

RECEIVED: <u>6/14/2018</u>	REVIEWER: <u>MAN</u>	TYPE: <u>DHL</u>	APP NO: <u>DYAM1816555091</u>
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NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: <u>Hilcorp Energy Company</u>	OGRID Number: <u>372171</u>
Well Name: <u>Huerfano Unit 179</u>	API: <u>30-045-20256</u>
Pool: <u>Huerfano Pictured Cliffs</u>	Pool Code: <u>78840</u>

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
- [I] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

DHL-4841

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A. ☐ Offset operators or lease holders
 B. ☒ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☒ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

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

Christine Brock

Print or Type Name

Christine Brock
 Signature

6/14/2018
 Date

505-324-5155
 Phone Number

cbrock@hilcorp.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☐ Single Well
☐ Establish Pre-Approved Pools
☐ EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company 382 Road 100, Aztec NM 87410
Operator Address
Huerfano Unit 179 UL F (SENW) - Sec. 14, T26N, R10W San Juan
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 372171 Property Code 318578 API No. 30-045-20256 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	HUERFANO PICTURED CLIFFS (GAS)		BASIN DAKOTA (PRORATED GAS)
Pool Code	78840		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2200' - 2303' - Estimated		6678' - 6836'
Method of Production (Flowing or Artificial Lift)	NEW ZONE		ARTIFICIAL LIFT
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	794 psi		1,839 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1000		BTU 1000
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: 3/1/2018 Rates: 520 MCF - GAS 10 BBL - OIL 6 BBL - WATER
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☐ No ☒
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☒ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Christine Brock TITLE Operation/Regulatory Tech DATE 6/14/2018

TYPE OR PRINT NAME Christine Brock TELEPHONE NO. (505) 324-5155

E-MAIL ADDRESS cbrock@hilcorp.com

District I1625 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 252710

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-20256	2. Pool Code 78840	3. Pool Name HUERFANO PICTURED CLIFFS (GAS)
4. Property Code 318578	5. Property Name HUERFANO UNIT	6. Well No. 179
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6660

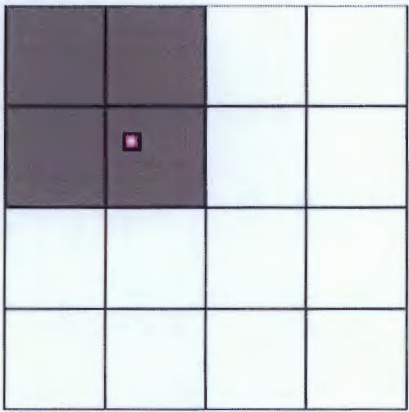
10. Surface Location

UL - Lot F	Section 14	Township 26N	Range 10W	Lot Idn	Feet From 1750	N/S Line N	Feet From 1650	E/W Line W	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 160.00 NW1/4			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: <i>LeNistine Brock</i> Title: Operations/Regulatory Tech.-Sr. Date: 5/22/2018</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: David Kilven Date of Survey: 1/16/1968 Certificate Number: 1760</p>
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**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

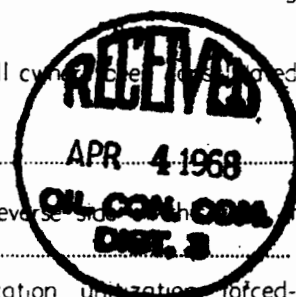
Operator EL PASO NATURAL GAS COMPANY			Lease HUERFANO UNIT (SF-077806)		Well No 179
Unit Letter F	Section 14	Township 26-N	Range 10-W	County SAN JUAN	
Artificial Footage Location of Well:					
1750	feet from the	NORTH	line and	1650	feet from the WEST line
Ground Level Elev. 6660	Underlying Formation DAKOTA		Pool BASIN DAKOTA	Dedicated Acreage: 320.00	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side if necessary): _____

