

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

DHC-5270 Form C-103  
 Revised July 18, 2013

WELL API NO. 30-039-22363	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. NMSF078417	
7. Lease Name or Unit Agreement Name San Juan 28-7 Unit	
8. Well Number 256E	
9. OGRID Number 372171	
10. Pool name or Wildcat Otero Chacra/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 checked="" 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 _J_: 1960 feet from the _South_ line and 1390 feet from the _East_ line Section 17 Township 28N Range 7W NMPM Rio Arriba County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6637'	

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"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>	P AND A <input type="checkbox"/>
CLOSED-LOOP SYSTEM <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <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 recomplete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle the existing Otero Chacra (pool 82329) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. See attached allocation methodology. 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 - 4912' - 5900'; CH - 4242' - 4500' **These perforations are in TVD.**

As referenced in Order # R- 10476-B interest owners were not re-notified.

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 Kandis Roland TITLE Operations/Regulatory Technician Sr. DATE 12/12/2022

Type or print name Kandis Roland E-mail address: kroland@hilcorp.com PHONE: 713-757-5246

**For State Use Only**

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 12/30/2022

Conditions of Approval (if any):

## CONDITIONS OF APPROVAL

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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.

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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

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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**

Form C-102  
August 1, 2011

Permit 324409

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-22363	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 256E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6637

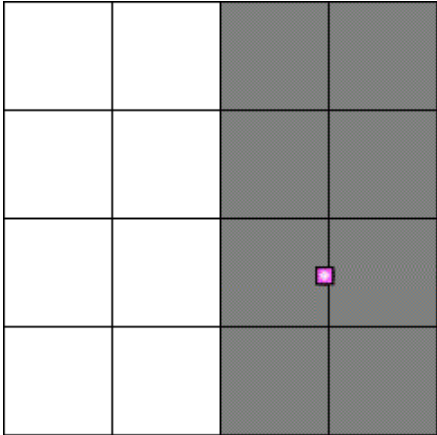
**10. Surface Location**

UL - Lot J	Section 17	Township 28N	Range 07W	Lot Idn	Feet From 1960	N/S Line S	Feet From 1390	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 NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><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></p> <p>E-Signed By: Kandis Roland  Title: Regulatory Tech  Date: 8/31/2022</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><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> <p>Surveyed By: Fred B. Kerr Jr.  Date of Survey: 2/23/1980  Certificate Number: 3950</p>
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Form C-102  
August 1, 2011

Permit 324409

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-22363	2. Pool Code 82329	3. Pool Name OTERO CHACRA (GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 256E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6637

**10. Surface Location**

UL - Lot J	Section 17	Township 28N	Range 07W	Lot Idn	Feet From 1960	N/S Line S	Feet From 1390	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 160.00 SE/4			13. Joint or Infill		14. Consolidation Code			15. Order No.	

