

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO.
30-045- 23679
5. Indicate Type of Lease
STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name
FEE
8. Well Number
3
9. OGRID Number
372171
10. Pool name or Wildcat
Aztec Pictured Cliffs / Blanco Mesaverde

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [] Gas Well [X] Other
2. Name of Operator
HILCORP ENERGY COMPANY
3. Address of Operator
382 Road 3100, Aztec, NM 87410
4. Well Location
Unit Letter I : 1640 feet from the South line and 1000 feet from the East line
Section 03 Township 30N Range 11W NMPM San Juan County
11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5797 GR

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

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: [X] Recomplete

SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

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

Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole trimmingle with the existing Pictured Cliffs/Mesaverde. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used.

Spud Date: []

Rig Release Date: []

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

SIGNATURE [Signature] TITLE Operations/Regulatory Technician - Sr. DATE 3/29/2022

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: (346) 237-2177

For State Use Only

APPROVED BY: [] TITLE [] DATE []

Conditions of Approval (if any):



HILCORP ENERGY COMPANY
FEE 3
FRUITLAND COAL RECOMPLETION SUNDRY

| | |
|--------------------------|----------------|
| Prepared by: | Andrew Malone |
| Preparation Date: | March 28, 2022 |

| WELL INFORMATION | | | |
|-------------------|------------|-------------------|---|
| Well Name: | FEE 3 | State: | NM |
| API #: | 3004523679 | County: | SAN JUAN |
| Area: | 03 | Location: | 1640' FNL & 1000' FWL - Unit I - Section 03 - T 030N - R 011W |
| Route: | 0304 | Latitude: | 36.838241 N |
| Spud Date: | 5/23/1983 | Longitude: | -107.972248 W |

| PROJECT DESCRIPTION |
|--|
| Isolate the Mesaverde and Pictured Cliffs, perforate and stimulate the Fruitland Coal. |

| CONTACTS | | | |
|----------------------|-------------------|----------------|--------------|
| Title | Name | Office Phone # | Cell Phone # |
| Engineer | Andrew Malone | 346-237-2370 | 832-335-8451 |
| Area Foreman | Jeremy Brooks | | 947-3867 |
| Lead | Wayne Peace | | 320-2532 |
| Artificial Lift Tech | Jake Stockton | | 330-6450 |
| Operator | Raymond Baldonado | | 215-1302 |



HILCORP ENERGY COMPANY
FEE 3
FRUITLAND COAL RECOMPLETION SUNDRY

JOB PROCEDURES

1. MIRU service rig and associated equipment; NU and test BOP per HEC, State, and Federal guidelines.
2. TOOH with 1-1/4" tubing (short string) (Pictured Cliffs).
3. TOOH with 2-3/8" tubing (long string) (Mesaverde).
4. TIH with work string and burnover shoe. Burn over packer.
5. Set a bridge plug above Mesaverde perforations for zonal isolation (set between 4,222' and 4,272'). Load hole with fluid.
6. Set a bridge plug above Pictured Cliffs perforations for zonal isolation (set between 2,230' and 2,280'). Load hole with fluid.
7. RU E-line. Run cement bond log to verify presence of cement across Fruitland Coal interval.
8. Rig up pressure test truck. Perform a Mechanical Integrity Test on wellbore. Chart record the MIT test (notify NMOCD +24hr before the actual test).
9. **If frac'ing down casing:** Pressure test to anticipated frac pressure, but do not exceed 80% of casing burst pressure.
10. RU E-line crew. Perforate the Fruitland Coal. Top perforation depth = 1,636'; Bottom perforation depth = 2,268'.
11. **If frac'ing down a frac string:** Run in hole with frac string and packer, and land packer above top Fruitland Coal perforation.
12. ND BOP, NU frac stack. Pressure test frac stack to frac pressure. Pressure test frac string to anticipated frac pressure. RDMO service rig.
13. RU stimulation crew. Frac the Fruitland Coal in one or more stages. Set bridge plugs between stages as needed.
14. Flowback well through flowback separator and sand trap until pressures diminish.
15. MIRU service rig. ND frac stack, NU BOP and test.
16. **If frac was performed down a frac string:** POOH w/ frac string and packer.
17. TIH with mill and clean out to Pictured Cliffs isolation plug at 2,230' to 2,280'.
18. Once water and sand rates are acceptable, collect a gas sample from the Fruitland Coal.
19. Pending C107A approval, mill out isolation plugs above Pictured Cliffs and Mesaverde. Clean out to PBTD at 4,948. TOOH with cleanout assembly.
20. TIH and land production tubing. Run and set artificial lift components as needed. Put well on production from Fruitland Coal, Pictured Cliffs, and Mesaverde (trimmingled).