No allowance will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

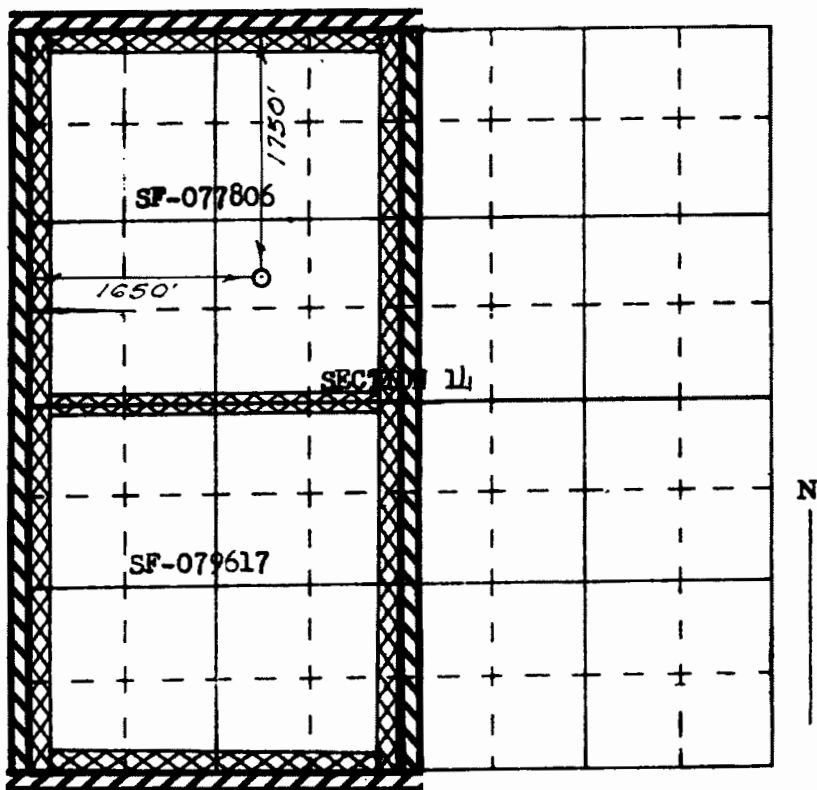
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Original signed by
Carl E. Matthews

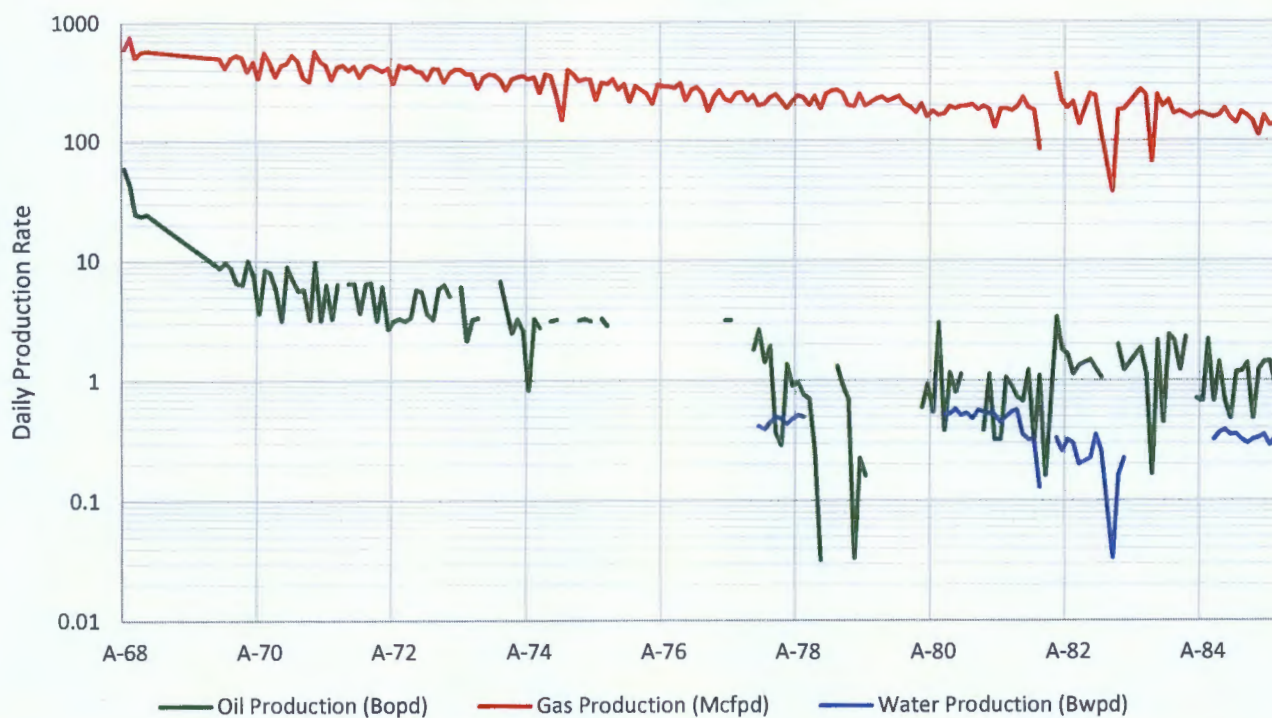
Name _____
Position **Petroleum Engineer**
Company **El Paso Natural Gas Company**
Date **April 3, 1968**

