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

APPLICATION FOR DOWNHOLE COMMINGLINGSUBMITTED BY HILCORP ENERGY COMPANYORDER NO. DHC-5504

<u>ORDER</u>

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

FINDINGS OF FACT

- 1. Hilcorp Energy Company ("Applicant") submitted a complete application ("Application") to downhole commingle the pools described in Exhibit A ("the Pools") within the well bore of the well identified in Exhibit A ("the Well").
- 2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
- 3. Applicant has certified that 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.

Order No. DHC-5504

- 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.

<u>ORDER</u>

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

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); and

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 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

Albert Chang

DATE: 7/10/2025

ALBERT CHANG DIRECTOR

E1	lergy, Millerais and Natural Resou	rces Department	
	Exhibit A		
	Order: DHC-5504		
	Operator: Hilcorp Energy Co	ompany	
	Well Name: Atlantic D Com A	Well No. 2B	
	Well API: 30-045-30850		
	Pool Name: Basin Fruitland C	oal	
llenen Zono	Pool ID: 71629	Current:	New: X
Upper Zone	Allocation: Subtraction	Oil: 98.0%	Gas: SUBT
		Top: 2,934	Bottom: 3,316
	Pool Name:		
Intermediate Zone	Pool ID:	Current:	New:
Intermediate zone	Allocation:	Oil:	Gas:
		Тор:	Bottom:
Bottom of Inter	val within 150% of Upper Zone's T	op of Interval:	
	Pool Name: Blanco Mesavero	le	
Lower Zone	Pool ID: 72319	Current: X	New:
	Allocation:	Oil: 2.0%	Gas: SUBT
		Top: 4,847	Bottom: 5,872
Bottom of Inter	val within 150% of Upper Zone's T	op of Interval: NO	
Top of Q	ueen Formation:		

State of New Mexico Energy, Minerals and Natural Resources Department

Received by OCD: 5/23/2025 12:04:17 PM

TTO

ID NO. 466911		DHC - 550	4	Revised Water 25, 2017
RECEIVED: 05/23/25	REVIEWER:	TYPE:	APP NO:	
	- Geologi	ABOVE THIS TABLE FOR OCD CO OIL CONSERV cal & Engineering rancis Drive, Sant	ATION DIVISIC g Bureau –	
	T IS MANDATORY FOR A	RATIVE APPLICAT	ATIONS FOR EXCEPTIO	INS TO DIVISION RULES AND
Applicant: Hilcorp Energ				GRID Number: <u>372171</u>
Well Name: <u>Atlantic D Cc</u> Pool: <u>Basin Fruitland Coal (0</u>				l: <u>30-045-30850</u> ol Code: 71629
1) TYPE OF APPLICATIC	N: Check those	INDICATED BELC	W \]	SS THE TYPE OF APPLICATION
		Itaneous Dedicatio Roject Area)		□sd
DHC [II] Injection –	ng – Storage – M	PLC PC C ure Increase – Enh		overy
B. Royalty, ove C. Application D. Notification E. Notification F. Surface own	ators or lease ho erriding royalty o requires publish and/or concurr and/or concurr ner e above, proof c	Iders wners, revenue ov ed notice	vners _O LM	Notice Complete Application Content Complete
3) CERTIFICATION: I here administrative appro- understand that no notifications are sub	oval is accurate action will be ta	and complete to the ken on this application	the best of my l	

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

Amanda Walker

Print or Type Name

5/22/2025

Date

346.237.2177

Phone Number

mwalker@hilcorp.com e-mail Address

Signature

Released to Imaging: 7/11/2025 7:45:15 AM

Received by OCD: 5/23/2025 12:04:17 PM

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

Revised August 1, 2011 APPLICATION TYPE Single Well Establish Pre-Approved Pools

Form C-107A

Page 6 of 31

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE <u>X</u>Yes __No

> San Juan County

Hilcorp	Energy	Company
Operator		

Lease

382 Road 3100, Aztec, NM 87410

Address I, Sec 36, T31N, R10W Atlantic D Com A 2 B Well No. Unit Letter-Section-Township-Range

OGRID No. 372171 Property Code 318867 API No. 30-045-30850 Lease Type: Federal X State Fee

