

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
-----------	-----------	-------	---------

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: _____ OGRID Number: _____
 Well Name: _____ API: _____
 Pool: _____ Pool Code: _____

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 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.

 Print or Type Name

Kandis Roland

 Signature

 Date

 Phone Number

 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

San Juan 29-6 Unit

58A

UL D – Sec. 28, T29N, R6W

Rio Arriba

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 318838 API No. 30-039-21262 Lease Type: X Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND COAL (GAS)		BLANCO MESAVERDE (PRORATED GAS)
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2988’ – 3156’		4152’-4775’ & 4942’- 5504’
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)	205 psi		743 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 835		BTU 1220
Producing, Shut-In or New Zone	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: 4/1/22 Rates: 3050 MCF – GAS 1 BBL – Oil 0 BBL - Water		Date: 4/1/22 Rates: 1946 MCF – GAS 1 BBL – Oil 0 BBL - 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 Please see attachments	Oil Gas	Oil Gas Please see attachments

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____ No_X__

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: R-11187

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 Operation/Regulatory Tech

DATE 7/7/22

TYPE OR PRINT NAME_Kandis Roland

TELEPHONE NO. (713) 757-5246

E-MAIL ADDRESS_kroland@hilcorp.com

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLATForm C-107 Page 3 of 28
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

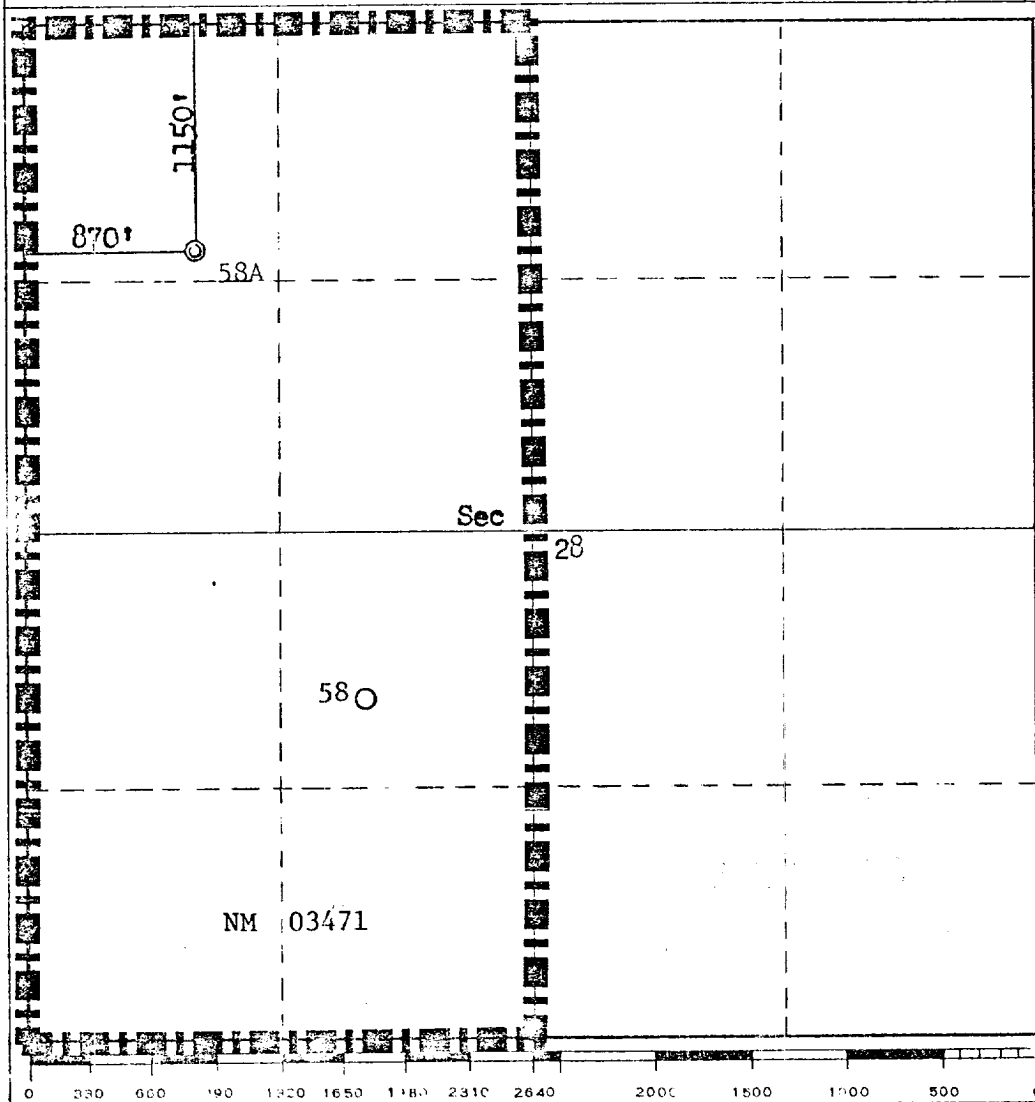
Operator Northwest Pipeline Corporation			Lease San Juan 29-6 Unit		Well No. 58-A
Unit Letter D	Section 28	Township 29N	Range 6W	County Rio Arriba	
Actual Postage Location of Well: 1150 feet from the North line and 870 feet from the West line					
Ground Level Elev. 6280	Producing Formation Mesa Verde		Pool Blanco	Dedicated Acreage: 320 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 owner- 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

D.H. Maroncelli

Position

D.H. Maroncelli

Production Engineer

Company

Northwest Pipeline Corp.

Date

May 24, 1976

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

Date Surveyed

May 17, 1976

Registered Professional Engineer and/or Land Surveyor

Fred B. Kerr Jr.

Certificate No.

3950

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

1 API Number 30-039-21262		2 Pool Code 716		3 Pool Name BASIN FRUITLAND COAL	
4 Property Code		5 Property Name SAN JUAN 29-6 UNIT			6 Well Number 58A
7 OGRID No. 217817		8 Operator Name CONOCOPHILLIPS CO.			9 Elevation 6280 GL

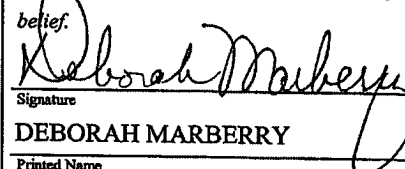
10 Surface Location

UL or lot no. D	Section 28	Township 29N	Range 6W	Lot Idn	Feet from the 1150	North/South line NORTH	Feet from the 870	East/West line WEST	County RIO ARriba
--------------------	---------------	-----------------	-------------	---------	-----------------------	---------------------------	----------------------	------------------------	----------------------

