

ID NO. 394239

**DHC - 5484**

Revised March 23, 2017

RECEIVED: <b>10/21/24</b>	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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

**ADMINISTRATIVE APPLICATION CHECKLIST**

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

**Applicant:** Hilcorp Energy Company **OGRID Number:** 372171  
**Well Name:** State Com L 8A **API:** 30-045-21706  
**Pool:** Basin Fruitland Coal / Blanco Mesaverde **Pool Code:** 71629, 72319

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

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete☐ Application  
Content  
Complete

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

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

Cherylene Weston

Print or Type Name

Cherylene Weston

Signature

10/15/2024

Date

713-289-2614

Phone Number

cweston@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

382 Road 3100, Aztec, NM 87410

Operator

Address

STATE COM L

8A

E-36-T32N-R11W

SAN JUAN, NM

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 319094 API No. 30-045-21706 Lease Type: \_\_\_\_Federal \_\_\_\_X\_\_\_\_State \_\_\_\_Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2667' - 3007'		4515' - 5412'
Method of Production (Flowing or 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)	77 psi		133 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1050 BTU		1194 BTU
Producing, Shut-In or New Zone	NEW ZONE		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date:  Rates:	Date:  Rates:	Date: 7/1/2024 Rates: Oil - 1 bbl Gas - 5,300 mcf Water - 54 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

Cherylene Weston

TITLE

Operations/Regulatory Tech-Sr.

DATE

10/15/2024

TYPE OR PRINT NAME

Cherylene Weston

TELEPHONE NO. ( 713 )

289-2615

E-MAIL ADDRESS

cweston@hilcorp.com

NE 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.

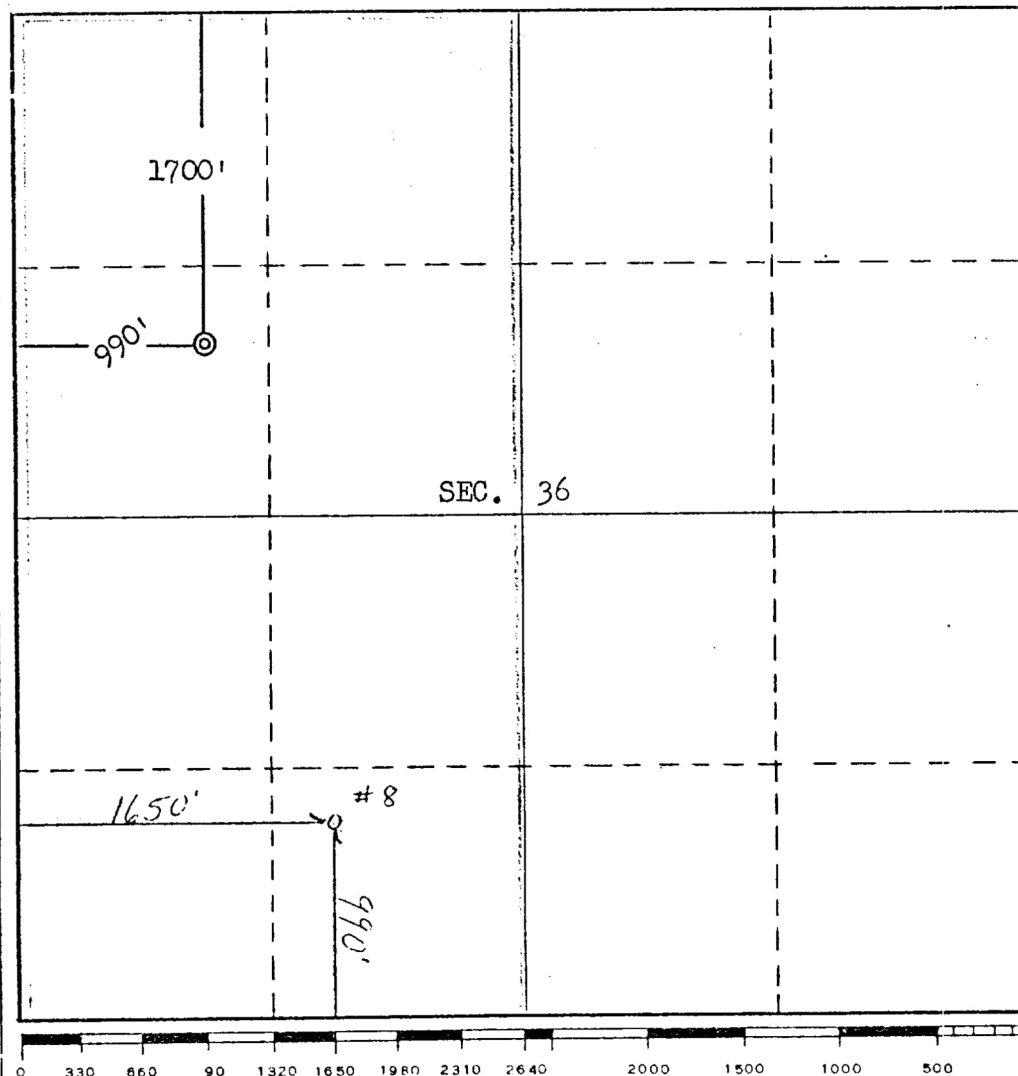
Operator <b>Mesa Petroleum Company</b>			Lease <b>State Com L</b>		Well No. <b>8A</b>
Unit Letter <b>E</b>	Section <b>36</b>	Township <b>32 North</b>	Range <b>11 West</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>1700</b> feet from the <b>North</b> line and <b>990</b> feet from the <b>West</b> line					
Ground Level Elev. <b>6234</b>	Producing Formation <b>Mesaverde</b>		Pool <b>Blanco</b>	Dedicated Acreage: <b>320</b> 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 \_\_\_\_\_

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. J. Flaker*

Name

**R. J. Flaker**

Position

**Production Engr.**

Company

**Mesa Petroleum Co.**

Date

**2/12/75**

REGISTERED LAND SURVEYOR  
STATE OF NEW MEXICO  
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 are true and correct to the best of my knowledge and belief.  
E. V. ECHOHAWK

Date Surveyed

**January 29, 1975**

Registered Professional Engineer  
and/or Land Surveyor

*E. V. Echohawk*

Certificate No. **3602**

**E. V. Echohawk LS**

State Com L 8A Production Allocation

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

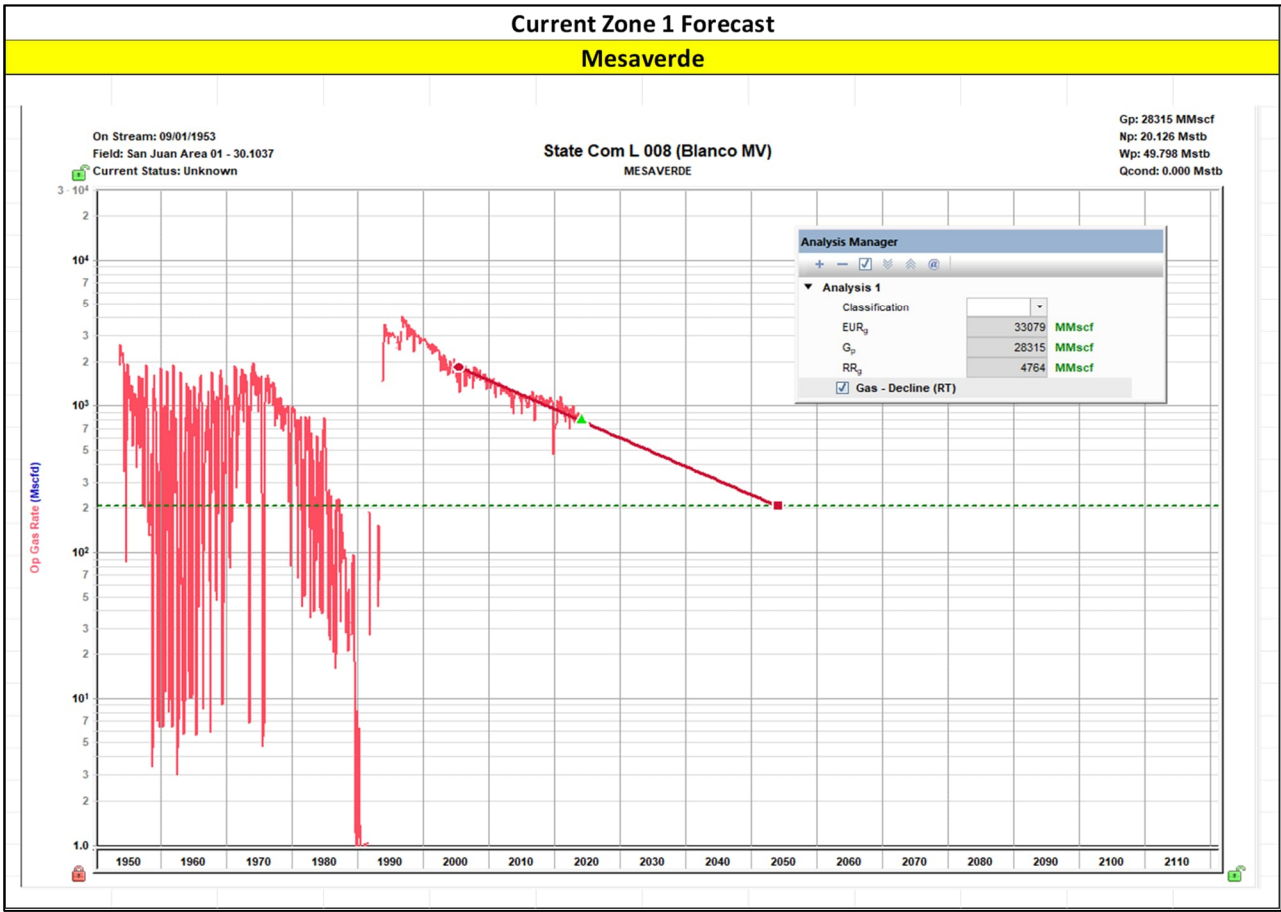
The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