DATA ELEMENT	UPPER ZO	ONE	INTER	RMEDIATE Z	ONE	LOWI	ER ZONE	
Pool Name	Basin Fruitland C	oal (Gas)				Blanco Mesav	erde (Prorated Ga	ıs)
Pool Code	71629					7	72319	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est. 2934' – 3	316'				4847	" – 5872'	
Method of Production (Flowing or Artificial Lift)	Artificial L	ift				Arti	ficial 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						56 psi	
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1105 BTU	J				12:	24 BTU	
Producing, Shut-In or New Zone	New Zone	e				Pro	oducing	
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: March Rates: Oil: 0 bbl Gas: 2277 md Water: 0 bbl		
Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil	Gas	Oil	Gas		Oil	Gas	
than current or past production, supporting data or explanation will be required.)	%	%		%	%	%		%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes <u>X</u> Yes <u>N</u> /A	No No
Are all produced fluids from all commingled zones compatible with each other?	Yes_X_	No
Will commingling decrease the value of production?	Yes	NoX
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 <u>X</u>	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 A Watter

_TITLE_Operations/Regulatory Technician Sr. DATE 05/22/2025

TYPE OR PRINT NAME <u>Amanda Walker</u>

TELEPHONE NO. (346) 237.2177

E-MAIL ADDRESS ____mwalker@hilcorp.com

DISTRICT I P.O. Box 1980, Hobbe, N.M. DISTRICT II P.O. Drawer DD, Artesia, N.M DISTRICT III 1000 Rio Brazos Rd., Aztec, DISTRICT IV PO Box 2088, Santa Fe, NM	. 88211-0719 N.M. 87410 87504-2088		gy, Minerais & OIL CONSE P. Santa Fe	Naturai RVATI(0. Box 3, NM 8	DN DIVISI 2088 7504-2088	ON	Submi	t to App St	Instru propriate iate Lec Fee Lec	Form C-102 ruary 21, 1994 a District Office ase - 4 Copies ase - 3 Copies
	WI	ELL LO	CATION AN	ID AC	REAGE	DEDICAT		AT		
30-045- 308	5	72319	Pool Code	Bla	nco Mesav	verde	³ Pool Name			
* Property Code 6806	<u></u>	, 252	J	Property N NTIC D			10- <u>0-</u>		• ₩	ell Number 2B
⁷ OGRHD No.		BU	RLINGTON RES	Operator I OURCES		S INC.				Elevation 6563
<u></u>	<u></u>		¹⁰ St	urface	Location					
UL or lot no. Section I 36	Township 31-N	Range 10-W	Lot Idn Feet fr 1735) 	North/South SOUTH	6	from the 60	East/Wes EAST		County SAN JUAN
		¹¹ Bottor			If Differe			East/Wei	ut line	County
UL or lot no. Section	Township	Ronge	Lot Idn Feet fr	om the	North/South	iine ren	from the	ECSI/ Wet		County
¹² Dedicated Acres	 ¹³ Join	nt or Infill	¹⁴ Conse	olidation C	ode	¹⁸ On	der No.	<u>.</u>		
MV-E/320 NO ALLOWABLE		SSIGNED				ALL IN	TERESTS	HAVE E	BEEN	CONSOLIDATED
NU ALLUWABLE	OR A NO	ON-STAI	NDARD UNIT	HAS B	EEN APPR	OVED BY	THE DI	VISION	<u>. </u>	<u> </u>
	OCT D		ST OF NM B-11124	 - - - 	FD	 	Signature Peggy Printed Na Regula Title	Alfred Cole tory S	superv	1
			ST OF NM E-		 651'	660'	 hereby cert was platted f	ify that the rom field no	well locati	RTIFICATION on shown on this plot ad surveys mode by me the same is true and U_{C}

Released to Imaging: 7/11/2025 7:45:15 AM

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 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.

being commi	alculated for operated off ngled in the well in questi		
	1) Wells were shut in	for 24 hours	
2)	Echometer was used to c		I
3) Shut in BHP v	was calculated for the pro	posed commingle	ed completion
	of wells used to calculate I	BHPs for the Proj	ect:
List c			
List c 3004528921	JOHNSTON FE	DERAL 28R	FRC
		-	FRC MV

"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."



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 basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. 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 adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	2.86	535	98%
FRC	0.038088	1022	2%
			100%

All documentation will be submitted to NMOCD.



