GasPressure	
GasCO2	2	GasCO2	0
GasCO2PP	1.64	GasCO2PP	0
GasH2S	0.5	GasH2S	0
GasH2SPP	0	GasH2SPP	0
PitzerCaCO3_70	-2.09	PitzerCaCO3_70	
PitzerBaSO4_70	-1.36	PitzerBaSO4_70	
PitzerCaSO4_70	-4.92	PitzerCaSO4_70	
PitzerSrSO4_70	-5.22	PitzerSrSO4_70	
PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220	-1.27	PitzerCaCO3_220	
PitzerBaSO4_220	-1.9	PitzerBaSO4_220	
PitzerCaSO4_220	-4.79	PitzerCaSO4_220	
PitzerSrSO4_220	-5.01	PitzerSrSO4_220	
PitzerFeCO3_220		PitzerFeCO3_220	

Gas Compatibility in the San Juan Basin

- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters or gas composition.
- The samples below all show offset gas analysis varibality by formation is low.

Well Name	API
FLORANCE A 1B	3004530329

FRC Offset		MV Offset	
AssetCode	3004511792	AssetCode	3004520121
AssetName	RIDDLE A 2	AssetName	KELLY 2
N2	0	N2	0
CO2	0.01	CO2	0.01
C1	0.83	C1	0.8
C2	0.08	C2	0.1
C3	0.04	C3	0.05
ISOC4	0.01	ISOC4	0.01
NC4	0.01	NC4	0.02
ISOC5	0	ISOC5	0
NC5	0	NC5	0
C6_PLUS		C6_PLUS	0.01
C7	0	C7	
C8	0	C8	
C9	0	C9	
C10		C10	
AR		AR	
CO		CO	
H2		H2	
O2	0	O2	
H20		H20	
H2S	0	H2S	
HE		HE	
C_O_S		C_O_S	
CH3SH		CH3SH	
C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S	
C6HV		C6HV	
CO2GPM		CO2GPM	0
N2GPM		N2GPM	0
C1GPM		C1GPM	0
C2GPM		C2GPM	2.66
C3GPM		C3GPM	1.4
ISOC4GPM		ISOC4GPM	0.28
NC4GPM		NC4GPM	0.48
ISOC5GPM		ISOC5GPM	0.18
NC5GPM		NC5GPM	0.16
C6_PLUSGPM		C6_PLUSGPM	0.4

Well Name: FLORANCE A

Well Location: T30N / R10W / SEC 25 / SWNE / 36.784879 / -107.83495

County or Parish/State: SAN JUAN / NM

Well Number: 1B

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF080776A

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004530329

Well Status: Producing Gas Well

Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2768044

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 01/03/2024

Time Sundry Submitted: 03:06

Date proposed operation will begin: 04/01/2024

Procedure Description: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal formation and downhole commingle with the existing Mesaverde formation. 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 10/19/2023 with Roger Herrera/BLM. The reclamation plan is attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Florance_A_1B_UPE_Coal_RC_NOI_20240103150616.pdf

Well Name: FLORANCE A	**Well Location:** T30N / R10W / SEC 25 / SWNE / 36.784879 / -107.83495	**County or Parish/State:** SAN JUAN / NM
Well Number: 1B	**Type of Well:** CONVENTIONAL GAS WELL	**Allottee or Tribe Name:**
Lease Number: NMSF080776A	**Unit or CA Name:**	**Unit or CA Number:**
US Well Number: 3004530329	**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: CHERYLENE WESTON

Signed on: JAN 03, 2024 03:06 PM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON **State:** TX

Phone: (713) 289-2615

Email address: CWESTON@HILCORP.COM

Field

Representative Name:

Street Address:

City: **State:** **Zip:**

Phone:

Email address:

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 01/04/2024

Signature: Matthew Kade

Florance A #1B

API#: 3004530329

Fruitland Coal Recompletion Procedure

12/1/2023

Procedure:

1. MIRU PU and associated equipment. Kill well and NDWH.
2. NUBOP and unseat tubing, tag for fill and lay down 2 3/8" string
3. Set 7" CIBP at +/-2640' to isolate existing PC/MV completion
4. RU wellcheck and MIT wellbore to 500 PSI
5. Run CBL from CIBP to surface.
6. PU 7" frac packer and frac string, RIH and set packer at 2100'
7. Pressure test frac string to 5000 PSI
8. MIRU frac spread.
9. Perforate and frac the Fruitland Coal from 2133' to 2640'.
10. MI flow back and flow well to relieve pressure if needed.
11. MIRU service rig.
12. Test BOP's.
13. POOH with frac string and packer.
14. When water and sand rates are acceptable, flow test the intervals.
15. Make up 7" mill and clean out to top of liner
16. Make up 3.75" Mill and clean out to PBTD
17. TIH and land 2-3/8" production tubing.
18. ND BOP's, NU production tree.
19. RDMO service rig & turn well over to production.

