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

APPLICATION FOR DOWNHOLE COMMINGLING
SUBMITTED BY HILCORP OPERATING COMPANY **ORDER NO. DHC-5490**

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 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 all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
6. 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

7. 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.
8. 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.
9. 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.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.

11. 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. two percent (2.0%) shall be allocated to the Basin Fruitland Coal pool (pool ID: 71629); and
    b. ninety eight percent (98%) shall be allocated to the Blanco Mesaverde pool (pool ID: 72319).

    Applicant shall allocate gas production to the new pool(s) equal to the total gas production from the Well minus the projected gas production from the current pool(s) until a different plan to allocate gas production is approved by OCD. The new pool(s) are:
    a. the Basin Fruitland Coal pool (pool ID: 71629)
    The current pool(s) are:
    a. the Blanco Mesaverde pool (pool ID: 72319)

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

DATE: 5/7/2025

GERASIMOS RAZATOS
DIRECTOR (ACTING)

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

	Order:	DHC - 5490			
	Operator:	Hilcorp Operating Company			
	Well Name:	Riddle Well No. 1B			
	Well API:	30-045-30043			
Upper Zone	Pool Name:	Basin Fruitland Coal			
	Pool ID:	71629	Current:	New:	X
	Allocation:	Subtraction	Oil: 2.0%	Gas:	SUBT
			Top: 2,564	Bottom:	2,912
Intermediate Zone	Pool Name:				
	Pool ID:		Current:	New:	
	Allocation:		Oil:	Gas:	
			Top:	Bottom:	
Bottom of Interval within 150% of Upper Zone's Top of Interval:					
Lower Zone	Pool Name:	Blanco-Mesaverde			
	Pool ID:	72319	Current: X	New:	
	Allocation:	Subtraction	Oil: 98.0%	Gas:	SUBT
			Top: 3,730	Bottom:	5,469
Bottom of Interval within 150% of Upper Zone's Top of Interval:			NO		
Top of Queen Formation:					

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau –
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Hilcorp Energy Company **OGRID Number:** 372171
Well Name: Riddle 1B **API:** 30-045-30043
Pool: Basin Fruitland Coal **Pool Code:** 71629

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]
A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]
[I] Commingling – Storage – Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

2) **NOTIFICATION REQUIRED TO:** Check those which apply.
A. ☐ Offset operators or lease holders
B. ☐ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☒ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☐ For all of the above, proof of notification or publication is attached, and/or,
H. ☒ No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

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

Amanda Walker
Print or Type Name

Signature

1/8/2025
Date

346-237-2177
Phone Number

mwalker@hilcorp.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
____Single Well
____Establish Pre-Approved Pools
EXISTING WELLBORE
__X__Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company — Operator
382 Road 3100, Aztec, NM 87410 — Address

Riddle	**1B**	**K, Sec. 04, T30N, R09W**	**San Juan**
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 372171 Property Code 318681 API No. 30-045-30043 Lease Type: __X__ Federal ____State _____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 2564' – 2912'		3730' – 5469'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	24 psi		65 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1110 BTU		1209 BTU
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates: Oil: Gas: Water:	Date: Rates: Oil: Gas: Water:	Date: 10/1/2024 Rates: Oil: 0 bbl Gas: 1757 mcf Water: 0 bbl
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil % Gas %	Oil % Gas %	Oil % Gas %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes__X__ No_____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes_____ No__N/A__

Are all produced fluids from all commingled zones compatible with each other? Yes__X__ No_____

Will commingling decrease the value of production? Yes_____ No__X__

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes__X__ No_____

NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE _____ TITLE Operations/Regulatory Technician Sr. DATE 1/8/2025

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. (346)237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045- 30043	71599/72319	Basin Dakota/Blanco Mesaverde

4 Property Code	5 Property Name	6 Well Number
7424	RIDDLE	1B

7 OGRID No.	8 Operator Name	9 Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY	6145'

10 Surface Location

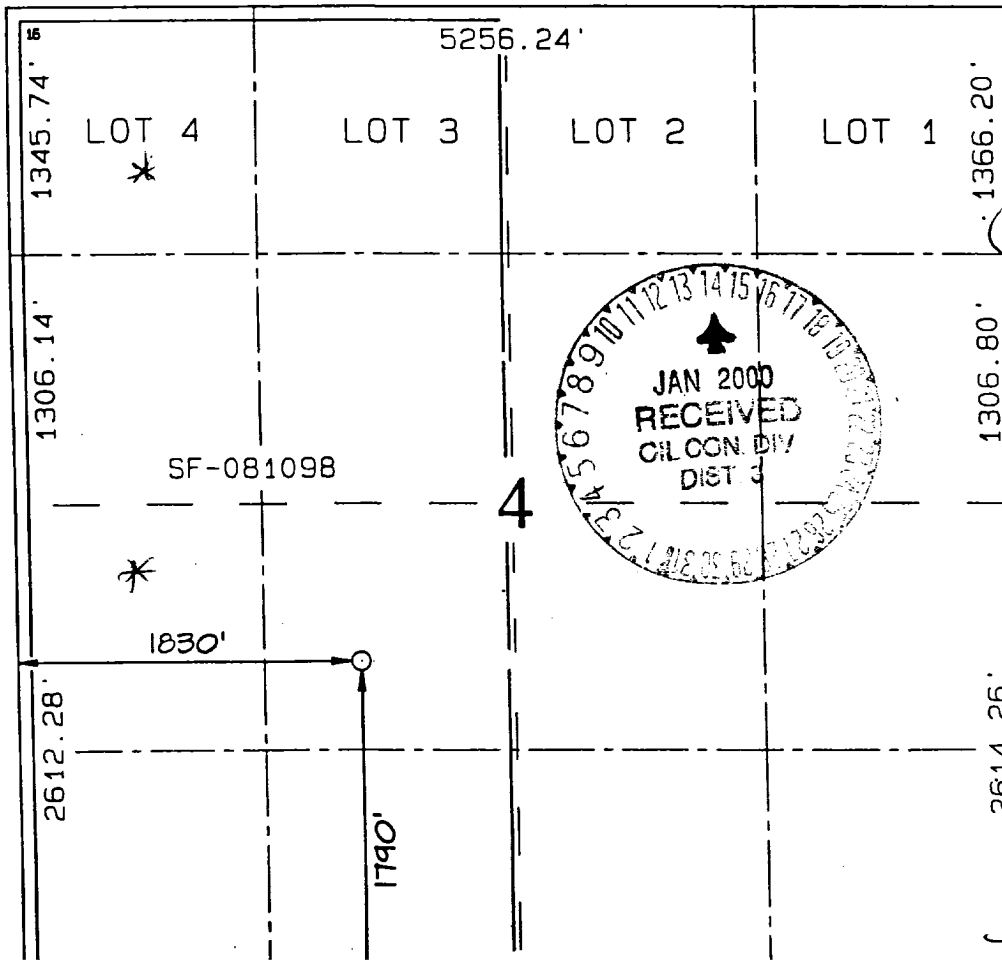
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	4	30N	9W		1790	SOUTH	1830	WEST	SAN JUAN

