RECEIVED: TYPE: WAY ABOVE THIS TABLE	DHI DMM19036 52825
NEW MEXICO OIL CON - Geological & Engin 1220 South St. Francis Drive	NSERVATION DIVISION Deering Bureau –
ADMINISTRATIVE APP	LICATION CHECKLIST
THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIV REGULATIONS WHICH REQUIRE PROCESSIN	E APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND NG AT THE DIVISION LEVEL IN SANTA FE
Applicant: Hilcorp Energy Company	OGRID Number: 372171
Well Name: Morris A Com #18A	API: 30-045-29911
Pool: Aztec - Pictured Cliffs	Pool Code: 71280
SUBMIT ACCURATE AND COMPLETE INFORMATION INDICATE	
1) TYPE OF APPLICATION: Check those which apply A. Location – Spacing Unit – Simultaneous Dec NSL NSP (PROJECT AREA)	
B. Check one only for [1] or [1] [1] Commingling – Storage – Measuremen DHC CTB PLC PC [11] Injection – Disposal – Pressure Increase WFX PMX SWD IPI	□ols □olm
2) NOTIFICATION REQUIRED TO: Check those which A. Offset operators or lease holders B. Royalty, overriding royalty owners, rever C. Application requires published notice D. Notification and/or concurrent approve E. Notification and/or concurrent approve F. Surface owner G. For all of the above, proof of notification H. No notice required	napply. Notice Complete Application Content Complete
3) CERTIFICATION: I hereby certify that the information administrative approval is accurate and complete understand that no action will be taken on this contifications are submitted to the Division.	ete to the best of my knowledge. I also
Note: Statement must be completed by an indivi	dual with managerial and/or supervisory capacity.
Cherylene Weston, Operations/Regulatory Tech-Sr. Print or Type Name	2-5-19 Date 505-564-0779
01 0	Phone Number
Cherylene Wester	cweston@hilcorp.com
Signature ()	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

TYPE OR PRINT NAME Cherylene Weston

cweston@hilcorp.com

E-MAIL ADDRESS

State of New Mexico Energy, Minerals and Natural Resources Department

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

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A Revised August 1, 2011

APPLICATION TYPE
Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE

X	Y	es	No

Hilcorp Energy Company Operator		8100, Aztec, NM 87410 Idress	
Morris A Com #18A Lease OGRID No. 372171 Property Cod	Well No. Unit Letter-	Section 22, T30N, R11W Section-Township-Range 29911 Lease Type: X Fee	San Juan County leral State Fee
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Aztec-Pictured Cliffs		Blanco-Mesaverde
Pool Code	71280		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2233' – 2271' est.		4259' – 4876'
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)	617 psi		391 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1,174 BTU		1,220 BTU
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:	Date: N/A Rates: N/A	Date: 11/30/2018 Rates: 3 Bbl Oil, 1277 Mcf Gas,
			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 % %	Oil Gas Will be supplied upon completion % %
	ADDITION	NAL DATA	1
Are all working, royalty and overriding If not, have all working, royalty and over			Yes No X Yes X No
Are all produced fluids from all comming	ngled zones compatible with each of	other?	Yes_X_No
Will commingling decrease the value of			YesNo_X
If this well is on, or communitized with, or the United States Bureau of Land Ma			Yes_X_ No
NMOCD Reference Case No. applicable	e to this well:		
Attachments: C-102 for each zone to be comming Production curve for each zone for a For zones with no production histor Data to support allocation method o Notification list of working, royalty Any additional statements, data or d	at least one year. (If not available, sy, estimated production rates and sur formula. and overriding royalty interests for	attach explanation.) upporting data. uncommon interest cases.	
	PRE-APPRO	VED POOLS	
If application is t	to establish Pre-Approved Pools, th	e following additional information w	ill be required:
List of other orders approving downhole List of all operators within the proposed Proof that all operators within the propo Bottomhole pressure data.	Pre-Approved Pools	• •	
I hereby certify that the information	above is true and complete to the	he best of my knowledge and beli	ef.
SIGNATURE CHUYOUR	Whom title op	perations/Regulatory Technician-S	Gr. DATE 2-5-19

