

Well Name: NAVAJO B	Well Location: T27N / R8W / SEC 19 / SESW / 36.55498 / -107.72421	County or Parish/State: SAN JUAN / NM
Well Number: 6	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name: EASTERN NAVAJO
Lease Number: I149IND8468	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004511706	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2774496

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 02/09/2024

Time Sundry Submitted: 03:27

Date proposed operation will begin: 04/01/2024

Procedure Description: Hilcorp Energy proposes to downhole commingle production in the Otero Chacra (pool 82329), Basin Mancos (pool 97232) and Blanco Mesaverde (pool 72319) with the existing Basin Dakota (pool 71599), upon recompletion of the Chacra, Mancos and Mesaverde formations. See attached allocation methodology and supporting documents. Commingling will not reduce the value of production. Proposed perforations are: CH 2513'-3268', MV 3268'-4813' and MC 4813'-6288'.

NOI Attachments

Procedure Description

Navajo_B_6_DHC_NOI_20240212143349.pdf

Well Name: NAVAJO B

Well Location: T27N / R8W / SEC 19 /
SESW / 36.55498 / -107.72421

County or Parish/State: SAN
JUAN / NM

Well Number: 6

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:
EASTERN NAVAJO

Lease Number: I149IND8468

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004511706

Well Status: Producing Gas Well

Operator: HILCORP ENERGY
COMPANY

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: CHERYLENE WESTON

Signed on: FEB 12, 2024 02:33 PM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON

State: TX

Phone: (713) 289-2615

Email address: CWESTON@HILCORP.COM

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 02/12/2024

Signature: Matthew Kade

Hilcorp Energy Company PRODUCTION ALLOCATION FORM					Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019	
					Status PRELIMINARY ☒ FINAL ☐ REVISED ☐	
Commingle Type SURFACE ☐ DOWNHOLE ☒ Type of Completion NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐					Date: 02/09/2024 API No. 30-045-11706 DHC No. Lease No. I149IND8468	
Well Name NAVAJO B					Well No. 6	
Unit Letter N	Section 19	Township 27N	Range 08W	Footage 790' FSL & 1850' FWL	County, State San Juan, New Mexico	
Completion Date 2024		Test Method HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☐ OTHER ☒				
JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be commingled is the Chacra, Mesaverde and Mancos. The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation. Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. MV 55%, CH 0%, MC 35%, DK 10%. After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.						
NAME		DATE		TITLE		PHONE
X <i>Cherylene Weston</i>				Operations/Regulatory Tech – Sr.		713-289-2615
Cherylene Weston		2/9/2024				
For Technical Questions: Marcus Hill				Reservoir Engineer		346-237-2011

Navajo B 6 Allocation

The forecast for Chacra, Mesaverde and Mancos production has been generated using type curves of production in the surrounding trend.

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:

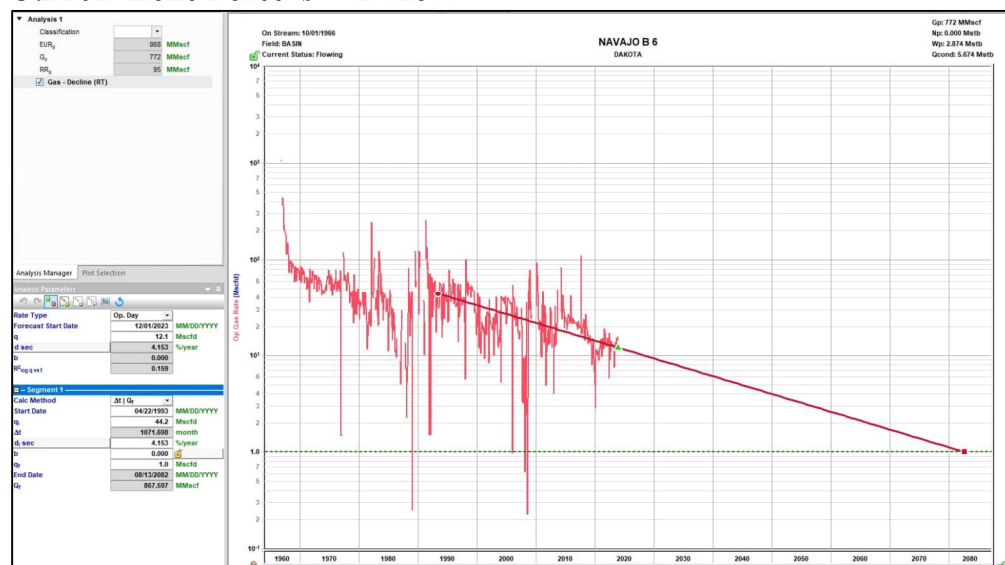
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be commingled are the Chacra, Mesaverde & Mancos. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the base formation forecasts will be allocated to the new formations.

