RECEIVED:	REVIEWER:	TYPE:	APP NO:	
		ABOVE THIS TABLE FOR OCD	DIVISION USE ONLY	
		cO OIL CONSERV cal & Engineerin ancis Drive, Sant	g Bureau –	•
ZIHT	ADMINISTR CHECKLIST IS MANDATORY FOR AL	RATIVE APPLICAT		TO DIVISION RULES AND
11110		QUIRE PROCESSING AT TH		
Applicant:			OGF	RID Number:
Vell Name: Pool:			API:_ Pool	Code:
				THE TYPE OF APPLICATION
SUDIVIII ACCUR	ATE AND COMPLETE IN	INDICATED BELO		THE TIPE OF APPLICATION
A. Location	ICATION: Check those n – Spacing Unit – Simuli NSL NSP(PR		on _]sd
[1] Con [one only for [1] or [11] nmingling – Storage – M DHC DCTB P ction – Disposal – Pressu WFX PMX S	LC □PC □(ıre Increase – Enh		_
A. Offse B. Roya C. Appl D. Notifi E. Notifi F. Surfa G. For a	N REQUIRED TO: Check toperators or lease hole lity, overriding royalty of cation requires published cation and/or concurred cation and/or concurred ce owner ll of the above, proof optice required	ders wners, revenue ov ed notice ent approval by Sl ent approval by B	wners LO LM	FOR OCD ONLY Notice Complete Application Content Complete ched, and/or,
administrative understand the	N: I hereby certify that a approval is accurate anat no action will be tall are submitted to the Div	and complete to ken on this applic	the best of my kr	nowledge. I also
N	lote: Statement must be comple	ted by an individual wit	h managerial and/or su	pervisory capacity.
			Date	
Print or Type Name				
			Phone Numbe	er
Cherylene	Weston			
Signature			e-mail Address	<u> </u>

<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240

<u>District II</u> 811 S. First St., Artesia, NM 88210 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410

<u>District IV</u>

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

APPLICATION FOR DOWNHOLE COMMINGLING _X_Yes ___No

Hilcorp Energy Company Operator		oad 3100, Aztec, NM 87410			
San Juan 29-7 Unit		29N-R07W	Rio Arriba County, NM		
Lease	Well No. Unit Letter	-Section-Township-Range	County		
OGRID No. 372171 Property Co	de 318713 API No. 30-0	039-21622 Lease Type: <u>X</u>	FederalStateFee		
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE		
Pool Name	Fruitland Coal	Blanco Pictured Cliffs	Blanco Mesaverde		
Pool Code	71629	72359	72319		
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)					
Method of Production (Flowing or Artificial Lift)	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)	249 psi	360 psi	804 psi		
Oil Gravity or Gas BTU (Degree API or Gas BTU)	878 BTU	1164 BTU	1217 BTU		
Producing, Shut-In or New Zone	New Zone	New Zone	Producing		
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: 2/1/2024 Rates: Oil - 11 bbl Gas - 2,995 mcf Water - 80 bbl		
Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil Gas	Oil Gas	Oil Gas		
than current or past production, supporting data or explanation will be required.)	% %	% %	% %		
	<u>ADDITIO</u>	NAL DATA			
Are all working, royalty and overriding If not, have all working, royalty and over			Yes No_X Yes No_X		
Are all produced fluids from all commi	ngled zones compatible with each	other?	YesX No		
Will commingling decrease the value of	f production?		Yes No_ X		
If this well is on, or communitized with or the United States Bureau of Land Ma			YesX No		
NMOCD Reference Case No. applicable	e to this well: R-10697		_		
Attachments: C-102 for each zone to be comming Production curve for each zone for For zones with no production histor Data to support allocation method of Notification list of working, royalty Any additional statements, data or of the support of	at least one year. (If not available, ry, estimated production rates and sor formula.	, attach explanation.) supporting data. or uncommon interest cases.			
	PRE-APPRO	OVED POOLS			
If application is	,	the following additional information wi	ll be required:		
List of other orders approving downhol List of all operators within the proposed Proof that all operators within the propo Bottomhole pressure data.	d Pre-Approved Pools				
I hereby certify that the information	above is true and complete to	the best of my knowledge and believe			
SIGNATURE Cherylene W	<u>/eston</u>	perations/Regulatory Tech-Sr.	_DATE4/29/2024		
TYPE OR PRINT NAME Chery	lene Weston	TELEPHONE NO. (713) 289-2615		
E-MAIL ADDRESS cwesto	on@hilcorp.com				

