

|                               |                                                                     |                                         |
|-------------------------------|---------------------------------------------------------------------|-----------------------------------------|
| Well Name: SAN JUAN 28-5 UNIT | Well Location: T28N / R5W / SEC 27 / SENE / 36.634399 / -107.340637 | County or Parish/State: RIO ARRIBA / NM |
| Well Number: 77               | Type of Well: CONVENTIONAL GAS WELL                                 | Allottee or Tribe Name:                 |
| Lease Number: NMSF079520      | Unit or CA Name: SAN JUAN 28-5 UNIT--DK                             | Unit or CA Number: NMNM78411B           |
| US Well Number: 3003920106    | Well Status: Producing Gas Well                                     | Operator: HILCORP ENERGY COMPANY        |

Notice of Intent

Sundry ID: 2660543

Type of Submission: Notice of Intent

Date Sundry Submitted: 03/07/2022

Date proposed operation will begin: 03/21/2022

Type of Action: Recompletion

Time Sundry Submitted: 02:00

**Procedure Description:** Hilcorp Energy Company requests permission to recompleate the subject well in the Mesaverde and downhole commingle with the existing Dakota. 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 3/2/21 with Roger Herrera/BLM. The reclamation plan is attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

- NGMP\_SJ\_28\_5\_Unit\_77\_20220307135901.pdf
- San\_Juan\_28\_5\_Unit\_77\_NOI\_Procedure\_20220307135901.pdf
- SJ\_28\_5\_unit\_77\_MV\_Plat\_20220307135901.pdf
- San\_Juan\_28\_5\_77\_Reclamation\_Plan\_20220307135900.pdf

|                                      |                                                                            |                                                |
|--------------------------------------|----------------------------------------------------------------------------|------------------------------------------------|
| <b>Well Name:</b> SAN JUAN 28-5 UNIT | <b>Well Location:</b> T28N / R5W / SEC 27 / SENE / 36.634399 / -107.340637 | <b>County or Parish/State:</b> RIO ARRIBA / NM |
| <b>Well Number:</b> 77               | <b>Type of Well:</b> CONVENTIONAL GAS WELL                                 | <b>Allottee or Tribe Name:</b>                 |
| <b>Lease Number:</b> NMSF079520      | <b>Unit or CA Name:</b> SAN JUAN 28-5 UNIT--DK                             | <b>Unit or CA Number:</b> NMNM78411B           |
| <b>US Well Number:</b> 3003920106    | <b>Well Status:</b> Producing Gas Well                                     | <b>Operator:</b> HILCORP ENERGY COMPANY        |

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> KANDIS ROLAND | <b>Signed on:</b> MAR 07, 2022 01:59 PM |
| <b>Name:</b> HILCORP ENERGY COMPANY                 |                                         |
| <b>Title:</b> Operation Regulatory Tech             |                                         |
| <b>Street Address:</b> 382 Road 3100                |                                         |
| <b>City:</b> Farmington                             | <b>State:</b> NM                        |
| <b>Phone:</b> (505) 599-3400                        |                                         |
| <b>Email address:</b> kroland@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> 03/07/2022            |
| <b>Signature:</b> Kenneth Rennick      |                                                |

