RECEIVED:	REVIEWER:	TYPE:	APP NO:
		ABOVE THIS TABLE FOR OCD DIVISIO O OIL CONSERVATI al & Engineering B ncis Drive, Santa F	UN DIVISION ureau –
		TIVE APPLICATION	
THIS CHECK		administrative applicatio Jire processing at the div	NS FOR EXCEPTIONS TO DIVISION RULES AND ISION LEVEL IN SANTA FE
Applicant: Well Name: Pool:			
			D TO PROCESS THE TYPE OF APPLICATION
■NSL B. Check one c [1] Comming □DH [1] Injection	oacing Unit – Simulta	neous Dedication ECT AREA) NSP(P asurement C PC OLS e Increase – Enhance	OLM ced Oil Recovery
B. Royalty, o C. Applicatio D. Notificatio E. Notificatio F. Surface ov	erators or lease hold verriding royalty own on requires published on and/or concurrer on and/or concurrer wner he above, proof of r	ers ners, revenue owne d notice nt approval by SLO nt approval by BLM	Notice Complete
administrative app understand that n	proval is accurate ar	nd complete to the en on this applicatio	hitted with this application for best of my knowledge. I also on until the required information and
Note: St	atement must be complete	d by an individual with ma	nagerial and/or supervisory capacity.

Print or Type Name

Albabler

Signature

Date

Phone Number

e-mail Address

Received by OCD: 2/16/2023 11:01:26 AM

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

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

Revised August 1, 2011 APPLICATION TYPE __Single Well __Establish Pre-Approved Pools EXISTING WELLBORE

Form C-107A

Page 2 of 33

APPLICATION FOR DOWNHOLE COMMINGLING

0-14-32N-11W

Unit Letter-Section-Township-Range

<u>X</u>Yes <u>No</u>

Hilcorp	Energy	Com	pan	y

Operator

Suter

Lease

382 Road 3100, Aztec, NM 87410 Address

San Juan County

OGRID No. 372171 Property Code 318856 API No. 30-045-21704 Lease Type: _____Federal _____State _____ Fee

3A

Well No.

DATA ELEMENT	UI	PPER ZONE		INTER	RMEDIATE Z	CONE	LOWE	R ZONE	
Pool Name	Bas	in Fruitland Coal					Blanco I	Mesaverde	
Pool Code		71629					72	2319	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)		2561' – 2992'					4530'	- 5464'	
Method of Production (Flowing or Artificial Lift)		Artificial Lift					Artifi	cial 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)		86 psi					10	2 psi	
Oil Gravity or Gas BTU (Degree API or Gas BTU)		878 BTU					115	1 BTU	
Producing, Shut-In or New Zone		New Zone					Proc	lucing	
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:12/1/202 Rates: Oil: 0 bbls Gas:1336 mcf Water: 12 bbls		
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 %	%	Oil	Gas %	%	Oil %	Gas	%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes Yes	Χ	No 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	Х
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?	Yes		No	
NMOCD Reference Case No. applicable to this well:				

A A	
Attachments:	
1 machine mon.	

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	AWather

_ TITLE Operations/Regulatory Technician Sr. DATE 2/16/2023

TYPE OR PRINT NAME Amanda Walker

TELEPHONE NO. <u>346-237-2177</u>

E-MAIL ADDRESS <u>mwalker@hilcorp.com</u>

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Received by OCD: 2/16/2023 11:01:26 AM IEXICO OIL CONSERVATION COMMISSIC WELL LOCATION AND ACREAGE DEDICATION FLAT

Page 3 of 33 Form C-102 Supersedes C-128 Effective 1-1-65

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		All distances r	nust be from t	the outer boundaries	of the Section.		
Operator			Leo	ise			Well No.
Mesa Petr	oleum Co.			Suter Fe	deral		ЗА
Unit Letter	Section	Township		Range	County	· · · · · · · · · · · · · · · · · · ·	
0	14	32 Nort	Ь	11 West	San .	luan	
Actual Footage Loc				11 1630	5411 .		
-	_				_	_	
990	feet from the S	outh 1	ine and	1850 f	eet from the	East	líne
Ground Level Elev.	Producing For	rmation	Poo	1		Dedic	ated Acreage:
6 2 61	Mesav	verde		Blanco			320 /
							Acres
. 1. Outline th	ie acreage dedica	ated to the sub	ject well H	by colored pencil	or hachure ma	irks on the pla	t below.
2. If more the	nan one lease is nd royalty).	dedicated to t	he well, ou	utline each and id	lentify the owr	ership thereo	f (both as to working
interest a	iu ioyaity).						
3. If more that	an one lease of d	lifferent owners	hip is dedi	cated to the well	. have the inte	erests of all o	wners been consoli-
dated by c	communitization, 1	unitization forc	e-pooling (etc?	,	i colto or un c	Where been conson-
dated by e	ominum reaction, i	interzation, fore	e-pooring. (
Yes Yes	No If a	nswer is "yes,"	type of co	nsolidation			
If answer	is "no," list the	owners and trad	et descripti	ions which have a	actually been o	consolidated.	(Use reverse side of
this form i	f necessary.)		F		,		(000 1010100 Blue 01
		11 11				······	
ivo allowal	he will be assign	ed to the well u	ntil all inte	erests have been	consolidated	(by communit	ization, unitization,
forced-poo	ling, or otherwise))or until a non-s	tandard un	it, eliminating su	ich interests, l	has been appro	oved by the Commis-
sion.				Ű		11.	,
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						I hereby certify	that the information con-
						toined herein is	true and complete to the
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	DN. COM.		Ĭ		Do Re an	ate Surveyed January 1 Egistered Profess Id/or Land Survey	4, 1975 lonal Engineer

