

Submit 1 Copy To Appropriate District

Office  
 District I – (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II – (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III – (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV – (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM  
 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised July 18, 2013

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)		WELL API NO. 30-039-20663
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Hilcorp Energy Company		6. State Oil & Gas Lease No. Federal NMSF079394
3. Address of Operator 382 Road 3100, Aztec NM 87410		7. Lease Name or Unit Agreement Name San Juan 27-5 Unit
4. Well Location Unit Letter <u>M</u> , <u>900</u> feet from the <u>South</u> line and <u>840</u> feet from the <u>West</u> line Section <u>33</u> Township <u>27N</u> Range <u>05W</u> NMPM Rio Arriba County		8. Well Number 169
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6486' GL		9. OGRID Number 372171
		10. Pool name or Wildcat Blanco MV/Basin MC/Basin DK

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 recomple the subject well in the Blanco Mesaverde (pool 72319) / Basin Mancos (pool 97232) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde and Mancos. The production will be commingled per Oil Conservation Division Order Number 11363. Allocation and methodology will be provided after the well is completed. 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 - 4120' – 5800'; MC – 6531' – 6903'; DK - 7398' - 7582' **These perforations are in TVD.**

As referenced in Order # **R-13764** 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 Cherylene Weston TITLE Operations/Regulatory Technician Sr. DATE 10/19/2023

Type or print name Cherylene Weston E-mail address: cweston@hilcorp.com PHONE: 713-289-2615

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any):

## San Juan 27-5 Unit 169 Allocation

The forecasts for Mancos and Mesaverde production have 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:

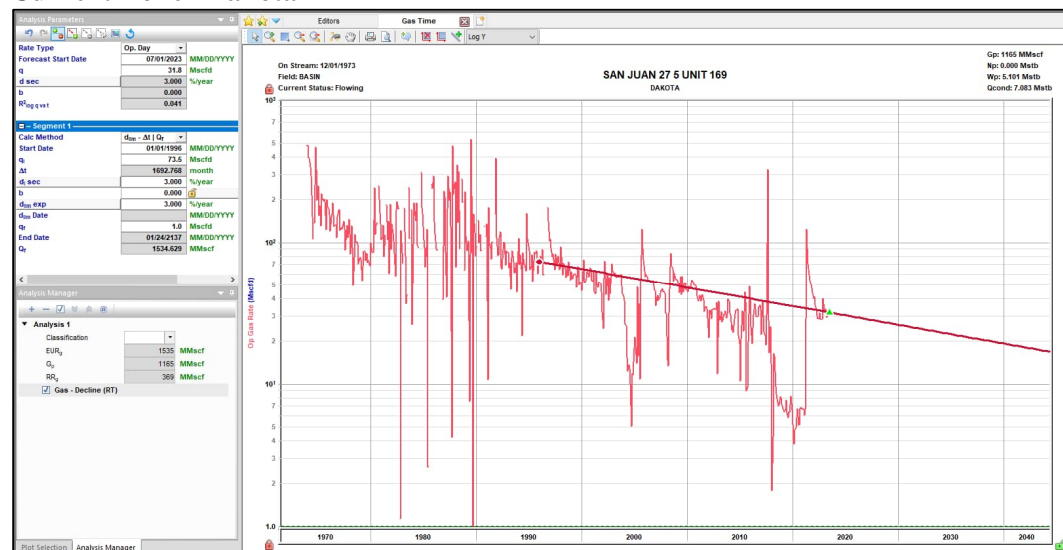
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be trimmingle are the Mancos and Mesaverde. The subtraction method applies an average monthly production forecast to the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

New zones will be allocated using a fixed allocation. Forecasted rates for MC and MV are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MC and MV is based on the ratio of forecasted reserves as shown in the table below.

