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

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

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

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.

_____ Date

_____ Print or Type Name

_____ Phone Number

_____ Signature

_____ 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 — Operator
382 Road 3100, Aztec, NM 87410 — Address

Atlantic D Com — Lease
1A — Well No.
F, 36, 31N, 10W — Unit Letter-Section-Township-Range
San Juan — County

OGRID No. 372171 Property Code 318866 API No. 30-045-22978 Lease Type: ____ Federal _X_ State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2800 – 3392 Estimated		4175 - 5971
Method of Production (Flowing or Artificial Lift)	New Zone		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)	876		568
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1123 BTU		1210 BTU
Producing, Shut-In or New Zone	New Zone		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: Rates:	Date: Rates:	Date: Rates: Gas: 1941 MCF Oil: 7 BBL Water: 14 BBL
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 See Attachments	Oil Gas % %	Oil Gas 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__X__ No_____

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: _____

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 _____ TITLE Operations/Regulatory Technician DATE 04/18/2022

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. (346) 237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

Operator	Lease	Well No.
EL PASO NATURAL GAS COMPANY	ATLANTIC D COM (B-10400)	1A

Unit Letter	Section	Township	Range	County
F	36	31N	10W	San Juan

Actual Footage Location of Well:
1825 feet from the North line and 1475 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6633	Mesa Verde	Blanco Mesa Verde	320.00 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

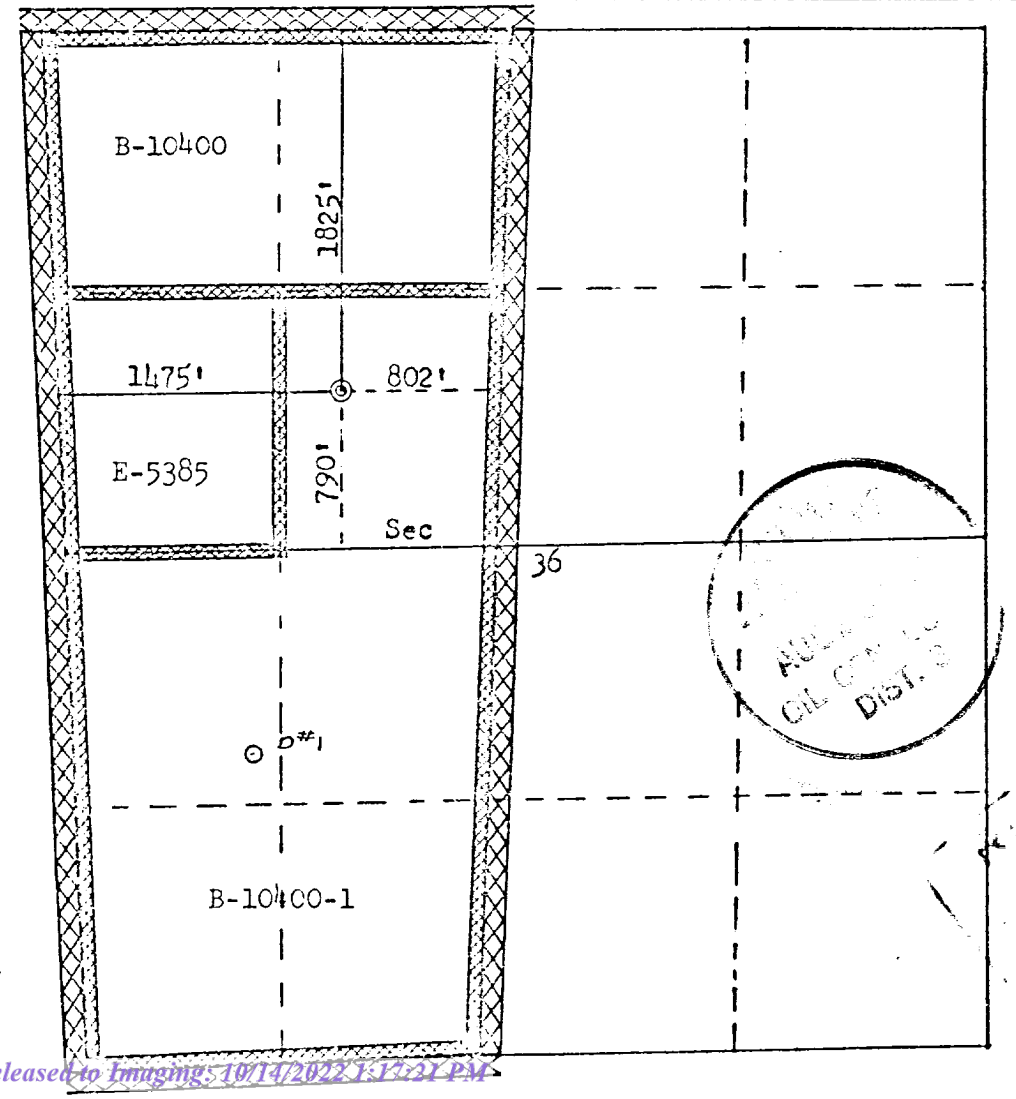
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitizaton

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. Reissued 6/11/78 Well Moved To Get Further Away From A Ranchers Spring



CERTIFICATION

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

Name: Drilling Clerk

Position: El Paso Natural Gas Co.

Company: August 23, 1978

Date:

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.

Date Surveyed: August 10, 1978

Registered Professional Engineer and Land Surveyor: Fred B. Kerr Jr.

