

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

☐ AMENDED REPORT

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 Hilcorp Energy Company 382 Road 3100 Aztec, NM 87410 | | ² OGRID Number 372171 |
| | | ³ API Number 30-039-30255 |
| ⁴ Property Code 318433 | ⁵ Property Name San Juan 30-5 Unit | ⁶ Well No. 78N |

⁷ Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|------------|
| O | 07 | 30N | 05W | | 675 | S | 2075 | E | Rio Arriba |

⁸ Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|------------|
| O | 07 | 30N | 05W | | 959 | S | 2121 | E | Rio Arriba |

⁹ Pool Information

| Pool Name | Pool Code |
|----------------------|-----------|
| Basin Fruitland Coal | 71629 |

Additional Well Information

| | | | | |
|---------------------------------------|--------------------------------------|---|-------------------------------------|--|
| ¹¹ Work Type Recomplete | ¹² Well Type Commingle | ¹³ Cable/Rotary | ¹⁴ Lease Type Private | ¹⁵ Ground Level Elevation 6244' GR |
| ¹⁶ Multiple Commingle | ¹⁷ Proposed Depth | ¹⁸ Formation Basin Fruitland Coal | ¹⁹ Contractor | ²⁰ Spud Date |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits²¹ Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

²² Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------|------------------|---------------|--------------|
| | | | |

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐ if applicable.

Signature:

Printed name: Amanda Walker

Title: Operations Regulatory Tech Sr.

E-mail Address: mwalker@hilcorp.com

Date: 4/26/2024

Phone: 346-237-2177

OIL CONSERVATION DIVISION

Approved By:

