

Form 5-154h
(May 1946)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS.

NM 744
NM 02122
Contract No.
I-149-Ind-0468

OIL AND GAS MINING LEASE—ALLOTTED INDIAN LANDS

Navajo TRIBE, STATE OF New Mexico

THIS INDENTURE OF LEASE, made and entered into in quintuplicate this 9th day of

June, 1950 by and between Allot. No. 011416-Not-di-yazsa; Allot. No. 011417-Heirs of Jen-nes-pah; Allot. No. 011418-Not-ti-et-so-sa; Allot. No. 011419-Heirs of Koon-la-pye, or their heirs as the case may be.

of San Juan County, State of New Mexico, allottee Nav

(Col. Nav), of the Navajo Tribe of Indians, designated herein as

lessor, and E. D. Jernigan

4548 Belolairs Avenue

of Dallas, State of Texas, herein designated as the lessee:

WITNESSETH

1. Lessor, in consideration of a cash bonus of \$4,566.33 paid to the Superintendent of the Indian Agency having jurisdiction, hereinafter called the superintendent, receipt of which is hereby acknowledged, and in consideration of rents and royalties to be paid, and the covenants to be observed as herein set forth, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and natural gas deposits in or under the following-

described tracts of land situated in the county of San Juan State of New Mexico, and more particularly described as follows:

Unit No. 7:

Allot. No. 011416-Not-di-yazsa, Lots 1, 2, E/2 NW/4, Sec. 19, T. 27N., R. 8 W. 160.68 ac.
Allot. No. 011417-Heirs of Jen-nes-pah, Lots 3, 4, E/2 SW/4, Sec. 19, T. 27N., R. 8 W. 160.76 ac.
Allot. No. 011418-Not-ti-et-so-sa, Lots 1, 2, E/2 NW/4, Sec. 30, T. 27N., R. 8 W. 160.60 ac.
Allot. No. 011419-Heirs of Koon-la-pye, Lots 3, 4, E/2 SW/4, Sec. 30, T. 27N., R. 8 W. 160.20 ac.

containing 642.24 acres more or less, together with the right to construct and maintain thereupon all works, buildings, plants, waterways, roads, telegraph and telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment hereof for the term of 10 years from and after the approval hereof by the Secretary of the Interior and as much longer thereafter as oil and/or gas is produced in paying quantities from said land.

2. The term "oil and gas supervisor" as employed herein shall refer to such officer or officers as the Secretary of the Interior may designate to supervise oil and gas operations on Indian lands. The term "superintendent" as used herein shall refer to the superintendent or other official in charge of the Indian Agency having jurisdiction over the lands leased.

3. In consideration of the foregoing, the lessee hereby agrees:

(a) Bond.—To furnish such bond as may be required by the regulations of the Secretary of the Interior, with satisfactory surety, or United States bonds as surety therefor, conditioned upon compliance with the terms of this lease.

(b) Wells.—(1) To drill and produce all wells necessary to offset or protect the leased land from drainage by wells on adjoining lands not the property of the lessor, or in lieu thereof, to compensate the lessor in full each month for the estimated loss of royalty through drainage: Provided, That during the period of supervision by the Secretary of the Interior, the necessity for offset wells shall be determined by the oil and gas supervisor and payment in lieu of drilling and production shall be with the consent of, and in an amount determined by the Secretary of the Interior; (2) at the election of the lessee to drill and produce other wells: Provided, That the right to drill and produce such other wells shall be subject to any system of well spacing or production allotments authorized and approved under applicable law or regulations, approved by the Secretary of the Interior and affecting the field or area in which the leased lands are situated; and (3) if the lessee elects not to drill and produce such other wells for any period the Secretary of the Interior may, within 10 days after due notice in writing, either require the drilling and production of such wells to the number necessary, in his opinion, to insure reasonable diligence in the development and operation of the property, or may in lieu of such additional diligent drilling and production require the payment on and after the first anniversary date of this lease of not to exceed \$1 per acre per annum, which sum shall be in addition to any rental or royalty hereinafter specified.

