

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

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-039-22762
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. NMSF078503
3. Address of Operator 382 Road 3100, Aztec, NM 87410		7. Lease Name or Unit Agreement Name San Juan 29-7 Unit
4. Well Location Unit Letter <u>L</u> : <u>2190</u> feet from the <u>South</u> line and <u>550</u> feet from the <u>West</u> line Section <u>19</u> Township <u>29N</u> Range <u>07W</u> NMPM County <u>Rio Arriba</u>		8. Well Number <u>117</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6712' GL		9. OGRID Number 372171
		10. Pool name or Wildcat Blanco Mesaverde / Basin Dakota

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

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>	P AND A <input type="checkbox"/>
CLOSED-LOOP SYSTEM <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <input type="checkbox"/>	OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to recomplete the subject well in the Blanco-Mesaverde (Pool 72319) and downhole commingle with the existing Basin Dakota (Pool 71599). 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: 4370' – 6087' and DK: 7661' – 7883'.** These perforations are in TVD.

As referenced in Order # R-10697, 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 DATE 4/23/2024

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

For State Use Only

APPROVED BY: Dean R. McClure TITLE Petroleum Engineer DATE _____

Conditions of Approval (if any):

DHC-4978 is superseded by this approval and is no longer in effect.

CONDITIONS OF APPROVAL

If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.

If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

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

The Operator 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, the Operator 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 the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit 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.

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 262891

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-22762	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318713	5. Property Name SAN JUAN 29 7 UNIT	6. Well No. 117
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6712

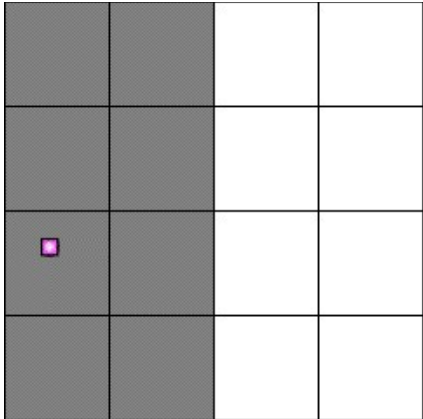
10. Surface Location

UL - Lot L	Section 19	Township 29N	Range 07W	Lot Idn 7	Feet From 2190	N/S Line S	Feet From 550	E/W Line W	County RIO ARRIBA
---------------	---------------	-----------------	--------------	--------------	-------------------	---------------	------------------	---------------	----------------------

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 238.88 - 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;">OPERATOR CERTIFICATION</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: Cherylene Weston Title: Operations/Regulatory Tech-Sr. Date: 01/19/2024</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: FRED B. KERR, JR. Date of Survey: 9/9/1980 Certificate Number: 3950</p>
--	--

STATE OF NEW MEXICO

P. O. BOX 2088

Form C-107
Revised 10-

ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

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

Operator EL PASO NATURAL GAS COMPANY			Lease SAN JUAN 29-7 UNIT (SF-078503)		Well No. 117
Unit Letter L	Section 19	Township 29N	Range 7W	County Rio Arriba	
Actual Footage Location of Well: 2190 feet from the South line and 550 feet from the West line					
Ground Level Elev. 6712	Producing Formation DAKOTA		Pool BASIN DAKOTA	Dedicated Acreage: 361.64 Acres	