TELEPHONE NO. (505) 564-0779

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 \$. 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 262484

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-29911	2. Pool Code 71280	3. Pool Name AZTEC PICTURED CLIFFS (GAS)
4. Property Code	5. Property Name	6. Well No.
319324	MORRIS A COM	018A
7. OGRID No.	8. Operator Name	9. Elevation
372171	HILCORP ENERGY COMPANY	5843

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County	
N	22	30N	11W		800	S	1525	W	SAN JUAN	1
										-

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 0.00 SW/4		13. Joint or Infil		14. Consolidati	ion 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: Uneryleve Whoton

Title: Cherylene Westen, Operations/Regulatory Tech-Sr.

Date: 01/17/2019

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:

NEALE C. EDWARDS

Date of Survey:

3/5/1999

Certificate Number:

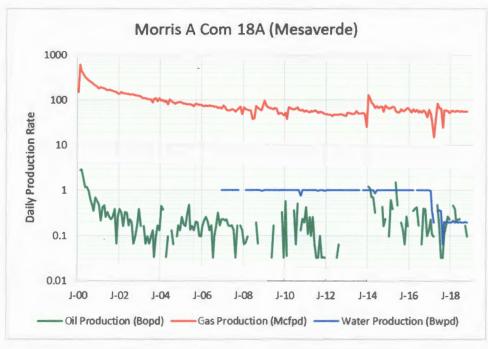
6857

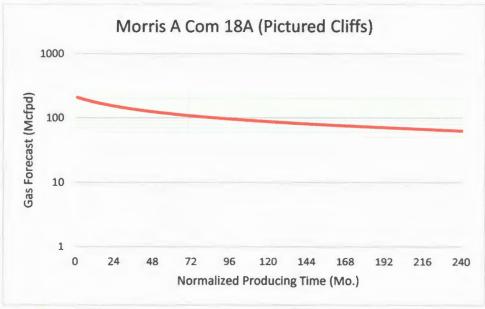
District I PO Box 1980, Hobbs, NM 88241-1980 State of New Mexico Form C-102 Revised February 21, 1994 Energy, Minerals & Natural Resources Department · Instructions on back District II PD Drawer DD, Artesia, NM 88211-0719 Submit to Appropriate District Office State Lease - 4 Copies OIL CONSERVATION DIVISION PO Box 2088 Santa Fe. NM 87504-2088 (6 F) 3: 0p Fee Lease - 3 Copies District III 1000 Rio Brazos Ad., Aztec, NM 87410 AMENDED REPORT District IV PO Box 2088, Santa Fe, NM 87504-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT API Number 'Pool Code Pool Name 30-045 Property Code 72319 <u>Blanco Mesaverde</u> Property Name Well Number MORRIS A COM 18A 7328 OGRID No. *Operator Name Elevation BURLINGTON RESOURCES OIL & GAS COMPANY 5843 14538 10 Surface Location Feet from the UL or lot no. North/South line Feet from the County East/West line 25 30N 11W 800 SOUTH Ν 1525 WEST SAN JUAN 11 Bottom Hole Location If Different From Surface UL or lot no. Feet from the North/South line Feet from the East/West 150 County ¹³ Joint or Infill | ¹⁴ Consolidation Code 12 Dedicated Acres ⁵⁵ Order No. S/320.00NO 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 5467.44 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief 58 Milling 2681. Peggy Bradfield Printed Name Regulatory Administrator Title Date "SURVEYOR CERTIFICATION I hereby certify that the well location shown was plotted from field notes of actual surveys or under my supervision, and that the same is correct to the best of my belief. NMSF-078138 MARCH 5. 04 50 Date of Sur 2669 2491 M MEXIC 1525 FEE

Certificate None

6857

5186.28





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

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

To obtain the BHP of existing completions, the well was shut-in for XX hours and a casing fluid level and casing pressure were obtained to estimate SIBHP. This pressure is not intended to represent static reservoir pressure but rather BHP observed within the stated wellbore. The low BHP of the deeper zones does not allow for any adverse effects to the shallow zones. The low inflow and artificial lift application does not represent a risk of cross-flow from the new, shallow completion to the deeper zones.