**San Juan 28-5 Unit 77**

H-27-28N-05W 1820 FNL 1070 FEL

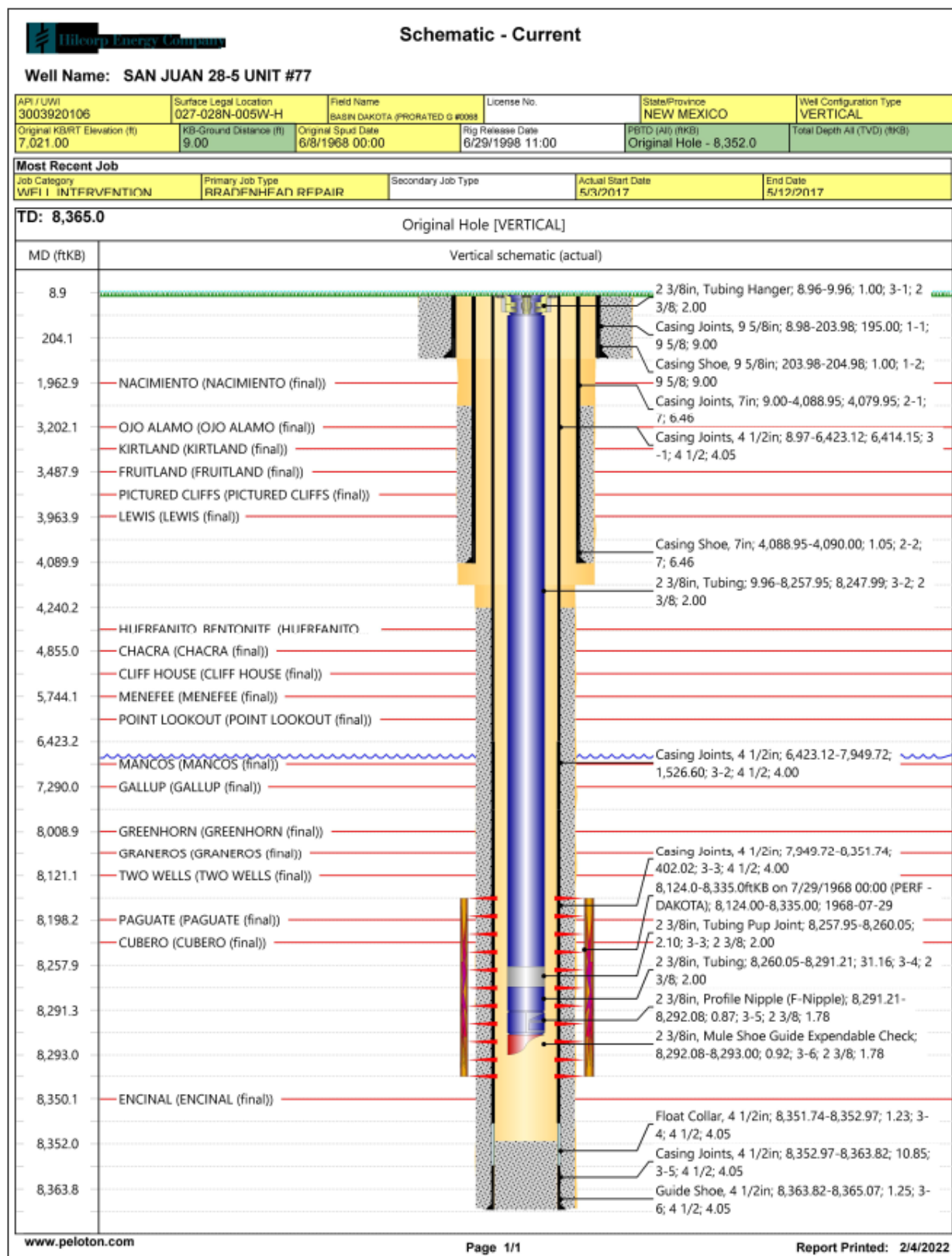
API#: 3003920106

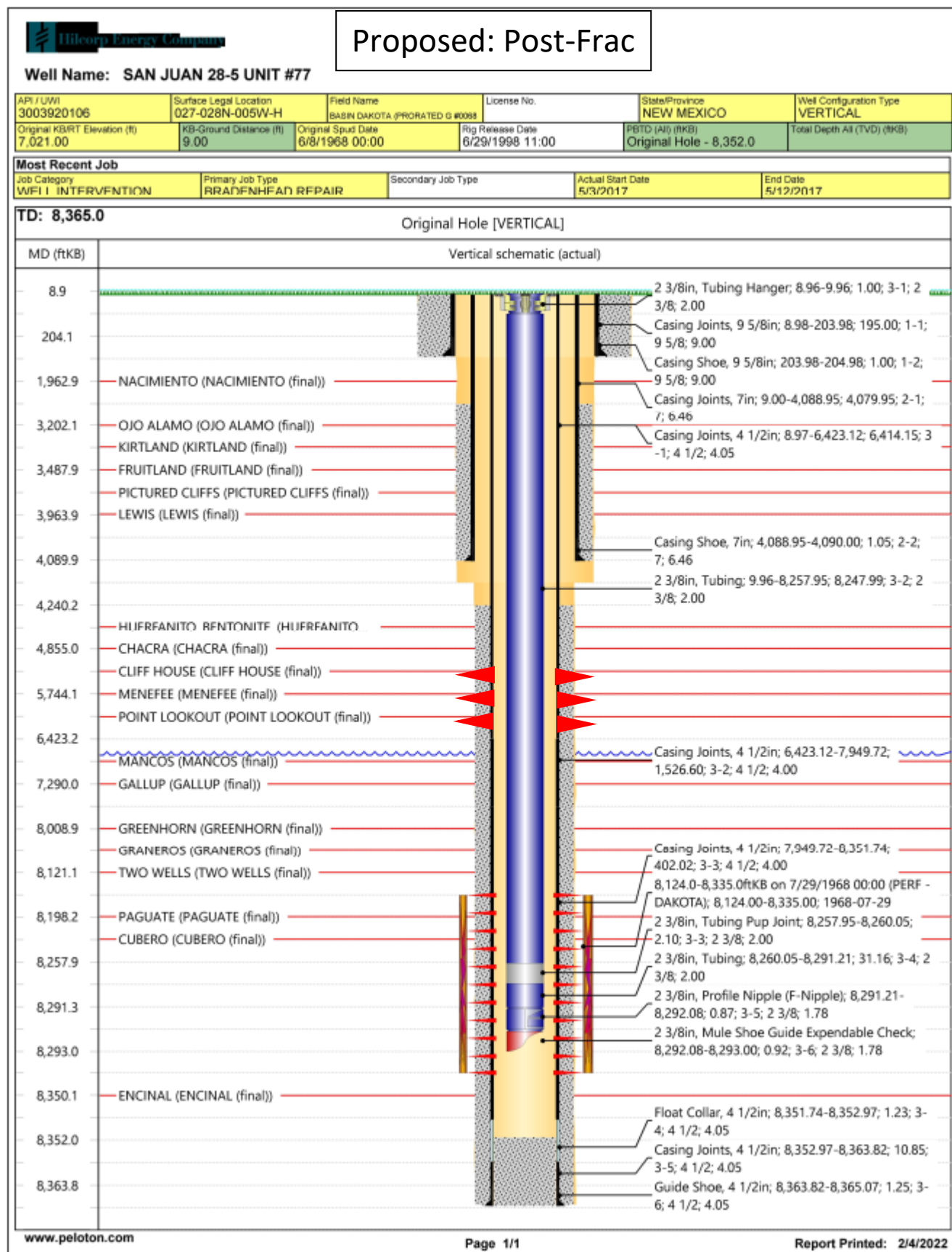
**Mesa Verde Recompletion Procedure**

2/15/2022

**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 8,293'.
4. Set a CIBP to isolate the Dakota @ +/- 8,074'.
5. Load the hole.
6. Pressure test casing to maximum fracture pressure.  
Note: CBL ran on 5/8/2017 shows TOC > 150' above top perf of Mesa Verde.  
Therefore, proceed to next step.
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 Mesa Verde from 5,664' to 6,198'. RDMO frac spread.
11. MIRU service rig.
12. Test BOP's.
13. PU mill and RIH to clean out to Dakota isolation plug.
14. When water and sand rates are acceptable, flow test the Mesa Verde.
15. Drill out Dakota isolation plug and TOO H.
16. TIH and land production tubing. Obtain a commingled Dakota flow rate.
17. ND BOP's, NU production tree.
18. RDMO service rig & turn well over to production.





**District I**1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720**District III**1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170**District IV**1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-102  
August 1, 2011

Permit 309048

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |                                            |                                                 |
|-------------------------------|--------------------------------------------|-------------------------------------------------|
| 1. API Number<br>30-039-20106 | 2. Pool Code<br>72319                      | 3. Pool Name<br>BLANCO-MESAVERDE (PRORATED GAS) |
| 4. Property Code<br>318708    | 5. Property Name<br>SAN JUAN 28 5 UNIT     | 6. Well No.<br>077                              |
| 7. OGRID No.<br>372171        | 8. Operator Name<br>HILCORP ENERGY COMPANY | 9. Elevation<br>7012                            |

