

RECEIVED: 05/01/2018	REVIEWER: MAM	TYPE: DHL	APP NO: PMAM1812157770
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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: San Juan 28-7 Unit 99F **API:** 30-039-26897
Pool: Blanco P.C. South **Pool Code:** 72439

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

DHL-3000-A

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 holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☒ No notice required

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.

Kandis Roland

Print or Type Name

Signature

4/26/2018

Date

505-324-5149

Phone Number

kroland@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

Form C-107A
Revised August 1, 2011

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

APPLICATION TYPE
☐ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company PO Box 4700, Farmington NM 87499
Operator Address

SAN JUAN 28-7 UNIT 99F UNIT J-29-27N-07W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 372171 Property Code 318432 API No. 30-039-26897 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO P. C. SOUTH	OTERO CHACRA	BLANCO MESAVERDE	BASIN DAKOTA
Pool Code	72439	82329	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2923' – 3139' estimated	3842' – 4068'	5222' – 5472'	7264' – 7381'
Method of Production (Flowing or Artificial Lift)	New Zone	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)	737 psi	914 psi	1183 psi	2971 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1000	BTU 1000	BTU 1000	BTU 1000
Producing, Shut-In or New Zone	NEW ZONE	PRODUCING	PRODUCING	PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates: N/A	Date: Feb 2018 Rates: 962 mcf 0 bbls oil 0 bbls water	Date: Feb 2018 Rates: 709 mcf 13 bbls oil 6 bbls water	Date: Feb 2018 Rates: 861 mcf 25 bbls oil 7 bbls water
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 Will be supplied upon completion	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☐ No ☒
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☒

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

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 ☒ No ☐

NMOCD Reference Case No. applicable to this well: R-10476-B – DHC exemption to notify interest owners

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 Kandis Roland TITLE Operations/Regulatory Technician DATE 4/27/18

TYPE OR PRINT NAME Kandis Roland TELEPHONE NO. (505) 324-5149

E-MAIL ADDRESS kroland@hilcorp.com

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

Permit 251596

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-26897	2. Pool Code 72439	3. Pool Name BLANCO P. C. SOUTH (PRORATED GAS)
4. Property Code 372171	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 099F
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6649

10. Surface Location

UL - Lot J	Section 29	Township 27N	Range 07W	Lot Idn	Feet From 1590	N/S Line S	Feet From 2420	E/W Line E	County RIO ARriba
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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 320.00 E/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 NONSTANDARD 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>Kandis Koland</i> Title: Operations/Regulatory Technician Date: 4/26/18	
	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: Jason C. Edwards Date of Survey: 11/12/2001 Certificate Number: 15269	

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30-039-26897		* Pool Code 72319		* Pool Name Blanco Mesaverde	
* Property Code 016608		* Property Name SAN JUAN 28-7 UNIT			* Well Number 99F
* OGRID No. 005073		* Operator Name CONOCO, INC.			* Elevation 6649

10 Surface Location

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	29	27N	7W		1590	south	2420	east	Rio Arriba

11 Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

* Dedicated Acres	* Joint or Infill	* Consolidation Code	* 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

16					<h4>17 OPERATOR CERTIFICATION</h4> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Deborah Marberry</i> Signature DEBORAH MARBERRY Printed Name REGULATORY ANALYST Title 03/01/2002 Date</p>
					<h4>18 SURVEYOR CERTIFICATION</h4> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>

2420'

1590'

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

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

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State Lease - 4 Copies
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-26897		2 Pool Code 71599		3 Pool Name BASIN DAKOTA		
4 Property Code 016608		5 Property Name SAN JUAN 28-7 UNIT			6 Well Number 99F	
7 OGRID No. 005073		8 Operator Name CONOCO, INC.			9 Elevation 6649	

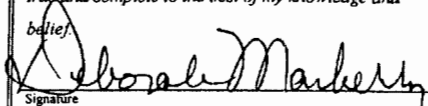
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	27N	7W		1590	south	2420	east	Rio Arriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		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

