

Well Name: SAN JUAN 28-7 UNIT	Well Location: T28N / R7W / SEC 23 / SWNW / 36.6497 / -107.54802	County or Parish/State: RIO ARRIBA / NM
Well Number: 258M	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF079290	Unit or CA Name: SAN JUAN 28-7 UNIT--DK, SAN JUAN 28-7 UNIT--MV	Unit or CA Number: NMNM78413A, NMNM78413C
US Well Number: 3003925557	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2652911

Type of Submission: Notice of Intent	Type of Action: Recompletion
Date Sundry Submitted: 01/18/2022	Time Sundry Submitted: 07:33
Date proposed operation will begin: 04/01/2022	

**Procedure Description:** Hilcorp Energy Company requests permission to recompleate the subject well in the Basin Fruitland Coal formation and the South Blanco Pictured Cliffs formation and downhole commingle with the existing Mesaverde/Dakota formation. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit was held on 1/14/2022 with Bob Switzer/BLM. The reclamation plan is attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

- Procedure Description
- SJ\_28\_7\_Unit\_258M\_NGMP\_Form\_20220118073229.pdf
  - San\_Juan\_28\_7\_Unit\_258M\_NOI\_20220118073214.pdf

<b>Well Name:</b> SAN JUAN 28-7 UNIT	<b>Well Location:</b> T28N / R7W / SEC 23 / SWNW / 36.6497 / -107.54802	<b>County or Parish/State:</b> RIO ARriba / NM
<b>Well Number:</b> 258M	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF079290	<b>Unit or CA Name:</b> SAN JUAN 28-7 UNIT--DK, SAN JUAN 28-7 UNIT--MV	<b>Unit or CA Number:</b> NMNM78413A, NMNM78413C
<b>US Well Number:</b> 3003925557	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> HILCORP ENERGY COMPANY

Conditions of Approval

Specialist Review

2652911\_RCMPLTN\_SJ\_28\_7\_UNIT\_258M\_3003925557\_KR\_01272022\_20220127161538.pdf

Operator Certification

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 submission of Form 3160-5 or a Sundry Notice.

<b>Operator Electronic Signature:</b> AMANDA WALKER	<b>Signed on:</b> JAN 18, 2022 07:32 AM
<b>Name:</b> HILCORP ENERGY COMPANY	
<b>Title:</b> Operations/Regulatory Technician	
<b>Street Address:</b> 1111 TRAVIS ST.	
<b>City:</b> HOUSTON	<b>State:</b> TX
<b>Phone:</b> (346) 237-2177	
<b>Email address:</b> mwalker@hilcorp.com	

Field Representative

<b>Representative Name:</b>		
<b>Street Address:</b>		
<b>City:</b>	<b>State:</b>	<b>Zip:</b>
<b>Phone:</b>		
<b>Email address:</b>		

BLM Point of Contact

<b>BLM POC Name:</b> KENNETH G RENNICK	<b>BLM POC Title:</b> Petroleum Engineer
<b>BLM POC Phone:</b> 5055647742	<b>BLM POC Email Address:</b> krennick@blm.gov
<b>Disposition:</b> Approved	<b>Disposition Date:</b> 01/27/2022
<b>Signature:</b> Kenneth Rennick	

