

Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039-30251
5. Indicate Type of Lease STATE [ ] FEE [ ]
6. State Oil & Gas Lease No. Federal NMSF080430B
7. Lease Name or Unit Agreement Name SAN JUAN 28-6 UNIT
8. Well Number 159F
9. OGRID Number 372171
10. Pool name or Wildcat Blanco Mesaverde / Basin Dakota

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [ ] Gas Well [X] Other
2. Name of Operator Hilcorp Energy Company
3. Address of Operator 382 Road 3100, Aztec, NM 87410
4. Well Location Unit Letter C: 1305 feet from the North line and 1535 feet from the West line Section 19 Township 028N Range 006W NMPM County RIO ARRIBA
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6648' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ]
TEMPORARILY ABANDON [ ] CHANGE PLANS [ ]
PULL OR ALTER CASING [ ] MULTIPLE COMPL [ ]
DOWNHOLE COMMINGLE [X]
CLOSED-LOOP SYSTEM [ ]
OTHER: [ ] RECOMPLETE
SUBSEQUENT REPORT OF:
REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] P AND A [ ]
CASING/CEMENT JOB [ ]
OTHER: [ ]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to complete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle with the existing Basin Dakota (pool 71599). The production will be commingled per Oil Conservation Division Order Number 11363. Allocation and methodology will be provided after the well is completed. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV 5047' - 6077'; DK 7658' - 7822'. These perforations are in TVD.

As referred to in Order # R-10696 interest owners were not re-notified.

Spud Date: [ ] Rig Release Date: [ ]

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

SIGNATURE Cherylene Weston TITLE Operations/Regulatory Tech-Sr. DATE 4/23/2024

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

For State Use Only

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 07/01/2024

Conditions of Approval (if any):

## CONDITIONS OF APPROVAL

If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.

If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

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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 364288

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-30251	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318710	5. Property Name SAN JUAN 28 6 UNIT	6. Well No. 159F
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6648

**10. Surface Location**

UL - Lot C	Section 19	Township 28N	Range 06W	Lot Idn	Feet From 1305	N/S Line N	Feet From 1535	E/W Line W	County RIO ARRIBA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 262.76	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><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <b>Cherylene Weston</b>                  Title: <b>Operations/Regulatory Tech-Sr.</b>                  Date: <b>4/22/2024</b></p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: <b>David Russell</b>                  Date of Survey:                  Certificate Number: <b>10201</b></p>

1825 N. French Dr., Hobbs, N.M. 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

DISTRICT II  
811 South First, Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Abo, N.M. 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

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

2007 APR 19 PM 3:40 AM WELDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAN

*API Number 30-039- <b>30251</b>	*Pool Code 71599	*Pool Name Basin <b>210 BAKOTA WASHINGTON NM</b>
*Property Code 7462	*Property Name SAN JUAN 28-8 UNIT	*Well Number 159F
*OGHD No. 14538	*Operator Name BURLINGTON RESOURCES O&G CO LP	*Elevation 6648'

