

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

DHC-5428

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.) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		WELL API NO. 30-039-24294
2. Name of Operator Hilcorp Energy Company		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator 382 Road 3100, Aztec, NM 87410		6. State Oil & Gas Lease No. E-5111-7
4. Well Location Unit Letter <u>K</u> : <u>1711</u> feet from the <u>South</u> line and <u>1527</u> feet from the <u>West</u> line Section <u>36</u> Township <u>029N</u> Range <u>007W</u> NMPM County <u>RIO ARRIBA</u>		7. Lease Name or Unit Agreement Name SAN JUAN 29-7 UNIT NP
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6819' GL		8. Well Number 516
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"/> SIDETRACK	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 drill and complete the subject well in the Blanco Mesaverde (pool 72319) and Basin Dakota (pool 71599). The production will be commingled per Oil Conservation Division Order Number 11363. Commingling will not reduce the value of the production. The State of New Mexico has been notified in writing of this application.

Proposed perforations: MV 5,500-6,592' MD (5196'-6271' TVD) & DK 8,174'-8,500' MD (7852'-8178' TVD)

Hilcorp Energy will use a spinner method using the attached procedure. We will run this procedure after initial completion, 3 months, 6 months and 12 months to ensure allocations are stabilizing. Annual spinners will be ran until the allocations have stabilized, at which point a fixed allocation will be provided.

As referred 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 Tech-Sr. DATE 10/29/2024

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 11/08/2024

Conditions of Approval (if any)

CONDITIONS OF APPROVAL

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

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

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

The Operator shall utilize production logs to allocate gas production from the Well to each of the Pools. Once the gas allocation is determined, the Operator shall then consider the gas oil ratio for each pool to allocate oil production from the Well to each of the Pools. The Operator shall conduct a production log:

- a. following the initial completion;
- b. three (3) months after the initial completion;
- c. six (6) months after the initial completion;
- d. twelve (12) months after the initial completion;
- e. annually thereafter until the allocation has stabilized; and
- f. additionally, as directed by OCD.

No later than ninety (90) days after conducting each production log, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the results of the production log and the oil and gas allocations for each of the Pools. Upon request from OCD, the Operator shall provide documentation supporting the allocations and if OCD determines that the allocations are inaccurate, the Operator shall proceed as directed by OCD.

Once the allocations have stabilized, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes a tabulation of the oil and gas allocation following each of the conducted production logs and a proposed fixed percentage for allocating the oil and gas production from the Well to each of the Pools. If OCD approves the proposed fixed percentage, then the Operator shall allocate accordingly. If OCD denies the proposed fixed percentage, then the Operator shall continue conducting annual production logs.

A production log shall consist of either using a turbine/spinner flowmeter to determine the stabilized flow rate from each of the Pools under normal operating conditions or by another method OCD has specifically approved.

District I
1625 N. French Drive, Hobbs, NM 88240
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811 S. First Street, Artesia, NM 88210
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District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-24294	² Pool Code 72319	³ Pool Name BLANCO MESAVERDE
⁴ Property Code 318714	⁵ Property Name SAN JUAN 29-7 UNIT NP	⁶ Well Number 516
⁷ GRID No. 372171	⁸ Operator Name HILCORP ENERGY COMPANY	⁹ Elevation 6819'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	36	29N	7W		1711	SOUTH	1527	WEST	RIO ARriba

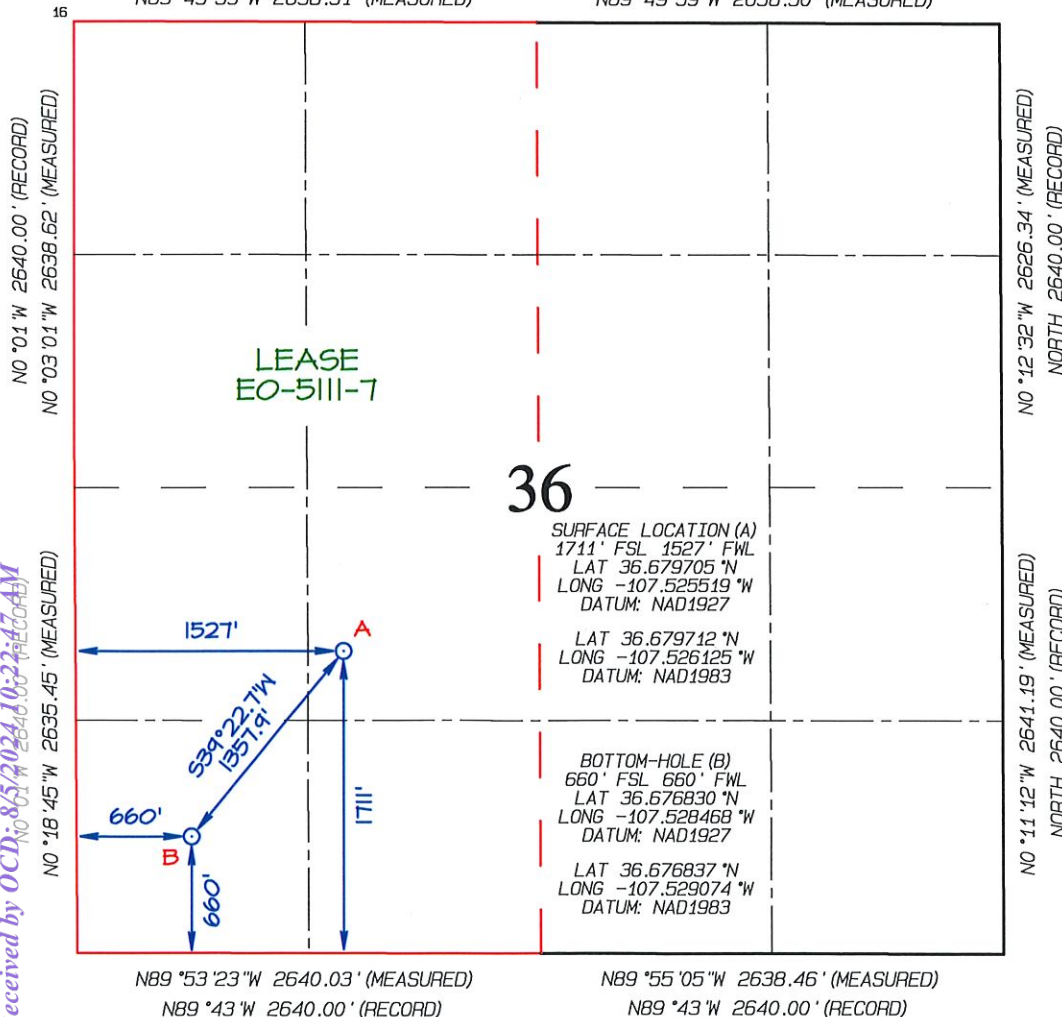
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	36	29N	7W		660	SOUTH	660	WEST	RIO ARriba

¹² Dedicated Acres 320.00	W/2 - Section 36	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

N89°46'W 2641.98' (RECORD) N89°46'W 2641.98' (RECORD)
N89°49'59"W 2638.51' (MEASURED) N89°49'59"W 2638.50' (MEASURED)



¹⁷ 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 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.

