

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION HILCORP ENERGY COMPANY
FOR APPROVAL TO DOWNHOLE COMMINGLE,
SAN JUAN COUNTY, NEW MEXICO.**

Case No.: 6371

APPLICATION

Hilcorp Energy Company ("Hilcorp"), by and through its undersigned attorneys, seeks an order authorizing downhole commingling production from the Basin Dakota Pool (71599) and the Blanco Mesaverde Pool (72319). In support of this application, Hilcorp states:

1. Hilcorp Energy Company (OGRID 372171) is the operator of the Zella Calloway No. 1 Well in Unit A, Section 3, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.
2. Hilcorp submitted to the Division a sundry notice advising the Division of its intention 1) to recomplete the Zella Calloway No. 1 Well in the Mesaverde formation; and 2) pursuant to Order No. R-11363, to downhole commingle production from the Blanco Mesaverde (72319) with existing production from the Basin Dakota (71599). *See* Exhibit 1.
3. Also pursuant to Order No. R-11363, Hilcorp provided notice to interest owners of its intention to downhole commingle production.
4. Hilcorp received a protest and accordingly requests that this be set for hearing.
5. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, Hilcorp Energy Company requests that the Division set this matter for hearing before an Examiner of the Oil Conservation Division on August 23, 2018, and that after notice and hearing enter an order authorizing its request to downhole commingle production.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR HILCORP ENERGY COMPANY

Case No.: 1637/ **Application Of Hilcorp Energy Company for Approval to Downhole Commingle, San Juan County, New Mexico.** Applicant seeks an order authorizing downhole commingling production from the Basin Dakota Pool (71599) and the Blanco Mesaverde Pool (72319) for the Zella Calloway No. 1 Well in Unit A, Section 3, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico. Said well is located approximately 0.75 miles North of Aztec, New Mexico.

Submit 1 Copy To Appropriate District 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

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

Form C-103
Revised July 18, 2013

WELL API NO. 30-045-09977
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. FEE
7. Lease Name or Unit Agreement Name Zella Calloway
8. Well Number 1
9. OGRID Number 372171
10. Pool name or Wildcat Basin Dakota / 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 <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator HILCORP ENERGY COMPANY	
3. Address of Operator 382 Road 3100, Aztec, NM 87410	
4. Well Location Unit Letter <u>A</u> <u>845</u> feet from the <u>North</u> line and <u>835</u> feet from the <u>East</u> line Section <u>03</u> Township <u>30N</u> Range <u>11W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5758'	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>			

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.

It is intended to complete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. Allocation and methodology will be provided after the well is completed. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV - 4300' - 4800'; DK - 6715' - 6825' These perforations are in TVD.

This notice is being provided to you by certified mail as an interest owner per Order Number 11363. Please notify Hilcorp Energy Company within twenty (20) days if you have objections.

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 _____ TITLE Operations / Regulatory Technician DATE 6/19/2018

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 505-324-5122
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any):