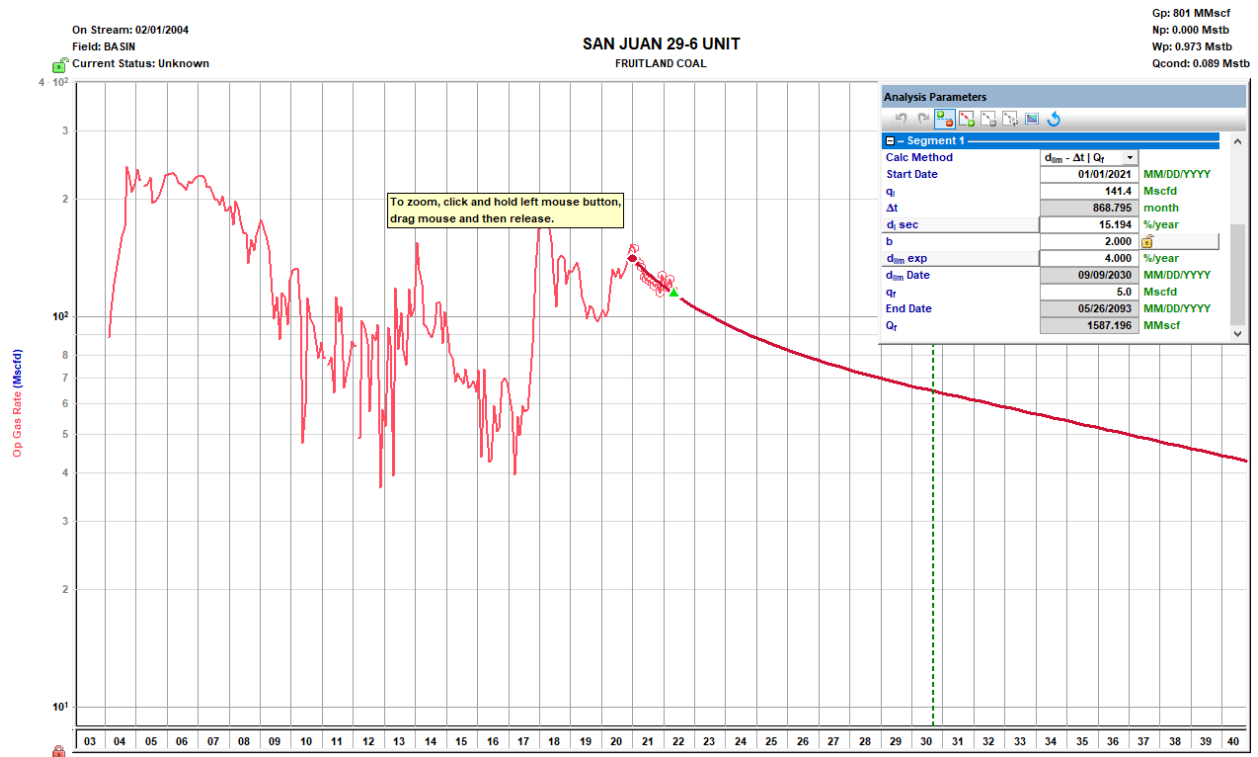
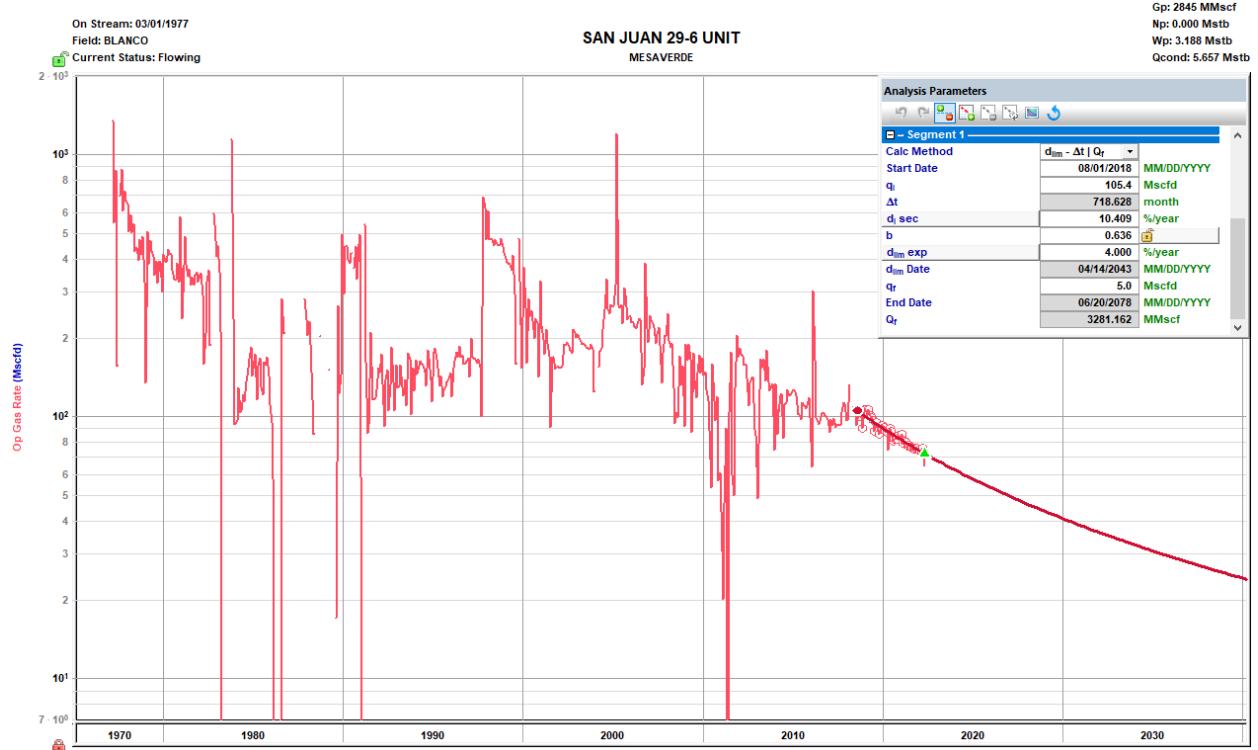
11 Bottom Hole Location If Different From Surface

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 320 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

16 870' 1150'					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature DEBORAH MARBERRY Printed Name REGULATORY ANALYST Title 03/14/2003 Date
					18 SURVEYOR CERTIFICATION 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

San Juan 29-6 Unit 58A



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 zone with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability; Hilcorp is planning to install a sucker rod pump and produce both zones together.

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

BTU data was taken from standalone completions in the zone of interest within a 2 mile radius of the well.

San Juan 29-6 Unit 58A

The Mesaverde and Fruitland Coal formations have been producing through dual strings and metered separately since the Fruitland Coal was stimulated in 2004. Hilcorp is proposing to commingle these zones and allocate production using a fixed percentage based on the historical separately metered production volumes.