**San Juan 28-7 Unit #258M**

E – 23 – 28N – 07W 1523 FNL 933 FWL

API#: 3003925557

**Fruitland Coal & Pictured Cliffs Recompletion Procedure**

12/2/2021

**Procedure:**

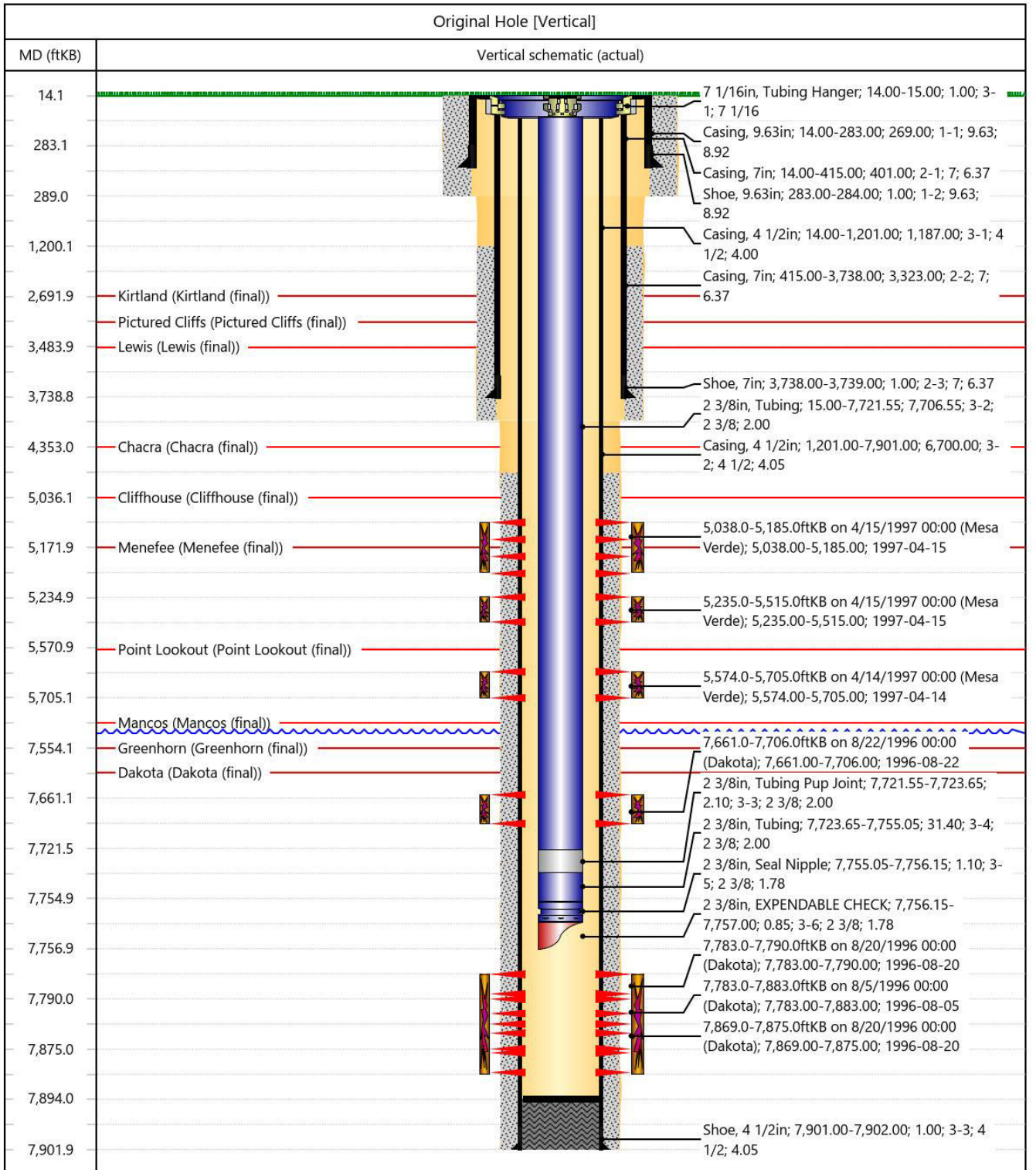
1. MIRU service rig and associated equipment.
2. Test BOP's
3. TOO H w/ 2-3/8" tubing currently set with EOT at 7,757'.
4. Set a CIBP to isolate the Menefee, Point Lookout and Dakota @ +/- 4,990'.
5. Load the hole.
6. Pressure test casing to maximum fracture pressure.
7. ND BOP's. NU frac stack and test same to maximum fracture pressure.
8. RDMO service rig.
9. MIRU frac spread.
10. Perforate and frac the Fruitland Coal from 3,000' to 3,402' and the Pictured Cliffs from 3,402'-3,500'. RDMO frac spread.
11. MIRU service rig.
12. Test BOP's.
13. PU mill and RIH to clean out to isolation plug.
14. When water and sand rates are acceptable, flow test the Fruitland Coal and Pictured Cliffs.
15. Drill out isolation plug and TOO H.
16. TIH and land production tubing. Obtain a commingled flow rate.
17. ND BOP's, NU production tree.
18. RDMO service rig & turn well over to production.