Morris A Com 18A - Production Allocation Method

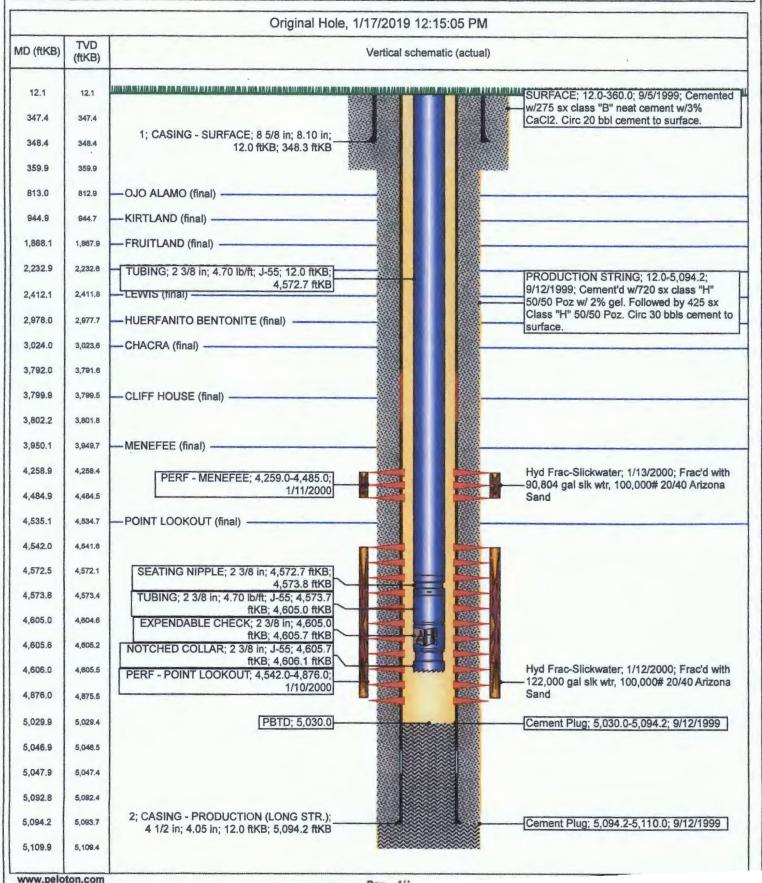
Production for the downhole commingle will be allocated using the subtraction method in agreement with the BLM. The base formations is the Mesaverde and the added formation to be commingled is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formations 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.



Current Schematic

Well Name: MORRIS A COM #18A

3004529911	Surface Legal Location 022-030N-011W-N	Field Name BLANCO MESAVERDE (PRORATED GAS	Route 0700	State/Province		Well Configuration Type
Ground Elevation (ft) 5,843.00	Original KB/RT Elevation (ft) 5,855.00	KB-Ground Distance (ft) 12.00	KB-Casing Flange D	stance (ft)	KB-Tubing Hange	r Distance (ft)