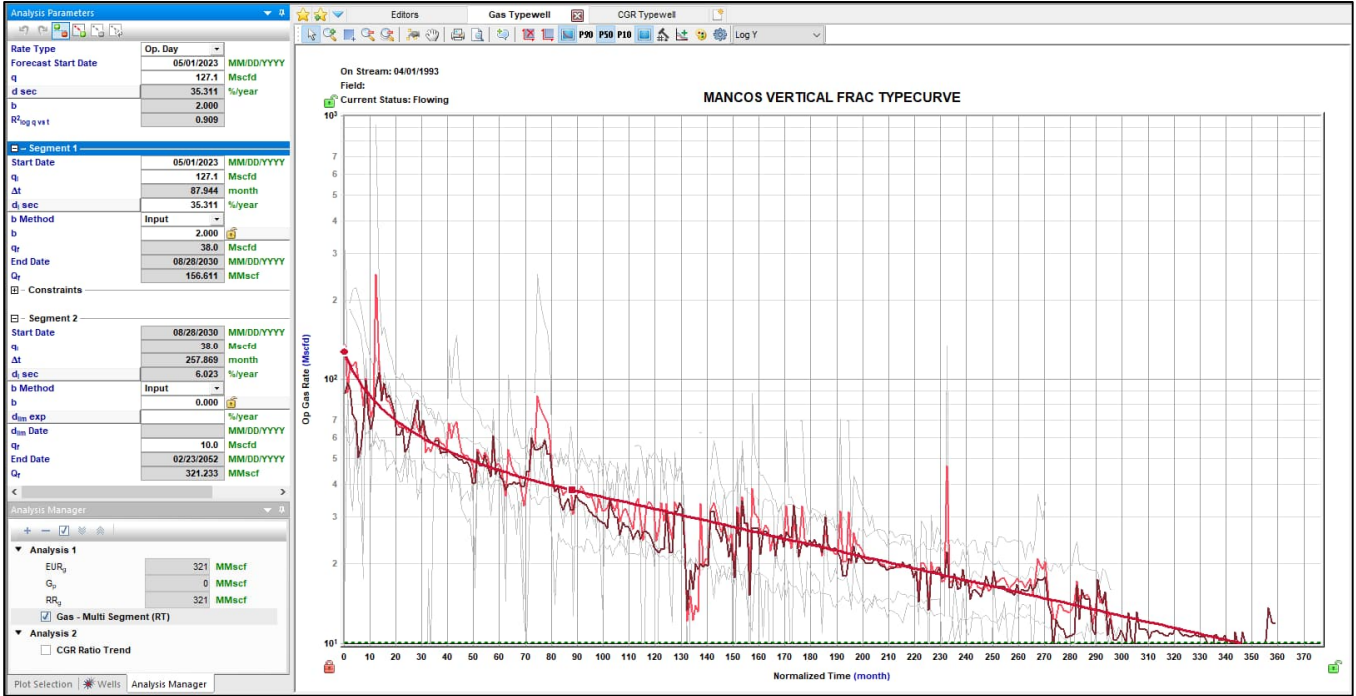
Formation	Forecasted Reserves (MMcf)	% Gas Allocation
Mancos	321	25%
Mesaverde	953	75%