Cherylene Weston 6/25/2024
Signature Date
Cheryl Weston, Ops/Regulatory Tech
Printed Name
cweston@hilcorp.com
E-mail Address

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.

Date Revised: MAY 8, 2024
Date of Survey: MAY 3, 2024

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

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State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

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Appropriate District Office

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-24294		*Pool Code 71599	*Pool Name BASIN DAKOTA
*Property Code 318714	*Property Name SAN JUAN 29-7 UNIT NP		*Well Number 516
*GRID No. 372171	*Operator Name HILCORP ENERGY COMPANY		*Elevation 6819'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	36	29N	7W		1711	SOUTH	1527	WEST	RIO ARriba

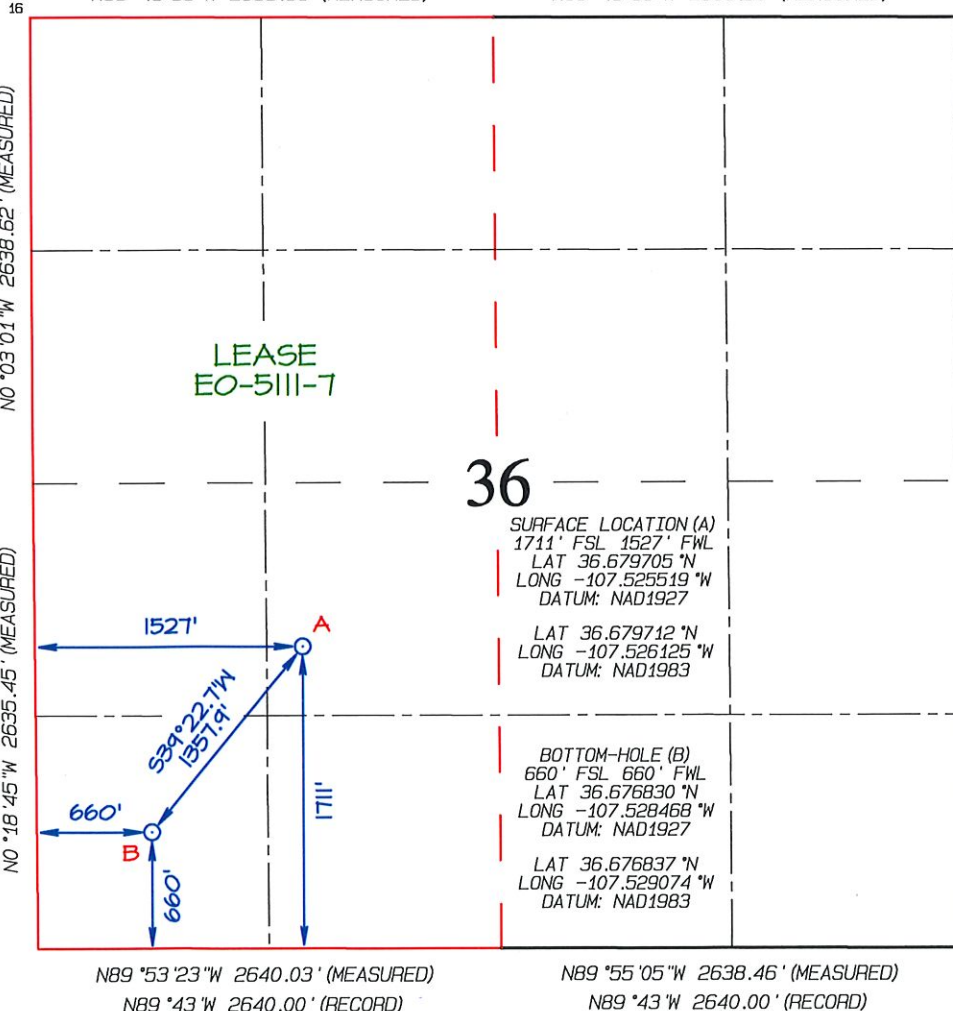
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	36	29N	7W		660	SOUTH	660	WEST	RIO ARriba

¹² Dedicated Acres 320.00	W/2 - Section 36	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

N89°46'W 2641.98' (RECORD) N89°46'W 2641.98' (RECORD)
N89°49'59"W 2638.51' (MEASURED) N89°49'59"W 2638.50' (MEASURED)



¹⁷ OPERATOR CERTIFICATION

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Cherylne Weston 6/25/2024

Signature Date

Cheryl Weston, Ops/Regulatory Tech

Printed Name

cweston@hilcorp.com

E-mail Address

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.

Date Revised: MAY 8, 2024
Date of Survey: MAY 3, 2024

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

REVENUE ALLOCATION PROCEDURE

DAKOTA/MESAVERDE WELLS

- 1.) Frac and flowback the Dakota formation
- 2.) Frac and flowback and clean up Mesaverde formation
- 3.) Stabilize MV flow up casing against area line pressure
- 4.) Record a MV flow rate through a choke using an orifice meter
- 5.) Drill out bridge plug over DK formation
- 6.) Cleanup DK formation
- 7.) Run Spinner production profile across Dakota formation
- 8.) Add MV flow rate from previous test to DK flow rate from spinner to get total flow
- 9.) Allocation is based upon MV or DK rates as a percentage of total flow

Once allocation is established, it will be used for the life of the well. Below is a summary of how the testing is performed.

Field Test (Spinner Method)

Summary

This example covers the procedure used to allocate production using the spinner method with field tests. This method was used by ConocoPhillips prior to the Burlington Resources acquisition and has been chosen as the preferred allocation method on all future Mesaverde/ Dakota commingled wells. The allocation is based on two separate tests. The first is a stabilized rate test on the Mesaverde up the casing-tubing annulus with line pressure simulated by a choke at the surface. The second test is performed by running a production log over the Dakota interval. The rate from each layer is used in a simple calculation to determine the contribution percentage.