Certificate No. 3950

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-22978	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318866	ATLANTIC D COM	001A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6528

10. Surface Location

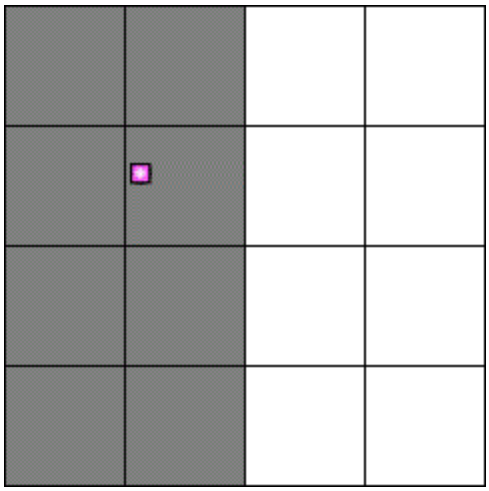
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	36	31N	10W		1825	N	1475	W	SAN JUAN

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	13. Joint or Infill	14. Consolidation Code	15. Order No.
320.00			

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

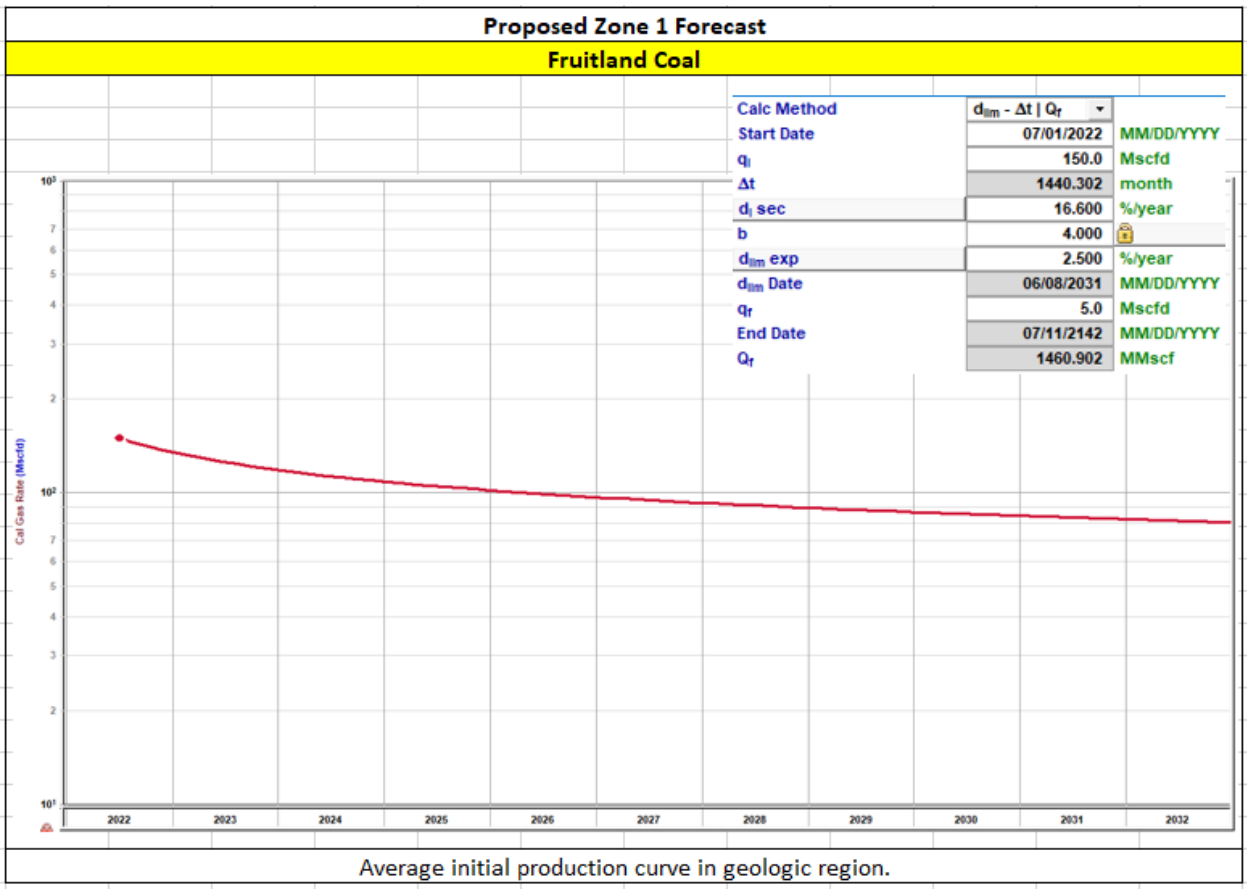
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this 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.

E-Signed By:
Title: Operations Regulatory Tech Sr.
Date: 04/04/2022

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.

Surveyed By: Fred Kerr
Date of Survey: 8/10/1978
Certificate Number: 3950



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.