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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
DK:W/322.70 MV:W/322.70			

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



17 OPERATOR CERTIFICATION

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

Peggy Cole
Signature

Peggy Cole
Printed Name

Regulatory Administrator
Title

10-14-99
Date

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.

SEPTEMBER 17, 1999
Date of Survey

Signature and Seal of Professional Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED LAND SURVEYOR

The near wellbore shut-in bottom hole pressures of the above reservoirs are much lower than the calculated far-field stabilized reservoir pressured due to the low permeability of the reservoirs. Based on pressure transient analysis performed in the San Juan Basin, it would take 7-25 years for shut-in bottom hole pressures to build up to the calculated far-field reservoir pressure. Our observation is that even for areas of high static reservoir pressures, the low permeability of the reservoir rock results in rapid depletion of the near-fracture region, quickly enough that the wells are unable to produce without the aid of a plunger. Given low permeabilities and low wellbore flowing pressures in the above reservoirs, loss of reserves due to cross-flow is not an issue during producing or shut-in periods. Given low shut-in bottom hole pressures, commingling the above reservoirs in this well will not result in shut-in or flowing wellbore pressures in excess of any commingled pool's fracture parting pressure. The pressures provided in the C-107A are based on shut-in bottom hole pressures of offset standalone wells which match expected near-wellbore shut-in bottom hole pressures of this proposed commingled completion.

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

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

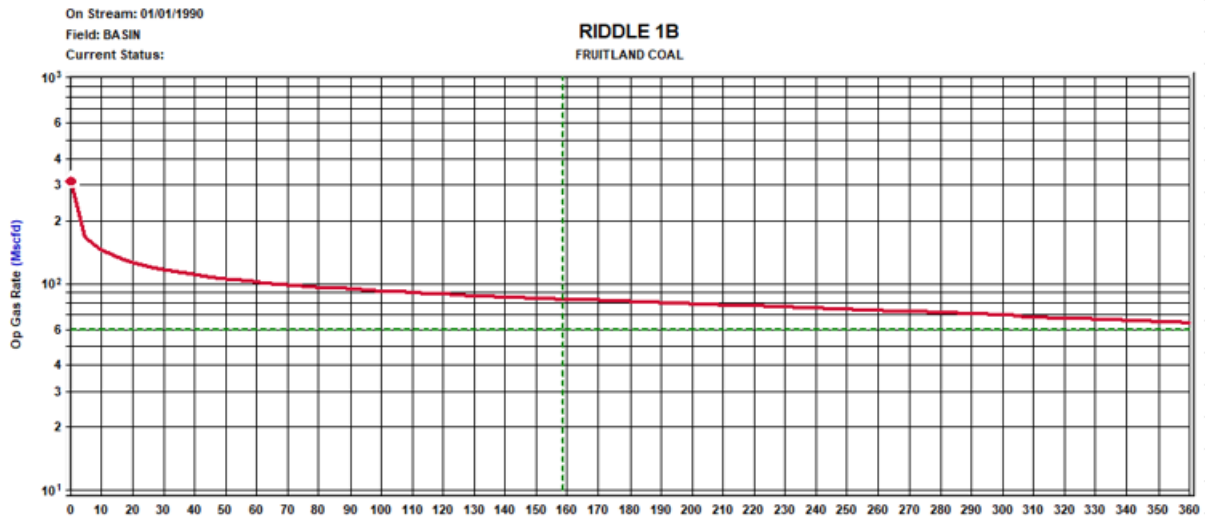
List of wells used to calculate BHPs for the Project:		
3004528921	JOHNSTON FEDERAL 28R	FRC
3004521663	RIDDLE 1A	MV

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

Note: BTU Data taken from standalone completions in the zone of interest within a 2 mile radius of the well. A farther radius is used if there is not enough data for a proper statistical analysis.

Proposed Zone 1 Forecast

Fruitland Coal



Analysis Name	Class.	EUR_g MMscf	G_p MMscf	RR_g MMscf	Start Date MM/DD/YYYY	q_i Mscfd	Δt year	d_i sec %/year	b	d_{min} exp %/year	q_f Mscfd	End Date MM/DD/YYYY
Analysis 1		1086	0	1086	01/01/2025	312.8	35.51	55.123	5.000	1.500	60.0	07/06/2060

Average initial production curve in geologic region.