Hilcorp Energy Company

Schematic - Current

Well Name: FLORANCE A #1B

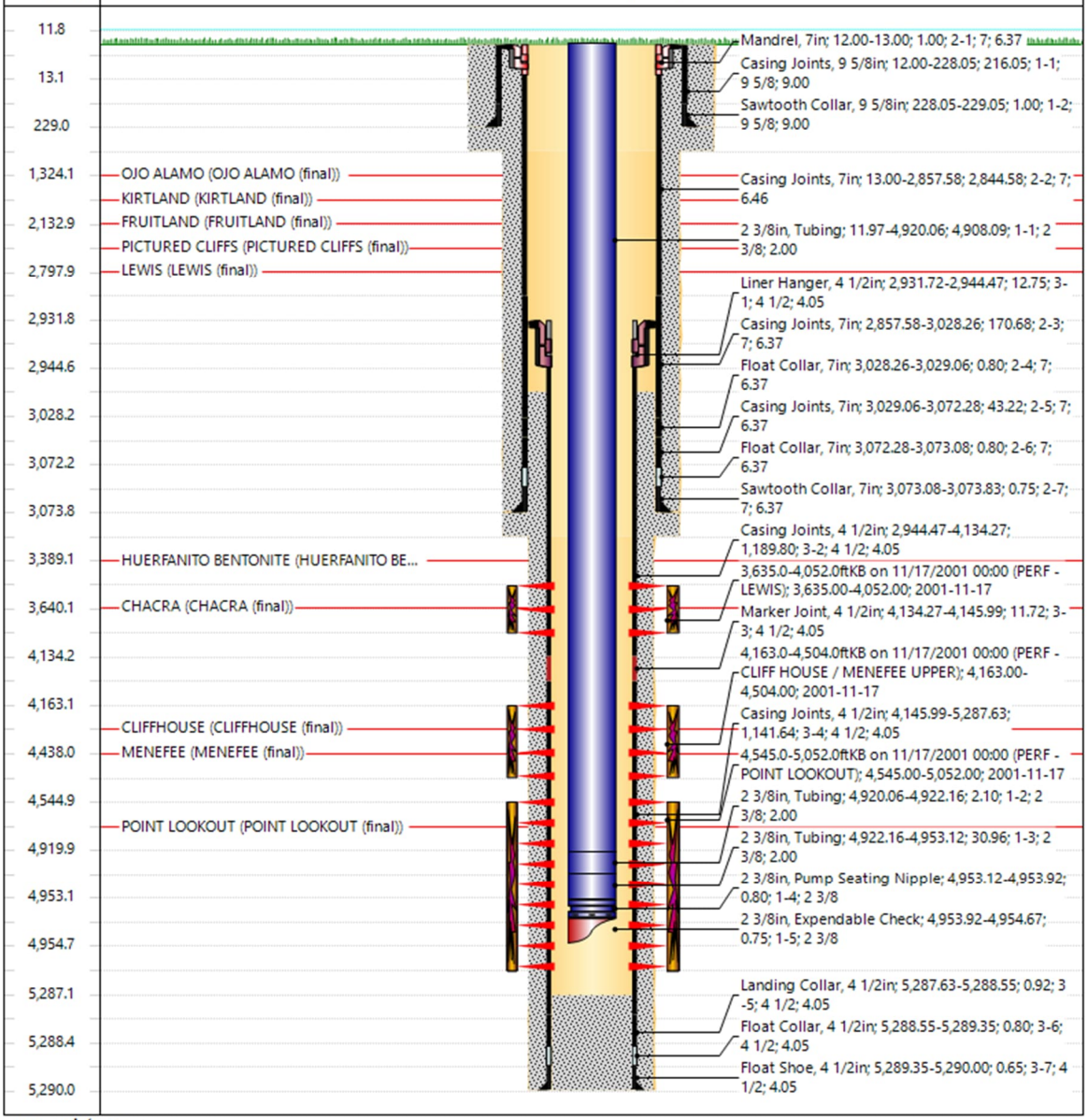
API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004530329	025-030N-010W-G	BLANCO MESAVERDE (PRORATED GAS		NEW MEXICO	Vertical
Original KB/RT Elevation (ft)	**RKB to GL (ft)**	**Original Spud Date**	**Rig Release Date**	**PBTD (All)**	**Total Depth All (TVD)**
6,059.00	12.00	11/2/2001 18:00	1/14/2002 11:30	Original Hole - 5,287.0	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date
COMPLETIONS	INITIAL COMPLETION	INITIAL COMPLETION	11/8/2001	1/14/2002