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

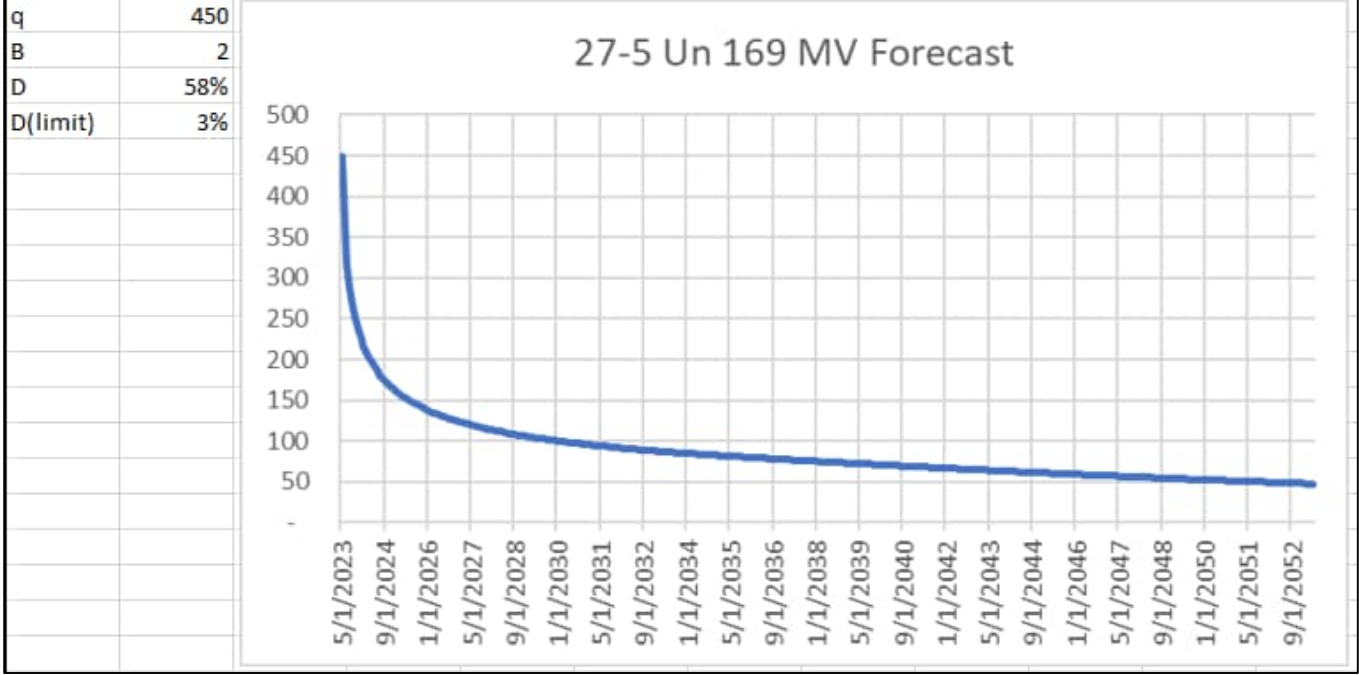
### Current Zone– Dakota



Proposed Zone 1 Forecast - Mancos



Proposed Zone 2 – Mesaverde

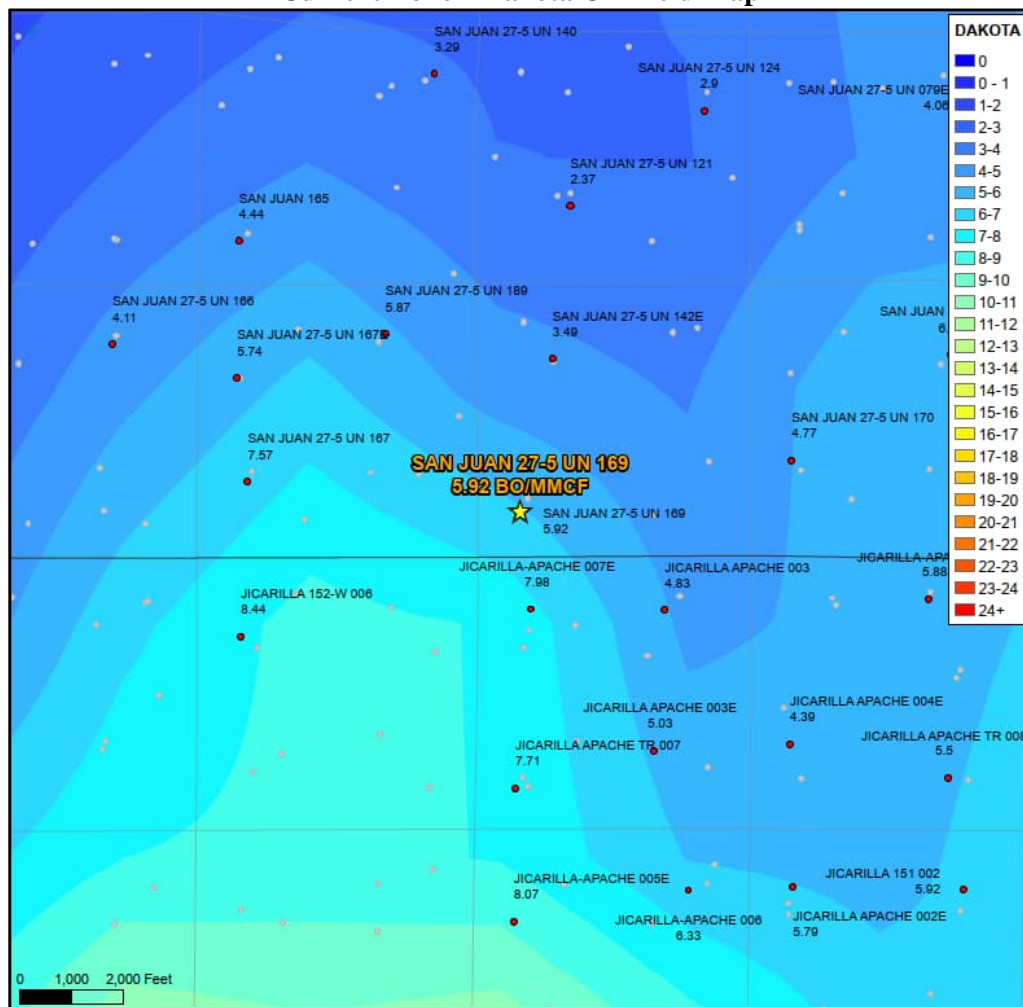