HEC Comments

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

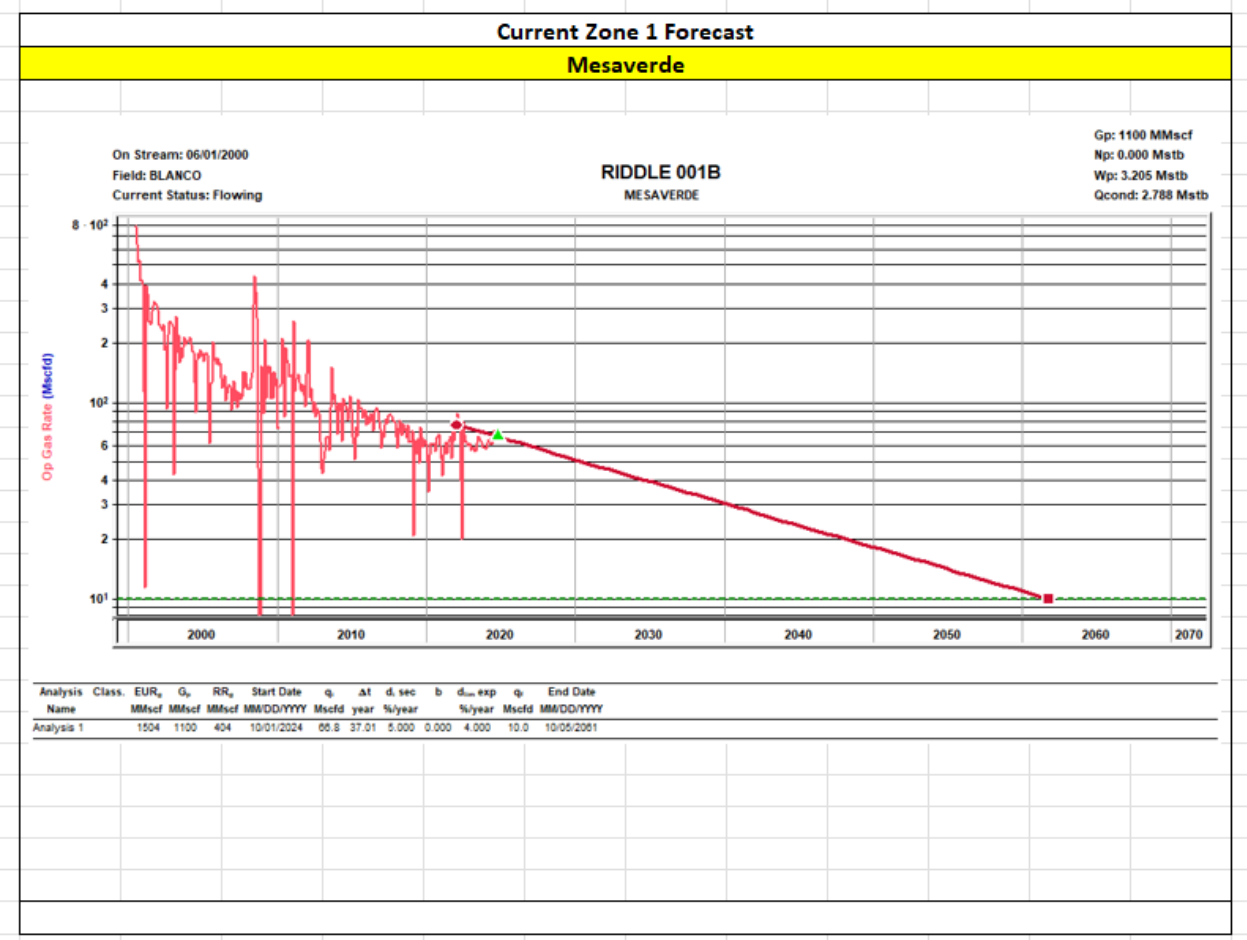
The BHPs of all zones, producing and non-producing, were estimated based upon basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

Production Allocation Method - Subtraction

Gas Allocation:

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

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



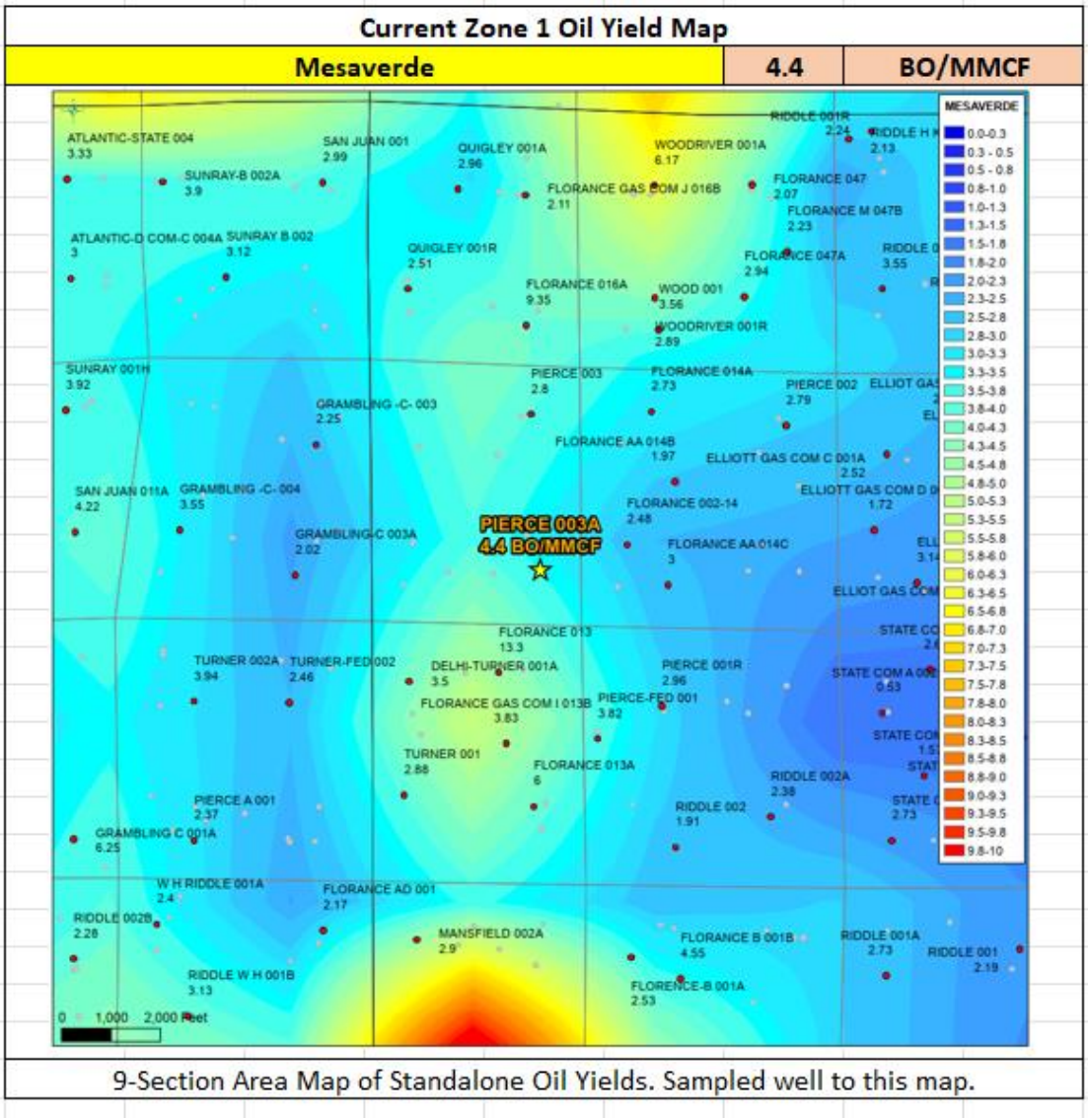
Oil Allocation:

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

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

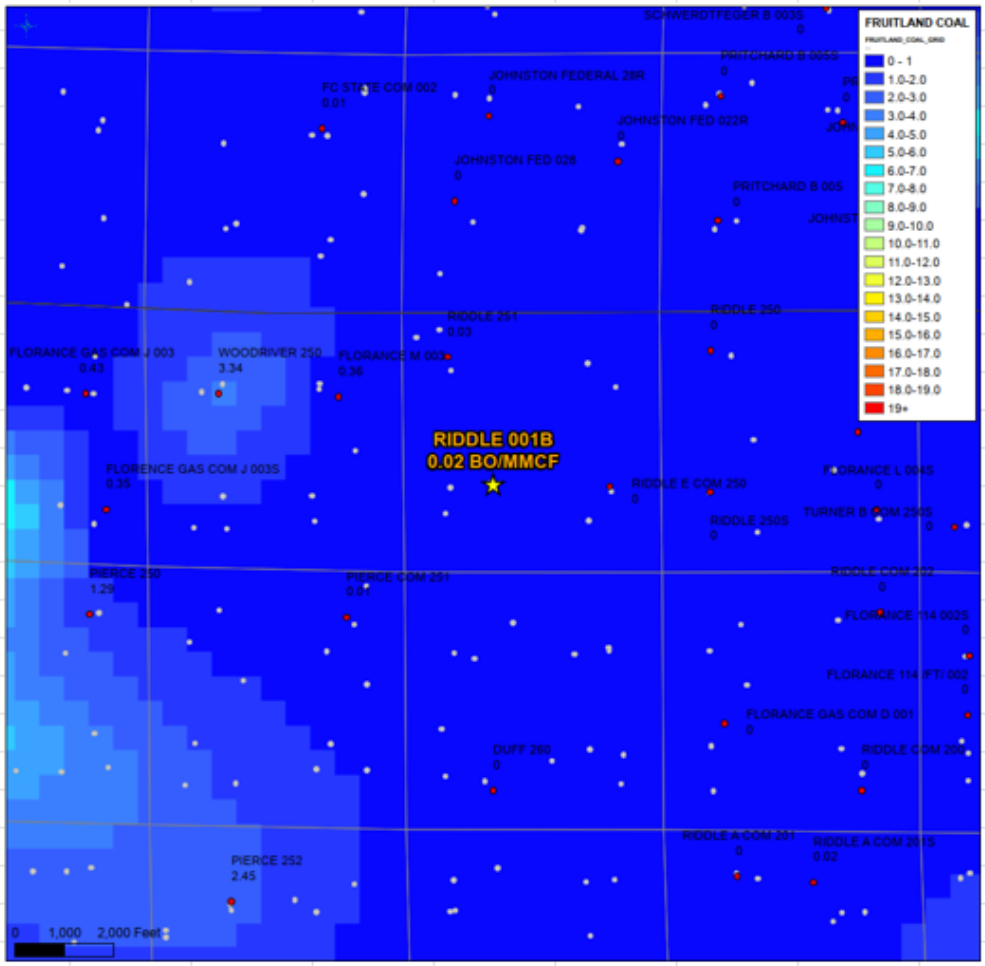
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	2.64	404	98%
FRC	0.02	1086	2%
			100%

All documentation will be submitted to NMOCD.



9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Proposed Zone 1 Oil Yield Map		
Fruitland Coal	0.02	BO/MMCF



9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Water Compatibility in the San Juan Basin
- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters.
- The samples below all show fresh water with low TDS.

Well Name	RIDDLE 1B
API	3004530043

FRC Offset (0.83 miles)		MV Offset (1.04 miles)	
API	3004531798	API	3004521990
Property	RIDDLE 250S	Property	RIDDLE 2A
CationBarium	0	CationBarium	0.4
CationBoron		CationBoron	
CationCalcium	52	CationCalcium	0.88
CationIron	69.4	CationIron	32.7
CationMagnesium	17.1	CationMagnesium	0.74
CationManganese	3.29	CationManganese	0.4
CationPhosphorus		CationPhosphorus	
CationPotassium		CationPotassium	20
CationStrontium	0	CationStrontium	2
CationSodium	1907.9	CationSodium	56.7
CationSilica		CationSilica	5.96
CationZinc		CationZinc	2
CationAluminum		CationAluminum	
CationCopper		CationCopper	
CationLead		CationLead	2
CationLithium		CationLithium	
CationNickel		CationNickel	
CationCobalt		CationCobalt	
CationChromium		CationChromium	
CationSilicon		CationSilicon	10
CationMolybdenum		CationMolybdenum	
AnionChloride	3000	AnionChloride	72.7
AnionCarbonate	0	AnionCarbonate	10
AnionBicarbonate	427	AnionBicarbonate	38
AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride	
AnionHydroxyl		AnionHydroxyl	10
AnionNitrate		AnionNitrate	
AnionPhosphate	69	AnionPhosphate	
AnionSulfate	100	AnionSulfate	4.25
phField	8.55	phField	5.9
phCalculated	6.36	phCalculated	6.24
TempField		TempField	52.4
TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity	375
OtherSpecificGravity		OtherSpecificGravity	1
OtherTDS	5482	OtherTDS	175
OtherCaCO3		OtherCaCO3	4.85
OtherConductivity		OtherConductivity	391
DissolvedCO2	260	DissolvedCO2	300
DissolvedO2		DissolvedO2	
DissolvedH2S	1.5	DissolvedH2S	
GasPressure		GasPressure	
GasCO2	4	GasCO2	
GasCO2PP		GasCO2PP	
GasH2S	0	GasH2S	
GasH2SPP		GasH2SPP	
PitzerCaCO3_70		PitzerCaCO3_70	
PitzerBaSO4_70		PitzerBaSO4_70	
PitzerCaSO4_70		PitzerCaSO4_70	
PitzerSrSO4_70		PitzerSrSO4_70	
PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220		PitzerCaCO3_220	
PitzerBaSO4_220		PitzerBaSO4_220	
PitzerCaSO4_220		PitzerCaSO4_220	
PitzerSrSO4_220		PitzerSrSO4_220	
PitzerFeCO3_220		PitzerFeCO3_220	

Gas Compatibility in the San Juan Basin
- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters or gas composition.
- The samples below all show offset gas analysis varibality by formation is low.