Released to Imaging! 8/13/2023 2:02:18 PM

Received by OCD: 2/16/2023 11:01:26 AM

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

UL - Lot

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
30-045-21704	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	5. Property Name	6. Well No.
318856	SUTER	003A
7. OGRID No.	8. Operator Name	9. Elevation
372171	HILCORP ENERGY COMPANY	6261

10. Surface Location

	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
0	14	32N	11W		990	S	1850	E	SAN JUAN

11. Bottom Hole Location If Different From Surface

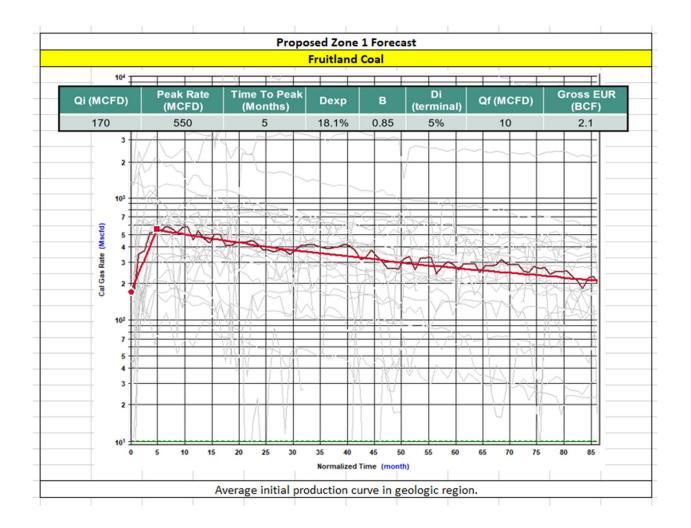
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated A 320			13. Joint or Infill		14. Consolidatio	n Code		15. Order No.	

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

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:
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: Ernest Echohawk Date of Survey: 1/14/1975
Certificate Number: 3602

Permit 332849

The near wellbore shut-in bottom hole pressures of the above reservoirs 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 above reservoirs, loss of reserves due to cross-flow is not an issue during producing or shut-in periods. Given low shut-in bottom hole pressures in excess of any commingled pool's fracture parting pressure. The pressures provided in the 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.



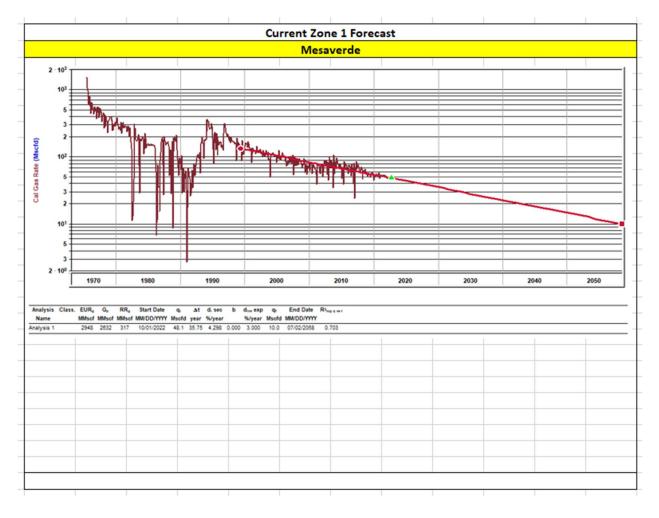
HEC Comments These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (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.



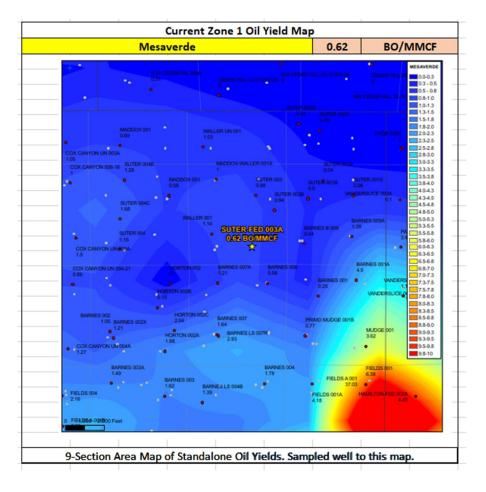
Oil Allocation:

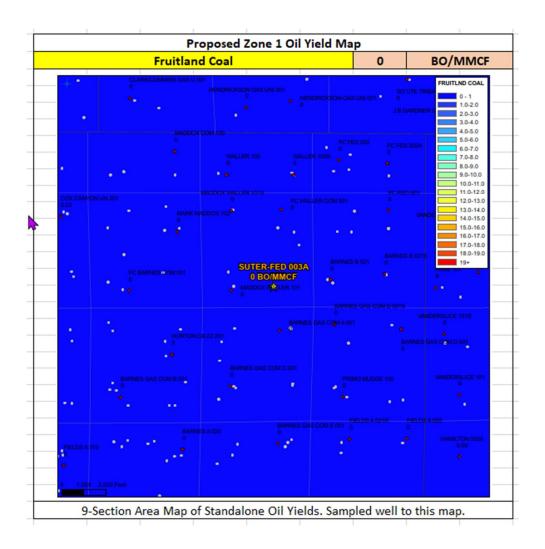
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

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

Yie	Yield (bbl/MM)		Remaining Reserves (MMcf)			location
	0.62		317		10	0%
	0		2100		0%	
					10	0%
					10	-

All documentation will be submitted to NMOCD.





Gas 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 or gas composition.

- The samples below all show offset gas analysis varibality by formation is low.

Well Name	API
SUTER 3A	3004521704

FR	C Offset		MV Offset
AssetCode	3004527481	AssetCode	3004522088
AssetName	FC BARNES COM 1		COX CANYON UNIT 3A
CO2	0.03	CO2	0.03
N2	0	N2	0
C1	0.83	C1	0.85
C2	0.08	C2	0.07
C3	0.04	C3	0.03
ISOC4	0.01	ISOC4	0.01
NC4	0.01	NC4	0.01
ISOC5	0	ISOC5	0
NC5	0	NC5	0
NEOC5		NEOC5	
C6	0	C6	0.01
C6_PLUS		C6_PLUS	
C7	0	C7	
C8	0	C8	
С9	0	С9	
C10		C10	
AR		AR	
CO		CO	
H2		H2	
02	0	02	
H20		H20	
H2S	0	H2S	0
HE		HE	
C_O_S		C_O_S	
CH3SH		CH3SH	
C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S	
C6HV		C6HV	
CO2GPM		CO2GPM	
N2GPM		N2GPM	
C1GPM		C1GPM	
C2GPM		C2GPM	
C3GPM		C3GPM	
ISOC4GPM		ISOC4GPM	
NC4GPM		NC4GPM	
ISOC5GPM		ISOC5GPM	
NC5GPM		NC5GPM	
C6_PLUSGPM		C6_PLUSGPM	

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Water Compatibility in the San Juan Basin

Well Name

- 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 samples below all show fresh water with low TDS.

API

Well Name	API		
SUTER 3A	3004521704		
FRC Offse	\t	MV O	ffsot
API	3004531021	-	3004530014
Property	PAGE 101R	Property	VANDERSLICE 1B
CationBarium		CationBarium	1.19
CationBoron	0	CationBoron	1.15
CationCalcium	5 31	CationCalcium	1.05
CationIron		CationIron	120.2
CationMagnesium		CationMagnesium	1.46
CationManganese		CationManganese	1.46
CationPhosphorus	0.01	CationPhosphorus	
CationPotassium		CationPotassium	
CationStrontium		CationStrontium	
CationSodium	544.91	CationSodium	536.06
CationSilica		CationSilica	
CationZinc		CationZinc	
CationAluminum		CationAluminum	
CationCopper		CationCopper	
CationLead		CationLead	
CationLithium		CationLithium	
CationNickel		CationNickel	
CationCobalt		CationCobalt	
CationChromium		CationChromium	
CationSilicon		CationSilicon	
CationMolybdenum		CationMolybdenum	
AnionChloride	10.01	AnionChloride	179.2
AnionCarbonate		AnionCarbonate	
AnionBicarbonate	488.8	AnionBicarbonate	329.94
AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride	
AnionHydroxyl		AnionHydroxyl	
AnionNitrate		AnionNitrate	
AnionPhosphate		AnionPhosphate	
AnionSulfate	0	AnionSulfate	C
phField	8.69	phField	8.07
phCalculated		phCalculated	
TempField		TempField	
TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity	
OtherSpecificGravity		OtherSpecificGravity	
OtherTDS	1514.19		1600.05
OtherCaCO3		OtherCaCO3	
OtherConductivity		OtherConductivity	
DissolvedCO2	410	DissolvedCO2	430
DissolvedO2		DissolvedO2	
DissolvedH2S	0	DissolvedH2S	C
GasPressure		GasPressure	
GasCO2	4	GasCO2	4
GasCO2PP		GasCO2PP	
GasH2S	0	GasH2S	0
GasH2SPP		GasH2SPP	
PitzerCaCO3_70		PitzerCaCO3_70	
PitzerBaSO4_70		PitzerBaSO4_70	
PitzerCaSO4_70		PitzerCaSO4_70	
PitzerSrSO4_70	1	PitzerSrSO4_70	
PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220	1	PitzerCaCO3_220	
PitzerBaSO4_220	1	PitzerBaSO4_220	
PitzerCaSO4_220		PitzerCaSO4_220	
PitzerSrSO4_220		PitzerSrSO4_220	
PitzerFeCO3 220	1	PitzerFeCO3_220	