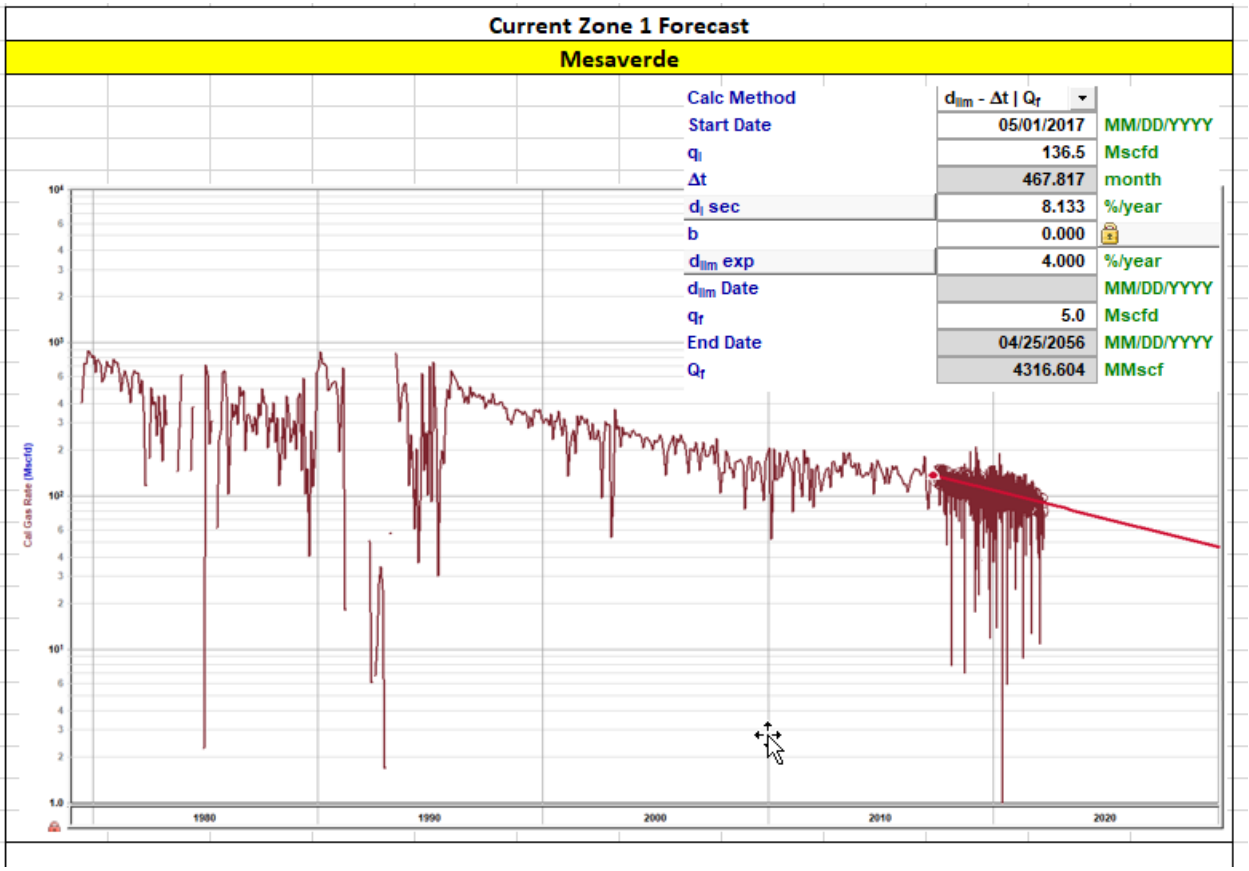
The BHPs of all zones, producing and non-producing, were estimated based upon basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. These models were constructed incorporating reservoir dynamics and physics,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

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 Mesaverde and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formation 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 Allocation:

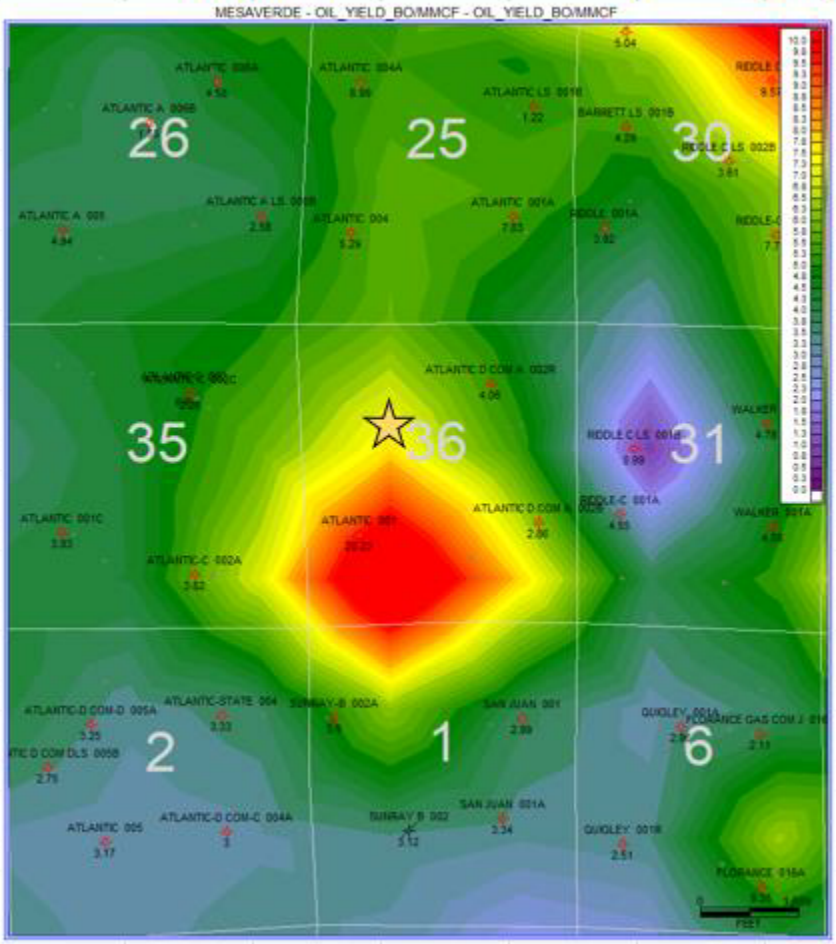
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	6.92	566	100%
FRC	0	917	0%
			100%