New zones will be allocated using a fixed allocation. Forecasted rates for MC, MV and CH are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MC, MV and CH is based on the ratio of forecasted reserves as shown in the table below.

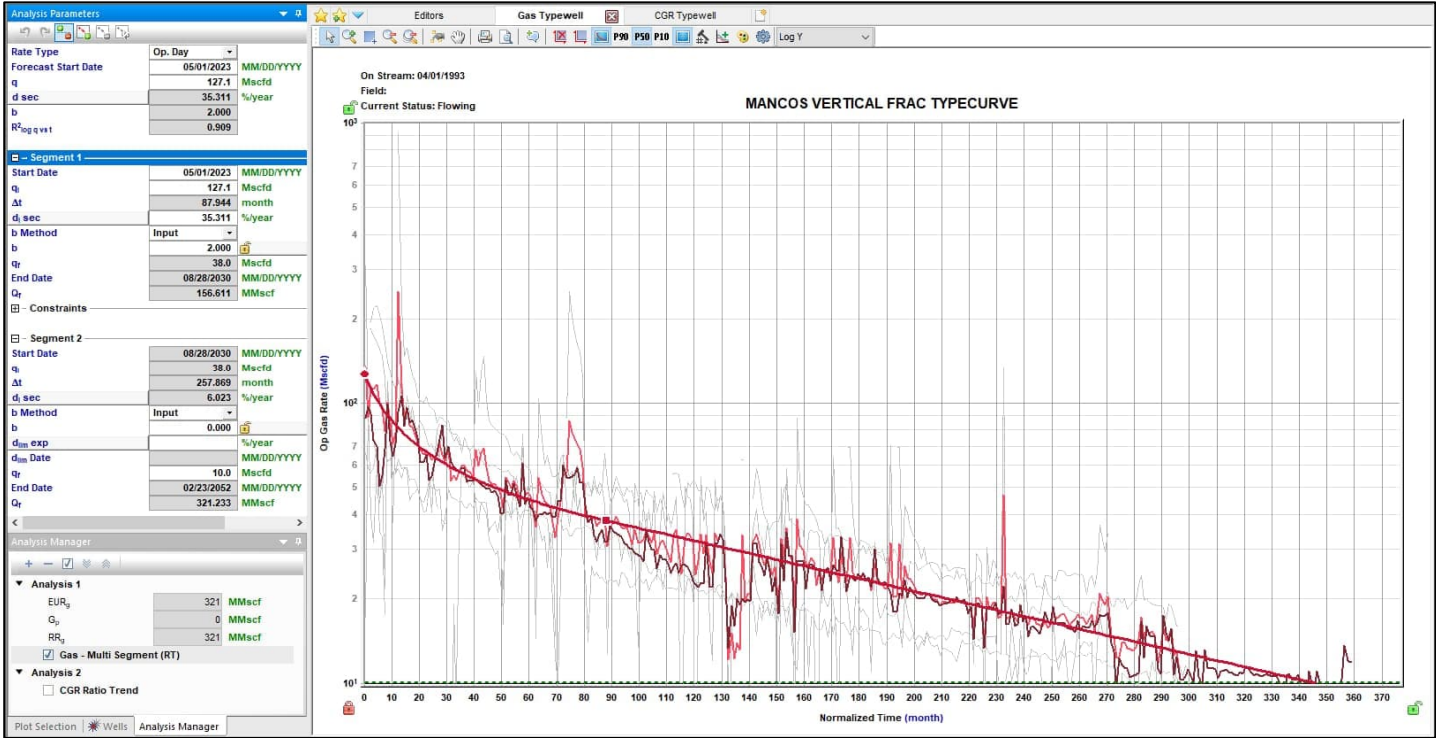
Formation	Remaining Reserves (MMcf)	% Gas Allocation
Mancos	321	32%
Mesaverde	451	45%
Chacra	238	24%