Title: Petroleum Engineer

Approved Date: 04/26/2024

Expiration Date: 04/26/2026

Conditions of Approval Attached



HILCORP ENERGY COMPANY
SAN JUAN 30-5 UNIT 78N
FRUITLAND COAL - RECOMPLETION SUNDRY
API: 3003930255

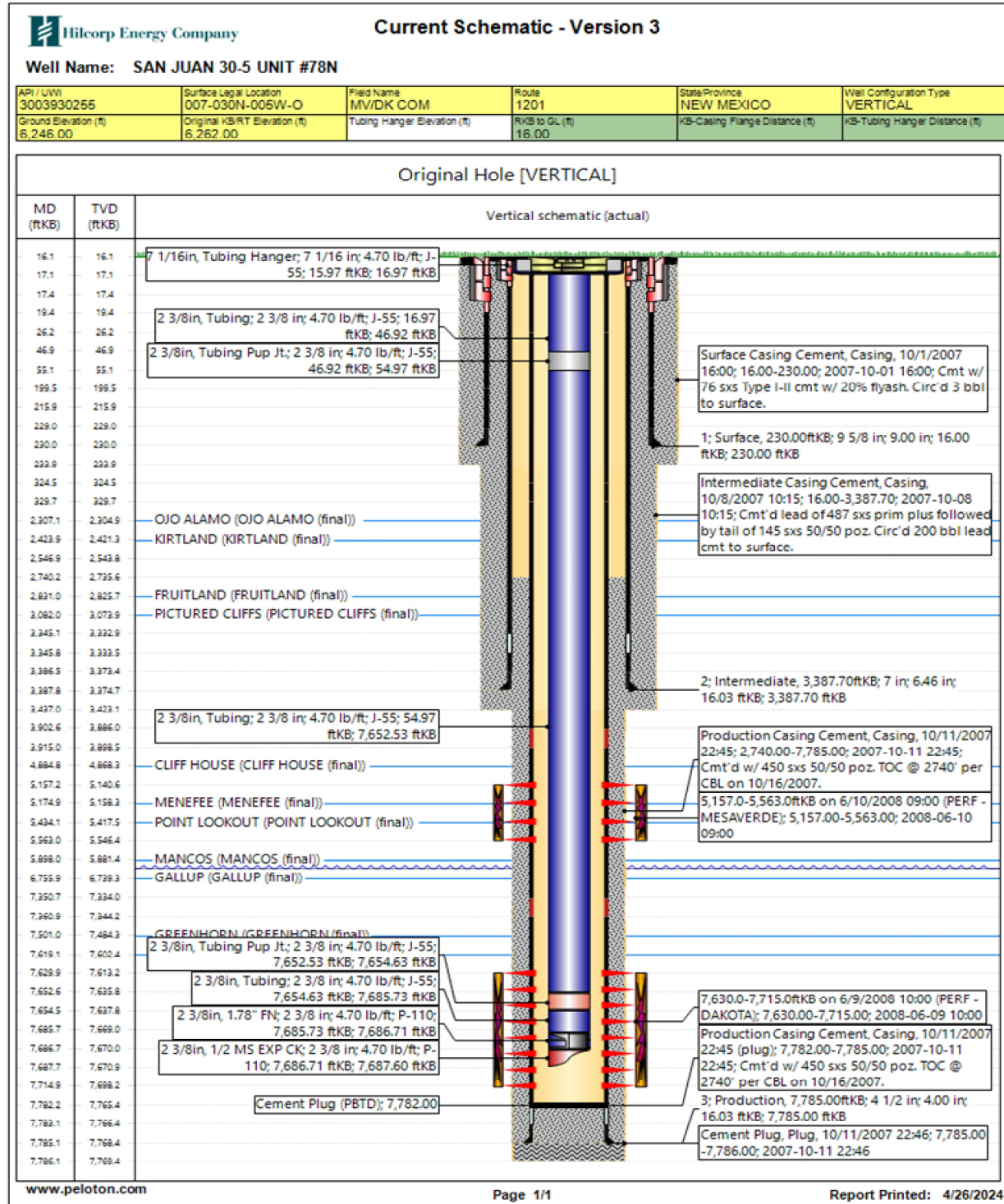
JOB PROCEDURES

- | | | |
|-------------------------------------|-------|---|
| <input checked="" type="checkbox"/> | NMOCD | Contact OCD and BLM (where applicable) 24 hrs prior to MIRU or running MITs. Record and document all casing pressures |
| <input checked="" type="checkbox"/> | BLM | <u>daily</u> , including BH, IC (if present) and PC. Comply with all NMOCD, BLM (where applicable), 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 **2-3/8"** tubing.
 3. Set a **4-1/2"** plug within 50' of the top **Mesaverde** perforation (+/-**5,107'**) for zonal isolation.
 4. Load hole with fluid, PT the csg to 560 psi. Note: TOC is at 2,670' per CBL.
 5. Perform a witnessed MIT test on the csg with the appropriate regulatory agencies (Notify NMOCD 24 hours prior to test).
 6. **If frac will be pumped down the casing:** ND BOP, NU frac stack and test frac stack and casing to frac pressure.
 7. RU WL. Perforate the **Fruitland Coal**. (Top perforation @ **2,831'**, Bottom perforation @ **3,082'**).
 8. **If frac will be pumped down a frac string:** RIH w/ frac string and packer. Set packer within 50' of top perforation. ND BOP, NU frac stack. Pressure test frac string and frac 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 rig and associated equipment. ND frac stack, NU BOP and test.
 11. If frac was performed down frac string: POOH w/ frac string and packer.
 12. TIH with a bit and drill out top isolation plug and any stage plugs (if necessary). Clean out to the top of the **Mesaverde** isolation plug.
 13. Pending commingle approval, drill out **Mesaverde** isolation plug. Cleanout to PBTD at **7,782'**. TOOH w/ cleanout assembly.
 14. Run and land production tubing. RDMO service rig and associated equipment. Return well to production.