## Oil Allocation:

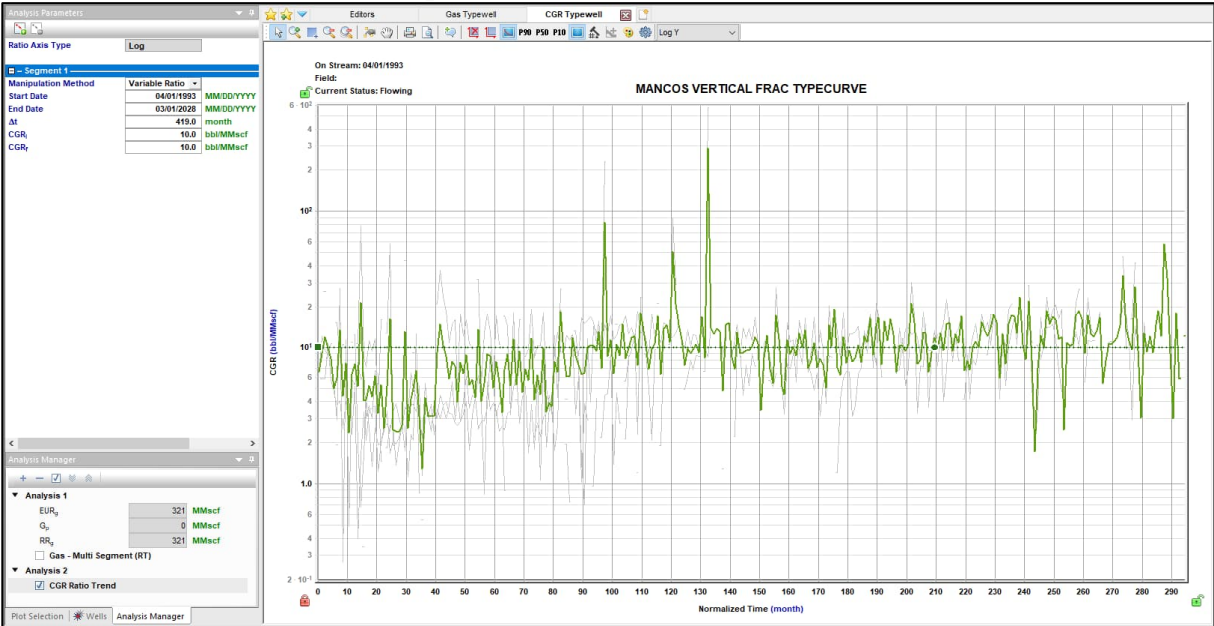
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining or Forecasted Reserves (MMcf)	% Oil Allocation
DK	5.92	369	26%
MC	10	321	38%
MV	3.17	953	36%