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 knowledge and belief.

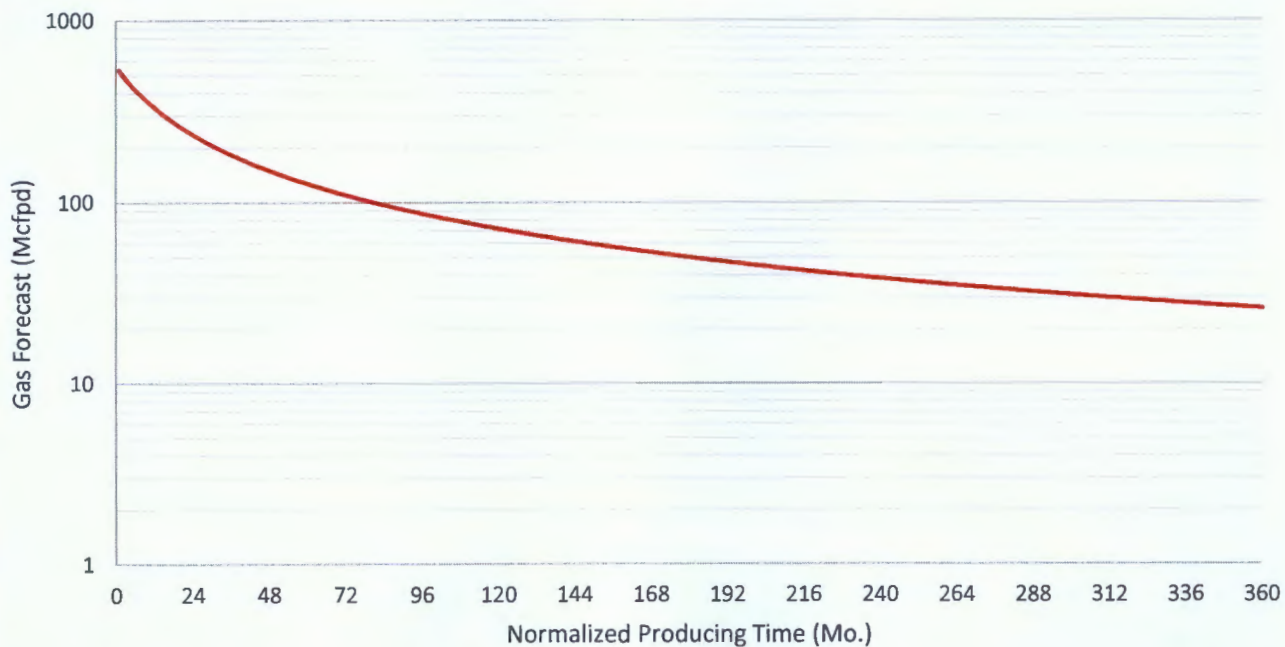
Date Surveyed _____
JANUARY 16, 1968
Registered Professional Engineer
and/or Land Surveyor
Paul Kilmer
Certificate No. **1760**



