Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau –
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ **OGRID Number:** _____
Well Name: _____ **API:** _____
Pool: _____ **Pool Code:** _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]
A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]
[I] Commingling – Storage – Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

2) **NOTIFICATION REQUIRED TO:** Check those which apply.
A. ☐ Offset operators or lease holders
B. ☐ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☐ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☐ For all of the above, proof of notification or publication is attached, and/or,
H. ☐ No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

_____ Date

_____ Print or Type Name

_____ Phone Number

_____ Signature

_____ e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
____Single Well
____Establish Pre-Approved Pools
EXISTING WELLBORE
_X_Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company — Operator
382 Road 3100, Aztec, NM 87410 — Address

McClanahan	**19E**	**E, Sec. 14, T28N, R10W**	**San Juan**
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 372171 Property Code 318622 API No. 30-045-24107 Lease Type: _X_ Federal ____State _____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal	Otero Chacra	Basin Dakota
Pool Code	71629	82329	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 1800' – 1927'	2912' – 3042'	6312' – 6500'
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)	126 psi	144 psi	193 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1112 BTU	1187 BTU	1275 BTU
Producing, Shut-In or New Zone	New Zone	Producing	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: Oil: Gas: Water:	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 227 mcf Water: 3 bbl	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 1042 mcf Water: 4 bbl
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil % Gas %	Oil % Gas %	Oil % Gas %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_____ 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: _____

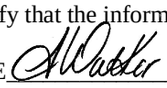
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation 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  TITLE Operations/Regulatory Technician Sr. DATE 6/19/2024

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. 346-237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Southland Royalty Company	McClanahan	19E

Unit Letter	Section	Township	Range	County
E	14	28N	10W	San Juan

Actual Footage Location of Well:
1795 feet from the North line and 845 feet from the West line

Ground Level Elev:	Producing Formation	Pool	Dedicated Acreage:
5784' GL	Dakota/Chacra	Basin/Otero	N-320/160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

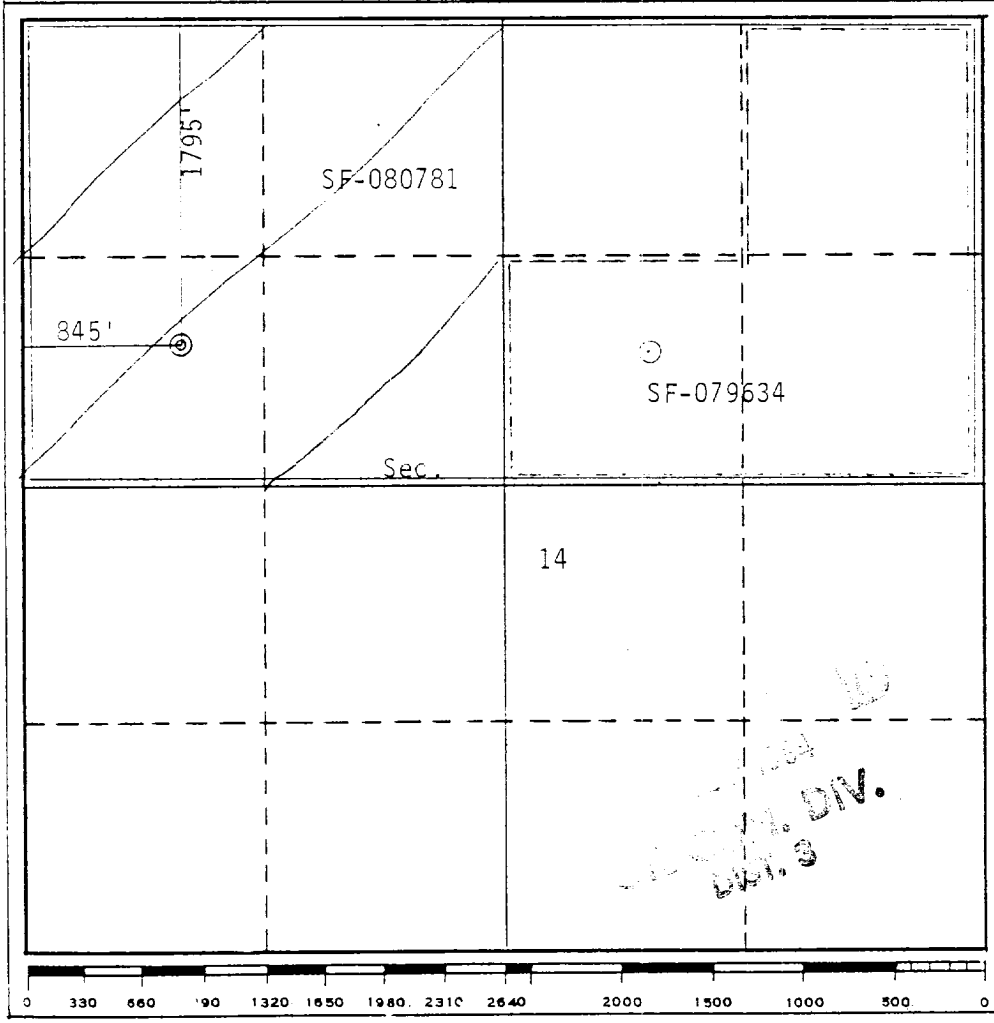
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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?

☐ Yes ☐ No If answer is "yes," type of consolidation Communitized

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.

R. E. Fielder

Name: R. E. Fielder

Position: District Production Manager

Company: Southland Royalty Company

Date: April 24, 1984

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.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

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

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

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

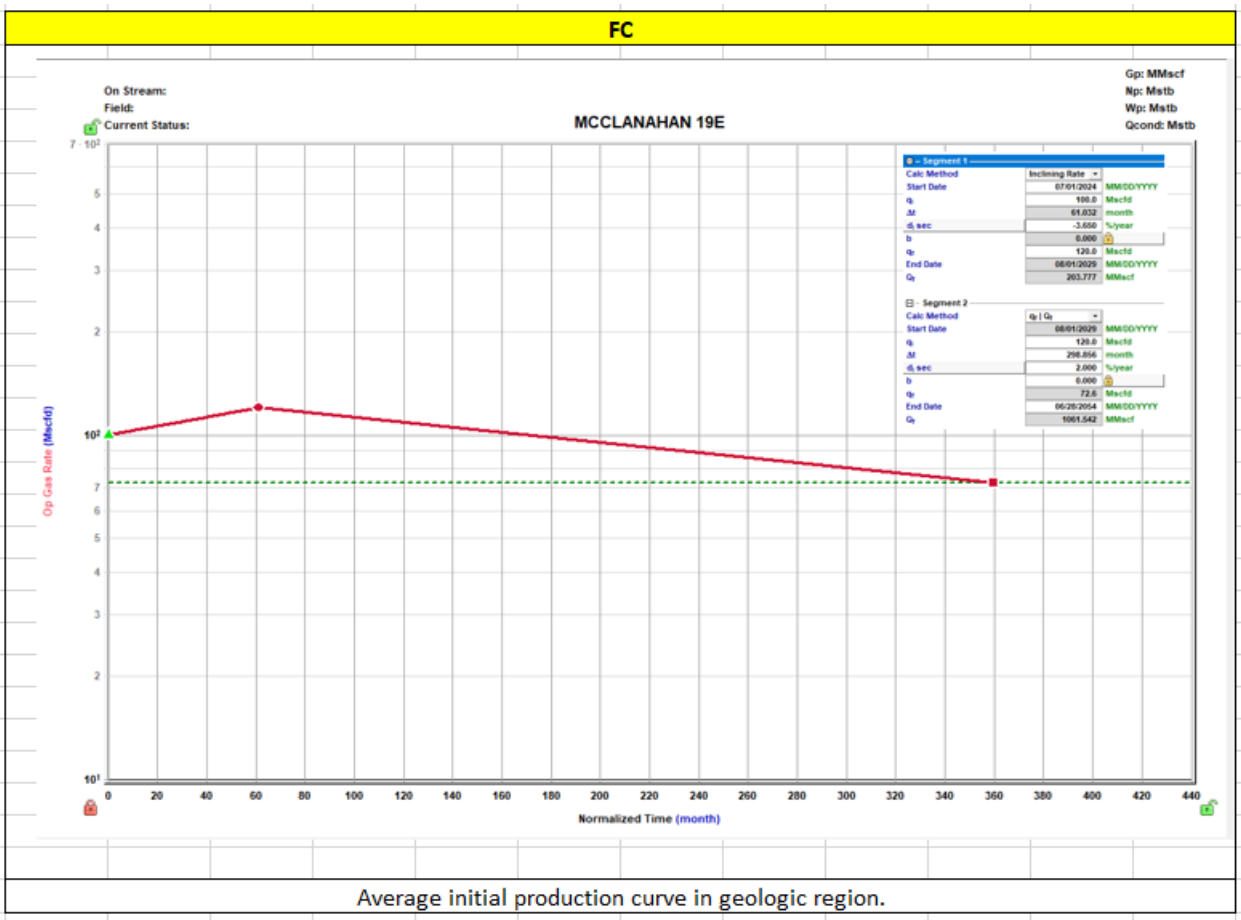
List of wells used to calculate BHPs for the Project:			
3004526054	KUTZ FEDERAL B 1		CH
3004530736	FEDERAL GAS COM 2E		DK
3004523640	LACKEY B LS 12R		FRC

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

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

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

FC



Average initial production curve in geologic region.

HEC Comments

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 basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

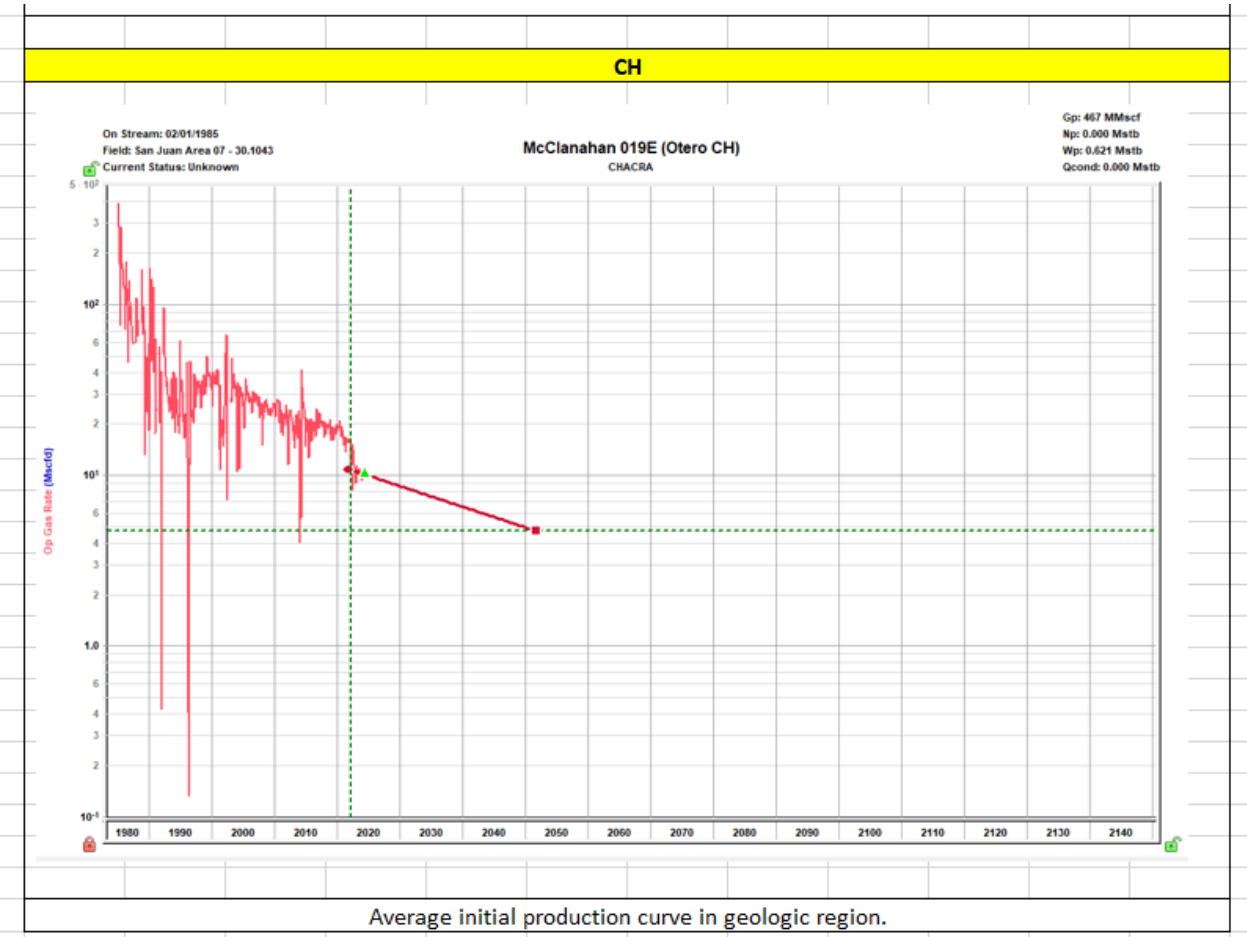
Production Allocation Method – Subtraction

Gas Allocation:

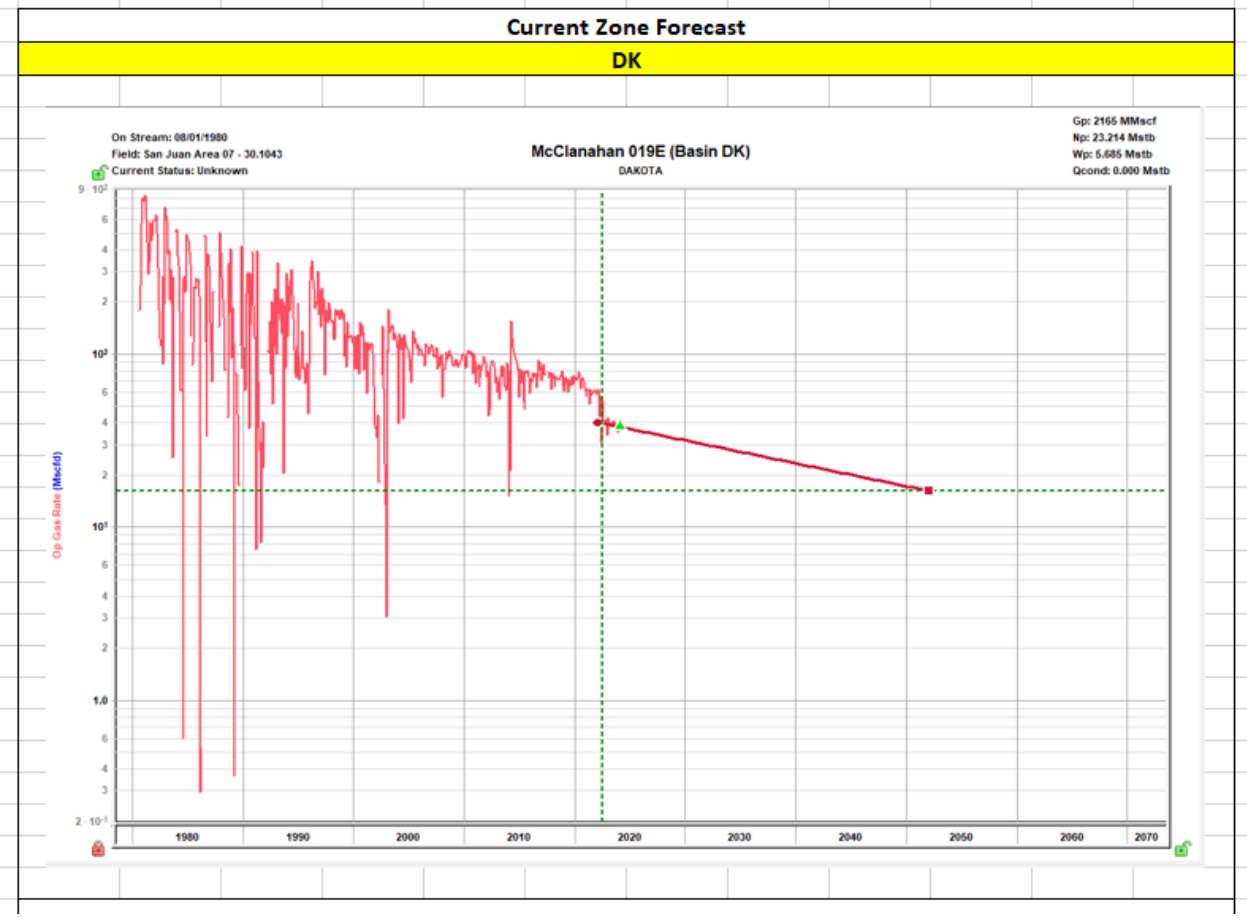
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the DK, CH and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formation 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 4th year and will be utilized to create a fixed percentage based allocation.