16-17809-3

(1)

7. Removal of buildings, improvements, and equipment.—Lessee shall be the owner of and shall have the right to remove from the leased premises, within 90 days after termination of this lease, any and all buildings, structures, casing, material, and/or equipment placed thereon for the purpose of development and operation hereunder, save and except casing in wells and other material, equipment, and structures necessary for the continued operation of wells producing or capable of being produced in paying quantities as determined by the Secretary of the Interior, on said leased land at the time of surrender of this lease or termination thereof; and except as otherwise provided herein, all casing in wells, material, structures, and equipment shall be and become the property of the lessor.

8. Relinquishment of supervision by the Secretary of the Interior.—Should the Secretary of the Interior, at any time during the life of this instrument, relinquish supervision as to all or part of the acreage covered hereby, such relinquishment shall not bind lessee until said Secretary shall have given 30 days written notice. Until said requirements are fulfilled, lessee shall continue to make all payments due hereunder as provided in section 3 (c). After notice of relinquishment has been received by lessee, as herein provided, this lease shall be subject to the following further conditions:

(a) All rentals and royalties thereafter accruing shall be paid in the following manner: Rentals and royalties shall be paid directly to lessor or his successors in title, or to a trustee appointed under the provision of section 9 hereof.

(b) If, at the time supervision is relinquished by the Secretary of the Interior, lessee shall have made all payments then due hereunder, and shall have fully performed all obligations on its part to be performed up to the time of such relinquishment, then the bond given to secure the performance hereof, on file in the Indian Office, shall be of no further force or effect.

(c) Should such relinquishment affect only part of the acreage, then lessee may continue to drill and operate the land covered hereby as an entirety. Provided, That lessee shall pay in the manner prescribed by section 3 (c), for the benefit of lessor or his successors in title or said trustee as the case may be, as provided in subdivision (a) of this section.

9. Division of fee.—It is covenanted and agreed that should the fee of said land now or hereafter be divided into separate parcels, held by different owners, or should the rental or royalty interests hereunder be so divided in ownership, the obligations of lessee hereunder shall not be added to or changed in any manner whatsoever save as specifically provided by the terms of this lease. Notwithstanding such separate ownership, lessee may continue to drill and operate said premises as an entirety. Provided, That each separate owner shall receive such proportion of all rentals and royalties accruing after the vesting of his title as the acreage of the fee, or rental or royalty interest, bears to the entire acreage covered by the lease; or to the entire rental and royalty interest as the case may be. Provided further, That if, at any time after departmental supervision hereof is relinquished, in whole or in part, there shall be four or more parties entitled to rentals or royalties hereunder, whether said parties are so entitled by virtue of undivided interests or by virtue of ownership of separate parcels of the land covered hereby, lessee, at the election of the parties, shall withhold the payment of further rentals or royalties (except the portion due the Indian lessor or his successors in title or said trustee) until all of said parties shall agree upon and designate in writing and in a recordable instrument a trustee to receive all payments due hereunder on behalf of said parties and their respective successors in title. Payments to said trustee shall constitute lawful payments hereunder, and the sole risk of an improper or unlawful distribution of said funds by said trustee shall rest upon the parties naming said trustee and their respective successors in title.

10. Drilling and producing restrictions.—It is covenanted and agreed that the Secretary of the Interior may impose restrictions as to times or times for the drilling of wells and as to the production from any well or wells drilled when in his judgment such action may be necessary or proper for the protection of the natural resources of the leased land and the interests of the Indian lessor, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, Indian laws, or regulations by competent Federal or State authorities or lawful agreements among operators regulating either drilling or production, or both.

11. Unit operation.—The parties hereby agree to subscribe to and abide by any agreement for the cooperative or unit development of the field or area, affecting the leased lands, or any pool thereof, it and when collectively adopted by a majority operating interest therein and approved by the Secretary of the Interior, during the period of supervision.

12. Helium—public emergency.—It is covenanted and agreed that helium gas, carbon dioxide gas, and all other natural gases are included under the term "gas" as used in this lease, and in the event gas is discovered containing helium the United States Government shall have the right to purchase, at reasonable prices, all or any part of the production and to regulate the amount and manner of production; and in time of war or other public emergency, the United States Government shall have the option to purchase all or any part of the product produced under this lease.