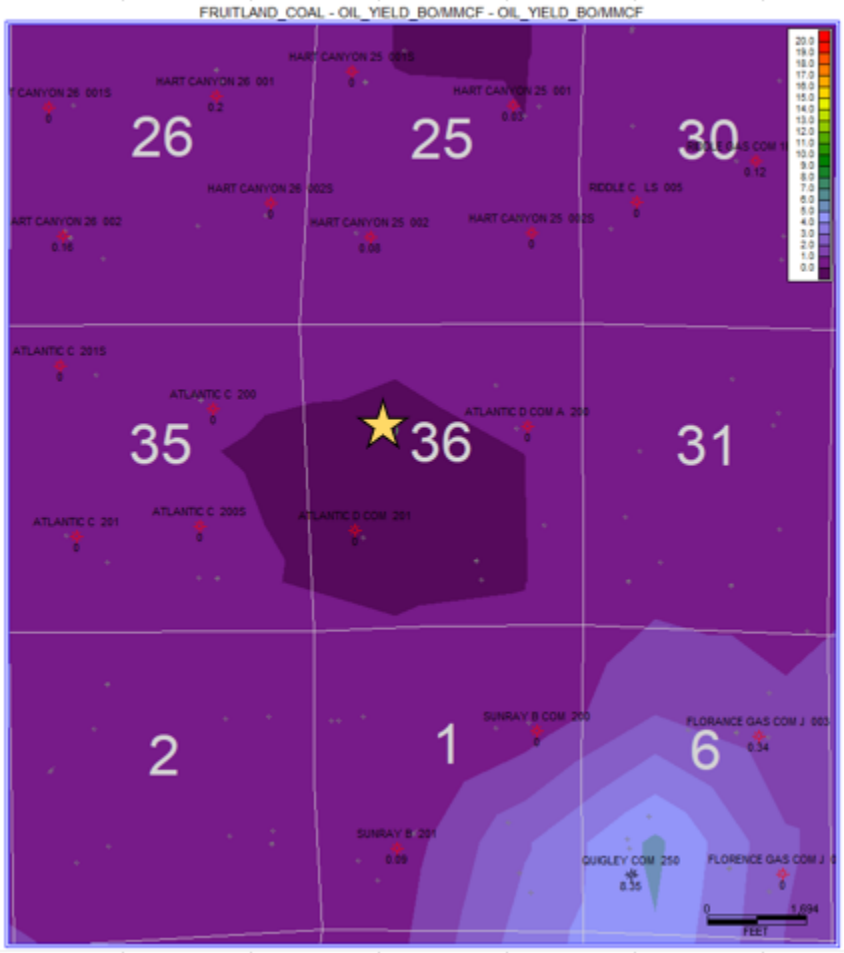
All documentation will be submitted to NMOCD.

Current Zone 1 Oil Yield Map	
Mesaverde	6.92 BO/MMCF



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

Proposed Zone 1 Oil Yield Map	
Fruitland Coal	0 BO/MMCF



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

Hilcorp

May 4, 2022

Mailed Certified / Electronic Return Receipt Requested

To: ALL INTEREST OWNERS

RE: Application to Downhole Commingle Production
Well: ATLANTIC D COM #001A
API: 30-045-22978
Township 31 North, Range 10 West, Section 36
San Juan County, New Mexico

Ladies and Gentlemen:

Hilcorp Energy Company ("Hilcorp"), as Operator of the subject well, has filed application with the New Mexico Oil Conservation Division for approval to downhole commingle production from the **Fruitland Coal**, Hilcorp soon intends to perforate, with existing production from the **Mesaverde** formation. This letter and the application copy enclosed serve to provide you, an owner in one or more of the aforementioned formations, with written notice as prescribed by Subsection C of 19.15.12.11 New Mexico Administrative Code.

No action is required by you unless you wish to pursue a formal protest (see details italicized below).

If you no longer own an interest in this well or need to make changes to your address, etc., please email ownerrelations@hilcorp.com. For those without email access, please call (713) 209-2457.

Hilcorp is eager to explore this potential opportunity to enhance production. Thank you for your support.

Sincerely,

Robert Carlson
Sr. Landman
(832) 839-4596
rcarlson@hilcorp.com

RTC:dkp
Enclosures

Protesting:
Protests must be in writing and received within twenty (20) days from the date of this letter. In your response, please include your contact information, details referenced herein and the specific concerns and/or reasoning behind your decision. You are encouraged to email me an electronic copy and, subsequently, mailing (overnight) a hard copy to my attention at the address in the footer below. Upon receipt, I will follow up by phone to discuss your concerns. Should we be unable to resolve them, a formal protest will be set for hearing with the New Mexico Oil & Conservation Division in Santa Fe, NM, wherein your attendance and testimony will be required.

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
9214896900999790181152769 1 Request Signature via Email	Dani Kuzma	, SILVERADO OIL and GAS LLP, , TULSA, OK, 74152-0308 Code: ATLANTIC D COM 1A DHC	5/4/2022	Delivered May 9, 2022 **Signature Pending**
9214896900999790181152770 7 Request Signature via Email	Dani Kuzma	, PIONEER NATURAL RES USA INC, KATHY NAVARRETE, MIDLAND, TX, 79702 Code: ATLANTIC D COM 1A DHC	5/4/2022	Delivered, Individual Picked Up at Postal Facility May 9, 2022 **Signature Pending**
9214896900999790181152771 4 Request Signature via Email	Dani Kuzma	, STATE OF NEW MEXICO, BATAAN MEMORIAL BUILDING, SANTA FE, NM, 87501 Code: ATLANTIC D COM 1A DHC	5/4/2022	Delivered, Front Desk/Reception/Mail Room May 9, 2022 **Signature Pending**
9214896900999790181152772 1 Request Signature via Email	Dani Kuzma	, MESA ROYALTY TRUST, ATTN NEW MEXICO PROPERTIES, BARTLESVILLE, OK, 74004 Code: ATLANTIC D COM 1A DHC	5/4/2022	Delivered, Individual Picked Up at Postal Facility May 16, 2022 **Signature Pending**
9214896900999790181152773 8 Request Signature via Email	Dani Kuzma	, SIMCOE LLC, , HOUSTON, TX, 77002-5632 Code: ATLANTIC D COM 1A DHC	5/4/2022	Delivered, Left with Individual May 7, 2022 **Signature Pending**