District I

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

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

Form C-102 August 1, 2011

Permit 359841

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name		
30-039-21622 71629		BASIN FRUITLAND COAL (GAS)		
4. Property Code	5. Property Name	6. Well No.		
318713	SAN JUAN 29 7 UNIT	082A		
7. OGRID No.	8. Operator Name	9. Elevation		
372171	HILCORP ENERGY COMPANY	6192		

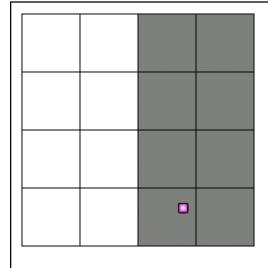
10. Surface Location

ſ	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County	
١	0	4	29N	07W		890	S	1630	l E		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 Ac 317.			13. Joint or Infill		14. Consolidation	n 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



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: Operations/Regulatory Tech-Sr.

Date: 2/15/2024

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: David Kilven
Date of Survey: 10/10/1977
Certificate Number: 1760

Form C-102 August 1, 2011

Permit 359841

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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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-21622	2. Pool Code 72359	3. Pool Name BLANCO PICTURED CLIFFS (GAS)
4. Property Code 318713	5. Property Name SAN JUAN 29 7 UNIT	6. Well No. 082A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6192

10. Surface Location

ſ	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County	
١	0	4	29N	07W		890	S	1630	l E		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 / 160	Acres 0.00		13. Joint or Infill		14. Consolidatio	n Code		15. Order No.	

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Surveyed By:

David Kilven

Date of Survey:

10/10/1977

Certificate Number:

1760

All distances must be from the outer boundaries of the Section. Operator Well No. 82A EL PASO NATURAL GAS COMPANY SAN JUAN 29-7 UNIT (SF-078919) Unit Letter Section Township County 29-N RIO ARRIBA Actual Ecotage Location of Well: 068 1630 EAST feet from the line and feet from the line Ground Level Elev. Producing Formation Pool Dedicated Acreage: 6192 MESA VERDE BLANCO MESA VERDE 317.38 Acres 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc? If answer is "yes," type of consolidation Unitization Yes 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. CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Name Drilling Clerk Position Paso Natural Gas January 12, 1978 SECOMON 4 I hereby certify that the well location shown on this plat was plotted from field notes of uctual surveys made by me or under my supervision, and that the same SF-078919 is true and correct to the best of my knowledge and belief. 1630 OCTOBER 10, 1977 Registerea Professional Engineer

San Juan 29-7 Unit 82A Production Allocation Method – Subtraction

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.

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/Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation.

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

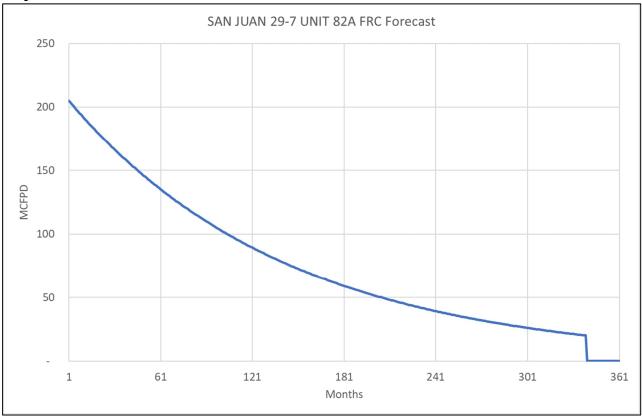
Formation	Remaining Reserves (MMcf)	% Gas Allocation		
Fruitland Coal	820	69%		
Pictured Cliffs	364	31%		

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.