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

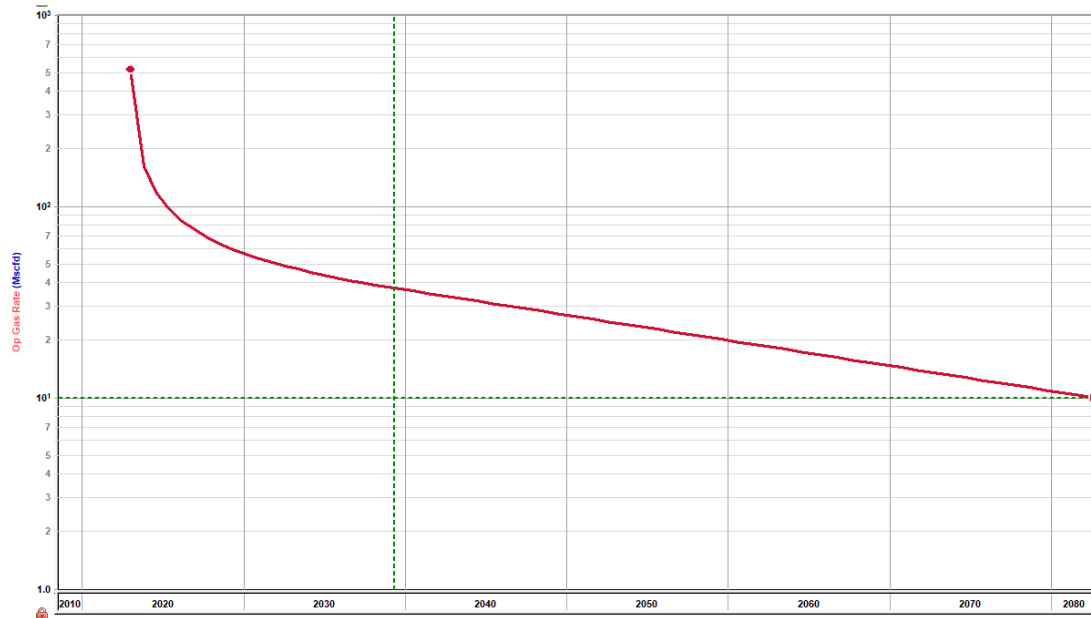
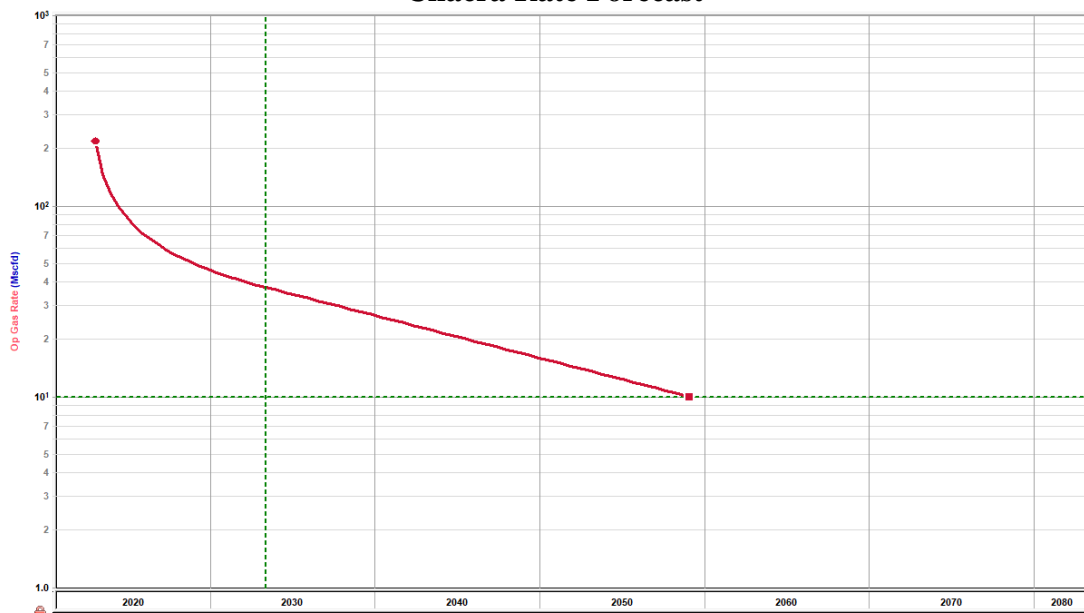
	<b>OPERATOR CERTIFICATION</b>	
	<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has 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: Kandis Roland Title: Regulatory Tech Date: 8/31/2022	
	<b>SURVEYOR CERTIFICATION</b>	
<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: Fred B. Kerr Jr. Date of Survey: 2/23/1980 Certificate Number: 3950		