January 18, 2023

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

Re: Application for Downhole Commingling Well: Suter 003A API: 3004521704 T32N - R11W - Section 14, Unit Letter: O San Juan County, NM

Ladies and Gentlemen:

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

• All working, royalty and overriding royalty interests are <u>identical</u> between the **Blanco Mesaverde (72319)** and **Basin Fruitland Coal (71629)** as such relates to the prescribed spacing unit(s) being the **E/320**.

Pursuant to Subsection C.(1)(c) of 19.15.12.11, if the spacing unit(s) contains state, federal or tribal lands, Hilcorp will have provided notice via mail or sundry to the State Land Office and/or BLM as of the date of this letter.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me at the email or number provided below.

Regards,

Hilcorp Energy Company

Killer

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

ceived by OCD: 2/16/2023 11:01:20 Office	State of New M		Form	ige 13 o 2-103
<u>District I</u> – (575) 393-6161 1625 N. French Dr., Hobbs, NM 88240	Energy, Minerals and Nat	ural Resources	Revised July 1 WELL API NO.	8, 2013
District II - (575) 748-1283	OIL CONSERVATION	30-045-21704		
811 S. First St., Artesia, NM 88210 <u>District III</u> – (505) 334-6178	1220 South St. Fra		5. Indicate Type of Lease STATE FEE	
1000 Rio Brazos Rd., Aztec, NM 87410 District IV – (505) 476-3460	Santa Fe, NM 8		6. State Oil & Gas Lease No.	
1220 S. St. Francis Dr., Santa Fe, NM 87505				
SUNDRY NOTI	CES AND REPORTS ON WELL		7. Lease Name or Unit Agreement N	lame
(DO NOT USE THIS FORM FOR PROPOS DIFFERENT RESERVOIR. USE "APPLIC			Suter	
PROPOSALS.)			8. Well Number 3A	
1. Type of Well: Oil Well 2. Name of Operator	Gas Well 🛛 Other		9. OGRID Number	
HILCORP ENERGY COMPAN	Y		372171	
3. Address of Operator			10. Pool name or Wildcat	
382 Road 3100, Aztec, NM 874	10		Basin Fruitland Coal	
4. Well Location				
		ine and <u>1850'</u>	feet from the <u>East</u> line	
Section 14 To	winship 32N Range 11V		MPM County San Juan	
	11. Elevation (Show whether DF 6261	r, <i>RRB, RT, GR, etc</i> I' GR)	
12. Check A	appropriate Box to Indicate N	Nature of Notice	, Report or Other Data	
NOTICE OF IN	TENTION TO:	SUE	BSEQUENT REPORT OF:	
	PLUG AND ABANDON	REMEDIAL WO		_
TEMPORARILY ABANDON				
PULL OR ALTER CASING	MULTIPLE COMPL	CASING/CEMEN		
PULL OR ALTER CASING I DOWNHOLE COMMINGLE I		CASING/CEMER		
PULL OR ALTER CASING Image: Comparison of the comparis	RECOMPLETE	OTHER:		
PULL OR ALTER CASING DOWNHOLE COMMINGLE COMMINGLE CLOSED-LOOP SYSTEM DTHER:	RECOMPLETE eted operations. (Clearly state all	OTHER:	nd give pertinent dates, including estima	ted date
PULL OR ALTER CASING DOWNHOLE COMMINGLE COMMINGLE CLOSED-LOOP SYSTEM DTHER: SI Proposed or complof starting any proposed wo	RECOMPLETE eted operations. (Clearly state all rk). SEE RULE 19.15.7.14 NMA	OTHER:		ted date
PULL OR ALTER CASING DOWNHOLE COMMINGLE CLOSED-LOOP SYSTEM DTHER:	RECOMPLETE eted operations. (Clearly state all rk). SEE RULE 19.15.7.14 NMA	OTHER:	nd give pertinent dates, including estima	ted date
PULL OR ALTER CASING DOWNHOLE COMMINGLE COMMINGLE CLOSED-LOOP SYSTEM DTHER: Second Starting any proposed or completion or record filcorp Energy Company requests points of the second starting and proposed completion or record starting and pr	RECOMPLETE eted operations. (Clearly state all rk). SEE RULE 19.15.7.14 NMA ompletion. ermission to recomplete the subject	OTHER: pertinent details, and C. For Multiple Co ct well in the Basin	nd give pertinent dates, including estima ompletions: Attach wellbore diagram of Fruitland Coal and downhole commingle	
PULL OR ALTER CASING DOWNHOLE COMMINGLE COMMINGLE CLOSED-LOOP SYSTEM DTHER: Sector Proposed or completion of starting any proposed wo proposed completion or record filcorp Energy Company requests pathe existing Blanco Mesaverde. Plea	RECOMPLETE eted operations. (Clearly state all rk). SEE RULE 19.15.7.14 NMA ompletion. ermission to recomplete the subject use see the attached procedure, curr	OTHER: pertinent details, and C. For Multiple Co ct well in the Basin	nd give pertinent dates, including estima ompletions: Attach wellbore diagram of	
PULL OR ALTER CASING DOWNHOLE COMMINGLE COMMINGLE CLOSED-LOOP SYSTEM DTHER: Second Starting any proposed or completion or record filcorp Energy Company requests processed for the second starting and proposed completion or record starting at a	RECOMPLETE eted operations. (Clearly state all rk). SEE RULE 19.15.7.14 NMA ompletion. ermission to recomplete the subject use see the attached procedure, curr	OTHER: pertinent details, and C. For Multiple Co ct well in the Basin	nd give pertinent dates, including estima ompletions: Attach wellbore diagram of Fruitland Coal and downhole commingle	

