

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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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

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

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

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.

 Print or Type Name

Cherylene Weston

Signature

 Date

 Phone Number

 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

Zachry

50

E-35-T29N-R10W

San Juan County, NM

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 318769 API No. 30-045-25597 Lease Type: X Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Otero Chacra	Blanco Mesaverde	Armenta Gallup
Pool Code	82329	72319	2290
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2540' - 3480'	3772' - 4473'	5418' - 5991'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	NEW ZONE
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)	160 psi	206 psi	240 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1190 BTU	1266 BTU	1249 BTU
Producing, Shut-In or New Zone	Producing	Producing	NEW ZONE
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: 1/1/2024 Oil - 0 bbl Rates: Gas - 695 mcf Water - 0 bbl	Date: 1/1/2024 Oil - 3 bbl Rates: Gas - 391 mcf Water - 0 bbl	Date: Rates:
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 ____ No X ____

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes X ____ 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

4/10/2024

TYPE OR PRINT NAME

Cherylene Weston

TELEPHONE NO. (713)

289-2615

E-MAIL ADDRESS

cweston@hilcorp.com

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 363227

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-25597	2. Pool Code 2290	3. Pool Name ARMENTA-GALLUP (O)
4. Property Code 318769	5. Property Name ZACHRY	6. Well No. 050
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5645

10. Surface Location

UL - Lot E	Section 35	Township 29N	Range 10W	Lot Idn	Feet From 1846	N/S Line N	Feet From 621	E/W Line W	County SAN JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

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

	OPERATOR CERTIFICATION	
	<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>	
	E-Signed By: Cherylene Weston Title: Operations/Regulatory Tech-Sr. Date: 4/5/2024	
	SURVEYOR CERTIFICATION	
	<i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
	Surveyed By: Michael Daly Date of Survey: 11/29/1982 Certificate Number: 5992	

Submit to Any Applicant
District Office -
State Lands - 4 copies
Fee Letter - 3 copies

~~State of New Mexico~~
~~Energy, Minerals and Natural Resources Department~~

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BLM
FEB 13 1994

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

94 JAN 13 PM 2:50

070 FARMINGTON, NM

DISTRICT I
P.O. Box 1901, Hobbs, NM 88240

DISTRICT II
P.O. Drawer 60, Arama, NM 88210

DISTRICT III
1000 Rio Sam in S.A. Arama, NM 87430

WELL LOCATION AND ACREAGE DEDICATION PLAT

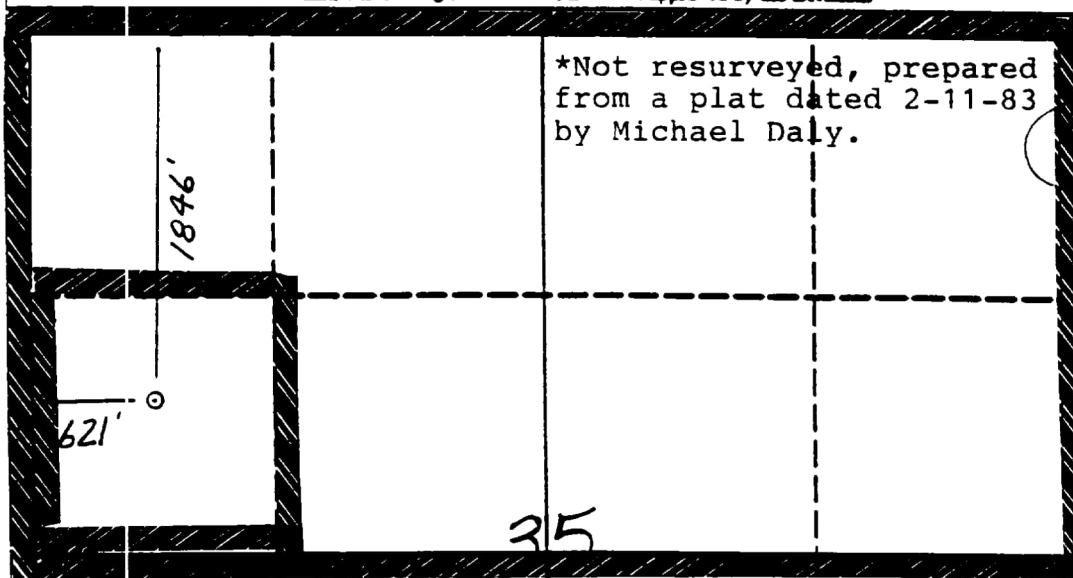
All Distances must be from the outer boundaries of the section

Operator Meridian Oil Inc.		Lease Zachry		Well No. 50
Unit Letter E	Section 35	Township 29 North	Range 10 West	County San Juan
Amount Feeding & Location of Well: 1846 North line and 621 West feet from the line and feet from the line				
Ground level Elev. 5633'	Producing Formation Mesa Verde/Gallup	Pool Blanco/Armenta	Delimited Acreage 320/40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or Indian marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by commutation, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation: _____

If answer is "no" list the owners and trust discrepancies which have actually been consolidated. (Use reverse side of this form if necessary.)

No allotments will be assigned to the well until all interests have been consolidated (by commutation, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

Peggy Bradfield
Signature

Peggy Bradfield

Printed Name

Regulatory Representative

Position

Meridian Oil Inc.

Company

1-12-94

Date

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 knowledge and belief. 1-11-93

Date Surveyed
Needle Creek
Professional Surveyor
9857

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JAN 28 1994

OIL CON. DIV.
DIST

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-102

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

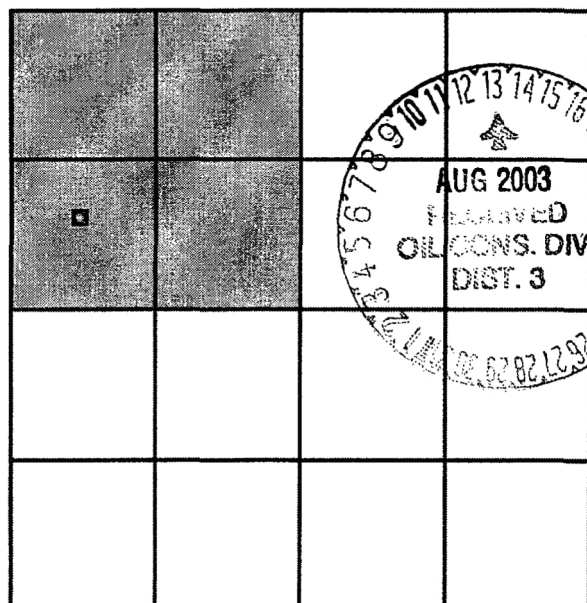
API Number 30-045-25597	Pool Name OTERO CHACRA (GAS)	Pool Code 82329
Property Code 7654	Property Name ZACHRY	Well No. 050
OGRID No. 14538	Operator Name Burlington Resources Oil and Gas Company	Elevation 5633

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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Bottom Hole Location If Different From Surface

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	35	29N	10W		1846	N	621	W	San Juan
Dedicated Acres 160		Joint or Infill		Consolidation Code		Order No.			