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

Current Zone Forecast – Dakota

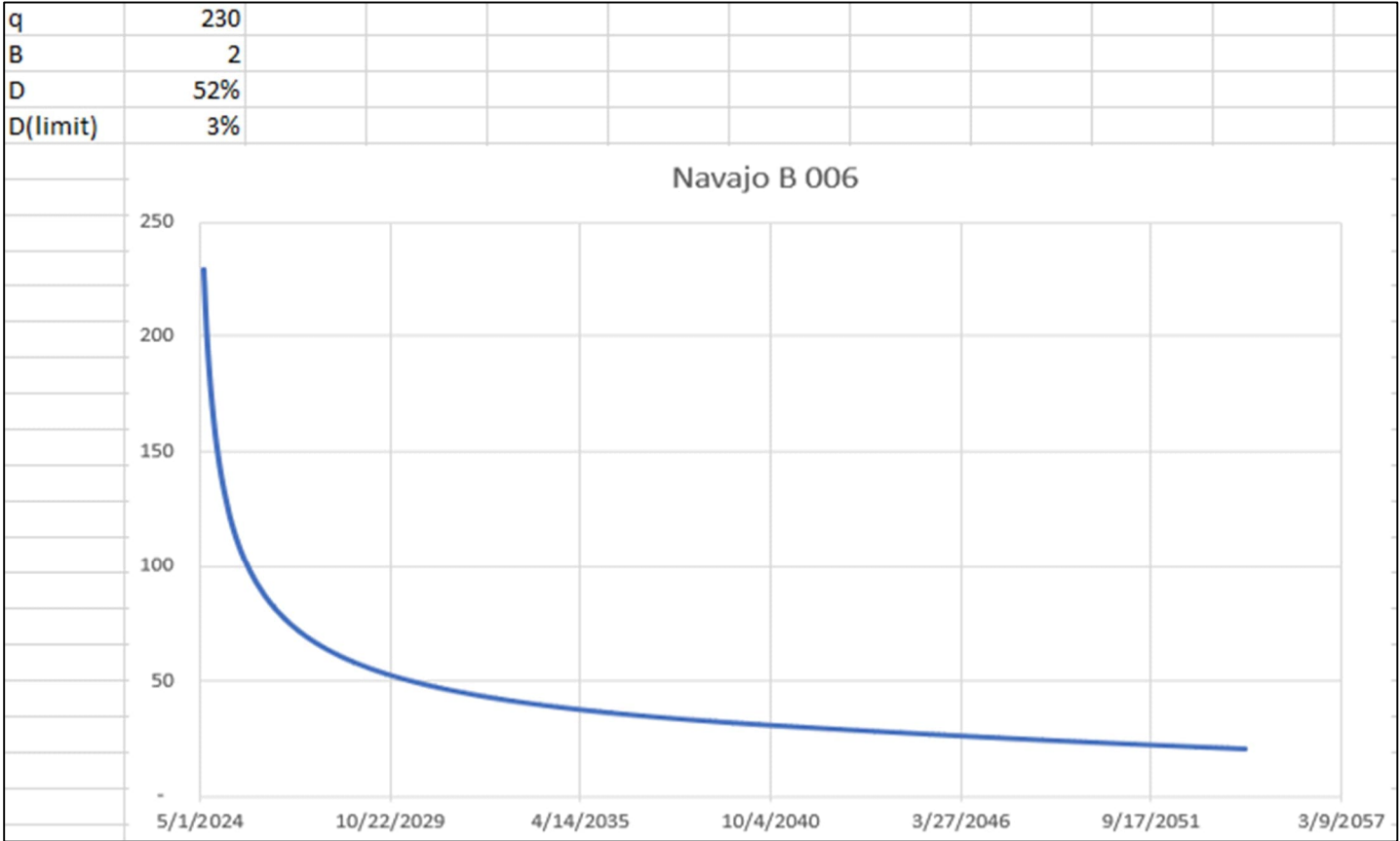


Proposed Zone 1 Forecast - Mancos