Well Name	RIDDLE 1B
API	3004530043

FRC Offset (0.83 miles)		MV Offset (1.04 miles)	
AssetCode	3004531798	AssetCode	3004521990
AssetName	RIDDLE 250S	AssetName	RIDDLE 2A
CO2	0.1	CO2	0.03
N2	0	N2	0
C1	0.84	C1	0.83
C2	0.04	C2	0.08
C3	0.01	C3	0.03
ISOC4	0	ISOC4	0.01
NC4	0	NC4	0.01
ISOC5	0	ISOC5	0
NC5	0	NC5	0
NEOC5		NEOC5	
C6		C6	
C6_PLUS	0	C6_PLUS	0.01
C7		C7	
C8		C8	
C9		C9	
C10		C10	
AR		AR	
CO		CO	
H2		H2	
O2		O2	
H20		H20	
H2S	0	H2S	0
HE		HE	
C_O_S		C_O_S	
CH3SH		CH3SH	
C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S	
C6HV		C6HV	
CO2GPM	0	CO2GPM	0
N2GPM	0	N2GPM	0
C1GPM	0	C1GPM	0
C2GPM	1.1	C2GPM	2.16
C3GPM	0.36	C3GPM	0.93
ISOC4GPM	0.08	ISOC4GPM	0.18
NC4GPM	0.03	NC4GPM	0.3
ISOC5GPM	0.01	ISOC5GPM	0.13
NC5GPM	0	NC5GPM	0.1
C6_PLUSGPM	0	C6_PLUSGPM	0.32

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Sundry Print Report

11/13/2024

Well Name: RIDDLE	**Well Location:** T30N / R9W / SEC 4 / NESW / 36.837912 / -107.788742	**County or Parish/State:** SAN JUAN / NM
Well Number: 1B	**Type of Well:** CONVENTIONAL GAS WELL	**Allottee or Tribe Name:**
Lease Number: NMSF081098	**Unit or CA Name:**	**Unit or CA Number:**
US Well Number: 3004530043	**Operator:** HILCORP ENERGY COMPANY	

Notice of Intent

Sundry ID: 2821977

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 11/12/2024

Time Sundry Submitted: 07:19

Date proposed operation will begin: 03/01/2025

Procedure Description: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole commingle with the existing Mesaverde. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. Hilcorp will contact the FFO Surface group within 90 days after the well has been recompleted, before any interim reclamation work, to conduct the onsite. A reclamation plan will be submitted after the onsite.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Riddle_1B_RC_NOI_20241113092609.pdf

Well Name: RIDDLE

Well Location: T30N / R9W / SEC 4 / NESW / 36.837912 / -107.788742

County or Parish/State: SAN JUAN / NM

Well Number: 1B

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF081098

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004530043

Operator: HILCORP ENERGY COMPANY

Operator

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

Operator Electronic Signature: AMANDA WALKER

Signed on: NOV 13, 2024 09:26 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Technician

Street Address: 1111 TRAVIS ST

City: HOUSTON **State:** TX

Phone: (346) 237-2177

Email address: MWALKER@HILCORP.COM

Field

Representative Name:

Street Address:

City: **State:** **Zip:**

Phone:

Email address:

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 11/13/2024

Signature: Matthew Kade

Form 3160-5
(June 2019)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2021

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE *- Other instructions on page 2*

5. Lease Serial No. NMSF081098

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☑ Gas Well ☐ Other

8. Well Name and No.
Hilcorp Energy Company

2. Name of Operator HILCORP ENERGY COMPANY

9. API Well No. 3004530043

3a. Address mwalker@hilcorp.com

3b. Phone No. *(include area code)* (713) 209-2400

10. Field and Pool or Exploratory Area
BASIN/BLANCO MESAVERDE

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
SEC 4/T30N/R9W/NMP

11. Country or Parish, State
SAN JUAN/NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☑ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be perfonned or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has detennined that the site is ready for final inspection.)

Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole commingle with the existing Mesaverde. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. Hilcorp will contact the FFO Surface group within 90 days after the well has been recompleted, before any interim reclamation work, to conduct the onsite. A reclamation plan will be submitted after the onsite.

14. I hereby certify that the foregoing is true and correct. Name *(Printed/Typed)*
AMANDA WALKER / Ph: (346) 237-2177

Title Operations/Regulatory Technician

Signature (Electronic Submission)

Date 1/8/2025

THE SPACE FOR FEDERAL OR STATE OFICE USE

Approved by
MATTHEW H KADE / Ph: (505) 564-7736 / Approved

Title Petroleum Engineer

Date 11/13/2024

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office FARMINGTON

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13: Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment. If the proposal will involve **hydraulic fracturing operations**, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.
AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.
PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c)and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.
ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.
EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.
Response to this request is mandatory.
The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect ofthis form to U.S. Department ofthe Interior, Bureau ofLand Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

Additional Information

Location of Well

0. SHL: NESW / 1790 FSL / 1830 FWL / TWSP: 30N / RANGE: 9W / SECTION: 4 / LAT: 36.837912 / LONG: -107.788742 (TVD: 0 feet, MD: 0 feet)

BHL: NESW / 1790 FSL / 1830 FWL / TWSP: 30N / SECTION: / LAT: 36.837912 / LONG: 107.788742 (TVD: 0 feet, MD: 0 feet)

HILCORP ENERGY COMPANY
RIDDLE 1B
FRUITLAND COAL RECOMPLETION SUNDRY

Prepared by:	Scott Anderson
Preparation Date:	October 25, 2024

WELL INFORMATION			
Well Name:	RIDDLE 1B	**State:**	NM
API #:	3004530043	**County:**	SAN JUAN
Area:	04	**Location:**	1790' FSL & 1830' FWL - Unit K - Section 4 - T 030N - R 009W
Route:	0408	**Latitude:**	36.83784 N
Spud Date:	2/16/2000	**Longitude:**	-107.78824 W