OPERATOR CERTIFICATION

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

Signed By: *Regulatory Supervisor*

Title: Regulatory Supervisor

Date: 8/4/2003

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.

Signed By: Michael Daly

Date of Survey: 11/29/1982

Certificate Number: 5992

Zachry 50 Allocation

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

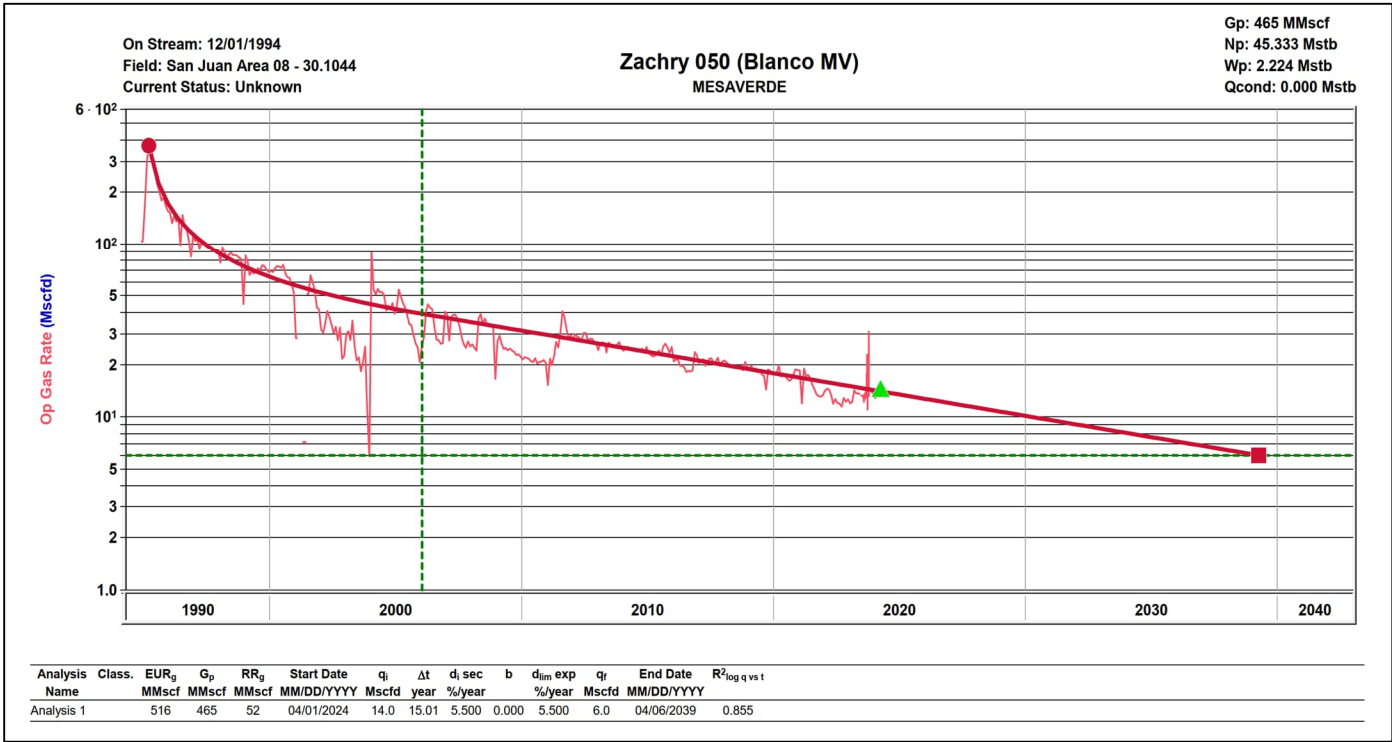
Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formations are the Mesaverde/Chacra and the added formation to be commingled is the Gallup. 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.

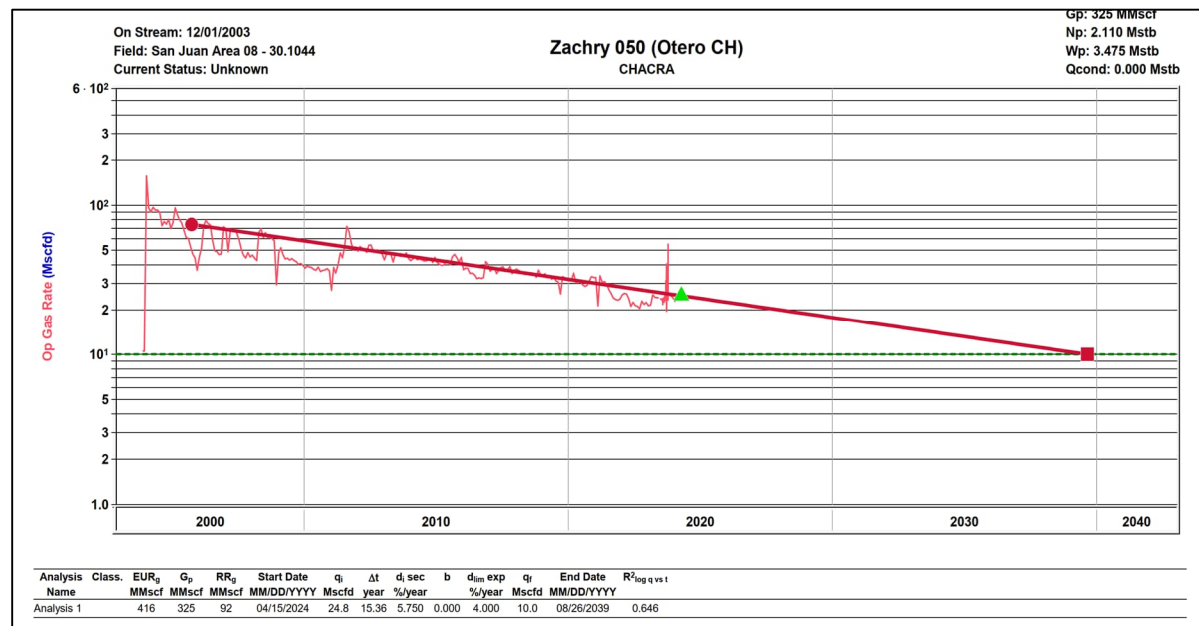
Hilcorp intends to continue to allocate the projected base production on the same fixed percentages to the following pools 36% (MV), 64% (CH) while the subtraction method is being used to determine the allocation to the new zone.