TD: 5,290.0

Original Hole [Vertical]



Hilcorp Energy Company

Proposed Schematic

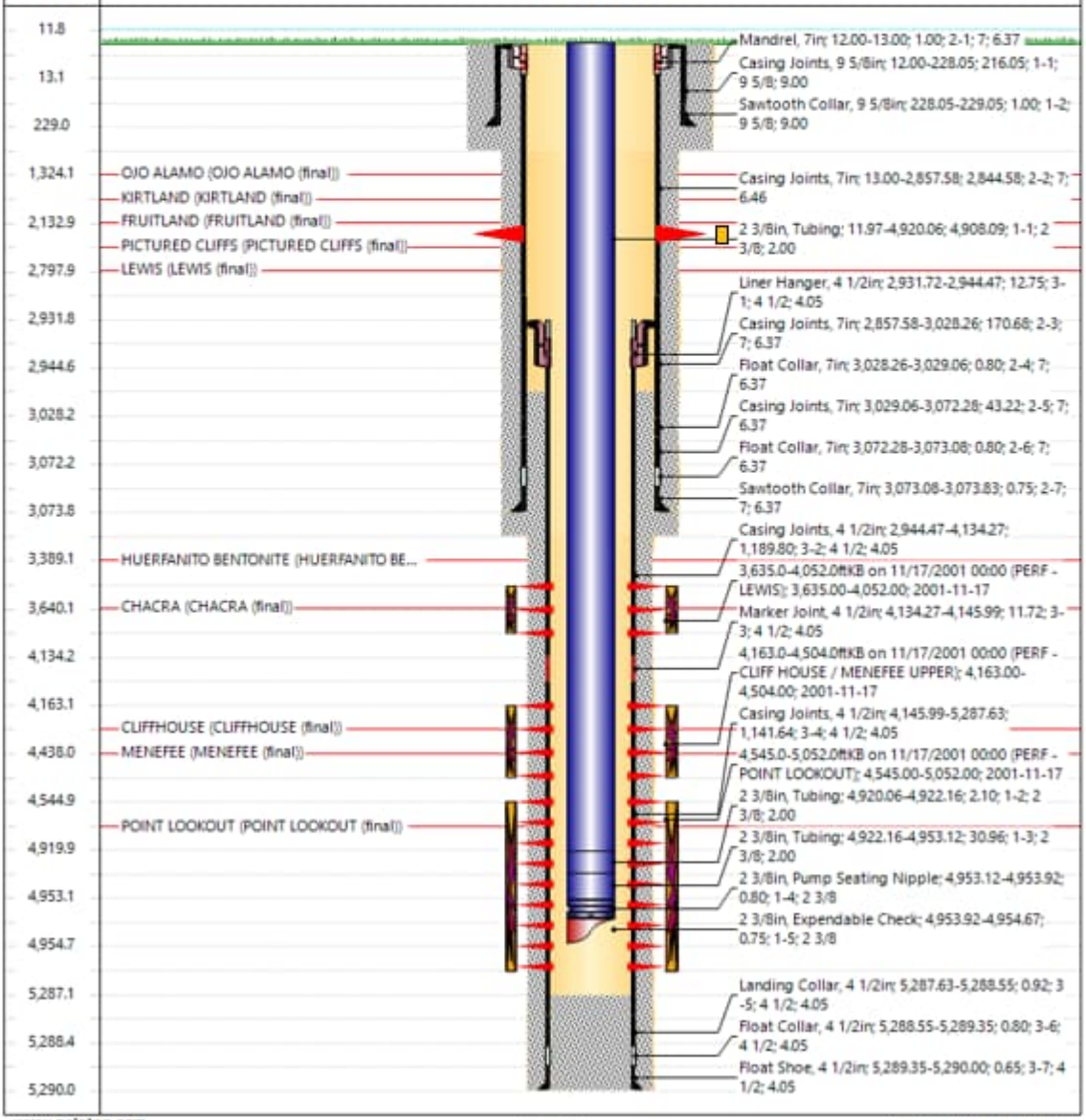
Well Name: FLORANCE A #1B

API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004530329	025-030N-010W-G	BLANCO MESAVERDE (PRORATED GAS)		NEW MEXICO	Vertical
Original KB/RT Elevation (ft)	**RKB to GL (ft)**	**Original Spud Date**	**Rig Release Date**	**PBTD (All)**	**Total Depth All (TVD)**
6,069.00	12.00	11/2/2001 18:00	1/14/2002 11:30	Original Hole - 5,287.0	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date
COMPLETIONS	INITIAL COMPLETION	INITIAL COMPLETION	11/8/2001	1/14/2002

TD: 5,290.0 — Original Hole [Vertical]



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 355358

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-30329	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318519	FLORANCE A	001B
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6047

10. Surface Location

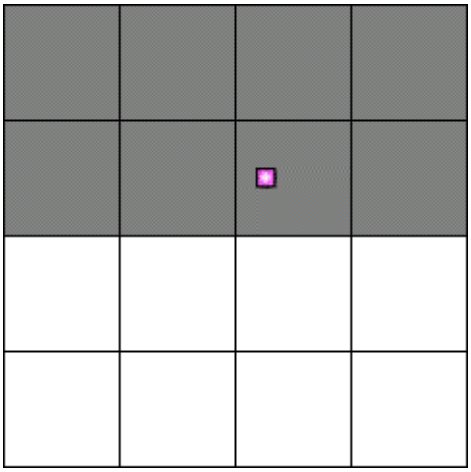
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
G	25	30N	10W	7	1950	N	2300	E	SAN JUAN

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	13. Joint or Infill	14. Consolidation Code	15. Order No.
315.68			

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



OPERATOR CERTIFICATION

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.

E-Signed By: Cherylene Weston
Title: Cherylene Weston
Date: 12/07/2023

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.

Surveyed By: Neale C. Edwards
Date of Survey: 6/5/2000
Certificate Number: 6857

Hilcorp Energy
Interim Reclamation Plan
Florance A #1B
API: 30-045-30329