NEW MEXICO STATE LAND OFFICE
Guidelines for Requesting Commingling Approval

1. A commingling agreement from the New Mexico State Land Office is not required if the commingling operation does not contain New Mexico State Trust acreage.
2. If State Trust acreage will be part of a proposed commingling operation:
   a. Commingling of production of all wells from the same pool within a single lease, communitized area, or unit area is permitted without additional Land Commissioner approval.
   b. Surface commingling (including off-lease storage) from more than one pool, and/or from more than one lease, communitized area, unit area, or a combination of leases/communitized areas/unit areas, requires additional Land Commissioner approval.
   c. Downhole commingling of multiple producing pools in a single well bore requires Land Commissioner approval unless the pools or the area in which the well is located are listed as pre-approved in NMAC 19.15.12.11(E).

The attached application form describes the process for submitting a commingling application to the New Mexico State Land Office.

NEW MEXICO STATE LAND OFFICE

APPLICATION FOR

COMMINGLING AND OFF-LEASE STORAGE

ON STATE TRUST LANDS

This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: Hilcorp Energy Company **OGRID #:** 372171

Well Name: Atlantic D Com 1A **API #:** 30-045-22978

Pool: Basin Fruitland Coal

OPERATOR NAME: Hilcorp Energy Company

OPERATOR ADDRESS: 1111 Travis St. Houston TX 77002

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of $150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Amanda Walker
Print or Type Name

Signature

346-237-2177
Phone Number

05/04/2022
Date

mwalker@hilcorp.com
e-mail Address

Submit application to:
Commissioner of Public Lands
Attn: Commingling Manager
PO Box 1148
Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

Rev. 2017_10_25

Mandi Walker

From: TrackingUpdates@fedex.com
Sent: Thursday, May 12, 2022 10:14 AM
To: Mandi Walker
Subject: [EXTERNAL] FedEx Shipment 776821048763: Your package has been delivered

Hi. Your package was delivered Thu, 05/12/2022 at 9:09am.

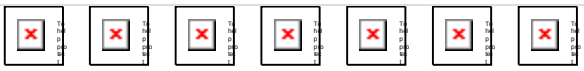
Delivered to 310 OLD SANTA FE TRL, SANTA FE, NM 87501
Received by S.ARMIJO

OBTAIN PROOF OF DELIVERY

TRACKING NUMBER 776821048763

FROM Hilcorp Energy Company
1111 TRAVIS ST.
12th Floor
HOUSTON, TX, US, 77002

TO	Commissioner of Public Lands Attn: Commingling Manager 310 Old Santa Fe Trail SANTA FE, NM, US, 87501
SHIP DATE	Tue 5/10/2022 03:00 PM
DELIVERED TO	Receptionist/Front Desk
PACKAGING TYPE	FedEx Envelope
ORIGIN	HOUSTON, TX, US, 77002
DESTINATION	SANTA FE, NM, US, 87501
SPECIAL HANDLING	Deliver Weekday
NUMBER OF PIECES	1
TOTAL SHIPMENT WEIGHT	1.00 LB
SERVICE TYPE	FedEx Express Saver



Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 10:13 AM CDT 05/12/2022.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above.

Standard transit is the date and time the package is scheduled to be delivered by, based on the selected service, destination and ship date. Limitations and exceptions may apply. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx Customer Support representative.

Thank you for your business.

Submit 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. 30-045-22978
	5. Indicate Type of Lease STATE ☒ FEE ☐
	6. State Oil & Gas Lease No. E-5385-NM
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 ☒ Other	7. Lease Name or Unit Agreement Name Atlantic D Com
	8. Well Number 1A
2. Name of Operator HILCORP ENERGY COMPANY	9. OGRID Number 372171
3. Address of Operator 382 Road 3100, Aztec, NM 87410	10. Pool name or Wildcat Blanco MV/Basim FC / Blanco PC
4. Well Location Unit Letter F : 1825 feet from the North line and 1475 feet from the West line Section 36 Township 31N Range 10W NMPM San Juan County	
	11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6528 GL

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER:	☒ Recomplete			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 to REVISE the pervious NOI to approved on 4/8/2022 to only recomplete into the Basin Fruitland Coal and downhole commingle with the existing Mesaverde. Please see the attached procedure, current and proposed wellbore diagram. 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 A Walker TITLE Operations/Regulatory Technician – Sr. DATE 4/12/2022

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

For State Use Only

APPROVED BY: Kelly Roberts TITLE Petroleum Specialist DATE 04/13/2022
Conditions of Approval (if any):