13. Conservation.—The lessee in consideration of the rights herein granted agrees to abide by the provisions of any act of Congress, or any order or regulation prescribed pursuant thereto, relating to the conservation, production, or marketing of oil, gas, or other hydrocarbon substances.

14. Heirs and successors in interest.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above mentioned.

Two witnesses to execution by lessor:

[Name]

P. O.

[Name]

P. O.

10-17603-3

U. S. GOVERNMENT PRINTING OFFICE 16-17500-2

Rental received, \$ 802.50

By _____

Filed for record this _____ day of _____, 19____ at _____ o'clock in _____

Act. Asst. Commissioner of Indian Affairs

The within lease is hereby approved.

Washington, D. C. JUN 2 8 1951

DEPARTMENT OF THE INTERIOR
UNITED STATES

Commission Expires June 1, 1957



My Commission Expires _____

Eva E. Mantorpe

executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

to me known to be the identical person who executed the within and foregoing lease, and acknowledged to me that _____

R. D. Jernigan

Before me, a notary public, on this _____ day of _____, 19____ personally appeared _____

COUNTY OF _____

STATE OF _____

Attest:

P. O. 3213 Walnut, Dallas, Tex

P. O. 605 N. Gray, Dallas, Tex

Arnold E. Jernigan

Two witnesses to execution by lessee:

R. D. Jernigan

[Signature]

Well Name: NAVAJO INDIAN B	Well Location: T27N / R8W / SEC 19 / NWNW / 36.56632 / -107.72867	County or Parish/State: SAN JUAN / NM
Well Number: 7	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name: EASTERN NAVAJO
Lease Number: I149IND8468	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004526185	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2774512

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 02/11/2024

Time Sundry Submitted: 10:50

Date proposed operation will begin: 04/01/2024

Procedure Description: Hilcorp Energy proposes to downhole commingle production in the Blanco Mesaverde (pool 72319) with the existing Wildcat Gallup (pool 96578), upon recompletion of the Mesaverde formation. See attached allocation methodology and supporting documents. Commingling will not reduce the value of production. Proposed perforations are: MV 3605'-4810' and GL 5500'-6315'.

NOI Attachments

Procedure Description

Navajo_Indian_B_7_Subtraction_Allocation_20240211104911.pdf

Well Name: NAVAJO INDIAN B

Well Location: T27N / R8W / SEC 19 /
NWNW / 36.56632 / -107.72867

County or Parish/State: SAN
JUAN / NM

Well Number: 7

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:
EASTERN NAVAJO

Lease Number: I149IND8468

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004526185

Well Status: Producing Gas Well

Operator: HILCORP ENERGY
COMPANY

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: CHERYLENE WESTON

Signed on: FEB 11, 2024 10:45 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON

State: TX

Phone: (713) 289-2615

Email address: CWESTON@HILCORP.COM

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 02/12/2024

Signature: Matthew Kade

<div>Hilcorp Energy Company</div> <div>PRODUCTION ALLOCATION FORM</div>					Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019	
					Status PRELIMINARY <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input type="checkbox"/>	
Commingle Type SURFACE <input type="checkbox"/> DOWNHOLE <input checked="" type="checkbox"/> Type of Completion NEW DRILL <input type="checkbox"/> RECOMPLETION <input checked="" type="checkbox"/> PAYADD <input type="checkbox"/> COMMINGLE <input type="checkbox"/>					Date: 02/09/2024 API No. 30-045-26185 DHC No. Lease No. I149IND8468	
Well Name NAVAJO INDIAN B					Well No. 7	
Unit Letter D	Section 19	Township 27N	Range 08W	Footage 459' FNL & 529' FWL	County, State San Juan, New Mexico	
Completion Date 2024		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>				
JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method in agreement with local agencies. The base formation is the Gallup and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formation(s) 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 4 th year and will be utilized to create a fixed percentage based allocation. Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. MV 51%, GL 49%. After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.						
NAME		DATE		TITLE		PHONE
X Cherylene Weston				Operations/Regulatory Tech – Sr.		713-289-2615
Cherylene Weston		2/9/2024				
For Technical Questions: Marcus Hill				Reservoir Engineer		346-237-2011

Navajo Indian B 7 Allocation

The forecast for Mesaverde production has been generated using type curves of production in the surrounding trend.