HILCORP ENERGY COMPANY
FEE 3
FRUITLAND COAL RECOMPLETION SUNDRY

FEE 3 - CURRENT WELLBORE SCHEMATIC

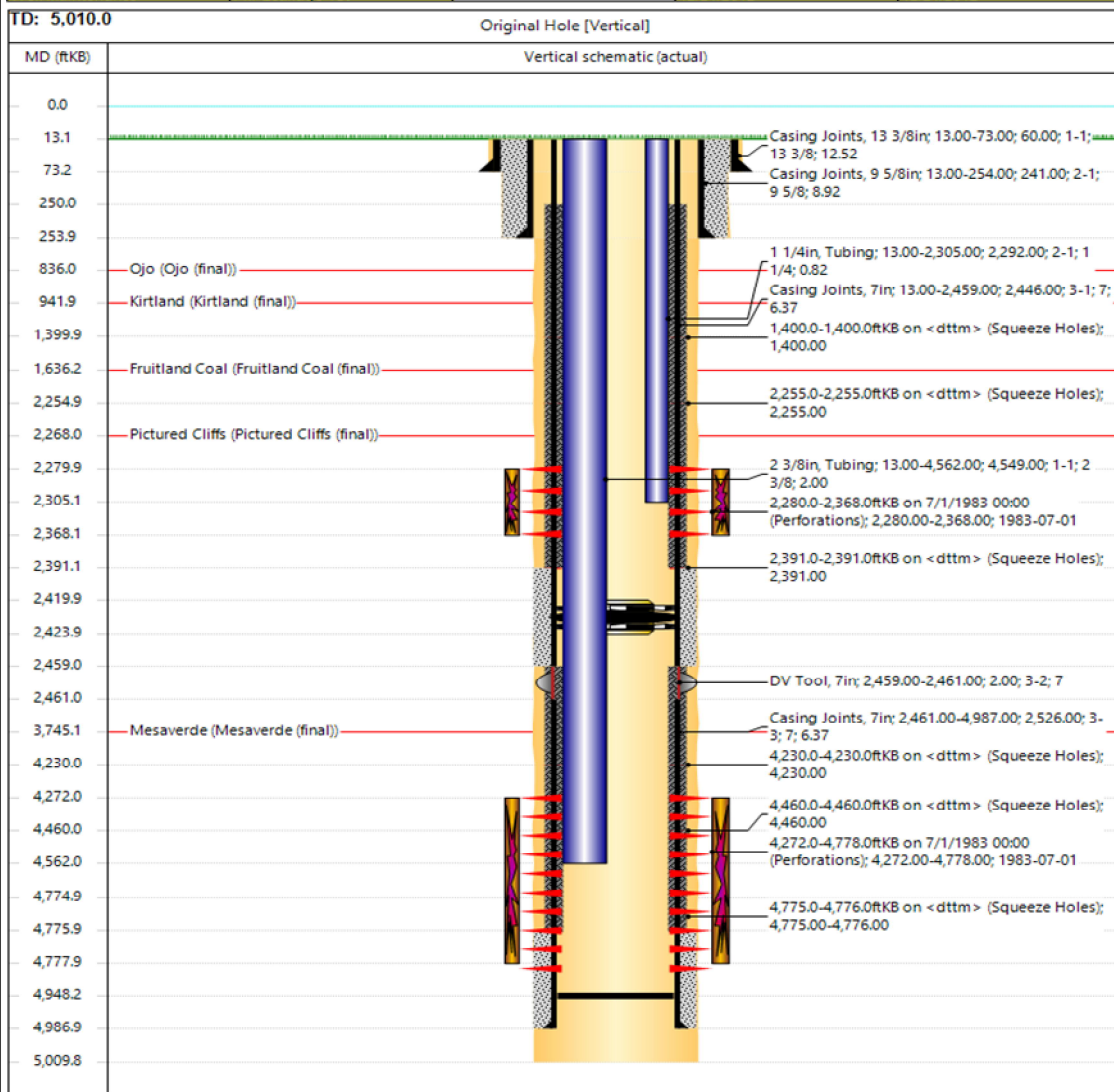


Schematic - Current

Well Name: FEE #3

| | | | | | |
|--|---|---------------------------------------|-------------------------------------|--|-------------------------------------|
| API / UWI 3004523679 | Surface Legal Location T30N-R11W-S03 | Field Name Blanco Mesaverde | License No. | State/Province New Mexico | Well Configuration Type Vertical |