Huerfano Un 179 (Dakota)



Huerfano Un 179 (Pictured Cliffs)



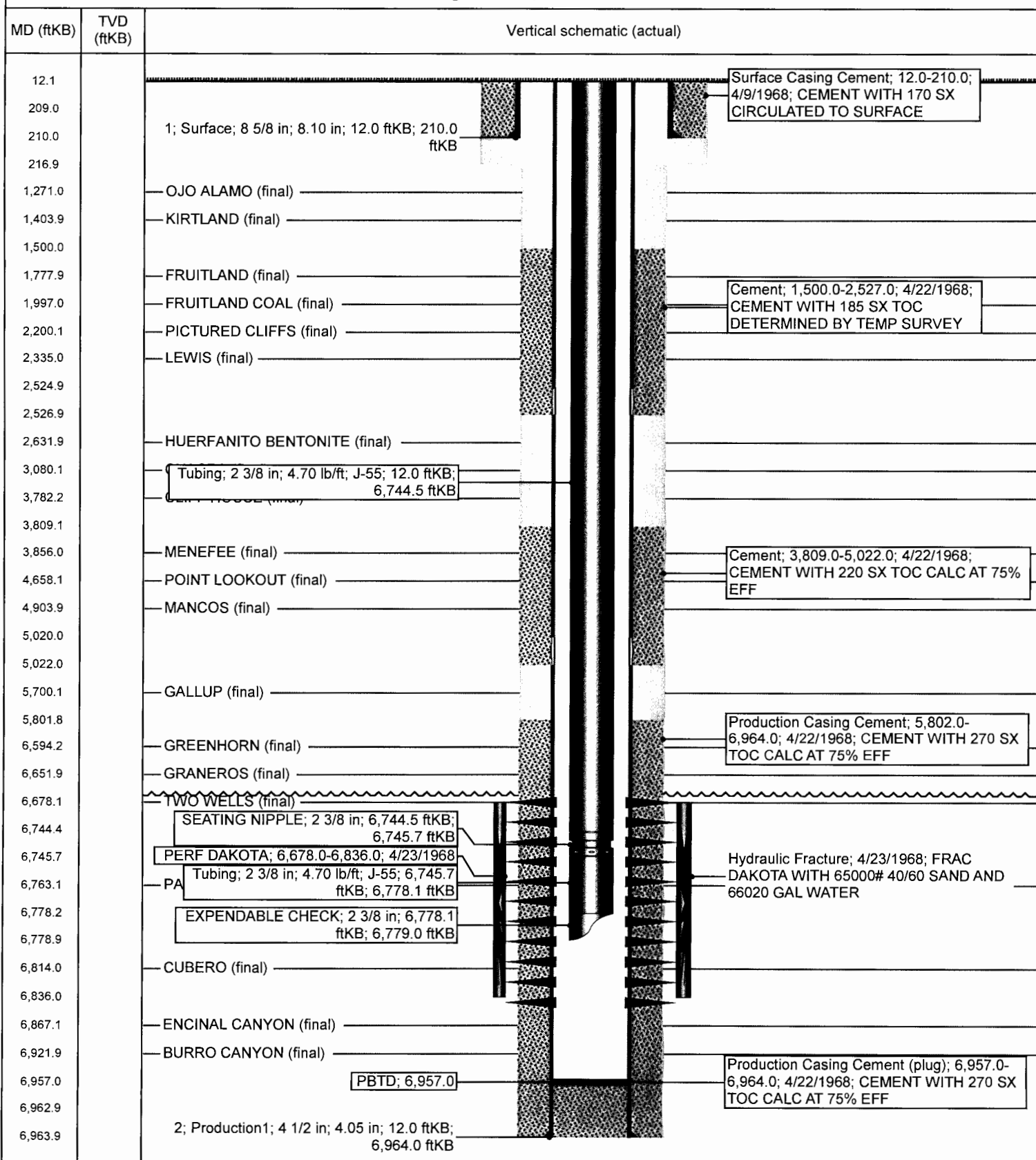
The forecast for Pictured Cliffs production has been generated using a type curve of PC gas production in the surrounding production trend.