## Current Schematic

Well Name: SAN JUAN 28-7 UNIT #258M

API / UWI 3003925557	Surface Legal Location 023-028N-007W-E	Field Name MV/DK COM	Route 1007	State/Province NEW MEXICO	Well Configuration Type Vertical
Ground Elevation (ft) 6,715.00	Original KB/RT Elevation (ft) 6,729.00	KB-Ground Distance (ft) 14.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	



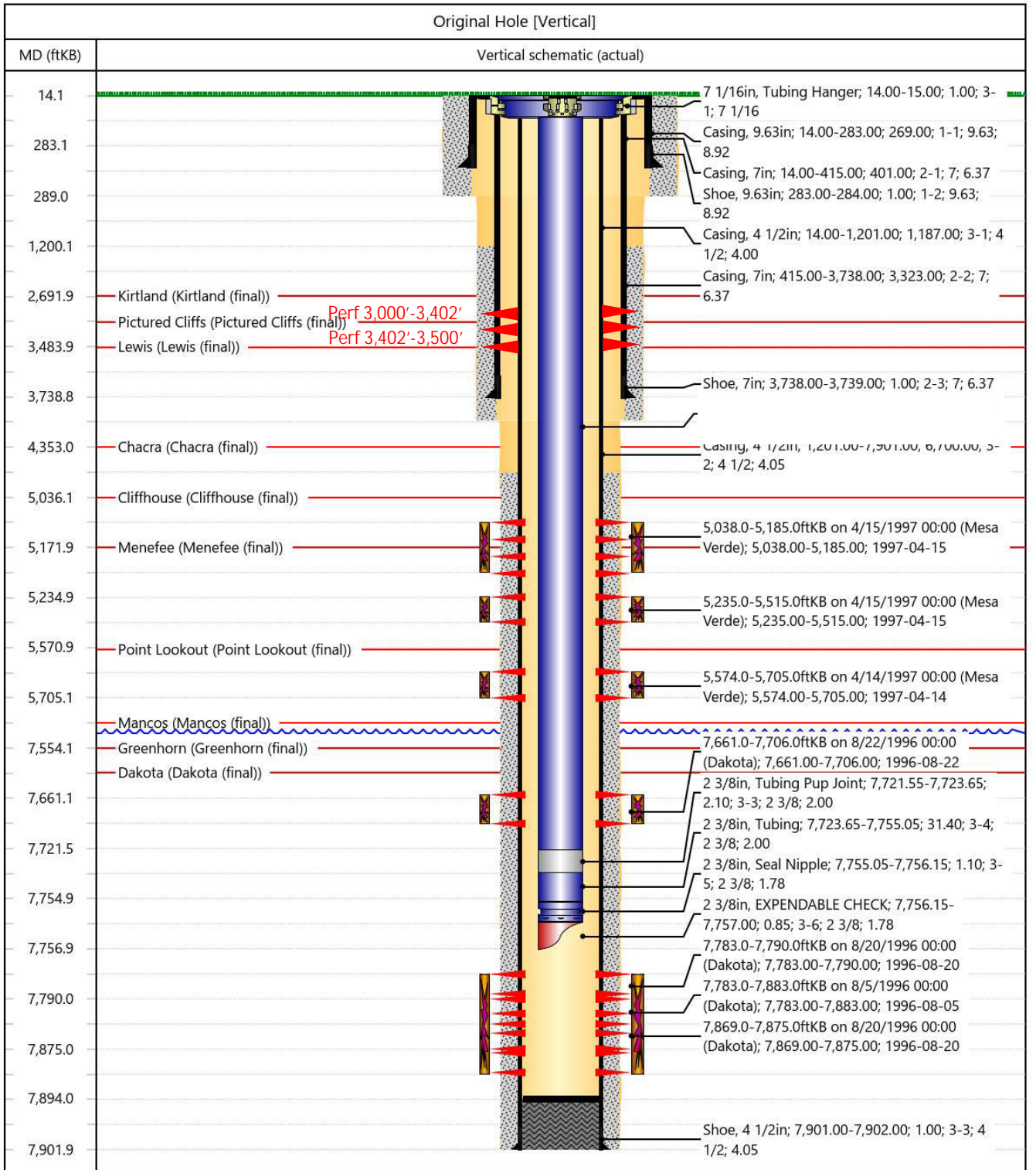




## Proposed Schematic

Well Name: **SAN JUAN 28-7 UNIT #258M**

API / UWI 3003925557	Surface Legal Location 023-028N-007W-E	Field Name MV/DK COM	Route 1007	State/Province NEW MEXICO	Well Configuration Type Vertical
Ground Elevation (ft) 6,715.00	Original KB/RT Elevation (ft) 6,729.00	KB-Ground Distance (ft) 14.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	