<div>16</div> <div>FILED 2002 MAY -6 AM 9:01 070 FARMINGTON, NM</div>					<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</div> <div></div> <div>Signature</div> <div>DEBORAH MARBERRY</div> <div>Printed Name</div> <div>REGULATORY ANALYST</div> <div>Title</div> <div>03/01/2002</div> <div>Date</div>
	<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div></div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor:</div> <div></div> <div>Certificate Number</div>				

2420'

1590'

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
30-039-26897		82329		OTERO CHACRA	
4 Property Code		5 Property Name			6 Well Number
016608		SAN JUAN 28-7 UNIT			99F
7 OGRID No.		8 Operator Name			9 Elevation
005073		CONOCO, INC.			6649

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	27N	7W		1590	south	2420	east	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

171. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code		15 Order No.					

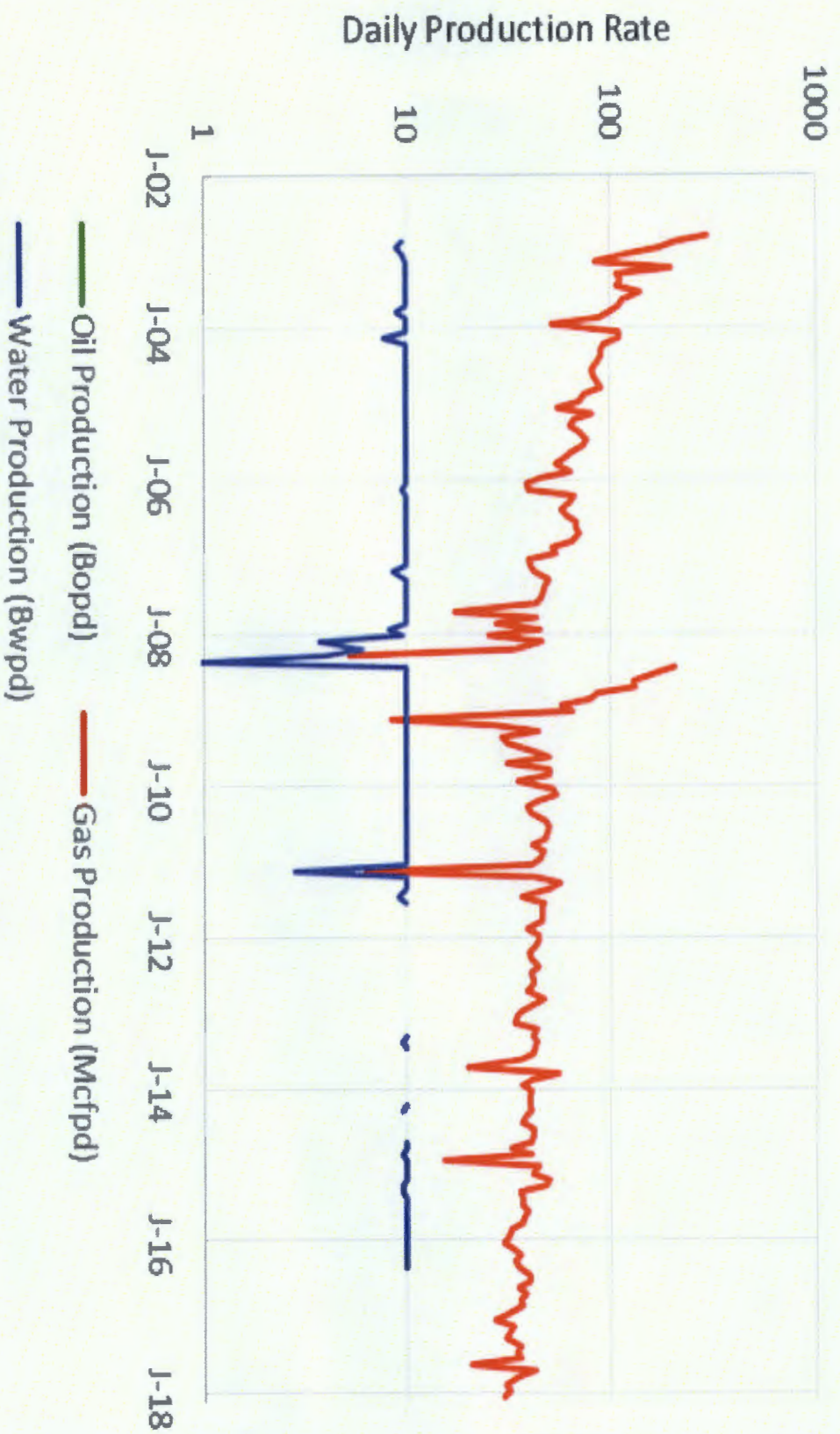
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