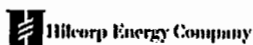
Huerfano Unit 179 – Production Allocation Method

Production for the downhole commingle will be allocated using the subtraction method in agreement with the BLM. The base formation is the Dakota the added formation to be commingled is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the forecast will be allocated to the new formation. After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation. Oil production will be allocated based on average formation yields from offset wells. All documentation will be submitted to the Aztec NMOCD office.

Well Name: HUERFANO UNIT #179

API / UWI 3004520256	Surface Legal Location 014-026N-010W-F	Field Name BSN DK(PRO GAS)	License No. #0068	State/Province NEW MEXICO	Well Configuration Type VERTICAL
Ground Elevation (ft) 6,660.00	Original KB/RT Elevation (ft) 6,672.00	KB-Ground Distance (ft) 12.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

VERTICAL, Original Hole, 6/14/2018 8:31:13 AM


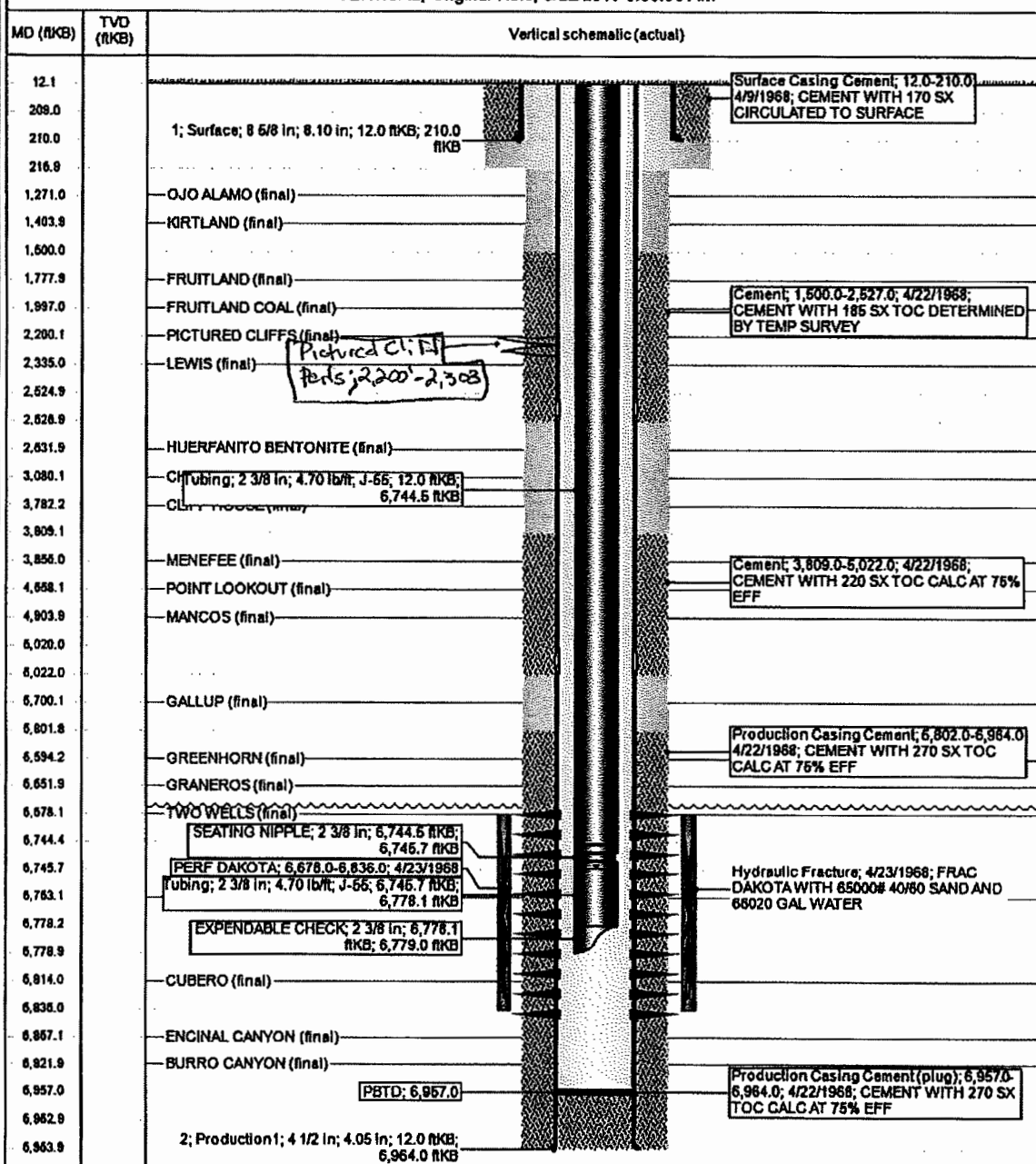


Proposed Current Schematic

Well Name: HUERFANO UNIT #179

API/URN 3004520256	Surface Log Location 014-026N-010W-F	Field Name BSN DK (PRO GAS)	License No. #0056	State/Province NEW MEXICO	Well Configuration Type VERTICAL
Ground Elevation (ft) 6,680.00	Original KBRT Elevation (ft) 6,672.00	KBRT Ground Elevation (ft) 12.00	KBRT Casing Plug Elevation (ft)	KBRT Tubing Plug Elevation (ft)	