HILCORP ENERGY COMPANY
ATLANTIC D COM 1A
FRUITLAND COAL RECOMPLETE SUNDRY
API 3004522978

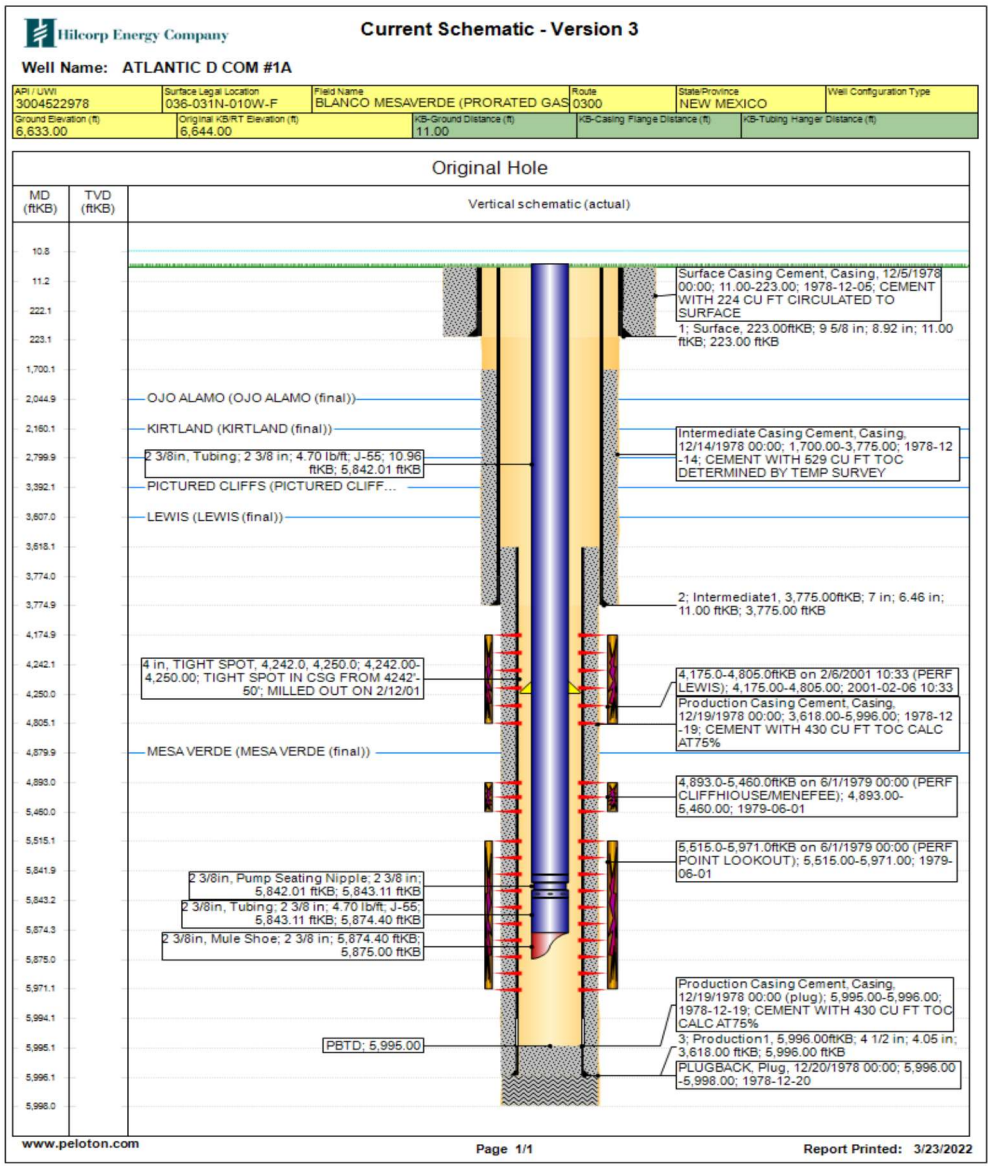
JOB PROCEDURES

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with **2 3/8"** tubing set at **5,875'.**
3. Set a **4-1/2"** bridge plug at +/- **4,135'** to isolate the **Lewis and Mesaverde (top perf: 4,175').**
4. Run a CBL from liner top (3,618') to surface. Verify cement bond across the **Fruitland Coal** formation; confirm cement top and bottom behind the 7" production casing. **Review CBL results with engineering/NMOCD** and perform cement remediation, if required. IF TOC IS > PROPOSED PERF INTERVAL, CEMENT REMEDIATION IS NOT NECESSARY.
5. If necessary, pressure test any remedial cement squeeze work to **560 psi for 30 minutes as official MIT on bridge plug isolating Lewis/MV.** Notify NMOCD 24 hours prior to any MIT work.
6. Set a bridge plug at base of frac, directly below perf interval at +/- **3,400'**. Pressure test.
7. RU WL and perforate the **Fruitland Coal** (**Perf interval: 2,800'-3,392'**).
8. RIH w/ packer and acidize **Fruitland Coal perfs.**
9. RIH w/ frac string & packer. Set packer at +/- 2,700'.
10. ND BOPs, NU frac stack.
11. Frac the **Fruitland Coal** down the frac string.
12. Flowback the **Fruitland Coal** until pressures diminish. Get a Fruitland Coal only flow rate.
13. MIRU workover rig. ND frac stack, NU BOP, and test.
14. Release packer and POOH w/ frac string.
15. TIH w/ mill and cleanout to first plug at base of frac.
16. Drillout frac plug and cleanout to isolation plug at **4,135' and circulate wellbore clean.** TOOH w/ cleanout assembly. TIH with 2-3/8" production tubing (if C107A to commingle is not approved yet).
17. **When C107A is approved**, drillout isolation plug and cleanout to PBTD of **5,995'**. TOOH w/ cleanout assembly.
18. TIH and land 2-3/8" production tubing. ND BOPs and NU tree.
19. RDMO. Get an **FRC/Lewis/MV** flow rate.

