Additional

Information

Part II

Submit 1 Copy To Appropriate District 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

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

Form C-103
Revised July 18, 2013

WELL API NO. 30-045-09822

5. Indicate Type of Lease STATE ☐ FEE ☒

6. State Oil & Gas Lease No. FEE

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 ☐ Gas Well ☒ Other

7. Lease Name or Unit Agreement Name: CLAYTON

8. Well Number: 1

2. Name of Operator: HILCORP ENERGY COMPANY

9. OGRID Number: 372171

3. Address of Operator: 382 Road 3100, Aztec, NM 87410

10. Pool name or Wildcat: Blanco Mesaverde/Flora Vista Gallup/ Basin Dakota

4. Well Location
Unit Letter N 990 feet from the South line and 1850 feet from the West line
Section 02 Township 30N Range 12W NMPM San Juan County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 5769'

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☒						
CLOSED-LOOP SYSTEM	☐						
OTHER:	☒	RECOMPLETION		OTHER:	☐		

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 Mesaverde and downhole trimingle with the existing Gallup and Dakota formations. Attached is the procedure, wellbore diagram and plat. A DHC application will be filed and approved prior to trimingling. A closed loop system will be used.

Density Exception Order Approval R-20508

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 Priscilla Shorty TITLE Operations Regulatory Technician Sr. DATE 5/28/2019

Type or print name Priscilla Shorty E-mail address: pshorty@hilcorp.com PHONE: 505-324-5188

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

District I
1625 N. French Dr., Hobbs, NM 88240
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District IV
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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 267856

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-09822	72319	BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
325065	CLAYTON	001
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	5769

10. Surface Location

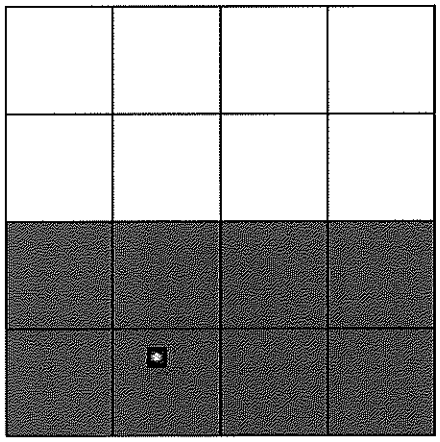
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	2	30N	12W		990	S	1850	W	SAN JUAN

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	13. Joint or Infill	14. Consolidation Code	15. Order No.
320.00			

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: Priscilla Shorty
Title: Operations Regulatory Tech - Sr.
Date: 5/28/2019

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: James Leese
Date of Survey: 6/23/1961
Certificate Number: 1463

HILCORP ENERGY COMPANY
CLAYTON 1
MESA VERDE RECOMPLETION SUNDRY

API #:	3004509822

JOB PROCEDURES

☑ NMOCD
☐ BLM

Contact OCD and BLM (where applicable) 24 hrs prior to MIRU or running MITs. Record and document all casing pressures daily, including BH, IC (if present) and PC. Comply with all NMOCD, BLM (where applicable), and HEC safety and environmental regulations.

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with **2 3/8"** tubing set at **6,467'.**
3. Set a **5-1/2"** cast iron bridge plug at +/- **5,904'** to isolate the **Gallup / Dakota**
4. Load hole with fluid, PT the csg to 600 psi and run a CBL on the 5-1/2" casing. Verify cement bond within the **Mesa Verde** and confirm TOC. Review CBL results with the regulatory agencies, perform cmt remediation and re-log, as required.
5. Perform a witnessed MIT test on the csg with the appropriate regulatory agencies to 600 psi
6. Set a **5-1/2"** cast iron bridge plug at +/- **4,893'** to provide a **base for the frac.**
7. Perforate the **Mesa Verde.** (Top perforation @ 3,715', Bottom perforation @ 4,793')
8. RIH w/ BHA (frac string, packer, burst disc sub), set packer @ ~3,615'.
9. ND BOPs, NU frac stack. PT frac stack to 9,000#. PT frac string to 9,000#, PT backside to 300# (to insure packer is set).
   NOTE: frac string is 2-7/8" 6.5# P110 with BTS-8 connections. PT is to max anticipated treating pressure (~60% of burst)
10. Break disc with slickline
11. Frac the **Mesa Verde** in 1-2 stages down the frac string.
12. Flowback well for 1-3 days as required. Collect a MV only gas sample for analysis.
13. MIRU workover rig. Nipple down frac stack, nipple up BOPs and test.
14. Release packer and POOH w/ frac string
15. TIH w/ mill and clean down to the top of the **base of frac plug** at **4,893'.** Take **Mesa Verde** gas samples and send for analysis
16. Drill out **base of frac plug** and cleanout to Gallup/DK isolation plug at **5,904'.** POOH.
17. Drill out Dakota isolation plug and cleanout to PBTD of **6,510' (TOF).** TOOH.
18. TIH and land production tubing. ND BOPs and NU tree. Pump off expendable check.
19. RDMO. Get a trimingled **Dakota/Gallup/Mesa Verde** flow rate.