VERTICAL, Original Hole, 5/22/2018 5:38:06 AM



Certified Number	Recipient	Date Mailed
92148969009997901761338804	BENSON-MONTIN-GREER DRILLING CORP , , 4900 COLLEGE BLVD, FARMINGTON, NM, 87402	6/13/2018
92148969009997901761338811	BETTY T JOHNSTON MARITAL TRUST , , BETTY T JOHNSTON W GRANT MATHEWS and TOM N AUNE COTRUSTEES 2424 WILC, HOUSTON, TX, 77042	6/13/2018
92148969009997901761338828	CAROLYN BEAMON TILLEY , , 5225 PRESTON HAVEN, DALLAS, TX, 75229	6/13/2018
92148969009997901761338835	CB LIFELINE PARTNERSHIP , , 5225 PRESTON HAVEN DR, DALLAS, TX, 75229	6/13/2018
92148969009997901761338842	CLAUDIA MARCIA LUNDELL GILMER , , 1102 S AUSTIN AVE, GEORGETOWN, TX, 78626	6/13/2018
92148969009997901761338859	CROSS TIMBERS ENERGY LLC , , 400 W 7TH STREET, FT WORTH, TX, 76102	6/13/2018
92148969009997901761338866	EULA MAY JOHNSTON TRUST 661 , , BANK OF AMERICA N A PO BOX 840738, DALLAS, TX, 75284-0738	6/13/2018
92148969009997901761338873	GRAYFORE PARTNERS LP , , PO BOX 98670, LUBBOCK, TX, 79499-8670	6/13/2018
92148969009997901761338880	JAMES R BEAMON , , 2603 AUGUSTA STE 1050, HOUSTON, TX, 77057-5640	6/13/2018
92148969009997901761338897	KELLY MINERALS INTERESTS JV , , 2709 WOLFF DR, ARLINGTON, TX, 76015-1020	6/13/2018
92148969009997901761338903	LA PLATA GATHERING SYSTEM INC , , 4925 GREENVILLE AVE #852, DALLAS, TX, 75206-4079	6/13/2018
92148969009997901761338910	LANGDON D HARRISON REVOC TRUST B , , JACQUELINE M HARRISON SUCC TRUSTEE PO DRAWER 2188, ROSWELL, NM, 88202	6/13/2018
92148969009997901761338927	LILLY REVOC TRUST AGMT , , 11 13 2006 FRANKLIN P LILLY TTEE 1322 RIVER FOREST DR, ROUND ROCK, TX, 78665-5602	6/13/2018
92148969009997901761338934	LINDA JEANNE LUNDELL LINDSEY , , PO BOX 631565, NACOGDOCHES, TX, 75963	6/13/2018