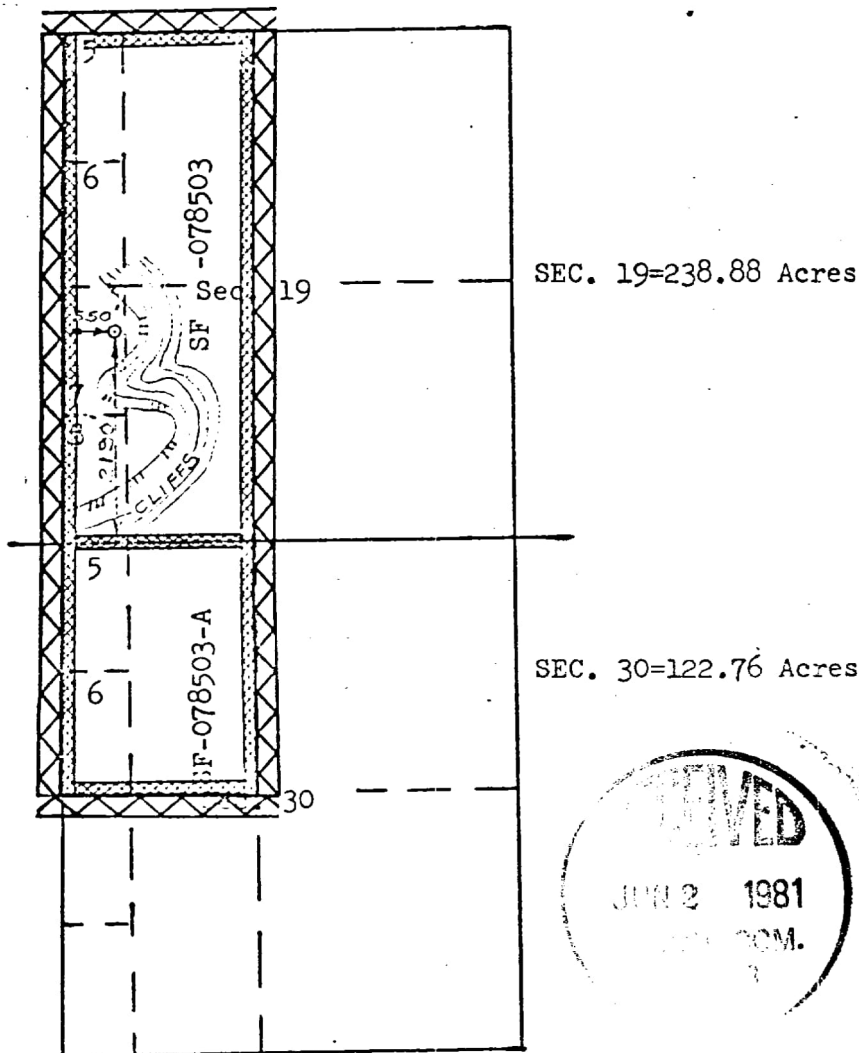
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

dated 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. 6-1-1981 PLAT REISSUED TO SHOW CHANGE IN DEDICATED ACREAGE.



CERTIFICATION

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

D. G. Busco

Name

Drilling Clerk

Position

El Paso Natural Gas Company

Company

June 2, 1981

Date

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

Date Surveyed

September 2, 1980

Registered Professional Surveyor and Land Surveyor

Fred B. Kerr, Jr.