## San Juan 28-7 Unit 256E – Fixed Production Allocation

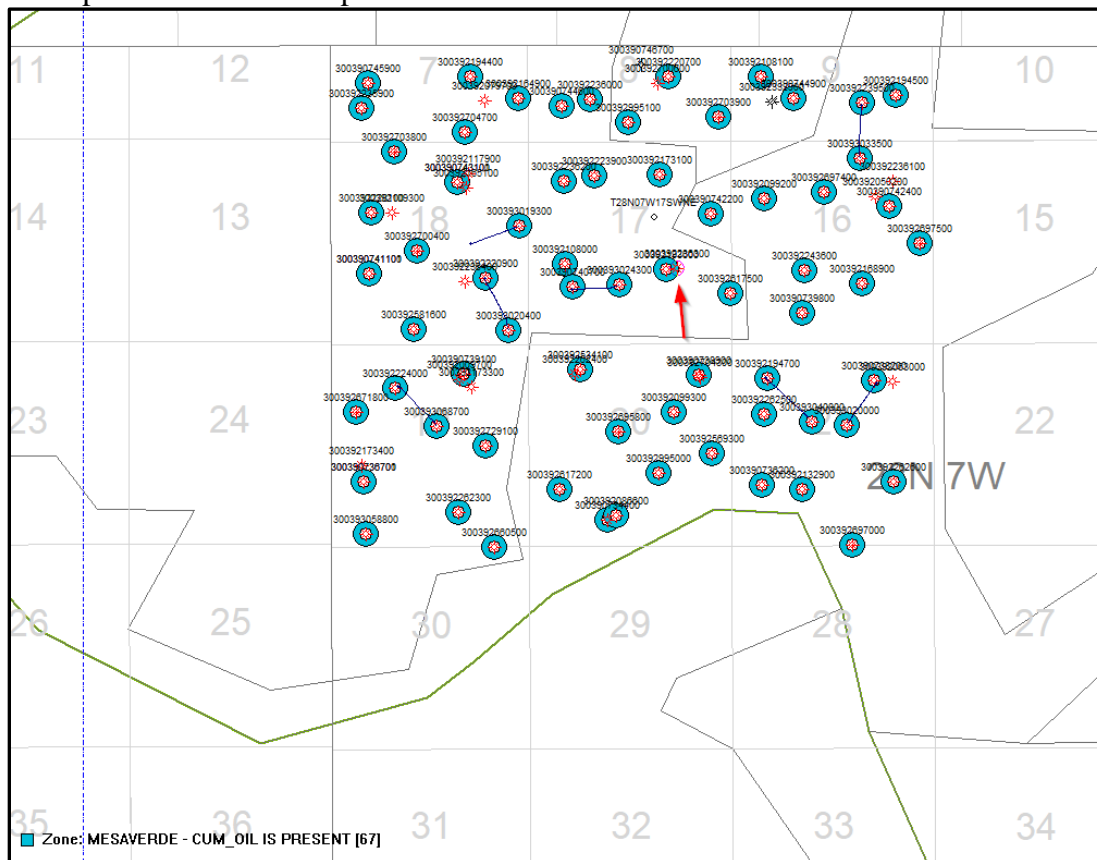
**Gas Allocation:**

Well is currently a standalone Dakota well and will be recompleted into the Mesaverde and Chacra zones. The Dakota will be temporarily abandoned and will not be returned to production. Historical offsets were used to create a fixed rate allocation between Chacra & Mesaverde. A new allocation will be submitted if the Dakota is returned to production.

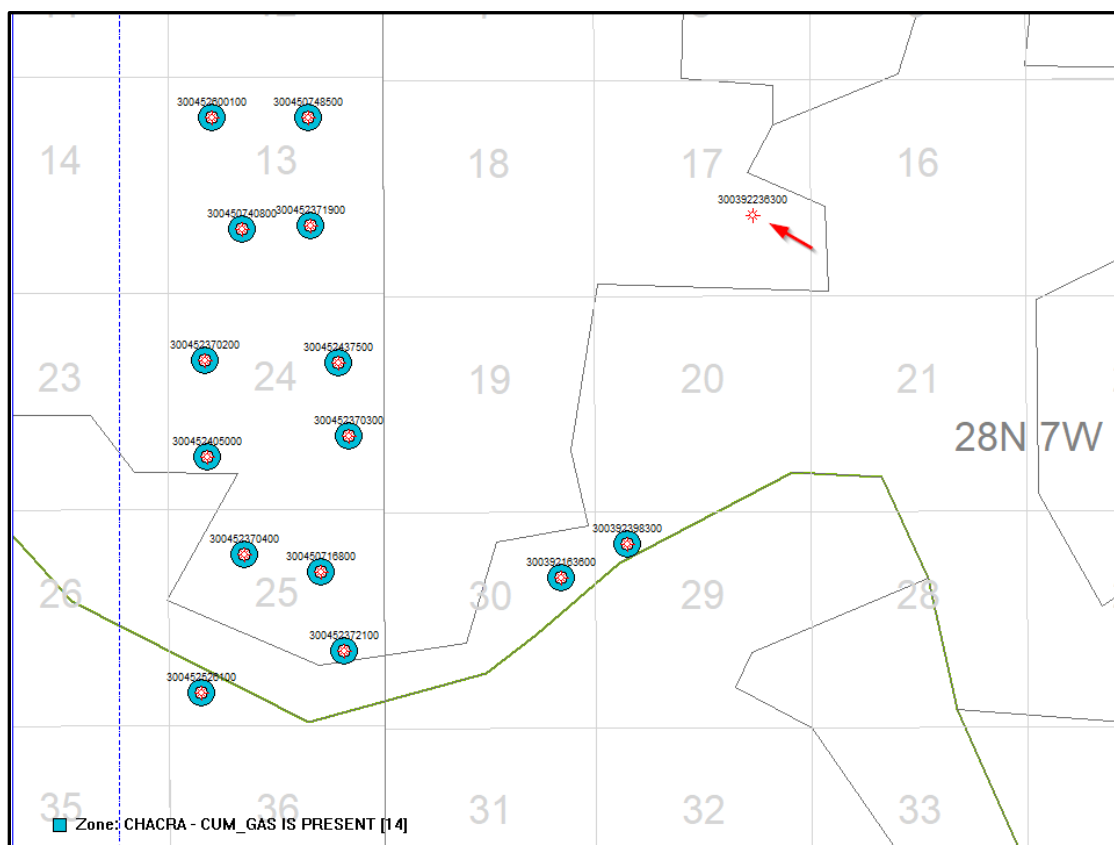
Formation	Forecasted 4-Year Avg Gas Rate (Mcf/d)	% Gas Allocation
Chacra	90	43%
MV	119	57%