HILCORP ENERGY COMPANY
SAN JUAN 30-5 UNIT 78N
FRUITLAND COAL - RECOMPLETION SUNDRY

SAN JUAN 30-5 UNIT 78N - CURRENT WELLBORE SCHEMATIC





HILCORP ENERGY COMPANY
SAN JUAN 30-5 UNIT 78N
FRUITLAND COAL - RECOMPLETION SUNDRY

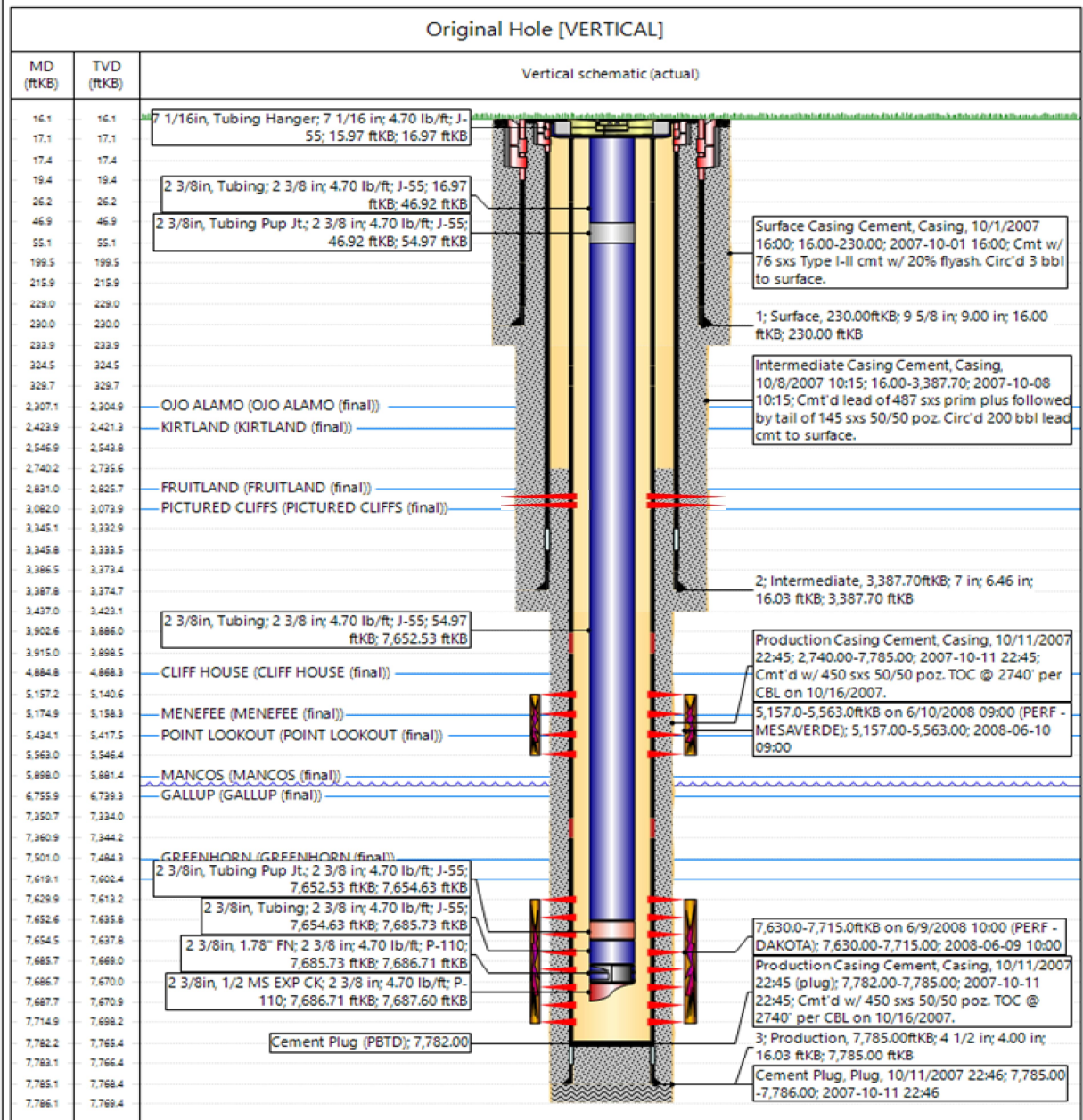
SAN JUAN 30-5 UNIT 78N - PROPOSED WELLBORE SCHEMATIC



Proposed Schematic

Well Name: **SAN JUAN 30-5 UNIT #78N**

| | | | | | |
|-----------------------------------|---|------------------------------|--------------------------|--------------------------------|-------------------------------------|
| API / UWI 3003930255 | Surface Legal Location 007-030N-005W-O | Field Name MV/DK COM | Route 1201 | State/Province NEW MEXICO | Well Configuration Type VERTICAL |
| Ground Elevation (ft) 6,246.00 | Original KB/RT Elevation (ft) 6,262.00 | Tubing Hanger Elevation (ft) | RTKB to GL (ft) 16.00 | KB-Casing Flange Distance (ft) | KB-Tubing Hanger Distance (ft) |