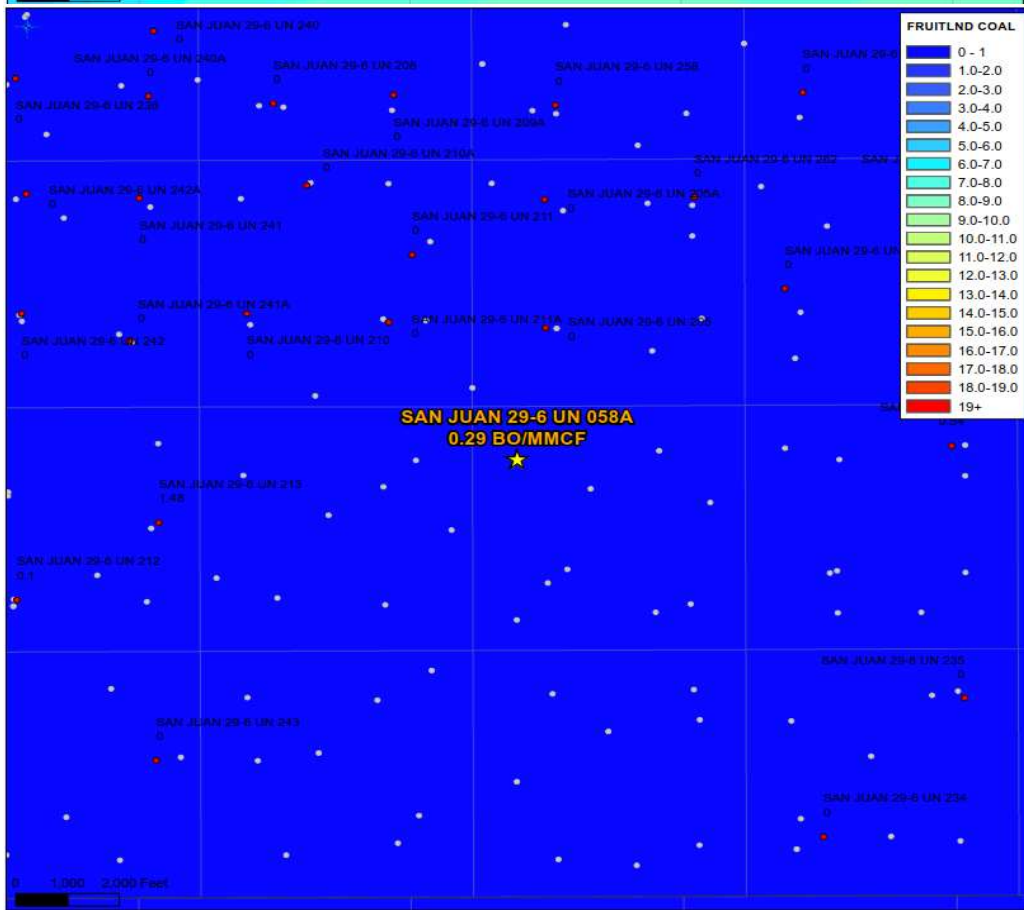
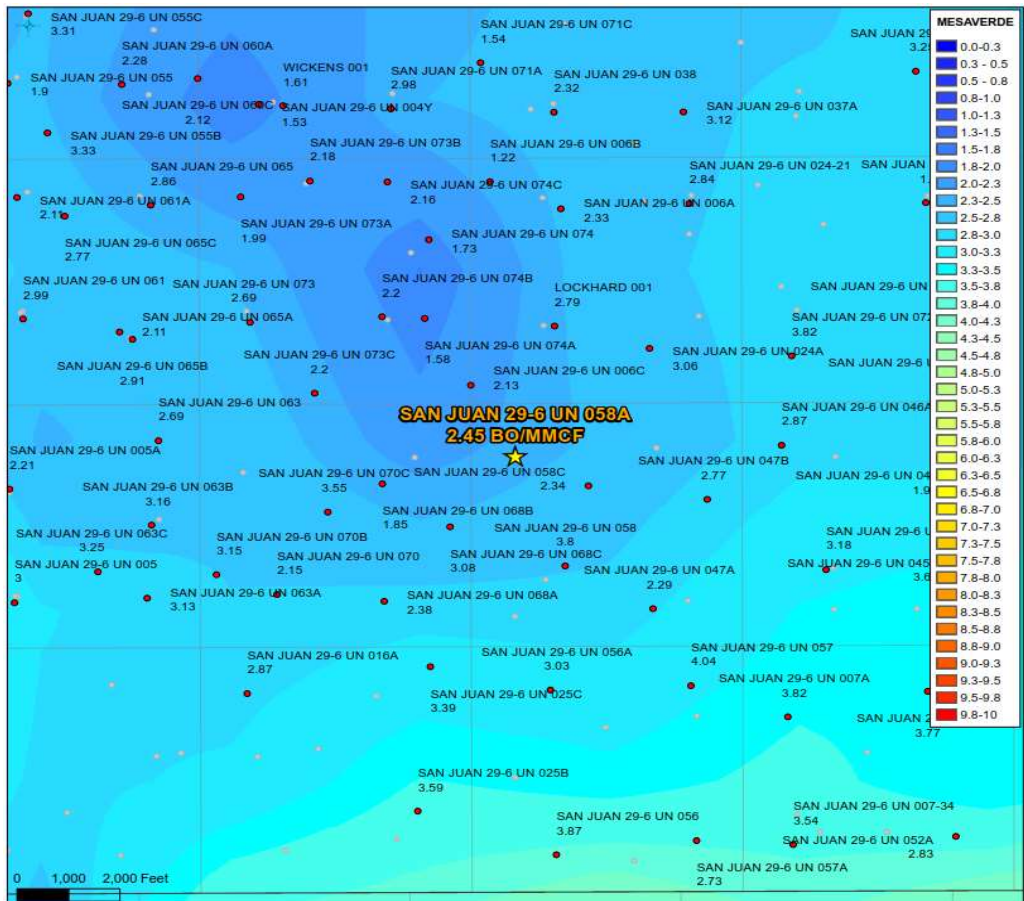
The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Gas Production			
Date	Mesaverde	Fruitland Coal	Total
Jun-21	72.5	114.4	186.9
Jul-21	78.3	124.8	203.1
Aug-21	76.9	123.7	200.6
Sep-21	76.0	122.3	198.3
Oct-21	75.2	119.8	195.0
Nov-21	76.1	121.7	197.8
Dec-21	75.9	115.3	191.2
Jan-22	74.9	128.0	202.9
Feb-22	74.2	122.1	196.3
Mar-22	73.5	119.7	193.2
Apr-22	76.0	124.9	200.9
May-22	64.9	101.7	166.6
Averages	74.5	119.9	194.4
% of Total	38%	62%	

Oil Production			
Date	Mesaverde	Fruitland C	Total
Jun-21	0.4	0.4	0.8
Jul-21	0.1	0.1	0.2
Aug-21	0.0	0.0	0.0
Sep-21	0.0	0.0	0.0
Oct-21	0.0	0.0	0.0
Nov-21	0.0	0.0	0.0
Dec-21	0.0	0.0	0.0
Jan-22	0.0	0.0	0.0
Feb-22	0.0	0.0	0.0
Mar-22	0.1	0.1	0.2
Apr-22	0.0	0.1	0.1
May-22	0.0	0.0	0.0
Averages	0.1	0.1	0.1
% of Total	46%	54%	

Since production was historically metered separately, oil will be reallocated based on the produced oil in the last 12 months.

Formation	Yield	
Mesaverde	2.45	bbl/mmscf
Fruitland Coal	0.29	bbl/mmscf





July 7, 2022

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

Re: C-107A (Downhole Commingle)
San Juan 29-6 Unit 58A
API No. 30-039-21262
Section 28, T29N-R06W
Rio Arriba County, NM

Concerning Hilcorp Energy Company's C-107A application to downhole commingle production in the subject well, this letter serves to confirm the following:

Interest is not common between the formations listed below:

- Basin Fruitland Coal (Pool Code: 71629)
- Blanco Mesaverde (Pool Code: 72319)

Order No. R-11187 waives the notice requirement and thus no notices will be sent.

The subject well is located within the bounds of a Federal Unit. Therefore, pursuant to Subsection C.(1) of 19.15.12.11 NMAC, written notice has been sent to the Bureau of Land Management as of the date of this letter.