10 Surface Location

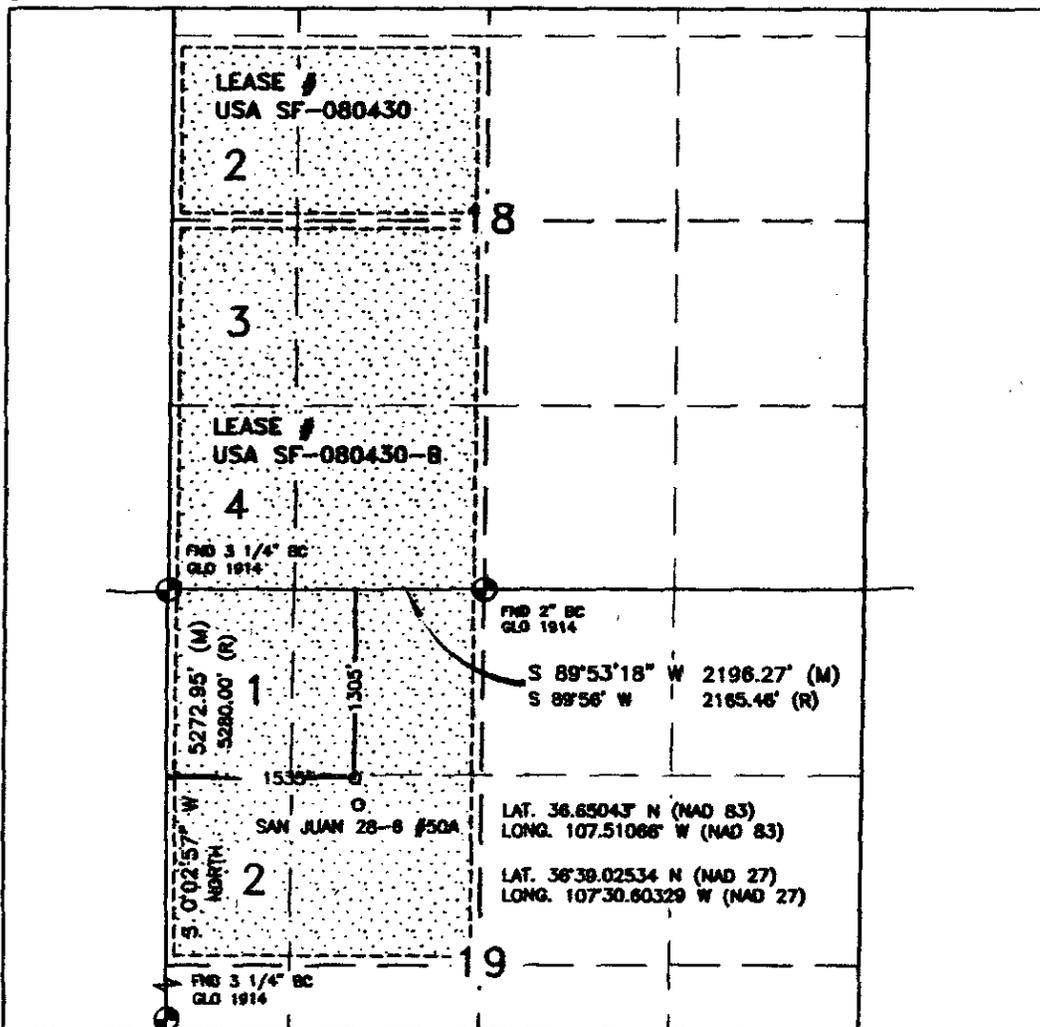
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	19	28N	6W		1305'	NORTH	1535'	WEST	RIO ARRIBA

11 Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C									
*Dedicated Acres <b>328.37</b> <b>330.68</b> Acres		*Joint or Infill <b>NW-19 - (W/2) (8)</b>		*Consolidation Code		*Order No. <b>R-2948 #6</b>		*Order No. <b>RCUD MAY 16 07</b> <b>OIL CONS. DIV.</b> <b>DIST. 3</b>	

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

16



17 OPERATOR CERTIFICATION

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

*Kandis Roland*  
Signature

Kandis Roland  
Printed Name

Regulatory Technician  
Title

January 12 2007  
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plan 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.