Spud Date:		Rig Release	Date:		
I hereby certif	y that the information above	e is true and complete to th	e best of my knowledge and belief.		
SIGNATURE	Allather	TITLE Operations/Reg	gulatory Technician – SrDATE	1/20/202	23
Type or print prin			lker@hilcorp.com PHONE: (346)) 237-2177	
APPROVED 1	<u>BY: Kollinic Ask</u>	TITLE	Petroleum Specialist	DATE	1/24/2023

APPROVED BY: Conditions of Approval (if any):



HILCORP ENERGY COMPANY SUTER 3A FRUITLAND COAL RECOMPLETE SUNDRY API 3004521704

JOB PROCEDURES

1.	MIRU workover rig and associated equipment; NU and test BOP.
2.	TOOH with tubing.
3.	Set a plug within 50' of the top Mesaverde perforation (4,530') for zonal isolation.
4.	Load hole with fluid. RU WL and run CBL to verify TOC. Review results with operations engineer and regulatory agencies.
5.	Perform MIT on casing with NMOCD witness (notify NMOCD 24+ hours before test) and submit results to regulatory group.
6.	RU WL. Perforate the Fruitland Coal. Top perforation @ 2,561', bottom perforation @ 2,992'.
7.	RIH w/ frac string and packer. Set packer within 50' of top perforation.
8.	ND BOP, NU frac stack. Pressure test frac stack to frac pressure. Pressure test frac string to frac pressure. RDMO.
9.	RU stimulation crew. Frac the Fruitland Coal in one or more stages. Set plugs in between stages, if necessary.
10.	Flowback the well.
11.	MIRU workover rig and associated equipment; NU and test BOP.
12.	POOH w/ frac string and packer.
13.	TIH with mill and clean out to isolation plug.
14.	Pending C107A approval, mill out isolation plug. Cleanout to PBTD. TOOH with cleanout assembly.
15.	TIH and land production tubing. Return well to production.