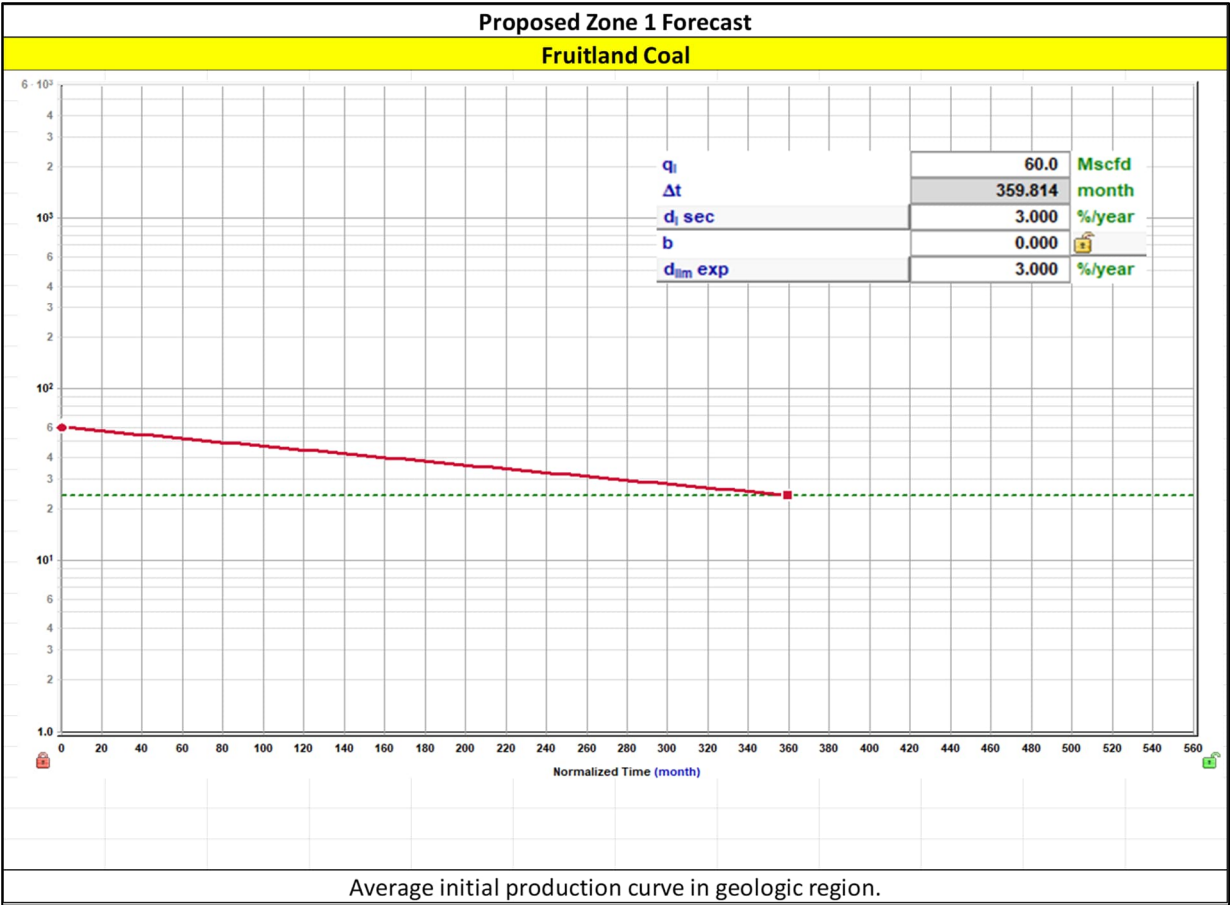
Production Allocation Method – Subtraction

Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the **Mesaverde** 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 base formations forecast will be allocated to the new formation.

After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed percentage-based allocation.



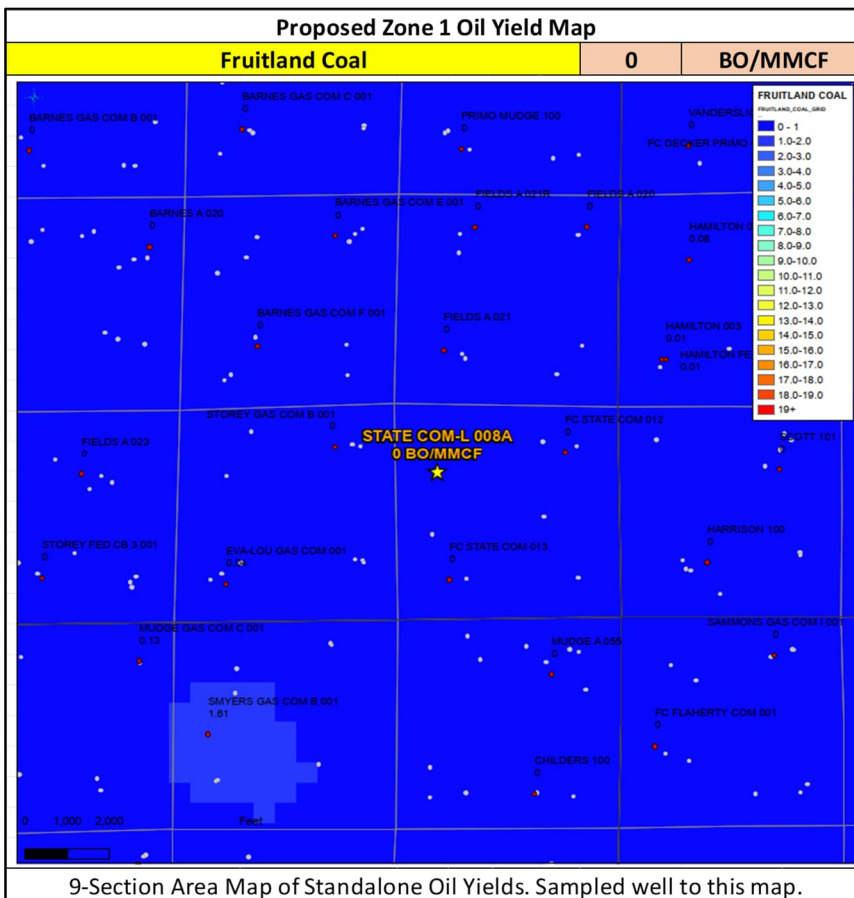
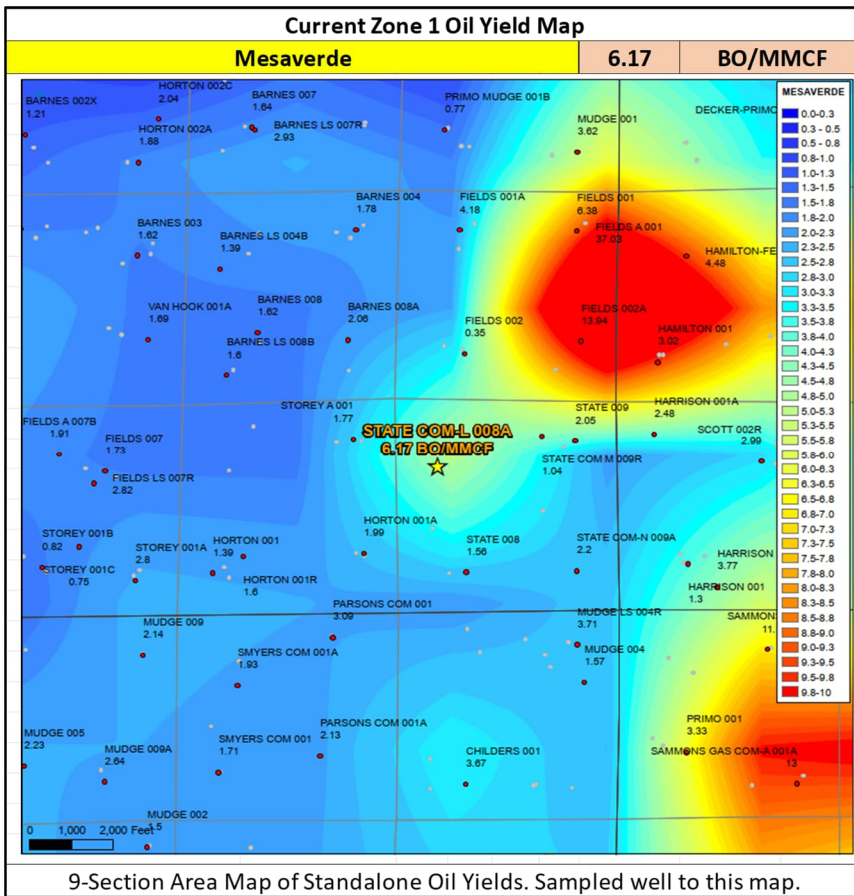


Oil Allocation:

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

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	6.17	4764	100%
FRC	0	430	0%





**Supplemental Information:**

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:

3004534078	CHILDERS 100	FRC
3004511180	STATE COM M 9	MV

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.