Hilcorp intends to continue to allocate the projected base production on the same fixed percentages to the following pools 21% CH 79% DK while the subtraction method is being used to determine the allocation to the new zone.



Average initial production curve in geologic region.



Oil Allocation:

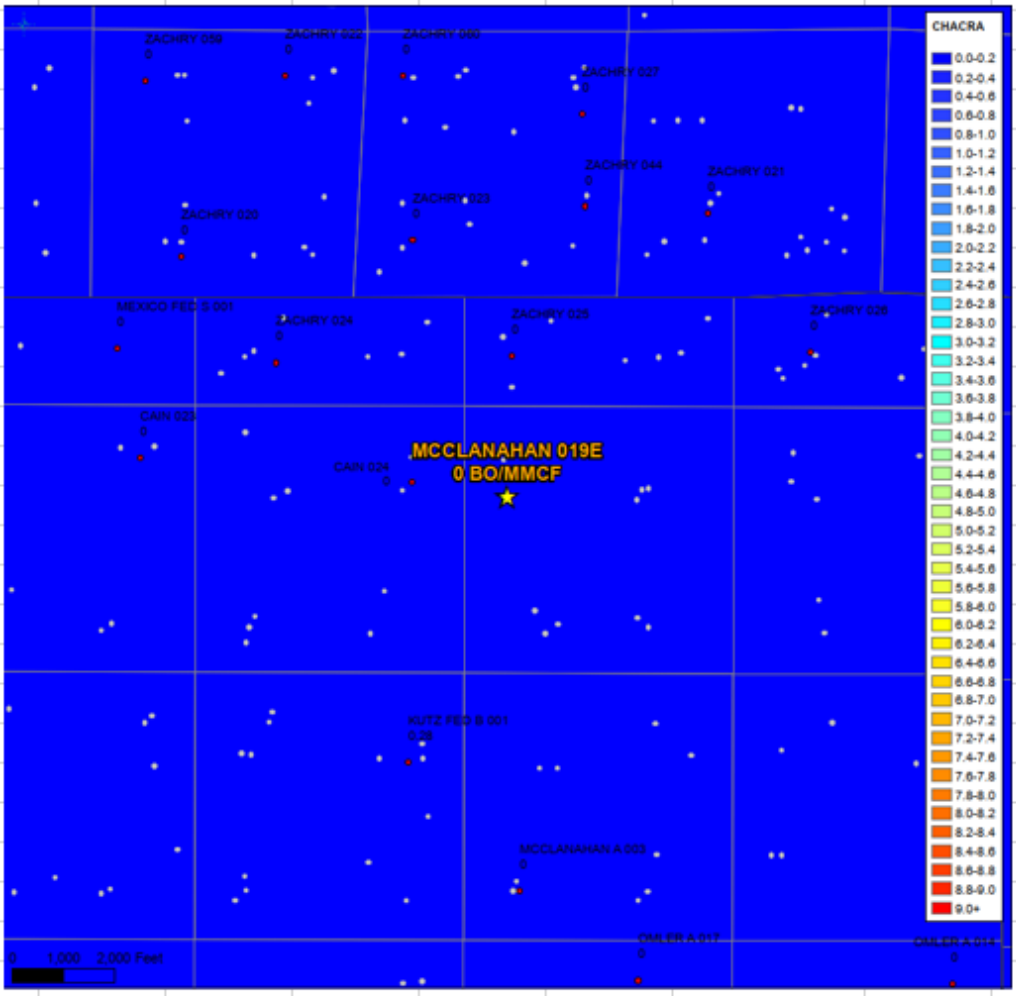
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
FRC	0	1062	0%
CH	0	70	0%
DK	9.26	261	100%
			100%

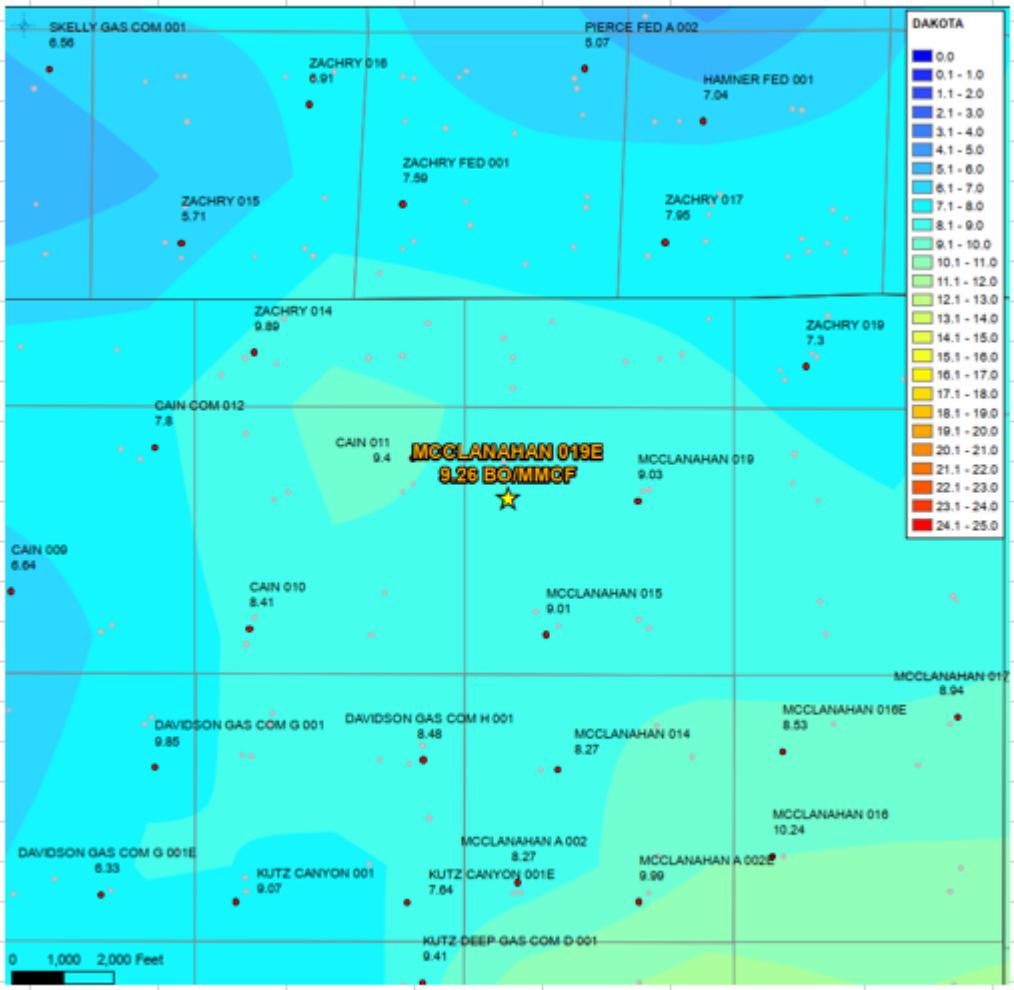
All documentation will be submitted to NMOCD.

CH	0	BO/MMCF

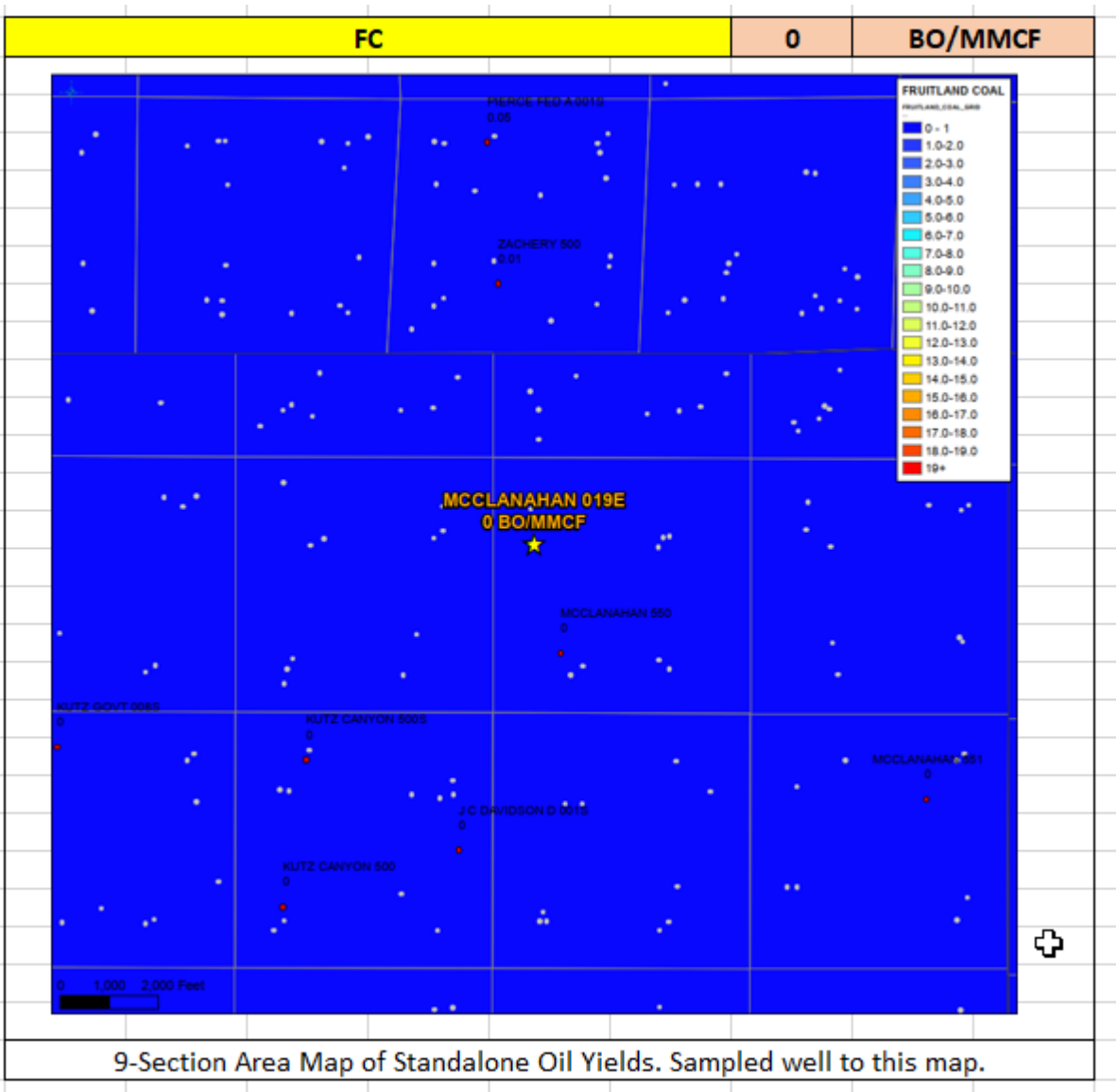


9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Current Zone Oil Yield Map		
DK	9.26	BO/MMCF



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



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

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

Well Name	API
MC CLANAHAN 19-E	3004524107

FRC Offset		CH Offset		DK OFFSET	
API	3004529814	API	3004526760	API	3004524459
Property	HUBBELL COM 297	Property	ZACHRY 59	Property	ZACHRY 15E
CationBarium	0.5	CationBarium	46	CationBarium	0
CationBoron		CationBoron		CationBoron	
CationCalcium	50	CationCalcium	844	CationCalcium	404
CationIron	45	CationIron	3	CationIron	12
CationMagnesium	17	CationMagnesium	29	CationMagnesium	4
CationManganese	0.5	CationManganese	0	CationManganese	0
CationPhosphorus		CationPhosphorus		CationPhosphorus	
CationPotassium		CationPotassium		CationPotassium	
CationStrontium	0.5	CationStrontium	127	CationStrontium	0
CationSodium	96.27	CationSodium	10806.46	CationSodium	-265.12
CationSilica		CationSilica		CationSilica	
CationZinc		CationZinc		CationZinc	
CationAluminum		CationAluminum		CationAluminum	
CationCopper		CationCopper		CationCopper	
CationLead		CationLead		CationLead	
CationLithium		CationLithium		CationLithium	
CationNickel		CationNickel		CationNickel	
CationCobalt		CationCobalt		CationCobalt	
CationChromium		CationChromium		CationChromium	
CationSilicon		CationSilicon		CationSilicon	
CationMolybdenum		CationMolybdenum		CationMolybdenum	
AnionChloride	172	AnionChloride	17960	AnionChloride	110
AnionCarbonate	0	AnionCarbonate	0	AnionCarbonate	0
AnionBicarbonate	61	AnionBicarbonate	390	AnionBicarbonate	220
AnionBromide		AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride		AnionFluoride	
AnionHydroxyl	0	AnionHydroxyl	0	AnionHydroxyl	0
AnionNitrate		AnionNitrate		AnionNitrate	
AnionPhosphate		AnionPhosphate		AnionPhosphate	
AnionSulfate	108	AnionSulfate	245	AnionSulfate	108
phField	7.2	phField	7.13	phField	7.25
phCalculated		phCalculated		phCalculated	
TempField	40	TempField	44	TempField	65
TempLab		TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity		OtherFieldAlkalinity	
OtherSpecificGravity	0	OtherSpecificGravity	0	OtherSpecificGravity	0
OtherTDS	550.77	OtherTDS	30450.46	OtherTDS	592.88
OtherCaCO3		OtherCaCO3		OtherCaCO3	
OtherConductivity	860.58	OtherConductivity	47578.84	OtherConductivity	926.38
DissolvedCO2	5	DissolvedCO2	16	DissolvedCO2	14
DissolvedO2		DissolvedO2		DissolvedO2	
DissolvedH2S	0	DissolvedH2S	0	DissolvedH2S	0
GasPressure	100	GasPressure	100	GasPressure	100
GasCO2	0	GasCO2	0	GasCO2	0
GasCO2PP	0	GasCO2PP	0	GasCO2PP	0
GasH2S	0	GasH2S	0	GasH2S	0
GasH2SPP	0	GasH2SPP	0	GasH2SPP	0
PitzerCaCO3_70	-1.02	PitzerCaCO3_70	0.44	PitzerCaCO3_70	0.46
PitzerBaSO4_70	1.19	PitzerBaSO4_70	2.32	PitzerBaSO4_70	0
PitzerCaSO4_70	-1.66	PitzerCaSO4_70	-1.19	PitzerCaSO4_70	-0.91
PitzerSrSO4_70	-1.98	PitzerSrSO4_70	-0.32	PitzerSrSO4_70	0
PitzerFeCO3_70		PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220	-0.22	PitzerCaCO3_220	1.16	PitzerCaCO3_220	1.26
PitzerBaSO4_220	0.64	PitzerBaSO4_220	1.78	PitzerBaSO4_220	0
PitzerCaSO4_220	-1.53	PitzerCaSO4_220	-1.1	PitzerCaSO4_220	-0.83
PitzerSrSO4_220	-1.78	PitzerSrSO4_220	-0.2	PitzerSrSO4_220	0
PitzerFeCO3_220		PitzerFeCO3_220		PitzerFeCO3_220	

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

Well Name	API
MC CLANAHAN 19-E	3004524107

FRC Offset		CH Offset		DK OFFSET	
AssetCode	3004532643	AssetCode	3004525539	AssetCode	3004524459
AssetName	POLLOCK COM E 2	AssetName	OMLER A 17	AssetName	ZACHRY 15E
CO2	0.01	CO2	0.00	CO2	0.01
N2	0	N2	0	N2	0
C1	0.86	C1	0.87	C1	0.84
C2	0.09	C2	0.07	C2	0.1
C3	0.02	C3	0.03	C3	0.03
ISOC4	0	ISOC4	0.01	ISOC4	0
NC4	0	NC4	0.01	NC4	0.01
ISOC5	0	ISOC5	0	ISOC5	0
NC5	0	NC5	0	NC5	0
NEOC5		NEOC5		NEOC5	
C6	0	C6		C6	0.01
C6_PLUS		C6_PLUS	0	C6_PLUS	
C7	0	C7		C7	0
C8	0	C8		C8	0
C9	0	C9		C9	0
C10		C10		C10	
AR		AR		AR	
CO		CO		CO	
H2		H2		H2	
O2	0	O2		O2	0
H20		H20		H20	
H2S	0.0	H2S	0.0	H2S	0.0
HE		HE		HE	
C_O_S		C_O_S		C_O_S	
CH3SH		CH3SH		CH3SH	
C2H5SH		C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S		CH2S	
C6HV		C6HV		C6HV	
CO2GPM		CO2GPM	0	CO2GPM	
N2GPM		N2GPM	0	N2GPM	
C1GPM		C1GPM	0	C1GPM	
C2GPM		C2GPM	1.75	C2GPM	
C3GPM		C3GPM	0.87	C3GPM	
ISOC4GPM		ISOC4GPM	0.17	ISOC4GPM	
NC4GPM		NC4GPM	0.26	NC4GPM	
ISOC5GPM		ISOC5GPM	0.1	ISOC5GPM	
NC5GPM		NC5GPM	0.08	NC5GPM	
C6_PLUSGPM		C6_PLUSGPM	0.22	C6_PLUSGPM	