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 basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

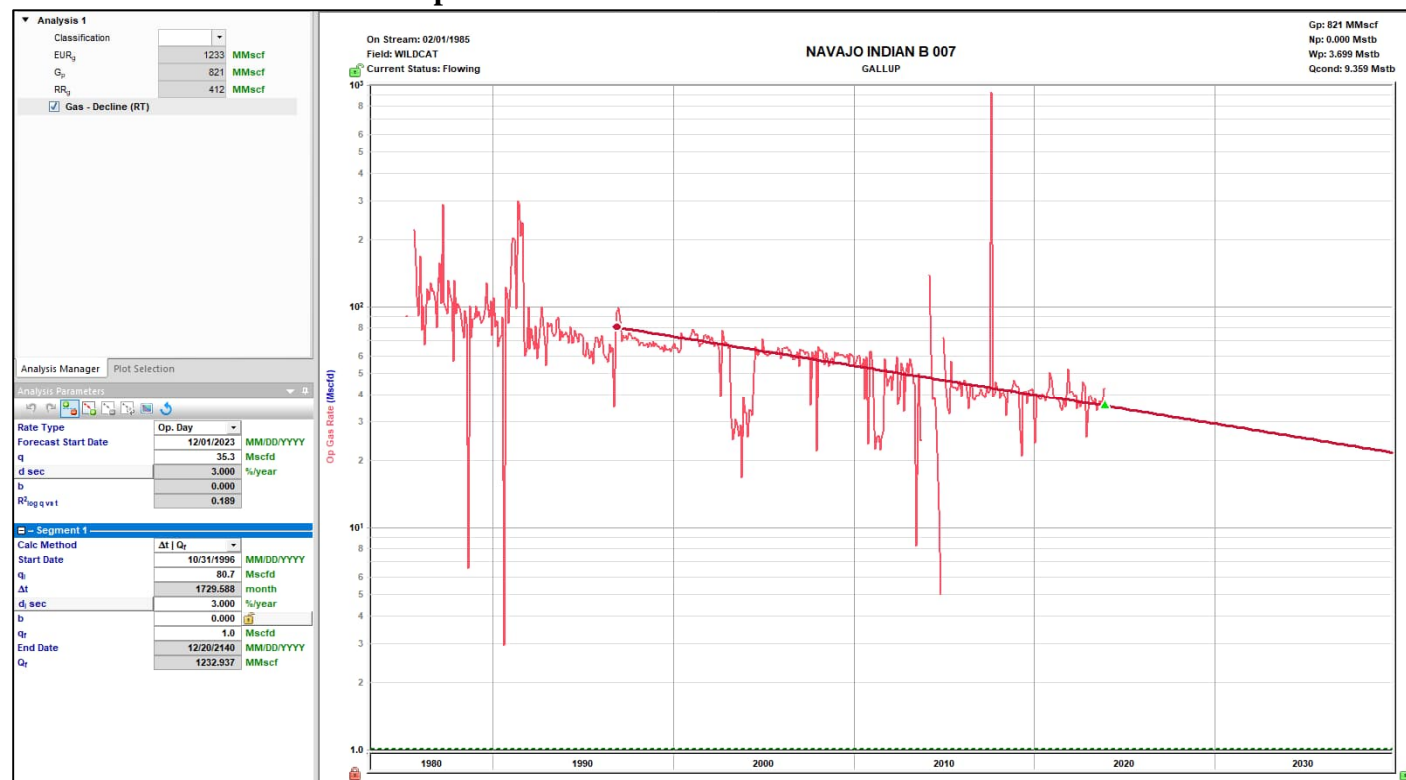
Production Allocation Method – Subtraction

Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Gallup and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the base formation forecasts will be allocated to the new formations.