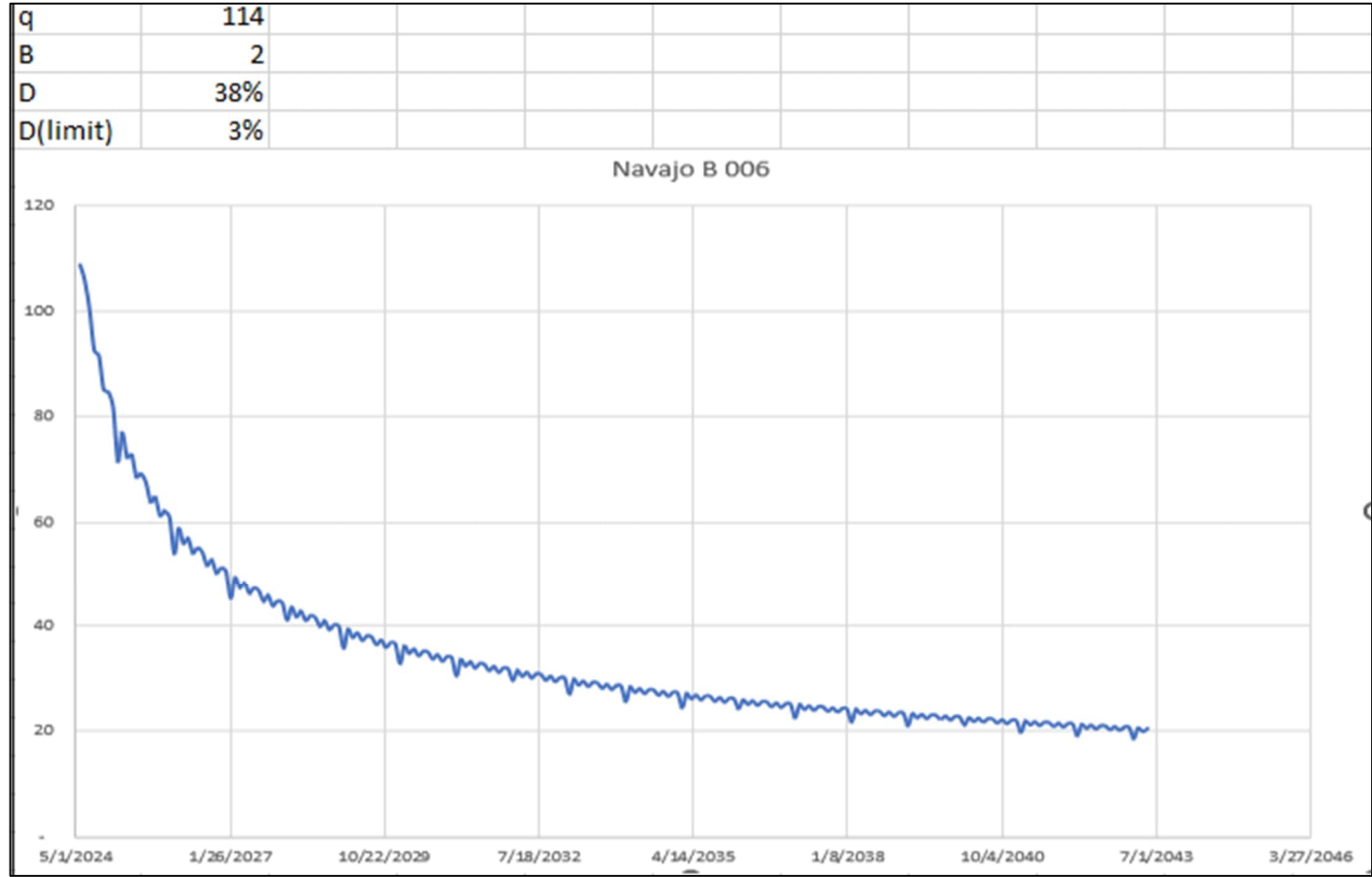
Average initial production curve in geologic region.

Proposed Zone 2 Forecast – Mesaverde



Average initial production curve in geologic region.