NOVEMBER 20, 2006

Date of Survey

Signature and Seal of Professional Surveyor

*David R. Russell*  
Signature and Seal of Professional Surveyor

DAVID RUSSELL

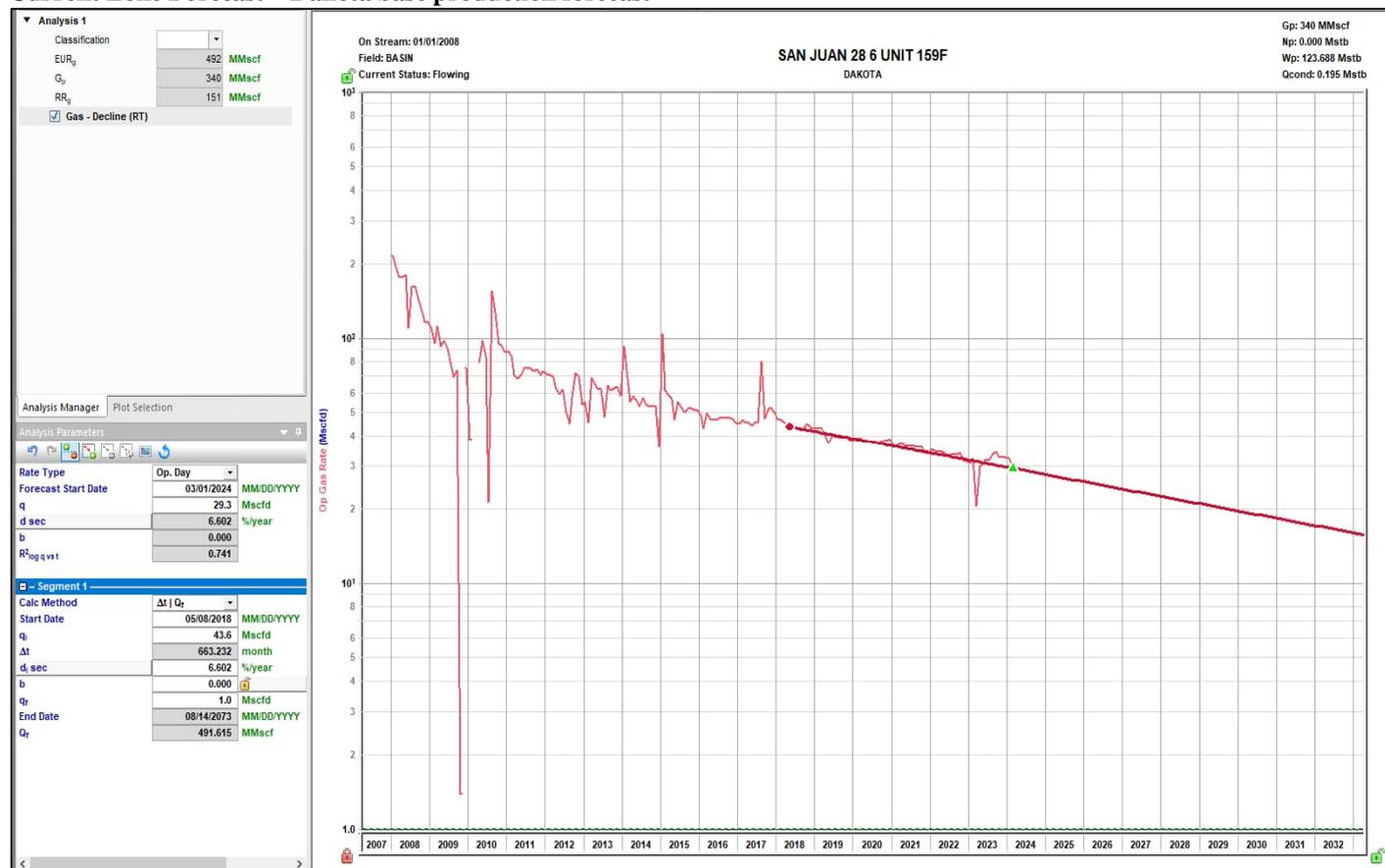
Certificate Number 10201

### San Juan 28-6 Unit 159F Production Allocation Method – Subtraction

#### Gas Allocation:

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