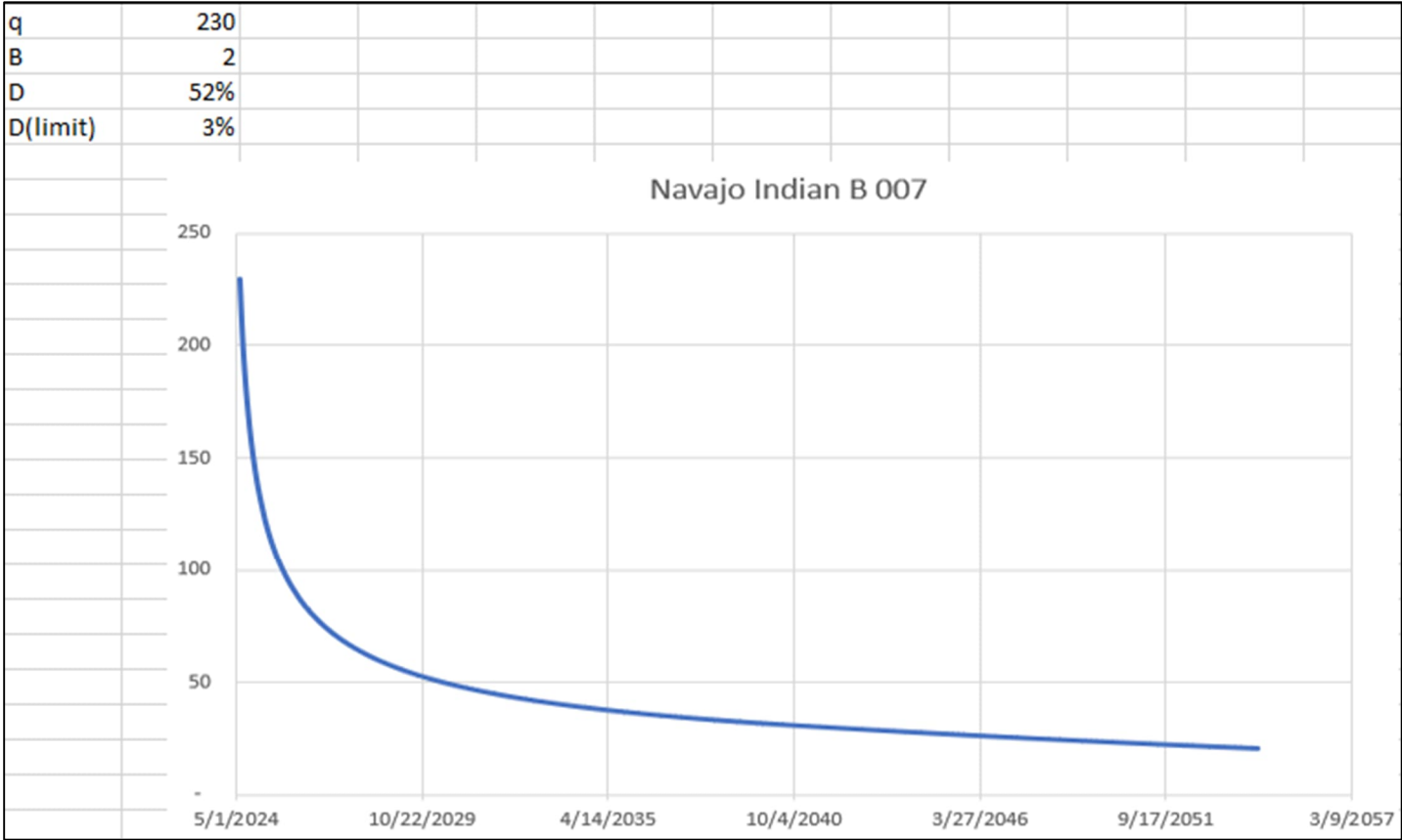
After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage-based allocation.

Current Zone Forecast – Gallup



Average initial production curve in geologic region.