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Report Printed: 4/26/2024

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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

Form C-102
August 1, 2011

Permit 362579

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--|
| 1. API Number 30-039-30255 | 2. Pool Code 71629 | 3. Pool Name BASIN FRUITLAND COAL (GAS) |
| 4. Property Code 318433 | 5. Property Name SAN JUAN 30 5 UNIT | 6. Well No. 078N |
| 7. OGRID No. 372171 | 8. Operator Name HILCORP ENERGY COMPANY | 9. Elevation 6244 |

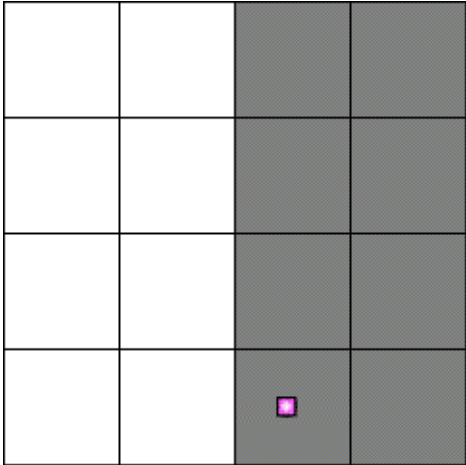

10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|----------------------|
| UL - Lot O | Section 7 | Township 30N | Range 05W | Lot Idn | Feet From 675 | N/S Line S | Feet From 2075 | E/W Line E | County RIO ARRIBA |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|----------------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|--------------|-----------------|---------------------|---------|------------------------|---------------|-------------------|---------------|----------------------|
| UL - Lot O | Section 7 | Township 30N | Range 05W | Lot Idn | Feet From 959 | N/S Line S | Feet From 2121 | E/W Line E | County RIO ARRIBA |
| 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 style="text-align: center;">OPERATOR CERTIFICATION</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:  Title: Operations Regulatory Tech Sr. Date: 4/1/2024</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</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: Jason Edwards Date of Survey: 8/9/2006 Certificate Number: 15269</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:** 4/1/2024

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

If Other, please describe: _____

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

| Well Name | API | ULSTR | Footages | Anticipated Oil BBL/D | Anticipated Gas MCF/D | Anticipated Produced Water BBL/D |
|------------------|--------------|--------------|------------------|-----------------------|-----------------------|----------------------------------|
| SJ 30-5 Unit 78N | 30-039-30255 | O-07-30N-05W | 675 FSL 2075 FEL | 0 | 100 | 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>SJ 30-5 Unit 78N</u> | <u>30-039-30255</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: mwalker@hilcorp.com |
| Date: 4/3/2024 |
| Phone: 346.237.2177 |
| OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form) |
| Approved By: |
| Title: |
| Approval Date: |
| Conditions of Approval: |

VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our 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
 - o Measurement equipment is installed to measure the volume of natural gas flared from process piping.
 - o 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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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 329385

CONDITIONS

| | |
|--|---|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 329385 |
| | Action Type: [C-101] Drilling Non-Federal/Indian (APD) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| dmcclure | Notify NMOCD 24 Hours Prior to beginning operations. | 4/26/2024 |
| dmcclure | DHC required | 4/26/2024 |
| dmcclure | All conducted logs shall be submitted to the Division as a [UF-WL] EP Well Log Submission (WellLog). | 4/26/2024 |
| dmcclure | The appropriate compliance officer supervisor shall be consulted and remedial action conducted as directed if the cement sheath around the casing is not adequate to protect the casing and isolate strata from: (a) the uppermost perforation in each added pool to at least 150 feet above that perforation; and (b) the lowermost perforation in each added pool to at least 100 feet below that perforation. | 4/26/2024 |