#### Current Zone Forecast – Dakota base production forecast

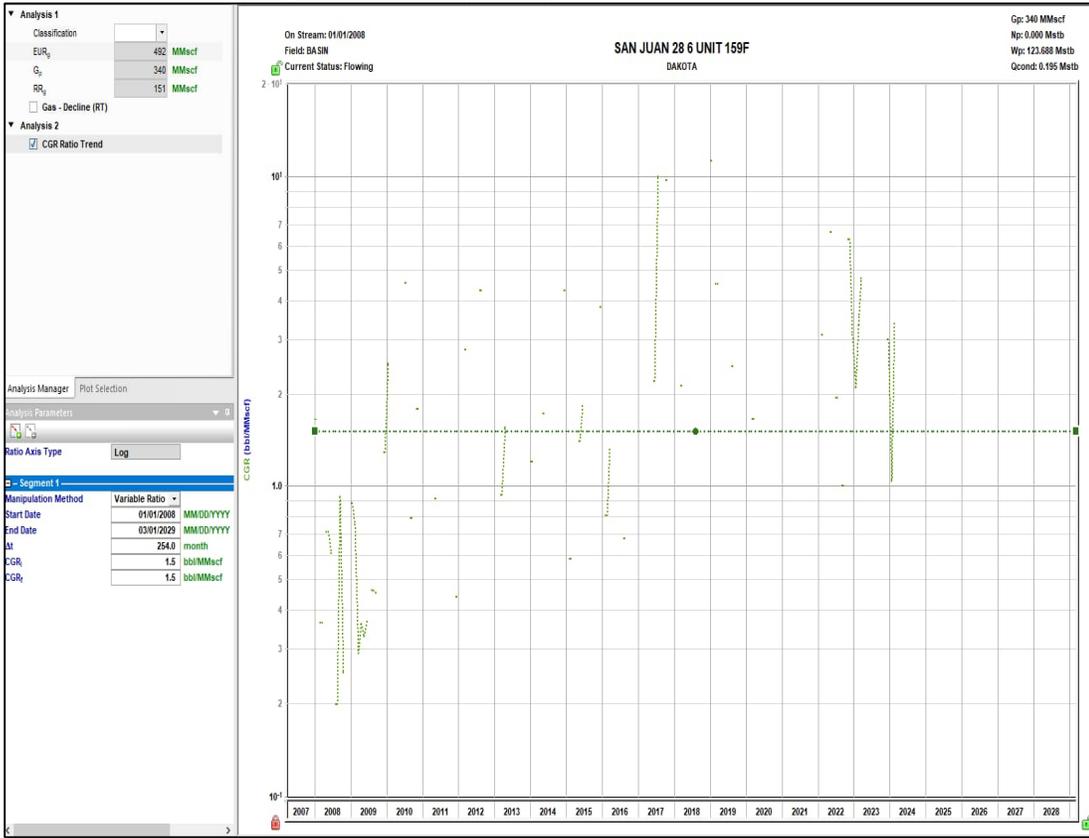


#### Oil Allocation:

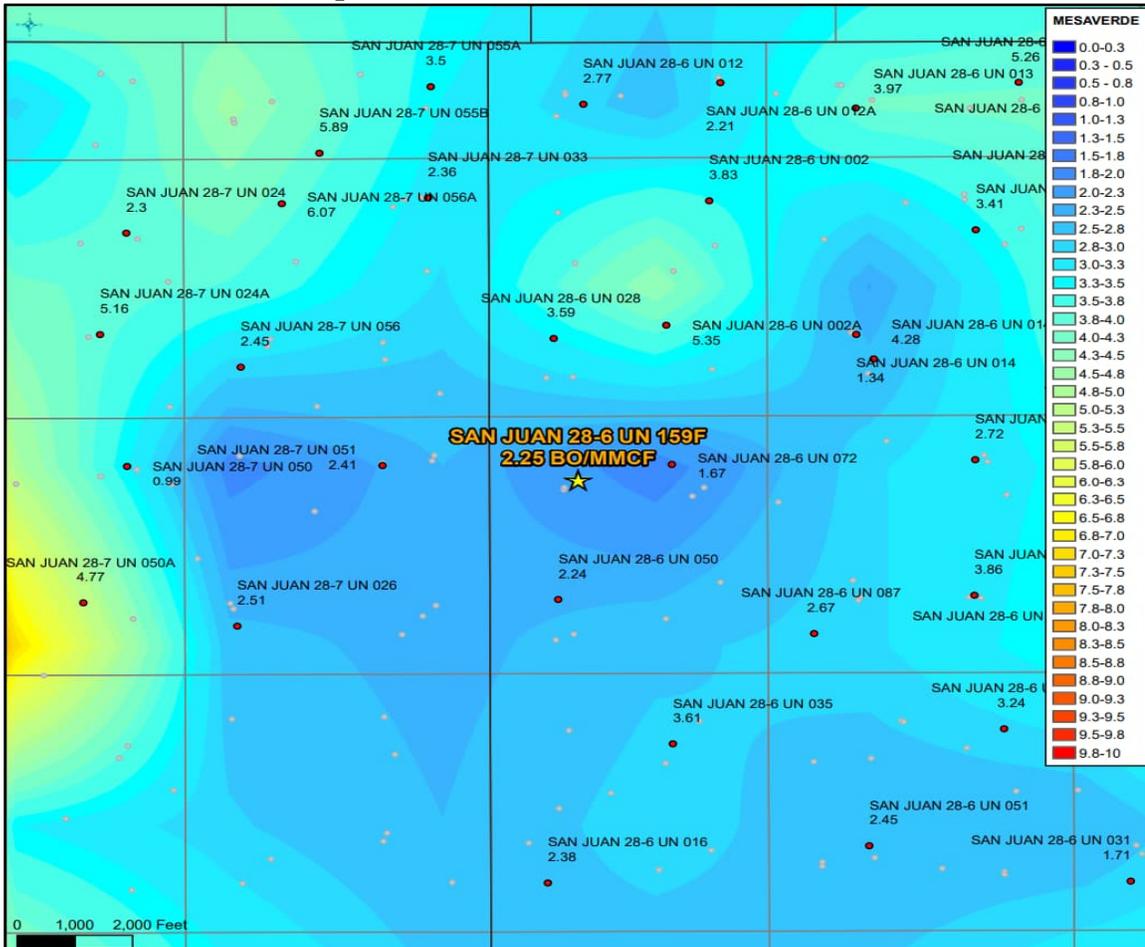
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation. All documentation will be submitted to NMOCD.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	1.50	151	19%
MV	2.25	436	81%