Procedure

Allocation testing is performed after the well has been completed. A composite bridge plug is normally located above the DK and a composite frac plug is sometimes located within the MV.

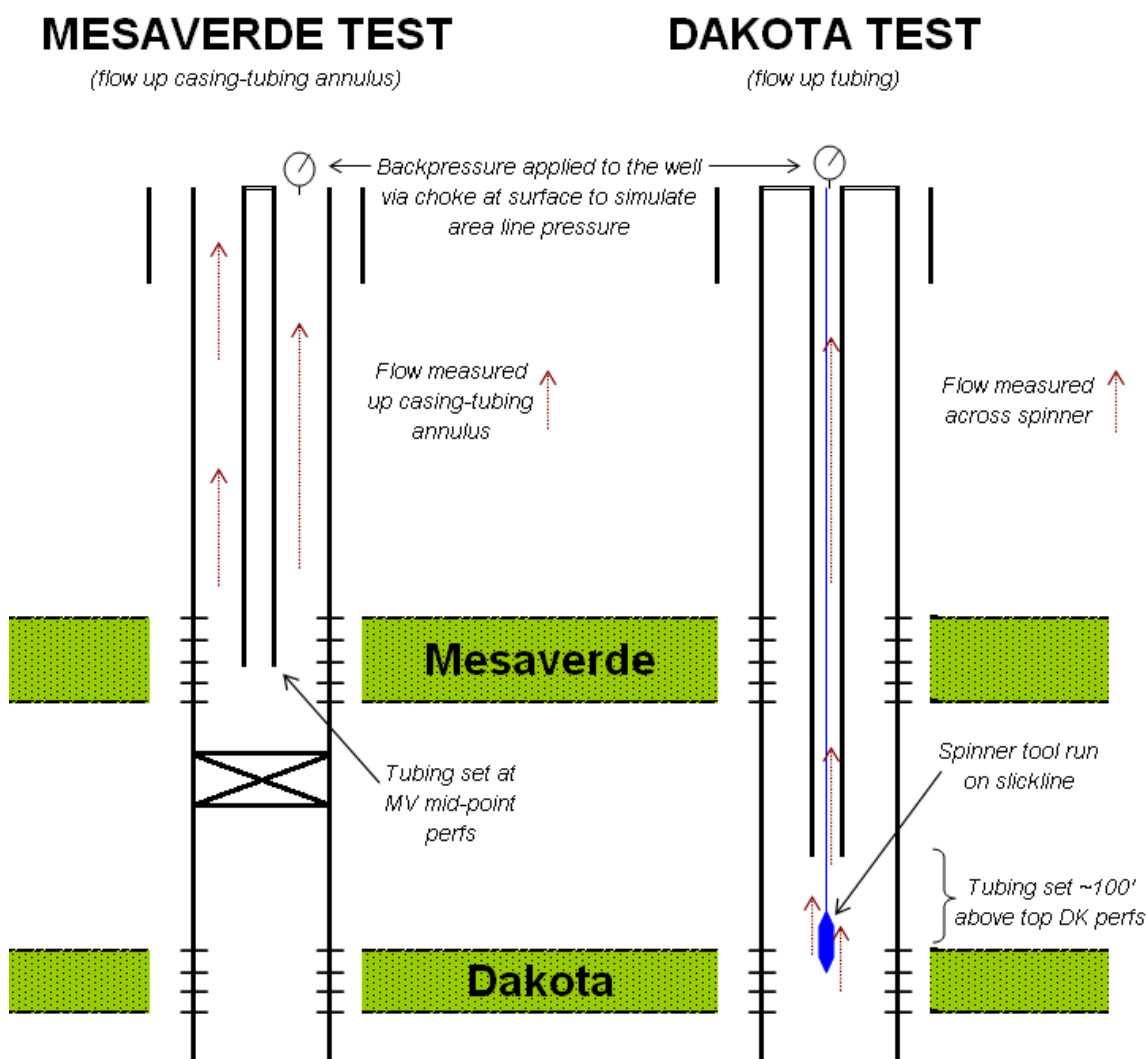
The first step in testing the MV is drilling out the plugs and cleaning out the well. Once water and sand volumes reach acceptable levels (less than 5 bph), the tubing is set at the mid-point of MV perms. The well is then opened to flow up the casing-tubing annulus with a positive choke at the surface to simulate a back-pressure on the well. The MV is tested for a minimum of 4 hours or until pressure stabilizes. Tubing and casing pressures are reported every 15 minutes and when pressure is the same three times then it is considered stabilized. Metered gas, water, and condensate rates and volumes are all documented as well as testing conditions (tubing location, choke size, pressures).

After the MV has been tested, the composite drill plug over the DK is drilled out and the well is cleaned out to PBTD. Once the water and sand volumes reach acceptable levels (less than 5

bph), the bottom-hole assembly is configured and the tubing is landed approximately 100 feet above the DK perfs. A slickline or wireline unit is used to run the production loggings tools. The logging tools are lowered to the bottom perfs and the DK interval is logged while the well is producing up the tubing against a choke. Once again, the well is tested for a minimum of 4 hours or until the pressure has stabilized. The log is run across the entire DK interval to 50 feet above the top DK perforation. The log data is interpreted by the service company and returned to the completions group within a few days.

The stabilized MV rate is combined with the stabilized DK rate to come up with a total well production rate. The ratio of the MV rate to the total rate is used as the MV allocation percentage and the same is done for the DK. An example test and corresponding calculations are included in the report.

Diagram




Example- San Juan 31-6 Unit 40G

After the MV has been cleaned up and the well has stabilized, the MV is tested at 1,306 Mcfd (see report below). The test was performed up the tubing-casing annulus (4.5" casing/ 2.38" tubing) with a ½" choke at surface. The stabilized flowing casing pressure was 198 psi, which is similar to line pressure in the area.