Hilcorp

HILCORP ENERGY COMPANY
ATLANTIC D COM 1A
FRUITLAND COAL RECOMPLETE SUNDRY

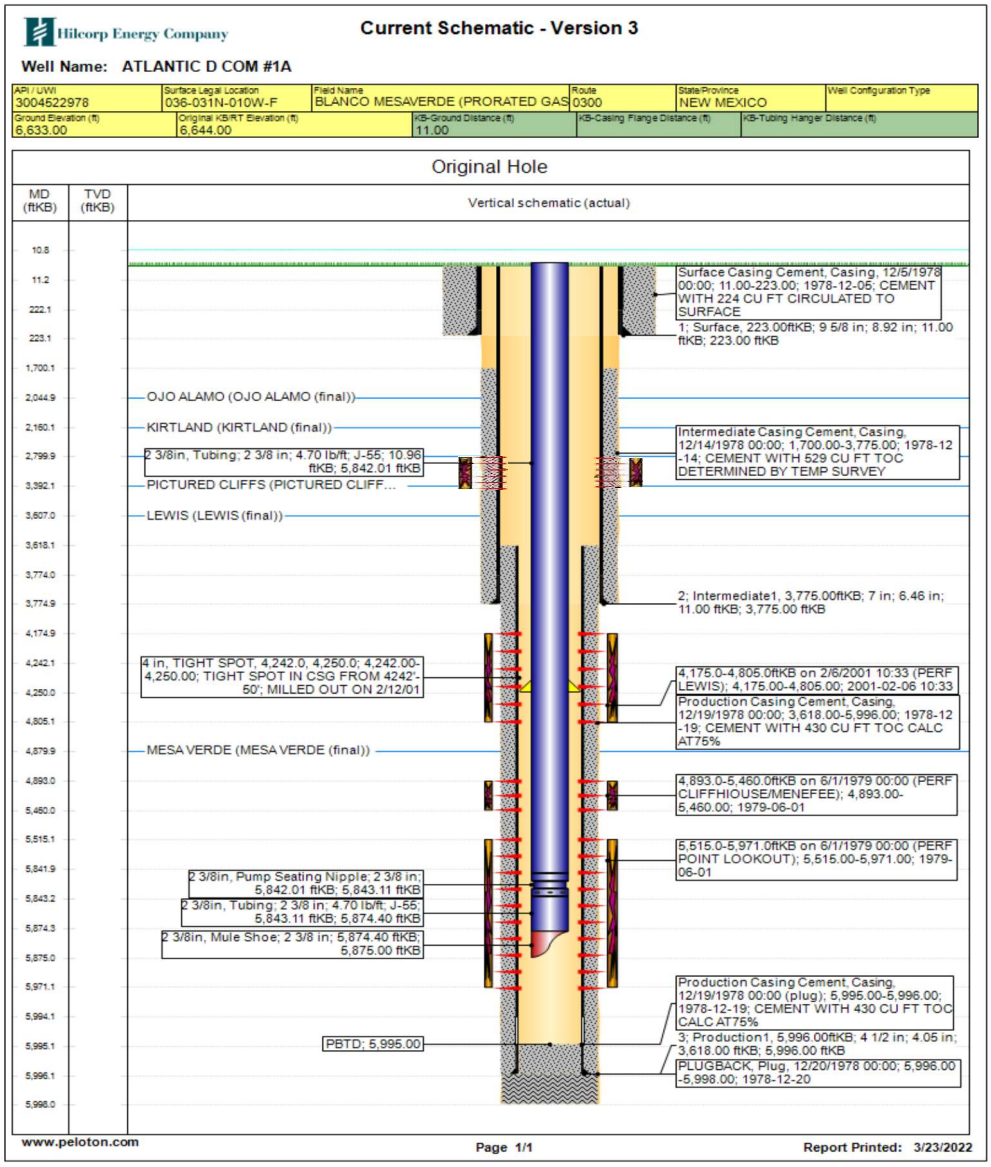
ATLANTIC D COM 1A - CURRENT WELLBORE SCHEMATIC



Hilcorp

HILCORP ENERGY COMPANY
ATLANTIC D COM 1A
FRUITLAND COAL RECOMPLETE SUNDRY

ATLANTIC D COM 1A - PROPOSED WELLBORE SCHEMATIC



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

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 97726
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
kpickford	Adhere to previous NMOCD Conditions of Approval	4/13/2022

C-107A Pressure Revision: ATLANTIC D COM #001A (3004522978)

Reservoir	Originally Submitted Pressure	Revised Bottom Hole Pressure
Fruitland Coal	876	104
Mesaverde	568	194

The pressures originally provided were calculated far-field stabilized reservoir pressures based on a moving domain material balance simulation. The near wellbore shut-in bottom hole pressures of the Fruitland Coal and Mesaverde are much lower than the calculated far-field stabilized reservoir pressured due to the low permeability of the reservoirs. Based on pressure transient analysis performed in the San Juan Basin, it would take 7-25 years for shut-in bottom hole pressures to build up to the calculated far-field reservoir pressure. Our observation is that even for areas of high static reservoir pressures, the low permeability of the reservoir rock results in rapid depletion of the near-fracture region, quickly enough that the wells are unable to produce without the aid of a plunger. Given low permeabilities and low wellbore flowing pressures in the Fruitland Coal and Mesaverde loss of reserves due to cross-flow is not an issue during producing or shut-in periods. Given low shut-in bottom hole pressures, commingling the Fruitland Coal and Mesaverde in this well will not result in shut-in or flowing wellbore pressures in excess of any commingled pool's fracture parting pressure. The pressures provided in the revised C-107A are based on shut-in bottom hole pressures of offset standalone wells which match expected near-wellbore shut-in bottom hole pressures of this proposed commingled completion.

The **State Com H 4A** and **Atlantic D Com 1A** are within the same geologic region, so the gas and water samples seen below will be used for both DHCs.

Water Compatibility in the San Juan Basin

- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters.
- The Basin Fruitland Coal, Blanco Mesaverde, and Blanco Pictured Cliffs a samples below all show fresh water with low TDS.