**MV Rate Forecast****Chacra Rate Forecast**

## Gas Allocation Map – Mesaverde Completions in SJ 28-7 Unit 256E Area



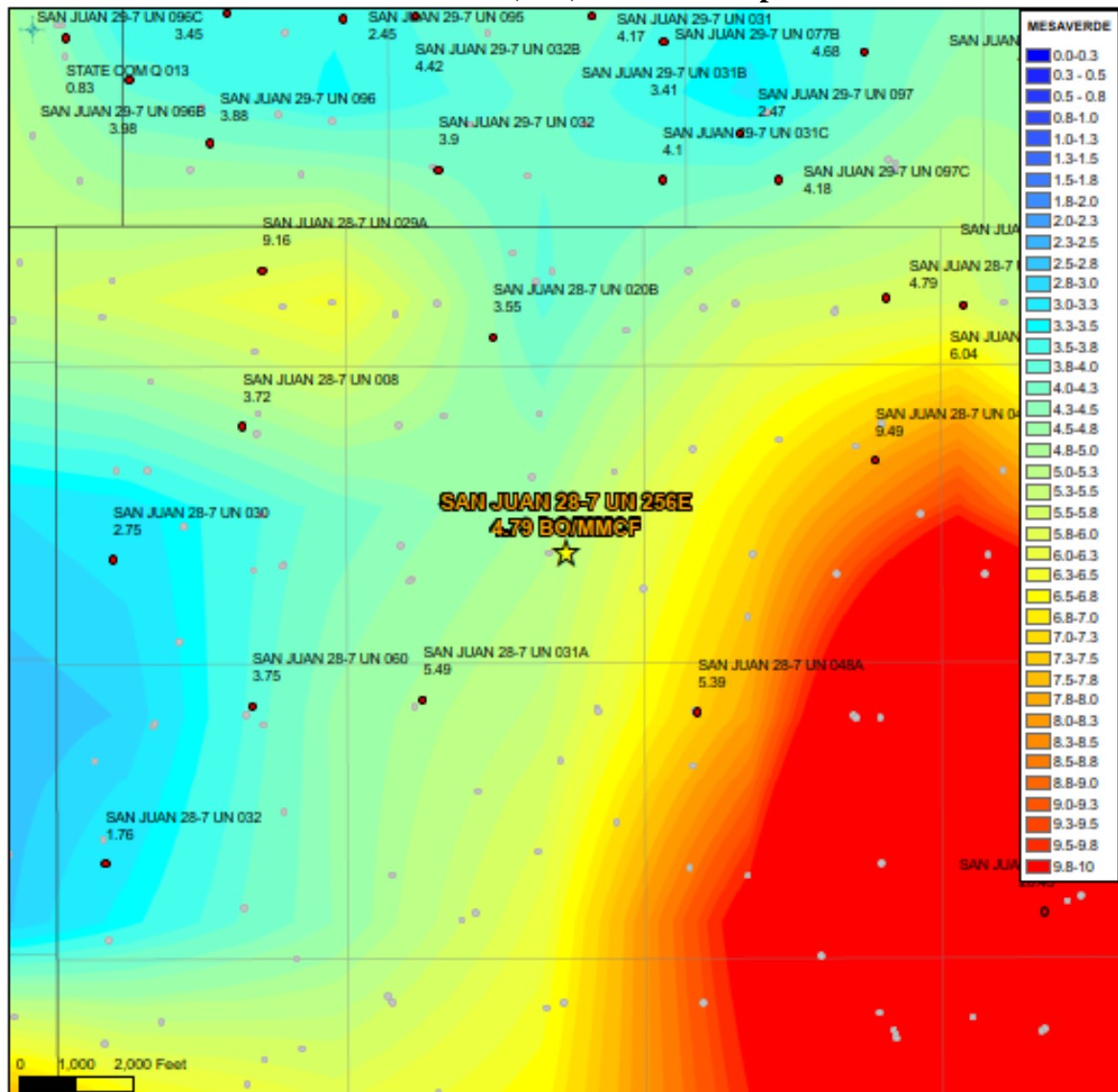
## Gas Allocation Map – Chacra Completions in SJ 28-7 Unit 256E Area