Time Log						
Start Time	End Time	Cum Dur (hrs)	Op Code	Op Sub-C	Time P.M.T	Operation
06:00	07:00	1.00	RPCO...	SFTY	P	ROAD CREW TO LOCATION HOLD PJSM
07:00	10:00	4.00	RPCO...	TRIP	P	POOH W/ 3 7/8" MILL TH W/ RBP SET @ 6068'
10:00	11:00	5.00	RPCO...	FCO	P	BLOW WELL TO UNLOAD KILL FLUID
11:00	15:00	9.00	RPCO...	PRDT	P	PERFORATIONS 5097' - 6006' 2 3/8" TBNG SET @ 5580' TEST IS TO ATMOSPHERE ON 1/2" CHOKE FCP = 198 PSI SITP = 0 PSI PRODUCTION = 1306 MCF BBL OIL/DAY = 0 BBL WATER/DAY = 0 NO SAND WITNESSED BY: JOSE FRIAS
15:00	16:00	10.00	RPCO...	FCO	P	BLOW DOWN WELL OPEN PIPE RAMS BLOW WELL
16:00	04:00	22.00	RPCO...	FCO	P	BLOW WELL W/ NIGHT CREW
Well Fluids						
Fluid		Note		To (bbl)	From (bbl)	Non-renew (bbl)
Zone						
Observation Cards (BST, STOP, etc)						
Company				No. Rpts	Comment	
Safety Meetings / Operational Checks						
Time		Type		Description		
07:00		Pre-Job Safety Meeting		WELLSITE PJSM		
Page 1/2						
Report Printed: 4/11/2008						

Figure 1: Pulled from WellView Initial Completion Report

The DK is then cleaned up and the logging tools are run. The reports from ProTechnics show a total rate from the DK equal to 584 Mcfd (see report below). The test was performed at a flowing tubing pressure of 125 psi with a ½" choke at surface.



Completion Profile Analysis

Results

The following table summarizes the production from each producing interval

GAS / WATER PRODUCTION PROFILE				
Flow Rates Reported at STP				
Zone Intervals	Q-Water	Op-Water	Percent of Total	Q-Gas
feet	BFPD	BFPD		MCFD
Surface to 7860	2 bpd		100 %	584 Mcf/d