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.

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.

## 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.
- 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.

Well Name	API
STATE COM L 008A	3004521706

FRC Offset (0.6 miles)		MV Offset (0.95 miles)	
--	3004527524	--	3004521797
--	FC STATE COM 12	--	HARRISON 1-A
Avg(CationBarium)	9.51	Avg(CationBarium)	0
Avg(CationBoron)	2.15	Avg(CationBoron)	0
Avg(CationCalcium)	16.55	Avg(CationCalcium)	31
Avg(CationIron)	283.43	Avg(CationIron)	2
Avg(CationMagnesium)	4.11	Avg(CationMagnesium)	4.1
Avg(CationManganese)	5.21	Avg(CationManganese)	0.1
Avg(CationPhosphorus)	107.71	Avg(CationPhosphorus)	0
Avg(CationPotassium)	3.41	Avg(CationPotassium)	0
Avg(CationStrontium)	3.37	Avg(CationStrontium)	0
Avg(CationSodium)	1386.61	Avg(CationSodium)	5941.5
Avg(CationSilica)	30.79	Avg(CationSilica)	0
Avg(CationZinc)	1.69	Avg(CationZinc)	0
Avg(CationAluminum)	0	Avg(CationAluminum)	0
Avg(CationCopper)	0	Avg(CationCopper)	0
Avg(CationLead)	0	Avg(CationLead)	0
Avg(CationLithium)	0	Avg(CationLithium)	0
Avg(CationNickel)	0	Avg(CationNickel)	0
Avg(CationCobalt)	0	Avg(CationCobalt)	0
Avg(CationChromium)	0	Avg(CationChromium)	0
Avg(CationSilicon)	14.39	Avg(CationSilicon)	0
Avg(CationMolybdenum)	0	Avg(CationMolybdenum)	0
Avg(AnionChloride)	1220.86	Avg(AnionChloride)	8700
Avg(AnionCarbonate)	0	Avg(AnionCarbonate)	0
Avg(AnionBicarbonate)	1616.5	Avg(AnionBicarbonate)	927.2
Avg(AnionBromide)	0	Avg(AnionBromide)	0
Avg(AnionFluoride)	0	Avg(AnionFluoride)	0
Avg(AnionHydroxyl)	0	Avg(AnionHydroxyl)	0
Avg(AnionNitrate)	0	Avg(AnionNitrate)	0
Avg(AnionPhosphate)	8.15	Avg(AnionPhosphate)	363.3
Avg(AnionSulfate)	10.51	Avg(AnionSulfate)	20
Avg(phField)	7.47	Avg(phField)	7.16
Avg(phCalculated)	0	Avg(phCalculated)	6.41
Avg(TempField)	81.2	Avg(TempField)	0
Avg(TempLab)	0	Avg(TempLab)	0
Avg(OtherFieldAlkalinity)	61.09	Avg(OtherFieldAlkalinity)	1026.48
Avg(OtherSpecificGravity)	1.01	Avg(OtherSpecificGravity)	1
Avg(OtherTDS)	4834.38	Avg(OtherTDS)	15094
Avg(OtherCaCO3)	0	Avg(OtherCaCO3)	10911.99
Avg(OtherConductivity)	11196.19	Avg(OtherConductivity)	0
Avg(DissolvedCO2)	59	Avg(DissolvedCO2)	120
Avg(DissolvedO2)	0	Avg(DissolvedO2)	0
Avg(DissolvedH2S)	0.43	Avg(DissolvedH2S)	2
Avg(GasPressure)	70	Avg(GasPressure)	0
Avg(GasCO2)	0	Avg(GasCO2)	10
Avg(GasCO2PP)	0	Avg(GasCO2PP)	0
Avg(GasH2S)	0	Avg(GasH2S)	0
Avg(GasH2SPP)	0	Avg(GasH2SPP)	0
Avg(PitzerCaCO3_70)	0.04	Avg(PitzerCaCO3_70)	0
Avg(PitzerBaSO4_70)	0.78	Avg(PitzerBaSO4_70)	0
Avg(PitzerCaSO4_70)	-1.95	Avg(PitzerCaSO4_70)	0
Avg(PitzerSrSO4_70)	-3.32	Avg(PitzerSrSO4_70)	0
Avg(PitzerFeCO3_70)	3.75	Avg(PitzerFeCO3_70)	0
Avg(PitzerCaCO3_220)	0.5	Avg(PitzerCaCO3_220)	0
Avg(PitzerBaSO4_220)	0.33	Avg(PitzerBaSO4_220)	0
Avg(PitzerCaSO4_220)	0.52	Avg(PitzerCaSO4_220)	0
Avg(PitzerSrSO4_220)	-3.12	Avg(PitzerSrSO4_220)	0
Avg(PitzerFeCO3_220)	3.76	Avg(PitzerFeCO3_220)	0



**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 variability by formation is low.

- 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.

Well Name	API
STATE COM L 008A	3004521706

FRC Offset (0.48 miles)		MV Offset (0.54 miles)	
--	3004527525	--	3004529366
--	FC STATE COM 13	--	STATE COM M 9R
N2	1.12	N2	0.16
CO2	0.56	CO2	2.47
C1	89.28	C1	81.83
C2	5.03	C2	8.34
C3	2.4	C3	3.59
IC4	0.48	IC4	0.69
NC4	0.53	NC4	1.13
IC5	0.2	IC5	0.48
NC5	0.13	NC5	0.37
C6_PLUS	0	C6_PLUS	0.01
C7	0	C7	0
C8	0	C8	0
C9	0	C9	0
C10	0	C10	0
AR	0	AR	0
CO	0	CO	0
H2	0	H2	0
O2	0	O2	0
H2O	0	H2O	0
H2S	0	H2S	0
HE	0	HE	0
C_O_S	0	C_O_S	0
CH3SH	0	CH3SH	0
C2H5SH	0	C2H5SH	0
CH2S3_2CH3S	0	CH2S3_2CH3S	0
CH2S	0	CH2S	0
C6HV	0	C6HV	0
CO2GPM	0	CO2GPM	0
N2GPM	0	N2GPM	0
C1GPM	0	C1GPM	0
C2GPM	0	C2GPM	2.24
C3GPM	0	C3GPM	0.99
ISOC4GPM	0	ISOC4GPM	0.23
NC4GPM	0	NC4GPM	0.36
ISOC5GPM	0	ISOC5GPM	0.18
NC5GPM	0	NC5GPM	0.13
C6_PLUSGPM	0	C6_PLUSGPM	0.43

**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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

## State of New Mexico

Form C-101  
Revised July 18, 2013

## Energy Minerals and Natural Resources

## Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address Hilcorp Energy Company 382 Road 3100 Aztec, NM 87410		<sup>2</sup> OGRID Number 372171
		<sup>3</sup> API Number 30-045-21706
<sup>4</sup> Property Code 319094	<sup>5</sup> Property Name State Com L	<sup>6</sup> Well No. 8A

<sup>7</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
E	36	32N	11W		1700	N	990	W	San Juan

<sup>8</sup> Proposed Bottom Hole Location

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

<sup>9</sup> Pool Information

Pool Name Basin Fruitland Coal	Pool Code 71629
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## Additional Well Information

<sup>11</sup> Work Type A	<sup>12</sup> Well Type G	<sup>13</sup> Cable/Rotary	<sup>14</sup> Lease Type State	<sup>15</sup> Ground Level Elevation 6234
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 2692' - 3007'	<sup>18</sup> Formation Basin Fruitland Coal	<sup>19</sup> Contractor	<sup>20</sup> Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☐ We will be using a closed-loop system in lieu of lined pits<sup>21</sup> Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC

## Casing/Cement Program: Additional Comments

--

<sup>22</sup> Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> , if applicable. Signature: <b>Cherylene Weston</b>		OIL CONSERVATION DIVISION	
Printed name: Cherylene Weston		Approved By:	
Title: Operations Regulatory Tech Sr		Title:	
E-mail Address: cweston@hilcorp.com		Approved Date:	Expiration Date:
Date: 10/15/2024	Phone: 713-289-2615	Conditions of Approval Attached	