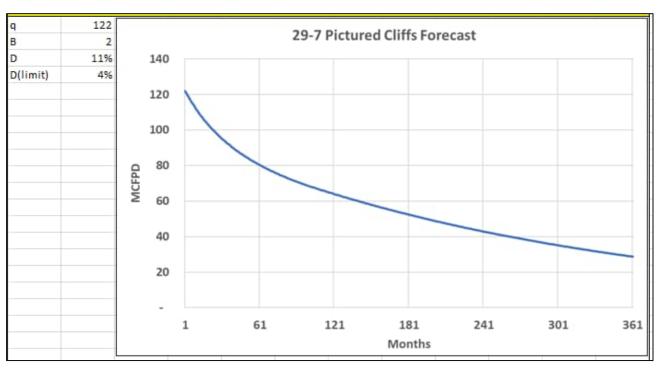




Proposed Zone 1 Forecast – Fruitland Coal



Proposed Zone 2 Forecast – Pictured Cliffs



Oil Allocation:

Oil production will be a fixed allocation of 100% to the Mesaverde based on actual formation yields from the well. The Fruitland Coal and Pictured Cliffs have not historically produced oil in this area.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	0.54	652	100%
FRC	0.00	820	0%
PC	0.00	364	0%
	0.00	0	0%

Current Zone - Mesaverde Oil Yield

Current Zone 1 Oil Yield Map										
	Mesav	0.54	BO/N	IMCF						
Gp	1,697	MMscf								
Qcond	915	stb								
Yield	0.54	bo/MM								



U.S. Department of the Interior BUREAU OF LAND MANAGEMENT Sundry Print Report

Well Name: SAN JUAN 29-7 UNIT Well Location: T29N / R7W / SEC 4 /

SWSE / 36.750443 / -107.572739

County or Parish/State: RIO

ARRIBA / NM

Well Number: 82A Type of Well: CONVENTIONAL GAS

WELL

Allottee or Tribe Name:

Lease Number: NMSF078919

Unit or CA Name: SAN JUAN 29-7

UNIT--MV

Unit or CA Number:

NMNM78417A

US Well Number: 3003921622

Well Status: Producing Gas Well

Operator: HILCORP ENERGY

COMPANY

Notice of Intent

Sundry ID: 2777013

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 02/27/2024

Time Sundry Submitted: 03:48

Date proposed operation will begin: 06/01/2024

Procedure Description: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal & Pictured Cliffs formations and downhole commingle with the existing Mesaverde formation. Please see the attached procedure, current and proposed wellbore diagram, plats and natural gas management plan. A closed loop system will be used. Hilcorp will contact the FFO Surface group within 90 days after the well has been recompleted, before any interim reclamation work, to conduct the onsite. A reclamation plan will be submitted after the onsite. The new completions are within the Fruitland Coal (22nd Exp) and Pictured Cliffs (18th Exp) P/A's.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

SJ_29_7_Unit_82A_FRC_PC_RC_NOI_20240227154622.pdf

Well Name: SAN JUAN 29-7 UNIT Well Location: T29N / R7W / SEC 4 / County or Parish/State: RIO

SWSE / 36.750443 / -107.572739

Well Number: 82A Type of Well: CONVENTIONAL GAS Allottee or Tribe Name:

WELL

Lease Number: NMSF078919 Unit or CA Name: SAN JUAN 29-7

UNIT--MV

Unit or CA Number:

NMNM78417A

US Well Number: 3003921622 **Well Status:** Producing Gas Well **Operator:** HILCORP ENERGY

COMPANY

ARRIBA / NM

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: MAR 06, 2024 01:05 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: KENNETH G RENNICK BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742 BLM POC Email Address: krennick@blm.gov

Disposition: Approved **Disposition Date:** 03/06/2024

Signature: Kenneth Rennick



San Juan 29-7 Unit 82A RECOMPLETION SUNDRY

Prepared by:	Matthew Esz
Preparation Date:	February 14, 2024

	WELL INFORMATION							
Well Name:	San Juan 29-7 Unit 82A	State:	NM					
API#:	3003921622	County:						
Area:	10	Location:						
Route:	1000	Latitude:						
Spud Date:	May 1, 1978	Longitude:						

PROJECT DESCRIPTION

Perforate, fracture, and comingle the Fruitland Coal and Pictured Cliffs with the existing Mesa Verde zone.