PROJECT DESCRIPTION

Isolate the Mesaverde, perforate and stimulate the UPE Fruitland Coal in 1-2 stages. Commingle the Fruitland Coal production with the existing Mesa Verde production. Strip facilities if necessary; repair production eqmt as needed, upgrade automation

CONTACTS

Title	Name	Office Phone #	Cell Phone #
Engineer	Scott Anderson		248-761-3965
Area Foreman	Colter Faverino		326-9758
Lead	Calen Wilkins		947-4844
Artificial Lift Tech	Rivver Higgins		419-6075
Rover	Dustin Titus		860-5059
Compression Lead	Jon Sandoval		787-7688
Operator	JJ Griego		330-9038

HILCORP ENERGY COMPANY
RIDDLE 1B
FRUITLAND COAL RECOMPLETION SUNDRY

JOB PROCEDURES		
☑	NMOCD	**Contact OCD 24 hrs prior to MIRU. Record and document all casing pressures daily, including BH, IC (if present) and**
☑	BLM	**PC. Comply with all NMOCD, BLM, and HEC safety and environmental regulations.**

1. MIRU service rig and associated equipment.
2. Nipple down wellhead, nipple up and test BOPs per HEC, State, and Federal guidelines.
3. TOOH with 2-3/8" tubing
4. **Set a 7" bridge plug at 3,680' to isolate the Mesaverde formation.**
5. RU pressure test truck. Perform a Mechanical Integrity Test on the wellbore above the plug at 3,680'. Chart record the MIT test (notify BLM and NMOCD +24hr before actual test).
   NOTE: a CBL run on 04/04/2000 indicates TOC at ~280'
6. **RU E-line crew. Perforate the Fruitland Coal. (Top perforation @ 2,564', Bottom perforation @ 2,912').**
   NOTE: perforation interval subject to change. All changes will be communicated to the Regulatory Agencies prior to perforating.
7. Run frac string and packer, hydrotest the frac string to 8,000 psi and set the packer 50' above the proposed top perf
8. ND wellhead, NU frac stack. PT frac stack to 8,000 psi
9. RU stimulation crew. **Frac the Fruitland Coal in one or more stages via a frac string.**
10. MIRU service rig. Nipple down frac stack, nipple up BOP and test. Kill well with fluid, if necessary
11. POOH w/ frac string and packer.
12. **Pending C107A approval,** drill out the stage, Mesaverde, and Dakota isolation plugs. Clean out to PBTD at **5,535'**
13. TIH and land 2-3/8" production tubing. Run pump and rods, install pumping unit.
14. **Flowback well thru flowback separator and sand trap. Get a commingled Fruitland Coal / Mesa Verde flow rate.**

HILCORP ENERGY COMPANY
RIDDLE 1B
FRUITLAND COAL RECOMPLETION SUNDRY

RIDDLE 1B - CURRENT WELLBORE SCHEMATIC

Hilcorp Energy Company

Current Schematic - Version 3

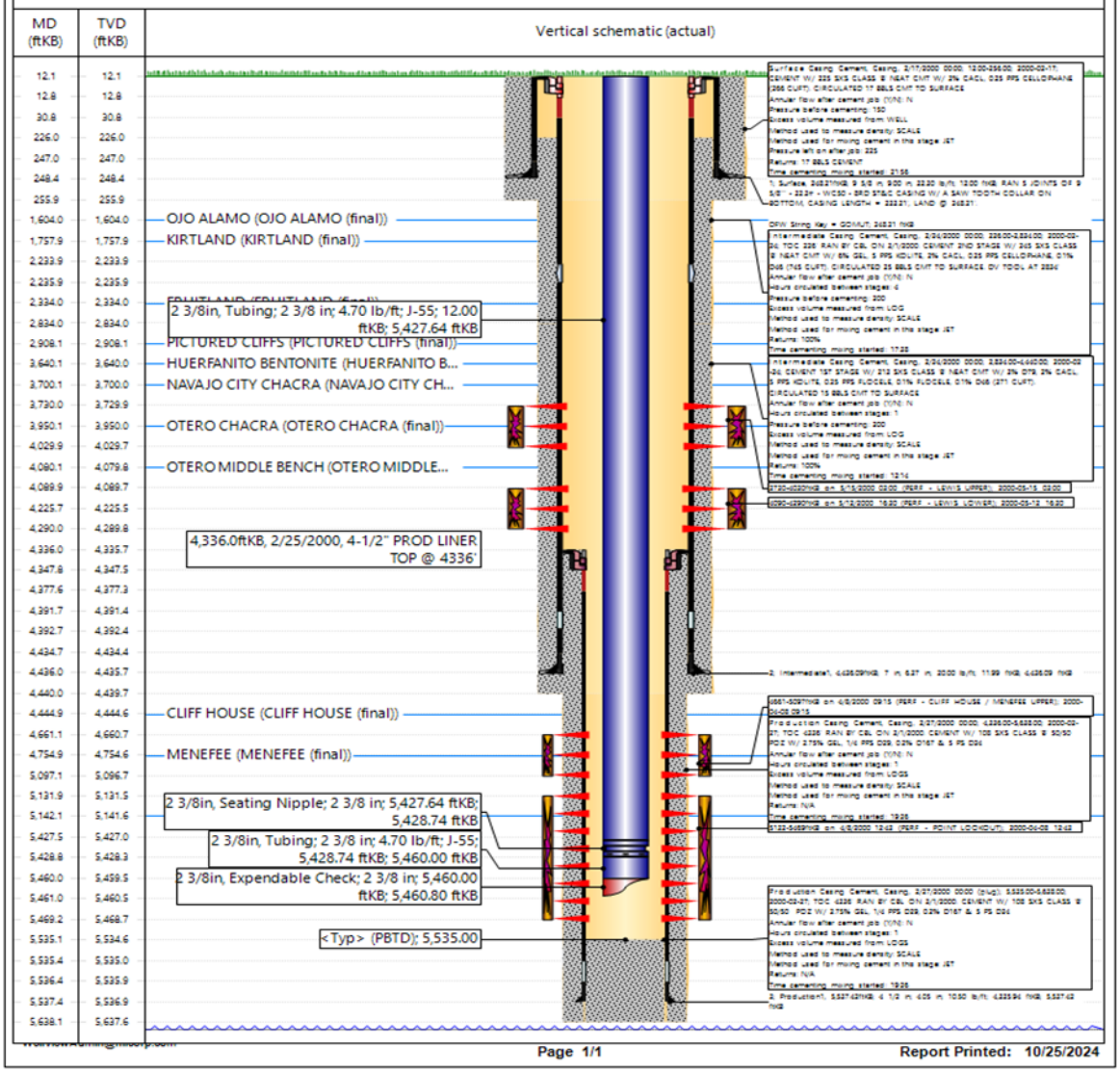
Well Name: RIDDLE #1B

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004530043	004-030N-009W-K	BLANCO MESAVERDE (PRORATED GAS)	0408	NEW MEXICO	Vertical
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
6,146.00	6,158.00		12.00		