**HILCORP ENERGY COMPANY**  
**STATE COM L #8A**  
**FRC RECOMPLETE SUNDRY**  
**API 3004521706**

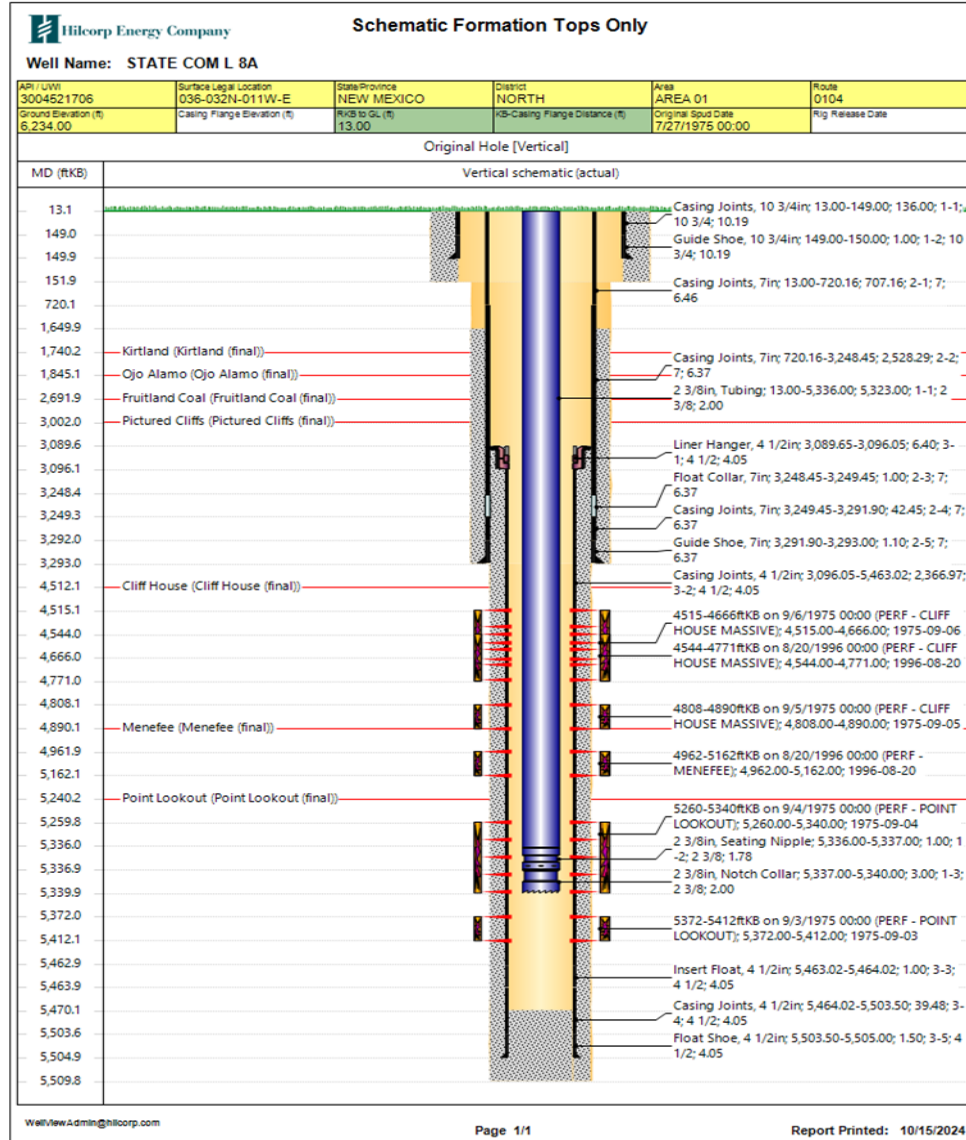
**JOB PROCEDURES**

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with tubing.
3. Set a plug within 50' of the top **Mesaverde** perforation **(4,515')** 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 @ **2,692'**, bottom perforation @ **3,007'**.
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 FRC 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 plugs. Cleanout to PBTD. TOOH with cleanout assembly.
15. TIH and land production tubing. Flowback the well. Return well to production.



**HILCORP ENERGY COMPANY**  
**STATE COM L #8A**  
**FRC RECOMPLETE SUNDRY**

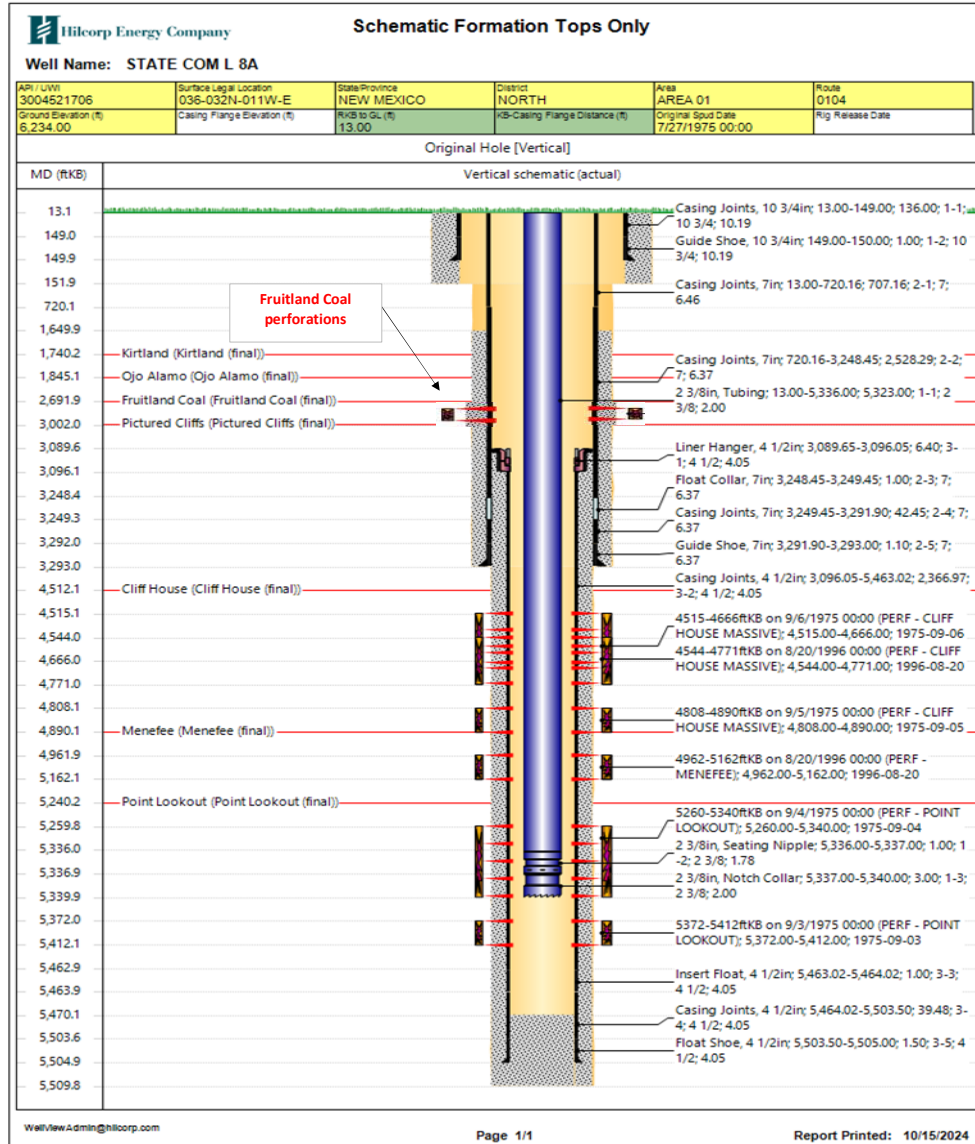
**STATE COM L #8A - CURRENT WELLBORE SCHEMATIC**





**HILCORP ENERGY COMPANY**  
**STATE COM L #8A**  
**FRC RECOMPLETE SUNDRY**

**STATE COM L #8A - PROPOSED WELLBORE SCHEMATIC**



Santa Fe Main Office Phone: (505) 476-3441 Fax: (55) 476-3462 General Information Phone: (505) 629-6116  Online Phone Directory Visit: <a href="https://www.emnrd.nm.gov/ocd/contact-us/">https://www.emnrd.nm.gov/ocd/contact-us/</a>	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
		Submittal Type: <input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled

## WELL LOCATION INFORMATION

API Number 30-045-21706	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 319094	Property Name State Com L	Well Number 8A
OGRID No. 372171	Operator Name Hilcorp Energy Company	Ground Level Elevation 6234
Surface Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

## Surface Location

UL E	Section 36	Township 32N	Range 11W	Lot	Ft. from N/S 1700 N	Ft. from E/W 990 W	Latitude 36.7224655	Longitude -108.0031128	County San Juan
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## Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Dedicated Acres 320.00 W/2	Infill or Defining Well Infill	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No	

## Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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## First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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## Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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## OPERATOR CERTIFICATIONS

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.

Cherylene Weston

10/15/2024

Signature

Date

Cherylene Weston, Operations Regulatory Tech-Sr.

Printed Name

cweston@hilcorp.com

Email Address

## SURVEYOR CERTIFICATIONS

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.