If you have any questions or concerns, please contact the undersigned using the information provided below.

Sincerely,

By: HILCORP ENERGY COMPANY,
Its General Partner

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

Carson Parker Rice
Landman – San Juan Basin
Hilcorp Energy Company
1111 Travis Street
Houston, Texas 77002
713-757-7108 Direct
Email: carice@hilcorp.com

Well Name: SAN JUAN 29-6 UNIT	Well Location: T29N / R6W / SEC 28 / NWNW / 36.70068 / -107.47376	County or Parish/State: RIO ARRIBA / NM
Well Number: 58A	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMNM03471	Unit or CA Name: SAN JUAN 29-6 UNIT--FR, SAN JUAN 29-6 UNIT--MV	Unit or CA Number: NMNM78416A, NMNM78416E
US Well Number: 3003921262	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2680198

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 07/01/2022

Time Sundry Submitted: 01:21

Date proposed operation will begin: 07/22/2022

Procedure Description: Subject well is a dual completion. Hilcorp requests permission to downhole commingle the subject well per the attached procedure.

NOI Attachments

Procedure Description

SJ_29_6_Unit_58A_NOI_Downhole_Commingle_and_Install_Pump_20220701132046.pdf

Well Name: SAN JUAN 29-6 UNIT	Well Location: T29N / R6W / SEC 28 / NWNW / 36.70068 / -107.47376	County or Parish/State: RIO ARRIBA / NM
Well Number: 58A	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMNM03471	Unit or CA Name: SAN JUAN 29-6 UNIT--FR, SAN JUAN 29-6 UNIT--MV	Unit or CA Number: NMNM78416A, NMNM78416E
US Well Number: 3003921262	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: KANDIS ROLAND

Signed on: JUL 01, 2022 01:21 PM

Name: HILCORP ENERGY COMPANY

Title: Operation Regulatory Tech

Street Address: 382 Road 3100

City: Farmington

State: NM

Phone: (505) 599-3400

Email address: kroland@hilcorp.com

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742

BLM POC Email Address: krennick@blm.gov

Disposition: Approved

Disposition Date: 07/01/2022

Signature: Kenneth Rennick

San Juan 29-6 Unit #58A

D – 28 – 29N – 06W 1150 FNL 0870 FWL

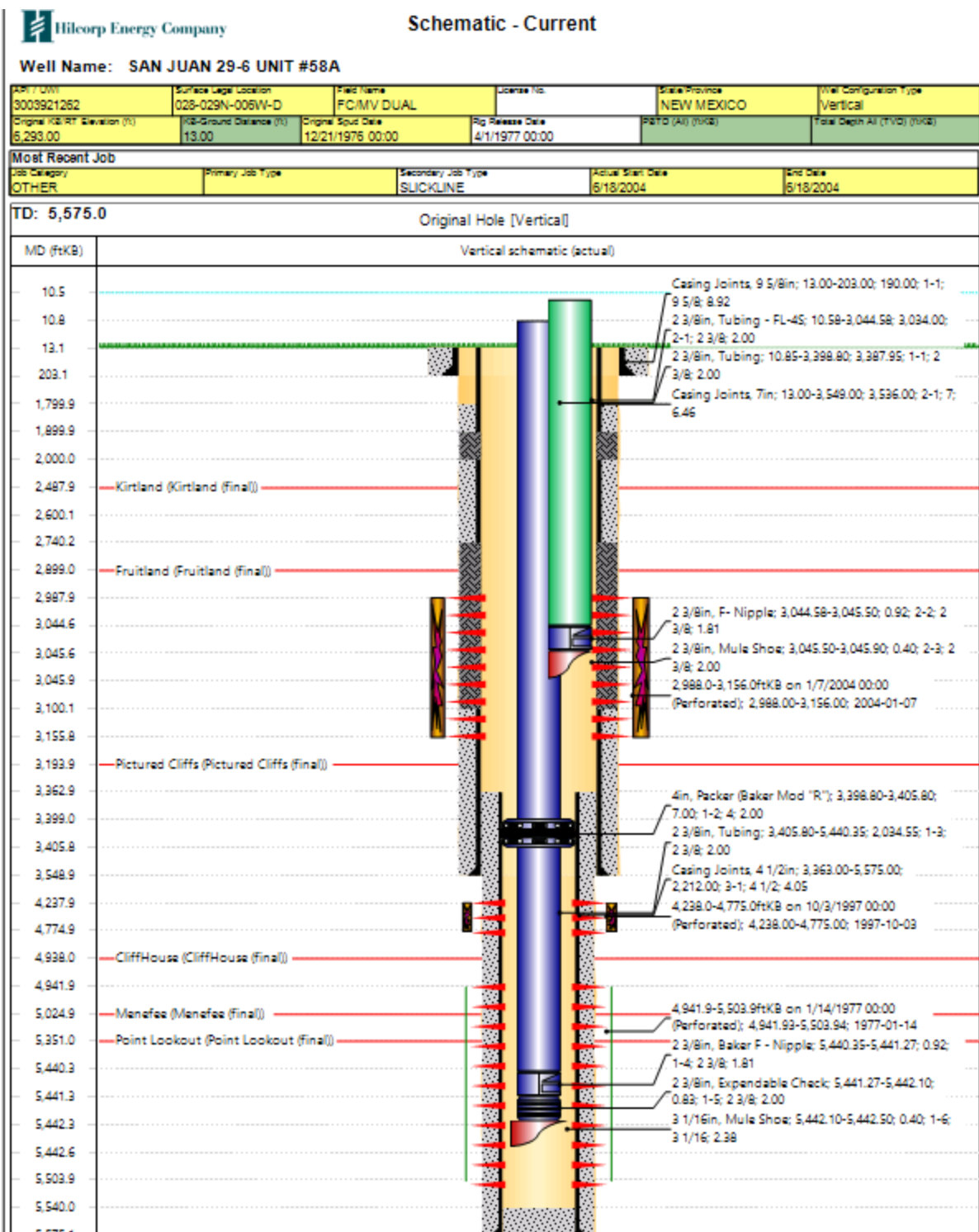
API#: 3003921262

DHC and Install Sucker Rod Pump

07/01/2022

Procedure:

1. MIRU service rig and associated equipment.
2. NDWH, NUBOP and unseat short string.
3. POOH with short string while scanning.
4. Unseat long string, release retrievable packer, scan out long string.
5. Make up c/o assembly and run mill to PBTD. Circulate hole clean.
6. Roundtrip and PU sucker rod pump BHA.
7. Land BHA with seat nipple at +/-5440' (same depth)
8. NDBOP, NUWH, and PU pump and sucker rods.
9. Land pump in seat nipple and install radigan, pumping tee, etc.
10. Hang on horse's head and set well to pump.
11. RDMO service rig and return well to production