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.

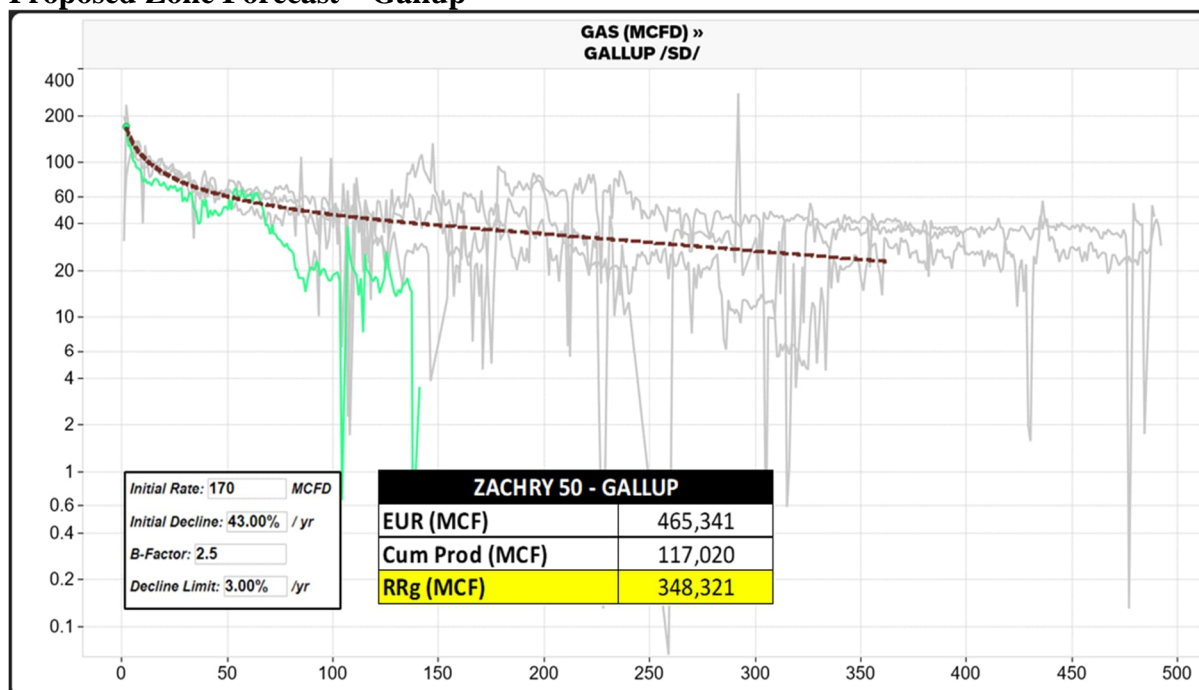
Current Zone 1 Forecast – Mesaverde



Current Zone 2 Forecast – Chacra



Proposed Zone Forecast – Gallup



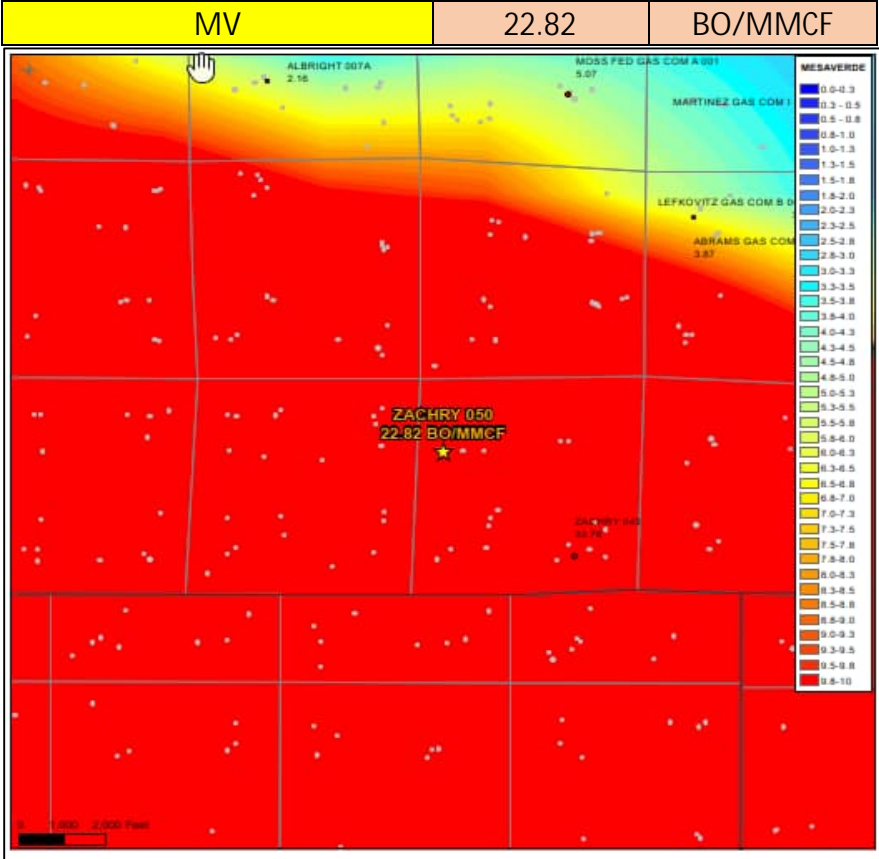
Green shows previous Zachry 50 Gallup prod. Gray shows offset Gallup only prod performance as reference for Type curve.

Oil Allocation:

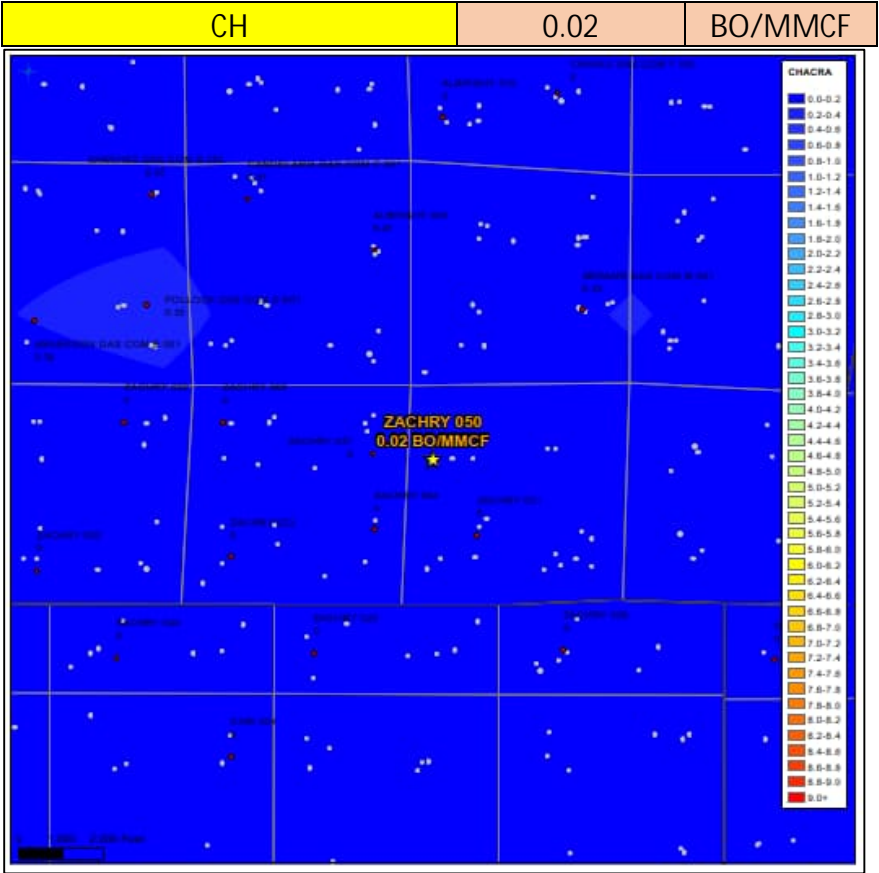
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	22.82	52	8%
CHACRA	0.02	92	0%
GALLUP	38	348	92%

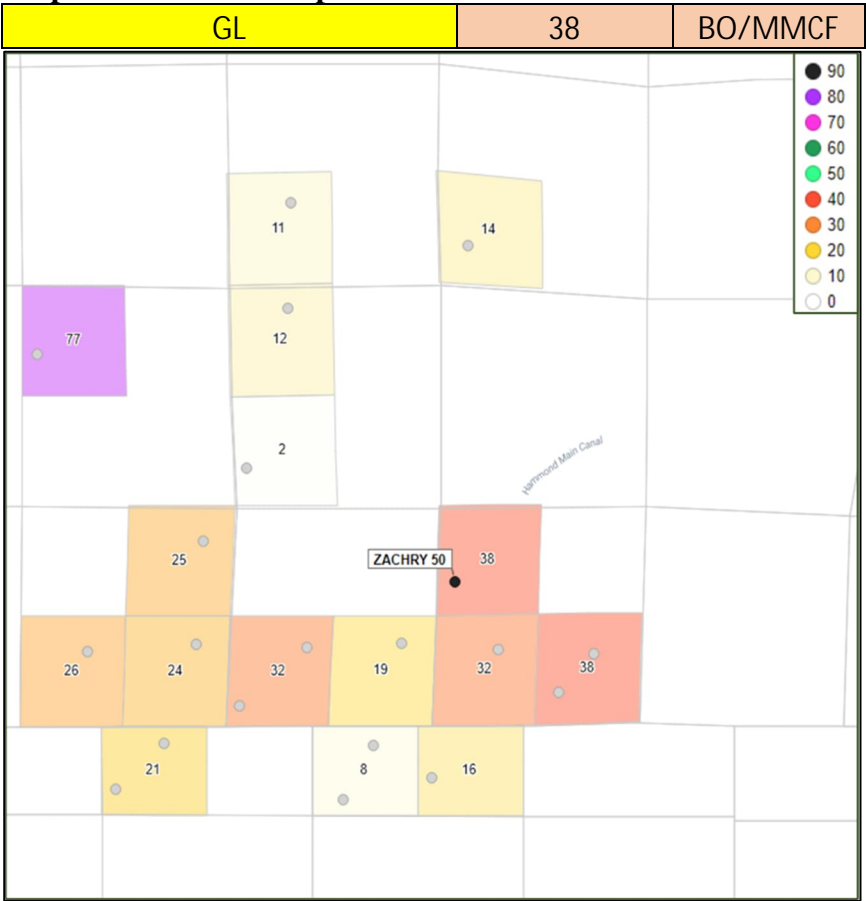
Current Zone 1 – Mesaverde Oil Yield



Current Zone 2 – Chacra Oil Yield



Proposed Zone – Gallup Oil Yield



Well Name: ZACHRY	Well Location: T29N / R10W / SEC 35 / SWNW / 36.68477 / -107.86061	County or Parish/State: SAN JUAN / NM
Well Number: 50	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF080724A	Unit or CA Name: ZACHRY - CHACRA	Unit or CA Number: NMNM110438, NMNM110440
US Well Number: 3004525597	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2783671

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 04/05/2024

Time Sundry Submitted: 08:52

Date proposed operation will begin: 05/01/2024

Procedure Description: Hilcorp Energy Company requests permission to commingle the existing Chacra, Mesaverde and Gallup formations per the attached procedure. The DHC will be applied for.

NOI Attachments

Procedure Description

Zachry_50_DHC_NOI_20240405085216.pdf

Well Name: ZACHRY

Well Location: T29N / R10W / SEC 35 /
SWNW / 36.68477 / -107.86061

County or Parish/State: SAN
JUAN / NM

Well Number: 50

Type of Well: OIL WELL

Allottee or Tribe Name:

Lease Number: NMSF080724A

Unit or CA Name: ZACHRY - CHACRA

Unit or CA Number:
NMNM110438, NMNM110440

US Well Number: 3004525597

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: APR 05, 2024 08:52 AM

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: 04/08/2024

Signature: Kenneth Rennick



**HILCORP ENERGY COMPANY
ZACHRY #50
DOWNHOLE COMMINGLE NOI SUNDRY
API 3004525597**

JOB PROCEDURES

1. MRU workover rig and associated equipment; NU and test BOP.
2. TOOH with rods and tubing.
3. Run in hole with workstring and bit. Drill out cement (5,331') and drill out CIBP covering the Gallup (5,366'). Clean out to PBTD (6,014').
4. Pull OOH w/ drill out assembly.
5. TIH and land production tubing. RDMO workover rig. Return well to production as a **Chacra/Mesaverde/Gallup Producer.**