Page 12 of 31



Page 13 of 31

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.

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

Well Name	ATLANTIC D COM A 2B
API	3004530850
	•

FRC Offse	t (1.38 miles)	MV Offset (0.82 miles)		
API	3004526938	API	3004510157	
Property	WOODRIVER 250	Property	WALKER 1	
CationBarium	0	CationBarium	0.4	
CationBoron		CationBoron		
CationCalcium	1.69	CationCalcium	2.71	
CationIron		CationIron	368	
CationMagnesium		CationMagnesium	0.74	
CationManganese		CationManganese	5.84	
CationPhosphorus		CationPhosphorus		
CationPotassium		CationPotassium	20	
CationStrontium	0	CationStrontium	2	
CationSodium		CationSodium	20	
CationSilica	135.02	CationSilica	5.96	
CationZinc		CationZinc	2	
CationAluminum		CationAluminum	2	
			-	
CationCopper		CationCopper	2	
CationLead		CationLead	2	
CationLithium		CationLithium		
CationNickel		CationNickel		
CationCobalt		CationCobalt		
CationChromium		CationChromium		
CationSilicon		CationSilicon	10	
CationMolybdenum		CationMolybdenum		
AnionChloride		AnionChloride	14.6	
AnionCarbonate	0	AnionCarbonate	10	
AnionBicarbonate	122.2	AnionBicarbonate	24	
AnionBromide		AnionBromide		
AnionFluoride		AnionFluoride		
AnionHydroxyl		AnionHydroxyl	10	
AnionNitrate		AnionNitrate		
AnionPhosphate		AnionPhosphate		
AnionSulfate	0	AnionSulfate	3.93	
phField		phField	6.2	
phCalculated	5.92	phCalculated	5.5	
TempField		TempField	47.6	
TempLab		TempLab		
OtherFieldAlkalinity	122.2	OtherFieldAlkalinity	120	
OtherSpecificGravity	1	OtherSpecificGravity	1	
OtherTDS	378.14	OtherTDS	20	
OtherCaCO3	6.03	OtherCaCO3	6.77	
OtherConductivity		OtherConductivity	96	
DissolvedCO2	90	DissolvedCO2	160	
DissolvedO2		DissolvedO2		
DissolvedH2S	0	DissolvedH2S		
GasPressure		GasPressure		
GasCO2	4	GasCO2	1 1	
GasCO2PP		GasCO2PP	1	
GasH2S	n	GasH2S	1	
GasH2SPP	1	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.

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

Well Name	ATLANTIC D COM A 2B
API	3004530850

FRC O	ffset (1.38 miles)	MV Offset (0.82 miles)		
AssetCode	3004526938		3004510157	
AssetName	WOODRIVER 250	AssetName	WALKER 1	
CO2		CO2	0.02	
N2	0	N2	0	
C1	0.87	C1	0.82	
C2	0.06	C2	0.09	
С3	0.03	С3	0.04	
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		С9		
C10		C10		
AR		AR		
СО		СО		
H2		H2		
02		02		
H20		H20		
H2S	0	H2S	0	
HE		HE		
C_O_S		C_O_S		
СНЗЅН		СНЗЅН		
C2H5SH		C2H5SH		
CH2S3_2CH3S		CH2S3_2CH3S		
CH2S		CH2S		
C6HV		C6HV		
CO2GPM	0	CO2GPM	0	
N2GPM	0	N2GPM	0	
C1GPM	0	C1GPM	0	
C2GPM	1.74	C2GPM	2.32	
C3GPM	0.7	C3GPM	0.99	
ISOC4GPM	0.16	ISOC4GPM	0.24	
NC4GPM	0.1	NC4GPM	0.32	
ISOC5GPM	0.04	ISOC5GPM	0.15	
NC5GPM	0.02	NC5GPM	0.12	
C6_PLUSGPM	0.06	C6_PLUSGPM	0.45	

Received by OCD: 5/23/2025 12:04:17 PM

Online Phone Directory Visit:

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

Santa Fe Main Office Phone: (505) 476-3441 General Information Phone: (505) 629-6116 State of New Mexico Energy Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