Ernest V.Echohawk

Signature and Seal of Professional Surveyor

3602

Certificate Number

January 29, 1975

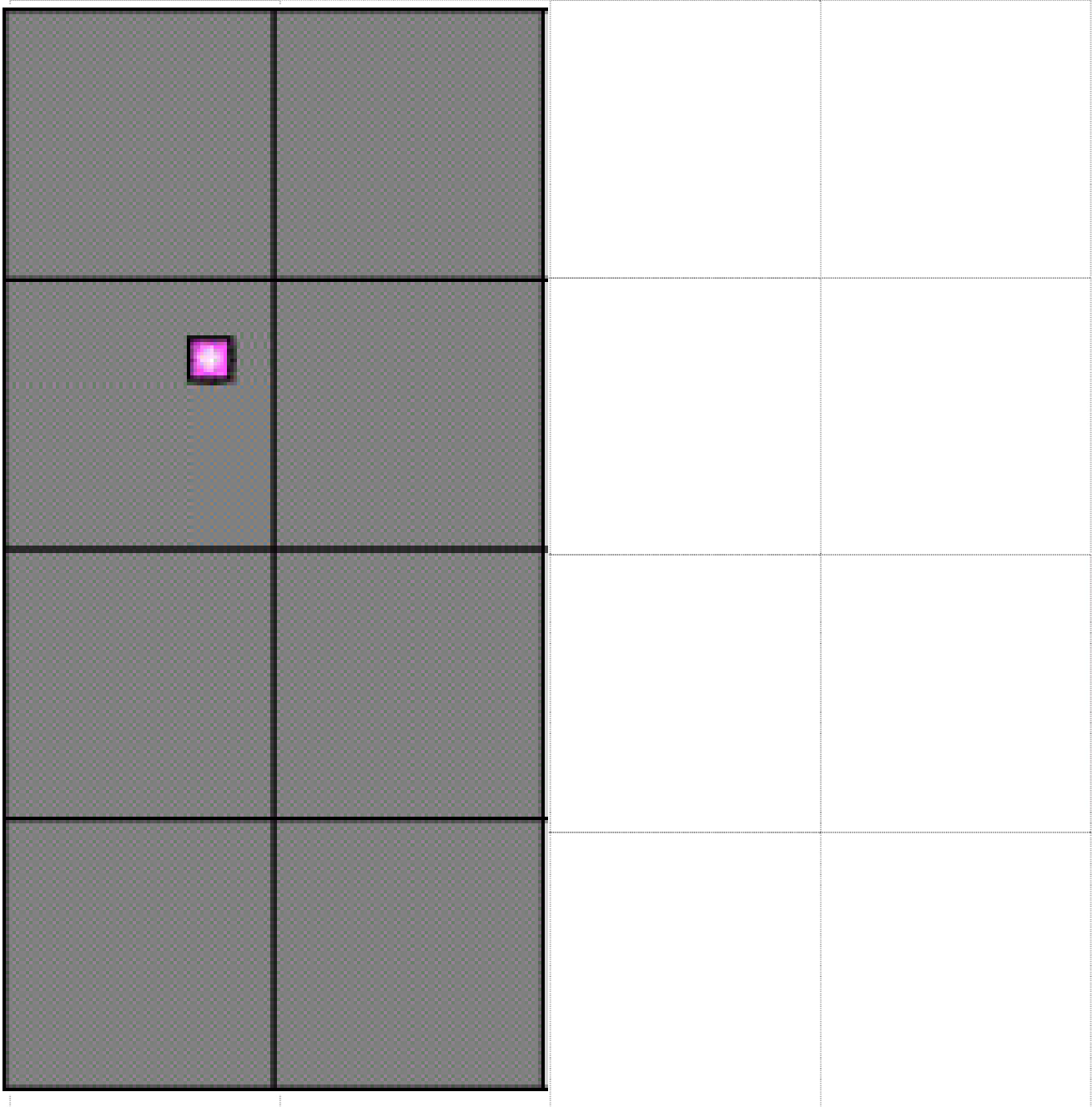
Date of Survey

Note: 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.



This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



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:** 10/ 15 / 2024

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**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
State Com L 8A	3004521706	E-36-32N-11W	1700' FNL, 990' FWL	0 bbl/d	60 mcf/d	0 bbl/d

**IV. Central Delivery Point Name:** Chaco-Blanco 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
State Com L 8A	3004521706					<u>2025</u>

**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:	<b>Cherylene Weston</b>
Printed Name:	Cherylene Weston
Title:	Operations/Regulatory Tech-Sr.
E-mail Address:	cweston@hilcorp.com
Date:	10/15/2024
Phone:	713-289-2615
<b>OIL CONSERVATION DIVISION</b> <b>(Only applicable when submitted as a standalone form)</b>	
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 recompleting project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recompleting 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 recompleting operations.

## VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
  - o 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
  - o This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompleting
  - o 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.
  - o 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
  - o 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.
  - o 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.
  - o 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
  - o All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
  - o 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.
  - o 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
  - o Measurement equipment is installed to measure the volume of natural gas flared from process piping.
  - o 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.

**NEW MEXICO STATE LAND OFFICE**  
**Guidelines for Requesting Commingling Approval**

1. A commingling agreement from the New Mexico State Land Office is not required if the commingling operation does not contain New Mexico State Trust acreage.
2. If State Trust acreage will be part of a proposed commingling operation:
  - a. Commingling of production of all wells from the same pool within a single lease or unit area is permitted without additional Land Commissioner approval.
  - b. Surface commingling (including off-lease storage) from more than one pool, and/or from more than one lease, communitized area, unit area, or a combination of leases/communitized areas/unit areas, requires additional Land Commissioner approval.

The attached application form describes the process for submitting a commingling application to the New Mexico State Land Office.

**NEW MEXICO  
STATE  
LAND OFFICE**

**APPLICATION FOR  
COMMINGLING AND OFF-LEASE STORAGE  
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

**Applicant:** Hilcorp Energy Company **OGRID #:** 372171  
**Well Name:** State Com L 8A **API #:** 30-045-21706  
**Pool:** Basin Fruitland Coal / Blanco Mesaverde

**OPERATOR NAME:** Hilcorp Energy Company Attn: Cheryl Weston, Rm. 12.201

**OPERATOR ADDRESS:** 1111 Travis Street, Houston, TX 77002

**APPLICATION REQUIREMENTS – SUBMIT:**

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

**CERTIFICATION:** To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Cherylene Weston  
Print or Type Name

Cherylene Weston  
Signature

10/15/2024  
Date

713-289-2615  
Phone Number

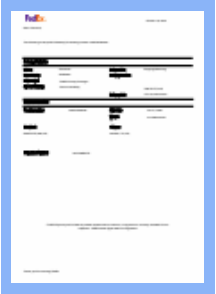
cweston@hilcorp.com  
e-mail Address

**Submit application to:**  
Commissioner of Public Lands  
Attn: Commingling Manager  
PO Box 1148  
Santa Fe, NM 87504-1148


Questions?  
Contact the Commingling Manager:  
505.827.6628

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

pdf;base64, JVBERi0xLjQKJelJz9MKMTkgMCMCBvY... 1 / 1 100%



1



October 18, 2024

Dear Customer,

The following is the proof-of-delivery for tracking number: 408703760038

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**Delivery Information:**

<b>Status:</b>	Delivered	<b>Delivered To:</b>	Shipping/Receiving
<b>Signed for by:</b>	M.Barella	<b>Delivery Location:</b>	
<b>Service type:</b>	FedEx Priority Overnight		
<b>Special Handling:</b>	Deliver Weekday		SANTA FE, NM,
		<b>Delivery date:</b>	Oct 18, 2024 09:22

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**Shipping Information:**

<b>Tracking number:</b>	408703760038	<b>Ship Date:</b>	Oct 17, 2024
		<b>Weight:</b>	0.5 LB/0.23 KG
<b>Recipient:</b>	SANTA FE, NM, US,	<b>Shipper:</b>	Houston, TX, US,
<b>Department Number</b>	DOCUMENTS		



October 21, 2024

*Mailed Certified with Electronic Return Receipt*

To: All Interest Owners

RE: Application to Downhole Commingle Production  
Well: State Com L 008A  
API: 30-045-21706  
Section 36, Township 32 North, Range 11 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 **Blanco Mesaverde** formation. 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.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carson Parker Rice'.

Carson Parker Rice  
Landman  
713.757.7108  
[carice@hilcorp.com](mailto:carice@hilcorp.com)

CPR:dpk  
Enclosures

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

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

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
\_\_\_\_Single Well  
\_\_\_\_Establish Pre-Approved Pools  
EXISTING WELLBORE  
\_\_\_\_X\_\_\_\_Yes \_\_\_\_No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company

382 Road 3100, Aztec, NM 87410

Operator

Address

STATE COM L

8A

E-36-T32N-R11W

SAN JUAN, NM

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 319094 API No. 30-045-21706 Lease Type: \_\_\_\_Federal \_\_\_\_X\_\_\_\_State \_\_\_\_Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2692' - 3007'		4515' - 5412'
Method of Production (Flowing or 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)	77 psi		133 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1050 BTU		1194 BTU
Producing, Shut-In or New Zone	NEW ZONE		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date:  Rates:	Date:  Rates:	Date: 7/1/2024 Rates: Oil - 1 bbl Gas - 5,300 mcf Water - 54 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

Cherylene Weston

TITLE

Operations/Regulatory Tech-Sr.

DATE

10/15/2024

TYPE OR PRINT NAME

Cherylene Weston

TELEPHONE NO. ( 713 )

289-2615

E-MAIL ADDRESS

cweston@hilcorp.com



Santa Fe Main Office Phone: (505) 476-3441 Fax: (55) 476-3462 General Information Phone: (505) 629-6116  Online Phone Directory Visit: <a href="https://www.emnrd.nm.gov/ocd/contact-us/">https://www.emnrd.nm.gov/ocd/contact-us/</a>	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	C-102 Revised July 9, 2024 Submit Electronically via OCD Permitting
		Submittal Type: <input type="checkbox"/> Initial Submittal <input type="checkbox"/> Amended Report <input type="checkbox"/> As Drilled

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Property Code 319094	Property Name State Com L	Well Number 8A
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Surface Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		Mineral Owner: <input checked="" type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal

## Surface Location

UL E	Section 36	Township 32N	Range 11W	Lot	Ft. from N/S 1700 N	Ft. from E/W 990 W	Latitude 36.7224655	Longitude -108.0031128	County San Juan
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## Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Dedicated Acres 320.00	Infill or Defining Well Infill	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No	

## Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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## First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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## Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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## OPERATOR CERTIFICATIONS

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.