•



HILCORP ENERGY COMPANY SUTER 3A FRUITLAND COAL RECOMPLETE SUNDRY

api/uwi 3004521704	Surface Legal Location Field Name 014-032N-011W-O MV	Route 0103	StateProvince NEW MEXICO	Well Configuration Type Vertical
Ground Elevation (ft) 6,264.00			ange Distance (ft) KB-Tubing Hang 10.00	
	Original	Hole [Vertical]		
MD TVD	<u> </u>	Vertical schematic (actual)		
(ftKB) (ftKB)		venteur seriemane (aetoar)	Surface Casing Ceme	nt Casing 2/23/1975
9.8			10:00; 10.00-170.00; 1	975-02-23 10:00; lass B cmt. Circ 25 sx to
164.0			surface. 1; Surface, 165.00ftKB	
165.0			10.00 ftKB; 165.00 ftKB	10 3/4 m, 10.13 m,
169.9			292	
1,660.1	OJO ALAMO (OJO ALAMO (final))			
1,799.9	KIRTLAND (KIRTLAND (final))		(
2,000.0	2 3/8in, Tubing; 2 3/8 in; 4.00 lb/ft; J-55; 10.00		10:00; 2,000.00-3,250.	ement, Casing, 3/6/1975 00; 1975-03-06 10:00;
2,961.0	ftKB; 5,002.00 ftKB		Cemented w/ 115 sx C followed w/ 50 sx Clas	lass A 65/35 pozmix, is A. TOC @ 2000' per
3.055.3			TS 3/6/75	
3.070.2		B F		
3,208,7				
3,209.6				
3.249.0				
3,250.0			2; Intermediate1, 3,25	
3,262.1	LEWIS (LEWIS (final))		10.00 ftKB; 3,250.00 ft	
4,138.1	CHACRA (CHACRA (final))		10:00 (Production Casing Ce	ment, Casing, 3/15/1978 ng Cement); 3,065.45-
4,525.9	CLIFF HOUSE (CLIFF HOUSE (final))		sx 50/50 poz. 250 sx 5	10:00; Cemented w/ 40 0/50 poz. TOC @ 3065'
4,529.9			per TS 3/12/75. 4,530.0-4,908.0ftKB or	n 4/25/1975 00:00
4,908.1			(PERF - CLIFF HOUS 4,908.00; 1975-04-25	E MASSIVE); 4,530.00-
4,909.1	MENEFEE (MENEFEE (final))			
5,002.0	2 3/8in, Landing Collar; 2 3/8 in; 5,002.00 ftKB;			
5,003.0	5.003.00 ftKB			
5,003.9	2 3/8in, Tubing; 2 3/8 in; 4.00 lb/ft; J-55; 5,003.00 ftKB; 5,004.00 ftKB		5,002.0-5,224.0ftKB or	9/4/1996 00:00 (PERF)
5,224.1			- MENEFEE); 5,002.00	-5,224.00; 1996-09-04
5,258.0			5,278.0-5,464.0ftKB or	4/24/1975 00:00
5,277.9			(PERF - POINT LOOK 5,464.00; 1975-04-24	OUT); 5,278.00-
5,452.8			Production Casing Ce	ment, Casing, 3/15/1978
5,453.7			10:00 (Productin Casir 5,482.00-5,500.00; 197 Cemented w/ 40 sx 50	75-03-15 10:00;
5,453.9			poz. TOC @ 3065' per	r TS 3/12/75.
5,482.0			CEMENT PLUG, Plug, 5,482.00-5,495.00; 197	4/30/1975 00:00; /5-04-30
5,493.4			2. Deaderstread & con	008KB- 4 4/2 4 05
5,495.1		Access 6	3; Production1, 5,495. 3,065.45 ftKB; 5,495.00	00ftKB; 4 1/2 in; 4.05 in;) ftKB
5,500.0				
5,644.0	MANCOS (MANCOS (final))			
www.peloton.c	om	Page 1/1	R	eport Printed: 1/18/202

.



HILCORP ENERGY COMPANY SUTER 3A FRUITLAND COAL RECOMPLETE SUNDRY

API/UWI 3004521704	Surface Legal Location Field Name 014-032N-011W-O MV	Route 0103	State/Province NEW MEXICO	Well Configuration Type Vertical
Fround Elevation (#) 5,264.00	Original KB/RT Elevation (ft) KB-Ground Distanc 6,274.00 10.00	e (ft) KB-Casin 10.00	g Flange Distance (ft) KB-Tubing Han 10.00	ger Distance (ft)
	Original Ho	le [Vertical]		
MD TVD (ftKB) (ftKB		ical schematic (actua	l)	
	,		Surface Casing Ceme	nt, Casing, 2/23/1975
9.8			10:00; 10.00-170.00; 1 Cemented w/ 125 sx 0	975-02-23 10:00; Class B cmt. Circ 25 sx to
164.0			surface. 1; Surface, 165.00ftKE	: 10 3/4 in: 10.19 in:
			10.00 ftKB; 165.00 ftK	В
169.9	OJO ALAMO (OJO ALAMO (final))			
1,799.9	- KIRTLAND (KIRTLAND (final))		Fruitland Coal perfora	tions
2.000.0				
2,551.0	2 3/8in, Tubing; 2 3/8 in; 4.00 lb/ft; J-55; 10.00		10:00; 2,000.00-3,250	Cement, Casing, 3/6/1975 .00; 1975-03-06 10:00;
2,993.1	ftKB; 5,002.00 ftKB		followed w/ 50 sx Cla	Class A 65/35 pozmix, ss A. TOC @ 2000' per
3,055.3			TS 3/6/75	
3.070.2		R F		
3,208.7				
3,209.6				
3.249.0				
3,250.0			2; Intermediate1, 3,25	0.00ftKB; 7 in; 6.37 in;
3,262.1	LEWIS (LEWIS (final))		10.00 ftKB; 3,250.00 ft	
4138.1			Production Casing C 10:00 (Productin Casi	ement, Casing, 3/15/1975 ng Cement); 3,065.45-
4.525.9	CLIFF HOUSE (CLIFF HOUSE (final))		sx 50/50 poz. 250 sx	10:00; Cemented w/ 40 50/50 poz. TOC @ 3065'
4,529.9			per TS 3/12/75. 4,530.0-4,908.0ftKB o	n 4/25/1975 00:00
4,908.1			(PERF - CLIFF HOUS 4,908.00; 1975-04-25	E MASSIVE); 4,530.00-
4,909.1	MENEFEE (MENEFEE (final))			
5,002.0	2 3/8in, Landing Collar; 2 3/8 in; 5,002.00 ftKB;			
5,003.0	5.003.00 ftKB			
5,003.9	2 3/8in, Tubing; 2 3/8 in; 4.00 lb/ft; J-55; 5,003.00 ftKB; 5,004.00 ftKB	<u>₩</u> ∎∎ ₩	5 002 0-5 224 0#KB o	n 9/4/1996 00:00 (PERF)
5,224.1				0-5,224.00; 1996-09-04
5,258.0	POINT LOOKOUT (POINT LOOKOUT (fi	-X X	[5 070 0 5 101 00VD -	
5,277.9			5,278.0-5,464.0ftKB o (PERF - POINT LOOP	(OUT); 5,278.00-
5,452.8			5,464.00; 1975-04-24 Production Casing C	ement, Casing, 3/15/1978
5,453.7			10:00 (Productin Casi 5,482.00-5,500.00; 19	75-03-15 10:00;
5,453.9			/ poz. TOC @ 3065' pe	0/50 poz, 250 sx 50/50 r TS 3/12/75.
5,482.0	-		CEMENT PLUG, Plug 5,482.00-5,495.00; 19	, 4/30/1975 00:00;
5,493.4				
5,495.1		J	3; Production1, 5,495 3,065.45 ftKB; 5,495.0	.00ftKB; 4 1/2 in; 4.05 in; 0 ftKB
5,500.0				
5,644.0	MANCOS (MANCOS (final))			
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Received by OCD: 2/16/2023 11:01:26 AM