Proposed Zone Forecast – Mesaverde



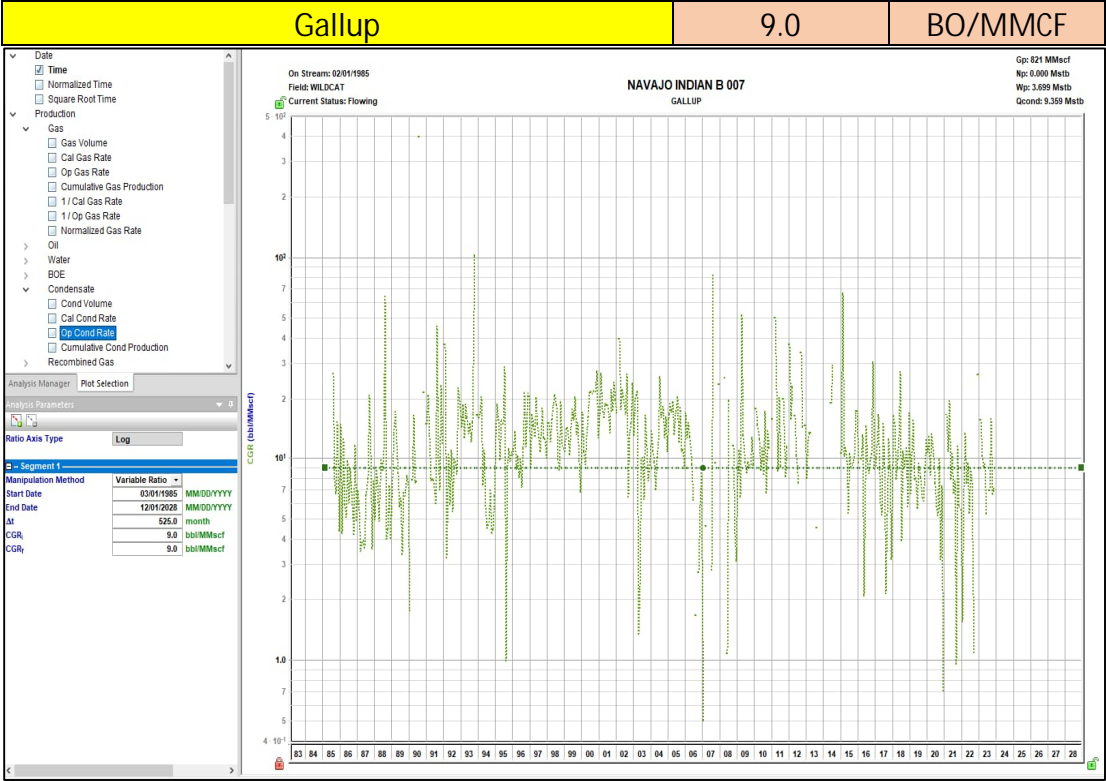
Average initial production curve in geologic region.

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 adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
GL	9.00	412	49%
MV	8.42	451	51%

Current Zone 1 Oil Yield Map



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**

Form C-102
August 1, 2011

Permit 356863

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-26185	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319491	5. Property Name NAVAJO INDIAN B	6. Well No. 007
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6013


10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	19	27N	08W		459	N	529	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 321.44 - W/2			13. Joint or Infill		14. Consolidation Code			15. Order No.	

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

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: **Cherylene Weston**

Title: **Operations/RegulatoryTech-Sr.**

Date: **01/04/2024**

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: **Michael Daly**

Date of Survey: **8/4/1983**

Certificate Number: **5992**

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-26185		Pool Code 96578	Pool Name Wildcat-27N8W19D; Gallup
Property Code 7350	Property Name Navajo Indian "B"		Well Number 7
OGRID No. 14538	Operator Name MERIDIAN OIL INC.		Elevation 6013'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	19	27 N	8 W		459	North	529	West	S.J.

11 Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40.33	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

	Not resurveyed, prepared from a plat dated 8-04-83 by Michael Daly.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Peggy Bradfield Printed Name Regulatory Administrator Title 6-25-96 Date
	19 	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 6-24-96 Date of Survey Signature Certificate Num.

From: [Cheryl Weston](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Mandi Walker](#)
Subject: RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007
Date: Thursday, February 15, 2024 9:14:54 AM
Attachments: [image001.png](#)
[Allottee Lease.pdf](#)

Dean,

Please see attached Allotted Lease that covers the W/2 Section 19, T27N, R8W, as to the Navajo Indian B 7 well.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, February 14, 2024 5:09 PM
To: Cheryl Weston <cweston@hilcorp.com>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

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

Cheryl,

I've reviewed the BLM GIS data and do not see anything contradictory to Hilcorp's position. As such, Hilcorp's assertion that the minerals in the W/2 of section 19 of Township 27 North, Range 8 West are 100% Indian will be fine. Understanding that my verbiage here is different than what you have below; please confirm for me that Hilcorp is in agreement that this is its assertion.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Wednesday, February 14, 2024 7:32 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Mandi Walker <mwalker@hilcorp.com>
Subject: FW: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Dean,

Our Landman has determined that all of the minerals in the above well are in a Navajo Allotted Lease. Therefore, it should be processed similarly to the Navajo B 6.