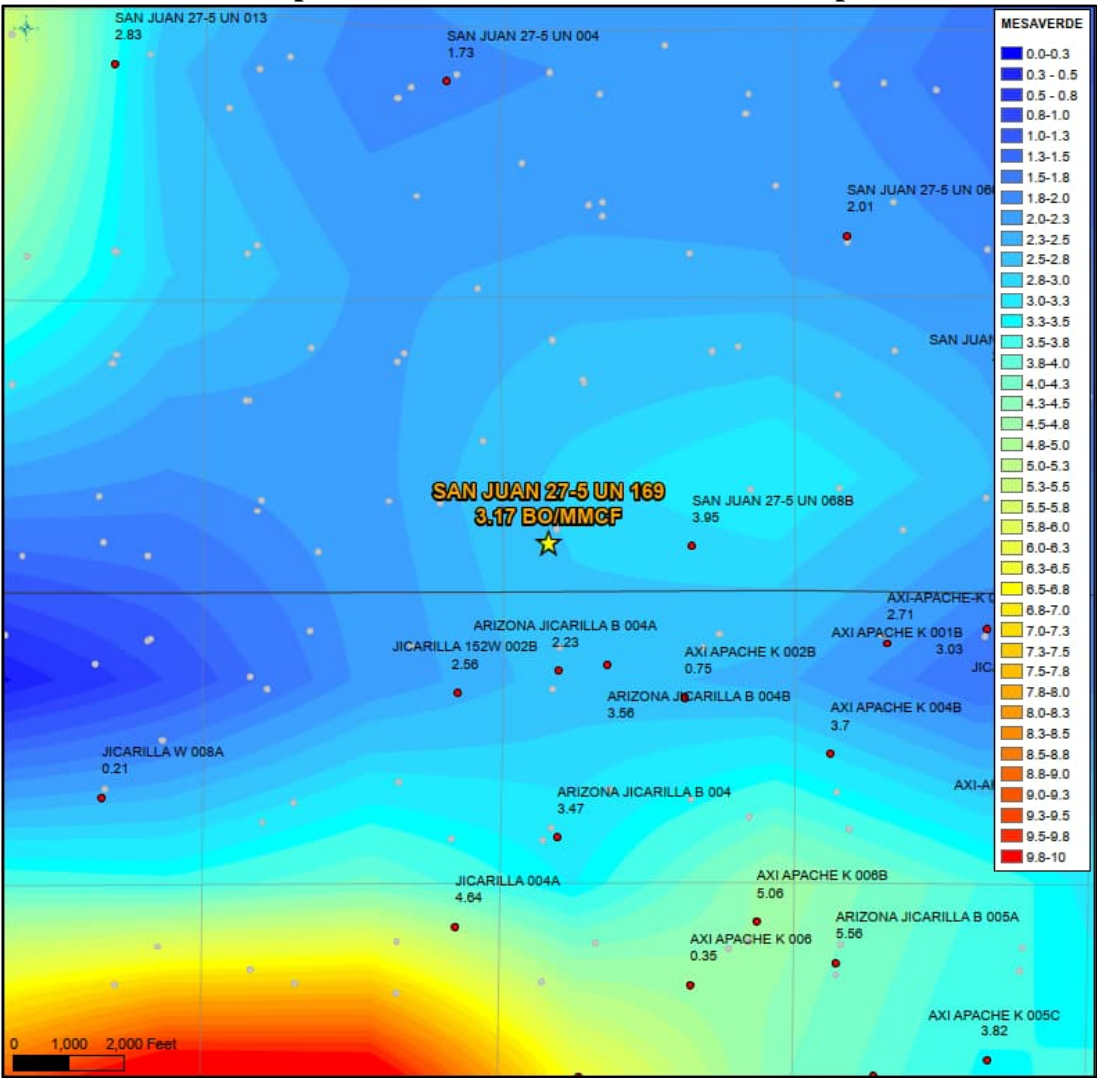
Current Zone – Dakota Oil Yield Map



Proposed Zone 1 – Mancos Oil Yield



Proposed Zone 2 - Mesaverde Oil Yield Map





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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 344225

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-20663	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319210	5. Property Name SAN JUAN 27 5 UNIT	6. Well No. 169
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6486

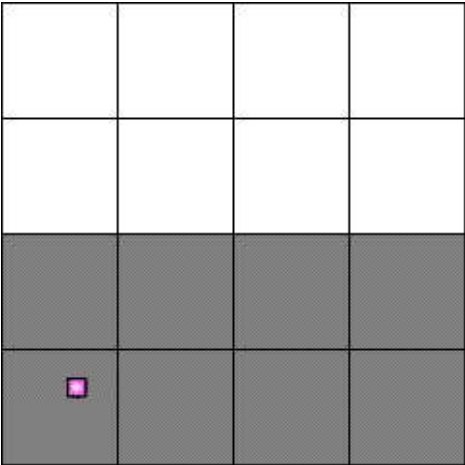
**10. Surface Location**

UL - Lot M	Section 31	Township 27N	Range 05W	Lot Idn	Feet From 900	N/S Line S	Feet From 840	E/W Line W	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 319.50	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: <i>Cherylene Weston</i>  Title: Cherylene Weston  Date: 07/06/2023</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: David Kilven  Date of Survey: 6/1/1973  Certificate Number: 1760</p>
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**Energy, Minerals and Natural**  
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**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
August 1, 2011

Permit 344225

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-20663	2. Pool Code 97232	3. Pool Name BASIN MANCOS
4. Property Code 319210	5. Property Name SAN JUAN 27 5 UNIT	6. Well No. 169
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6486