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
30-045-21704	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	5. Property Name	6. Well No.
318856	SUTER	003A
7. OGRID No.	8. Operator Name	9. Elevation
372171	HILCORP ENERGY COMPANY	6261

10. Surface Location

UL - Lot	Section		Township	Range	Lot Idn	Feet From	N/S Line		E/W Line	County	
C)	14	32N	11W		990	S	1850	E		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 320.00			13. Joint or Infill		14. Consolidatio	n 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

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: Watter Title: Operations Regulatory Tech Sr. Date: 1/19/2023 Date: 1/19/2023
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: Ernest Echohawk Duine 10
Date of Survey:1/14/1975Certificate Number:3602

Received by	OCD:	2/16/2023	11:01:26 AM
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State of New Mexico Energy, Minerals and Natural Resources Department

Submit Electronically Via E-permitting

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

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description Effective May 25, 2021

I. Operator: <u>Hilcorp Energy Company</u>

OGRID: <u>372171</u> Date: <u>1/20/2023</u>

II. Type: \square Original \square Amendment due to \square 19.15.27.9.D(6)(a) NMAC \square 19.15.27.9.D(6)(b) NMAC \square Other.

If Other, please describe:

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Suter 3A	30-045-21704	O-14-32N-11W	990 FSL 1850 FEL	0	500	1

IV. Central Delivery Point Name: Chaco Gas Plant [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Suter 3A	<u>30-045-21704</u>					<u>2023</u>

VI. Separation Equipment: Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices:
Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices:
Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

 \boxtimes Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. \Box Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system \Box will \Box will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator \Box does \Box does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

 \Box Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: \Box Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

<u>Section 3 - Certifications</u> <u>Effective May 25, 2021</u>

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

 \square Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

 \Box Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. *If Operator checks this box, Operator will select one of the following:*

Well Shut-In. \Box Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. \Box Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (**h**) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:
Printed Name: Amanda Walker
Title: Operations Regulatory Tech Sr.
E-mail Address: <u>mwalker@hilcorp.com</u>
Date: 1/20/2023
Phone: 346-237-2177
OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)
Approved By:
Title:
Approval Date:
Conditions of Approval:

VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recomplete project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomplete to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recomplete operations.

VII. Operational Practices:

- 1. Subsection (A) Venting and Flaring of Natural Gas
 - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
- 2. Subsection (B) Venting and Flaring during drilling operations
 - This gas capture plan isn't for a well being drilled.
- 3. Subsection (C) Venting and flaring during completion or recompletion
 - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
- 4. Subsection (D) Venting and flaring during production operations
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
 - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
 - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1 4.
- 5. Subsection (E) Performance standards
 - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
 - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.

- 6. Subsection (F) Measurement or estimation of vented and flared natural gas
 - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
 - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

- 1. Operator has adequate storage and takeaway capacity for wells it chooses to recomplete as the flowlines at the sites are already in place and tied into a gathering system.
- 2. Operator will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
- 3. Operator combusts natural gas that would otherwise be vented or flared, when technically feasible.
- 4. Operator will shut in wells in the event of a takeaway disruption, emergency situation, or other operations where venting or flaring may occur due to equipment failures.

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

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street	Action Number:
Houston, TX 77002	177995
	Action Type:
	[C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date	
kpickford	DHC required	1/24/2023	
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	1/24/2023	

Page 24 of 33

Action 177995

From:	McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
To:	Mandi Walker; Cheryl Weston; Laura Bohorquez
Cc:	McClure, Dean, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD
Subject:	Approved Administrative Order DHC-5311
Date:	Sunday, August 13, 2023 1:59:01 PM
Attachments:	DHC5311 Order.pdf

NMOCD has issued Administrative Order DHC-5311 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name:	Suter #3A
Well API:	30-045-21704

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:	Mandi Walker
То:	McClure, Dean, EMNRD
Cc:	Cheryl Weston
Subject:	FW: [EXTERNAL] Action ID: 187141; DHC-5311
Date:	Thursday, August 10, 2023 7:06:06 AM

Dean,

Please see the response from Lea below.

