

Office  
 District I – (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II – (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III – (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV – (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM  
 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised July 18, 2013

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

WELL API NO. 30-045-10759
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. B-11370-55
7. Lease Name or Unit Agreement Name State Gas Com BA
8. Well Number 1
9. OGRID Number 372171
10. Pool name or Wildcat Blanco Mesaverde/Basin Dakota
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6139' GR

SUNDRY NOTICES AND REPORTS ON WELLS  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other
2. Name of Operator HILCORP ENERGY COMPANY
3. Address of Operator 382 Road 3100, Aztec, NM 87410
4. Well Location Unit Letter <u>G</u> : <u>1760</u> feet from the <u>North</u> line and <u>1450</u> feet from the <u>East</u> line Section <u>16</u> Township <u>31N</u> Range <u>12W</u> NMPM County <u>San Juan</u>

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
DOWNHOLE COMMINGLE <input type="checkbox"/>	P AND A <input type="checkbox"/>
CLOSED-LOOP SYSTEM <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <input checked="" type="checkbox"/> RECOMPLETE	OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Hilcorp Energy Company requests permission to recomplete the subject well in the Blanco Mesaverde and downhole commingle with the existing Basin Dakota. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used.

Spud Date:


Rig Release Date:

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

SIGNATURE  TITLE Operations/Regulatory Technician – Sr. DATE 5/26/2022

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: (346) 237-2177

**For State Use Only**

APPROVED BY:  TITLE Petroleum Specialist DATE 6/1/2022

Conditions of Approval (if any):



**HILCORP ENERGY COMPANY**  
**STATE GAS COM BA 1**  
**MESAVERDE RECOMPLETION SUNDRY**  
**API 3004510759**

**JOB PROCEDURES**

Please notify NMOCD (505-320-0243 - Monica Kuehling) at least 24 hrs before the rig arrives to prep the well. Please log all phone calls in daily rig reports. Comply with all NMOCD, BLM, and HEC safety and environmental regulations.

1. Hold pre-job safety meeting. MIRU service rig and associated equipment. NU and test BOP per HEC, State, and Federal guidelines.
2. TOOH with tubing.
3. Set a bridge plug above existing perforations at **-7,078'**. Load hole with fluid.
4. RU E-line. Run CBL to verify cement bond in 4-1/2" casing across the Mesaverde. Cement top must be 150' above top perf, and 100' below bottom perf. Send CBL to NMOCD for review.
5. If necessary, perform any cement remediation work.
6. Perform an MIT on casing. Chart record the test. Notify NMOCD 24 hours prior to test.
7. **If frac'ing down casing:** pressure test to anticipated frac pressure, not to exceed 80% of casing burst pressure.
8. RU E-line. Perforate the Mesaverde. Perforation interval: **4070'-5229'**.
9. **If frac'ing down a frac string:** RIH w/ frac string and packer, and land packer above top Mesaverde perforation.
10. ND BOP, NU frac stack. Pressure test frac stack to frac pressure. Pressure test frac string (if applicable) to frac pressure. RDMO.
11. RU stimulation crew. Frac the Mesaverde in one or more stages. If needed, set bridge plugs in between stages.
12. Flowback well through flowback separator and sand trap until pressures diminish.
13. MIRU service rig and associated equipment. ND frac stack, NU BOP and test.
14. **If frac was down frac string:** POOH w/ frac string and packer.
15. TIH with mill and cleanout to Dakota isolation plug. Collect a gas sample and get a flow rate from the Mesaverde.
16. Pending commingle approval, drill out isolation plug above Dakota. Cleanout to PBTD at **7,256'**. TOOH w/ cleanout assembly.
17. TIH and land production tubing. Put well on production from the Dakota and Mesaverde formations (pending commingle approval).