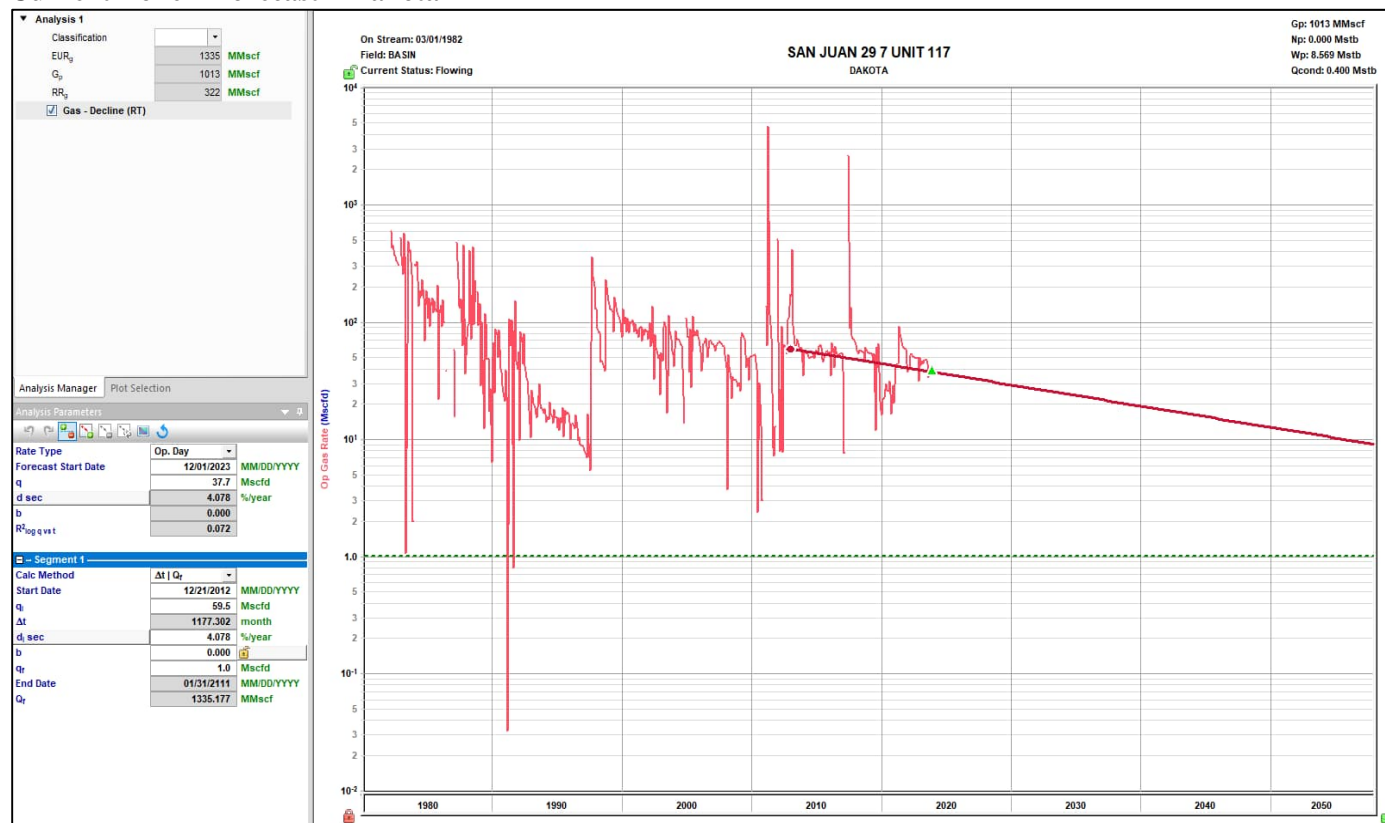
Certificate No. B. KERR, JR. 3950

San Juan 29-7 Unit 117 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 formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the base formation 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.