Proposed Zone 3 Forecast – Chacra

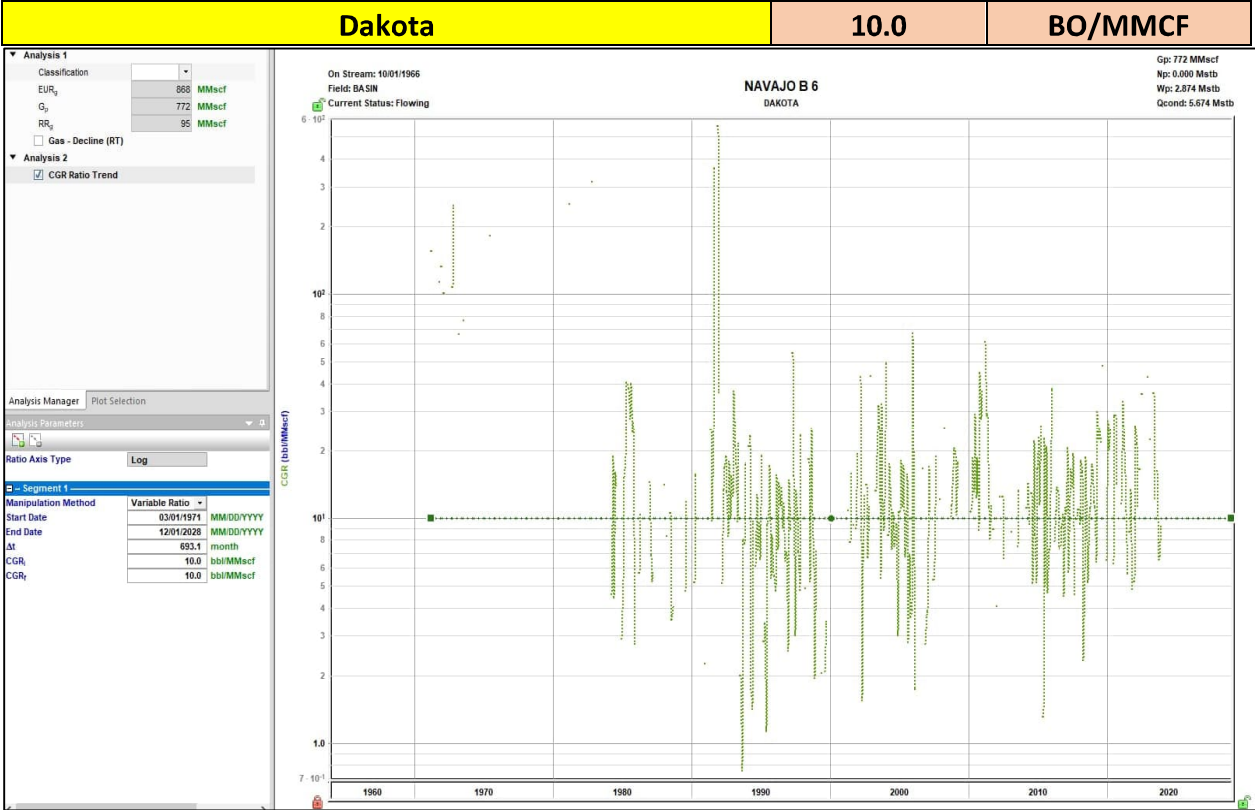


Oil Allocation:

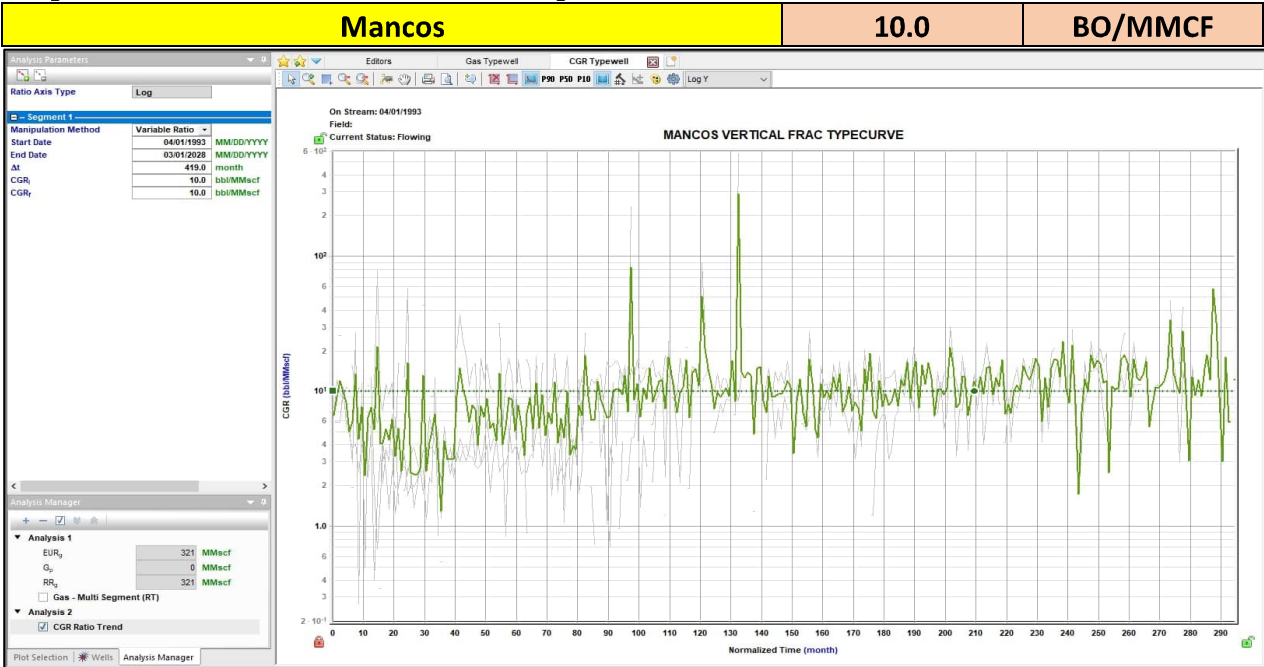
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	10.00	95	10%
MC	10.00	321	35%
MV	11.38	451	55%
CH	0.00	238	0%