Stabilized DK Production Rate


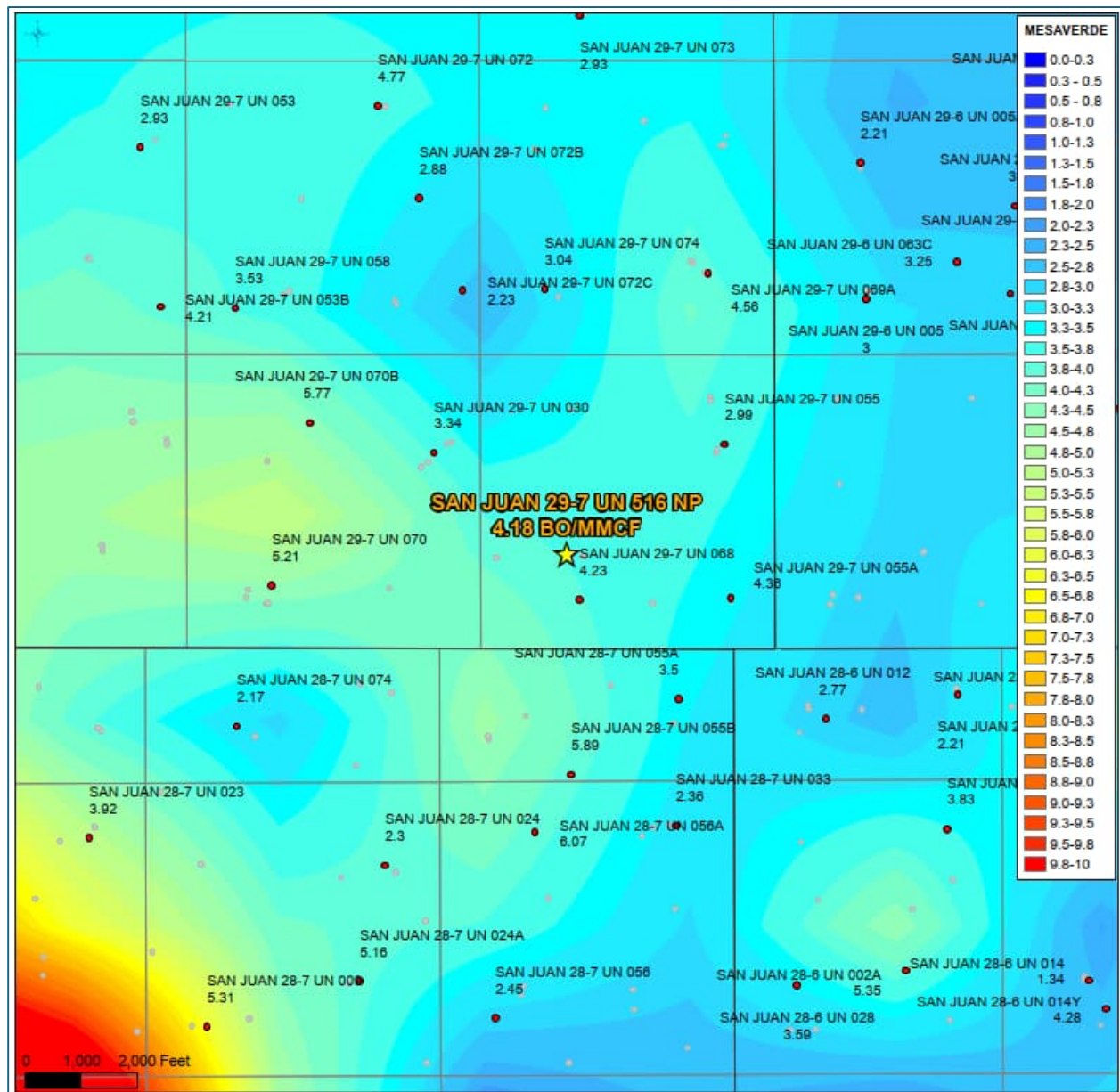


Figure 2: Pulled from Protechnics Report, pg. 6

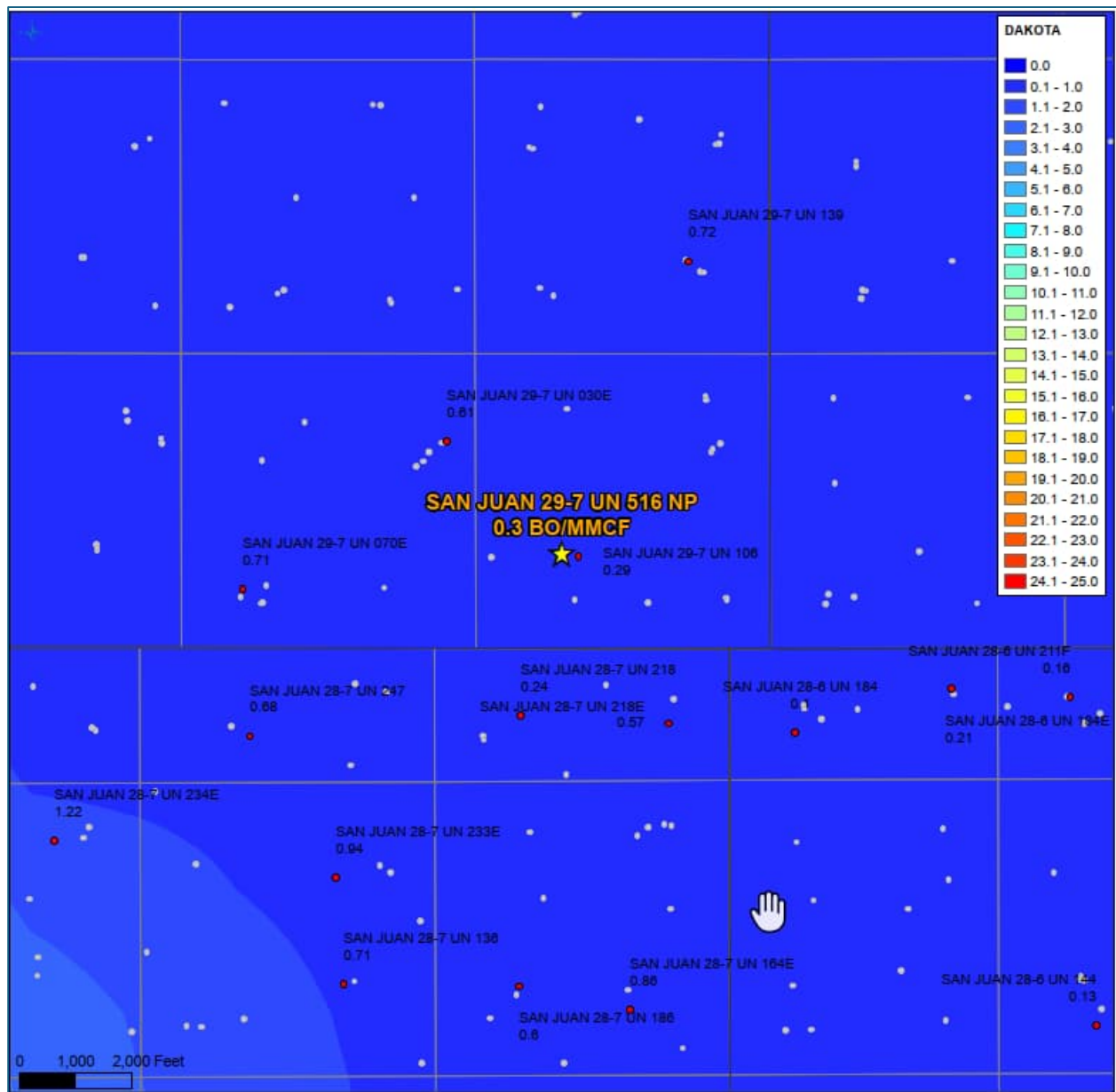
The allocation is calculated as follows and an allocation form is completed for the well. See Appendix for allocation form, WellView report, and ProTechnics report including production logs.

MV Rate	1306	% MV= 1306/1890=	69%
DK Rate	584	% DK= 584/1890=	31%
Total Rate	1890		

San Juan 29-7 Unit NP 516 – API 3003924294
MV GOR Map



San Juan 29-7 Unit NP 516 – API 3003924294
DK GOR Map



NEW MEXICO STATE LAND OFFICE
Guidelines for Requesting Commingling Approval

1. A commingling agreement from the New Mexico State Land Office is not required if the commingling operation does not contain New Mexico State Trust acreage.
2. If State Trust acreage will be part of a proposed commingling operation:
 - a. Commingling of production of all wells from the same pool within a single lease or unit area is permitted without additional Land Commissioner approval.
 - b. Surface commingling (including off-lease storage) from more than one pool, and/or from more than one lease, communitized area, unit area, or a combination of leases/communitized areas/unit areas, requires additional Land Commissioner approval.

The attached application form describes the process for submitting a commingling application to the New Mexico State Land Office.

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: Hilcorp Energy Company **OGRID #:** 372171

Well Name: San Juan 29-7 Unit NP 516 **API #:** 30-039-24294

Pool: Blanco Mesaverde / Basin Mancos / Basin Dakota

OPERATOR NAME: Hilcorp Energy Company Attn: Cheryl Weston, Rm. 12.201

OPERATOR ADDRESS: 1111 Travis Street, Houston, TX 77002

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Cherylene Weston
Print or Type Name

Cherylene Weston
Signature

8/2/2024
Date

713-289-2615
Phone Number

cweston@hilcorp.com
e-mail Address

Submit application to:
Commissioner of Public Lands
Attn: Commingling Manager
PO Box 1148
Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
505.827.6628

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.



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ON THE WAY

SANTA FE, NM

8/5/24 8:04 AM

OUT FOR DELIVERY

SANTA FE, NM

8/5/24 8:41 AM

DELIVERED

SANTA FE, NM US

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8/5/24 at 9:18 AM

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Shipment facts




Shipment overview

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SHIP DATE  8/2/24

STANDARD TRANSIT  8/5/24 before 10:30 AM

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Services

SERVICE FedEx Priority Overnight

TERMS Shipper

SPECIAL HANDLING SECTION Deliver Weekday



Package details

WEIGHT 0.5 lbs / 0.23 kgs

TOTAL PIECES 1

TOTAL SHIPMENT WEIGHT 0.5 lbs / 0.23 kgs

PACKAGING FedEx Envelope

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HOUSTON, TX

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- 11:31 PM
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MEMPHIS, TN
- 5:22 AM
At destination sort facility
ALBUQUERQUE, NM
- 7:53 AM
At local FedEx facility
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Monday, 8/5/24

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- 8:04 AM
Shipment arriving On-Time
SANTA FE, NM
- 8:41 AM
On FedEx vehicle for delivery
SANTA FE, NM