15 <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> 2002 MAY -6 AM 9:01 070 FIELDING </div>		<h3 style="margin: 0;">17 OPERATOR CERTIFICATION</h3> <p style="margin: 5px 0;"><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <div style="border-bottom: 1px solid black; margin: 5px 0;"> </div> <p style="margin: 0 0 0 40px;">Signature</p> <p style="margin: 0 0 0 40px;">DEBORAH MARBERRY</p> <p style="margin: 0 0 0 40px;">Printed Name</p> <p style="margin: 0 0 0 40px;">REGULATORY ANALYST</p> <p style="margin: 0 0 0 40px;">Title</p> <p style="margin: 0 0 0 40px;">03/01/2002</p> <p style="margin: 0 0 0 40px;">Date</p>
	<div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> 150' </div>	<h3 style="margin: 0;">18 SURVEYOR CERTIFICATION</h3> <p style="margin: 5px 0;"><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></p> <div style="border-bottom: 1px solid black; margin: 5px 0;"> </div> <p style="margin: 0 0 0 40px;">Date of Survey</p> <p style="margin: 0 0 0 40px;">Signature and Seal of Professional Surveyor:</p> <p style="margin: 0 0 0 40px;">Certificate Number</p>

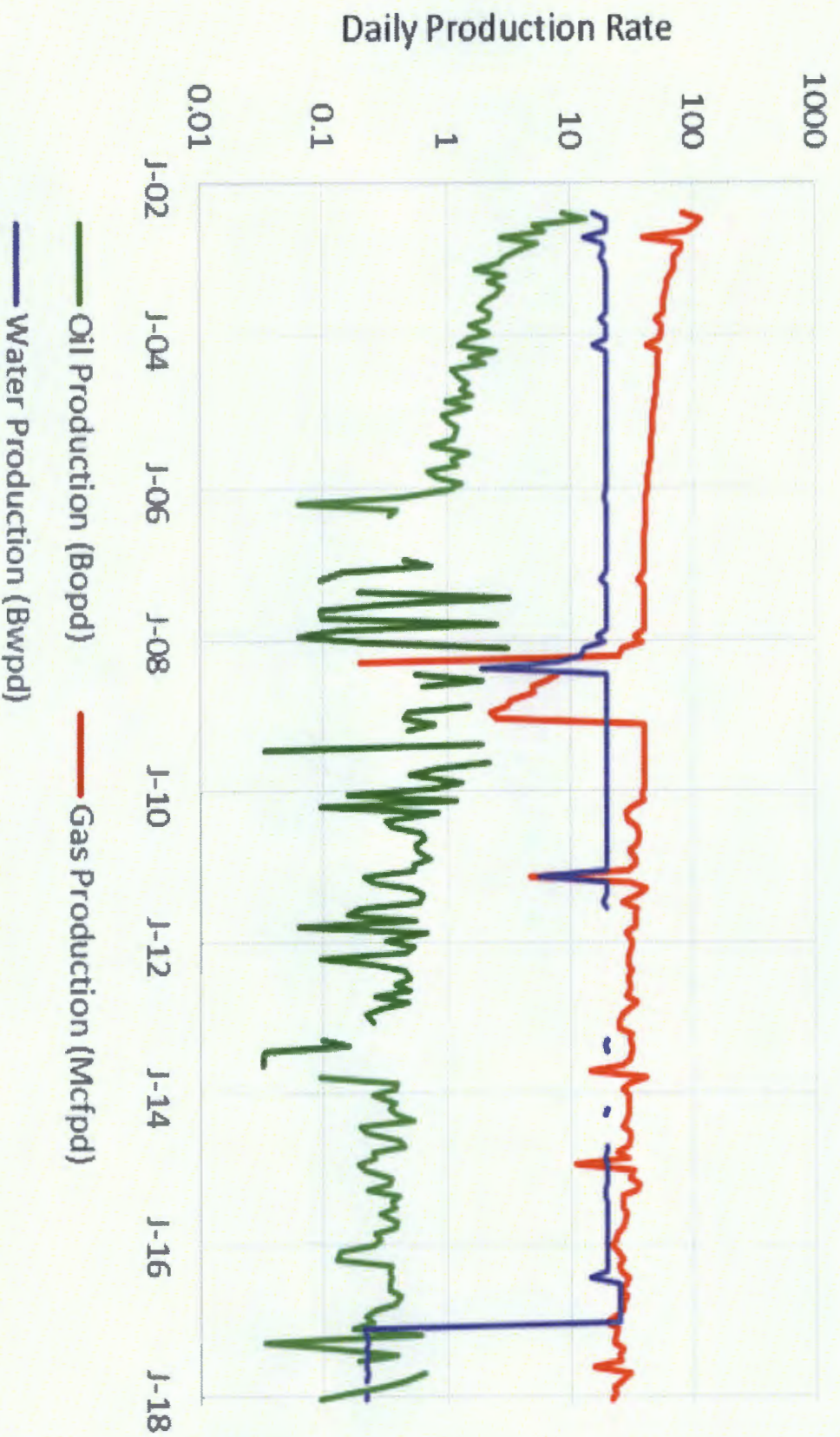
San Juan 28-7 Unit 99F – Production Allocation Method