Thank you,

Mandí Walker SJN/SJS (6,7) Regulatory Technician Sr. Office: 346.237.2177 <u>mwalker@hilcorp.com</u>

From: Lea Peters <|peters@hilcorp.com>
Sent: Thursday, August 10, 2023 8:03 AM
To: Mandi Walker <mwalker@hilcorp.com>
Cc: Cheryl Weston <cweston@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 187141; DHC-5311

Dean,

Shut in pressures were calculated for operated offset standalone wells in each of the zones being commingled in the well in question via the following process:

- 1. Wells were shut in for 24 hours
- 2. Echometer was used to obtain a fluid level
- 3. Shut in BHP was calculated for the proposed commingled completion

List of wells used to calculate BHPs for the Project:

3004528750	Payne Federal 8R	FRC
3004533170	Cox Canyon Unit 4C	MV

I believe each of the reservoirs to be continuous and in a similar state of depletion at this well and at each of the wells from which the pressures are being derived.

Lea Peters | Reservoir Engineer, SJN | Hilcorp Energy O: 346-237-2071 | <u>lpeters@hilcorp.com</u> 1111 Travis St. | Houston, TX | 77002 Sent: Wednesday, August 9, 2023 1:34 PM
To: Lea Peters <<u>lpeters@hilcorp.com</u>>
Cc: Cheryl Weston <<u>cweston@hilcorp.com</u>>
Subject: Fwd: [EXTERNAL] Action ID: 187141; DHC-5311

Lea, can you provide Dean with the additional information on the BHP?

Thanks! Mandi

Get Outlook for iOS

From: McClure, Dean, EMNRD <<u>Dean.McClure@emnrd.nm.gov</u>>
Sent: Wednesday, August 9, 2023 3:38:14 PM
To: Mandi Walker <<u>mwalker@hilcorp.com</u>>
Cc: Cheryl Weston <<u>cweston@hilcorp.com</u>>
Subject: [EXTERNAL] Action ID: 187141; DHC-5311

CAUTION: External sender. DO NOT open links or attachments from UNKNOWN senders.

To whom it may concern (c/o Amanda Walker for Hilcorp Energy Company),

Action ID	187141
Admin No.	DHC-5311
Applicant	Hilcorp Energy Company (372171)
Title	Suter #3A
Sub. Date	02/16/2023

The Division is reviewing the following application:

Please provide the following additional supplemental documents:

٠

Please provide additional information regarding the following:

• Please provide additional information regarding from where the bottom hole pressures for these formations are derived.

Additional notes:

٠

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the

submittal of a new application by the applicant once it is prepared to address each of the topics raised.

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

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

APPLICATION FOR DOWNHOLE COMMINGLINGSUBMITTED BY HILCORP ENERGY COMPANYORDER NO. DHC-5311

<u>ORDER</u>

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 shutin 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. 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

- 8. 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.
- 9. 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.
- 10. 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

Order No. DHC-5311

in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

- 11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
- 12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

<u>ORDER</u>

- 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. This Order supersedes Order DHC-519.
- 3. 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 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.

4. 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.

- 5. 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.
- 6. 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.
- 7. 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.
- 8. 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.
- 9. 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).
- 10. 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

DYLAXM. EA

DATE: 8/13/2023

DIRECTOR

	Exhibit A		
	Order: DHC-5311		
	Operator: Hilcorp Energy Co	mpany (372171)	
	Well Name: Suter #3A		
	Well API: 30-045-21704		
	Pool Name: BASIN FRUITLANI	D COAL (GAS)	
Linner Zene	Pool ID: 71629	Current:	New: X
Upper Zone	Allocation:	Oil: 0%	Gas:
	Interval: Perforations	Top: 2,561	Bottom: 2,992
	Pool Name:		
Intermediate Zone	Pool ID:	Current:	New:
	Allocation:	Oil:	Gas:
	Interval:	Тор:	Bottom:
Bottom of Inter	val within 150% of Upper Zone's To	op of Interval:	
	Pool Name: BLANCO-MESAVE	RDE (PRORATED GAS)	
Lower Zone	Pool ID: 72319	Current: X	New:
Lower Zone	Allocation:	Oil: 100%	Gas:
	Interval: Perforations	Top: 4,530	Bottom: 5,464
Bottom of Inter	val within 150% of Upper Zone's To	op of Interval: NO	

State of New Mexico Energy, Minerals and Natural Resources Department

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

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District IV

CONDITIONS

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

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street	Action Number:
Houston, TX 77002	187141
	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.	8/13/2023		

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