**HILCORP ENERGY COMPANY
ZACHRY #50
DOWNHOLE COMMINGLE NOI SUNDRY**

ZACHRY #50 - CURRENT WELLBORE SCHEMATIC

Schematic - Current

Well Name: ZACHRY #50

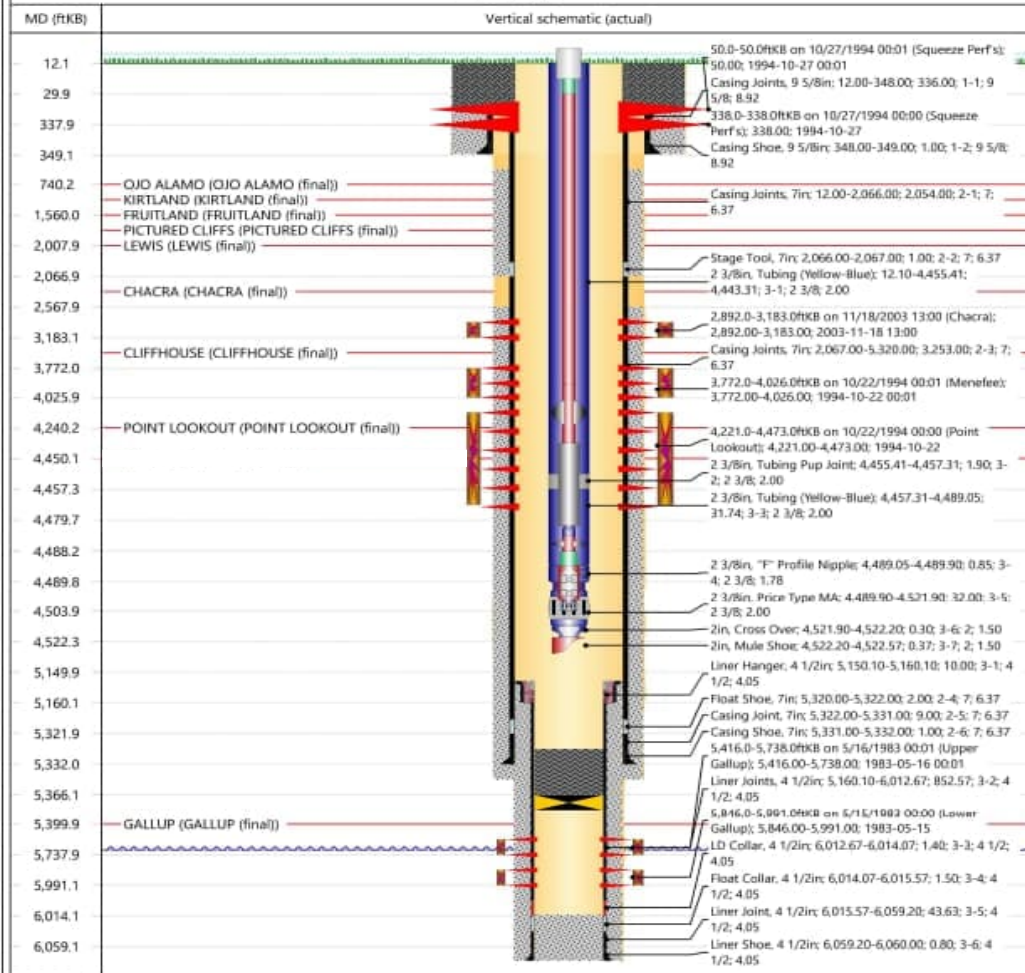
API / URR 3004525597	Surface Legal Location 035-029N-010W-E	Field Name BLANCO MV (PRD)	License No. #0078	State/Province NEW MEXICO	Well Configuration Type Vertical
Original KBWT Elevation (ft) 5,645.00	RKB to GL (ft) 12.00	Original Spud Date 3/18/1983 00:00	Rig Release Date 4/3/1997 11:30	PETD (API) Original Hole - 5,331.0	Total Depth At (TVD) Original Hole - 6,059.3

Most Recent Job

Job Category WELL INTERVENTION	Primary Job Type ROD RIG WORK	Secondary Job Type FILLISH	Actual Start Date 11/02/2016	End Date 11/10/2016
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TD: 6,060.0

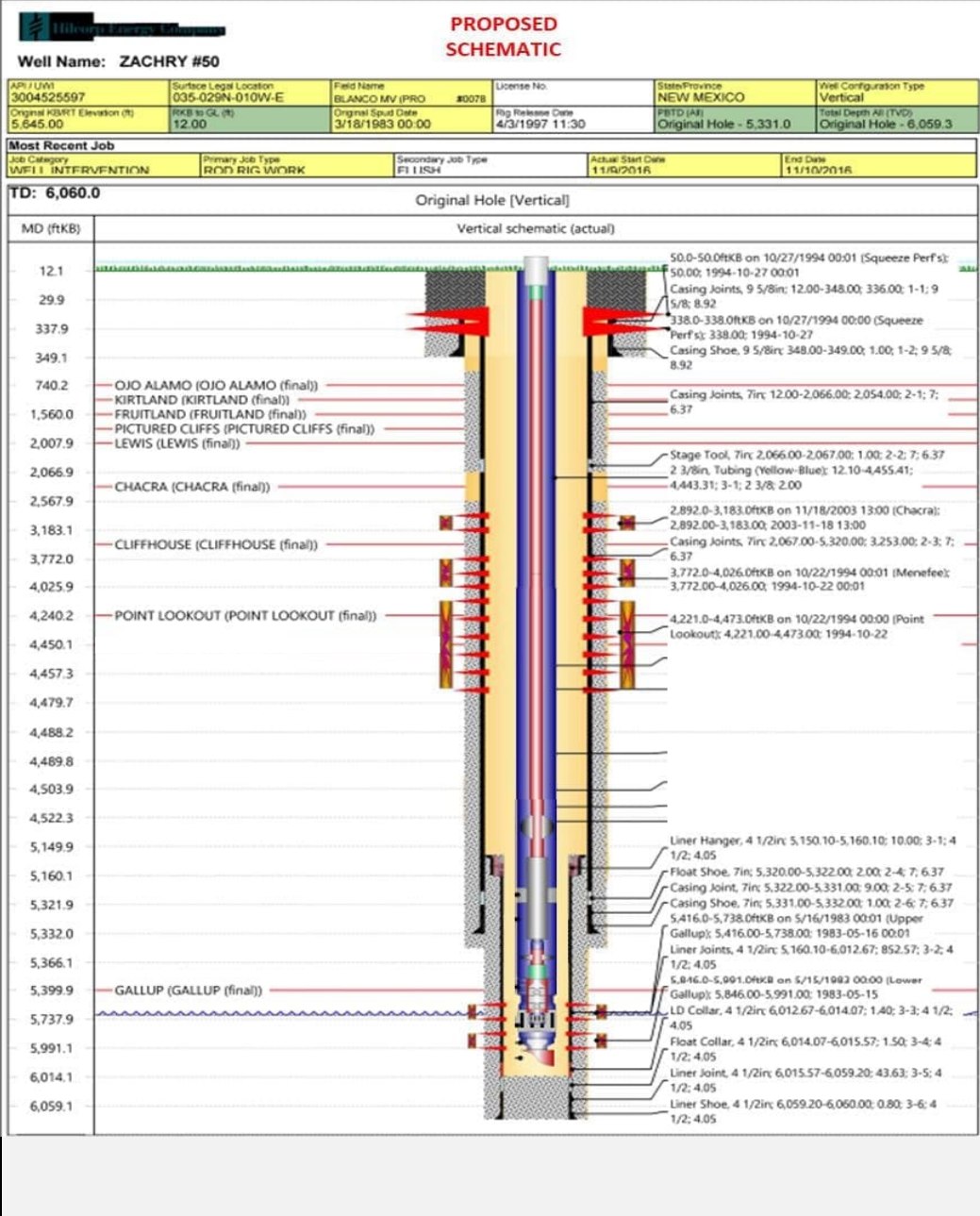
Original Hole [Vertical]