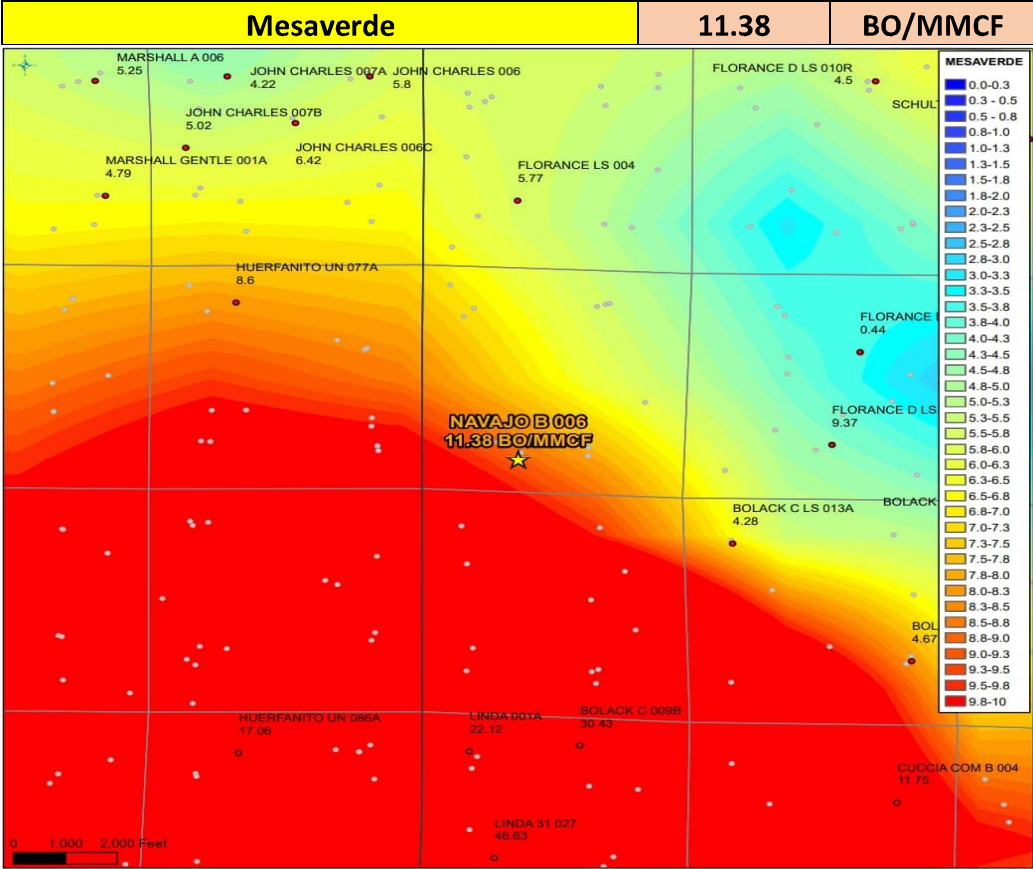
Current Zone 1 Oil Yield Map



Proposed Zone 1 – Mancos Oil Yield Map

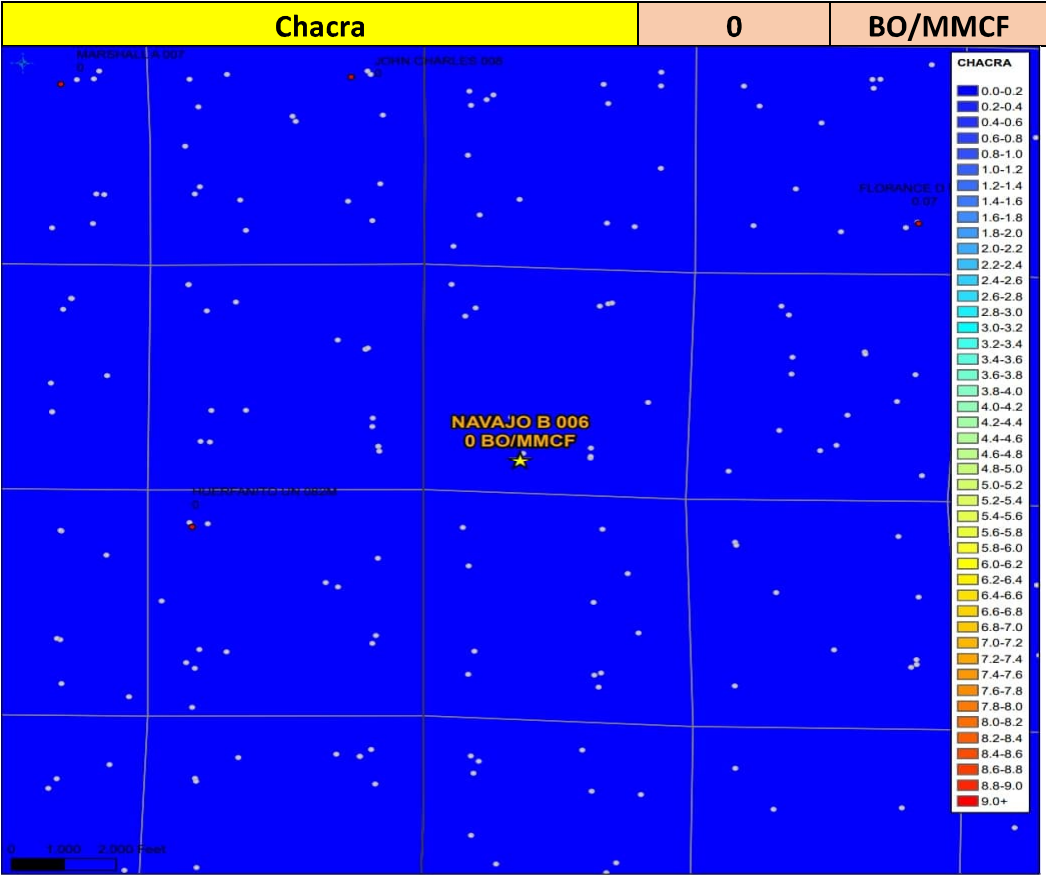


Proposed Zone 2 – Mesaverde Oil Yield Map



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

Proposed Zone 3 – Chacra Oil Yield Map



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

District I1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720**District III**1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170**District IV**1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-102
August 1, 2011

Permit 356856

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-11706	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318637	5. Property Name NAVAJO B	6. Well No. 006
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6037

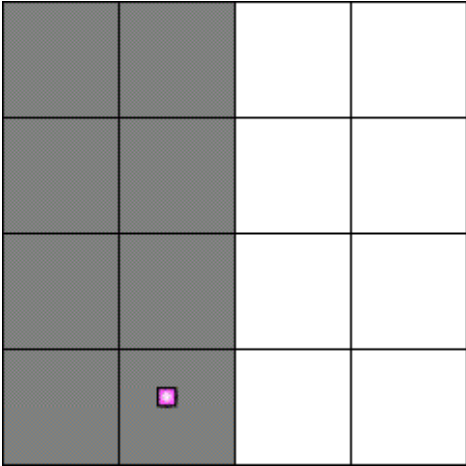
10. Surface Location

UL - Lot N	Section 19	Township 27N	Range 08W	Lot Idn	Feet From 790	N/S Line S	Feet From 1850	E/W Line W	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 321.44 - W/2	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>Cherylene