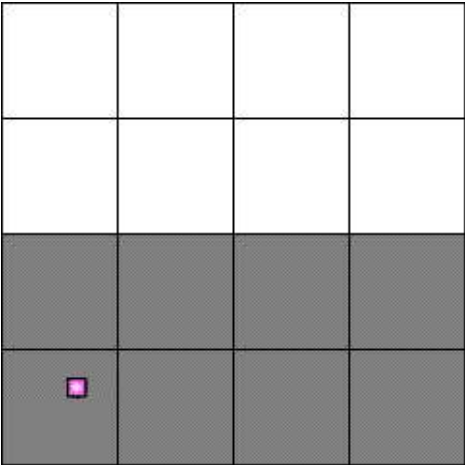
**10. Surface Location**

UL - Lot M	Section 31	Township 27N	Range 05W	Lot Idn	Feet From 900	N/S Line S	Feet From 840	E/W Line W	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 319.50	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: <i>Cherylene weston</i>  Title: Cherylene Weston  Date: 07/06/2023</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: David Kilven  Date of Survey: 6/1/1973  Certificate Number: 1760</p>
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NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-112  
Supersedes O-123  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

EL PASO NATURAL GAS COMPANY		SAN JUAN 27-5 UNIT (SF-079394)		Section 169
Tract Letter <b>M</b>	Section <b>33</b>	Township <b>27-N</b>	Range <b>5-W</b>	County <b>RIO ARriba</b>
Acres of the Section: <b>900</b>				
Line and Distance from the <b>SOUTH</b> line and <b>840</b> feet from the <b>WEST</b> line				
Ground Elev. <b>6486</b>	For Section Boundary <b>DAKOTA</b>	Pool <b>BASIN DAKOTA</b> ✓	Acres <b>320.89</b>	

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

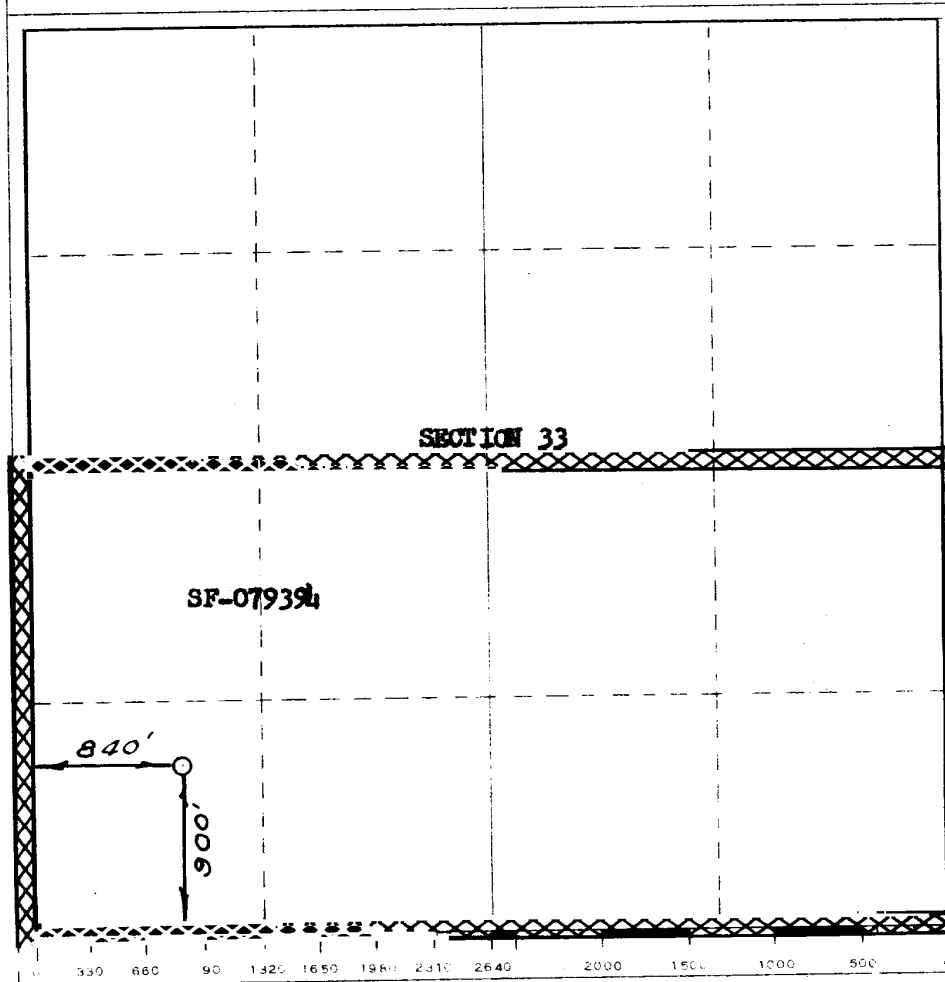
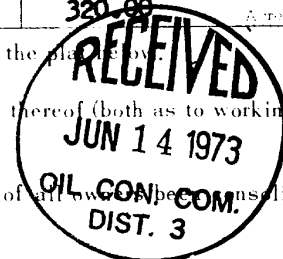
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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