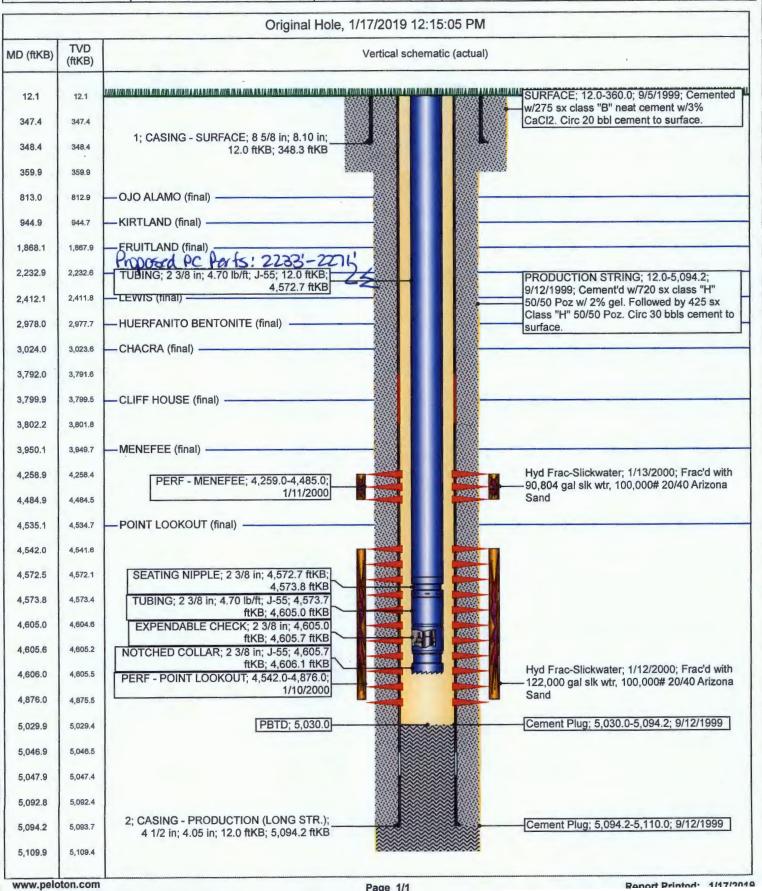




Proposed Schematic

Well Name: MORRIS A COM #18A

API/UWI 3004529911	Surface Legal Location 022-030N-011W-N	Field Name BLANCO MESAVERDE (PRORATED GAS	Route 0700	State/Provin		Well Configuration Type
Ground Elevation (ft) 5,843.00	Original KB/RT Elevation (ft) 5,855.00	KB-Ground Distance (ft) 12.00	KB-Casing Flange	Distance (ft)	KB-Tubing Hange	er Distance (ft)





February 5, 2019

Subject well: Morris A Com 18A

API # 30-045-29911

San Juan County, New Mexico

In the subject well, Hilcorp plans to downhole commingle existing pay from the Blanco Mesaverde formation with potential pay from the Aztec-Pictured Cliffs formation. As required by Subsection C of 19.15.12.11 New Mexico Administrative Code, we have enclosed a copy of the Commingling Application for your review. No action is required by you unless you object our commingling proposal.

If you do object, you will need to send notice to Hilcorp Energy Company, Attn: San Juan Basin Land Manager, 1111 Travis, Houston, TX 77002 within twenty (20) days from the date of this letter. Again, if you do not object to Hilcorp's downhole commingling plans, you *do not need* to sign or return any paperwork.

This letter represents a good faith effort to adhere with applicable notification requirements. However, if your ownership interest in the Subject Well has recently changed (i.e., new burdens created or you have sold or transferred your interest) please contact Hilcorp immediately to update your file.

Hilcorp appreciates this opportunity to enhance production from the Subject Well and we are thankful for your support.

Regards,

Cherylene Weston

Operations/Regulatory Technician Hilcorp Energy Company 505-564-0779

Encl.