Weston</i> Title: Operations/RegulatoryTech-Sr. Date: 01/04/2024 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 P. Leese Date of Survey: 4/1/1966 Certificate Number: 1463
---	---

District I

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

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-102
August 1, 2011

Permit 356856

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-11706	2. Pool Code 97232	3. Pool Name BASIN MANCOS
4. Property Code 318637	5. Property Name NAVAJO B	6. Well No. 006
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6037

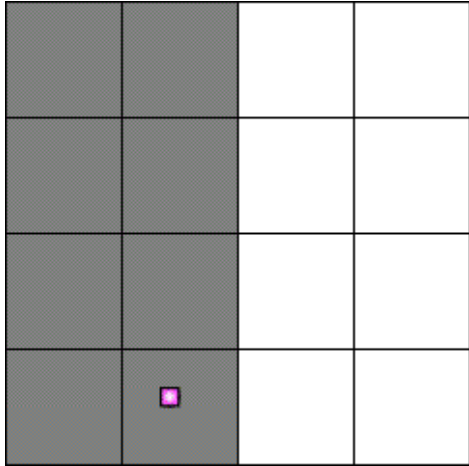
10. Surface Location

UL - Lot N	Section 19	Township 27N	Range 08W	Lot Idn	Feet From 790	N/S Line S	Feet From 1850	E/W Line W	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 321.44 - W/2	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>Cherylene Weston</i> Title: Operations/RegulatoryTech-Sr. Date: 01/04/2024 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 P. Leese Date of Survey: 4/1/1966 Certificate Number: 1463
---	---