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

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Original Signed by  
**D. G. Brisco**

I am  
**Drilling Clerk**

For  
**El Paso Natural Gas Company**

Date  
**June 12, 1973**

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

**JUNE 1, 1973**

Signature  
*David Wilson*

1760



**From:** [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)  
**To:** [Cheryl Weston](#); [Mandi Walker](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Roberts, Kelly, EMNRD](#); [Rikala, Ward, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Paradis, Kyle O](#); [dmankiew@blm.gov](mailto:dmankiew@blm.gov)  
**Subject:** Approved Administrative Order DHC-5353  
**Date:** Friday, April 19, 2024 2:01:30 PM  
**Attachments:** [DHC5353 Order.pdf](#)

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NMOCD has issued Administrative Order DHC-5353 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

**Well Name:** **San Juan 27 5 Unit #169**

**Well API:** **30-039-20663**

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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:** [Cheryl Weston](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Subject:** RE: [EXTERNAL] RE: Application ID: 277829; DHC-5353  
**Date:** Friday, April 19, 2024 11:10:59 AM  
**Attachments:** [SJ 27-5 Unit 169 MV C102.pdf](#)

---

Dean,

The W/2 MV C-102 is attached.

Cheryl

---

**From:** McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>  
**Sent:** Friday, April 19, 2024 11:29 AM  
**To:** Cheryl Weston <cweston@hilcorp.com>  
**Subject:** [EXTERNAL] RE: Application ID: 277829; DHC-5353

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

Cheryl,

I believe this may be another one which is relatively easy to correct. It appears that the C-102 for the MV included in the packet is for the S/2 of the section where in it **should be for the W/2 instead.**

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

---

**From:** McClure, Dean, EMNRD  
**Sent:** Thursday, April 18, 2024 10:33 AM  
**To:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Subject:** Application ID: 277829; DHC-5353

Cheryl,

It appears that the MV C-102 within the provided PDF is incorrect. Please re-evaluate and provide an amended C-102.

Dean McClure  
Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department  
(505) 469-8211

---

**From:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Sent:** Thursday, November 9, 2023 2:53 PM  
**To:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Subject:** RE: [EXTERNAL] The Oil Conservation Division (OCD) has rejected the application, Application ID: 280040

Dean,

Here is the DHC application packet with the corrected C-102's inserted in place of the incorrect ones (Action ID: 277829). The dropdown selection was tricky to get it to update to Section 33.

Thanks,  
Cheryl

---

**From:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Sent:** Thursday, November 9, 2023 3:19 PM  
**To:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Subject:** RE: [EXTERNAL] The Oil Conservation Division (OCD) has rejected the application, Application ID: 280040

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

If the C-102s are wrong in the DHC, then please email me the corrected versions

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

---

**From:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Sent:** Thursday, November 9, 2023 2:17 PM  
**To:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Subject:** FW: [EXTERNAL] The Oil Conservation Division (OCD) has rejected the application, Application ID: 280040

Dean,

The C-102s were corrected and the RC NOI was resubmitted under Action ID: 284393.

Do you want me to resubmit the DHC also, or just email you the corrected C-102's?

Thanks,  
Cheryl

---

**From:** [OCDOnline@state.nm.us](mailto:OCDOnline@state.nm.us) <[OCDOnline@state.nm.us](mailto:OCDOnline@state.nm.us)>

**Sent:** Tuesday, November 7, 2023 1:44 PM

**To:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>

**Subject:** [EXTERNAL] The Oil Conservation Division (OCD) has rejected the application, Application ID: 280040

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

To whom it may concern (c/o Cheryl Weston for HILCORP ENERGY COMPANY),

The OCD has rejected the submitted *NOI - Work to Perform a Downhole Commingle or Re-Complete to add Completion* (C-103E), for API number (30-#) 30-039-20663, for the following reasons:

- **Please correct the C-102s and resubmit.**

The rejected C-103E can be found in the OCD Online: Permitting - Action Status, under the Application ID: 280040.