Well Name: MCCLANAHAN

Well Location: T28N / R10W / SEC 14 / SWNW / 36.66443 / -107.87062

County or Parish/State: SAN JUAN / NM

Well Number: 19E

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF080781

Unit or CA Name: MCCLANAHAN

Unit or CA Number: NMNM73582

US Well Number: 3004524107

Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2793457

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 06/04/2024

Time Sundry Submitted: 06:44

Date proposed operation will begin: 08/01/2024

Procedure Description: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole commingle with the existing Chacra/Dakota. Please see the attached procedure, current and proposed wellbore diagram, plat 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.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

McClanahan_19E_FRC_NOI_20240604064341.pdf

Well Name: MCCLANAHAN

Well Location: T28N / R10W / SEC 14 / SWNW / 36.66443 / -107.87062

County or Parish/State: SAN JUAN / NM

Well Number: 19E

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF080781

Unit or CA Name: MCCLANAHAN

Unit or CA Number: NMNM73582

US Well Number: 3004524107

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: AMANDA WALKER

Signed on: JUN 04, 2024 06:43 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Technician

Street Address: 1111 TRAVIS ST

City: HOUSTON **State:** TX

Phone: (346) 237-2177

Email address: MWALKER@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: 06/04/2024

Signature: Kenneth Rennick

HILCORP ENERGY COMPANY
MCCLANAHAN 19E
FRUITLAND COAL RECOMPLETE SUNDRY
API 3004524107

JOB PROCEDURES

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with tubing.
3. Set a plug within 50' of the top **Chacra** perforation **(2,912')** for zonal isolation.
4. Load hole with fluid. RU WL and run CBL to verify TOC. Review results with operations engineer and regulatory agencies.
5. **Perform MIT on casing with NMOCD witness** (notify NMOCD 24+ hours before test) and submit results to regulatory group.
6. **If frac'ing down casing:** pressure test casing to frac pressure.
7. RU WL. Perforate the **Fruitland Coal.** Top perforation @ **1,800',** bottom perforation @ **1,927'.**
8. **If frac'ing down frac string:** RIH w/ frac string and packer.
9. ND BOP, NU frac stack. Pressure test frac stack to frac pressure. Pressure test frac string (if applicable) to frac pressure. RDMO.
10. RU stimulation crew. Frac the **Fruitland Coal** in one or more stages. Set plugs in between stages, if necessary.
11. MIRU workover rig and associated equipment; NU and test BOP.
12. **If frac was performed down frac string:** POOH w/ frac string and packer.
13. TIH with mill and clean out to isolation plug.
14. Mill out isolation plug. Cleanout to PBTD. TOOH with cleanout assembly.
15. TIH and land production tubing. Flowback the well. Return well to production as a **Fruitland Coal/Chacra/Dakota Producer.**

Hilcorp

HILCORP ENERGY COMPANY
MCCLANAHAN #19E
AMENDED WBD

MCCLANAHAN #19E - CURRENT WELLBORE SCHEMATIC

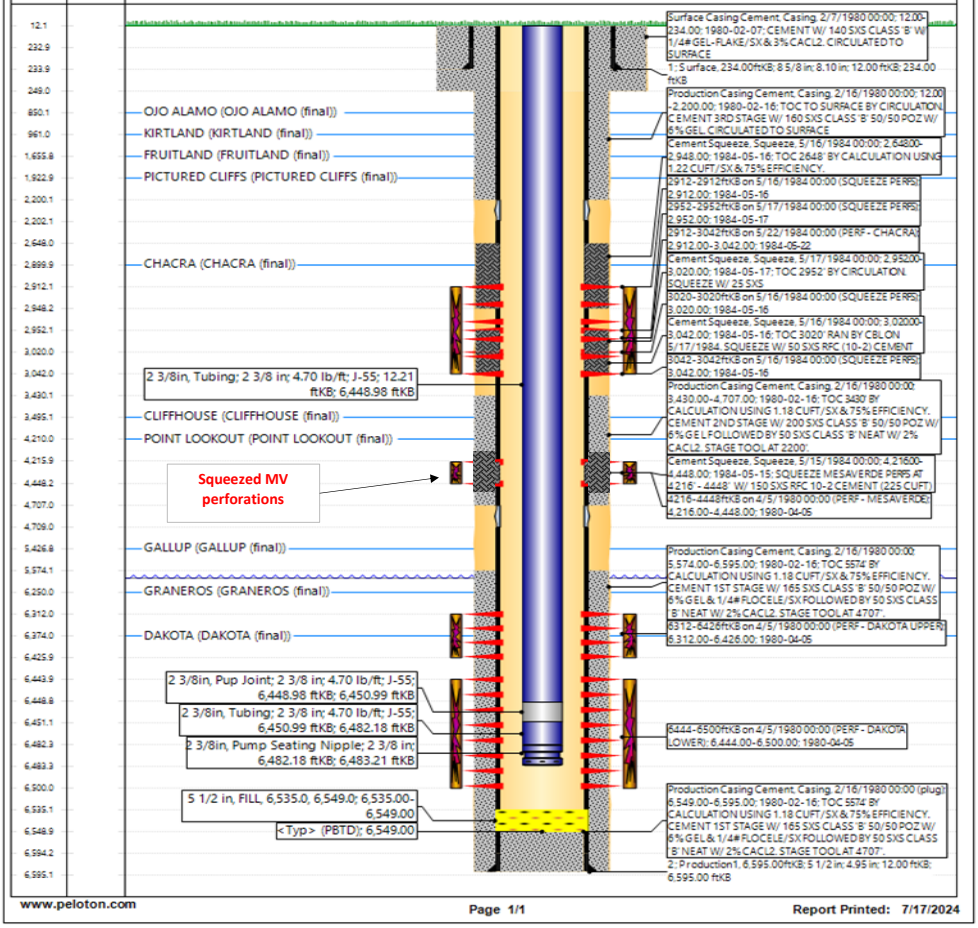
Hilcorp Energy Company

Current Schematic - Version 3

Well Name: MCCLANAHAN #19E

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004524107	014-028N-010W-E	BASIN DAKOTA (PRORATED GAS)	0707	NEW MEXICO	
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
5,784.00	5,796.00		12.00		

Original Hole



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HILCORP ENERGY COMPANY
MCCLANAHAN #19E
AMENDED WBD

MCCLANAHAN #19E - PROPOSED WELLBORE SCHEMATIC

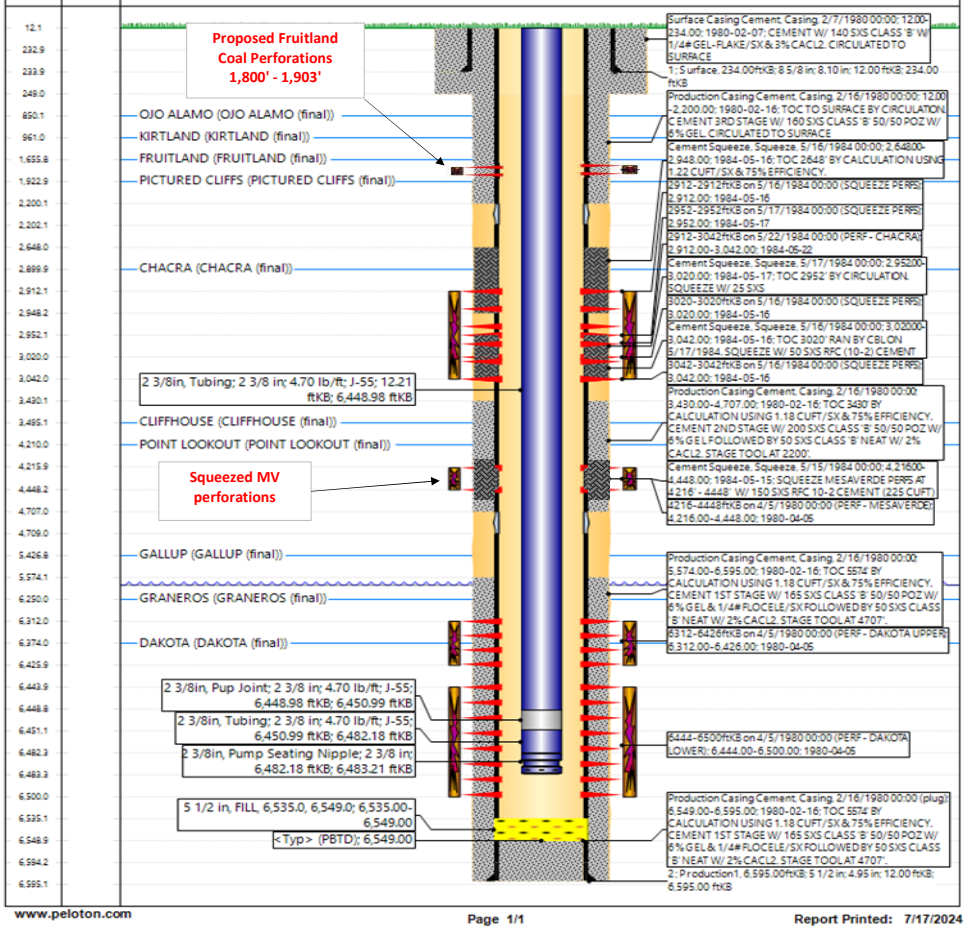
Hilcorp Energy Company

Current Schematic - Version 3

Well Name: MCCLANAHAN #19E

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004524107	014-028N-010W-E	BASIN DAKOTA (PRORATED GAS)	0707	NEW MEXICO	
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
5,784.00	5,796.00		12.00		

Original Hole



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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 366395

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-24107	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318622	MCCLANAHAN	019E
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	5784

10. Surface Location

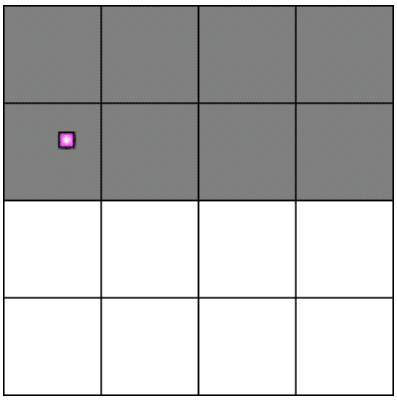
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	14	28N	10W		1795	N	845	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County

12. Dedicated Acres	13. Joint or Infill	14. Consolidation Code	15. Order No.
320.00			

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:
Title: Operations Regulatory Tech Sr.
Date: 5/31/2024

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: Fred B Kerr Jr
Date of Survey: 10/29/1979
Certificate Number: 3950

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

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

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Hilcorp Energy Company **OGRID:** 372171 **Date:** 5/31/2024

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: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
McClanahan 19E	30-045-24107	E, 14,28N,10W	1795' FNL & 845' FWL	0	115	1

IV. Central Delivery Point Name: Ignacio Processing Plant [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
McClanahan 19E	**30-045-24107**					

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:
Printed Name: Amanda Walker
Title: Operations Regulatory Tech Sr
E-mail Address: mwalker@hilcorp.com
Date: 6/4/2024
Phone: 346-237-2177

OIL CONSERVATION DIVISION **(Only applicable when submitted as a standalone form)**
Approved By:
Title:
Approval Date:
Conditions of Approval:

VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recomplete project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomplete to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recomplete operations.

VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
   - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations
   - This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompletion
   - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
   - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
   - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
   - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
   - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.

6. Subsection (F) Measurement or estimation of vented and flared natural gas
   - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
   - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

1. Operator has adequate storage and takeaway capacity for wells it chooses to recomplete as the flowlines at the sites are already in place and tied into a gathering system.
2. Operator will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
3. Operator combusts natural gas that would otherwise be vented or flared, when technically feasible.
4. Operator will shut in wells in the event of a takeaway disruption, emergency situation, or other operations where venting or flaring may occur due to equipment failures.

McClanahan 19E – DHC Notice

The original notice was mailed June 20, 2024, and published in the newspaper on June 24, 2024. Hilcorp Energy was notified by NMOCD that the language was incorrect, therefore, new notifications were mailed out July 19, 2024, and a new publication was posted July 24, 2024.

Attached please find the updated cover letter, interest owner notifications with certified tracking, and the certification of publication.

Hilcorp

July 19, 2024 *Mailed Certified with Electronic*
Return Receipt

To: All Interest Owners

RE: Application to Downhole Commingle Production
Well: McClanahan 019E
API: 30-045-24107
Section 14, Township 28 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 ("NMOCD") for approval to downhole trimmingle production from the **Basin Fruitland Coal**, a formation Hilcorp soon intends to perforate, with existing production from the **Basin Dakota** and **Otero Chacra** 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 pursue a formal protest (see details italicized below).

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,

Carson Parker Rice
Landman
713.757.7108
carice@hilcorp.com

CPR:dpk
Enclosures

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
9214896900999790183788935 3 Request Signature via Email	Dani Kuzma	, OFFICE OF NATURAL RESOURCES REVENUE, LAKEWOOD ACCTG CENT ONSHORE, DENVER, CO, 80225-0627 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, Individual Picked Up at Postal Facility July 29, 2024 **Signature Pending**
9214896900999790183788936 0 Request Signature via Email	Dani Kuzma	, CARTER BLOODCARE, , BEDFORD, TX, 76021 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, Left with Individual July 24, 2024 **Signature Pending**
9214896900999790183788937 7	Dani Kuzma	, JAMES B CAIN ESTATE, JOHN C CAIN TEMP ADM, ATHENS, TX, 75751 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	In Transit to Next Facility, Arriving Late **Signature Pending**
9214896900999790183788938 4 Request Signature via Email	Dani Kuzma	, LAURA PAIGE JACKSON WOOD, , BEEVILLE, TX, 78102 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, Individual Picked Up at Post Office July 26, 2024 **Signature Pending**
9214896900999790183788939 1	Dani Kuzma	, RONALD S DAVIS, , SAN ANTONIO, TX, 78209 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	In Transit to Next Facility, Arriving Late **Signature Pending**
9214896900999790183788940 7 Request Signature via Email	Dani Kuzma	, LAURA A HILL TRUST, BANK OF AMERICA NA TRUSTEE, DALLAS, TX, 75284-0738 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, PO Box July 29, 2024 **Signature Pending**
9214896900999790183788941 4	Dani Kuzma	, BOBBY WARD JACKSON, , LEAGUE CITY, TX, 77573 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	In Transit to Next Facility, Arriving Late **Signature Pending**
9214896900999790183788942 1 Request Signature via Email	Dani Kuzma	, HENDERSON GALBREATH FAMILY TRUST, ALEXANDER DAWSON HENDERSON IV and, FLAGSTAFF, AZ, 86001 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, Individual Picked Up at Post Office July 26, 2024 **Signature Pending**
9214896900999790183788943 8 Request Signature via Email	Dani Kuzma	, HILLSON MINERAL TRUST, BANK OF AMERICA NA TRUSTEE, DALLAS, TX, 75284-0738 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, PO Box July 29, 2024 **Signature Pending**
9214896900999790183788944 5 Request Signature via Email	Dani Kuzma	, SHARON GALBREATH, , FLAGSTAFF, AZ, 86001 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, Individual Picked Up at Post Office July 26, 2024 **Signature Pending**
9214896900999790183788945 2 Request Signature via Email	Dani Kuzma	, PATRICIA CARLSON, , POMONA, CA, 91766 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, Left with Individual July 25, 2024 **Signature Pending**

9214896900999790183788946 9 Request Signature via Email	Dani Kuzma	, SAN JUAN BASIN TRUST, , BARTLESVILLE, OK, 74006-7500 Code: MCCLANAHAN 19E DHC NOTICE	7/19/2024	Delivered, Individual Picked Up at Postal Facility July 26, 2024 **Signature Pending**

BALLANTINE COMMUNICATIONS

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of San Juan

Edette Zenizo, the undersigned, authorized Representative of the Tri-City Record, on oath states that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Law of 1937, that payment therefore has been made of assessed as court cost; and that the notice, copy of which is hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

7/24/2024

Sworn and subscribed before me, a notary public in and for the county of La Plata and the State of Colorado, 7/26/2024.

Stephanie Marie Thorsheim

Notary Public

PRICE: 90.88

Statement to come at the end of the month.

ACCOUNT NUMBER: 109863

STEPHANIE MARIE THORSHEIM
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20084016262
MY COMMISSION EXPIRES 07/01/2028

COPY OF ADVERTISEMENT

22953

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-107A with the New Mexico Energy, Minerals and Natural Resources Department – Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle new production from the Basin-Fruitland Coal Pool (71629) with existing production from the Basin-Dakota Gas Pool (71599) and the Otero Chacra (82329) in the **McClanahan 019E** well (API No. 30-045-24107) located in Unit E, Section 14, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico. Commingling will not reduce the value of production. Allocation method to be determined upon completion of this project. This notice is intended for certain unlocatable royalty 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 are required to respond within twenty (20) days from the date of this publication. Please mail your objection letter, referencing the well details above, to the New Mexico Oil Conservation Division's Santa Fe office.