			^{1.} Operator Name	and Address		·		² OGRID Numbe	er		
	Hilcorp Energy Company 382 Road 3100								372171		
			382 Road Aztec, NM	3100 87410				^{3.} API Number 30-045-30850			
^{4.} Prope 31	erty Code 8867			s A	[•] Property Name Atlantic D Com A				ll No. B		
				^{7.} Sur	face Location						
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
Ι	36	31N	10W	10W 1735' S				Е	San Juan		
	-			⁸ Proposed	Bottom Hole	Location					
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
Ι	36	31N	10W		1735'	S	660'	E	San Juan		
				^{9.} Poo	l Information						
				Pool	Name				Pool Code		
	Basin Fruitland Coal (Gas) 71629						71629				
				Additiona	l Well Informa	ition					
^{11.} Work Type ^{12.} Well Type ^{13.} Cable/Rotary ^{14.} Lease Type ^{15.} Ground Level Elevation					nd Level Elevation						

^{11.} Work Type A	^{12.} Well Type G		^{13.} Cable/Rotary	^{14.} Lease Type S		^{15.} Ground Level Elevation 6563'
^{16.} Multiple	^{17.} Proposed Depth ~2934' – 3316'		^{18.} Formation Basin Fruitland Coal (Gas)	^{19.} Contractor		^{20.} Spud Date
Depth to Ground water		Distance from	nearest fresh water well		Distance to n	earest surface water

We will be using a closed-loop system in lieu of lined pits

^{21.} Proposed Casing and Cement Program

Туре	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC		
Casing/Cement Program: Additional Comments								

22. Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer

of my knowledge and belief.	riven above is true and complete to the best	OIL CONSERVATION DIVISION				
1 further certify that I have complied 19.15.14.9 (B) NMAC , if applicable Signature:	with 19.15.14.9 (A) NMAC 🔀 and/or le.	Approved By:				
Printed name: Amanda Walker		Title:				
Title: Operations Regulatory Tech Sr.		Approved Date: Expiration Date:				
E-mail Address: mwalker@hilcorp.com						
Date: 5/6/2025	Phone: 346-237-2177	Conditions of Approval Attached				

AMENDED REPORT

Released to Imaging: 7/11/2025 7:45:15 AM



HILCORP ENERGY COMPANY ATLANTIC D COM A 2B FRUITLAND COAL RECOMPLETION SUNDRY API: 3004530850

		JOB PROCEDURES
✓ ✓	NMOCD BLM	Contact OCD and BLM (where applicable) 24 hrs prior to MIRU or running MITs. Record and document all casing pressures daily, including BH, IC (if present) and PC. Comply with all NMOCD, BLM (where applicable), and HEC safety and environmental regulations.
1.	Hold pre-job sat	fety meeting. MIRU service rig and associated equipment. NU and test BOP per HEC, State, and Federal guidelines.
2.	TOOH with 2-3/	/8" tubing.
3.	Set a 4-1/2" plu	ig within 50' of the top Mesaverde perforation (+/-4,797') for zonal isolation.
4.	Load hole with f prior to test).	fluid, PT the csg to 600 psi. Perform a witnessed MIT test on the csg with the appropriate regulatory agencies (Notify NMOCD 24 hours
5.		the 4-1/2" was run during the initial completion. Prior to perforating - Review CBL with engineering and regulatory agencies. Perform cmt required, after obtaining necessary approvals.
6.	If frac will be p	umped down casing: ND BOP, NU frac stack and test frac stack and casing to frac pressure.
7.	RU WL. Perfora	ate the Fruitland Coal. (Top perforation @ 2,934', Bottom perforation @ 3,316').
8.		umped down a frac string: RIH w/ frac string and packer. Set packer within 80' of top perforation. ND BOP, NU frac stack. Pressure test irac stack to frac pressure.
9.	RDMO service	rig. RU stimulation crew. Frac the Fruitland Coal in one or more stages. Set plugs in between stages, if necessary.
10.	MIRU service ri	g and associated equipment. ND frac stack, NU BOP and test.
11.	If frac was perfo	prmed down frac string: POOH w/ frac string and packer.
12.	TIH with a bit ar	nd drill out top isolation plug and any stage plugs (if necessary). Clean out to the top of the Mesaverde isolation plug.
13.	Pending commi	ingle approval, drill out Mesaverde isolation plug. Cleanout to PBTD at 6,026'. TOOH w/ cleanout assembly.
14.	Run and land p	roduction tubing. RDMO service rig and associated equipment. Return well to production.