Cherylene Weston

10/15/2024

Signature

Date

Cherylene Weston, Operations Regulatory Tech-Sr.

Printed Name

cweston@hilcorp.com

Email Address

## SURVEYOR CERTIFICATIONS

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.

Ernest V.Echohawk

Signature and Seal of Professional Surveyor

3602

Certificate Number

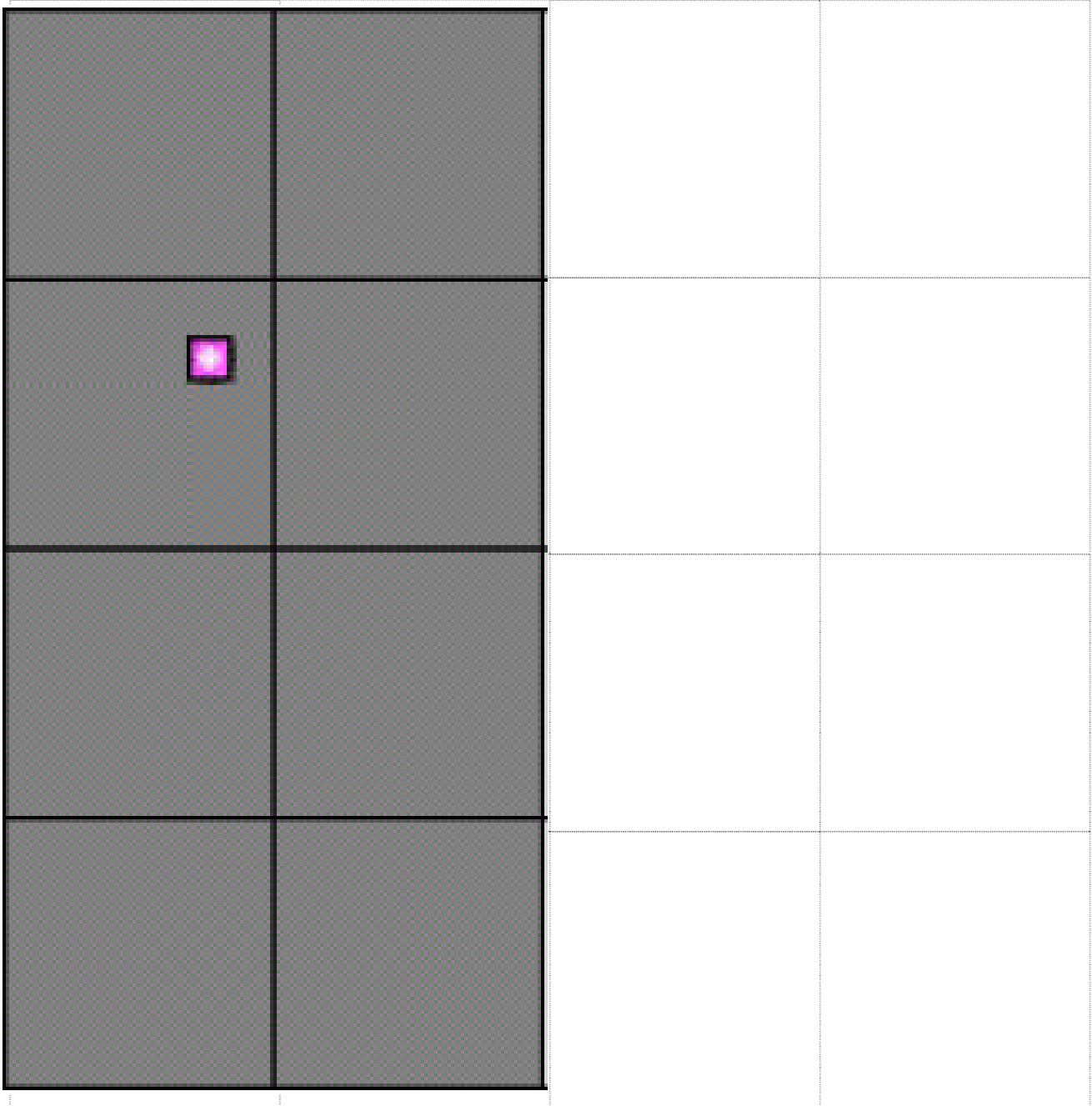
January 29, 1975

Date of Survey

Note: 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.

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



NE 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.

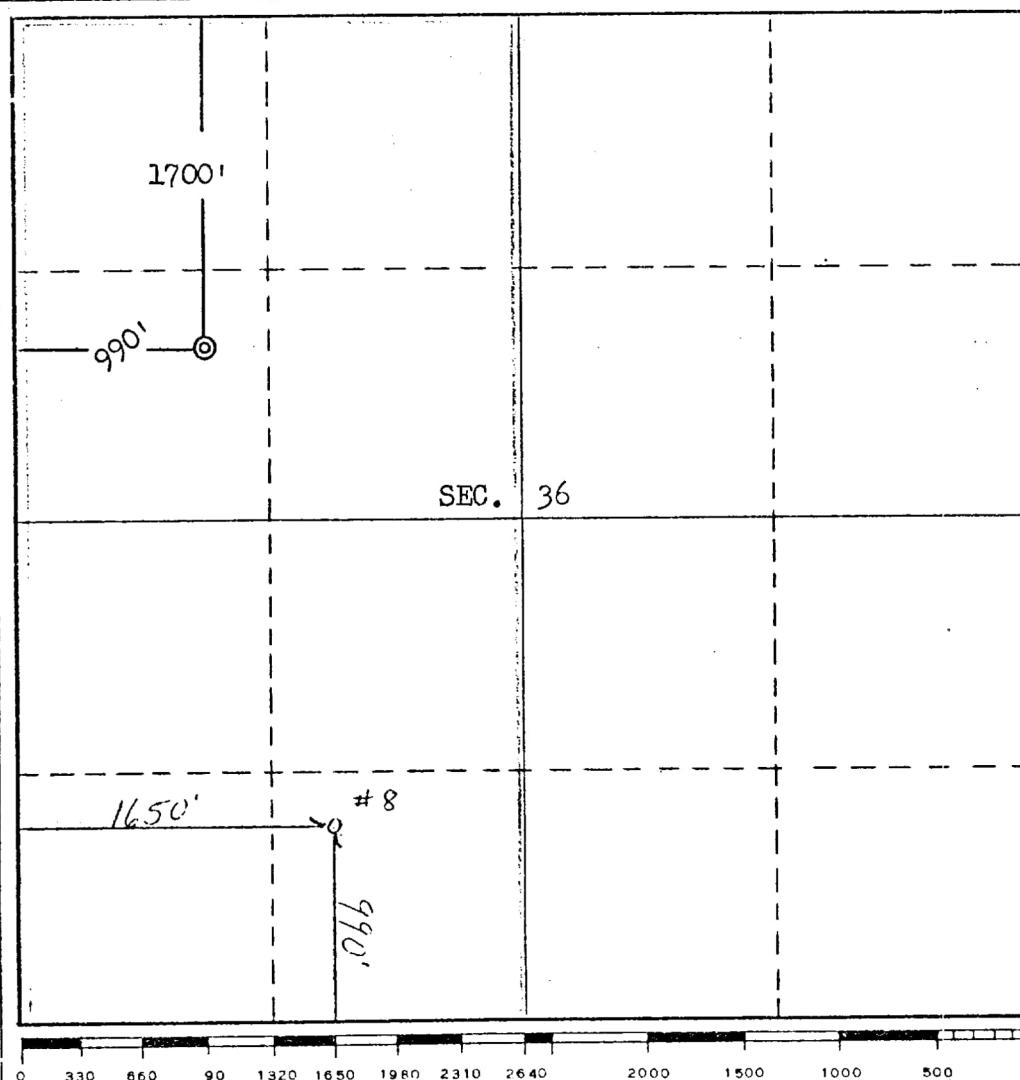
Operator <b>Mesa Petroleum Company</b>			Lease <b>State Com L</b>		Well No. <b>8A</b>
Unit Letter <b>E</b>	Section <b>36</b>	Township <b>32 North</b>	Range <b>11 West</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>1700</b> feet from the <b>North</b> line and <b>990</b> feet from the <b>West</b> line					
Ground Level Elev. <b>6234</b>	Producing Formation <b>Mesaverde</b>		Pool <b>Blanco</b>	Dedicated Acreage: <b>320</b> 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 \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name

**R. J. Flaker**

Position

**Production Engr.**

Company

**Mesa Petroleum Co.**

Date

**2/12/75**

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 are true and correct to the best of my knowledge and belief.