Published in Tri-City Record
July 24, 2024

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau –
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ **OGRID Number:** _____
Well Name: _____ **API:** _____
Pool: _____ **Pool Code:** _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]
A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP(PROJECT AREA) ☐ NSP(PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]
[I] Commingling – Storage – Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

2) **NOTIFICATION REQUIRED TO:** Check those which apply.
A. ☐ Offset operators or lease holders
B. ☐ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☐ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☐ For all of the above, proof of notification or publication is attached, and/or,
H. ☐ No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

_____ Date

_____ Print or Type Name

_____ Phone Number

_____ Signature

_____ e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
____Single Well
____Establish Pre-Approved Pools
EXISTING WELLBORE
_X_Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company — Operator
382 Road 3100, Aztec, NM 87410 — Address

McClanahan — Lease
19E — Well No.
E, Sec. 14, T28N, R10W — Unit Letter-Section-Township-Range
San Juan — County

OGRID No. 372171 Property Code 318622 API No. 30-045-24107 Lease Type: _X_ Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal	Otero Chacra	Basin Dakota
Pool Code	71629	82329	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 1800' – 1927'	2912' – 3042'	6312' – 6500'
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)	126 psi	144 psi	193 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1112 BTU	1187 BTU	1275 BTU
Producing, Shut-In or New Zone	New Zone	Producing	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: Oil: Gas: Water:	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 227 mcf Water: 3 bbl	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 1042 mcf Water: 4 bbl
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil % Gas %	Oil % Gas %	Oil % Gas %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_____ 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: _____

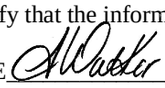
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation 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  TITLE Operations/Regulatory Technician Sr. DATE 6/19/2024

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. 346-237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Southland Royalty Company	McClanahan	19E

Unit Letter	Section	Township	Range	County
E	14	28N	10W	San Juan

Actual Footage Location of Well:
1795 feet from the North line and 845 feet from the West line

Ground Level Elev:	Producing Formation	Pool	Dedicated Acreage:
5784' GL	Dakota/Chacra	Basin/Otero	N-320/160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

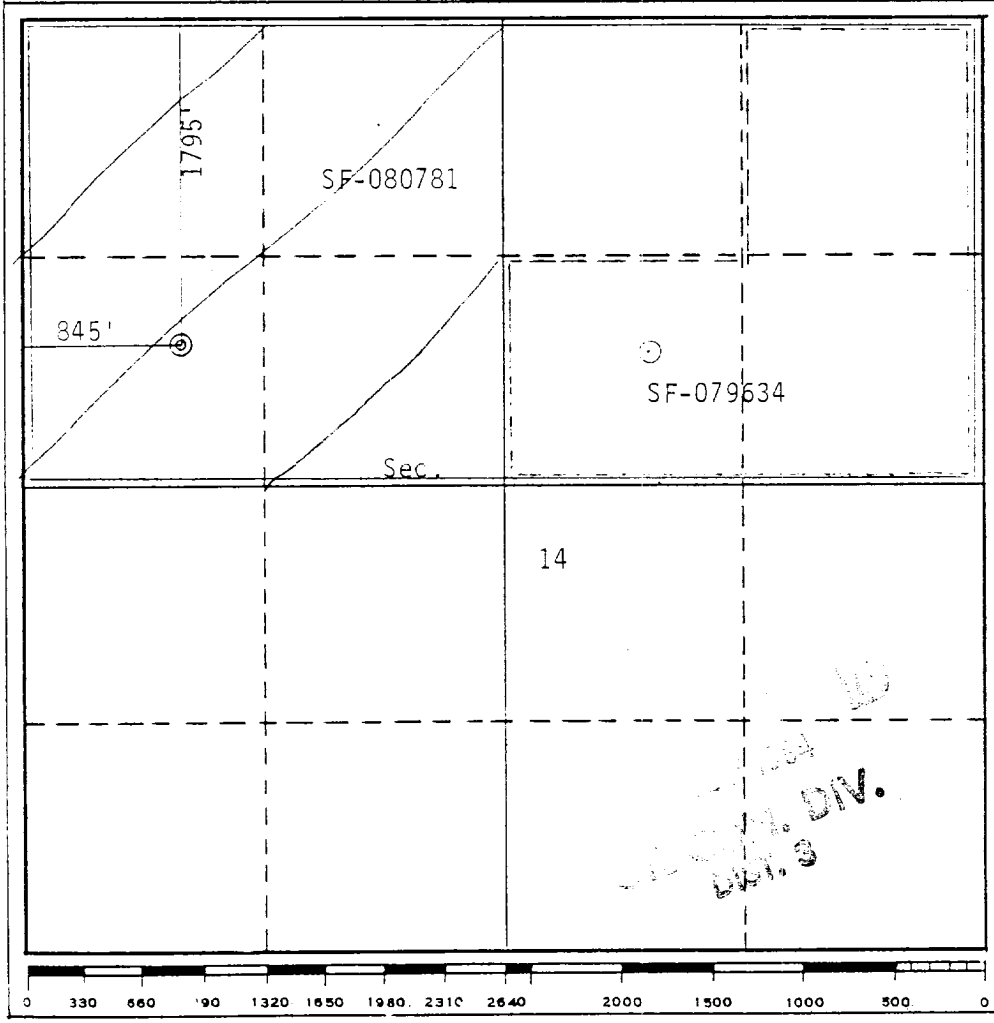
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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?

☐ Yes ☐ No If answer is "yes," type of consolidation Communitized

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.

R. E. Fielder

Name: R. E. Fielder

Position: District Production Manager

Company: Southland Royalty Company

Date: April 24, 1984

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.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

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

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

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

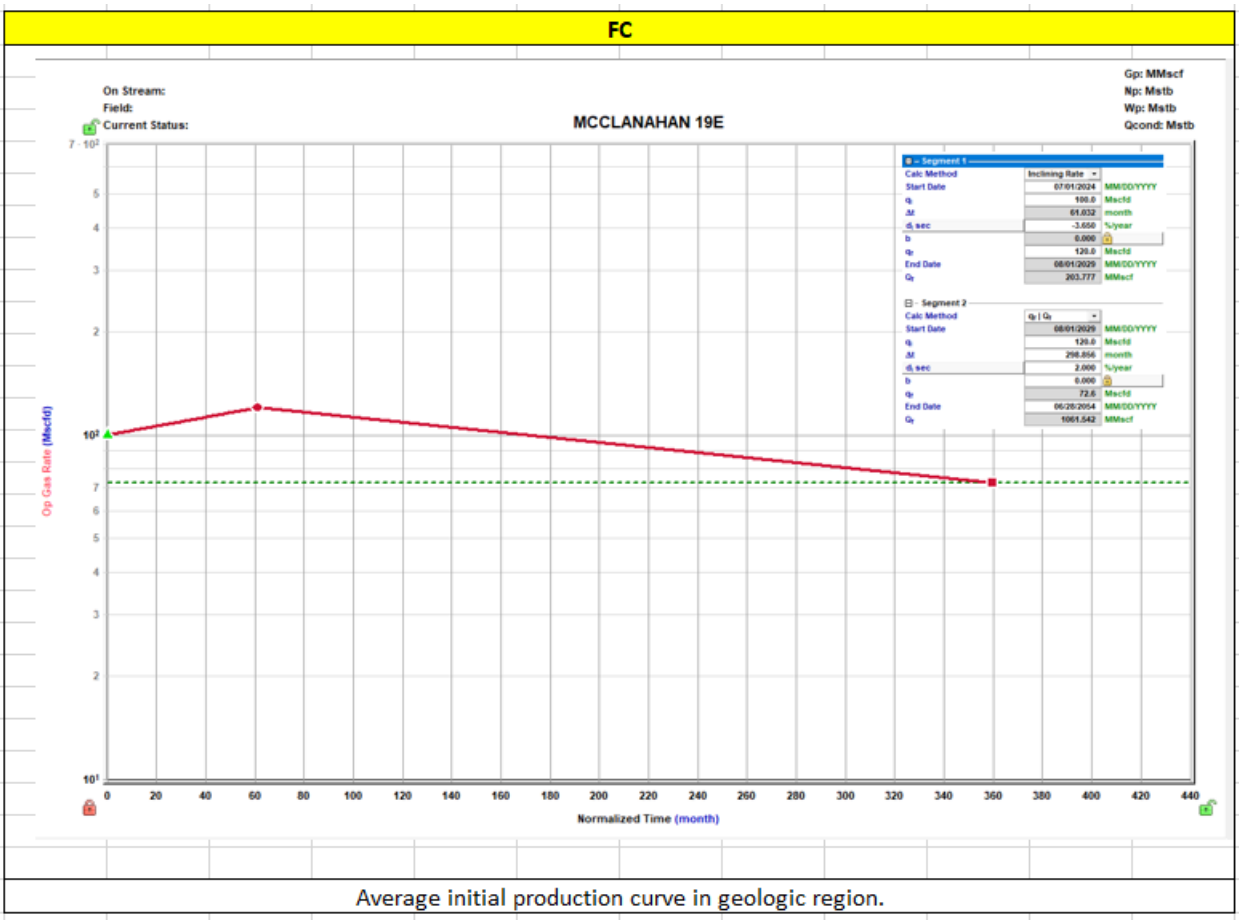
List of wells used to calculate BHPs for the Project:			
3004526054	KUTZ FEDERAL B 1		CH
3004530736	FEDERAL GAS COM 2E		DK
3004523640	LACKEY B LS 12R		FRC

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

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

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

FC



Average initial production curve in geologic region.

HEC Comments
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 basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

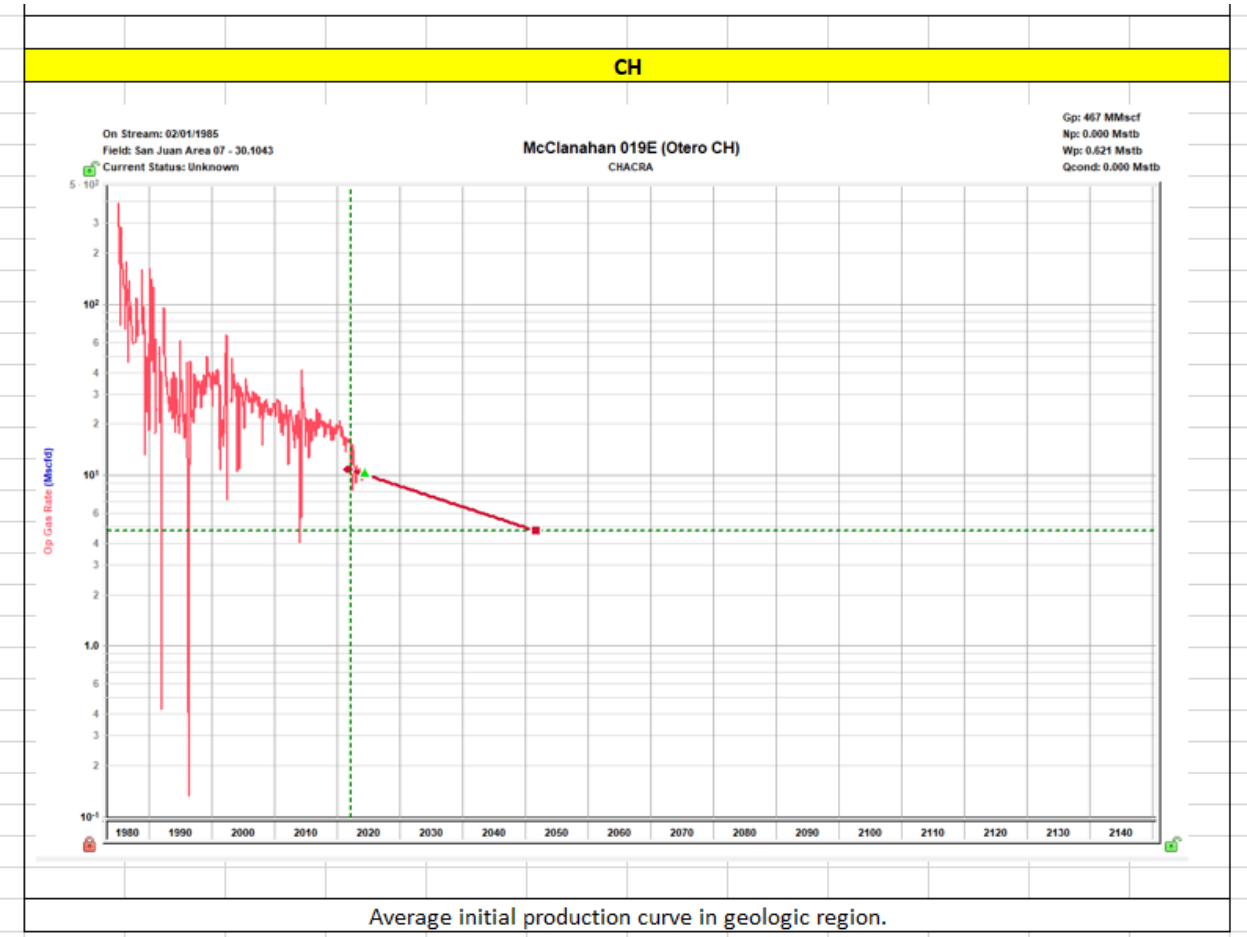
Production Allocation Method – Subtraction

Gas Allocation:

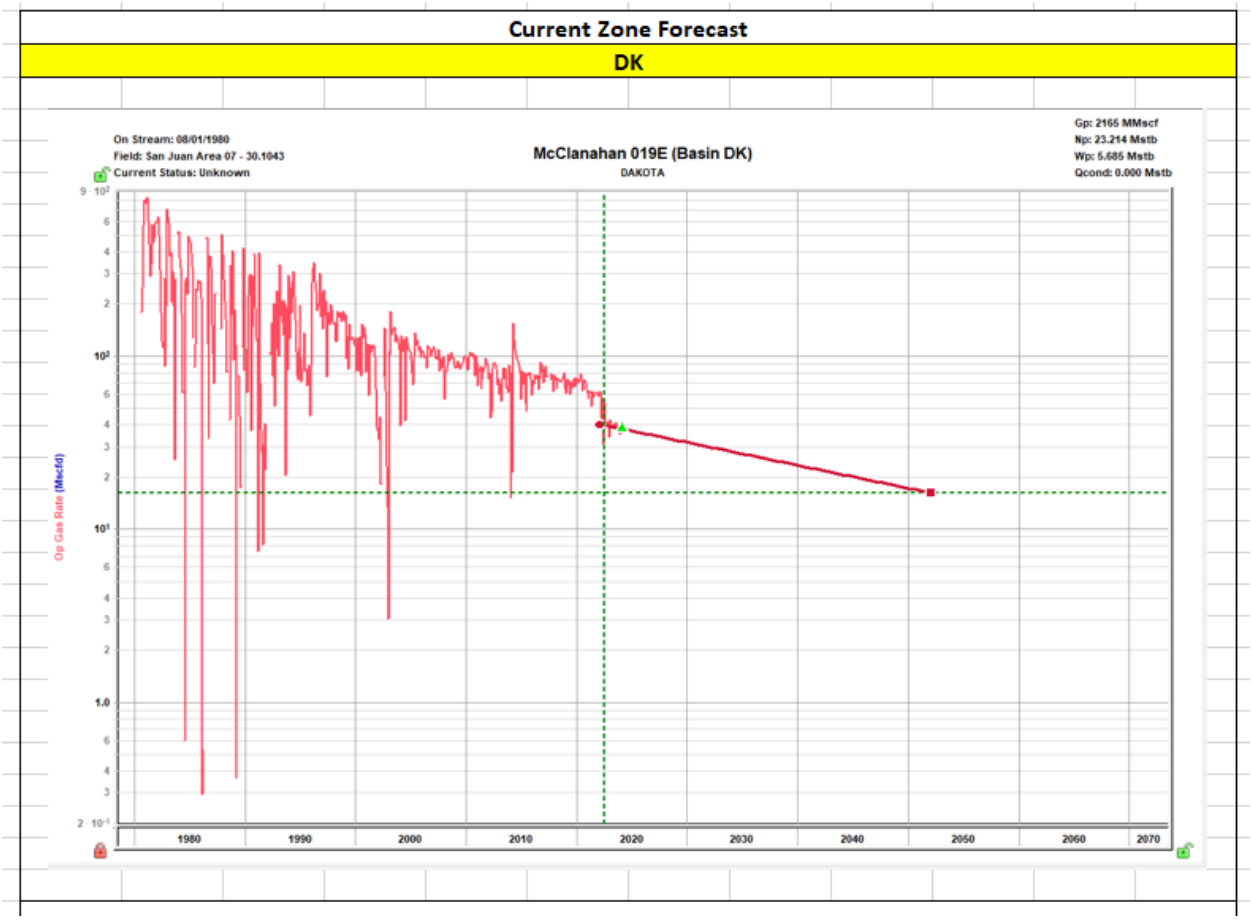
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the DK, CH and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formation 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 4th year and will be utilized to create a fixed percentage based allocation.