- 9:18 AM
Delivered
SANTA FE, NM

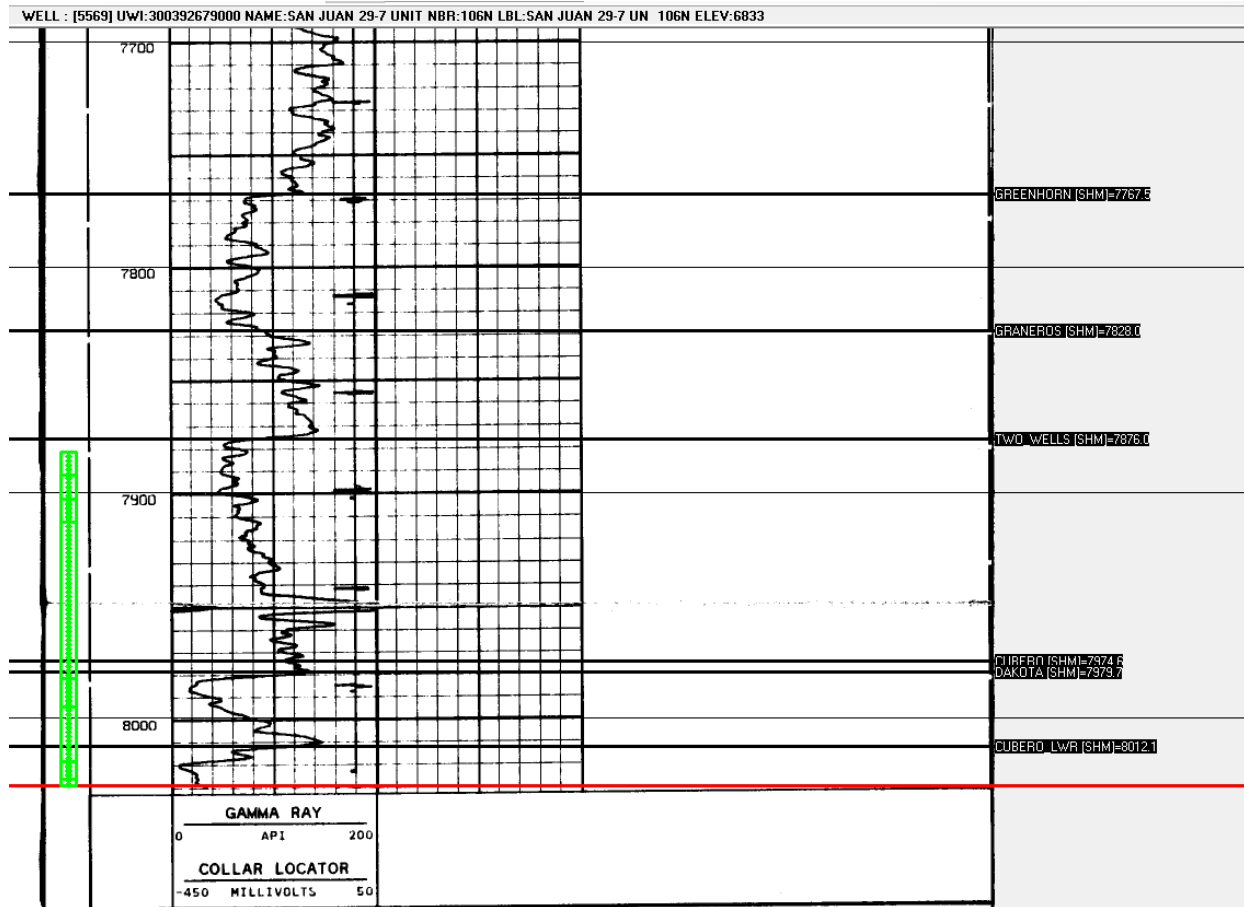
[↑ Back to to](#)

OUR COMPANY

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- Our Portfolio
- Investor Relations

From: Scott Matthews
To: McClure, Dean, EMNRD; Cheryl Weston; Lowe, Leonard, EMNRD; Rikala, Ward, EMNRD
Cc: Baylen Lamkin; Ray Brandhurst
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428
Date: Friday, November 8, 2024 3:23:53 PM
Attachments: image011.png
image012.png
image013.png
image014.png
image015.png
image016.png
image017.png
image018.png
image019.png
image020.png
image021.png

Dean, That is correct. -Scott



From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Friday, November 8, 2024 4:07 PM
To: Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

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

Scott and/or Ray,

It appears that the Operator at the time had determined that the base of the Greenhorn is at approximately 7,828' in the 30-039-26790 SAN JUAN 29 7 UNIT #106N. Is Hilcorp in agreement with that assessment?

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: Friday, November 8, 2024 2:36 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

Dean,

Here is the revised C-103 packet with perf ranges listed in TD and TVD.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Friday, November 8, 2024 3:27 PM
To: Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

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If I recall correctly, it may have been the inclusion of the MC which raised the topic of the appropriate hearing order and its removal may solve that concern. I'll review that again.

My assumption is that the C-104 has the correct depths listed. Please correct the DHC application to include the correct ranges. In this circumstance, it will be most ideal to include both the MD and TVD, but at the minimum, the application will not be able to label the MD as TVD as seems to have been done.

Application

Proposed perforations are: MV 5,500'-6,592'; DK 8,174'-8,500'. These perforations are in TVD.

MV C-104 Information	
Perforations MD ~5,500' – 6,592'	Perforations TVD ~5,196' – 6,271'

-

DK C-104 Information	
Perforations MD ~8,174' – 8,500'	Perforations TVD ~7,852' – 8,178'

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: Friday, November 8, 2024 2:09 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

Dean,

Good afternoon. The amended MV/DK perforations and supporting documentation are in the approved C-104 packets. We amended the Sidetrack APD by removing the Mancos formation (approved NOI also attached).

As for the Hearing Notice exemption, we are using Order R-10697. I have attached the last revised DHC.

Let us know if you need anything else.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Friday, November 8, 2024 3:00 PM
To: Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

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Cheryl,

I think I may be missing the email where you had provided the amended proposed perforations in both MD and TVD.

Additionally, it appears that my request for confirmation regarding which hearing order Hilcorp wishes to reference for notice exemption is not immediately available. There seems to be a reference to action on your part regarding this topic within your 9/18/24 email, and maybe I am missing the revised application? However, I don't see or recall seeing any mention of which order Hilcorp believes is correct within an email.

Regarding the proposed perforations, is it correct that Hilcorp is now proposing the following?

- MV
 - MD: 5459 to 6593
 - TVD: 5156 to 6271
- MC
 - MD: 7200 to 8056
 - TVD: 6878 to 7734
- DK
 - MD: 8160 to 8450
 - TVD: 7838 to 8128

If this is not the case, then please provide me with Hilcorp's proposed perforations which should consider the data from the actual direction survey.

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, September 18, 2024 3:59 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

Dean,

Here is the actual directional survey. The DHC proposed perms were in MD, not TVD, and were based off the proposed directional plan in the NOI.