CONTACTS								
Title	Title Name Office Phone #							
Engineer	Matthew Esz		770-843-9226					
Area Foreman	Ryan Frost							
Lead								
Artificial Lift Tech								
Operator								



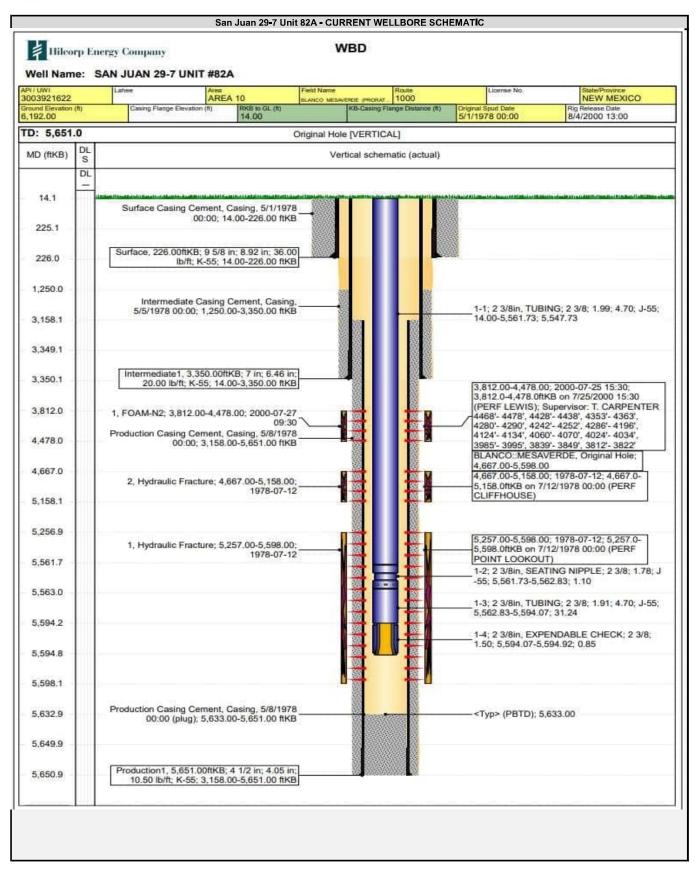
HILCORP ENERGY COMPANY San Juan 29-7 Unit 82A RECOMPLETION SUNDRY

JOB PROCEDURES

- 1. MIRU service rig and associated equipment; test BOP.
- 2. TOOH with 2-3/8" tubing set at 5,594'.
- 3. Set a 4-1/2" plug at +/- 3,787' to isolate the Mesa Verde.
- 4. RU Wireline. Run CBL. Record Top of Cement.
- 5. Load the hole and pressure test the casing.
- 6. N/D BOP, N/U frac stack and pressure test frac stack.
- 7. Perforate and frac the Pictured Cliffs from 3030'-3164' and Fruitland Coal from 2821'-3030'.
- 8. Nipple down frac stack, nipple up BOP and test.
- 9. TIH with a mill and drill out top isolation plug and Fruitland Coal/ Pictured Cliffs frac plugs.
- 10. Clean out to Mesa Verde isolation plug.
- 11. Drill out Mesa Verde isolation plug and cleanout to PBTD of 5,633'. TOOH.
- 12. TIH and land production tubing. Get a commingled Fruitland Coal/Pictured Cliffs/Mesa Verde flow rate.