G – Sec.25-T030N-R010W
Lat: 36.78481, Long: -107.83451
Footage: 1950' FNL & 2300' FEL
San Juan County, NM

1. PRE- INTERIM RECLAMATION SITE INSPECTION

1.1) A pre-interim reclamation site inspection was completed by Roger Herrera with the BLM and Chad Perkins construction Foreman for Hilcorp Energy on October 19, 2023.
1.2) Location surface will be brush hogged or mulched and bladed as required within original disturbance to acquire additional working surface for well recompletion activities.

2. LOCATION INTERIM RECLAMATION PROCEDURE

2.1) Interim reclamation work will only be completed after well recompletion.
2.2) The interim reclamation work will be completed during spring or fall months.
2.3) Location tear drop will be re-defined as applicable for the interim reclamation.
2.4) All diversion ditches and silt traps will be cleaned and re-established as applicable for the interim reclamation.
2.5) All disturbed areas will be seeded, any disturbed areas that are compacted will be ripped before seeding.
2.6) All trash and debris will be removed within 50’ buffer outside of the location disturbance during reclamation.

3. ACCESS ROAD RECLAMATION PROCEDURE:

3.1) No lease access road issues were identified at the time of onsite.
3.2) Lease access road will be maintained as applicable before, during, and after, recompletion activities.

4. SEEDING PROCDURE

4.1) A Pinion/Juniper seed mix will be used for all reclaimed and disturbed areas of the location.
4.2) Drill seeding 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.
4.3) Timing of the seeding will take place when the ground is not frozen or saturated.