Please review and make the required correction(s) prior to resubmitting.

If you have any questions why this application was rejected or believe it was rejected in error, please contact me prior to submitting an additional C-103E.

Thank you,  
Dean McClure  
Petroleum Specialist - A  
505-469-8211  
[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)

**New Mexico Energy, Minerals and Natural Resources Department**  
1220 South St. Francis Drive  
Santa Fe, NM 87505

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

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Form C-102  
August 1, 2011

Permit 362102

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-20663	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318920	5. Property Name SAN JUAN 27 5 UNIT	6. Well No. 169
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6486

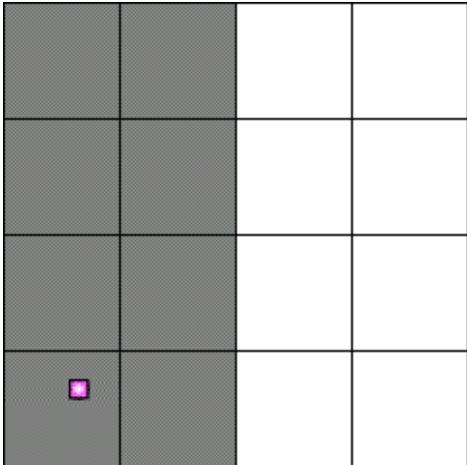
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UL - Lot M	Section 33	Township 27N	Range 05W	Lot Idn	Feet From 900	N/S Line S	Feet From 840	E/W Line W	County RIO ARRIBA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00 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**

	<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: <u>Cherylene Weston</u>  Title: Operations/Regulatory Tech-Sr.  Date: 11/9/2023</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: David Kilven  Date of Survey: 6/1/1973  Certificate Number: 1760</p>
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**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING  
SUBMITTED BY HILCORP ENERGY COMPANY**

**ORDER NO. DHC-5353**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Hilcorp Energy Company ("Applicant") submitted a complete application ("Application") to downhole commingle the pools described in Exhibit A ("the Pools") within the well bore of the well identified in Exhibit A ("the Well").
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-13764.
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

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.

### **ORDER**

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil production from the Well to each of the Pools until a different plan to allocate oil production is approved by OCD. Of the oil production from the Well:
  - a. thirty-six percent (36%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319);
  - b. thirty-eight percent (38%) shall be allocated to the BASIN MANCOS pool (pool ID: 97232); and
  - c. twenty-six percent (26%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

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 BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
- b. the BASIN MANCOS pool (pool ID: 97232).

The current pool(s) are:

- a. the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Until a different plan to allocate gas production is approved by OCD, of the gas production allocated to the new pools:

- a. seventy-five percent (75%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
- b. twenty-five percent (25%) shall be allocated to the BASIN MANCOS pool (pool ID: 97232).

Applicant shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall terminate on the date of such action. If OCD approves the percentage allocation plan with

or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

3. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
4. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
5. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
6. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
**DYLAN M. FUGE  
DIRECTOR (ACTING)**

**DATE:** 4/19/24

State of New Mexico  
Energy, Minerals and Natural Resources Department

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## Exhibit A

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Order: **DHC-5353**

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

Well Name: **San Juan 27 5 Unit #169**

Well API: **30-039-20663**

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Pool Name: **BLANCO-MESAVERDE (PRORATED GAS)**

Upper Zone

Pool ID: **72319**

Current:

New: **X**

Allocation:

Oil: **36.0%**

Gas: **75.0%**

Top: **4,120**

Bottom: **5,800**

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Pool Name: **BASIN MANCOS**

Intermediate Zone

Pool ID: **97232**

Current:

New: **X**

Allocation:

Oil: **38.0%**

Gas: **25.0%**

Top: **6,531**

Bottom: **6,903**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **NO**

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Pool Name: **BASIN DAKOTA (PRORATED GAS)**

Lower Zone

Pool ID: **71599**

Current: **X**

New:

Allocation:

Oil: **26.0%**

Gas: **curve**

Top: **7,398**

Bottom: **7,582**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **NO**

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**District I**  
1625 N. French Dr., Hobbs, NM 88240  
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**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS  
  
Action 277829

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 277829
	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.	4/19/2024