Current Zone 1 Forecast – Dakota



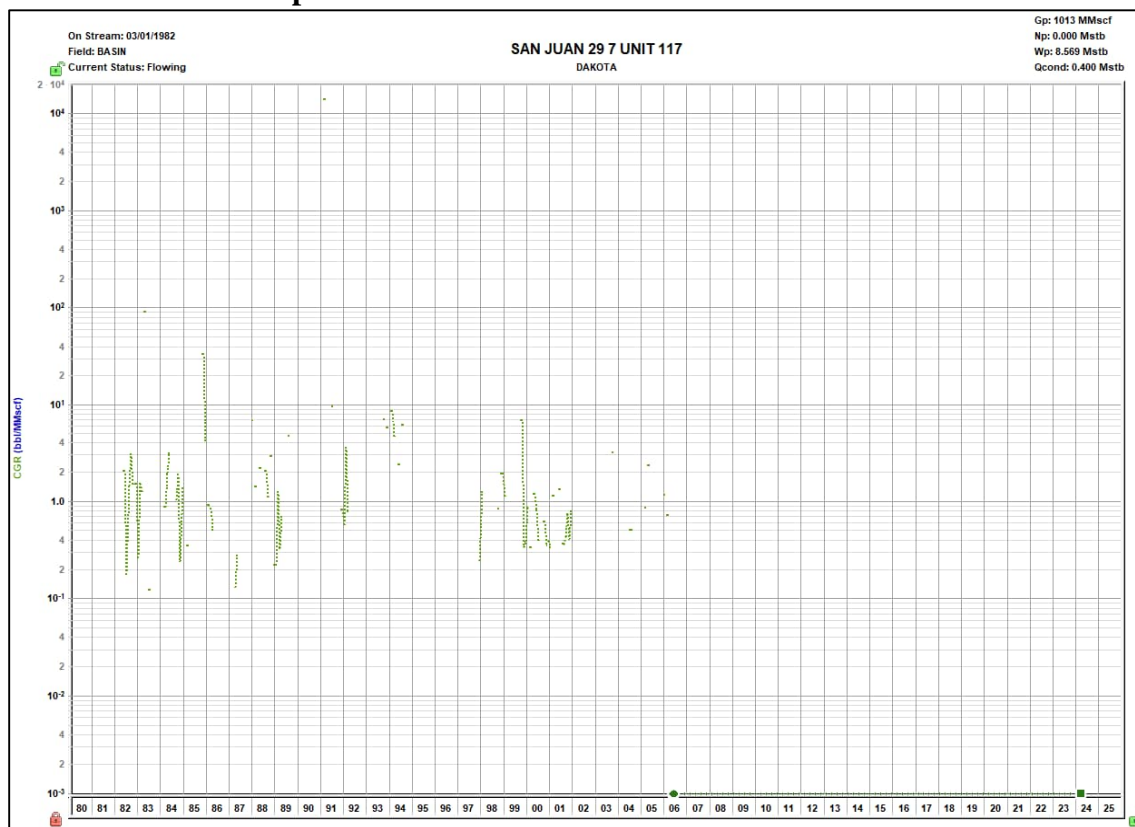
Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. The Dakota has historically not produced oil. If the well produces oil, it will be allocated 100% to the Mesaverde.

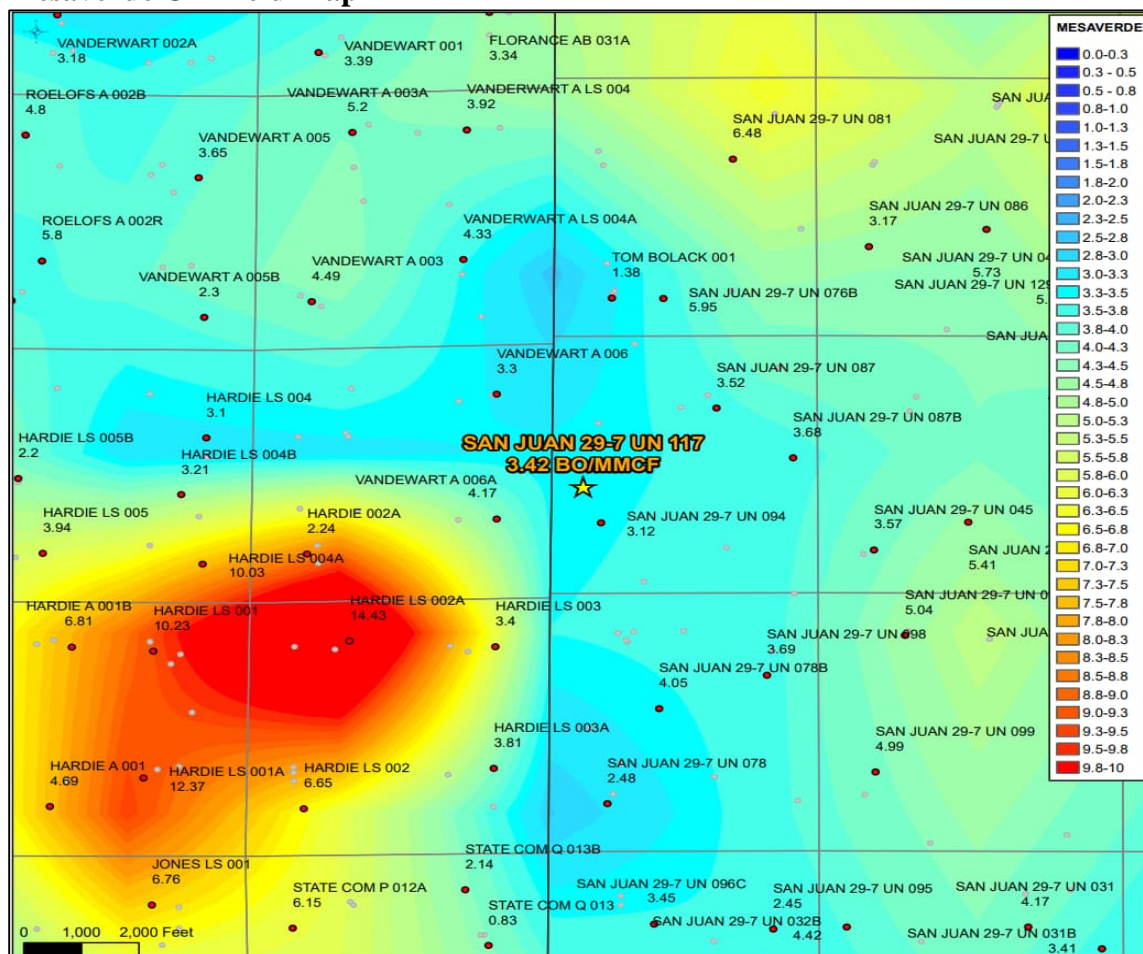
After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation. All documentation will be submitted to NMOCD.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.00	322	0%
MV	3.42	476	100%