5. WEED MANAGEMENT

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

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:** 12 / 07 / 2023

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	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Florance A 1B	3004530329	G-25-30N-10W	1950 FNL,2300 FEL	0 bbl/d	120 mcf/d	5 bbl/d

IV. Central Delivery Point Name: Chaco-Blanco 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
Florance A 1B	3004530329					2024

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:	Cherylene Weston
Printed Name:	Cherylene Weston
Title:	Operations/Regulatory Tech-Sr.
E-mail Address:	cweston@hilcorp.com
Date:	12/07/2023
Phone:	713-289-2615

OIL CONSERVATION DIVISION
(Only applicable when submitted as a standalone form)

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 recomplete project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomplete 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 recomplete 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 recompletion
   - 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

January 12, 2024

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

Re: C-107A (Downhole Commingle)
Florance A 1B
API No. 30-045-30329
G-25, T30N-R10W
San Juan County, NM

Gentlemen:

Concerning Hilcorp Energy Company's C-107A 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 Blanco Mesaverde (Pool Code: 72319) and Basin Fruitland Coal (Pool Code: 71629) in the spacing units dedicated to these formations. Therefore, no notice to interest owners is required.

The spacing unit is comprised of a Federal Lease. 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

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

From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
To: Cheryl Weston; Mandi Walker
Cc: McClure, Dean, EMNRD; Lowe, Leonard, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Paradis, Kyle O; dmankiew@blm.gov
Subject: Approved Administrative Order DHC-5356
Date: Wednesday, May 22, 2024 3:50:06 PM
Attachments: DHC5356 Order.pdf

NMOCD has issued Administrative Order DHC-5356 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **Florance A #1B**
Well API: **30-045-30329**

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: Cheryl Weston
To: McClure, Dean, EMNRD
Subject: FW: [EXTERNAL] Action ID: 304569; DHC-5356
Date: Friday, April 19, 2024 2:04:53 PM
Attachments: image003.png
image005.png