Thanks,
Cheryl

From: Chuck Creekmore <ccreekmore@hilcorp.com>
Sent: Wednesday, February 14, 2024 7:42 AM
To: Cheryl Weston <cweston@hilcorp.com>
Subject: RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Cheryl:

All of the minerals are in a Navajo Allottee lease # I-149-IND-8468.

Chuck Creekmore
Division Landman
Hilcorp Energy Company
C: 505/320-9910

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Tuesday, February 13, 2024 4:36 PM
To: Chuck Creekmore <ccreekmore@hilcorp.com>; Angela Martinez <Angela.Martinez@hilcorp.com>
Subject: FW: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Chuck,

Is the Navajo Indian B 7 All Tribal Minerals? See below. Dean wants us to file the DHC on a C-107A for rather than a Sundry NOI like the Navajo B 6.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Tuesday, February 13, 2024 4:31 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

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Cheryl,

This is very similar to the Navajo B #6 in that the Division's land search function had returned a result of federal interests. However for the Navajo B #6, Mr. Rankin had conveyed to me that Hilcorp is attesting that the mineral interest was 100% Indian despite the Division's land search function and the GIS data from the BLM had seemed to support Hilcorp's position. As such, that C-103E and the following DHC application were accepted for record rather than reviewed and approved.

It could be that the Division's land search function is incorrect for the Navajo Indian B #7 as well if your landman believes 100% of the W/2 to be Indian interest. If so, then I will look closer at it from the BLM's data to see if that seems to agree. However, if Hilcorp is now in agreement that the W/2 includes federal interest, then we will need to follow the normal procedure for DHC applications as the Division will need to review and Approve/Reject it.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Tuesday, February 13, 2024 3:11 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Dean,

I thought this was very similar to the Navajo B 6 that was a NOI DHC. I re-looked at it and you are right! I will file it first thing tomorrow morning. FYI: This is a Round 1 SJS frac.

Thank you,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Tuesday, February 13, 2024 3:59 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

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Cheryl,

I am reviewing the sundry referenced in the subject line of this email. It appears to be a DHC application which was submitted as a C-103X. The OCD's land search function is returning a determination that the well's spacing unit contains federal minerals in addition to the Indian minerals. If correct, then this application will need to be submitted and approved by the Division per the normal requirements of a DHC. Please review the mineral ownership in the W/2 of section 19, Township 27 North, Range 8 West.

Section : 19-27N-08W

Type: Normal

Total Acres: 641.44

County: San Juan (45)

D (1) Federal ¹ Indian ² (45) 40.33	C (C) Indian ¹ Indian ² (45) 40	B (B) Federal ¹ Federal ² (45) 40	A (A) Federal ¹ Federal ² (45) 40
E (2) Federal ¹ Federal ² (45) 40.35	F (F) Indian ¹ Indian ² (45) 40	G (G) Federal ¹ Federal ² (45) 40	H (H) Federal ¹ Federal ² (45) 40
L (3) Federal ¹ Federal ² (45) 40.37	K (K) Indian ¹ Indian ² (45) 40	J (J) Federal ¹ Federal ² (45) 40	I (I) Federal ¹ Federal ² (45) 40
M (4) Federal ¹ Federal ² (45) 40.39	N (N) Indian ¹ Indian ² (45) 40	O (O) Federal ¹ Federal ² (45) 40	P (P) Federal ¹ Federal ² (45) 40

Note ¹ = Surface Owner Rights

Note ² = Sub-Surface Mineral Rights

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

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District II
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District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 314700

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 314700
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	ACCEPTED FOR RECORD ONLY	2/15/2024
dmcclure	Assigned the designation DHC-5343 for tracking purposes	2/15/2024