The new/proposed perf ranges are based off the actual directional survey. There's a slight difference. Please contact Scott if have further questions.

Thanks,

Cheryl Weston
San Juan Operations/Regulatory Tech-Sr.
1111 Travis Street | Houston, TX 77002
Ofc: 713.289.2615 | cweston@hilcorp.com



From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, September 18, 2024 4:00 PM
To: Cheryl Weston <cweston@hilcorp.com>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

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Cheryl,

The email from Mr. Matthews is unclear to me. It looks like he is providing picks in measured depth, but they do not seem to align with the proposed TVD within the application. It appears that a C-103A was submitted for this well with an altered drilling plan, but it seems to be missing a new directional plan if Hilcorp had intended to include one and as such I am referencing the one included in the APD. Additionally, regardless of the correct directional plan, I am unsure how 5380 to 6708 TVD could then be 5459 to **6593** MD. As such, at least one of the sets of information below is incorrect. Unless perhaps Mr. Matthews's intent had been to propose a new perforation range for the DHC application? If so, is the proposed directional plan on file accurate?

Please provide me with both the proposed MD and TVD perforations for the pools for the DHC application.

Additionally, please confirm for me which hearing order Hilcorp intended to reference for exemption from notice for this application.

Matthews Email

Cheryl, please forward to Dean. I can go over the tops/perf intervals with him if needed for this direction S curve well.

Mesaverde	5,459-6,593 MD
Mancos	7,200-8,056
Dakota	8,160-8450

Application

Proposed perforations are: MV 5,380'-6,708'; MC 7,328'-8,049'; DK 8,105'-8,394'. These perforations are in TVD.

Proposed Directional Plan

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)
5,300.00	26.75	219.318	5,095.90
5,400.00	26.75	219.318	5,185.20
5,500.00	26.75	219.318	5,274.50
5,600.00	26.75	219.318	5,363.80
5,700.00	26.75	219.318	5,453.10
5,800.00	26.75	219.318	5,542.40
5,900.00	26.75	219.318	5,631.71
5,909.87	26.75	219.318	5,640.52
6,000.00	24.04	219.318	5,721.93
6,100.00	21.04	219.318	5,814.28
6,200.00	18.04	219.318	5,908.51
6,300.00	15.04	219.318	6,004.36
6,400.00	12.04	219.318	6,101.57
6,500.00	9.04	219.318	6,199.87
6,600.00	6.04	219.318	6,299.00
6,700.00	3.04	219.318	6,398.67
6,800.00	0.04	219.318	6,498.63
6,801.37	0.00	0.000	6,500.00
6,900.00	0.00	0.000	6,598.63
7,000.00	0.00	0.000	6,698.63
7,100.00	0.00	0.000	6,798.63
7,200.00	0.00	0.000	6,898.63
7,300.00	0.00	0.000	6,998.63
7,400.00	0.00	0.000	7,098.63
7,500.00	0.00	0.000	7,198.63
7,600.00	0.00	0.000	7,298.63
7,700.00	0.00	0.000	7,398.63
7,800.00	0.00	0.000	7,498.63
7,900.00	0.00	0.000	7,598.63
8,000.00	0.00	0.000	7,698.63
8,100.00	0.00	0.000	7,798.63
8,200.00	0.00	0.000	7,898.63
8,300.00	0.00	0.000	7,998.63
8,400.00	0.00	0.000	8,098.63
8,500.00	0.00	0.000	8,198.63
8,501.37	0.00	0.000	8,200.00

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, September 18, 2024 2:14 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Rikala, Ward, EMNRD <Ward.Rikala@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

Forgot to CC Ward.

From: Cheryl Weston
Sent: Wednesday, September 18, 2024 3:13 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

Dean,

Good afternoon. The **San Juan 29-7 Unit NP 516** sidetrack is scheduled for Frac on 9/26/24. Are the proposed DHC perf ranges acceptable? I will revise the DHC accordingly as well as update the Order Number.

Thanks,

Cheryl Weston
San Juan Operations/Regulatory Tech-Sr.
1111 Travis Street | Houston, TX 77002
Ofc: 713.289.2615 | cweston@hilcorp.com



From: Cheryl Weston <cweston@hilcorp.com>
Sent: Tuesday, September 10, 2024 12:27 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrn.dn.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrn.dn.gov>
Cc: Baylen Lamkin <blamkin@slo.state.nm.us>; Scott Matthews <scmatthews@hilcorp.com>
Subject: FW: [EXTERNAL] Action ID: 370385; DHC-5428

Dean,

Please see below from our Geologist, Scott Matthews. Please contact Scott (713.289.2632) to discuss if needed, or let us know if the below perms are acceptable. If so, I will update the DHC accordingly.

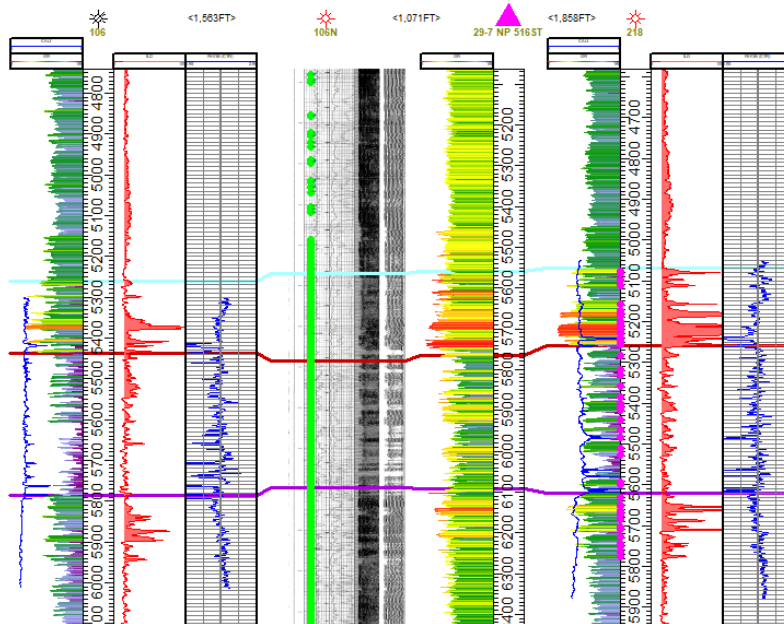
I have attached the directional survey as well.