Hilcorp Energy Company

Schematic - Proposed

Well Name: SAN JUAN 29-6 UNIT #58A

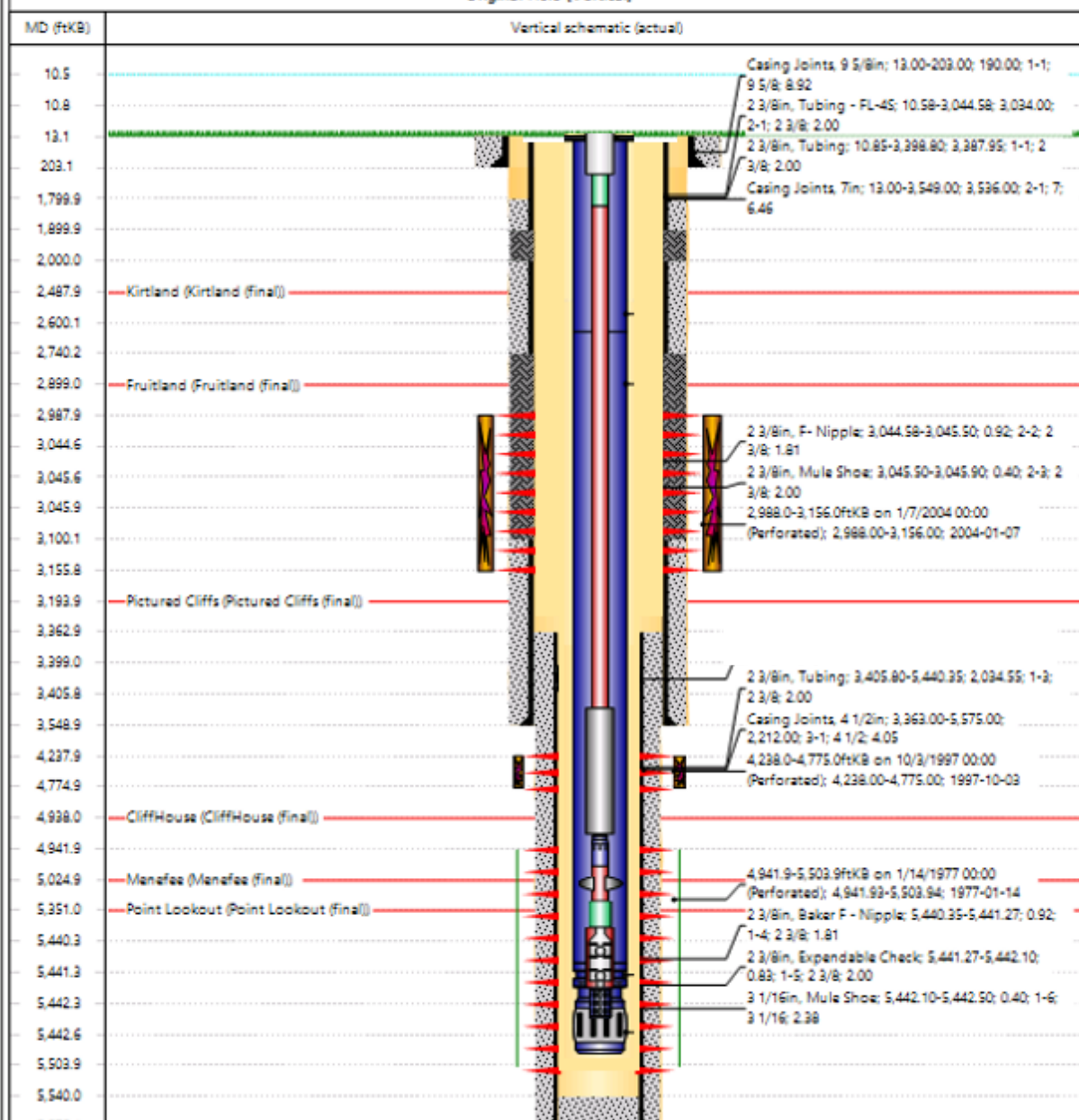
API # 0003921262	Surface Lease Location 028-029N-006W-D	Field Name FC/MV DUAL	License No.	State Province NEW MEXICO	Well Configuration Type Vertical
Original KB/Rt Elevation (ft) 6,293.00	KB-Ground Distance (ft) 13.00	Original Spud Date 12/21/1976 00:00	Rig Release Date 4/1/1977 00:00	PD (ft) (ft)	Total Depth At (ft) (ft)

Most Recent Job

Job Category OTHER	Primary Job Type	Secondary Job Type SUCKLINE	Actual Start Date 6/18/2004	End Date 6/18/2004
--------------------	------------------	-----------------------------	-----------------------------	--------------------

TD: 5,575.0

Original Hole [Vertical]