Date Surveyed

**January 29, 1975**

Registered Professional Engineer  
and/or Land Surveyor

**E. V. Echohawk**

Certificate No. **3602**

**E. V. Echohawk LS**

## State Com L 8A Production Allocation

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

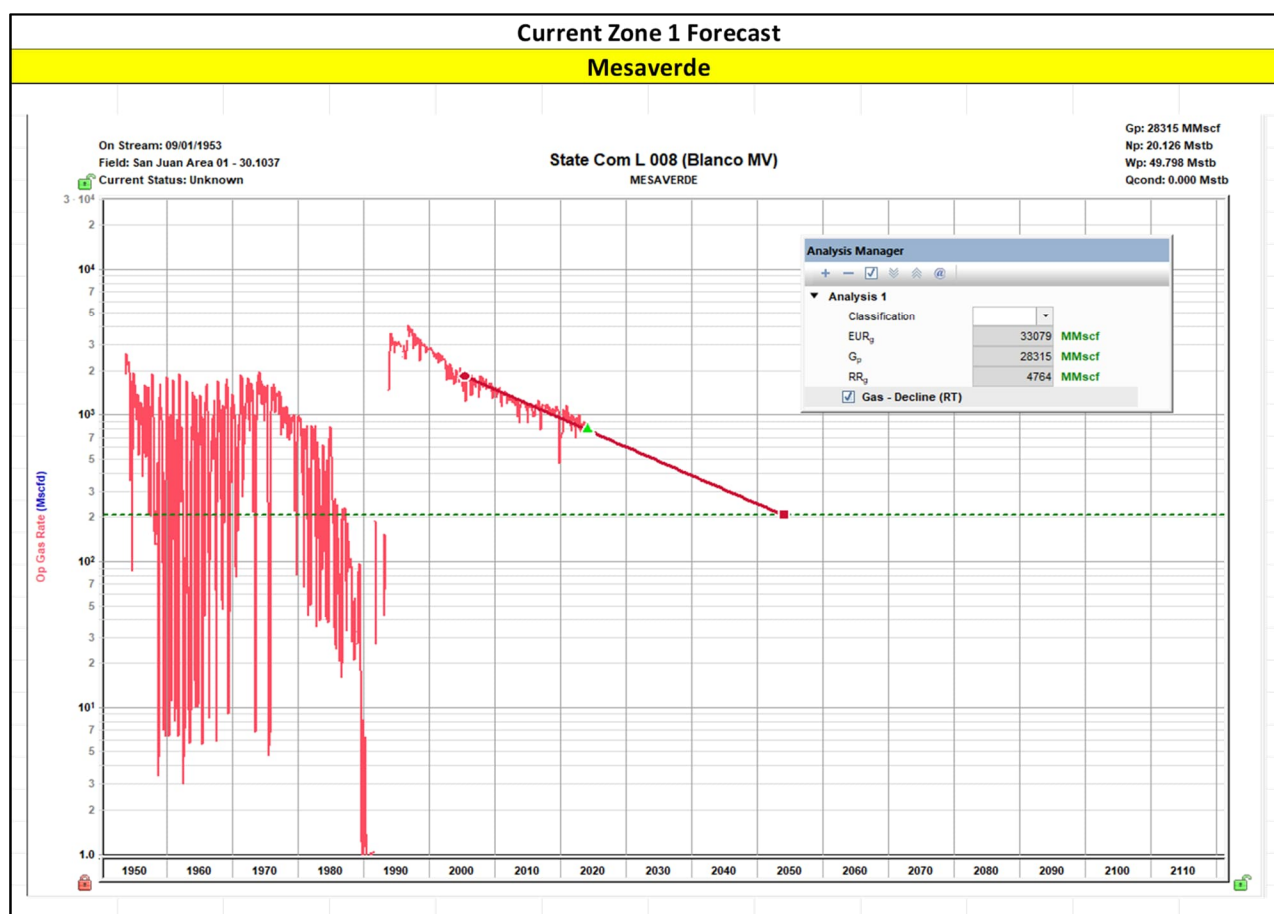
The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

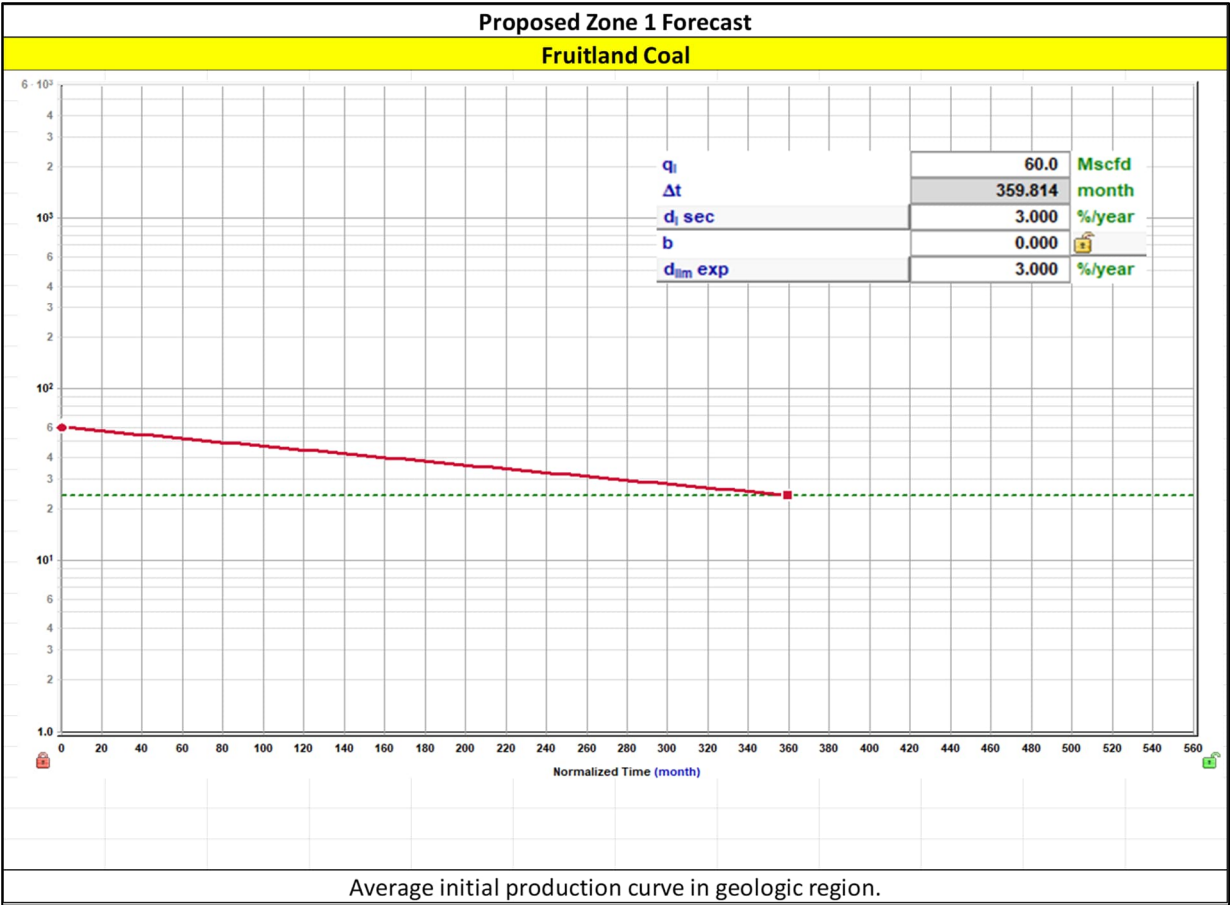
### Production Allocation Method – Subtraction

#### Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the **Mesaverde** 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 base formations forecast will be allocated to the new formation.

After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed percentage-based allocation.