Dakota Oil Yield Map



Mesaverde Oil Yield Map



From: [Cheryl Weston](#)
To: [McClure, Dean, EMNRD](#); [Mandi Walker](#)
Subject: Fwd: [EXTERNAL] Action ID: 313116; DHC-5386
Date: Monday, May 20, 2024 7:43:18 AM

Dean,

Please see below statement from the reservoir engineer.

Thanks,
Cheryl

Get [Outlook for iOS](#)

From: Marcus Hill <Marcus.Hill@hilcorp.com>
Sent: Monday, May 20, 2024 7:39:24 AM
To: Cheryl Weston <cweston@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>; Matthew Esz <Matthew.Esz@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 313116; DHC-5386

Hi Cheryl,

The SJ 29-7 117 hasn't produced oil since March 2006 and it was 1 bbl for the month. Thus, we are not allocating oil to it going forward.

Thanks,
Marcus

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Sunday, May 19, 2024 10:10 PM
To: Marcus Hill <Marcus.Hill@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>; Matthew Esz <Matthew.Esz@hilcorp.com>
Subject: FW: [EXTERNAL] Action ID: 313116; DHC-5386

Marcus,

I just saw this. Please see below request.

Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Thursday, May 16, 2024 12:22 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: [EXTERNAL] Action ID: 313116; DHC-5386

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 Division is reviewing the following application:

Action ID	313116
Admin No.	DHC-5386
Applicant	Hilcorp Energy Company (372171)
Title	San Juan 29 7 Unit #117
Sub. Date	2/9/2024

Please provide the following additional supplemental documents:

-

Please provide additional information regarding the following:

- It appears that Hilcorp is proposing an oil allocation of 0% to the DK; however, based upon the graph titled "Dakota Oil Yield Map", it appears that the yield for the DK in the area is greater than the 0.00 bbl per MMCF that is referenced in the oil allocation table. Please review Hilcorp's proposed allocation and provide a supplemental document with an amended table or graph, whichever is incorrect.

Additional notes:

-

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

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

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.

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

Action 313116

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 313116
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	DHC-4978 is superseded by this approval and is no longer in effect.	5/20/2024
dmcclure	If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.	5/20/2024
dmcclure	If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.	5/20/2024
dmcclure	If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.	5/20/2024
dmcclure	The Operator 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, the Operator 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 the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit 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.	5/20/2024