San Juan 29-6 Unit #58A

D – 28 – 29N – 06W 1150 FNL 0870 FWL

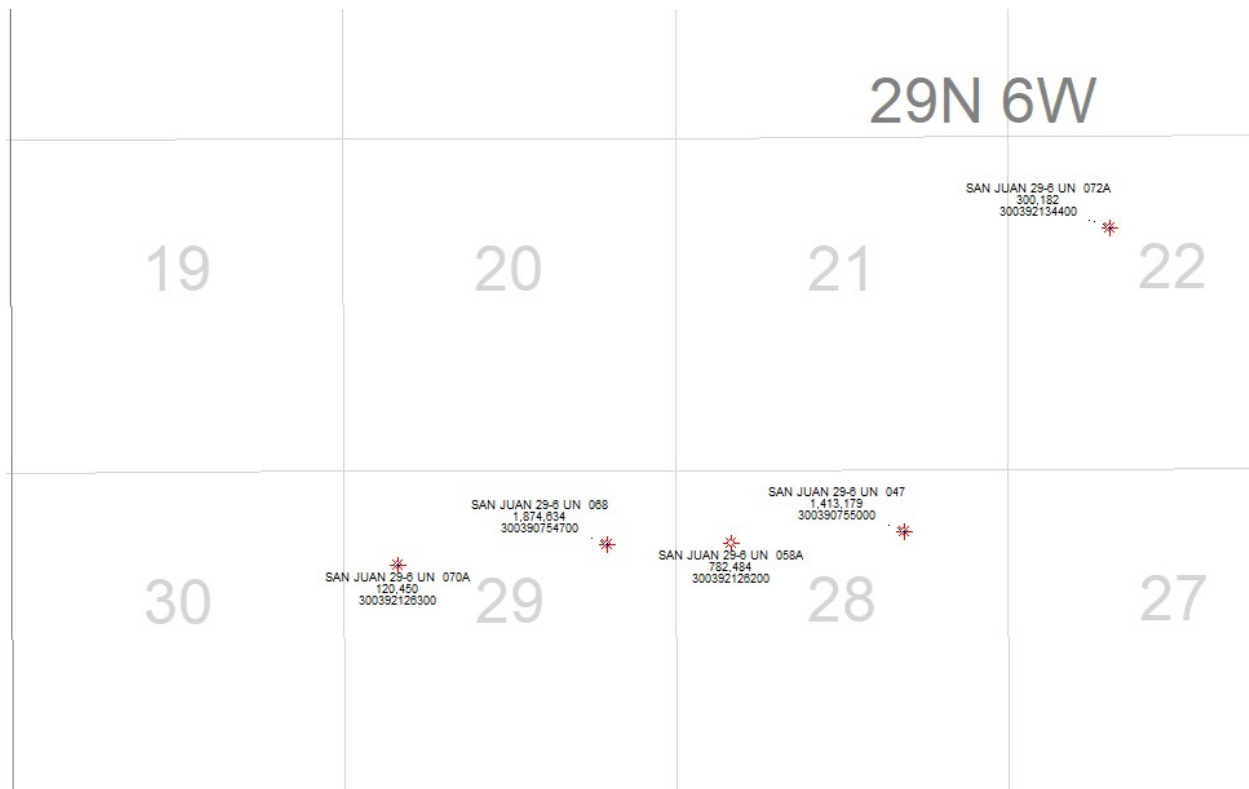
API#: 3003921262

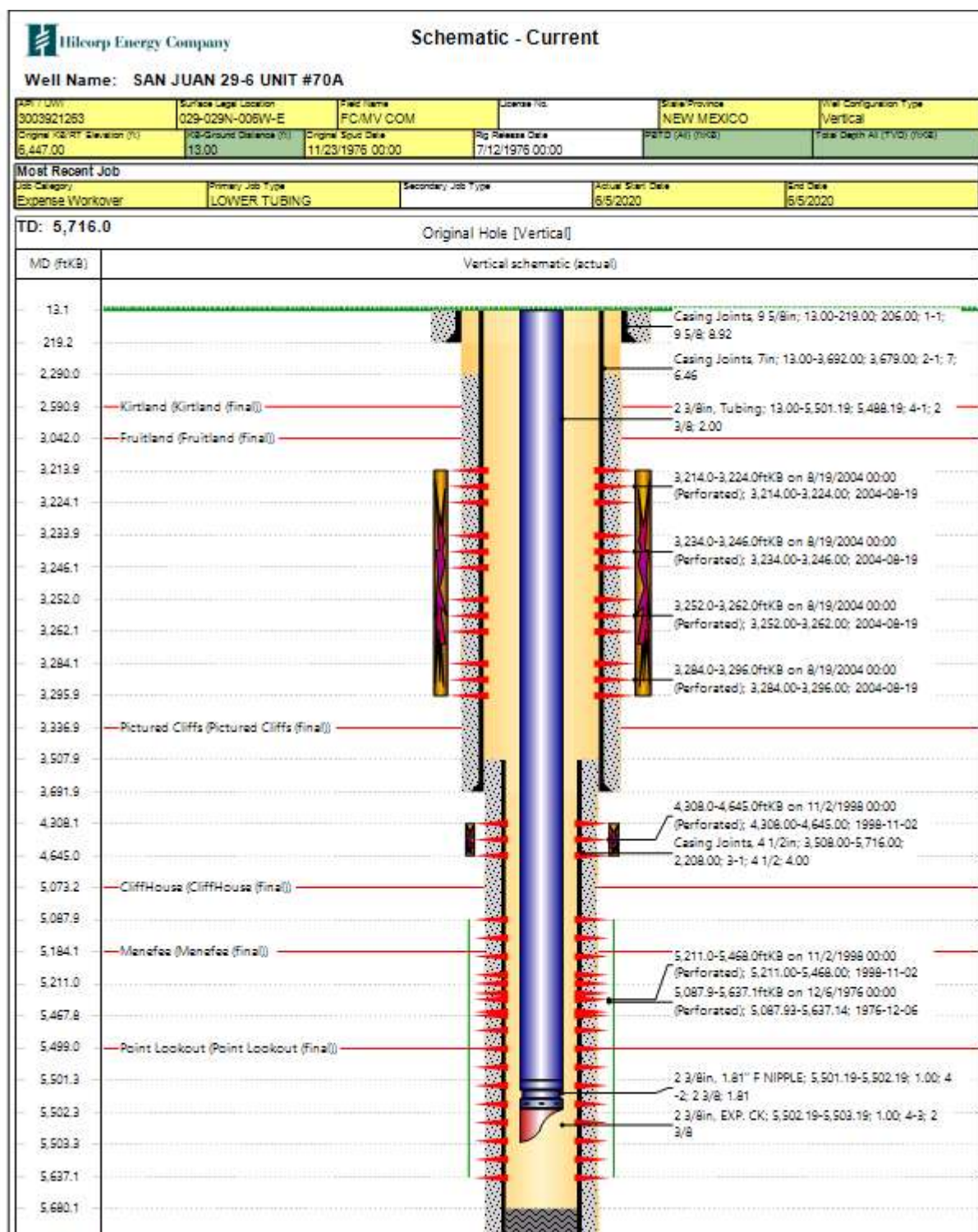
DHC and Install Sucker Rod Pump

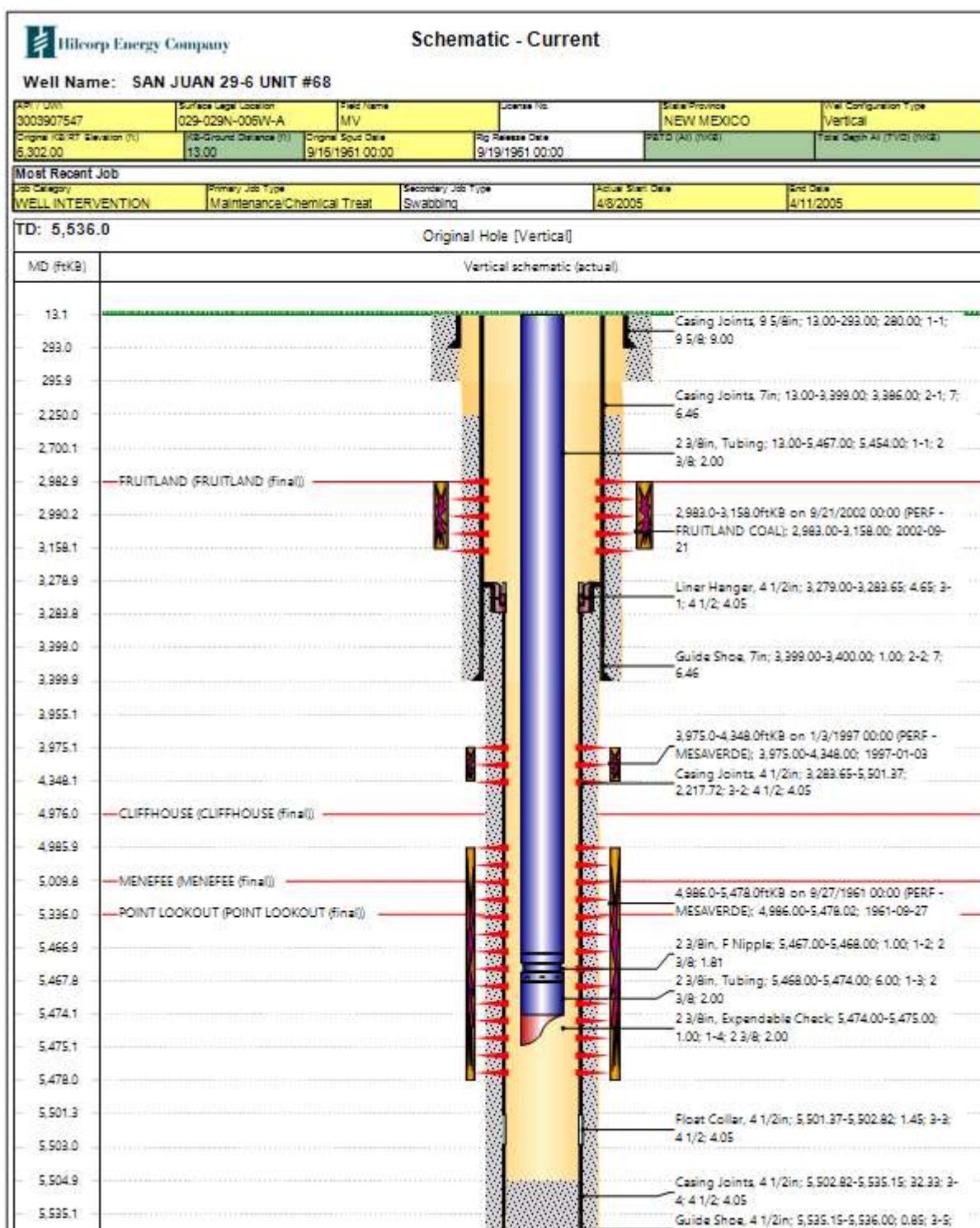
07/01/2022

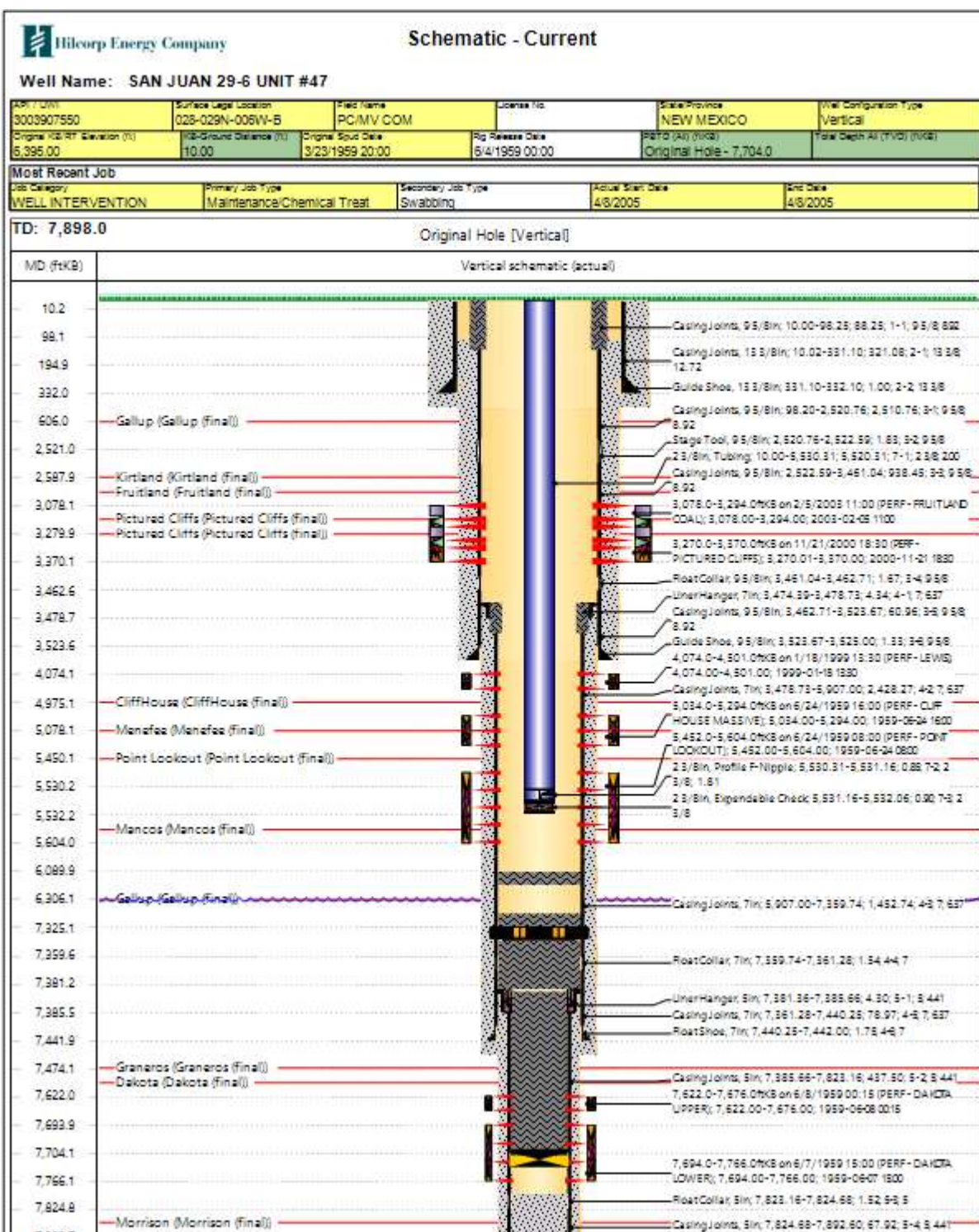