Tubing Strings

Run Date	Set Depth (ftKB)	String Max Nominal OD (in)	String Min Nominal ID (in)	Weight/Length (lb/ft)	Original Spud Date
3/7/2001 00:00	5,460.80	2 3/8	2.00	4.70	2/16/2000 17:00

Original Hole [Vertical]



Page 1/1 Report Printed: 10/25/2024

HILCORP ENERGY COMPANY
RIDDLE 1B
FRUITLAND COAL RECOMPLETION SUNDRY

RIDDLE 1B - PROPOSED WELLBORE SCHEMATIC (PRIOR TO DRILLOUT/COMMINGLING)

Hilcorp Energy Company

WBD Proposed Formations 1

Well Name: RIDDLE #1B

API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004530043	004-030N-009W-K	BLANCO MESAVERDE (PRORATED GAS		NEW MEXICO	Vertical
Ground Elevation (ft)	**Casing Flange Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**Original Spud Date**	**Rig Release Date**
6,146.00		12.00		2/16/2000 17:00	3/8/2001 17:00

Most Recent Job

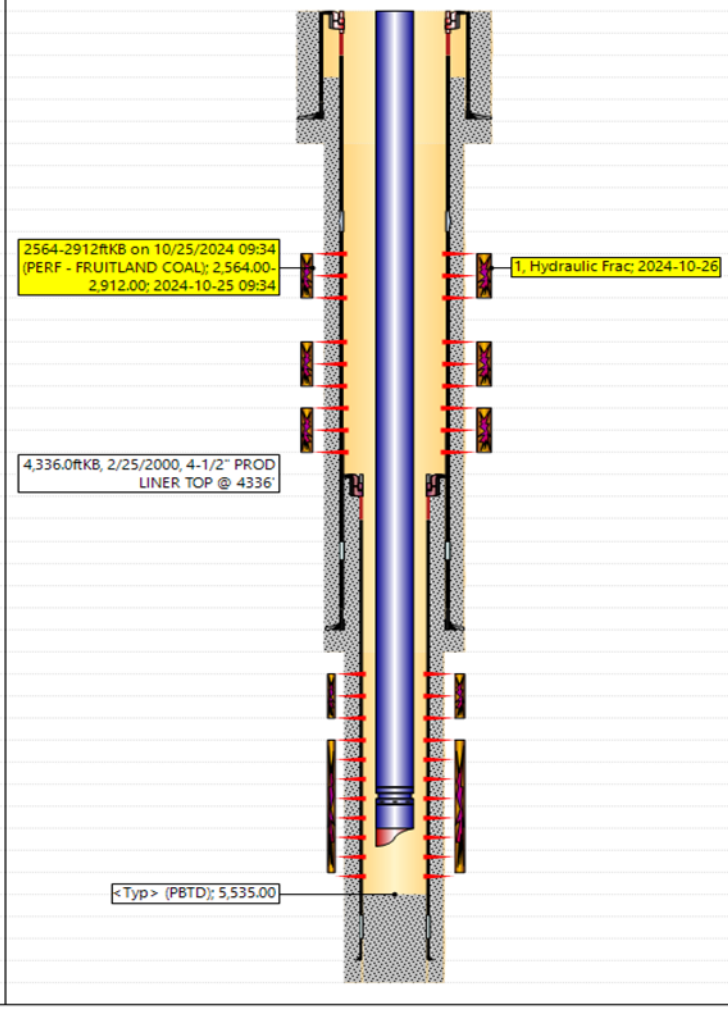
Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date
FACILITIES			10/11/2006	

TD: 5,638.0

Original Hole [Vertical]

MD (ftKB)	Formation Tops	MD
12.1		
12.8		
30.8		
226.0		
247.0		
248.4		
255.9		
1,636.2	OJO ALAMO	1,636.0
1,744.1	KIRTLAND	1,744.0
2,233.9		
2,235.9		
2,564.0	FRUITLAND	2,564.0
2,834.0		
2,912.1	PICTURED CLIFFS	2,912.0
3,101.0	HUERFANITO BENT...	3,101.0
3,730.0		
3,974.1	NAVAJO CITY CHA...	3,974.0
4,029.9		
4,089.9		
4,225.7		
4,290.0		
4,336.0		
4,347.8		
4,377.6		
4,391.7		
4,392.7		
4,407.2	CLIFF HOUSE	4,407.0
4,434.7		
4,436.0		
4,440.0		
4,661.1		
4,753.9	MENEFEE	4,754.0
5,097.1		
5,131.9		
5,142.1	POINT LOOKOUT	5,142.0
5,427.5		
5,428.8		
5,460.0		
5,461.0		
5,469.2		
5,535.1		
5,535.4		
5,536.4		
5,537.4		
5,638.1		

Vertical schematic (proposed)



Santa Fe Main Office
Phone: (505) 476-3441 Fax: (55) 476-3462
General Information
Phone: (505) 629-6116

Online Phone Directory Visit:
https://www.emnrd.nm.gov/ocd/contact-us/

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

C-102
Revised July 9, 2024
Submit Electronically via OCD Permitting

Submittal Type: ☐ Initial Submittal ☐ Amended Report ☐ As Drilled

WELL LOCATION INFORMATION

API Number	Pool Code	Pool Name	
30-045-30043	71629	Basin Fruitland Coal	
Property Code	Property Name		Well Number
318681	Riddle		1B
OGRID No.	Operator Name		Ground Level Elevation
372171	Hilcorp Energy Company		6146’
Surface Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal		Mineral Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal	

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
K	04	30N	09W		1790’ S	1830’ W	36.8379059	-107.7887726	San Juan

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

Dedicated Acres	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
322.70	Infill	3004526937	No	N/A
Order Numbers.			Well setbacks are under Common Ownership: ☒Yes ☐No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

Unitized Area or Area of Uniform Interest	Spacing Unit Type ☐ Horizontal ☒ Vertical	Ground Floor Elevation:

OPERATOR CERTIFICATIONS

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well’s completed interval will be located or obtained a compulsory pooling order from the division.