**HILCORP ENERGY COMPANY  
STATE GAS COM BA 1  
MESAVERDE RECOMPLETION SUNDRY**

**STATE GAS COM BA 1 - CURRENT WELLBORE SCHEMATIC**

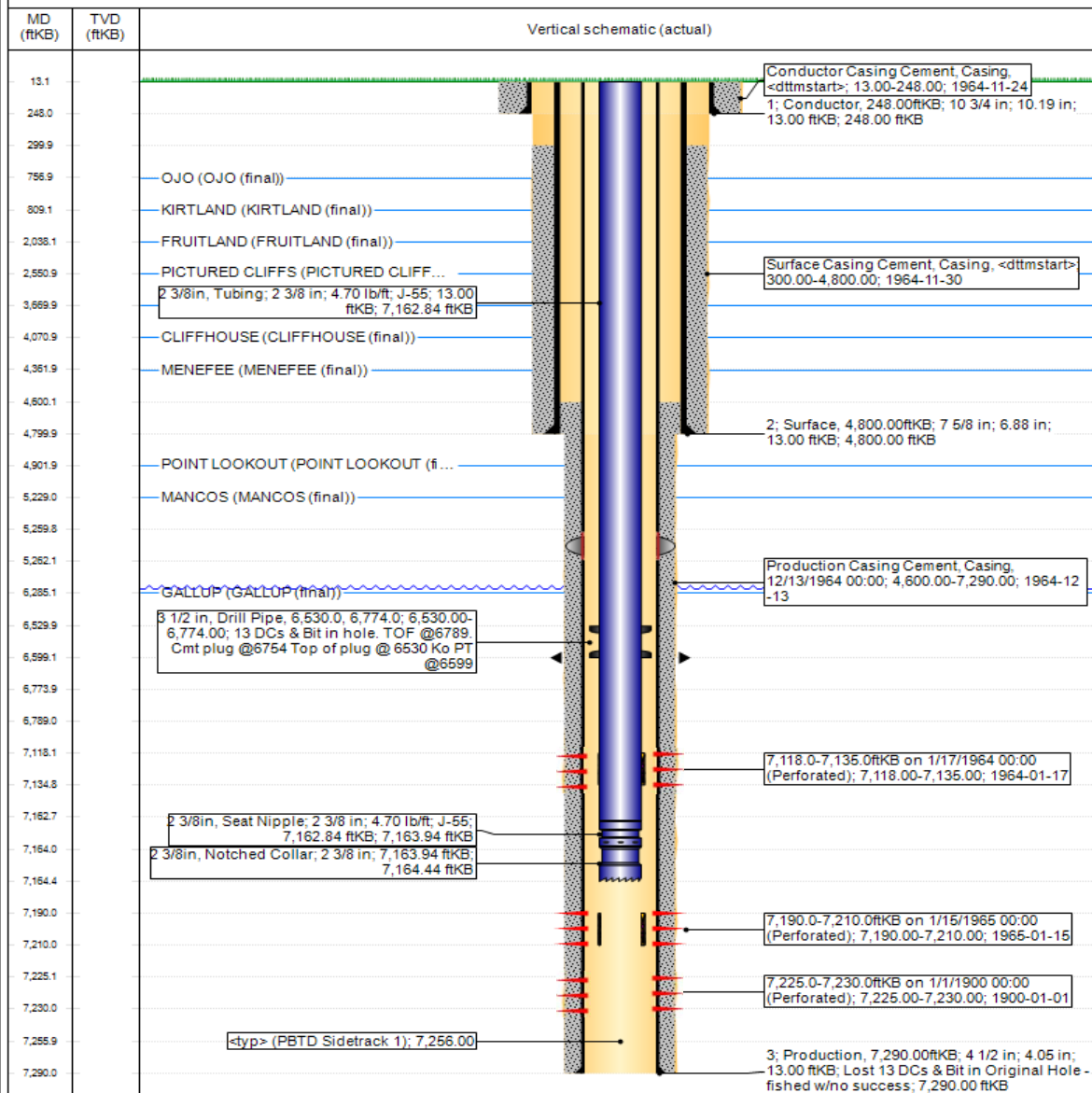


**Current Schematic - Version 3**

**Well Name: STATE GAS COM BA #1**

API / UWI 3004510759	Surface Legal Location T31N-R12W-S16	Field Name Basin Dakota	Route 0211	State/Province New Mexico	Well Configuration Type Vertical
Ground Elevation (ft) 6,126.00	Original KBRT Elevation (ft) 6,139.00	KB-Ground Distance (ft) 13.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