HILCORP ENERGY COMPANY
ZACHRY #50
DOWNHOLE COMMINGLE NOI SUNDRY

ZACHRY #50 - PROPOSED WELLBORE SCHEMATIC



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

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

Form C-102

August 1, 2011

Permit 363227

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-25597	2. Pool Code 2290	3. Pool Name ARMENTA-GALLUP (O)
4. Property Code 318769	5. Property Name ZACHRY	6. Well No. 050
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5645

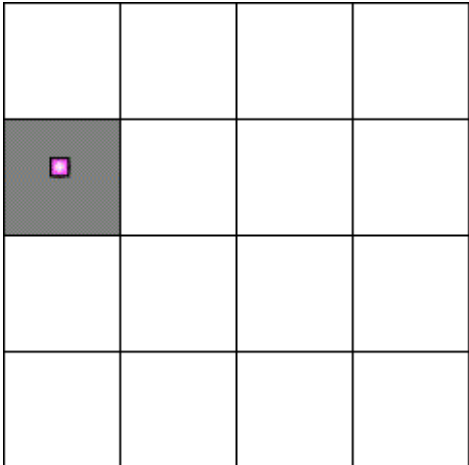
10. Surface Location

UL - Lot E	Section 35	Township 29N	Range 10W	Lot Idn	Feet From 1846	N/S Line N	Feet From 621	E/W Line W	County 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 40.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

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

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>Cherylene Weston</i> Title: Operations/Regulatory Tech-Sr. Date: 4/5/2024</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Michael Daly Date of Survey: 11/29/1982 Certificate Number: 5992</p>
-----------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

District I
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

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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 332361

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 332361
	Action Type: [C-103] NOI Workover (C-103G)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	For future submissions, please submit re-entry into plugged zones as a [C-103] NOI Recompletion (C-103E)	4/15/2024
dmcclure	Once work is conducted, submit a C-103T.	4/15/2024



April 12, 2024

Mailed Certified / Electronic Return Receipt Requested

To: ALL INTEREST OWNERS

RE: Application to Downhole Commingle Production
Well: Zachry 050
API: 30-045-25597
Section 35, Township 29 North, Range 10 West
San Juan County, New Mexico

Ladies and Gentlemen:

Hilcorp Energy Company ("Hilcorp"), as Operator of the subject well, has filed application with the New Mexico Oil Conservation Division for approval to downhole commingle production from the **Gallup**, a formation Hilcorp soon intends to bring online, with existing production from the **Chacra and Mesaverde** formations.

This letter and the application copy enclosed serve to provide you, an owner in one or more of the aforementioned formations, with written notice as prescribed by Subsection C of 19.15.12.11 New Mexico Administrative Code.

No action is required by you *unless* you wish to file an objection to this application.

Any objections or requests for hearing must be submitted to the NMOCD's Santa Fe office, in writing, within twenty (20) days from the date the NMOCD receives the subject application.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carson Rice', is written over a faint circular official stamp.

Carson Rice
Landman – San Juan North

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

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1000 Rio Brazos Road, Aztec, NM 87410

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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
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company

382 Road 3100, Aztec, NM 87410

Operator

Address

Zachry

50

E-35-T29N-R10W

San Juan County, NM

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 318769 API No. 30-045-25597 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Otero Chacra	Blanco Mesaverde	Amenta Gallup
Pool Code	82329	72319	2290
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2540' - 3480'	3772' - 4473'	5418' - 5991'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	NEW ZONE
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)	160 psi	206 psi	240 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1190 BTU	1266 BTU	1249 BTU
Producing, Shut-In or New Zone	Producing	Producing	NEW ZONE
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.)	1/1/2024 Date: Oil - 0 bbl Rates: Gas - 695 mcf Water - 0 bbl	1/1/2024 Date: Oil - 3 bbl Rates: Gas - 391 mcf Water - 0 bbl	Date: Rates:
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?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes _____ No ☒
Yes ☒ No _____

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No _____

Will commingling decrease the value of production?

Yes _____ No ☒

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 ☒ 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

4/10/2024

TYPE OR PRINT NAME

Cherylene Weston

TELEPHONE NO. (713)

289-2615

E-MAIL ADDRESS

cweston@hilcorp.com

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901834654145	Brenda Guzman	, OFFICE OF NATURAL RESOURCES REVENUE, LAKEWOOD ACCTG CENT ONSHORE, DENVER, CO, 80225-0627 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654152	Brenda Guzman	, SAMUEL D HAAS, , SANTA FE, NM, 87506-0000 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654169	Brenda Guzman	, WILLIAM C EILAND, , MIDLAND, TX, 79702 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654176	Brenda Guzman	, MARTHA LUCKETT, , CHICAGO, IL, 60609 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654183	Brenda Guzman	, RICHARD ALAN BOYD, , ROY, UT, 84067 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654190	Brenda Guzman	, CINDY SUE HILL, , MELBA, ID, 83641-5057 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654206	Brenda Guzman	, MARY ELIZABETH HOLT, , GREEN VALLEY, AZ, 85614 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654213	Brenda Guzman	, GUY DAVID WARD, , SPRING HILL, TN, 37174 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654220	Brenda Guzman	, TIMOTHY WINSTON WARD, , CARROLLTON, TX, 75007 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654237	Brenda Guzman	, CLAIR H BLACK, and GWEN A BLACK, SYRACUSE, UT, 84075 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654244	Brenda Guzman	, REX EDWARD BLACK, , BOISE, ID, 83709 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654251	Brenda Guzman	, MICHAEL DWAYNE BLACK, , TUCSON, AZ, 85718 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654268	Brenda Guzman	, SAMUEL JAMES BLACK, , HOLLADAY, UT, 84117 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654275	Brenda Guzman	, IRISH FAMILY PROPERTIES LLC, , DALLAS, TX, 75205 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654282	Brenda Guzman	, JOHN H MCBEE, , BELLA VISTA, AR, 72715 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654299	Brenda Guzman	, ALVIS JACK MCBEE, , MONROE, LA, 71201- 2661 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654305	Brenda Guzman	, SUSANNA B MCBEE, , WASHINGTON, DC, 20016 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654312	Brenda Guzman	, DAVID ELBERT REESE, , RICHMOND, TX, 77469 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654329	Brenda Guzman	, M SEAN SMITH, , CYPRESS, TX, 77429 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654336	Brenda Guzman	, JEAN ASHLEY WARD CARTER, , HOUSTON, TX, 77062 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654343	Brenda Guzman	, LUCY IRENE JENSEN, , LAS VEGAS, NV, 89146-7066 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654350	Brenda Guzman	, CHARLES S ZACHRY, , MOUNT PLEASANT, TX, 75455 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654367	Brenda Guzman	, SUSAN FRY BRACKEN, , TYLER, TX, 75701 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654374	Brenda Guzman	, ANNA REBECCA WARD DELKRUG, , HOUSTON, TX, 77062	4/12/2024	