Signature — Date: 11/11/2024

Amanda Walker
Printed Name

mwalker@hilcorp.com
Email Address

SURVEYOR CERTIFICATIONS

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.

Neal C. Edwards
Signature and Seal of Professional Surveyor

6857
Certificate Number

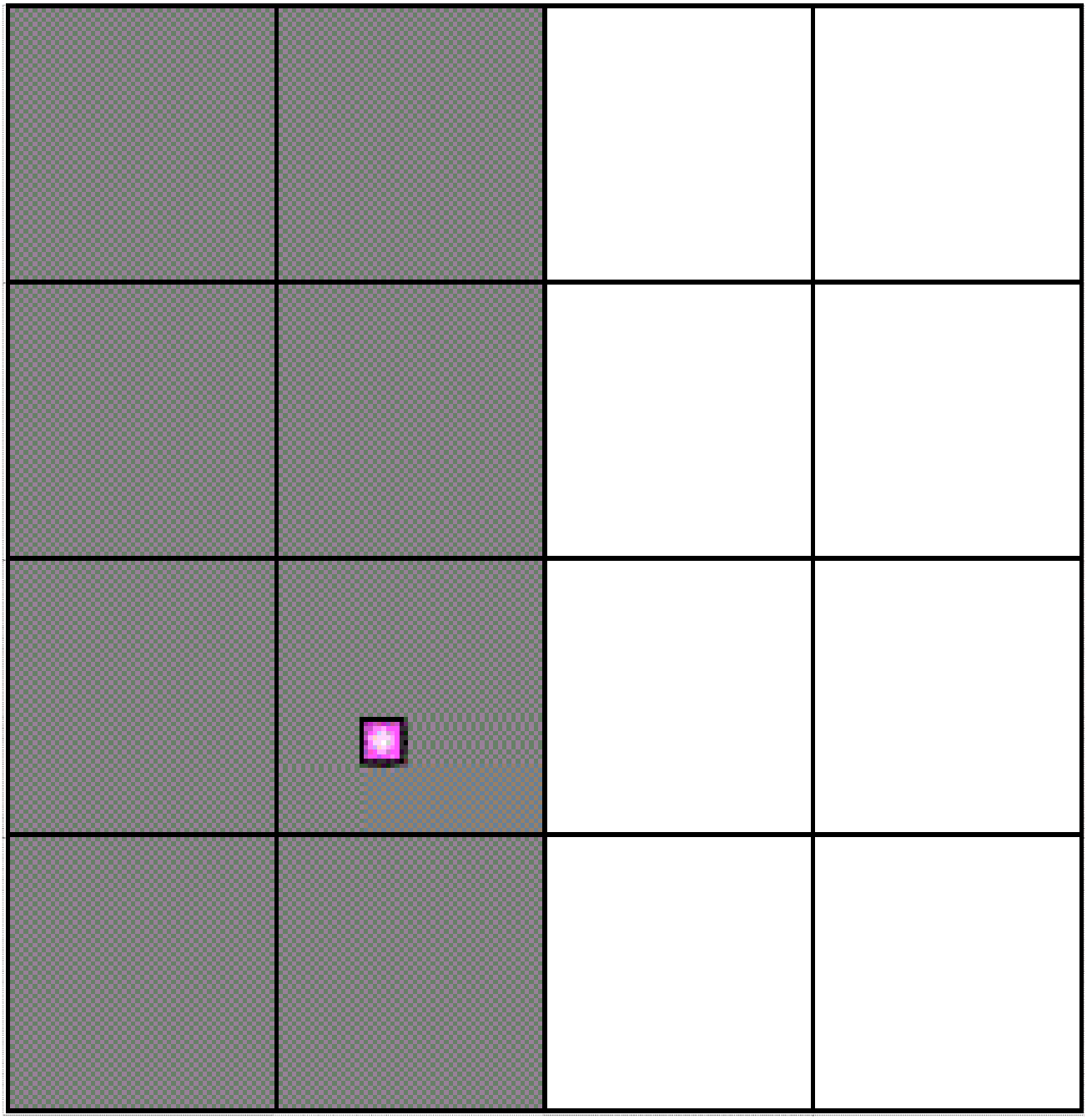
09/17/1999
Date of Survey

Note: 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.

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

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

NATURAL GAS MANAGEMENT PLAN

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

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Hilcorp Energy Company **OGRID:** 372171 **Date:** 11/11/2024

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

If Other, please describe: _____

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

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Riddle 1B	30-045-30043	L-04-30N-09W	1790’ FSL 1830’ FWL	0	200	1

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

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

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Riddle 1B	**30-045-30043**					

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

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

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

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

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

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

IX. Anticipated Natural Gas Production:

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

X. Natural Gas Gathering System (NGGS):

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

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

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

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

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

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

Section 3 - Certifications

Effective May 25, 2021

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

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

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

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

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

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

Section 4 - Notices

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

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

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

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

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

Signature: 
Printed Name: Amanda Walker
Title: Operations Regulatory Tech Sr.
E-mail Address: mwalker@hilcorp.com
Date: 11/11/2024
Phone: 346.237.2177

OIL CONSERVATION DIVISION **(Only applicable when submitted as a standalone form)**
Approved By:
Title:
Approval Date:
Conditions of Approval:

VI. Separation Equipment:

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

VII. Operational Practices:

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

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

VIII. Best Management Practices:

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

Hilcorp

November 18, 2024

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

Re: Application for Downhole Commingling
Well: RIDDLE #001B
API: 3004530043
T30N - R9W - Section 4, Unit Letter: K
San Juan County, NM

Ladies and Gentlemen:

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

- All working, royalty and overriding royalty interests are identical between the **Blanco Mesaverde (72319)** and **Basin Fruitland Coal (71629)** as such relates to the prescribed spacing unit(s) being the **W/322.7** and **W/322.7**, respectively.

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

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

Regards,

Hilcorp Energy Company

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

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
https://www.emnrd.nm.gov/ocd/contact-us

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

CONDITIONS

Action 418345

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 418345
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	5/6/2025