District I

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

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-102
August 1, 2011

Permit 356856

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-11706	2. Pool Code 82329	3. Pool Name OTERO CHACRA (GAS)
4. Property Code 318637	5. Property Name NAVAJO B	6. Well No. 006
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6037

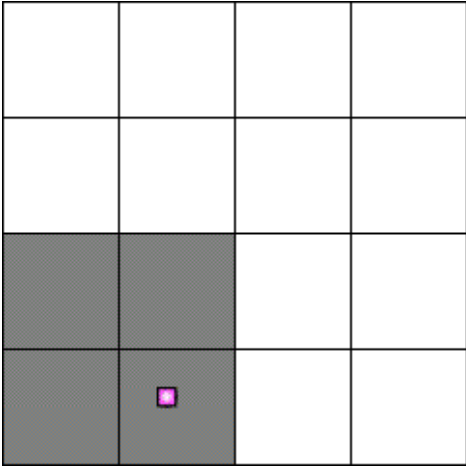
10. Surface Location

UL - Lot N	Section 19	Township 27N	Range 08W	Lot Idn	Feet From 790	N/S Line S	Feet From 1850	E/W Line W	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 160.76 - SW/4	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>Cherylene Weston</i> Title: Operations/RegulatoryTech-Sr. Date: 01/04/2024 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 P. Leese Date of Survey: 4/1/1966 Certificate Number: 1463
---	---

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT

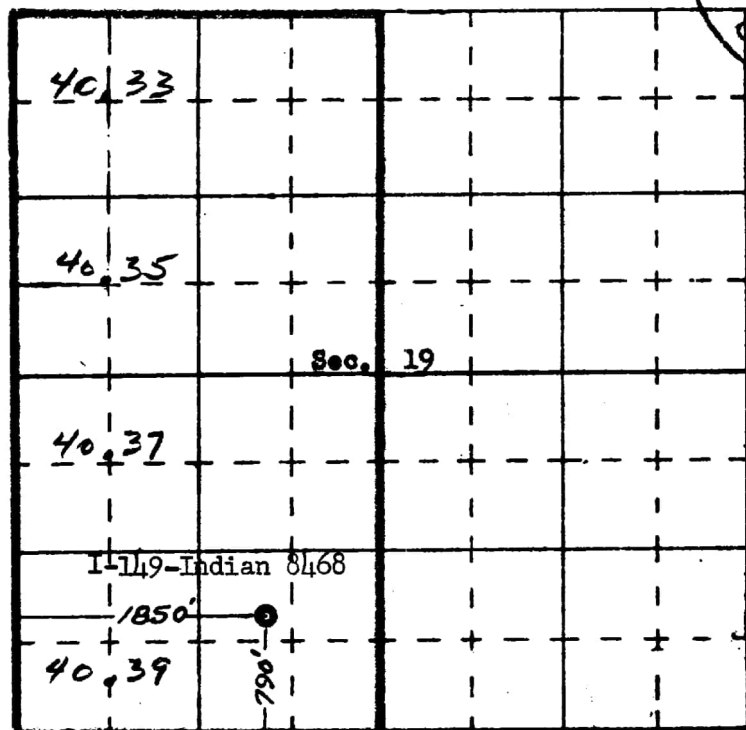
All distances must be from the outer boundaries of the Section

Operator SOUTHERN UNION PRODUCTION COMPANY		Lease NAVAJO "B"		Well No. 6	
Unit Letter N	Section 19	Township 27 NORTH	Range 8 WEST	County SAN JUAN	
Actual Footage Location of Well: 790 feet from the SOUTH line and 1850 feet from the WEST line					
Ground Level Elev. 6037.0	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 321.32 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. **321.44**
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty), **1882 GLO Plat**
- 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 _____

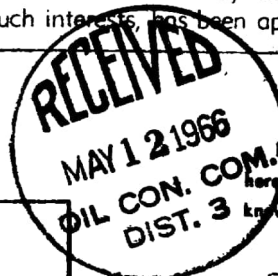
If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.) _____

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.



SCALE—4 INCHES EQUALS 1 MILE

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.



CERTIFICATION

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

Gilbert D. Noland, Jr.
Name

Gilbert D. Noland, Jr.
Position

Drilling Superintendent
Company

Southern Union Production Co.
Date

May 10, 1966

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 313645

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 313645
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	ACCEPTED FOR RECORD	2/13/2024
dmcclure	Assigned the designation DHC-5342 for tracking purposes	2/13/2024