**Sidetrack 1 [Vertical]**



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Report Printed: 5/19/2022



**HILCORP ENERGY COMPANY  
STATE GAS COM BA 1  
MESAVARDE RECOMPLETION SUNDRY**

**STATE GAS COM BA 1 - PROPOSED WELLBORE SCHEMATIC**

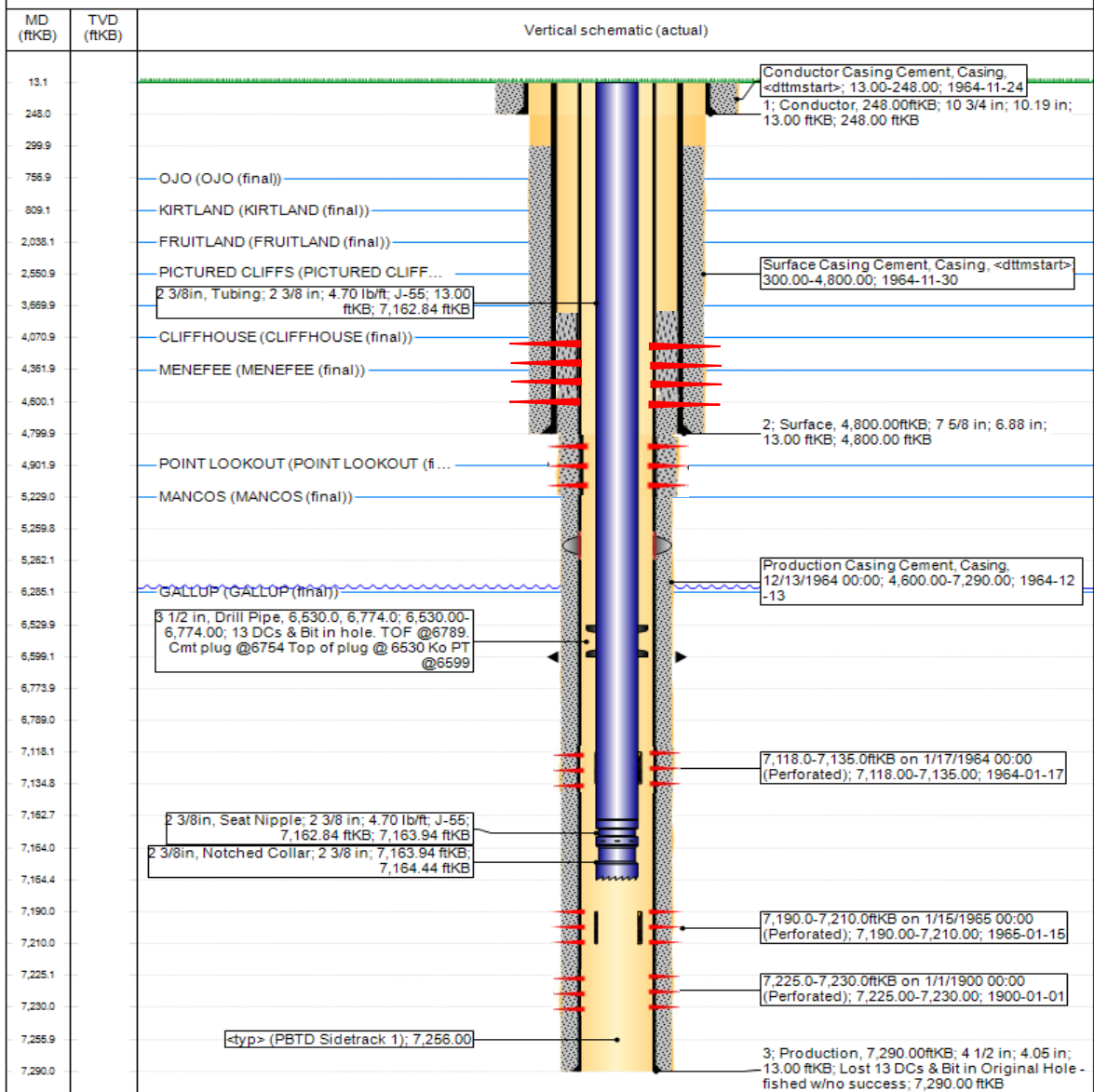


**Current Schematic - Version 3**

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**Sidetrack 1 [Vertical]**



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Report Printed: 5/19/2022

August 1, 2011

Permit 317291

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

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 Phone:(505) 476-3470 Fax:(505) 476-3462

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-10759	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321839	5. Property Name STATE GAS COM BA	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6139

**10. Surface Location**

UL - Lot G	Section 16	Township 31N	Range 12W	Lot Idn	Feet From 1760	N/S Line N	Feet From 1450	E/W Line E	County SAN JUAN
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**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**


**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(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.*

E-Signed By: *[Signature]*

Title: Operations Regulatory Tech Sr.

Date: 05/19/2022

**SURVEYOR CERTIFICATION**

*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

Surveyed By: James Leese

Date of Survey: 10/26/1964

Certificate Number: 1463

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:** 5/19/2022

**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
State Gas Com BA 1	30-045-10759	G-16-31N-12W	1760 FNL 1450 FEL			

**IV. Central Delivery Point Name:** Chaco 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>State Gas Com BA 1</u>	<u>30-045-10759</u>					<u>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 2 – Enhanced Plan****EFFECTIVE APRIL 1, 2022**

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

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

**IX. Anticipated Natural Gas Production:**

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

**X. Natural Gas Gathering System (NGGS):**

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

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

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

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

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

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



### **Section 3 - Certifications**

**Effective May 25, 2021**

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

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

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

***If Operator checks this box, Operator will select one of the following:***

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

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

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

### **Section 4 - Notices**

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


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

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

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



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

Signature: 
Printed Name: Amanda Walker
Title: Operations/Regulatory Tech Sr.
E-mail Address: <a href="mailto:mwalker@hilcorp.com">mwalker@hilcorp.com</a>
Date: 5/19/2022
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.

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

CONDITIONS

Action 112062

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 112062
	Action Type: [C-103] NOI Recompletion (C-103E)

**CONDITIONS**

Created By	Condition	Condition Date
kpickford	DHC required	6/1/2022
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	6/1/2022