Hilcorp intends to continue to allocate the projected base production on the same fixed percentages to the following pools 21% CH 79% DK while the subtraction method is being used to determine the allocation to the new zone.



Average initial production curve in geologic region.



Oil Allocation:

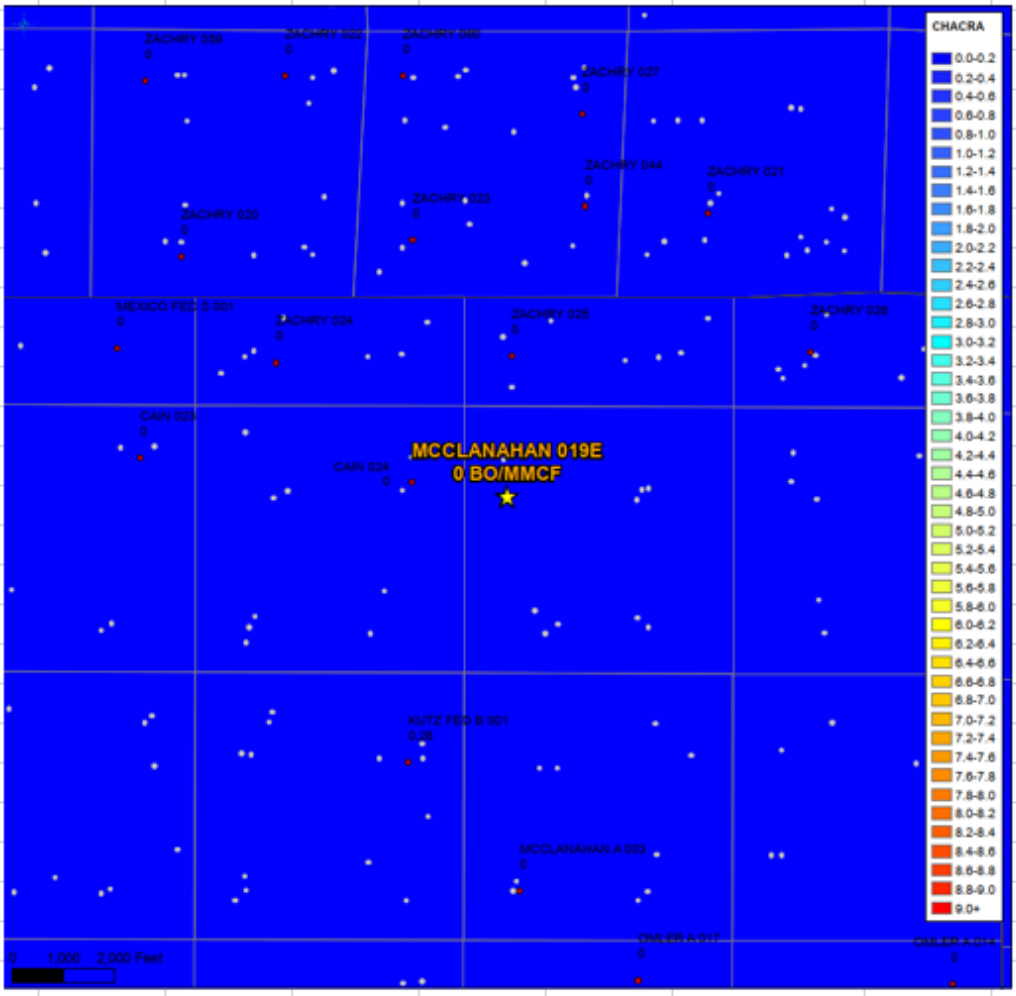
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
FRC	0	1062	0%
CH	0	70	0%
DK	9.26	261	100%
			100%

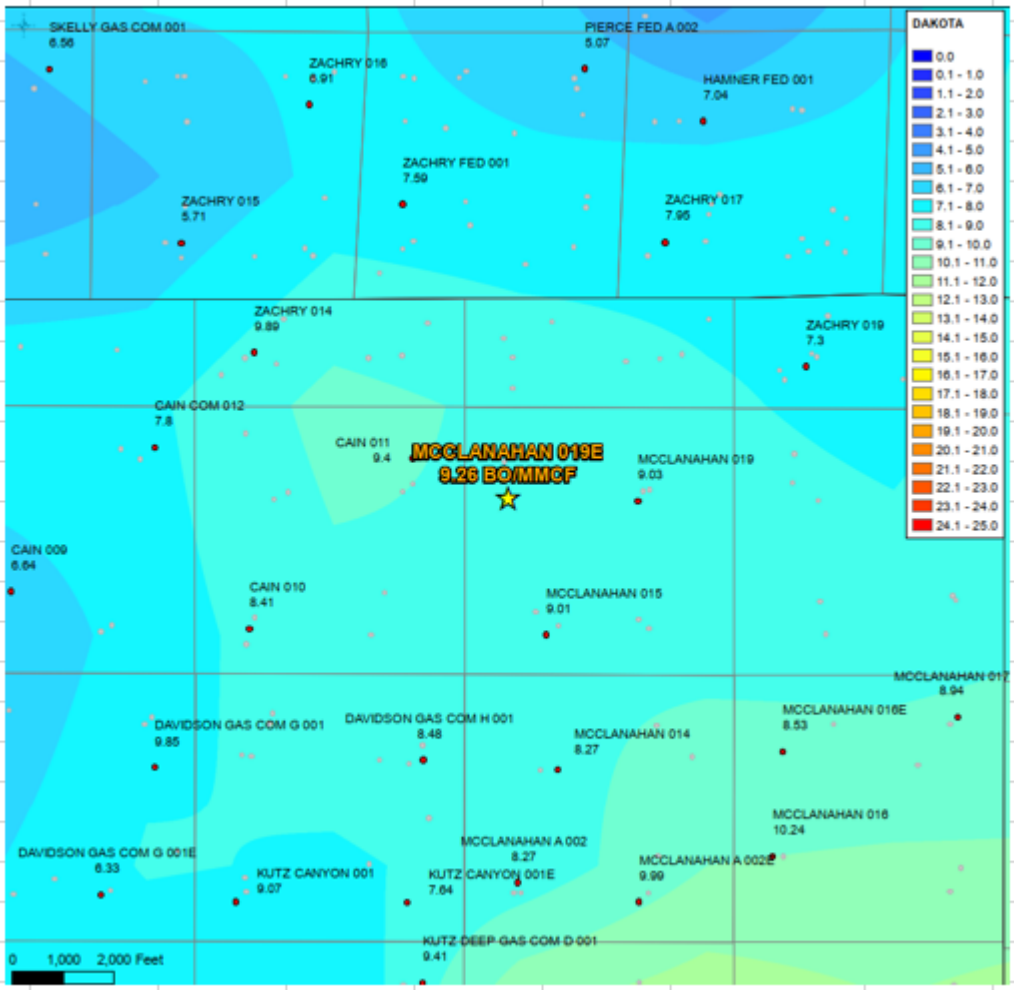
All documentation will be submitted to NMOCD.

CH	0	BO/MMCF



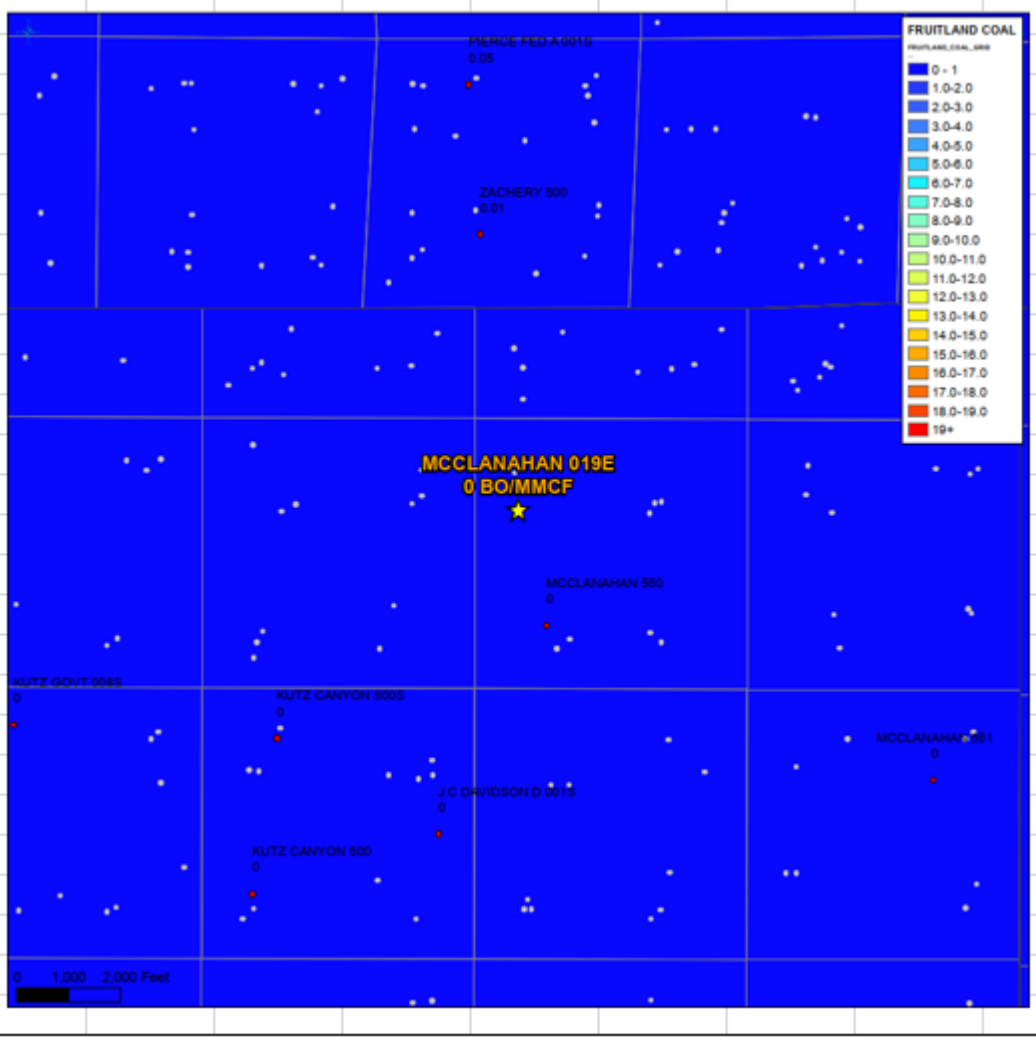
9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Current Zone Oil Yield Map		
DK	9.26	BO/MMCF



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

FC	0	BO/MMCF



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

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

Well Name	API
MC CLANAHAN 19-E	3004524107

FRC Offset		CH Offset		DK OFFSET	
API	3004529814	API	3004526760	API	3004524459
Property	HUBBELL COM 297	Property	ZACHRY 59	Property	ZACHRY 15E
CationBarium	0.5	CationBarium	46	CationBarium	0
CationBoron		CationBoron		CationBoron	
CationCalcium	50	CationCalcium	844	CationCalcium	404
CationIron	45	CationIron	3	CationIron	12
CationMagnesium	17	CationMagnesium	29	CationMagnesium	4
CationManganese	0.5	CationManganese	0	CationManganese	0
CationPhosphorus		CationPhosphorus		CationPhosphorus	
CationPotassium		CationPotassium		CationPotassium	
CationStrontium	0.5	CationStrontium	127	CationStrontium	0
CationSodium	96.27	CationSodium	10806.46	CationSodium	-265.12
CationSilica		CationSilica		CationSilica	
CationZinc		CationZinc		CationZinc	
CationAluminum		CationAluminum		CationAluminum	
CationCopper		CationCopper		CationCopper	
CationLead		CationLead		CationLead	
CationLithium		CationLithium		CationLithium	
CationNickel		CationNickel		CationNickel	
CationCobalt		CationCobalt		CationCobalt	
CationChromium		CationChromium		CationChromium	
CationSilicon		CationSilicon		CationSilicon	
CationMolybdenum		CationMolybdenum		CationMolybdenum	
AnionChloride	172	AnionChloride	17960	AnionChloride	110
AnionCarbonate	0	AnionCarbonate	0	AnionCarbonate	0
AnionBicarbonate	61	AnionBicarbonate	390	AnionBicarbonate	220
AnionBromide		AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride		AnionFluoride	
AnionHydroxyl	0	AnionHydroxyl	0	AnionHydroxyl	0
AnionNitrate		AnionNitrate		AnionNitrate	
AnionPhosphate		AnionPhosphate		AnionPhosphate	
AnionSulfate	108	AnionSulfate	245	AnionSulfate	108
phField	7.2	phField	7.13	phField	7.25
phCalculated		phCalculated		phCalculated	
TempField	40	TempField	44	TempField	65
TempLab		TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity		OtherFieldAlkalinity	
OtherSpecificGravity	0	OtherSpecificGravity	0	OtherSpecificGravity	0
OtherTDS	550.77	OtherTDS	30450.46	OtherTDS	592.88
OtherCaCO3		OtherCaCO3		OtherCaCO3	
OtherConductivity	860.58	OtherConductivity	47578.84	OtherConductivity	926.38
DissolvedCO2	5	DissolvedCO2	16	DissolvedCO2	14
DissolvedO2		DissolvedO2		DissolvedO2	
DissolvedH2S	0	DissolvedH2S	0	DissolvedH2S	0
GasPressure	100	GasPressure	100	GasPressure	100
GasCO2	0	GasCO2	0	GasCO2	0
GasCO2PP	0	GasCO2PP	0	GasCO2PP	0
GasH2S	0	GasH2S	0	GasH2S	0
GasH2SPP	0	GasH2SPP	0	GasH2SPP	0
PitzerCaCO3_70	-1.02	PitzerCaCO3_70	0.44	PitzerCaCO3_70	0.46
PitzerBaSO4_70	1.19	PitzerBaSO4_70	2.32	PitzerBaSO4_70	0
PitzerCaSO4_70	-1.66	PitzerCaSO4_70	-1.19	PitzerCaSO4_70	-0.91
PitzerSrSO4_70	-1.98	PitzerSrSO4_70	-0.32	PitzerSrSO4_70	0
PitzerFeCO3_70		PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220	-0.22	PitzerCaCO3_220	1.16	PitzerCaCO3_220	1.26
PitzerBaSO4_220	0.64	PitzerBaSO4_220	1.78	PitzerBaSO4_220	0
PitzerCaSO4_220	-1.53	PitzerCaSO4_220	-1.1	PitzerCaSO4_220	-0.83
PitzerSrSO4_220	-1.78	PitzerSrSO4_220	-0.2	PitzerSrSO4_220	0
PitzerFeCO3_220		PitzerFeCO3_220		PitzerFeCO3_220	

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

Well Name	API
MC CLANAHAN 19-E	3004524107

FRC Offset		CH Offset		DK OFFSET	
AssetCode	3004532643	AssetCode	3004525539	AssetCode	3004524459
AssetName	POLLOCK COM E 2	AssetName	OMLER A 17	AssetName	ZACHRY 15E
CO2	0.01	CO2	0.00	CO2	0.01
N2	0	N2	0	N2	0
C1	0.86	C1	0.87	C1	0.84
C2	0.09	C2	0.07	C2	0.1
C3	0.02	C3	0.03	C3	0.03
ISOC4	0	ISOC4	0.01	ISOC4	0
NC4	0	NC4	0.01	NC4	0.01
ISOC5	0	ISOC5	0	ISOC5	0
NC5	0	NC5	0	NC5	0
NEOC5		NEOC5		NEOC5	
C6	0	C6		C6	0.01
C6_PLUS		C6_PLUS	0	C6_PLUS	
C7	0	C7		C7	0
C8	0	C8		C8	0
C9	0	C9		C9	0
C10		C10		C10	
AR		AR		AR	
CO		CO		CO	
H2		H2		H2	
O2	0	O2		O2	0
H20		H20		H20	
H2S	0.0	H2S	0.0	H2S	0.0
HE		HE		HE	
C_O_S		C_O_S		C_O_S	
CH3SH		CH3SH		CH3SH	
C2H5SH		C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S		CH2S	
C6HV		C6HV		C6HV	
CO2GPM		CO2GPM	0	CO2GPM	
N2GPM		N2GPM	0	N2GPM	
C1GPM		C1GPM	0	C1GPM	
C2GPM		C2GPM	1.75	C2GPM	
C3GPM		C3GPM	0.87	C3GPM	
ISOC4GPM		ISOC4GPM	0.17	ISOC4GPM	
NC4GPM		NC4GPM	0.26	NC4GPM	
ISOC5GPM		ISOC5GPM	0.1	ISOC5GPM	
NC5GPM		NC5GPM	0.08	NC5GPM	
C6_PLUSGPM		C6_PLUSGPM	0.22	C6_PLUSGPM	