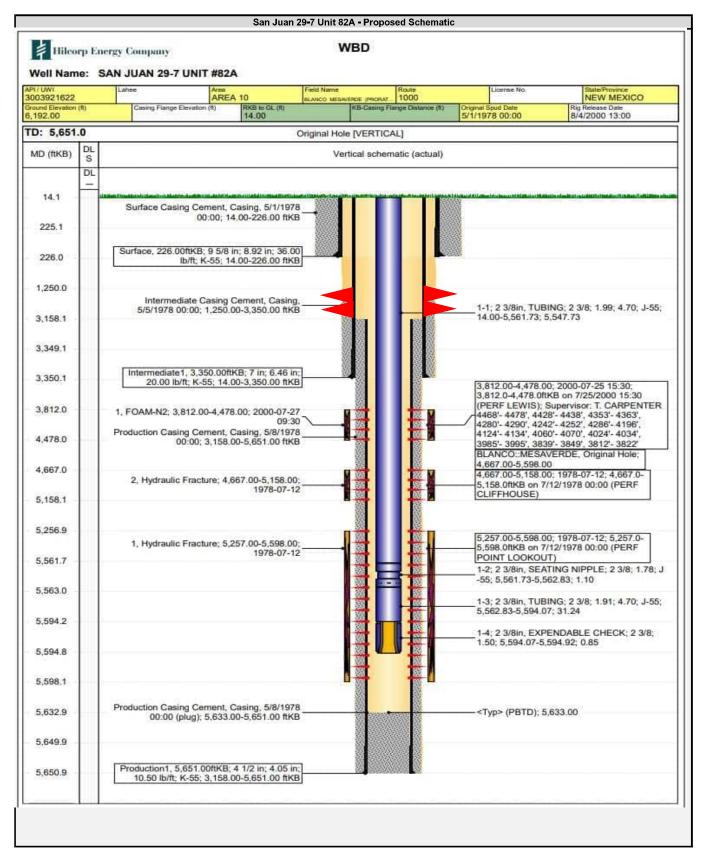


HILCORP ENERGY COMPANY San Juan 29-7 Unit 82A RECOMPLETION SUNDRY





HILCORP ENERGY COMPANY San Juan 29-7 Unit 82A RECOMPLETION SUNDRY



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

Santa Fe, NM 87505

Form C-102 August 1, 2011

Permit 359841

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-21622	2. Pool Code 71629	3, Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 318713	5. Property Name SAN JUAN 29 7 UNIT	6. Well No. 082A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6192

10. Surface Location

_											
	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County	
	0	4	29N	07W		890	S	1630	l E		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 Ao 317.			13. Joint or Infill		14. Consolidatio	n Code		15. Order No.	

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E-Signed By: Cherylene Weston

Title: Operations/Regulatory Tech-Sr.

Date: 2/15/2024

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Surveyed By:

David Kilven

Date of Survey:

10/10/1977

Certificate Number:

1760

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Form C-102 August 1, 2011

Permit 359841

WELL LOCATION AND ACREAGE DEDICATION PLAT

1, API Number 30-039-21622	2, Pool Code 72359	3. Pool Name BLANCO PICTURED CLIFFS (GAS)
4. Property Code 318713	5. Property Name SAN JUAN 29 7 UNIT	6. Well No. 082A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6192

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County	
0	4	29N	07W		890	S	1630	E		RIO ARRIBA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot i dn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Additional 160.			13. Joint or Infill		14. Consolidatio	n Code		15. Order No.	

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David Kilven

Date of Survey:

10/10/1977

Certificate Number:

1760

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 <u>Effective May 25, 2021</u>

I. Operator: Hilcorp E	nergy Compan	у	OGRID:	372171	Date:	02 / 15 / 2024			
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	e:								
III. Well(s): Provide the be recompleted from a s					wells proposed to	be drilled or proposed to			
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D			
SJ 29-7 Unit 82A	3003921622	O-4-29N-07W	890 FSL & 1630 FEL	0 bbl/d	205 mcf/d	1 bbl/d			
proposed to be recompl	le: Provide the eted from a sing	following inform gle well pad or co	ation for each new	al delivery point.	vell or set of wells	19.15.27.9(D)(1) NMAC] s proposed to be drilled or			
Well Name	API	Spud Date	TD Reached Date	Completion Commencement					
SJ 29-7 Unit 82A	3003921622					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. \square 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 or
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 \square will \square will not have capacity t	to gather 100% of the anticipated natural gas
production volume from the well prior to the date of first production.	

XIII. I	Line Pressure.	Operator [☐ does ☐ does no	t anticipate	that its existin	g well(s) conne	cted to the s	ame segment,	or portion,	of the
natura	l gas gathering	system(s) d	described above w	ill continue	to meet anticip	pated increases	in line press	sure caused by	the new we	ell(s).

Attach C	operator's	plan to	manage	production	in res	ponse to	the	increased	line	pressure.

XIV. (Confidentiality: [☐ Operator asserts	confidentiality	pursuant to	Section	71 - 2-8 NM	SA 1978 fo	r the inf	formation	provided in
Section	n 2 as provided in 1	Paragraph (2) of Su	bsection D of 1	9.15.27.9 NN	MAC, and	d attaches a	full descript	ion of th	e specific	information
for wh	ich confidentiality	is asserted and the	basis for such a	ssertion.						

Section 3 - Certifications <u>Effective May 25, 2021</u>

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. \square 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. \square 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: power generation on lease; (a) **(b)** power generation for grid; (c) compression on lease; (d) liquids removal on lease; (e) reinjection for underground storage;

- **(f)** reinjection for temporary storage;
- reinjection for enhanced oil recovery; (g)
- fuel cell production; and (h)
- (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
- Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas (b) 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 Westen
Printed Name:	Cherylene Weston
Title:	Operations/Regulatory Tech-Sr.
E-mail Address:	cweston@hilcorp.com
Date:	2/15/2024
Phone:	713-289-2615
	OIL CONSERVATION DIVISION
	(Only applicable when submitted as a standalone form)
Approved By:	
Title:	
Approval Date:	
Conditions of App	proval:

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-
- 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.