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

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

<u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

APPLICATION FOR DOWNHOLE COMMINGLING X Yes _ 1220 S. St. Francis Dr., Santa Fe, NM 87505 No 382 Road 3100, Aztec, NM 87410 Hilcorp Energy Company Operator Address Morris A Com #18A Unit N (SESW) Section 22, T30N, R11W San Juan Well No Unit Letter-Section-Township-Range OGRID No. <u>372171</u> Property Code <u>319324</u> API No. <u>30-045-29911</u> Lease Type: <u>X</u> Federal ____ State DATA ELEMENT UPPER ZONE INTERMEDIATE ZONE LOWER ZONE Pool Name Aztec-Pictured Cliffs Blanco-Mesaverde Pool Code 71280 72319 Top and Bottom of Pay Section 2233' - 2271' est. 4259' - 4876' (Perforated or Open-Hole Interval) Method of Production **NEW ZONE** ARTIFICIAL LIFT (Flowing or Artificial Lift) Bottomhole Pressure (Note: Pressure data will not be required if the bottom 617 psi 391 psi perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) Oil Gravity or Gas BTU (Degree API or Gas BTU) 1,174 BTU 1,220 BTU Producing, Shut-In or New Zone New Zone Producing Date and Oil/Gas/Water Rates of Last Production. Date: Date: N/A Date: 11/30/2018 (Note: For new zones with no production history applicant shall be required to attach production Rates: 3 Bbl Oil, 1277 Mcf Gas, estimates and supporting data.) Rates Rates: N/A 6 Bbl Water Fixed Allocation Percentage Oil Gas Oil Oil Gas Gas Will be supplied upon completion Will be supplied upon completion % % than current or past production, supporting data or % % explanation will be required.) ADDITIONAL DATA Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_X_ No If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Are all produced fluids from all commingled zones compatible with each other? Yes_X_ No_ Yes____No_X Will commingling decrease the value of production? 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_X_ 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 TITLE Operations/Regulatory Technician-Sr. DATE TELEPHONE NO. ___(505) 564-0779 TYPE OR PRINT NAME ___ Cherylene Weston E-MAIL ADDRESS _____cweston@hilcorp.com

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901770210795	Brenda Guzman	, CHARLES E and PHYLLIS G PHILLIPY LVG TRUST PHYLLIS G PHILLIPY TRUSTEE, PO BOX 195, TOMBALL, TX, 77377 Code: Morris A Com 18A DHC	2/5/2019	Signature Pending
92148969009997901770210801	Brenda Guzman	SHANNAN WHITTEN, CROSS TIMBERS ENERGY LLC C/O MORNINGSTAR PARTNERS, 400 W 7TH STREET, FT WORTH, TX, 76102 Code: Moris A Com 18A DHC	2/5/2019	Signature Pending
92148969009997901770210818	Brenda Guzman	, ELLIOTT ENERGY LLC, PO BOX 578, BUELLTON, CA, 93427 Code: Monis A Com 18A DHC	2/5/2019	Signature Pending
92148969009997901770210825	Brenda Guzman	, ELLIOTT INDUSTRIES, PO BOX 1328, SANTA FE, NM, 87504 Code: Moms A Com 18A DHC	2/5/2019	Signature Pending
92148969009997901770210832	Brenda Guzman	, ELLIOTT-HALL COMPANY, PO BOX 1231, OGDEN, UT, 84402 Code: Morris A Corn 18A DHC	2/5/2019	Signature Pending
92148969009997901770210849	Brenda Guzman	, HENRIETTA E SCHULTZ TRUSTEE, 400 CHISHOLM PLACE SUITE 420, PLANO, TX, 75075 Code: Moris A Com 18A DHC	2/5/2019	Signature Pending
92148969009997901770210856	Brenda Guzman	, JO ANNE MOSS TRELOAR, 4951 PARADISE RD, SANTA BARBARA, CA, 93105-9708 Code: Moris A Com 18A DHC	2/5/2019	Signature Pending
92148969009997901770210863	Brenda Guzman	, KAVANAGH-SHIERSHKE FAMILY TRUST, 505 VAQUERO RD, ARCADIA, CA, 91007 Code: Morris A Corn 18A DHC	2/5/2019	Signature Pending
92148969009997901770210870	Brenda Guzman	, MARK D OREWILER, 6330 W CR 200 S, YORKTOWN, IN, 47396 Code: Morris A Corn 18A DHC	2/5/2019	Signature Pending
92148969009997901770210887	Brenda Guzman	, OFFICE OF NATURAL RESOURCES REVENUE, LAKEWOOD ACCTG CENT ONSHORE P O BOX 25627, DENVER, CO, 80225-0627 Code: Moms A Com 18A DHC	2/5/2019	Signature Pending
92148969009997901770210894	Brenda Guzman	, SUSAN K BENJAMIN, 3464 7 LKS W, WEST END, NC, 27376 Code: MorisA Com 18A DHC	2/5/2019	Signature Pending