Production for the downhole commingle will be allocated using the subtraction method in agreement with the BLM. The base formations are the Mesaverde, Chacra and Dakota and the added formation to be commingled is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the forecast will be allocated to the new formation. After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation. Oil production will be allocated based on average formation yields from offset wells. All documentation will be submitted to the Aztec NMOCD office.

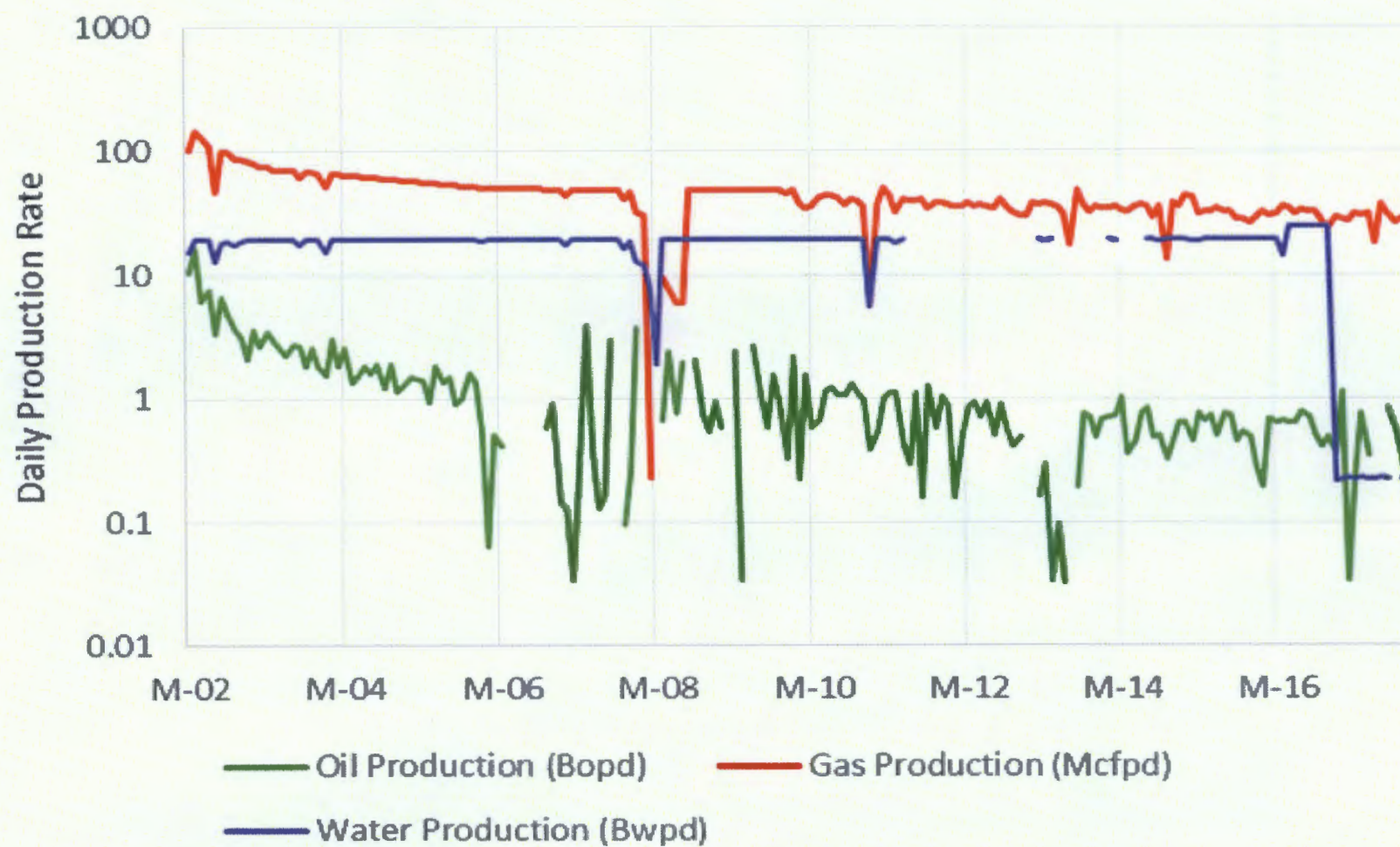
San Juan 28-7 Un 99F (Chacra)