PC Gas Analysis

AssetCode	AssetName	BTUWet	BTUDry	SpecificHeatRatio	Viscosity	SpecificGravity	CO2
3004521333	ATLANTIC D COM O 16	1118	1137			0.65	0.01

PC Water Analysis

API	Property	CationBarium	CationBoron	CationCalcium	CationIron	CationMagnesiun	CationManganese
3004521333	ATLANTIC D COM O 16	0		8.04	93	4.88	1.38

MV Gas Analysis

AssetCode	AssetName	BTUWet	BTUDry	SpecificHeatRatio	Viscosity	SpecificGravity	CO2
3004528933	ATLANTIC 5R	1198	1219			0.72	0.02

MV Water Analysis

API	Property	CationBarium	CationBoron	CationCalcium	CationIron	CationMagnesiun	CationManganese
3004528933	ATLANTIC 5R	0.16		3.15	82.33	0.35	0.68

FRC Gas Analysis

AssetCode	AssetName	BTUWet	BTUDry	SpecificHeatRatio	Viscosity	SpecificGravity	CO2
3004527307	LAMBE COM 200	1104	1124			0.64	0.01

FRC Water Analysis

API	Property	CationBarium	CationBoron	CationCalcium	CationIron	CationMagnesiun	CationManganese
3004527307	LAMBE COM 200	0.53		14.7	181	2	2.25

N2	C1	C2	C3	ISOC4	NC4	ISOC5	NC5	NEOC5
0	0.88	0.06	0.03	0	0.01	0	0	

CationPhosphorus	CationPotassium	CationStrontium	CationSodium	CationSilica	CationZinc	CationAlumi	CationCopper	CationLead
		0.11	143.54					

N2	C1	C2	C3	ISOC4	NC4	ISOC5	NC5	NEOC5
0	0.82	0.09	0.04	0.01	0.01	0	0	

CationPhosphorus	CationPotassium	CationStrontium	CationSodium	CationSilica	CationZinc	CationAlumi	CationCopper	CationLead
		0.63	152.46					

N2	C1	C2	C3	ISOC4	NC4	ISOC5	NC5	NEOC5
0	0.9	0.06	0.03	0	0	0	0	

CationPhosphorus	CationPotassium	CationStrontium	CationSodium	CationSilica	CationZinc	CationAlumi	CationCopper	CationLead
	20	2	20	21.4	2.48			2

C6	C6_PLUS	C7	C8	C9	C10	AR	CO	H2
		0						

CationLithiun	CationNickel	CationCobalt	CationChromiu	CationSilicon	CationMolybde	AnionChloride	AnionCarbonate	AnionBicarbonate
						0	0	183.3

C6	C6_PLUS	C7	C8	C9	C10	AR	CO	H2

CationLithiun	CationNickel	CationCobalt	CationChromiu	CationSilicon	CationMolybde	AnionChloride	AnionCarbonate	AnionBicarbonate
						199	0	73.2

C6	C6_PLUS	C7	C8	C9	C10	AR	CO	H2
		0						

CationLithiun	CationNickel	CationCobalt	CationChromiu	CationSilicon	CationMolybde	AnionChloride	AnionCarbonate	AnionBicarbonate
					10	22.8	10	150

O2	H20	H2S
		0

AnionBromide	AnionFluoride	AnionHydroxyl	AnionNitrate	AnionPhosphat	AnionSulfate	phField	phCalculated	TempField
						0	5.23	

O2	H20	H2S
		0

AnionBromide	AnionFluoride	AnionHydroxyl	AnionNitrate	AnionPhosphat	AnionSulfate	phField	phCalculated	TempField
		0			1	7		53

O2	H20	H2S
		0

AnionBromide	AnionFluoride	AnionHydroxyl	AnionNitrate	AnionPhosphat	AnionSulfate	phField	phCalculated	TempField
		10		7.38			7.04	

TempLab	OtherField	OtherSpecificGravity	OtherTDS	OtherCaCO3	OtherConduct	DissolvedCO2	DissolvedO2	DissolvedH2S
		1	634.14	40.11		200		0

TempLab	OtherField	OtherSpecificGravity	OtherTDS	OtherCaCO3	OtherConduct	DissolvedCO2	DissolvedO2	DissolvedH2S
		1	512.97		801.51	40		0

TempLab	OtherField	OtherSpecificGravity	OtherTDS	OtherCaCO3	OtherConduct	DissolvedCO2	DissolvedO2	DissolvedH2S
		1	700	36.7	272			

From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
To: Mandi Walker; Kandis Roland
Cc: McClure, Dean, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; lisa@rwbyram.com; Dawson, Scott
Subject: Approved Administrative Order DHC-5204
Date: Friday, October 14, 2022 1:06:52 PM
Attachments: DHC5204 Order.pdf

NMOCD has issued Administrative Order DHC-5204 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **Atlantic D Com #1A**
Well API: **30-045-22978**

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

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-5204**

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. 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

9. 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.
10. 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.

11. 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.

12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.

13. 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.

14. 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 production from the Well to each of the Pools until a different plan to allocate oil production is approved by OCD. Of the oil production from the Well:
    a. zero percent (0%) shall be allocated to the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629); and
    b. one hundred percent (100%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

    Applicant shall allocate gas production to the new pool(s) equal to the total gas production from the Well minus the projected gas production from the current pool(s) until a different plan to allocate gas production is approved by OCD. The new pool(s) are:
    a. the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629).

    The current pool(s) are:
    a. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

    Applicant shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to

determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

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 or rate restriction applicable to the well.
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

DATE: 10/13/2022

ADRIENNE E. SANDOVAL
DIRECTOR

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

	Order:	DHC-5204			
	Operator:	Hilcorp Energy Company (372171)			
	Well Name:	Atlantic D Com #1A			
	Well API:	30-045-22978			
Upper Zone	Pool Name:	BASIN FRUITLAND COAL (GAS)			
	Pool ID:	71629	Current:	New:	X
	Allocation:		Oil: 0%	Gas:	
	Interval:	Perforations	Top: 2,800	Bottom:	3,392
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:		Oil: 100%	Gas:	
	Interval:	Perforations	Top: 4,175	Bottom:	5,971
	Bottom of Interval within 150% of Upper Zone's Top of Interval:	NO			

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

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 111647
	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.	10/14/2022