		Code: Zachry 50 DHC		Signature Pending
92148969009997901834654381	Brenda Guzman	, JEANNE ELIZABETH DILLION, , BOISE, ID, 83716 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654398	Brenda Guzman	, JAMES L FASHING, , EL PASO, TX, 79903 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654404	Brenda Guzman	, FHW OIL and GAS LTD, , EL PASO, TX, 79913 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654411	Brenda Guzman	, JOY GAIL BLACK HARTLEY, , NAMPA, ID, 83686 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654428	Brenda Guzman	, LAURA A HILL TRUST, BANK OF AMERICA NA TRUSTEE, DALLAS, TX, 75284-0738 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654435	Brenda Guzman	, THURMAN FAMILY LLC, , SONORA, KY, 42776 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654442	Brenda Guzman	, MOLLYE ZACHRY TILLMAN, , COOKVILLE, TX, 75558 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654459	Brenda Guzman	, GRAYFORE PARTNERS LP, , LUBBOCK, TX, 79499-8670 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654466	Brenda Guzman	, GRIFFITH and STONE ROYALTY, A TEXAS PARTNERSHIP, BELLAIRE, TX, 77401-3712 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654473	Brenda Guzman	, BETTY T JOHNSTON MARITAL TRUST, BETTY T JOHNSTON TOM N AUNE, HOUSTON, TX, 77040 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654480	Brenda Guzman	, V A JOHNSTON LTD, , AUSTIN, TX, 78703 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654497	Brenda Guzman	, JOHN L MITCHELL, , ROOSEVELT, UT, 84066-4587 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654503	Brenda Guzman	, ROSEMARY R MORIARTY, , HOUSTON, TX, 77079 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654510	Brenda Guzman	, MICHELE D SAAVEDRA, , MIDLAND, TX, 79706 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654527	Brenda Guzman	, SAN JUAN ROYALTY PARTNERS LLC, , HOUSTON, TX, 77024 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654534	Brenda Guzman	, SAN JUAN BASIN POOL LTD, , CLIFTON, TX, 76634 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654541	Brenda Guzman	, L DORIS WILLIAMS TRUST, DON D FORD III and JANE M CAROLUS, HOUSTON, TX, 77225-0606 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654558	Brenda Guzman	, TERENCE A ROBERTSON, , OVERLAND PARK, KS, 66213 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654565	Brenda Guzman	, RICHARD W ROBERTSON, , PRAIRIE VILLAGE, KS, 66208 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654572	Brenda Guzman	, JANICE L ROBERTSON, , HOUSTON, TX, 77005 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654589	Brenda Guzman	, ROGERS FAMILY TRUST, DAVID A ROGERS TRTEE, EL PASO, TX, 79913 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654596	Brenda Guzman	, GEMOCO LTD, , DALLAS, TX, 75287-7504 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654602	Brenda Guzman	, HUGH BLACK, , TUCSON, AZ, 85711-7312 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654619	Brenda Guzman	, HILLSON MINERAL TRUST, BANK OF AMERICA NA TRUSTEE, DALLAS, TX, 75284-0738 Code: Zachry 50 DHC	4/12/2024	Signature Pending

92148969009997901834654626	Brenda Guzman	, EULA MAY JOHNSTON TRUST 661, BANK OF AMERICA N A, DALLAS, TX, 75284-0738 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654633	Brenda Guzman	, ENDURING RESOURCES IV, LLC, , CENTENNIAL, CO, 80111 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654640	Brenda Guzman	, KAREN LAWRENCE COMBINATION TRUST, KAREN ANDREW LAWRENCE TTEE, NEW BRAUNFELS, TX, 78132 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654657	Brenda Guzman	, CHERYL DUFF COMBINATION TRUST, CHERLY ANDREW DUFF TTEE, HOUSTON, TX, 77056 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654664	Brenda Guzman	, KATHLEEN HERD COMBINATION TRUST, KATHLEEN ANDREW HERD TRUSTEE, HOUSTON, TX, 77057 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654671	Brenda Guzman	, SABINE HOLDINGS LP, , CARTHAGE, TX, 75633 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654688	Brenda Guzman	, ALLISON ANDREW COMBINATION TRUST, ALLISON ANDREW TRUSTEE, NEW BRAUNFELS, TX, 78132 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654695	Brenda Guzman	, MARY THURMAN TODD REV LVG TRUST, U/A MAY 9 2018, SONORA, KY, 42776 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654701	Brenda Guzman	, ROBERT WALTER LUNDELL, , HOUSTON, TX, 77063-2318 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654718	Brenda Guzman	, HAYMAKER HOLDING COMPANY LLC, , DALLAS, TX, 75320 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654725	Brenda Guzman	, LINDA JEANNE LUNDELL LINDSEY, , NACOGDOCHES, TX, 75963 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654732	Brenda Guzman	, CLAUDIA MARCIA LUNDELL GILMER, , GEORGETOWN, TX, 78628 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654749	Brenda Guzman	, GB SAFEWAY PROPERTY LTD, , KERRVILLE, TX, 78028 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654756	Brenda Guzman	, DIXIE LAKE ROYALTY LLC, , LONGVIEW, TX, 75606 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654763	Brenda Guzman	, ROY RANDOLPH REESE, , SUGAR LAND, TX, 77478 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654770	Brenda Guzman	, DON RICHARD ZACHRY IV, , MT PLEASANT, TX, 75456 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654787	Brenda Guzman	, WILSON REAL ESTATE COMPANY LLC, , LONGVIEW, TX, 75606 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654794	Brenda Guzman	, MARBAR HOLDINGS LLC, , BELLAIRE, TX, 77401 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654800	Brenda Guzman	, CHASE OIL CORPORATION, , ARTESIA, NM, 88211-1767 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654817	Brenda Guzman	, JOSHUA BLACK, , KUNA, ID, 93634 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654824	Brenda Guzman	, JESSICA C ROBERTSON, , KIMBERLY, ID, 83341 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654831	Brenda Guzman	, JACOB D BLACK, , HORSE SHOE BEND, ID, 83629 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654848	Brenda Guzman	, JARED BLACK, , HORESHOE BEND, ID, 83629 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654855	Brenda Guzman	, JADEN BLACK, , HORSESHOE BEND, ID, 83629 Code: Zachry 50 DHC	4/12/2024	Signature Pending