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1625 N. French Dr., Hobbs, NM 88240
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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

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 334334

CONDITIONS

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street	Action Number:
Houston, TX 77002	334334
	Action Type:
	[C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Notify NMOCD 24 Hours Prior to beginning operations.	4/17/2024
dmcclure	DHC required	4/17/2024
dmcclure	All conducted logs shall be submitted to the Division as a [UF-WL] EP Well Log Submission (WellLog).	4/17/2024
dmcclure	The appropriate compliance officer supervisor shall be consulted and remedial action conducted as directed if the cement sheath around the casing is not adequate to protect the casing and isolate strata from: (a) the uppermost perforation in each added pool to at least 150 feet above that perforation; and (b) the lowermost perforation in each added pool to at least 100 feet below that perforation.	4/17/2024



April 30, 2024

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

Re: C-107A (Downhole Commingle)

San Juan 29-7 Unit 82A API No. 30-039-21622 Section 04, T29N-R07W Rio Arriba County, NM

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

Interest is diverse between the formations listed below:

• Fruitland Coal Pool Code: 71629

Blanco Pictured Cliffs Pool Code:72359

Blanco Mesaverde Pool Code: 72319

Order No. R-10697 waives the notice requirement and thus no notices will be sent.

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

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

Sincerely,

By: HILCORP ENERGY COMPANY, Its General Partner

Charles E (Chuck) Creekmore

Division Landman

Hilcorp Energy Company

1111 Travis Street, Houston TX 77002 PO Box 61229, Houston TX 77208-1229

Main: 713/209-2400; Direct: 832/839-4601 Cell: 505/320-9910; Fax: 713/209-

2420

ccreekmore@hilcorp.com

From: <u>McClure, Dean, EMNRD</u> on behalf of <u>Engineer, OCD, EMNRD</u>

To: <u>Cheryl Weston</u>; <u>Mandi Walker</u>

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-5385

Date: Wednesday, May 22, 2024 3:45:17 PM

Attachments: DHC5385 Order.pdf

NMOCD has issued Administrative Order DHC-5385 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: San Juan 29 7 Unit #82A

Well API: 30-039-21622

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

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-5385

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 shutin or flowing well bore pressure in excess of the commingled pool's fracture parting pressure.
- 4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
- 5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
- 6. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-10697.
- 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

Order No. DHC-5385 Page 1 of 3

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. zero percent (0%) shall be allocated to the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629);
 - b. zero percent (0%) shall be allocated to the BLANCO PICTURED CLIFFS (GAS) pool (pool ID: 72359); and
 - c. one hundred percent (100%) 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); and
- b. the BLANCO PICTURED CLIFFS (GAS) pool (pool ID: 72359).

The current pool(s) are:

a. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

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

- a. sixty-nine percent (69%) shall be allocated to the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629); and
- b. thirty-one percent (31%) shall be allocated to the BLANCO PICTURED CLIFFS (GAS) pool (pool ID: 72359).

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

Order No. DHC-5385 Page 2 of 3

- or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.
- 3. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
- 4. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
- 5. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
- 6. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 7. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
- 8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

STATE OF NEW MEXICO **OIL CONSERVATION DIVISION**

DYLAN M. FUGE

DIRECTOR (ACTING)

DATE: 5/22/24

Order No. DHC-5385 Page 3 of 3 **Intermediate Zone**

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: DHC-5385

Operator: Hilcorp Energy Company (372171)

Well Name: San Juan 29 7 Unit #82A

Well API: 30-039-21622

Pool Name: BASIN FRUITLAND COAL (GAS)

Upper Zone Pool ID: 71629 Current: New: X
Allocation: Oil: 0.0% Gas: 69.0%

Top: 2,821 Bottom: 3,030

Pool Name: BLANCO PICTURED CLIFFS (GAS)

Pool ID: 72359 Current: New: X

Allocation: Oil: 0.0% Gas: 31.0%

Top: 3,030 Bottom: 3,164

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

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

Pool ID: 72319 Current: X New:

Allocation: Oil: 100.0% Gas: Curve

Top: 3,812 Bottom: 5,598

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

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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 339047

CONDITIONS

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street	Action Number:
Houston, TX 77002	339047
	Action Type:
	[C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By		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