### Dakota Oil Yield Map



### Mesaverde Oil Yield Map

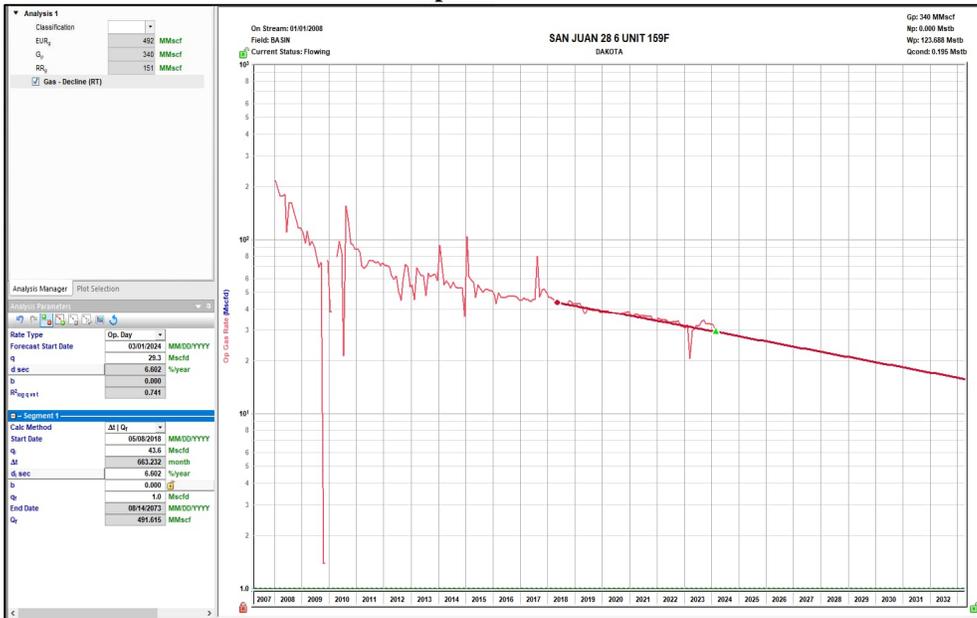


### San Juan 28-6 Unit 159F Production Allocation Method – Subtraction

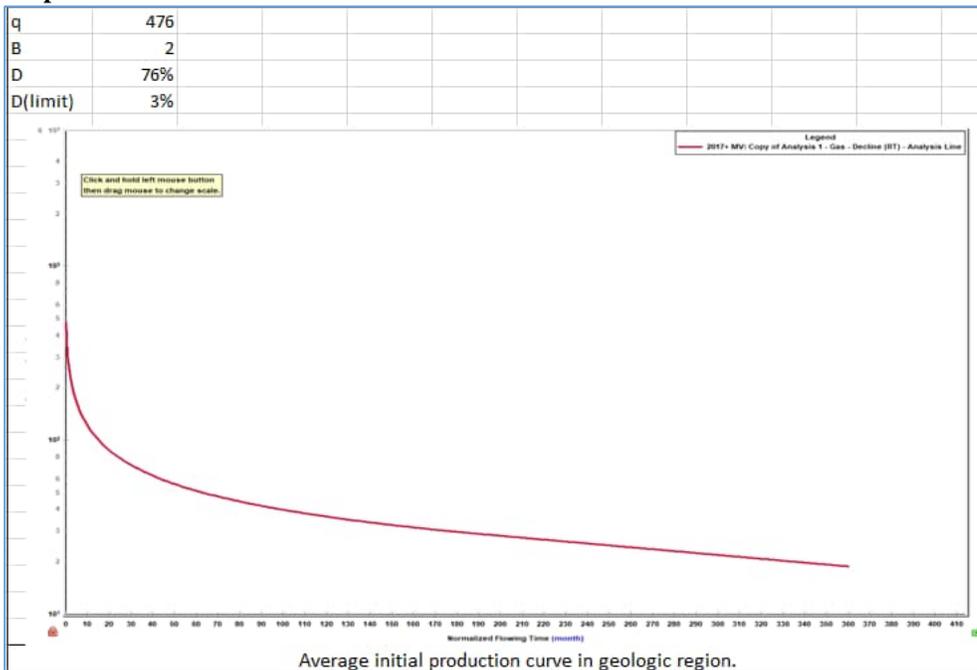
#### Gas Allocation:

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

#### Current Zone Forecast – Dakota base production forecast



#### Proposed Zone Forecast – Mesaverde

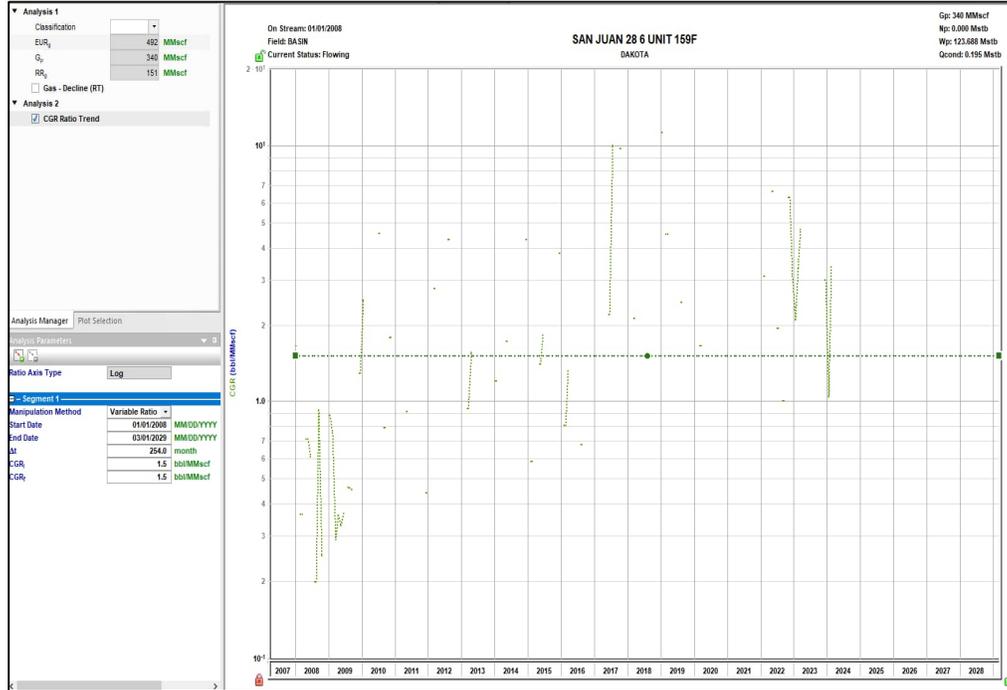


**Oil Allocation:**

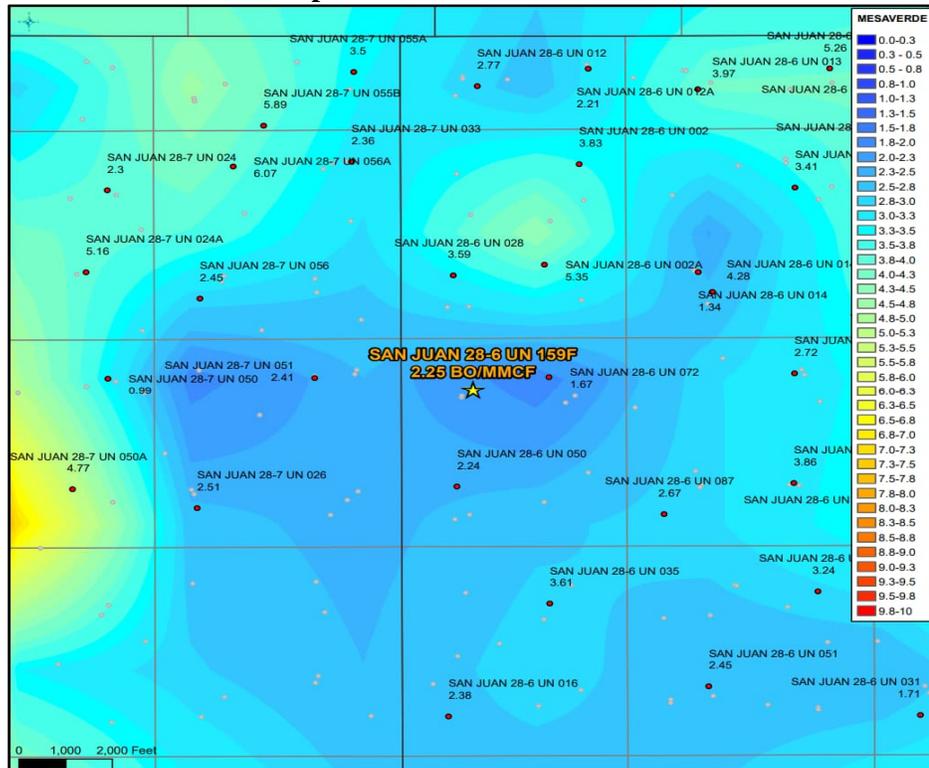
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation. All documentation will be submitted to NMOCD.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	1.50	151	19%
MV	2.25	436	81%

**Dakota Oil Yield Map**



**Mesaverde Oil Yield Map**



**From:** [Cheryl Weston](#)  
**To:** [McClure, Dean, EMNRD](#); [Lowe, Leonard, EMNRD](#)  
**Subject:** [EXTERNAL] San Juan 28-6 Unit 159F - DHC Action ID 336439  
**Date:** Wednesday, June 5, 2024 10:33:33 AM  
**Attachments:** [SJ 28-6 Unit 159F DHC C-103 Rev.pdf](#)

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**CAUTION:** This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Dean/Leonard:

Hello. Please replace the DHC C-103 page with this revised page. The Mesaverde perf depth was revised to match the approved NOI (5047'-6077'). This well is scheduled for Frac on 6/18/2024. Please review the DHC approval.

Thanks,

**Cheryl Weston**

San Juan Operations/Regulatory Tech-Sr.

1111 Travis Street | Houston, TX 77002

Ofc: 713.289.2615 | [cweston@hilcorp.com](mailto:cweston@hilcorp.com)



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While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

---

**From:** [Cheryl Weston](#)  
**To:** [McClure, Dean, EMNRD](#); [Mandi Walker](#)  
**Cc:** [Lowe, Leonard, EMNRD](#)  
**Subject:** RE: [EXTERNAL] Action ID: 336439; DHC05398  
**Date:** Monday, July 1, 2024 4:47:10 PM  
**Attachments:** [SJ 28-6 Unit 159F Subtraction Allocation.pdf](#)

---

Dean,

Here is the updated production allocation PDF with the MV decline curve.

Cheryl

---

**From:** McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>  
**Sent:** Monday, July 1, 2024 5:35 PM  
**To:** Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>  
**Cc:** Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>  
**Subject:** [EXTERNAL] Action ID: 336439; DHC05398

**CAUTION:** External sender. DO NOT open links or attachments from UNKNOWN senders.

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

The Division is reviewing the following application:

<b>Action ID</b>	<b>336439</b>
<b>Admin No.</b>	DHC-5398
<b>Applicant</b>	Hilcorp Energy Company (372171)
<b>Title</b>	San Juan 28 6 Unit #159F
<b>Sub. Date</b>	4/23/2024

Please provide the following additional supplemental documents:

- 

Please provide additional information regarding the following:

- Please provide the decline curve used to estimate the remaining reserves of 436 million cubic feet from the MV pool.

Additional notes:

- 

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

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

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

CONDITIONS  
 Action 336439

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 336439
	Action Type: [C-107] Down Hole Commingle (C-107A)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.	7/1/2024
dmcclure	If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.	7/1/2024
dmcclure	If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.	7/1/2024
dmcclure	The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.	7/1/2024