				Signature Pending
92148969009997901834654862	Brenda Guzman	, JULIA BLACK, , HORSESHOE BEND, ID, 83629 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654879	Brenda Guzman	, JASON BLACK, , HORSESHOE BEND, ID, 83629 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654886	Brenda Guzman	, NANCY BLACK, , HORESHOE BEND, ID, 83629 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654893	Brenda Guzman	, RDJL HOLDINGS LLC, , RICHMOND, TX, 77469 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654909	Brenda Guzman	, KATHERINE F FISKE, , CARLSBAD, CA, 92008 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654916	Brenda Guzman	, GEOJAC LLC, , HOUSTON, TX, 77079-6422 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654923	Brenda Guzman	, DEAN ROCHE, , UPLAND, CA, 91784 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654930	Brenda Guzman	, MICHELLE CASTILLO, , UPLAND, CA, 91784 Code: Zachry 50 DHC	4/12/2024	Signature Pending
92148969009997901834654947	Brenda Guzman	, MICHAEL ROCHE, , UPLAND, CA, 91784 Code: Zachry 50 DHC	4/12/2024	

***LocaliQ**
Texas/New Mexico
GANNETT

PO Box 631667 Cincinnati, OH 45263-1667

AFFIDAVIT OF PUBLICATION

Hilcorp Energy
Hilcorp Energy
382 Rd 3100
Aztec NM 87410

STATE OF WISCONSIN, COUNTY OF BROWN

The Farmington Daily Times, a daily newspaper published in the city of Farmington, San Juan County, State of New Mexico, and personal knowledge of the facts herein state and that the notice hereto annexed was Published in said newspapers in the issue:

04/12/2024

and that the fees charged are legal.
Sworn to and subscribed before on 04/12/2024

Notice by Hilcorp Energy Company for Downhole Commingling, San Juan County, New Mexico. Pursuant to Paragraph (2) of Subsection C of 19.15.12.11 NMAC, Hilcorp Energy Company, as Operator, has filed form C-107-A with the New Mexico Energy, Minerals and Natural Resources Department - Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle new production from the Armenta Gallup Oil Pool (2290) with existing production from the Blanco-Mesaverde Gas Pool (72319) and Otero Chacra Gas Pool (82329) in the Zachry 50 well (API No. 30-045-25597) located in Unit E, Section 35, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico. Commingling will not reduce the value of production. The allocation of production between zones will occur via subtraction method. This notice is intended for certain unlocatable interest owners in the aforementioned well for which certified mail delivery is not possible. Should you (the interest owner for which this notice is intended) have an objection, you must notify the NMOCD in writing within twenty (20) days from the date of this publication. Thereafter, the matter may be set for hearing with the NMOCD in Santa Fe, NM, wherein your attendance and testimony would be required.
10063973, Daily Times, April 12, 2024



Legal Clerk



Notary, State of WI, County of Brown

My commission expires

Publication Cost: \$84.50

Order No: 10063973

of Copies:

Customer No: 1366050

1

PO #:

THIS IS NOT AN INVOICE!*Please do not use this form for payment remittance.*

KATHLEEN ALLEN
Notary Public
State of Wisconsin

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-5388
Date: Thursday, May 23, 2024 1:06:17 PM
Attachments: [DHC5388 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5388 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: [Zachry #50](#)
Well API: [30-045-25597](#)

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

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

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____Single Well
____Establish Pre-Approved Pools
EXISTING WELLBORE
____X____Yes ____No

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San Juan County, NM

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Yes____No X____

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

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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.
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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

4/10/2024

TYPE OR PRINT NAME

Cherylene Weston

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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-5388

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 diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
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. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. 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. This Order supersedes Order DHC-1291.
3. 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 OTERO CHACRA (GAS) pool (pool ID: 82329);
 - b. eight percent (8%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
 - c. ninety-two percent (92%) shall be allocated to the ARMENTA-GALLUP (O) pool (pool ID: 2290).

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 ARMENTA-GALLUP (O) pool (pool ID: 2290).

The current pool(s) are:

- a. the OTERO CHACRA (GAS) pool (pool ID: 82329); and
- b. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

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

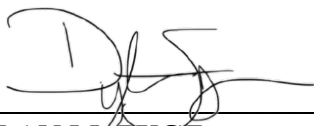
- a. sixty-four percent (64%) shall be allocated to the OTERO CHACRA (GAS) pool (pool ID: 82329); and
- b. thirty-six percent (36%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

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.

4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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).
10. 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**

A handwritten signature in black ink, appearing to read 'D. Fuge', is written over a horizontal line.

**DYLAN M. FUGE
DIRECTOR (ACTING)**

DATE: 5/23/24

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: DHC-5388			
Operator: Hilcorp Energy Company (372171)			
Well Name: Zachry #50			
Well API: 30-045-25597			
Upper Zone	Pool Name: OTERO CHACRA (GAS)		
	Pool ID: 82329	Current: X	New:
	Allocation:	Oil: 0.0%	Gas: 64.0%
		Top: 2,892	Bottom: 3,183
Intermediate Zone	Pool Name: BLANCO-MESAVERDE (PRORATED GAS)		
	Pool ID: 72319	Current: X	New:
	Allocation:	Oil: 8.0%	Gas: 36.0%
		Top: 3,772	Bottom: 4,473
Bottom of Interval within 150% of Upper Zone's Top of Interval: NO			
Lower Zone	Pool Name: ARMENTA-GALLUP (O)		
	Pool ID: 2290	Current:	New: X
	Allocation:	Oil: 92.0%	Gas: subt
		Top: 5,416	Bottom: 5,991
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 334040

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 334040
	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.	5/23/2024