Wellbores in the immediate vicinity of the subject well commingled in the manner prescribed by NOI:

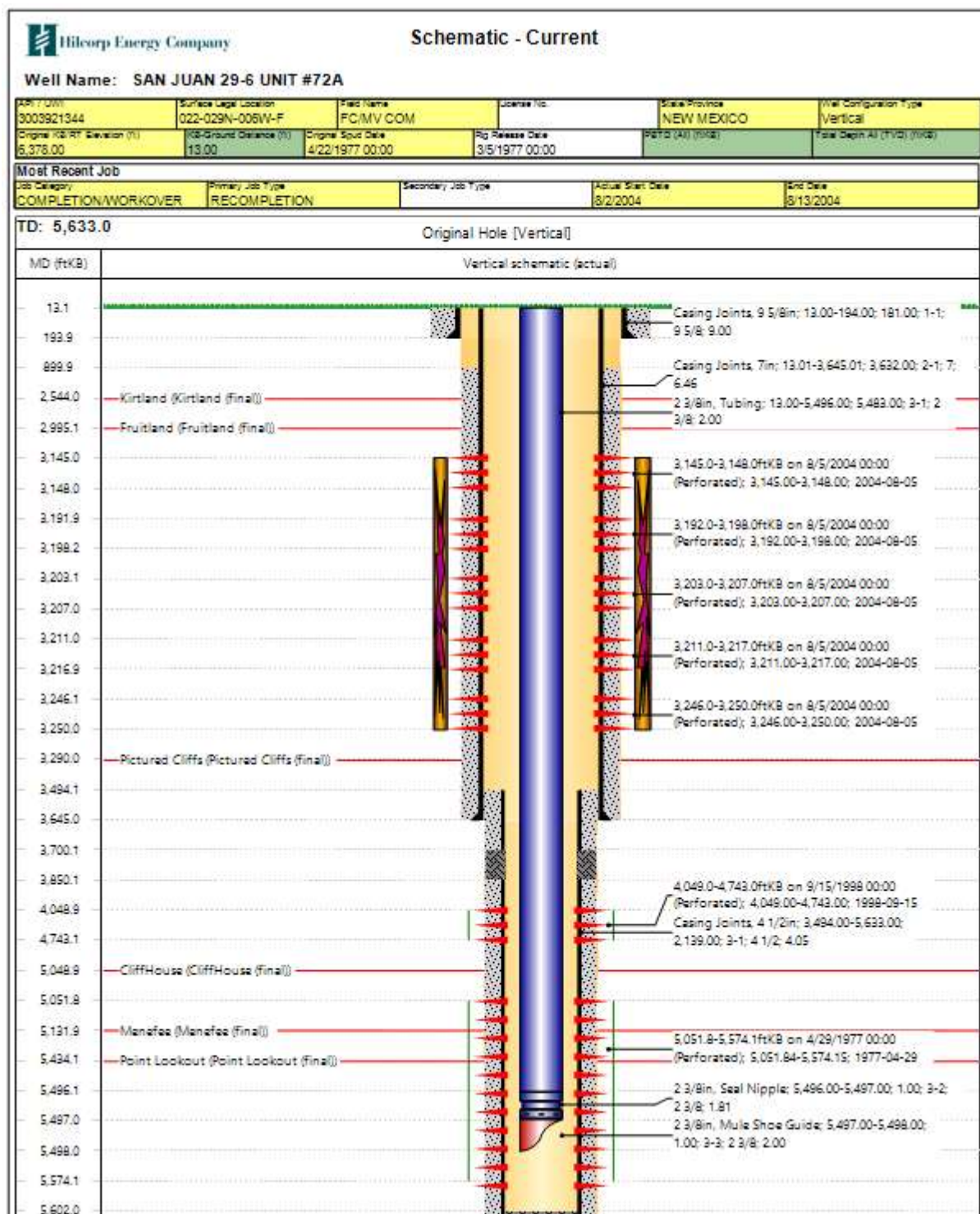
API	Well Name
3003921263	San Juan 29-6 Unit 70A
3003907547	San Juan 29-6 Unit 68
3003907550	San Juan 29-6 Unit 47
3003921344	San Juan 29-6 Unit 72A











