

From: [McClure, Dean, EMNRD](#)
To: [Cheryl Weston](#); [Chuck Creekmore](#)
Cc: [Lowe, Leonard, EMNRD](#); [Rikala, Ward, EMNRD](#); [Wrinkle, Justin, EMNRD](#)
Subject: RE: [EXTERNAL] RE: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295
Date: Wednesday, August 14, 2024 9:24:00 AM
Attachments: [FW EXTERNAL Application ID 299510: 30-039-29960 CANYON LARGO UNIT #278E \(Approved\).msg](#)

Hello Cheryl,

Attached is the email regarding the well that I was thinking about below.

Regarding this well, it is not a question as to whether a hearing is required, but rather whether notice is required for the DHC application. Although having said that, I suppose it is conceivable that Hilcorp could go back to hearing to amend R-10786 to include the Mancos rather than only the Gallup (please note that this is not to imply that the Division would approve such a request). I'll look into this a bit more as soon as I get the chance, but please note that while the well in the attached email is a bit more a grey area in that Hilcorp has asserted that it is only perforating into the Gallup for that well; Hilcorp has clearly included formation outside of the Gallup in its NOI for the #295.

After re-reading the entirety of our conversation within the attached email and about the #278, I wonder if your reference to a hearing is regarding a potential nomenclature hearing to expand a Gallup pool. Considering that the proposed perforations for the #295 extend beyond the Gallup, I'm unsure as this would resolve the issue without confirming that the pool to be extended includes the entirety of the Mancos within its vertical limits. I have not looked into this at this time, but it could be something to potentially consider when a determination is made on whether R-10786 intended to include the entirety of the Mancos in its notice exemption.

If Hilcorp has a basis for why it believes the entirety of the Mancos is exempted from notice by R-10786, then please provide that reasoning and any supporting documentation as it will be helpful as the Division reviews the situation.

I'm unsure where this specific commingling project is ranked in Hilcorp's priorities, but please note that while the boarder topic is being discussed, Hilcorp may opt to provide notice for the application which would allow this application to proceed regardless of the resolution to the boarder topic. However, this would start a 20-day notice period beginning at the point of having provided that notice.

Additionally, now that I am looking at the 30-039-29960 CANYON LARGO UNIT #278E again, it is clear to me that the perforation range approved within DHC-5362 extends

beyond the Gallup. The currently approved perforation range for DHC-5362 was an oversight on my part. The Division will be reopening this order and amending the approved perforation range to include only the perforation range that Hilcorp has perforated within the Gallup, that being 6282' to 6536'.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Wednesday, August 14, 2024 8:14 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Chuck Creekmore <ccreekmore@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295

Dean,

This is the same well that we had questions on whether the Mancos is included in the notice exemptions under order R-10786, or would it require a hearing. The Order states Gallup, but the Gallup/Mancos have been used interchangeably in our previous DHC applications.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Thursday, July 25, 2024 3:50 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295

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Cheryl,

I don't recall if this is the same well that we had discussed when the NOI was submitted regarding the notice exemptions for the Gallup formation rather than Mancos within the Unit. In that situation, you had asserted that, that well would only be accessing the Gallup though which makes it much less of a concern. Regardless, since we are

discussing the Mancos as a whole either again or for the first time here, the Order which exempts notice will need to be considered as to whether it exempts notice for the Basin Mancos or not.

I'll look into it once I get the chance, but in the meantime Hilcorp should feel free to examine the circumstances and provide a recommendation on the topic.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Thursday, July 25, 2024 12:36 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295

Dean,

Hilcorp is targeting the Mancos in the CLU Com 295 DHC. Please let us know if that affects the DHC notice requirements on this application.

Thank you,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Tuesday, July 16, 2024 2:14 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295

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Cheryl,

Do you have a status update regarding the request for information below.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Thursday, May 23, 2024 8:46 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295

Dean,

I have sent this request to the San Juan South team to review.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, May 22, 2024 2:20 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: [EXTERNAL] RE: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295

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

Cheryl,

Please provide a status update regarding the request for information below. If Hilcorp's intended perforations will not be falling within the Gallup, I'll look at the relevant hearing order a bit closer regarding the notice exemption and see if it should apply to the entirety of the Mancos rather than only the Gallup.

Please provide me with a status update on this request no later than 10 business days after receipt of this email. Otherwise, the application may be rejected until Hilcorp is prepared to address the topic.

Dean McClure
Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: McClure, Dean, EMNRD
Sent: Thursday, April 25, 2024 1:21 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: Application ID: 325181; 30-039-22260 CANYON LARGO UNIT COM #295

Cheryl,

I am reviewing the DHC application referenced in the subject line of this email.

Please confirm for me that Hilcorp's intended perforations will fall within the Gallup formation. If so, please provide me with an amended C-103 with the intended perforation range as currently the perforation range referenced includes the entirety of the Mancos rather than being restricted to the Gallup.

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.
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CONDITIONS

Action 373924

CONDITIONS

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| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 373924 |
| | Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| dmcclure | DHC-5362 opened for review by the Division | 8/14/2024 |