| Original KBRT Elevation (ft) 5,810.00 | KB-Ground Distance (ft) 13.00 | Original Spud Date 5/23/1983 00:00 | Rig Release Date 5/30/1983 00:00 | PSTO (Alt) (ftKB) Original Hole - 4,946.0 | Total Depth Alt (TVD) (ftKB) |

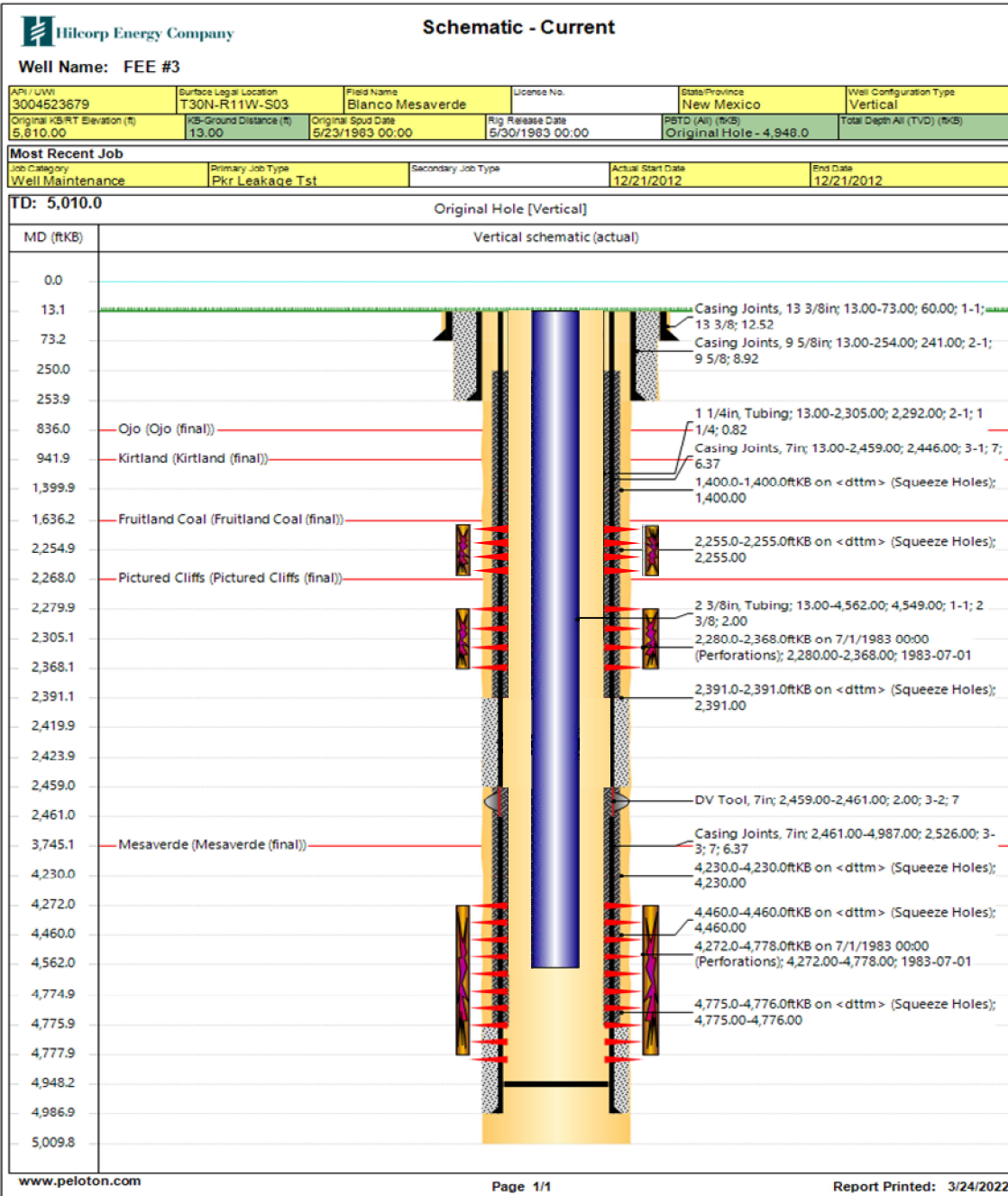
| | | | | | |
|----------------------------------|-------------------------------------|--------------------|---------------------------------|------------------------|--|
| Most Recent Job | | | | | |
| Job Category Well Maintenance | Primary Job Type Pkr Leakage Tst | Secondary Job Type | Actual Start Date 12/21/2012 | End Date 12/21/2012 | |