.



HILCORP ENERGY COMPANY ATLANTIC D COM A 2B FRUITLAND COAL RECOMPLETION SUNDRY

		ergy Company ATLANTIC D COM A #2B	Current Sch	nematic - Ve	ersion 3	•		
97.0WI 004530	350	Surface Legal Location 036-031N-010W-I	Field Name BLANCOMESAVERDE (PRORAT	Route ED GAS 0408		State/Province NEW MEXICO	Well Configuration Type Vertical	
ound Eleva	tion (ft)	Original K5/RT Elevation (#)	Tubing Hanger Elevation (#)	RKB to GL (ft)		KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance	(1)
. <u>563.00</u> ubing \$	Strings	6,578.00		15.00				
in Date 1/6/2000	2.00:00	Set Depth (ftKB) 5,690.65	String Max Nominal OD (In) 2 3/8	String Min Nomin	al ID (In)	WeightLength (lb/t) 4 70	Original Spud Date 9/24/2002 17:00	
170/200.				452005000	00.0/		57242002 17:00	_
MD	TVD		Original Hole, 300	453085000	00 [ven	ticalj		
(ftKB)	(ftKB)			Vertical schema	tic (actual)			
15.1	- 15.1		a construction of the cons	din ila anda a da tabila a da 1972	the shade in the second	SURF, Casing, 9/24/	2002 00:00 (SINGLE); 15	<u>.00-</u>
16.1 -	- 16.1						CEMENT WITH 146 SX	
143.0 -	- 143.0					2322	ULATED TO SURFACE	0.00
144.0	- 144.0					1; CASING - SURFAC	CE, 144.18ftKB; 9 5/8 in; 9 ftKB: 144.18 ftKB; 144.18 ftKB	9.00
144.4	144,4						/2002 00:00 (SECOND	
149.9 -	- 149.9 -		(688) (mal))			STAGE); 15.00-2,676	.00; 2002-09-28; CEMEN	TI
1,962.9 -	- 1,962.8 - 2,163.0 -	— OJO ALAMO (OJO ALAMO (f — KIRTLAND (KIRTLAND (final)				WITH 364 SX CIRCU SURFACE	JLATING 48 BBLS TO	
2,589.9 -	2,163.0	and only (and only (initial)	<i>u</i>			JUNIAUE		
2,675.9	2,675.7							
2,676.5	2,676.4							
2,679.5	2,679.4							
2,799.9 -	2,799.8	2 3/8in, TUBING; 2 3/8 in; 4.7		- 200	- 10 M			_
2,934.1 -	2,933.9	,,	ftKB; 5,655.96 ftKB	-00			/2002 00:00 (FIRST STAC	
3,315.9	3,315.8	PICTURED CLIFFS (PICTURE)	D CLIFFS (final))				002-09-28; CEMENT WI IG 20 BBLS TO SURFACE	
3,419.6 -	3,419.5							
3,467.8	3,467.7	— LEWIS (LEWIS (final)) ———						
3,473.4 3,639.1	- 3,473.3 - 3,639.0							
3,640.1	3,639.9							
3.683.1 -	3.682.9							
3,684.4	3,684.2						IEDIATE, 3,684.40ftKB; 7	
2,691.9	2,691.8						15.00 ftKB; 3,684.40 ftKB	
4,033.1 -	4,032.9	-HUERFANITO BENTONITE (H	IUERFANITO B				Cement, Casing, 10/2/20	
4,369.1 -	4.368.9	- CHACRA (CHACRA (final))-				10-02; CEMENT WI	E); 2,800.00-6,027.80; 20 H 618 CU FT TOC	J02-
4,838.9	4,838.6	- CLIFFHOUSE (CLIFFHOUSE (final))			DETERMINED BY C		
4,847.1 -	- 4,846.8 - - 4,907.8 -							
4,908.1 -	- 4,907.8 - - 4,917.0 -			200	38			
4,917.3 - 5,050.9 -	- 4,917.0 - - 5,050.5 -	MASSIVE CLIFFHOUSE (MAS				4847-5285ftKB on 1	0/18/2002 00:00 (PERF	
5,154.9	5,154.5	MASSIVE CLIFFHOUSE (MAS MENEFEE (MENEFEE (final))				CLIFFHOUSE/MENE	FEE); 2002-10-18	
5,285.1	5,284.8							
5,440.9	5,440.6 ···			1000				
5,565.0	5,564.6	2 3/8in, PUP JOINT; 2 3/8	in; 4.70 lb/ft; J-55; ftKB; 5,658.04 ftKB					
5,580.1	S, 579.7	-PCITY 2 3/8in, TUBING; 2 3/8						
5,655.8	5,655.5		ftKB; 5,689.12 ftKB		188	5441-5872ftKB on 1 POINT LOOKOUT); 2	0/18/2002 00:00 (PERF	
5,658.1 -	- 5,657.7	2 3/8in, SEATING NIPPLE				POINT LOOKOUT); 2	.002-10-10	
5,689.0 -	5,688.6		ftKB; 5,689.90 ftKB		1000		Cement, Casing, 10/2/20	
5,690.6 -	5,690.2	2 3/8in, EXPENDABLE CHECK	(; 2 3/8 in; 5,689.90 ftKB; 5,690.65 ftKB				E) (plug); 6,026.00-6,02 IT WITH 618 CU FT TOC	
5,872.0 -	5,690.2		1110, 0,000,000 1110			DETERMINED BY C		,
6,025.9	6,025.5	k Tvp	> (PBTD); 6,026.00	200			CTION (LONG STR.),	
6,026.6	6,026.1	- 17P	(n; 4.05 in; 10.50 lb/ft;	
6,026.9	6,026.5					2,590.00 ftKB; 6,027.		-
6,027.9 -	6,027.5					/ PLUGBACK, Plug, 10 6,065.00; 2002-10-0)/3/2002 00:00; 6,027.85 3	-
6,065.0 -	6,064.5			~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	*****	0,000,000,2002,1000	-	_
6,071.9	6,071,4	-MANCOS (MANCOS (final))						
				Page 1/1			Report Printed: 5/5	