92148969009997901761338941	MACDONALD HALBERSTADT REVOCABLE , , FAMILY TRUST DTD 2/21/02 ROBIN C MACDONALD TRUSTEE 1310 VIA CHRISTIN, VISTA, CA, 92084	6/13/2018
92148969009997901761338958	MARYAN KLINGER TRUST , , ROBERT KLINGER SUCC TRUSTEE 1788 MONTY CT, STOCKTON, CA, 95207	6/13/2018
92148969009997901761338965	MCCONNELL LTD CO , , C/O JOHN BREED CPA 3430 FLORIDA NE, ALBUQUERQUE, NM, 87110-2120	6/13/2018
92148969009997901761338972	MICHAEL R DIMOND , , and GLENDA K DIMOND 4900 COLLEGE BLVD, FARMINGTON, NM, 87401	6/13/2018
92148969009997901761338989	PRODUCTION GATHERING CO LP , , 8150 N CENTRAL EXPWY STE 1475, DALLAS, TX, 75206	6/13/2018
92148969009997901761338996	ROBERT E BEAMON III , , 2603 AUGUSTA DR STE 1050, HOUSTON, TX, 77057-5797	6/13/2018
92148969009997901761339009	ROBERT WALTER LUNDELL , , 2450 FONDREN STE 304, HOUSTON, TX, 77063-2318	6/13/2018
92148969009997901761339016	ROGERS GIBBARD TRUST , , ORVILLE C ROGERS SUSAN EVELAND and ELAINE GIBBARD HOWE TTEES PO BOX , SULPHUR, OK, 73086-0624	6/13/2018
92148969009997901761339023	SHARON BEAMON BURNS , , 122 ESTRADA REDONDA, SANTA FE, NM, 87506-7933	6/13/2018
92148969009997901761339030	SUNLAND REFINING CORP , , 9302 GARFIELD AVE, SOUTH GATE, CA, 90280	6/13/2018
92148969009997901761339047	SUSAN BEAMON PORTER , , 319 KNIPP FOREST, HOUSTON, TX, 77024-5030	6/13/2018
92148969009997900000000000	THOMAS H YATES JR , , PO BOX 791910, SAN ANTONIO, TX, 78279-1910	6/13/2018
92148969009997901761339061	V A JOHNSTON LTD , , PO BOX 303247, AUSTIN, TX, 78703	6/13/2018
92148969009997901761339078	WILLIAM J GREEN ESTATE , , MELISSA GREEN ELLIOT INDIV EXEC PO BOX 164476, FORT WORTH, TX, 76161	6/13/2018
92148969009997901761339085	ZZZ KELLY and TRUST LLC , , LOUISIANA LTD LIABCO 535 ONEONTA ST, SHREVEPORT, LA, 71106-1619	6/13/2018