**District II**

**District III**

**District IV**

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-25557	2. Pool Code 72439	3. Pool Name BLANCO P. C. SOUTH (PRORATED GAS)
4. Property Code 318432	5. Property Name San Juan 28 7 Unit	6. Well No. 258M
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6715

**10. Surface Location**

UL - Lot E	Section 23	Township 28N	Range 07W	Lot Idn	Feet From 1523	N/S Line N	Feet From 933	E/W Line W	County RIO ARRIBA
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	------------------	---------------	----------------------

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 160.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>[Signature]</i>              Title: Operations/Regulatory Tech Sr.              Date: 01/17/2022</p>		
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Henry P Broadhurst              Date of Survey: 11/1/1994              Certificate Number: 11393</p>		

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-25557	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 318432	5. Property Name San Juan 28 7 Unit	6. Well No. 258M
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6715

**10. Surface Location**

UL - Lot E	Section 23	Township 28N	Range 07W	Lot Idn	Feet From 1523	N/S Line N	Feet From 933	E/W Line W	County RIO ARRIBA
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	------------------	---------------	----------------------

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>[Signature]</i> Title: Operations/Regulatory Tech Sr. Date: 01/17/2022</p>	
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Henry P Broadhurst Date of Survey: 11/1/1994 Certificate Number: 11393</p>	

Hilcorp Energy  
Recomplete Reclamation Plan  
**San Juan 28-7 258M**  
API: 30-039-25557  
T28N-R7W-Sec.23-E  
LAT: 36.649754 LONG: -107.54808  
Footage: 1523' FNL & 933' FWL  
Rio Arriba County, NM

**1. PRE- RECLAMATION SITE INSPECTION**

A pre-reclamation site inspection was completed with Bob Switzer from the BLM and Eufracio Trujillo, Hilcorp Energy SJ South Construction Foreman, on January 14, 2022.

**2. LOCATION RECLAMATION PROCEDURE**

1. Reclamation work will begin in spring period.
2. All trash and debris will be removed within a 25' buffer outside of the location disturbance during reclamation.
3. Brush hog location and fence off area for disturbance.
4. Remove loose fill from along the northern edge of pad and add to western edges of location.
5. Reclaim all disturbed area being used for recompletion activities.
6. Reestablish teardrop on location.
7. Reestablish diversion ditch on northern edge of pad.
8. Reclaim areas used on pad as TUA's.

**3. SEEDING PROCEDURE**

1. A Pinion/Juniper seed mix with some Sage will be used for all reclaimed and disturbed areas of the well pad(s) and lease road.
2. Drill seed will be done where applicable and all other disturbed areas will be broadcast seeded and harrowed. Broadcast seeding will be applied at a double the rate of seed.
3. Timing of the seeding will be when the ground is not frozen or saturated.

**4. WEED MANAGEMENT**

1. No action is required at this time for weed management, no noxious weeds were identified during this onsite.



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:** 1/18/2022

**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
SJ 28-7 Unit 258M	3003925557	E, 23, 28N, 7W	1523' FNL & 933' FWL	0	300	5

**IV. Central Delivery Point Name:** Chaco Gas 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
SJ 28-7 Unit 258M	3003925557	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>April 2022</u>	<u>April 2022</u>

**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 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: <a href="mailto:mwalker@hilcorp.com">mwalker@hilcorp.com</a>
Date: 1/18/2022
Phone: 346-237-2177
<b>OIL CONSERVATION DIVISION</b> <b>(Only applicable when submitted as a standalone form)</b>
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 recompleting project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recompleting 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 recompleting 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 recompleting
  - 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.



**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
FARMINGTON DISTRICT OFFICE  
6251 COLLEGE BLVD.  
FARMINGTON, NEW MEXICO 87402**

AFMSS 2 Sundry ID 2652911

Attachment to notice of Intent for Recompletion Operations:

Well: San Juan 28-7 Unit 258M

**CONDITIONS OF APPROVAL**

1. File a subsequent report detailing work completed with exact dates (month, day, year) within 30 days of completing operations.
2. File an updated completion report within AFMSS 2 with the location of the new perforations. For each new producing zone, update where the production will be reported. For example, if lease basis only input the lease for the production zone. If the production will be part of an agreement, input the agreement along with the lease.

K. Rennick 01/27/2022

**District I**

1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**

811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 76494

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 76494
	Action Type: [C-103] NOI Recompletion (C-103E)

**CONDITIONS**

Created By	Condition	Condition Date
kpickford	DHC required	2/2/2022
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	2/2/2022