HILCORP ENERGY COMPANY ATLANTIC D COM A 2B FRUITLAND COAL RECOMPLETION SUNDRY

	-	ergy Company ATLANTIC D COM A #2B	Prop	osed Schemat	ic		
PI/UWI 0045308	850	Surface Legal Location 036-031N-010W-I	Field Name BLANCOMESA/ERDE (PROF	Route ATED GAS 0408		State/Province NEW MEXICO	Well Configuration Type Vertical
ound Eleva	ition (ft)	Original KB/RT Elevation (#) 6,578.00	Tubing Hanger Elevation (ft)	RKB to GL (ft)		KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)
ubing S		0,578.00		15.00			
un Date 1/6/2002	2 00:00	Set Depth (ftx3) 5,690.65	String Max Nominal OD (In) 2 3/8	String Min Nomin	al ID (In)	Weight/Length (IIb/ft) 4.70	Original Spud Date 9/24/2002 17:00
			Driginal Hole, 30	00453085000	00 [Verti	cal]	-
MD (ftKB)	TVD (ftKB)			Vertical schema	tic (actual)		
15.1 -	- 15.1 -	helik dika harak birka tarka masi kali kuma bura ta bir birana di	وللالاف الشاف المتعادلة فالمتعار	an an the state of	and the latter life in such as the	SURF, Casing, 9/24/2	2002 00:00 (SINGLE); 15.00-
16.1 -	- 16.1 -					144.20; 2002-09-24;	CEMENT WITH 146 SX
143.0 -	- 143.0 -					CIRCULATING CIRCU	E, 144.18ftKB; 9 5/8 in; 9.00
144.0	144.0					in; 32.30 lb/ft; 15.00 l	
144.4	- 144.4 - 149.9 -		8			INTER, Casing, 9/28/	2002 00:00 (SECOND
1,962.9	1.962.8	OJO ALAMO (OJO ALAMO (fir	nal))			STAGE); 15.00-2,676.0 WITH 364 SX CIRCU	00; 2002-09-28; CEMENT
2,163.1 -	2,163.0	-KIRTLAND (KIRTLAND (final))				SURFACE	
2,589.9 -	2,589.8					•	
2,675.9	- 2,675.7 -						
2,676.5	2,676.4						
2,679.5	2,679.4 -	2 3/8in, TUBING; 2 3/8 in; 4.70	b/ft-1-55-15.00				
2,799.9 -	2,799.8		tKB; 5,655.96 ftKB			INTER, Casing, 9/28/	2002 00:00 (FIRST STAGE)
3,315.9	3,315.8	PICTURED CLIFFS (PICTURED	CLIFFS (final))				02-09-28; CEMENT WITH
3,419.6	- 3,419.5 -					164 SX CIRCULATING	G 20 BBLS TO SURFACE
3,467.8 -	- 3,467.7 -						
3,473.4 -	3,473.3						
3,639.1	3,639.0						
3,683.1	3,682.9						
3,684.4	3,684.2						EDIATE, 3,684.40ftKB; 7 in;
3,691.9	- 3,691.8 -						5.00 ftKB; 3,684.40 ftKB
4,033.1 -	- 4,032.9 -	-HUERFANITO BENTONITE (HU	JERFANITO B				ement, Casing, 10/2/2002