Well Name: MCCLANAHAN

Well Location: T28N / R10W / SEC 14 / SWNW / 36.66443 / -107.87062

County or Parish/State: SAN JUAN / NM

Well Number: 19E

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF080781

Unit or CA Name: MCCLANAHAN

Unit or CA Number: NMNM73582

US Well Number: 3004524107

Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2793457

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 06/04/2024

Time Sundry Submitted: 06:44

Date proposed operation will begin: 08/01/2024

Procedure Description: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole commingle with the existing Chacra/Dakota. Please see the attached procedure, current and proposed wellbore diagram, plat 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.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

McClanahan_19E_FRC_NOI_20240604064341.pdf

Well Name: MCCLANAHAN

Well Location: T28N / R10W / SEC 14 / SWNW / 36.66443 / -107.87062

County or Parish/State: SAN JUAN / NM

Well Number: 19E

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF080781

Unit or CA Name: MCCLANAHAN

Unit or CA Number: NMNM73582

US Well Number: 3004524107

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: AMANDA WALKER

Signed on: JUN 04, 2024 06:43 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Technician

Street Address: 1111 TRAVIS ST

City: HOUSTON **State:** TX

Phone: (346) 237-2177

Email address: MWALKER@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: 06/04/2024

Signature: Kenneth Rennick

HILCORP ENERGY COMPANY
MCCLANAHAN 19E
FRUITLAND COAL RECOMPLETE SUNDRY
API 3004524107

JOB PROCEDURES

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with tubing.
3. Set a plug within 50' of the top **Chacra** perforation **(2,912')** for zonal isolation.
4. Load hole with fluid. RU WL and run CBL to verify TOC. Review results with operations engineer and regulatory agencies.
5. **Perform MIT on casing with NMOCD witness** (notify NMOCD 24+ hours before test) and submit results to regulatory group.
6. **If frac'ing down casing:** pressure test casing to frac pressure.
7. RU WL. Perforate the **Fruitland Coal.** Top perforation @ **1,800',** bottom perforation @ **1,927'.**
8. **If frac'ing down frac string:** RIH w/ frac string and packer.
9. ND BOP, NU frac stack. Pressure test frac stack to frac pressure. Pressure test frac string (if applicable) to frac pressure. RDMO.
10. RU stimulation crew. Frac the **Fruitland Coal** in one or more stages. Set plugs in between stages, if necessary.
11. MIRU workover rig and associated equipment; NU and test BOP.
12. **If frac was performed down frac string:** POOH w/ frac string and packer.
13. TIH with mill and clean out to isolation plug.
14. Mill out isolation plug. Cleanout to PBTD. TOOH with cleanout assembly.
15. TIH and land production tubing. Flowback the well. Return well to production as a **Fruitland Coal/Chacra/Dakota Producer.**

HILCORP ENERGY COMPANY
MCCLANAHAN 19E
FRUITLAND COAL RECOMPLETE SUNDRY

MCCLANAHAN 19E - CURRENT WELLBORE SCHEMATIC

Hilcorp Energy Company

Schematic - Current

Well Name: MCCLANAHAN #19E

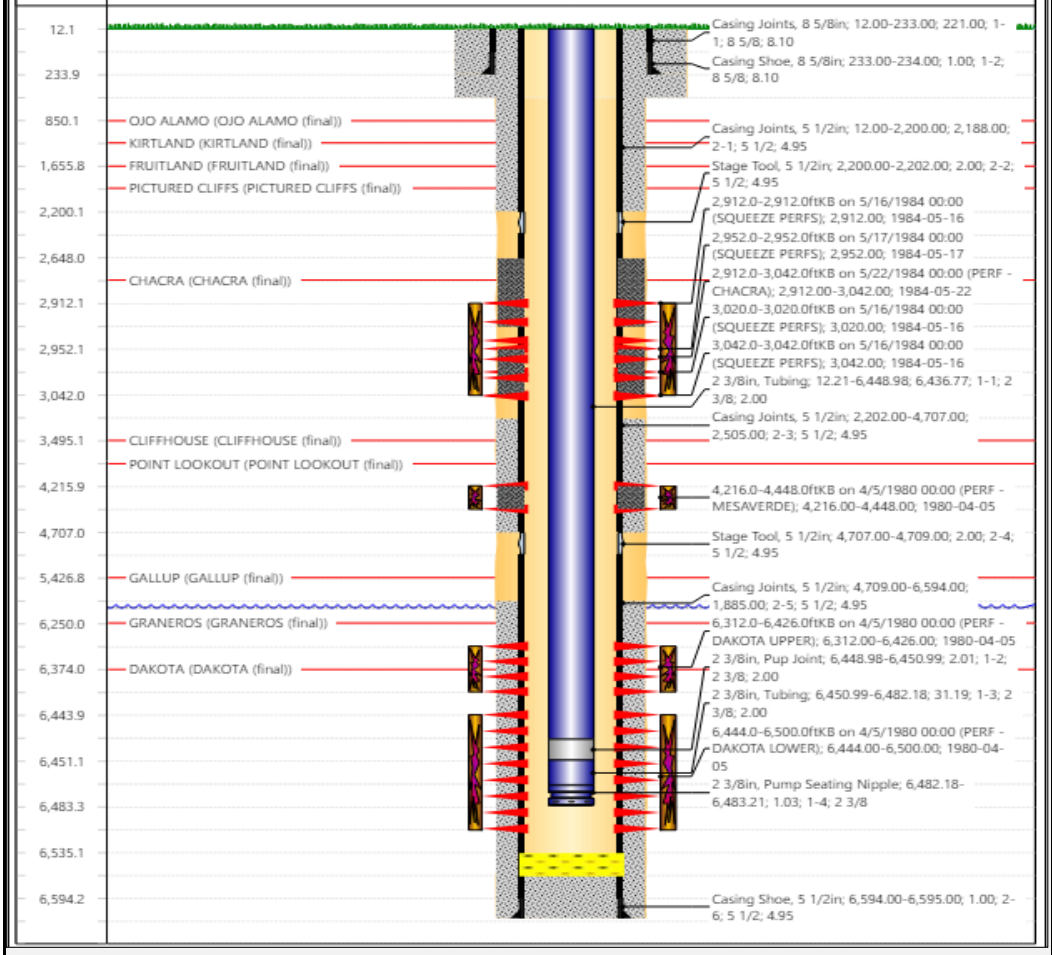
API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004524107	014-028N-010W-E	BASIN DAKOTA (PRORATED GAS)		NEW MEXICO	
Original KB/RT Elevation (ft)	**RKB to GL (ft)**	**Original Spud Date**	**Rig Release Date**	**PBTD (All)**	**Total Depth All (TVD)**
5,796.00	12.00	2/7/1980 00:00	1/6/2003 11:00	Original Hole - 6,549.0	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date
FACILITIES	COMMINGLE	COMMINGLE	1/2/2003	1/6/2003

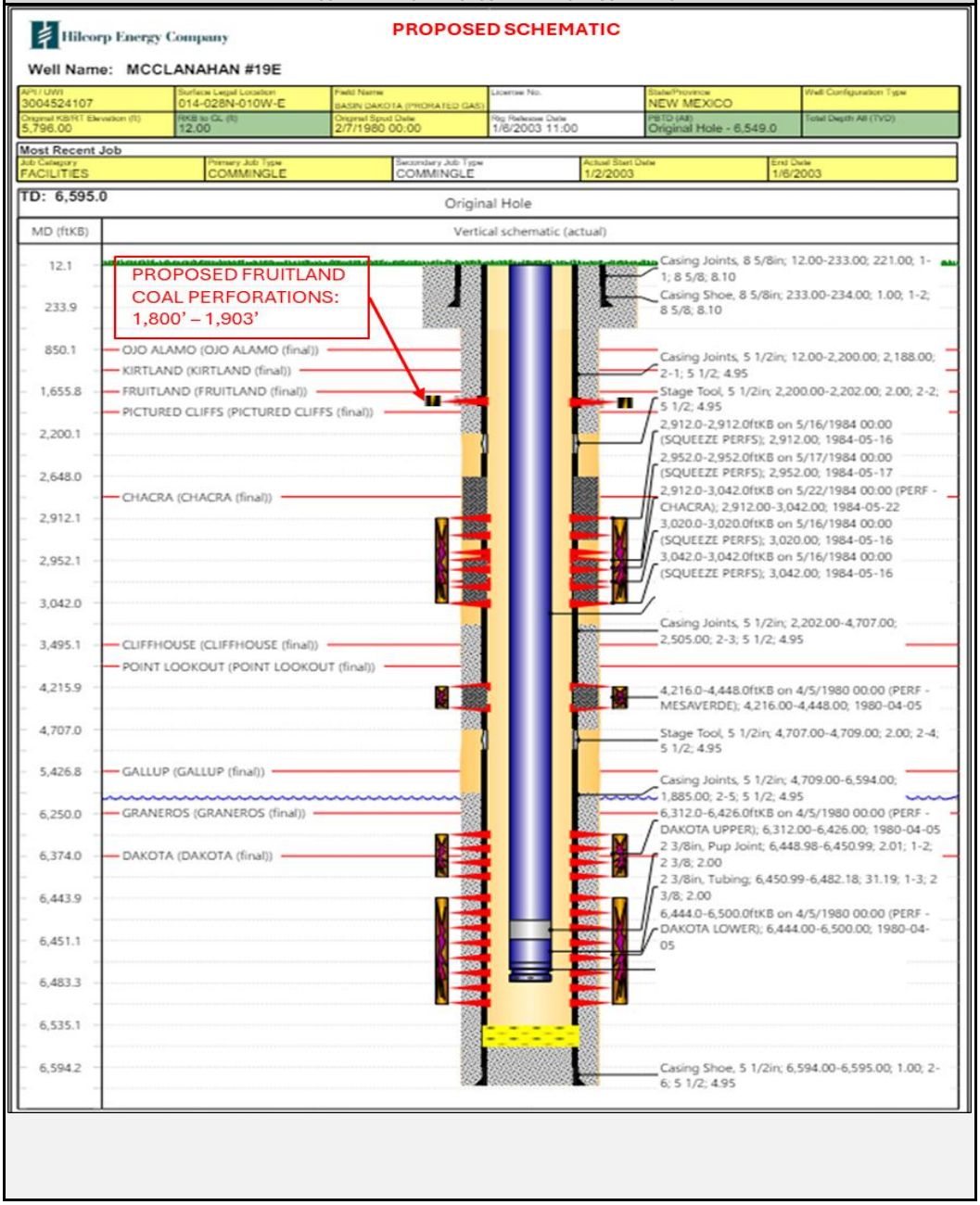
TD: 6,595.0

Original Hole



HILCORP ENERGY COMPANY
MCCLANAHAN 19E
FRUITLAND COAL RECOMPLETE SUNDRY

MCCLANAHAN 19E - 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
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 366395

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-24107	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318622	MCCLANAHAN	019E
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	5784

10. Surface Location

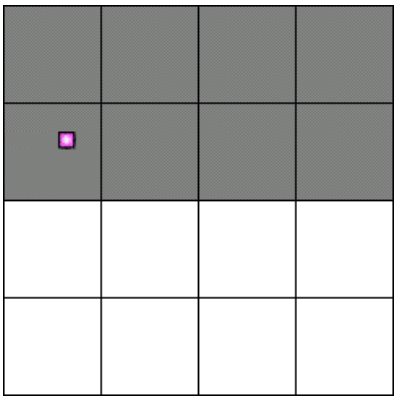
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	14	28N	10W		1795	N	845	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County

12. Dedicated Acres	13. Joint or Infill	14. Consolidation Code	15. Order No.
320.00			

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:
Title: Operations Regulatory Tech Sr.
Date: 5/31/2024

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: Fred B Kerr Jr
Date of Survey: 10/29/1979
Certificate Number: 3950

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

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

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Hilcorp Energy Company **OGRID:** 372171 **Date:** 5/31/2024

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: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
McClanahan 19E	30-045-24107	E, 14,28N,10W	1795' FNL & 845' FWL	0	115	1

IV. Central Delivery Point Name: Ignacio Processing Plant [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
McClanahan 19E	**30-045-24107**					

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:
Printed Name: Amanda Walker
Title: Operations Regulatory Tech Sr
E-mail Address: mwalker@hilcorp.com
Date: 6/4/2024
Phone: 346-237-2177

OIL CONSERVATION DIVISION **(Only applicable when submitted as a standalone form)**
Approved By:
Title:
Approval Date:
Conditions of Approval:

VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recomplete project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomplete to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recomplete operations.

VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
   - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations
   - This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompletion
   - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
   - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
   - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
   - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
   - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.

6. Subsection (F) Measurement or estimation of vented and flared natural gas
   - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
   - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

1. Operator has adequate storage and takeaway capacity for wells it chooses to recomplete as the flowlines at the sites are already in place and tied into a gathering system.
2. Operator will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
3. Operator combusts natural gas that would otherwise be vented or flared, when technically feasible.
4. Operator will shut in wells in the event of a takeaway disruption, emergency situation, or other operations where venting or flaring may occur due to equipment failures.

Hilcorp

June 20, 2024 *Mailed Certified with Electronic Return Receipt*

To: All Interest Owners

RE: Application to Downhole Commingle Production
Well: McClanahan 019E
API: 30-045-24107
Section 14, Township 28 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 trimmingle production from the **Basin Fruitland Coal**, a formation Hilcorp soon intends to perforate, with existing production from the **Basin Dakota** and **Otero Chacra** 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 pursue a formal protest (see details italicized below).

If you no longer own an interest in this well or need to make changes to your address, etc., please email ownerrelations@hilcorp.com. For those without email access, please call (713) 209-2457.

Hilcorp is eager to explore this potential opportunity to enhance production. Thank you for your support.

Sincerely,

Carson Parker Rice
Landman
713.757.7108
carice@hilcorp.com

CPR:dpk
Enclosures

Protesting:
Protests must be in writing and received within twenty (20) days from the date of this letter. In your response, please include your contact information, details referenced herein and the specific concerns and/or reasoning behind your decision. You are encouraged to email me an electronic copy and, subsequently, mailing (overnight) a hard copy to my attention at the address in the footer below. Upon receipt, I will follow up by phone to discuss your concerns. Should we be unable to resolve them, a formal protest will be set for hearing with the New Mexico Oil & Conservation Division in Santa Fe, NM, wherein your attendance and testimony will be required.