From: [Engineer, OCD, EMNRD](#)
To: [Kandis Roland](#); [Mandi Walker](#)
Cc: [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Paradis, Kyle O](#)
Subject: Approved Administrative Order DHC-5218
Date: Monday, August 8, 2022 9:37:12 AM
Attachments: [DHC5218 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5218 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **San Juan 29 6 Unit #58A**

Well API: **30-039-21262**

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: [Jake Perry](#)
To: [McClure, Dean, EMNRD](#); [Kandis Roland](#)
Cc: [Mandi Walker](#); [Justin Nall](#)
Subject: RE: [EXTERNAL] RE: SJ 29-6 Unit 58A (30-039-21262) C-107A Permit Filed
Date: Wednesday, July 27, 2022 12:06:22 PM
Attachments: [image001.png](#)

Hi Dean,

To your last point, the wells that we included are currently commingled in a manner that should alleviate any concerns for this wellbore of interest. I just wanted to provide a few points of supplemental data to aid in the BHP discussion. As we are planning to install a rod pump on this well, we will be able to lower flowing bottomhole pressure on all zones. This will result in improved ultimate recovery and prevent any possible crossflow as the flowing surface pressure will be lower than reservoir pressure in all zones plus any friction effects.

API	Well Name	Casing Pressure (PSIG)	Fruitland Coal Calculated FBHP (PSIG)	Lewis/Chacra Calculated FBHP (PSIG)	Mesaverde Calculated FBHP (PSIG)
3003921263	San Juan 29-6 Unit 70A	68	88	93	100
3003907547	San Juan 29-6 Unit 68	68	88	93	100
3003907550	San Juan 29-6 Unit 47	80	102	107	110
3003921344	San Juan 29-6 Unit 72A	75	96	101	108
3003921262	SJ 29-6 Unit 58A Current	84	106	Unknown*	Unknown*
3003921262	SJ 29-6 Unit 58A DHC	42	61	67	75

*Unknown due to installed packer, minimum possible pressure is 105 PSIG

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Wednesday, July 27, 2022 9:53 AM
To: Kandis Roland <kroland@hilcorp.com>
Cc: Mandi Walker <mwalker@hilcorp.com>; Jake Perry <Jake.Perry@hilcorp.com>; Justin Nall <jnall@hilcorp.com>
Subject: RE: [EXTERNAL] RE: SJ 29-6 Unit 58A (30-039-21262) C-107A Permit Filed

Hello Kandis,

Speaking to the FLC commingles in general, the thing which I have been waiting for are measured BHPs. The other thing is the number of or lack of and distance of offset wells with history to be reviewed or

fluid samples.

Based upon the description in Hilcorp's applications seen below, then presumably there are measured BHPs being used. I guess the question I would have is if any of these real data points are near the wells in question and when these data points were obtained.

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

Having said all that, from a quick skim of this specific application, it is stated that there are several wells in the immediate vicinity of the well that are already commingled as such. This could assist greatly in relieving concerns for commingling this well. I have a few priority tasks which I am working on currently, but will take a closer look at this application hopefully within the next few days.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: Kandis Roland <kroland@hilcorp.com>
Sent: Tuesday, July 26, 2022 10:02 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Cc: Mandi Walker <mwalker@hilcorp.com>; Jake Perry <Jake.Perry@hilcorp.com>; Justin Nall <jnall@hilcorp.com>; Kandis Roland <kroland@hilcorp.com>
Subject: [EXTERNAL] RE: SJ 29-6 Unit 58A (30-039-21262) C-107A Permit Filed

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

Dean,

I just wanted to follow up on this approval. Let me know if you need anything else.

Thanks,

Kandis Roland
HILCORP ENERGY
San Juan East/South Regulatory
713.757.5246
kroland@hilcorp.com

From: Kandis Roland
Sent: Thursday, July 7, 2022 10:37 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Cc: Mandi Walker <mwalker@hilcorp.com>; Jake Perry <Jake.Perry@hilcorp.com>; Justin Nall <jnall@hilcorp.com>; Kandis Roland <kroland@hilcorp.com>
Subject: SJ 29-6 Unit 58A (30-039-21262) C-107A Permit Filed

Dean,

I filed a C-107A for the subject well today, **Action ID: 123382**. The well is currently a dual completion (MV/FC) that we would like to commingle as soon as we receive all approvals. A list of offset FC/MV commingled wells is included. Please let me know if you need anything else to process this application.

Thank you,

Kandis Roland
HILCORP ENERGY
San Juan East/South Regulatory
713.757.5246
kroland@hilcorp.com

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

**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-5218

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 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.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
7. 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.
8. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-11187.
9. 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

10. 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.

11. 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.
12. 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.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
14. 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.
15. 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 and gas production from the Well to each of the Pools as described in Exhibit A.
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.
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**



**ADRIENNE E. SANDOVAL
DIRECTOR**

DATE: Aug 7, 2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5218**

Operator: **Hilcorp Energy Company (372171)**

Well Name: **San Juan 29 6 Unit #58A**

Well API: **30-039-21262**

Upper Zone	Pool Name: BASIN FRUITLAND COAL (GAS)		
	Pool ID: 71629	Current: X	New:
	Allocation: Fixed Percent	Oil: 54%	Gas: 62%
	Interval: Perforations	Top: 2,988	Bottom: 3,156
Intermediate Zone	Pool Name:		
	Pool ID:	Current:	New:
	Allocation:	Oil:	Gas:
	Interval:	Top:	Bottom:
Bottom of Interval within 150% of Upper Zone's Top of Interval:			
Lower Zone	Pool Name: BLANCO-MESAVERDE (PRORATED GAS)		
	Pool ID: 72319	Current: X	New:
	Allocation: Fixed Percent	Oil: 46%	Gas: 38%
	Interval: Perforations	Top: 4,152	Bottom: 5,504
Bottom of Interval within 150% of Upper Zone's Top of Interval: NO			

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 123382

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 123382
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	8/8/2022