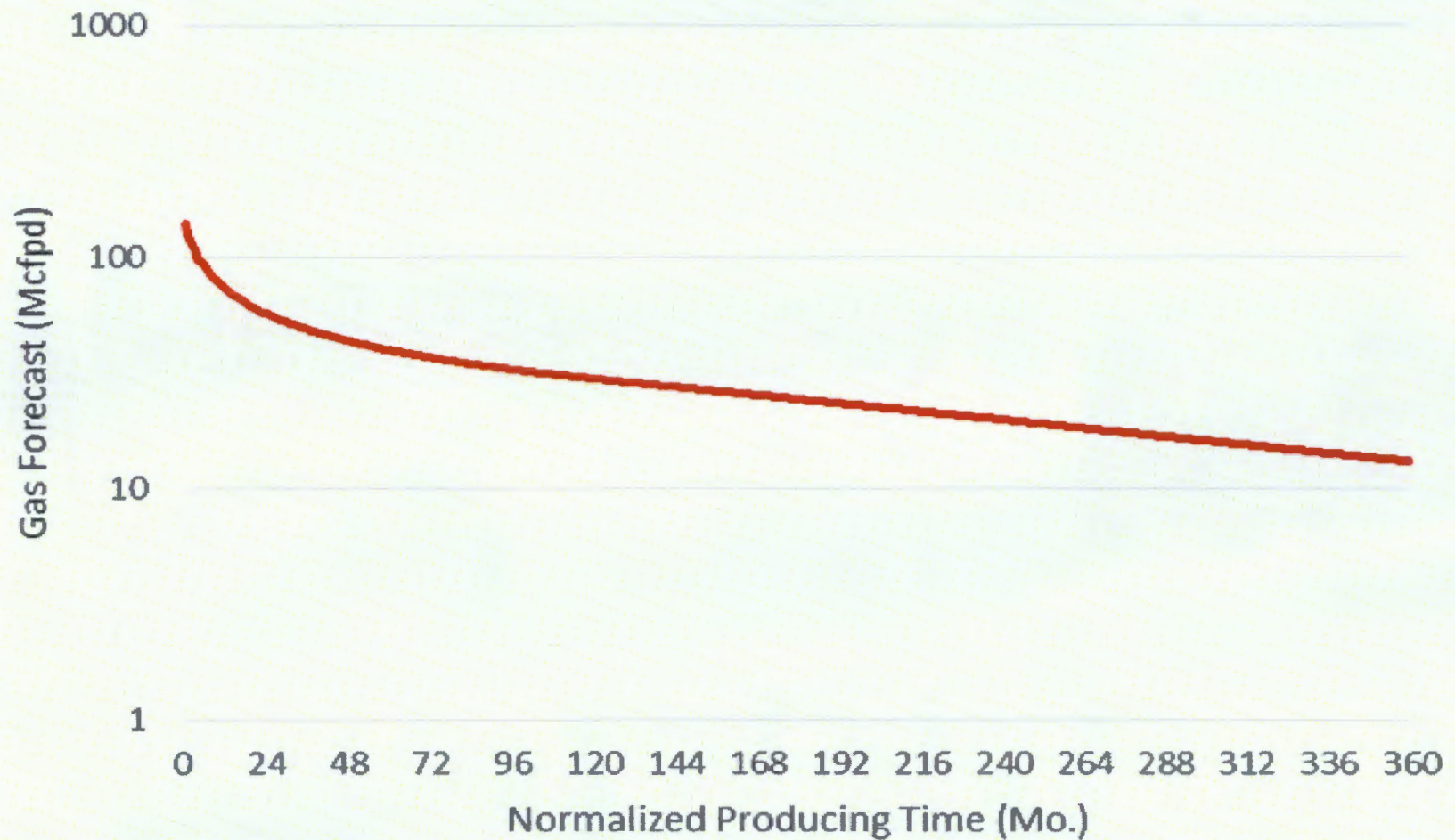
San Juan 28-7 Un 99F (Mesaverde)



San Juan 28-7 Un 99F (Dakota)



San Juan 28-7 Un 99F (Pictured Cliffs)



The forecast for Pictured Cliffs production has been generated using a type curve of PC gas production in the surrounding production trend.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3000

Conoco, Inc.
PO Box 2197
Houston, Texas 77252

Attention: Ms. Deborah Marberry

*San Juan 28-7 Unit No. 99F
API No. 30-039-26897
Unit J, Section 29, Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Otero-Chacra (Gas - 82329),
Basin-Dakota (Gas - 71599),
Blanco-Mesaverde (Gas - 72319) Pools*

Dear Ms. Marberry:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Gas Proration Schedule.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Aztec District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Administrative Order DHC-3000

Conoco Inc.

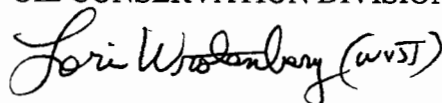
April 12, 2002

Page 2

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 12th day of April 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

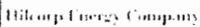
A handwritten signature in cursive script, reading "Lori Wrotenbery (wvst)".

LORI WROTENBERY
Director

S E A L

LW/WVJ

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington



Well Name: SAN JUAN 28-7 UNIT 099F

Vertical - Original Hole: 5/4/2015 9:30:29 AM

Proposed Schematic



Current Schematic

Well Name: SAN JUAN 28-7 UNIT 099F

API Well 3003926897	Surface Leg # Location 029-02714-007W-1	Field Name CH/MV/DK COIL	License No	State Province NEW MEXICO	Well Completion Type Vertical
Original Depth (ft) 6,649.00	Original Depth (ft) 6,662.00	AS-Grout Distance (ft) 13.00	AS-Casing Plug Distance (ft) 13.00	AS-Tubing Plug Distance (ft) 13.00	

Vertical, Original Hole, 5/4/2018 9:30:29 AM