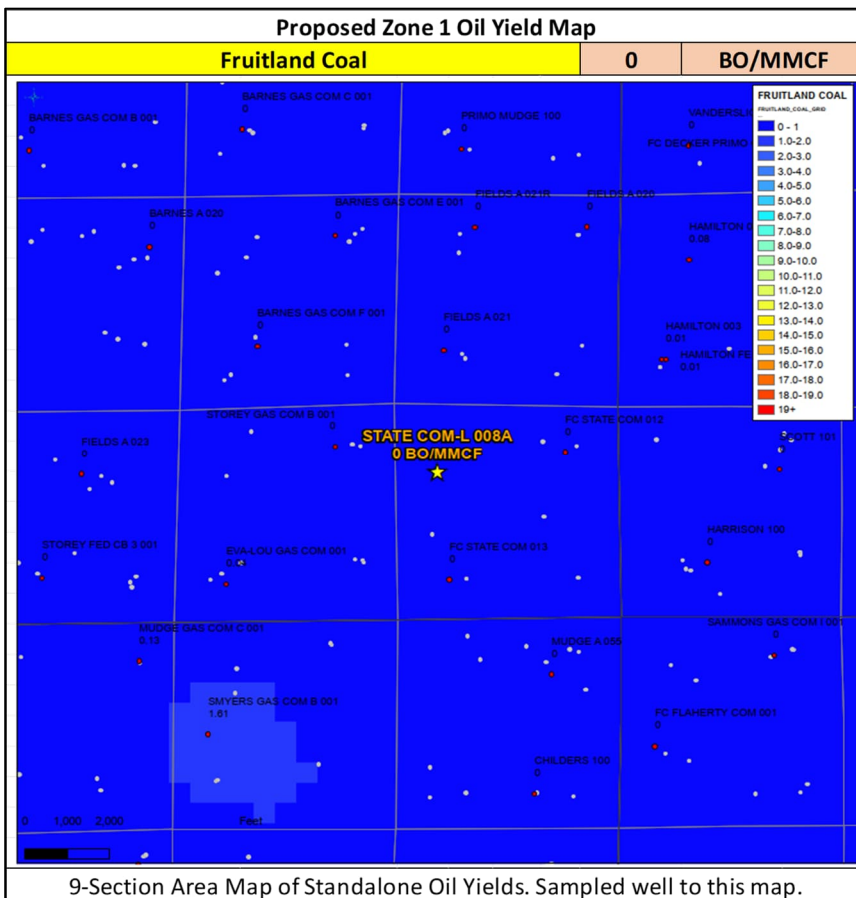
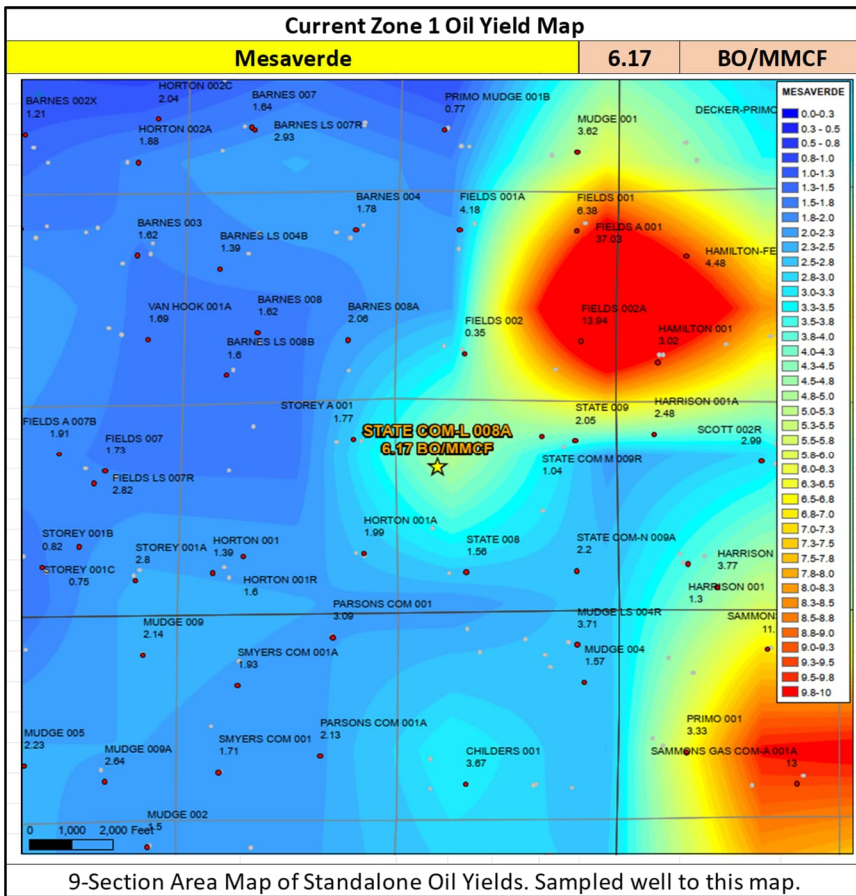




Oil Allocation:

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

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	6.17	4764	100%
FRC	0	430	0%





Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901840727376	Dani Kuzma	, SILVERADO OIL and GAS LLP, , TULSA, OK, 74152-0308 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727383	Dani Kuzma	, PIONEER NATURAL RES USA INC, KATHY NAVARRETE, MIDLAND, TX, 79702 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727390	Dani Kuzma	, EVKO DEVELOPMENT COMPANY, A PARTNERSHIP, SAN RAFAEL, CA, 94903 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727406	Dani Kuzma	, RAYMOND N CLARKE, , RANCHO SANTA MARGARI, CA, 92688 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727413	Dani Kuzma	, JOHN GOMBOTZ, , LOMBARD, IL, 60148 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727420	Dani Kuzma	, VICTORIA GOMBOTZ, , RIVER FOREST, IL, 60305 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727437	Dani Kuzma	, MESA ROYALTY TRUST, ATTN NEW MEXICO PROPERTIES, BARTLESVILLE, OK, 74004 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727444	Dani Kuzma	, MADELINE E CLARKE TRUST, MADELINE E CLARKE, LANCASTER, PA, 17606-5093 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727451	Dani Kuzma	, DONALD THOMA, , WOODSTOCK, IL, 60098 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727468	Dani Kuzma	, MARILYN R FELKER, , BELLEVUE, OH, 44811 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727475	Dani Kuzma	, MARY ANNE O FELKER, , CUYAHOGA FALLS, OH, 44223 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727482	Dani Kuzma	, MARITA JANE EMERSON, , SPRING, TX, 77382 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending
92148969009997901840727499	Dani Kuzma	, SIMCOE, LLC, ATTN MICHELLE BLANKENSHIP, DURANGO, CO, 81301 Code: STATE COM L 8A DHC	10/21/2024	Signature Pending

**From:** [Lowe, Leonard, EMNRD](#)  
**To:** [Rikala, Ward, EMNRD](#)  
**Subject:** RE: [EXTERNAL] State Com L 8A Follow Up  
**Date:** Tuesday, April 22, 2025 9:23:00 AM

---

Yes, an NOI.

**Leonard R. Lowe**

Engineering Bureau  
OCD - EMNRD  
5200 Oakland Blvd.  
Albuquerque, N.M. 87113  
Cell Number: 505-584-8351  
<http://www.emnrd.state.nm.us/ocd/>

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**From:** Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>  
**Sent:** Tuesday, April 22, 2025 9:21 AM  
**To:** Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>  
**Subject:** FW: [EXTERNAL] State Com L 8A Follow Up

Do you want a NOI reflecting this change? The log shows the top of the Fruitland Coal at 2667'.

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**From:** Tyler Portwood <[Tyler.Portwood@hilcorp.com](mailto:Tyler.Portwood@hilcorp.com)>  
**Sent:** Monday, April 21, 2025 4:01 PM  
**To:** Rikala, Ward, EMNRD <[Ward.Rikala@emnrd.nm.gov](mailto:Ward.Rikala@emnrd.nm.gov)>  
**Cc:** Kuehling, Monica, EMNRD <[monica.kuehling@emnrd.nm.gov](mailto:monica.kuehling@emnrd.nm.gov)>; Jacob Sanchez <[Jacob.Sanchez@hilcorp.com](mailto:Jacob.Sanchez@hilcorp.com)>; Jackson Lancaster <[Jackson.Lancaster@hilcorp.com](mailto:Jackson.Lancaster@hilcorp.com)>; Cameron Skelton <[Cameron.Skelton@hilcorp.com](mailto:Cameron.Skelton@hilcorp.com)>; Glory Kamat <[Glory.Kamat@hilcorp.com](mailto:Glory.Kamat@hilcorp.com)>; Griffin Selby <[Griffin.Selby@hilcorp.com](mailto:Griffin.Selby@hilcorp.com)>; Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Subject:** [EXTERNAL] State Com L 8A Follow Up

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

Ward,

To follow up on our conversation about the State Com L 8A (API 3004521706), the approved NOI top for the Fruitland Coal is 2,692'. If we wanted to change the top depth to 2,667' (25' above approved NOI interval), would that still fall within the Fruitland Coal pool? We do have a pending DHC for this well, so we want to make sure we don't make any changes that would interrupt that process. Please let us know our options and how to proceed. I appreciate your time.

Thanks,

**Tyler Portwood**

SJN Operations Engineer

Hilcorp Energy Company

C: 817.343.3719

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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-5484**

**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. 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 (0.0%) shall be allocated to the Basin Fruitland Coal pool (pool ID: 71629); and
  - b. one hundred percent (100%) shall be allocated to the Blanco Mesaverde pool (pool ID: 72319).

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

- a. the Basin Fruitland Coal pool (pool ID: 71629)

The current pool(s) are:

- a. the Blanco Mesaverde pool (pool ID: 72319)

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

3. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the

OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.

4. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
5. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
6. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**GERASIMOS RAZATOS  
DIRECTOR (ACTING)**

**DATE:** 4/23/2025

State of New Mexico  
Energy, Minerals and Natural Resources Department

Exhibit A

Order: DHC - 5484			
Operator: Hilcorp Operating Company			
Well Name: State Com L Well No. 8A			
Well API: 30-045-21706			
Upper Zone	Pool Name: Basin Fruitland Coal		
	Pool ID: 71629	Current:	New: X
	Allocation: Subtraction	Oil: 0.0%	Gas: SUBT
		Top: 2,692	Bottom: 3,007
Intermediate Zone	Pool Name:		
	Pool ID:	Current:	New:
	Allocation:	Oil:	Gas:
		Top:	Bottom:
Bottom of Interval within 150% of Upper Zone's Top of Interval:			
Lower Zone	Pool Name: Blanco-Mesaverde		
	Pool ID: 72319	Current: X	New:
	Allocation: Fixed	Oil: 100.0%	Gas:
		Top: 4,515	Bottom: 5,412
Bottom of Interval within 150% of Upper Zone's Top of Interval: NO			
Top of Queen Formation:			

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 394239

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 394239
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	4/11/2025