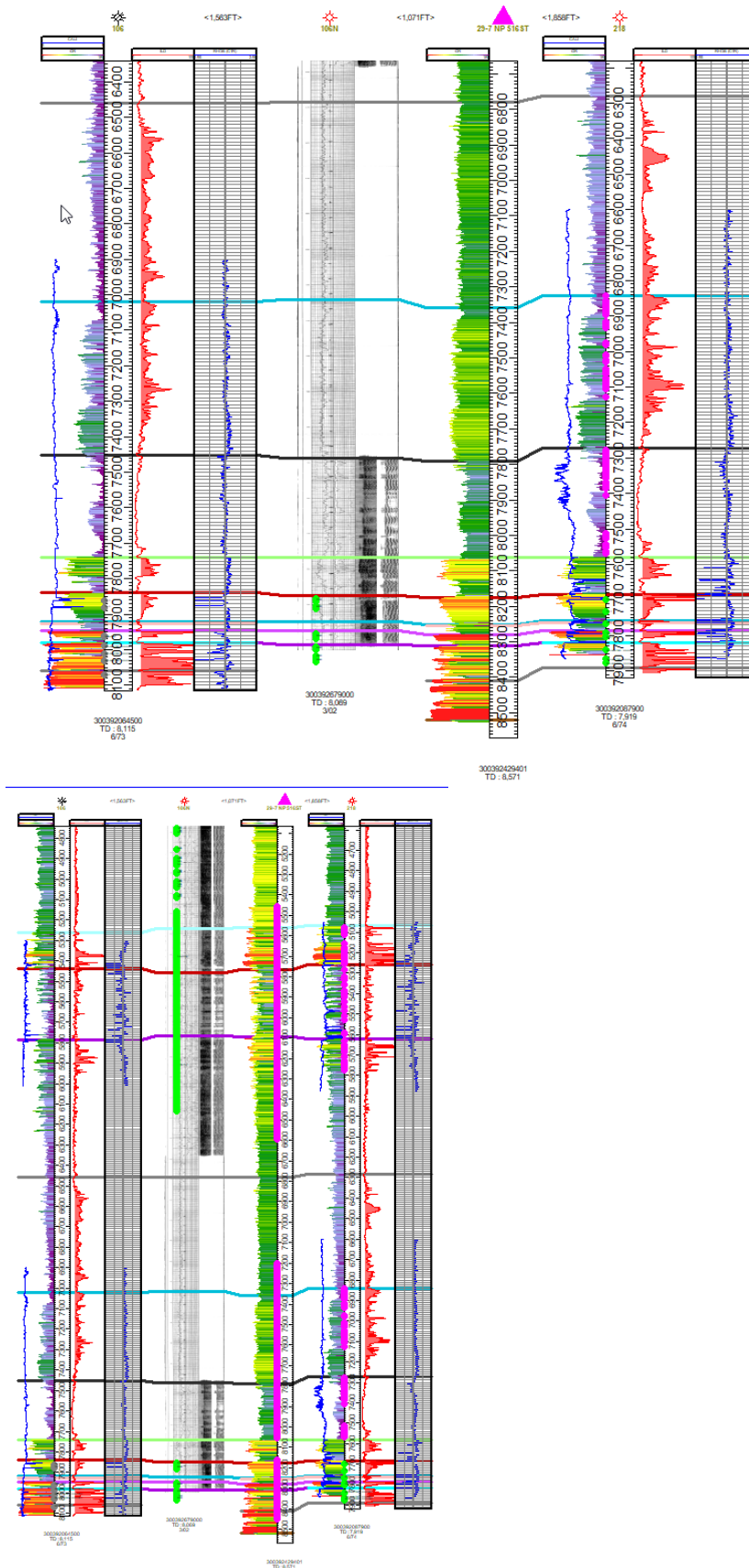
Thanks,
 Cheryl

From: Scott Matthews <scmatthews@hilcorp.com>
Sent: Tuesday, September 10, 2024 11:08 AM
To: Cheryl Weston <cweston@hilcorp.com>; Ray Brandhurst <rbrandhurst@hilcorp.com>; Matthew Esz <Matthew.Esz@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

Cheryl, please forward to Dean. I can go over the tops/perf intervals with him if needed for this direction S curve well.

Mesaverde 5,459-6,593 MD
 Mancos 7,200-8,056
 Dakota 8,160-8450





From: Cheryl Weston <cweston@hilcorp.com>

Sent: Monday, September 9, 2024 4:34 PM

To: Ray Brandhurst <rbrandhurst@hilcorp.com>; Marcus Hill <Marcus.Hill@hilcorp.com>; Matthew Esz <Matthew.Esz@hilcorp.com>; Scott Matthews <scmatthews@hilcorp.com>

Subject: FW: [EXTERNAL] Action ID: 370385; DHC-5428

Ray/Scott:

Please see Dean's note below regarding our perf picks for the DHC.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, September 9, 2024 4:30 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Baylen Lamkin <blamkin@slo.state.nm.us>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

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Cheryl,

Please review Hilcorp's proposed perforations with consideration to the formation tops in the nearby 30-039-26790 SAN JUAN 29 7 UNIT #106N, which has the Point Lookout picked at 5916 and the Dakota picked at 7980.

Within the application, R-10697 is identified as exempting this DHC from notice. Please review and confirm the correct order. I believe that the intent may have been to include R-13681 instead.

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: Monday, September 9, 2024 9:56 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Baylen Lamkin <blamkin@slo.state.nm.us>
Subject: RE: [EXTERNAL] Action ID: 370385; DHC-5428

Dean,

The revised DHC is attached. We have added an addendum to the spinner procedure to include the Mancos. The Mancos GOR map was also added.

Let me know if you have any questions.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Friday, September 6, 2024 7:31 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: 370385; DHC-5428

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To whom it may concern (c/o Cheryl Weston for Hilcorp Energy Company),

The Division is reviewing the following application:

Action ID	370385
Admin No.	DHC-5428
Applicant	Hilcorp Energy Company
Title	SAN JUAN 29 7 UNIT NP #516
Sub. Date	8/5/2024

Please provide the following additional supplemental documents:

-

Please provide additional information regarding the following:

- The DHC application is proposing to commingle the MV, MC, and DK. However, the allocation methodology only includes the MV and DK. Please re-evaluate and provide an amended packet that includes the MC.

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

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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

COMMENTS

Action 370385

COMMENTS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 370385
	Action Type: [C-107] Down Hole Commingle (C-107A)

COMMENTS

Created By	Comment	Comment Date
dmcclure	Order No. DHC-5428	11/8/2024

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 370385

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 370385
	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 email us at OCD.Engineer@emnrd.nm.gov .	11/8/2024