HILCORP ENERGY COMPANY
FEE 3
FRUITLAND COAL RECOMPLETION SUNDRY

FEE 3 - PROPOSED WELLBORE SCHEMATIC



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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-045-23679 | 2. Pool Code 71629 | 3. Pool Name BASIN FRUITLAND COAL (GAS) |
| 4. Property Code 319162 | 5. Property Name FEE | 6. Well No. 003 |
| 7. OGRID No. 372171 | 8. Operator Name HILCORP ENERGY COMPANY | 9. Elevation 5797 |

10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|--------------------|
| UL - Lot I | Section 3 | Township 30N | Range 11W | Lot Idn | Feet From 1640 | N/S Line S | Feet From 1000 | E/W Line E | County SAN JUAN |
|---------------|--------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|--------------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|----------|-------|------------------------|-----------|----------|---------------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 319.14 | 13. Joint or Infill | | | 14. Consolidation Code | | | 15. Order No. | | |

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

| | | |
|--|---|--|
| | OPERATOR CERTIFICATION | |
| | <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> | |
| | E-Signed By: <i>AW Walker</i> Title: Operations Regulatory Tech Sr. Date: 03/29/2022 | |
| | SURVEYOR CERTIFICATION | |
| <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> | | |
| Surveyed By: James Leese Date of Survey: 7/17/1979 Certificate Number: 1463 | | |

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:** 3/29/2022

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 |
|-----------|--------------|--------------|------------------------|-----------------------|-----------------------|----------------------------------|
| Fee 8 | 30-045-23679 | I-03-30N-11W | 1640' FNL 1000' FWL | 0 | 200 | 1 |

IV. Central Delivery Point Name: Chaco 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 |
|--------------|-------------------|-----------|-----------------|------------------------------|------------------------|-----------------------|
| <u>Fee 8</u> | <u>3004523679</u> | | | | | <u>2022</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 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: 3/29/2022 |
| 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.

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

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 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 94156

CONDITIONS

| | |
|--|---|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 94156 |
| | Action Type: [C-103] NOI Recompletion (C-103E) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|---|----------------|
| kpickford | DHC required | 3/30/2022 |
| kpickford | Notify NMOCD 24 Hours Prior to beginning operations | 3/30/2022 |