4,369.1	4,368.9	- CHACRA (CHACRA (final))	10			10-02; CEMENT WIT	E); 2,800.00-6,027.80; 2002- H 618 CU FT TOC
4,838.9	- 4,838.6 - - 4,846.8 -	CLIFFHOUSE (CLIFFHOUSE (fil	nal))			DETERMINED BY CB	
4,908.1	4,907.8						
4,917.3	4.917.0						
5,050.9	- 5,050.5 -	MASSIVE CLIFFHOUSE (MASS	IVE CLIFFHO				0/18/2002 00:00 (PERF
5,154.9	5,154.5	— MENEFEE (MENEFEE (final))—				CLIFFHOUSE/MENEF	cc); 2002-10-18
5,285.1	- 5,284.8 -						
5,440.9 5,565.0	5,440.6 5,564.6	2 3/8in, PUP JOINT; 2 3/8 i	n; 4.70 lb/ft; J-55;	388	185		
5,580.1	5,579.7	5,655.96 t	tKB; 5,658.04 ftKB	200	1999		
5,655.8	5,655.5	2 3/8in, TUBING; 2 3/8 i	n; 4.70 lb/ft; J-55; tKB; 5,689.12 ftKB	······			0/18/2002 00:00 (PERF
5,658.1 -	- S,657.7 -	2 3/8in, SEATING NIPPLE;	· · ·		1000	POINT LOOKOUT); 20	002-10-18
5,689.0	5,688.6	1	tKB; 5,689.90 ftKB		1000	Production Casing C	ement, Casing, 10/2/2002
5,690.0 5,690.6	5,689.6 5,690.2	2 3/8in, EXPENDABLE CHECK;	2 3/8 in; 5,689.90 tKB; 5,690.65 ftKB				E) (plug); 6,026.00-6,027.80;
5,872.0	5,690.2		110, 3,090.09 ILKD		100	DETERMINED BY CB	T WITH 618 CU FT TOC
6.025.9	6.025.5	< avT >	(PBTD); 6,026.00	388		3; CASING - PRODUC	CTION (LONG STR.),
6,026.6	6,026.1	[
6,026.9 -	6,026.5				× *	2,590.00 ftKB; 6,027.8	32 ftKB /3/2002 00:00; 6,027.85-
6,027.9	6,027.5					6,065.00; 2002-10-03	
6,065.0 -	6,064.5	MANCOS (MANCOS (Beally		~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~			
eloura	8,0/1.4	MANCOS (MANCOS (final)) -					
				Page 1/1			Report Printed: 5/5/2025

.

eived by OCD: 5/23/2 Santa Fe Main Office Phone: (505) 476-3441 Fax General Information Phone: (505) 629-6116 Online Phone Directory Vi https://www.emnrd.nm.gov	: (55) 476-3462 sit:	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION		Submittal Type:	A mended Peport	
		WELL LOCA	TION INFORMATION			
API Number	Pool Code		Pool Name			
30-045-30850 71629 Property Code Property Name 318867 Atlantic D Com A			Basin Fruitland Coal (Gas)			
					Well Number	
					2B	
OGRID No.	Operator Name				Ground Level Elevation	

6563'

Longitude

Longitude

Ground Floor Elevation:

-107.8295975

-107.8295975

County

County

San Juan

San Juan

Mineral Owner: \boxtimes State \square Fee \square Tribal \square Federal

Latitude

Latitude

36.8529167

36.8529167

Hilcorp Energy Company

Lot

Lot

Range

Range

10W

10W

372171

UL

UL

I

I

Section

Section

36

36

Surface Owner: \boxtimes State \square Fee \square Tribal \square Federal

Township

Township

31N

31N

Unitized Area or Area of Uniform Interest

Dedicated Acres	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
320.0	Infill	30-045-26887	No	Com
Order Numbers.		Well setbacks are under Common Ownership: ⊠Yes □No		

Surface Location

Bottom Hole Location

Ft. from E/W

Ft. from E/W

660' E

660' E

Ft. from N/S

Ft. from N/S

1735' S

1735' S

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

Spacing Unit Type \Box Horizontal \boxtimes Vertical

OPERATOR CERTIFICATIONS	SURVEYOR 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.	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.				
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.	Dev Devis				
5/6/2025	Roy Rush				
Signature Date	Signature and Seal of Professional Surveyor				
Amanda Walker Printed Name	8894 June 15, 2001 Certificate Number Date of Survey				
mwalker@hilcorp.com					
Email Address					

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. Released to Imaging: 7/11/2025 7:45:15 AM

Received by OCD: 5/23/2025 12:04:17 PM 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.



Re	ceived	by	OCD:	5/23/2025	12:04:17 PM
----	--------	----	------	-----------	-------------

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.

<u>Section 1 – Plan Description</u> Effective May 25, 2021

OGRID: 372171 **Date:** 5/6/2025

I. Operator: <u>Hilcorp Energy Company</u>

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
Atlantic D Com A 2B	3004530850	I, 36, 31N, 10W	1735' FSL & 660' FEL	0	200	1

IV. Central Delivery Point Name: <u>Chaco-Blanco Processing Plant</u> [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
Atlantic D Com A 2B	3004530850				2025	2025

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

VII. Operational Practices: \boxtimes 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.

 \boxtimes 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	Available Maximum Daily Capacity
			Start Date	of System Segment Tie-in

XI. Map. \Box 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 \Box will \Box 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 \Box does \Box 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: \Box 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:

 \boxtimes 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

 \Box 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. \Box 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. \Box 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: Multir
Printed Name: Amanda Walker
Title: Operations Regulatory Tech Sr.
E-mail Address: <u>mwalker@hilcorp.com</u>
Date: 5/6/2025
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
 - o 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.



May 22, 2025

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

Re: Application for Downhole Commingling Well: ATLANTIC D COM A #002B API: 30-045-30850 T31N - R10W - Section 36, Unit Letter: I 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 <u>identical</u> between the **Blanco Mesaverde (72319)** and **Basin Fruitland Coal (71629)** as such relates to the prescribed E/320 spacing units.

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

Rob Carlson, CPL Sr. Landman (832) 839-4596 rcarlson@hilcorp.com

APPLICATION FOR

NEW MEXICO STATE LAND OFFICE

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: Atlantic D Com A 2B	API #:
Pool: Basin Fruitland Coal (Gas)	-

	Hilcorp Energy Company Attn:Mandi Walker Office#12.215
-	ACCH:Mandi Walker Ollice#12.215
OPERATOR ADDRESS	1111 Travis St. 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.

Amanda Walker Print or Type Name

Signature

5/15/2025 Date 346-237-21277 Phone Number

mwalker@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.



Dear Customer,

The following is the proof-of-delivery for tracking number: 448078368795

Delivery Information:			
Status:	Delivered	Delivered To:	Shipping/Receiving
Signed for by:	M.Barela	Delivery Location:	310 OLD SANTA FE TRAIL
Service type:	FedEx Priority Overnight		
Special Handling:	Deliver Weekday		SANTA FE, NM, 87501
		Delivery date:	May 23, 2025 10:06
Shipping Information:			
Tracking number:	448078368795	Ship Date:	May 22, 2025
		Weight:	0.5 LB/0.23 KG
Recipient: COMMINGLING MANAG PUBLIC LAND 310 OLD SANTA FE TR/ SANTA FE, NM, US, 8750		Shipper: HILCORP ENERGY CC 1111 TRAVIS ST Houston, TX, US, 77002	
Department Number	DOCUMENTS		



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

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street	Action Number:
Houston, TX 77002	466911
	Action Type:
	[C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	7/9/2025

Page 31 of 31