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau –
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Hilcorp Energy Company **OGRID Number:** 372171
Well Name: McClanahan 19E **API:** 30-045-24107
Pool: Basin Fruitland Coal **Pool Code:** 71629

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]
A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]
[I] Commingling – Storage – Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

2) **NOTIFICATION REQUIRED TO:** Check those which apply.
A. ☐ Offset operators or lease holders
B. ☒ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☒ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☒ For all of the above, proof of notification or publication is attached, and/or,
H. ☐ No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Amanda Walker
Print or Type Name

6/19/2024
Date

346-237-2177
Phone Number

Signature

mwalker@hilcorp.com
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 — Operator
382 Road 3100, Aztec, NM 87410 — Address

McClanahan	**19E**	**E, Sec. 14, T28N, R10W**	**San Juan**
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 372171 Property Code 318622 API No. 30-045-24107 Lease Type: _X_ Federal ____State _____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal	Otero Chacra	Basin Dakota
Pool Code	71629	82329	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 1800' – 1927'	2912' – 3042'	6312' – 6500'
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)	126 psi	144 psi	193 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1112 BTU	1187 BTU	1275 BTU
Producing, Shut-In or New Zone	New Zone	Producing	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: Oil: Gas: Water:	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 227 mcf Water: 3 bbl	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 1042 mcf Water: 4 bbl
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil % Gas %	Oil % Gas %	Oil % Gas %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_____ 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: _____

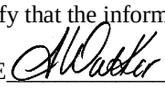
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation 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  TITLE Operations/Regulatory Technician Sr. DATE 6/19/2024

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. 346-237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
9214896900999790183707758 3	Dani Kuzma	, OFFICE OF NATURAL RESOURCES REVENUE, LAKEWOOD ACCTG CENT ONSHORE, DENVER, CO, 80225-0627 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707759 0	Dani Kuzma	, CARTER BLOODCARE, , BEDFORD, TX, 76021 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707760 6	Dani Kuzma	, JAMES B CAIN ESTATE, JOHN C CAIN TEMP ADM, ATHENS, TX, 75751 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707761 3	Dani Kuzma	, LAURA PAIGE JACKSON WOOD, , BEEVILLE, TX, 78102 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707762 0	Dani Kuzma	, RONALD S DAVIS, , SAN ANTONIO, TX, 78209 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707763 7	Dani Kuzma	, LAURA A HILL TRUST, BANK OF AMERICA NA TRUSTEE, DALLAS, TX, 75284-0738 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707764 4	Dani Kuzma	, BOBBY WARD JACKSON, , LEAGUE CITY, TX, 77573 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707765 1	Dani Kuzma	, HENDERSON GALBREATH FAMILY TRUST, ALEXANDER DAWSON HENDERSON IV and, FLAGSTAFF, AZ, 86001 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707766 8	Dani Kuzma	, HILLSON MINERAL TRUST, BANK OF AMERICA NA TRUSTEE, DALLAS, TX, 75284-0738 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707767 5	Dani Kuzma	, SHARON GALBREATH, , FLAGSTAFF, AZ, 86001 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707768 2	Dani Kuzma	, PATRICIA CARLSON, , POMONA, CA, 91766 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**
9214896900999790183707769 9	Dani Kuzma	, SAN JUAN BASIN TRUST, , BARTLESVILLE, OK, 74006-7500 Code: MCCLANAHAN 19E DHC NOTICE	6/20/2024	**Signature Pending**

BALLANTINE COMMUNICATIONS

Campaign No.	22308
Today's Date	20 Jun 2024
P.O. Number	
Sales Rep	Odette Capistrano-Zenizo

This is a quote for approval, not an invoice. Advanced payments may be accepted.

bill-to

Hilcorp Energy Company
1111 Travis Street
HOUSTON, TX 77002
Tel: 832 839-4570
Account No: 109863

advertiser

Hilcorp Energy Company
1111 Travis Street
HOUSTON, TX 77002
Tel: 832 839-4570
Account No: 109863

campaign summary

Description	McClanahan 19E
Start Date	6/24/2024
End Date	6/24/2024
Currency	

cost summary

Base Amount	$76.50
Adjustments	$0.00
Gross Amount	$76.50
Agency Commission	$0.00
Net Amount	$76.50
Estimated Tax	$6.26
Total	**$82.76**

Pre-Payment Details

Pre-Payment Amount	Pre-Payment Date	Pre-Payment Card No.

No Pre-Payments on this order

print lines

Line No.	Product	Description	Issue / Run Date	Quantity	Rate	Adjusted Rate	Amount
45972	Tri-City Record	TCR Private Legal	6/24/2024	1	76.50	76.50	76.50

22308

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-107A with the New Mexico Energy, Minerals and Natural Resources Department

Line No.	Product	Description	Issue / Run Date	Quantity	Rate	Adjusted Rate	Amount

Natural Resources Department – Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle new production from the Basin-Fruitland Coal Pool (71629) with existing production from the Basin-Dakota Gas Pool (71599) and the Otero Chacra (82329) in the **McClanahan 019E** well (API No. 30-045-24107) located in Unit E, Section 14, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico. Commingling will not reduce the value of production. Allocation method to be determined upon completion of this project. This notice is intended for certain unlocatable royalty 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 are required to respond within twenty (20) days from the date of this publication. Please mail your objection letter, referencing the well details above, to the following address: Hilcorp Energy Company, Attn: San Juan Land, 1111 Travis Street, Houston, TX 77002

Published in Tri-City Record
June 24, 2024

digital lines

Line No.	Product	Description	Start	End	Quantity	Rate	Amount
-- No Line Items --							

other lines

Line No.	Product	Description	Start	End	Quantity	Rate	Amount
45973	TCR 4C Marketplace Online	Class Liner Non-Recruitment	6/24/2024	6/24/2024	1	0.00	0.00

BALLANTINE COMMUNICATIONS

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of San Juan

Odette Zenizo, the undersigned, authorized Representative of the Tri-City Record, on oath states that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Law of 1937, that payment therefore has been made of assessed as court cost; and that the notice, copy of which is hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

6/24/2024

Sworn and subscribed before me, a notary public in and for the county of La Plata and the State of Colorado, 6/24/2024.

Stephanie Marie Thorsheim
Notary Public

PRICE: 76.50

Statement to come at the end of the month.

ACCOUNT NUMBER: 109863

STEPHANIE MARIE THORSHEIM
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20084016262
MY COMMISSION EXPIRES 07/01/2028

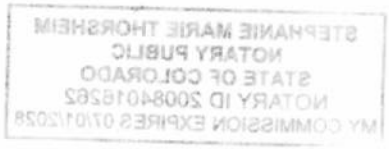
COPY OF ADVERTISEMENT

22308

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-107A with the New Mexico Energy, Minerals and Natural Resources Department – Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle new production from the Basin-Fruitland Coal Pool (71629) with existing production from the Basin-Dakota Gas Pool (71599) and the Otero Chacra (82329) in the **McClanahan 019E** well (API No. 30-045-24107) located in Unit E, Section 14, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico. Commingling will not reduce the value of production. Allocation method to be determined upon completion of this project. This notice is intended for certain unlocatable royalty 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 are required to respond within twenty (20) days from the date of this publication. Please mail your objection letter, referencing the well details above, to the following address: Hilcorp Energy Company, Attn: San Juan Land, 1111 Travis Street, Houston, TX 77002

Published in Tri-City Record
June 24, 2024



From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
To: Mandi Walker; Cheryl Weston
Cc: McClure, Dean, EMNRD; Lowe, Leonard, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Paradis, Kyle O; David Mankiewicz
Subject: Approved Administrative Order DHC-5416
Date: Tuesday, August 27, 2024 2:41:37 PM
Attachments: DHC5416 Order.pdf

NMOCD has issued Administrative Order DHC-5416 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **McClanahan #19E**
Well API: **30-045-24107**

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

Hilcorp

June 20, 2024 *Mailed Certified with Electronic Return Receipt*

To: All Interest Owners

RE: Application to Downhole Commingle Production
Well: McClanahan 019E
API: 30-045-24107
Section 14, Township 28 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 trimmingle production from the **Basin Fruitland Coal**, a formation Hilcorp soon intends to perforate, with existing production from the **Basin Dakota** and **Otero Chacra** 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 pursue a formal protest (see details italicized below).

If you no longer own an interest in this well or need to make changes to your address, etc., please email ownerrelations@hilcorp.com. For those without email access, please call (713) 209-2457.

Hilcorp is eager to explore this potential opportunity to enhance production. Thank you for your support.

Sincerely,

Carson Parker Rice
Landman
713.757.7108
carice@hilcorp.com

CPR:dpk
Enclosures

Protesting:
Protests must be in writing and received within twenty (20) days from the date of this letter. In your response, please include your contact information, details referenced herein and the specific concerns and/or reasoning behind your decision. You are encouraged to email me an electronic copy and, subsequently, mailing (overnight) a hard copy to my attention at the address in the footer below. Upon receipt, I will follow up by phone to discuss your concerns. Should we be unable to resolve them, a formal protest will be set for hearing with the New Mexico Oil & Conservation Division in Santa Fe, NM, wherein your attendance and testimony will be required.

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau –
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Hilcorp Energy Company **OGRID Number:** 372171
Well Name: McClanahan 19E **API:** 30-045-24107
Pool: Basin Fruitland Coal **Pool Code:** 71629

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]
A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]
[I] Commingling – Storage – Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

2) **NOTIFICATION REQUIRED TO:** Check those which apply.
A. ☐ Offset operators or lease holders
B. ☒ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☒ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☒ For all of the above, proof of notification or publication is attached, and/or,
H. ☐ No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Amanda Walker
Print or Type Name

Signature

6/19/2024
Date

346-237-2177
Phone Number

mwalker@hilcorp.com
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 — Operator
382 Road 3100, Aztec, NM 87410 — Address

McClanahan	**19E**	**E, Sec. 14, T28N, R10W**	**San Juan**
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 372171 Property Code 318622 API No. 30-045-24107 Lease Type: _X_ Federal ____State _____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal	Otero Chacra	Basin Dakota
Pool Code	71629	82329	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 1800' – 1927'	2912' – 3042'	6312' – 6500'
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)	126 psi	144 psi	193 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1112 BTU	1187 BTU	1275 BTU
Producing, Shut-In or New Zone	New Zone	Producing	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: Oil: Gas: Water:	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 227 mcf Water: 3 bbl	Date: 4/1/2024 Rates: Oil: 0 bbl Gas: 1042 mcf Water: 4 bbl
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil % Gas %	Oil % Gas %	Oil % Gas %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_____ 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: _____

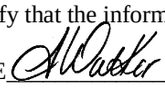
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation 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  TITLE Operations/Regulatory Technician Sr. DATE 6/19/2024

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. 346-237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

Hilcorp

HILCORP ENERGY COMPANY
MCCLANAHAN #19E
AMENDED WBD

MCCLANAHAN #19E - CURRENT WELLBORE SCHEMATIC

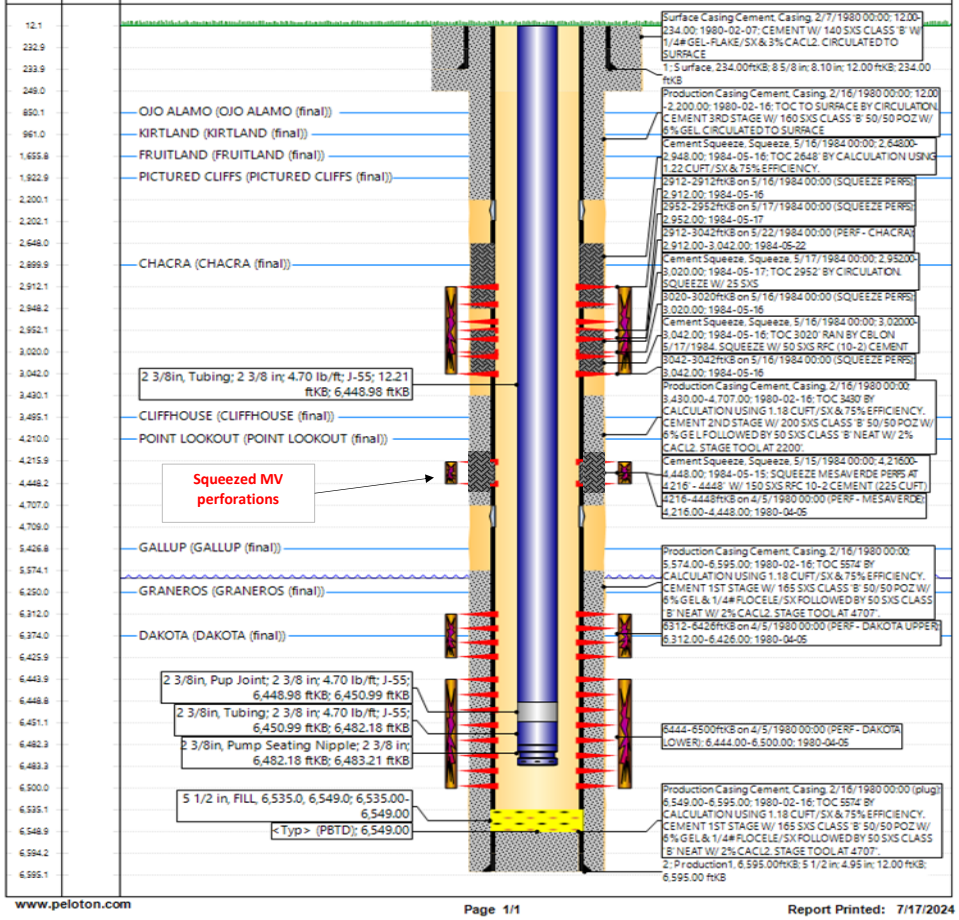
Hilcorp Energy Company

Current Schematic - Version 3

Well Name: MCCLANAHAN #19E

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004524107	014-028N-010W-E	BASIN DAKOTA (PRORATED GAS)	0707	NEW MEXICO	
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
5,784.00	5,796.00		12.00		

Original Hole



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HILCORP ENERGY COMPANY
MCCLANAHAN #19E
AMENDED WBD

MCCLANAHAN #19E - PROPOSED WELLBORE SCHEMATIC

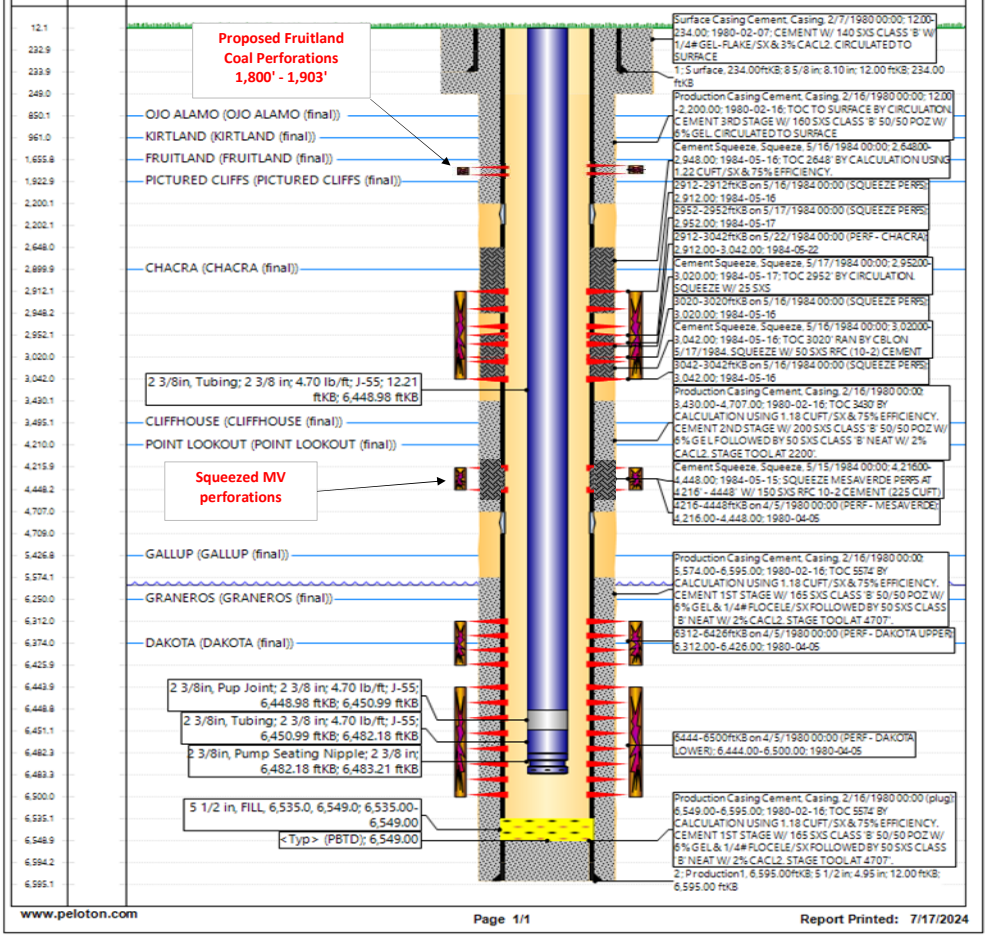
Hilcorp Energy Company

Current Schematic - Version 3

Well Name: MCCLANAHAN #19E

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004524107	014-028N-010W-E	BASIN DAKOTA (PRORATED GAS)	0707	NEW MEXICO	
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
5,784.00	5,796.00		12.00		

Original Hole



www.peloton.com Page 1/1 Report Printed: 7/17/2024

From: McClure, Dean, EMNRD
To: Mandi Walker; Cheryl Weston
Cc: Lowe, Leonard, EMNRD; Carson Rice
Subject: RE: [EXTERNAL] Action ID: 356529; DHC-5416
Date: Wednesday, July 17, 2024 4:55:00 PM
Attachments: image001.png

Mandi,

Review of this application cannot continue until notice is conducted such that the stipulations within 19.15.12.11 C.(1)(a) NMAC may be met. As such, the Division will be placing review of this application on hold for the earlier of either: (a) Hilcorp has provided documentation demonstrating that the interest owners have been instructed to provide their protests to the Division; or (b) 30 days. The Division will make an evaluation of how to proceed in this case upon re-opening the application for review.

Please feel free to reach out if you have any questions.

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

From: Mandi Walker <mwalker@hilcorp.com>
Sent: Wednesday, July 17, 2024 3:57 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Cheryl Weston <cweston@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Carson Rice <carice@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 356529; DHC-5416

Dean,

I confirmed with our Landman that this was an older statement and that the interest owners were instructed to reach out to Hilcorp with any objections. To date, we have not received any.

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Office: 346.237.2177
mwalker@hilcorp.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, July 17, 2024 4:38 PM
To: Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Action ID: 356529; DHC-5416

Hello Mandi,

Please review the attached email. For individual exception DHC applications (not pre-approved), the interest owners must be instructed to provide any protest they have directly to the Division. If Hilcorp has provided this instruction to the interest owners for this application, please provide the example of such. Within the example below, it appears that Hilcorp is instructing the interest owners to provide Hilcorp with any protests they may have.