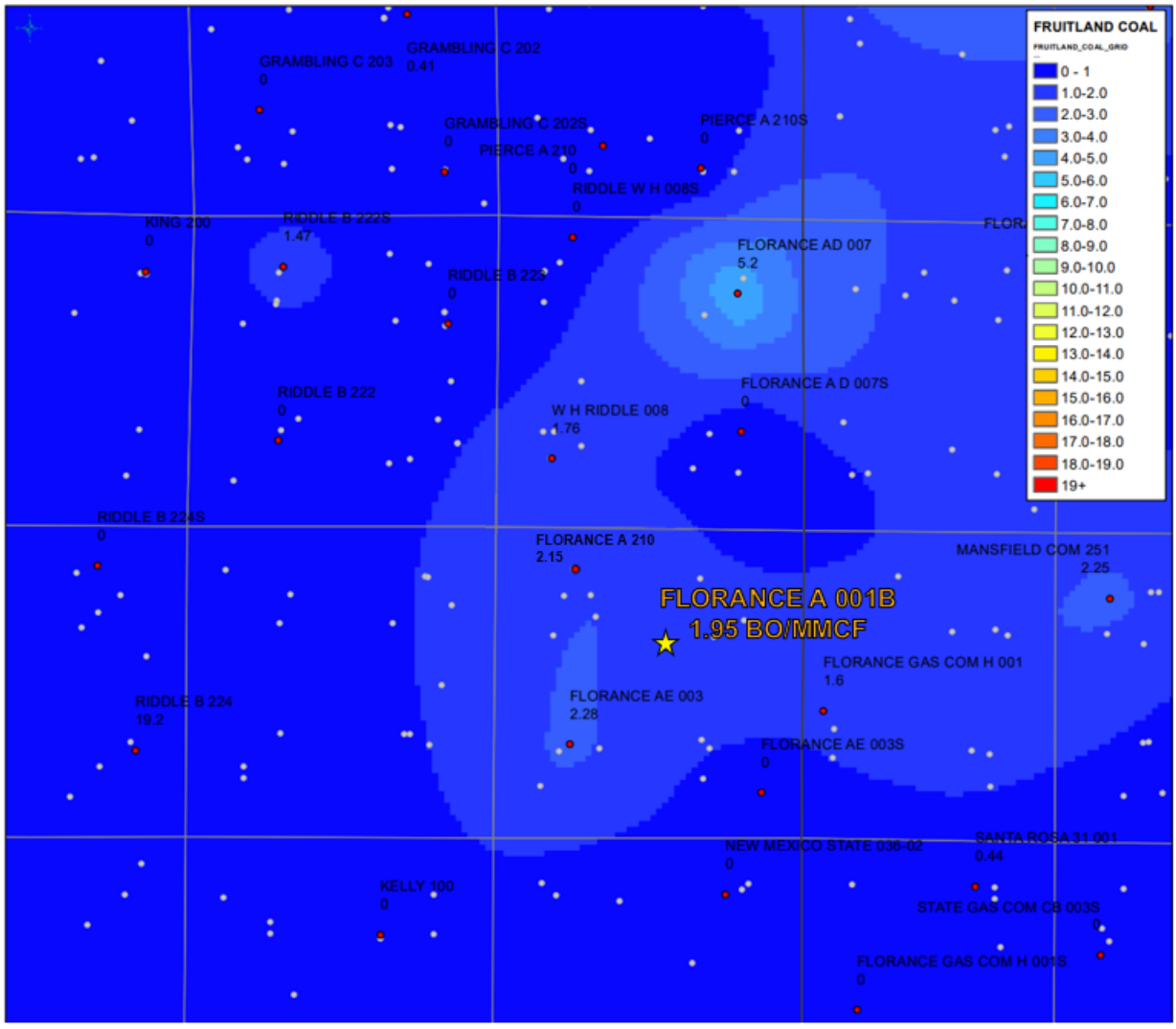
Dean,

Please see the below GOR map provided by the R.E.

Thanks,
Cheryl

From: Griffin Selby <Griffin.Selby@hilcorp.com>
Sent: Friday, April 19, 2024 2:40 PM
To: Cheryl Weston <cweston@hilcorp.com>; Sikandar Khan <Sikandar.Khan@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 304569; DHC-5356

Here is correct one.



From: Cheryl Weston <cweston@hilcorp.com>
Sent: Thursday, April 18, 2024 12:38 PM

To: Griffin Selby <Griffin.Selby@hilcorp.com>; Sikandar Khan <Sikandar.Khan@hilcorp.com>
Subject: FW: [EXTERNAL] Action ID: 304569; DHC-5356

Griffin,

Please see Dean's comments below regarding the Florance A 1B DHC allocation. Please provide a response.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Thursday, April 18, 2024 11:05 AM
To: Cheryl Weston <cweston@hilcorp.com>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 304569; DHC-5356

Cheryl,

Within the table and discussion within this email, it seems that Hilcorp is proposing a yield of 1.95 for the FLC, but the table and discussion within the application, it seems that Hilcorp is proposing a yield of 0 for the FLC.

What is Hilcorp proposing and is there a version of the application which depicts it?

Presuming that Hilcorp is proposing 1.95, was this derived by correcting the referenced well to 2.15 and then using that to generate a GOR map? If so, please provide an image of that GOR map, if not please describe how 1.95 was derived.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Thursday, March 28, 2024 2:53 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: FW: [EXTERNAL] Action ID: 304569; DHC-5356

Dean,

There was zero H2S in the samples.

When I put together the allocation document from the RE's workbook, I must not have right-clicked on the note attachment in the middle of the GOR map to include it. Please see the RE's comments below.

Thanks,

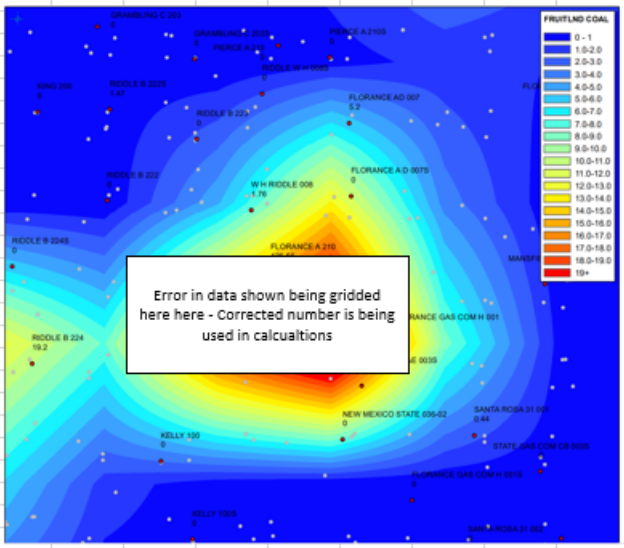
Cheryl Weston
San Juan Operations/Regulatory Tech-Sr.
1111 Travis Street | Houston, TX 77002
Ofc: 713.289.2615 |cweston@hilcorp.com