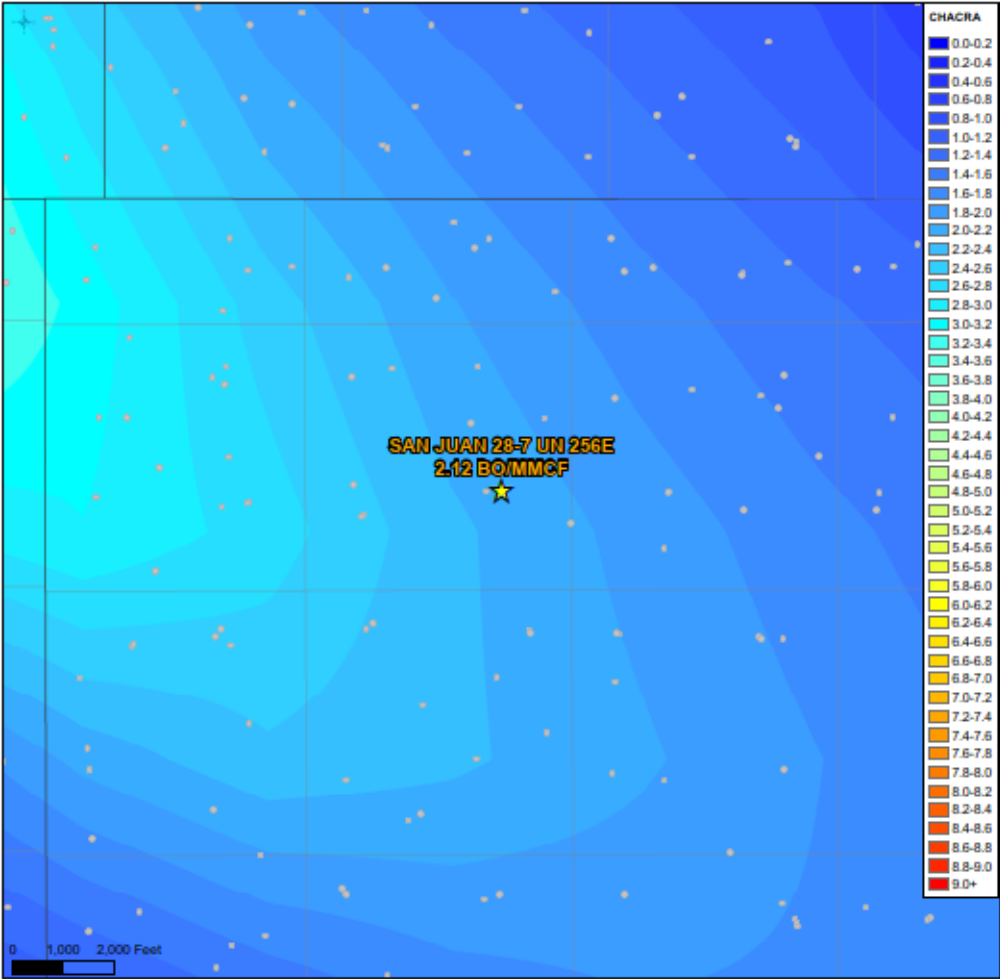
**Oil Allocation:**

Oil production will be a fixed allocation 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)	Forecasted 4-Year Avg Oil Rate (Bopd)	% Oil Allocation
Chacra	2.12	0.2	25%
MV	4.79	0.6	75%

**Mesaverde (MV) Oil Yield Map**

Chacra Oil Yield Map





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CONDITIONS

Action 165977

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 165977
	Action Type: [C-107] Down Hole Commingle (C-107A)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.	12/30/2022
dmcclure	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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.	12/30/2022
dmcclure	If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.	12/30/2022