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

From: Mandi Walker <mwalker@hilcorp.com>
Sent: Wednesday, July 17, 2024 2:28 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Cheryl Weston <cweston@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Action ID: 356529; DHC-5416

Good afternoon Dean,

Attached please find the affidavit from the newspaper, and the updated WBD as well as the responses in blue for your questions.

Please let me know if you have any questions.

Thanks!

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Office: 346.237.2177
mwalker@hilcorp.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Tuesday, July 16, 2024 5:42 PM
To: Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: [EXTERNAL] Action ID: 356529; DHC-5416

To whom it may concern (c/o Mandi Walker for Hilcorp Energy Company),

The Division is reviewing the following application:

Action ID	**356529**
Admin No.	DHC-5416
Applicant	Hilcorp Energy Company (372171)
Title	McClanahan #19E
Sub. Date	6/21/2024

Please provide the following additional supplemental documents:

-

Please provide additional information regarding the following:

- Please confirm the status of the MV perforations depicted on the WBD for this well. If they are squeezed, please provide an amended WBD depicting that. – Updated WBD
- Please provide the affidavit of publication for this application - Attached
  - Please confirm that the Chaca formation will not be harmed by the fluids from the FLC and DK formations. No, the Chaca formation will not be harmed by the fluids from the FLC and DK formations.

- **With consideration to the Division's past discussions with Hilcorp regarding how interest owners shall be instructed to protest the application should they intend to; please confirm how the interest owners were instructed to provide their protests for this application. – This is listed at the bottom of the Land Letter**

Protesting:
Protests must be in writing and received within twenty (20) days from the date of this letter. In your response, please include your contact information, details referenced herein and the specific concerns and/or reasoning behind your decision. You are encouraged to email me an electronic copy and, subsequently, mailing (overnight) a hard copy to my attention at the address in the footer below. Upon receipt, I will follow up by phone to discuss your concerns. Should we be unable to resolve them, a formal protest will be set for hearing with the New Mexico Oil & Conservation Division in Santa Fe, NM, wherein your attendance and testimony will be required.

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

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

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: McClure, Dean, EMNRD
To: Mandi Walker
Cc: Cheryl Weston
Subject: RE: [EXTERNAL] DHC Objection Letter Question
Date: Wednesday, March 13, 2024 2:43:00 PM
Attachments: image001.png

Hello Mandi,

For any C-107A submissions (not pre-approved pools), then the 20-day notice period begins the later of: (a) the application is submitted to the Division; or (b) notice is provided to the interest owners. If the expected date of utilization is going to occur prior to 20 days after when you would normally submit the application, then you may wish to submit it now.

For the pre-approved pool submissions, if Hilcorp decides to have interest owners provide the protests directly to the Division instead of certifying that protests were not received, then you may wish to also take a similar approach for those submissions as well.

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

From: Mandi Walker <mwalker@hilcorp.com>
Sent: Wednesday, March 13, 2024 1:55 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Cheryl Weston <cweston@hilcorp.com>
Subject: RE: [EXTERNAL] DHC Objection Letter Question

Good afternoon Dean,

I have one more question for you on this matter. Currently, we are holding the applications for the 20-day comment period before filing with OCD. Should we be filing our applications after we have proof of notification, so that the 20-day clock runs while you have the application?

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Office: 346.237.2177
mwalker@hilcorp.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, March 11, 2024 3:50 PM
To: Rob Carlson <rcarlson@hilcorp.com>
Cc: Shane Smith <Shane.Smith@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] DHC Objection Letter Question

Sounds good Rob. When the Division receives a protest, then 2 emails are sent out: one to the protester acknowledging receipt and one to the operator with contact information for the protester and a determination that the application has been placed on hold until the protest has been resolved.

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

From: Rob Carlson <rcarlson@hilcorp.com>
Sent: Monday, March 11, 2024 2:16 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Shane Smith <Shane.Smith@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] DHC Objection Letter Question

Thank you, Dean.

Hilcorp will be replacing our expanded language with the more limited version you've suggested. We will depend on the OCD to advise us of any objections going forward.

Rob Carlson, CPL
Senior Landman - Hilcorp

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, March 11, 2024 2:18 PM
To: Rob Carlson <rcarlson@hilcorp.com>
Cc: Shane Smith <Shane.Smith@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] DHC Objection Letter Question

Rob,

I would either add to your paragraph or include an additional paragraph like the one I show as an example below. 19.15.12.11 is lackluster to say the least regarding explicitly stating what should be included and I would reference the rules in 19.15.12.10 for more detail. Please see 19.15.12.10 C.(4)(c) NMAC below.

Please see below for an example of what one operator attaches to its notice letters. I don't think it is the Operator's responsibility to provide a contact for the Division, but if you do, I would include the engineering email address: ocd.engineer@emnrd.nm.gov

19.15.12.10 C.(4)(c) NMAC

(c) Notice. The applicant shall notify the interest owners in accordance with 19.15.4.12 NMAC. The applicant shall submit a statement attesting that the applicant, on or before the date the applicant submitted the application to the division, notified each of the interest owners by sending them a copy of the application and the attachments to the application, by certified mail, return receipt requested, and advising them that they must file any objection in writing with the division's Santa Fe office within 20 days from the date the division received the application. The division may approve the application administratively, without hearing, upon receipt of written waivers from interest owners, or if no interest owner has filed an objection within the 20-day period. If the division receives an objection, it shall set the application for hearing. The division shall notify the applicant, who shall give formal notice of the hearing to each party who has filed an objection and to such other persons as the division directs.

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

From: Rob Carlson <rcarlson@hilcorp.com>
Sent: Monday, March 11, 2024 12:56 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Shane Smith <Shane.Smith@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] DHC Objection Letter Question

Dean,

Thank you for the detailed guidance. As to the below highlighted portion of your response, Hilcorp assumes all owners have been sending written objections to the NMOCD as instructed. The following language is at the bottom of all Hilcorp's DHC notice letters:

Protests must be in writing and received by the NMOCD within twenty (20) days from the date of this letter. In your response, please include your contact information, details referenced herein and the specific concerns and/or reasoning behind your decision. You are encouraged to email me an electronic copy and, subsequently, mailing (overnight) a hard copy to my attention at the address in the footer below. Upon receipt, I will follow up by phone to discuss your concerns. Should we be unable to resolve them, a formal protest will be set for hearing with the NMOCD in Santa Fe, NM, wherein your attendance and testimony will be required.

Would you like to see this language modified to include your email address? NMOCD physical address to your attention? Other recommended changes?

Rob Carlson, CPL
Senior Landman - Hilcorp

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, March 11, 2024 11:52 AM
To: Mandi Walker <mwalker@hilcorp.com>
Cc: Rob Carlson <rcarlson@hilcorp.com>; Shane Smith <Shane.Smith@hilcorp.com>
Subject: RE: [EXTERNAL] DHC Objection Letter Question

Hello Mandi,

When an application is protested, it is placed on hold until that protest is resolved. This may be done in 2 ways: (a) the protester withdraws their protest; or (b) the application goes to hearing.

If Hilcorp feels that the protester may withdraw their protest upon establishing a line of communication with them; then at your discretion, please feel free to submit the application administratively per your normal procedure. If Hilcorp does not believe that the protester will withdraw their protest, then at your discretion you may file it administratively, but the application will ultimately need to go to Hearing to resolve the matter and you may file the application for hearing initially bypassing the administrative process. The only caveat for Hilcorp to consider here is if it were to wish to have an administrative order governing the DHC at the end of the day, then it would need to submit both an administrative application and a hearing application. The only advantage to having an administrative order would be that amending an administrative order can be done via an administrative process while a hearing will be required to amend a hearing order should Hilcorp wish to include an additional pool later.

Please note that while a protester is not required to provide a reason for their protest at the time of protesting, any protest will require the matter to go to hearing if it is not withdrawn. However, the Division will hear the arguments from both parties and a protest should not be implied to indicate whether the Division will approve or reject an application.

Additionally, please note that for pre-approved pool DHC applications, the NMAC allows for the operator to certify that protests were not received. However, Hilcorp should re-evaluate its procedures for C-107A submissions that do not involve pre-approved pools if it is currently in the practice of instructing interest owners to provide Hilcorp the protest in lieu of the Division. Please see 19.15.12.11 C.(1)(a) NMAC below where it allows for a protest to be filed within 20 days after the Division has received the application. I wouldn't think that there is a reason not to include Hilcorp as a recipient as well; only that it may not be the recipient in lieu of the Division. If you have any questions, please feel free to reach back out.

19.15.12.11 C.(1)(a) NMAC

(a) The director may administratively approve a form C-107-A in the absence of a valid objection filed within 20 days after the division's receipt of the application if, in the director's opinion, waste will not occur and correlative rights will not be impaired.

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

From: Mandi Walker <mwalker@hilcorp.com>
Sent: Monday, March 11, 2024 9:58 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Rob Carlson <rcarlson@hilcorp.com>; Shane Smith <Shane.Smith@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: [EXTERNAL] DHC Objection Letter Question

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

Good morning Dean,

I am in unfamiliar territory at the moment with one of our DHC's. We had sent out notification to the interested owners, and we have received back the attached objection letters. I haven't filed the packet with OCD since we were still within the 20 period (expires today), my question is, what are the next steps with NMOCD? Is the basis of the letters sufficient to warrant a hearing? Do I need to file the packet with a notation of the protests and OCD requests a hearing? Or does Hilcorp need to request a hearing? This is my first objection, so I just want to make sure that we are following the correct path forward.

Thank you for your time to help me understand the next steps.

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Hilcorp Energy Company
1111 Travis Street / 12.215
Houston, TX 77002
Office: 346.237.2177
mwalker@hilcorp.com

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From: Mandi Walker
To: McClure, Dean, EMNRD; Cheryl Weston; Lowe, Leonard, EMNRD; Wrinkle, Justin, EMNRD; Rikala, Ward, EMNRD
Subject: RE: [EXTERNAL] RE: Hilcorp August NOI_DHC Expedited Approvals
Date: Thursday, August 15, 2024 7:56:47 AM
Attachments: McClanahan 19E Packet.pdf

Good morning Dean,

Attached is the updated DHC packet which includes the re-notification information. Please replace the packet you currently have in its entirety for the attached packet. The action id is 356529.

Let me know if you need anything further from me.

Thank you,

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Office: 346.237.2177
mwalker@hilcorp.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, August 14, 2024 5:20 PM
To: Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Hilcorp August NOI_DHC Expedited Approvals

Thank you, Mandi.

Please put together a pdf that includes the following:

- A copy of the new cover letter included in the application that was re-noticed.
- A table with interest owners provided notice including the tracking numbers associated with each.
- The new affidavit of publication.
- Reference somewhere within the material or include a brief summary stating the date on which the written notice was mailed.

Whomever is over the other application I referenced, please follow this format when providing me with the documentation. If it is not available by next Monday morning, please provide me with a summary of the where Hilcorp is at in the process including an

estimated timetable for having the new notice completed.

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

From: Mandi Walker <mwalker@hilcorp.com>
Sent: Wednesday, August 14, 2024 3:43 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Hilcorp August NOI_DHC Expedited Approvals

Dean, here is the re-notification with the tracking numbers to show that we both published and mailed.

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Office: 346.237.2177
mwalker@hilcorp.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, August 14, 2024 4:02 PM
To: Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Hilcorp August NOI_DHC Expedited Approvals

Mandi,

Please note that public notice may only be conducted in lieu of providing written notice once the operator has made a good faith effort to provide written notice. As such the updated language will need to be included in direct written notice to the interest owners. Then if any of those are not delivered, they will be pre-emptively cured by the public notice you reference in your email below.

Additionally, please note that the application for the State Com O #12 has the same

circumstances as this one. Please ensure that Hilcorp has taken steps to cure its notice and provided a status update on those steps by the first business day following 08/17/2024.

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

From: Mandi Walker <mwalker@hilcorp.com>
Sent: Wednesday, August 14, 2024 11:55 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: Hilcorp August NOI_DHC Expedited Approvals

Dean, the only outstanding item I had for the McClanahan 19E was the notification, and we re-published in the paper with the updated language. I sent the certification yesterday morning, but have re-attached it here. Let me know if there was anything else that I am missing, and I will make sure to get it to you.

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Office: 346.237.2177
mwalker@hilcorp.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, August 14, 2024 12:36 PM
To: Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrd.nm.gov>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] RE: Hilcorp August NOI_DHC Expedited Approvals

Cheryl,

The McClanahan 19E application is currently on hold awaiting its notice issues to be addressed. If you have responded to my original email on the topic, please feel free to

resend that to me as I receive a large volume of emails from Hilcorp and I may have missed it.

I'll take a look at the Calloway 1M and State Gas Com A 1M as I believe they involve the production allocation method.

I believe the others in your table below are all in the queue to be reviewed and the Division will reach out with any questions or concerns upon review. If any of them have the same notice issues as the McClanahan 19E and State Com O 12, then you may wish to pre-emptively address them in the interest of time.

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 11:00 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrd.nm.gov>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: [EXTERNAL] RE: Hilcorp August NOI_DHC Expedited Approvals
Importance: High

Dean/Leonard:

We are following up on the pending DHC's on the Expedited lists sent in on 8/2/2024. We have Fracs scheduled this week and next, for the following wells that still need DHC's.

API	Well Name	DHC Action ID	Frac Date
3004524107	McClanahan 19E	356529	8/14/2024
3004525047	Helms Federal 1E	363325	8/15/2024
3004523709	King 1A	363319	8/16/2024
3003922361	San Juan 28-7 Unit 195E	325702	8/19/2024
3003921325	San Juan 29-6 Unit 45A	368419	8/21/2024
3003920381	San Juan 28-7 Unit 158	325697	8/22/2024
3003920690	San Juan 28-6 Unit 184	326921	8/26/2024

3003920465	**San Juan 27-5 Unit 141**	**325493**	**8/27/2024**

We also have reached TD on the **Calloway 1M** (Action ID **354039**). Hilcorp would like to have the DHC approval in place before we frac it to avoid any delays. All additional information requested was provided. May we please get this one as well? It is on the Expedited DHC list.

Thank you,

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

From: Cheryl Weston
Sent: Friday, August 2, 2024 12:25 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Wrinkle, Justin, EMNRD <justin.wrinkle@emnrd.nm.gov>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: Hilcorp August NOI_DHC Expedited Approvals

Dean/Leonard:

Good afternoon. Please see the attached expedited NOI and DHC requests for the August Frac's.

The ones below the red lines are new adds to the list. There are 2 DHC's with blank Action ID's. I will file them as soon as I get NM SLO confirmation of receipt.

Thanks,

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

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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-5416**

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 all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. 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.
6. 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

7. 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.
8. 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.
9. 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.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.

11. 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.

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. This Order supersedes Order DHC-935.

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 BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629);
   b. zero percent (0%) shall be allocated to the OTERO CHACRA (GAS) pool (pool ID: 82329); and
   c. one hundred percent (100%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

   Applicant shall allocate gas production to the new pool(s) equal to the total gas production from the Well minus the projected gas production from the current pool(s) until a different plan to allocate gas production is approved by OCD. The new pool(s) are:
   a. the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629).

   The current pool(s) are:
   a. the OTERO CHACRA (GAS) pool (pool ID: 82329); and
   b. the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

   Until a different plan to allocate gas production is approved by OCD, of the projected gas production allocated to the current pools:
   a. twenty-one percent (21%) shall be allocated to the OTERO CHACRA (GAS) pool (pool ID: 82329); and
   b. seventy-nine percent (79%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

   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

DATE: 8/27/2024

GERASIMOS RAZATOS
DIRECTOR (ACTING)

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

	Order:	DHC-5416			
	Operator:	Hilcorp Energy Company (372171)			
	Well Name:	McClanahan #19E			
	Well API:	30-045-24107			
Upper Zone	Pool Name:	BASIN FRUITLAND COAL (GAS)			
	Pool ID:	71629	Current:	New:	X
	Allocation:		Oil:	0.0%	Gas: subt
			Top:	1,800	Bottom: 1,927
Intermediate Zone	Pool Name:	OTERO CHACRA (GAS)			
	Pool ID:	82329	Current:	X	New:
	Allocation:		Oil:	0.0%	Gas: 21.0%
			Top:	2,912	Bottom: 3,042
	Bottom of Interval within 150% of Upper Zone's Top of Interval:			NO	
Lower Zone	Pool Name:	BASIN DAKOTA (PRORATED GAS)			
	Pool ID:	71599	Current:	X	New:
	Allocation:		Oil:	100.0%	Gas: 79.0%
			Top:	6,312	Bottom: 6,500
	Bottom of Interval within 150% of Upper Zone's Top of Interval:			NO	

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

CONDITIONS

Action 356529

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 356529
	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.	8/27/2024