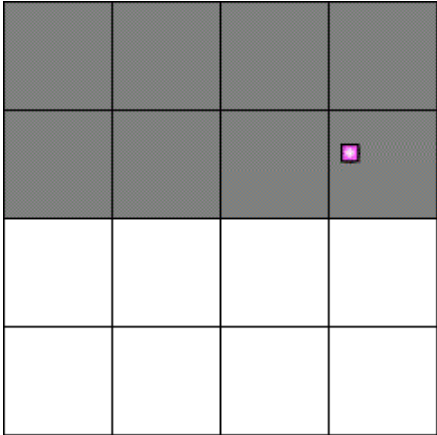
**10. Surface Location**

|               |               |                 |              |         |                   |               |                   |               |                         |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|-------------------------|
| UL - Lot<br>H | Section<br>27 | Township<br>28N | Range<br>05W | Lot Idn | Feet From<br>1820 | N/S Line<br>N | Feet From<br>1070 | E/W Line<br>E | County<br>RIO<br>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<br>320.00 N/2 |         |          | 13. Joint or Infill |         | 14. Consolidation Code |          |           | 15. Order No. |        |

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

|                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p style="text-align: center;"><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: Kandis Roland<br/> Title: Regulatory Tech<br/> Date: 2/21/2022</p> <hr/> <p style="text-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: David Kilven<br/> Date of Survey: 1/10/1968<br/> Certificate Number: 1760</p> |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



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:** 3/3/2022

**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 | Anticipated Gas MCF/D | Anticipated Produced Water BBL/D |
|-----------------------|------------|-------------|-----------------------|-----------------|-----------------------|----------------------------------|
| San Juan 28-5 Unit 77 | 3003920106 | H-27-28N-5W | 1820' FNL & 1070' FEL | 0.2             | 600                   | 5                                |
|                       |            |             |                       |                 |                       |                                  |

**IV. Central Delivery Point Name:** Ignacio 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    |
|------------------------------|-------------------|------------|-----------------|------------------------------|------------------------|--------------------------|
| <u>San Juan 28-5 Unit 77</u> | <u>3003920106</u> | <u>N/A</u> | <u>N/A</u>      | <u>N/A</u>                   | <u>N/A</u>             | <u>Not Yet Scheduled</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: <i>Kandis Roland</i>                                                                  |
| Printed Name: Kandis Roland                                                                      |
| Title: Operations/Regulatory Tech Sr.                                                            |
| E-mail Address: kroland@hilcorp.com                                                              |
| Date: 3/3/2022                                                                                   |
| Phone: 713-757-5246                                                                              |
| <b>OIL CONSERVATION DIVISION</b><br><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.

Hilcorp Energy  
Recomplete Reclamation Plan  
**SAN JUAN 28-5 UNIT 77**  
API: 30-039-20106  
T28N-R5W-Sec.27-H  
LAT: 36.6344 LONG: - 107.34064 (NAD 27)  
Footage: 1820' FNL & 1070' FEL  
Rio Arriba County, NM

**1. PRE- RECLAMATION SITE INSPECTION**

A pre-reclamation site inspection was completed with Roger Herrera from the BLM and Travis Munkres Hilcorp Energy SJ East Construction Foreman on March 2, 2022.

**2. LOCATION RECLAMATION PROCEDURE**

1. Reclamation work will begin when all the recompletion activities are completed.
2. All trash and debris will be removed within a 25' buffer outside of the location disturbance during reclamation.
3. Repair the road from Arnold Road to the location (blade and correct drainage issues).
4. Cut in a teardrop ditch.
5. Clean the existing diversion ditch on the east side of the location.
6. Move excess gravel to the roadway and spread.
7. Reseed all disturbed area being used for recompletion activities.

**3. SEEDING PROCEDURE**

1. A BLM Special seed mix will be used for all reclaimed and disturbed areas of the well pad 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.

**District I**

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

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Phone:(575) 748-1283 Fax:(575) 748-9720

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

CONDITIONS

Action 89054

**CONDITIONS**

|                                                                                |                                                   |
|--------------------------------------------------------------------------------|---------------------------------------------------|
| Operator:<br>HILCORP ENERGY COMPANY<br>1111 Travis Street<br>Houston, TX 77002 | OGRID:<br>372171                                  |
|                                                                                | Action Number:<br>89054                           |
|                                                                                | Action Type:<br>[C-103] NOI Recompletion (C-103E) |

**CONDITIONS**

| Created By | Condition                                           | Condition Date |
|------------|-----------------------------------------------------|----------------|
| kpickford  | DHC required                                        | 3/15/2022      |
| kpickford  | Notify NMOCD 24 Hours Prior to beginning operations | 3/15/2022      |