From: Griffin Selby <Griffin.Selby@hilcorp.com>
Sent: Thursday, March 28, 2024 3:39 PM
To: Cheryl Weston <cweston@hilcorp.com>; Sikandar Khan <Sikandar.Khan@hilcorp.com>; Jackson Lancaster <Jackson.Lancaster@hilcorp.com>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 304569; DHC-5356

Cheryl,

For the oil allocation discrepancies, was the note that I had made on the map included in the submitted DHC? I had made a note that the map we use to grid values in this area is erroneous, and to use the value in the calculation table. We believe the Florance A 1B will have a yield of 1.95 BO/mmcf and for some reason the well he mentioned keeps showing an enormously high yield even though its actual calculated value is ~2.15, which created an error on the map he is referring to. I had tried to cover this with a text box on the original DHC. Below is the map, note, and yields from the workbook that can be submitted as a reply to Dean:

Fruitland Coal	0	BO/MMCF



9-Section Area Map of Standalone Oil Yields. Sampled well to this 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 Reserves	% Oil
MV	3.47	499	37%
FRC	1.95	1518	63%
			100%

As far as the H2S question, the quantity of H2S measured in this sample is zero.

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Thursday, March 28, 2024 10:04 AM
To: Sikandar Khan <Sikandar.Khan@hilcorp.com>; Jackson Lancaster <Jackson.Lancaster@hilcorp.com>; Griffin Selby <Griffin.Selby@hilcorp.com>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: FW: [EXTERNAL] Action ID: 304569; DHC-5356

Jackson/Sikandar:

Dean has some questions about the water sample for MV and the oil allocation table vs GOR map for FRC. Please provide the requested information or an explanation.

Thank you,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Thursday, March 28, 2024 9:35 AM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Roberts, Kelly, EMNRD <Kelly.Roberts@emnrd.nm.gov>
Subject: [EXTERNAL] Action ID: 304569; DHC-5356

To whom it may concern (c/o Cheryl Weston for Hilcorp Energy Company),

The Division is reviewing the following application:

Action ID	304569
Admin No.	DHC-5356
Applicant	Hilcorp Energy Company (372171)
Title	FLORANCE A #001B
Sub. Date	1/17/2024

Please provide the following additional supplemental documents:

-

Please provide additional information regarding the following:

- The H2S value for the MV gas sample included in this application was left blank. Additionally, there appears to be some dissolved H2S within the water sample for MV. Please confirm the quantity of H2S that was measured in this gas sample.
- There appears to be a discrepancy between the Oil Allocation table and the GOR maps; the table indicates a yield of 0 bbl/mmcf while the GOR map indicates a yield of 66.43 bbl/mmcf for the FLC. The value on the GOR map seems to be relatively high for the FLC in this specific area. Please provide additional information regarding the expected oil production from the FLC in this area. Based off the GOR map, it appears this anomaly may be occurring due to the well labeled as Florance A 210.

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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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-5356**

ORDER

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

FINDINGS OF FACT

1. Hilcorp Energy Company ("Applicant") submitted a complete application ("Application") to downhole commingle the pools described in Exhibit A ("the Pools") within the well bore of the well identified in Exhibit A ("the Well").
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
7. 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. sixty-three percent (63%) shall be allocated to the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629); and
    b. thirty-seven percent (37%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

    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 BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629).

    The current pool(s) are:
    a. 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

DATE: 5/22/24

DYLAN M. FUGE
DIRECTOR (ACTING)

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

	Order:	DHC-5356			
	Operator:	Hilcorp Energy Company (372171)			
	Well Name:	Florance A #1B			
	Well API:	30-045-30329			
Upper Zone	Pool Name:	BASIN FRUITLAND COAL (GAS)			
	Pool ID:	71629	Current:	New:	X
	Allocation:		Oil: 63.0%	Gas:	subt
			Top: 2,133	Bottom:	2,640
Intermediate Zone	Pool Name:				
	Pool ID:		Current:	New:	
	Allocation:		Oil:	Gas:	
			Top:	Bottom:	
Bottom of Interval within 150% of Upper Zone's Top of Interval:					
Lower Zone	Pool Name:	BLANCO-MESAVERDE (PRORATED GAS)			
	Pool ID:	72319	Current: X	New:	
	Allocation:		Oil: 37.0%	Gas:	curve
			Top: 3,635	Bottom:	5,052
Bottom of Interval within 150% of Upper Zone's Top of Interval:		NO			

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1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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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 304569

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 304569
	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.	5/22/2024