HILCORP ENERGY COMPANY
CLAYTON 1
MESA VERDE RECOMPLETION SUNDRY

CLAYTON 1 - CURRENT WELLBORE SCHEMATIC

Hilcorp Energy Company

Schematic - Current

Well Name: (PRE-IMPORT) CLAYTON #1

API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004509822	N-2-30N-12W			NEW MEXICO	Vertical

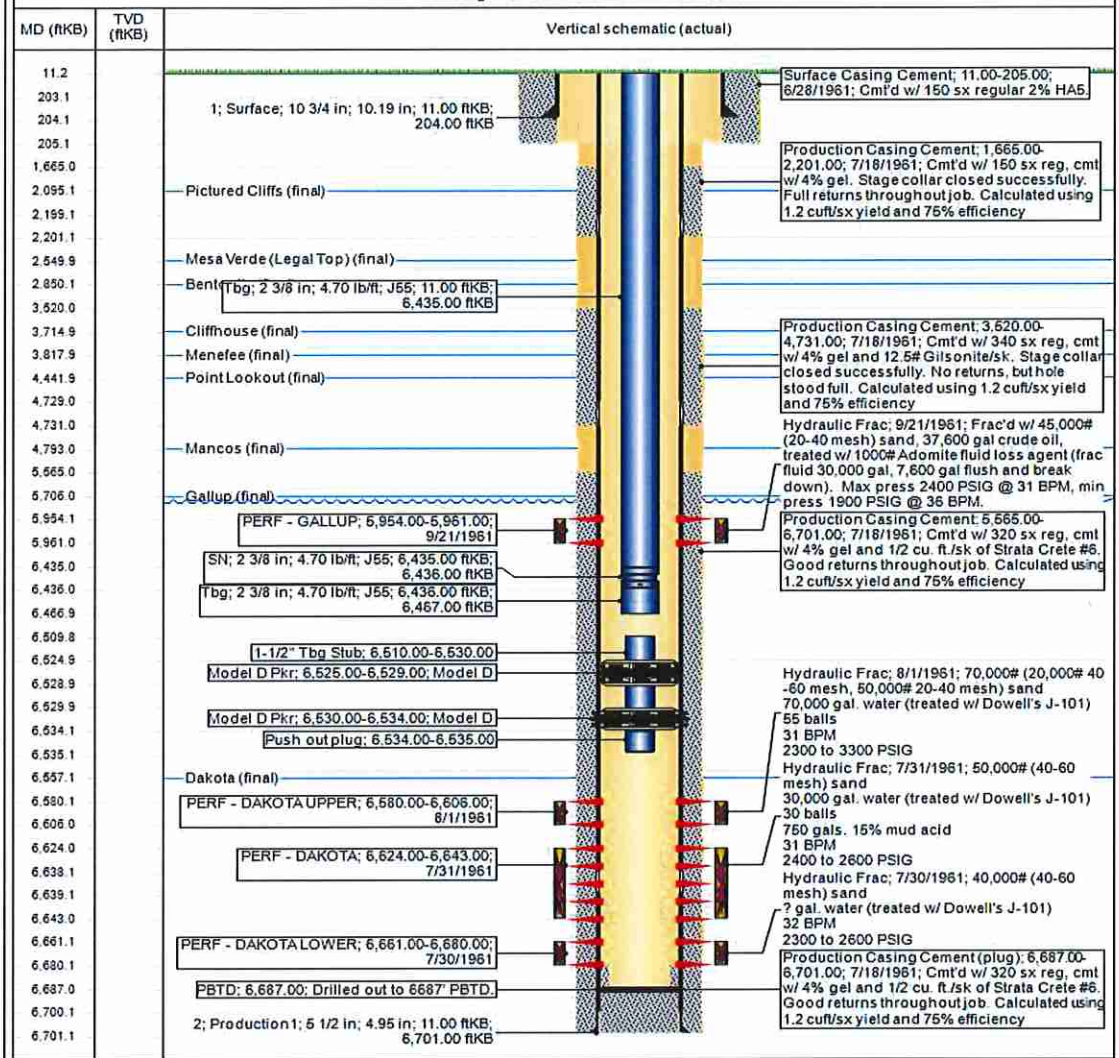
Original KB/RT Elevation (ft)	KB-Ground Distance (ft)	Original Spud Date	Rig Release Date	PBTD (All) (ftKB)	Total Depth All (TVD) (ftKB)
5,781.00	11.00	6/27/1961 20:00		Original Hole - 6,687.0	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date

TD: 6,701.0

Vertical, Original Hole, 5/24/2019 1:09:13 PM



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Oil Conservation Division
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Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 5/28/2019

☒ Original

Operator & OGRID No.: **Hilcorp Energy Company 372171**

☐ Amended - Reason for Amendment:

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
CLAYTON 1	3004509822	N, 2, 30N, 12W	990' FSL 1850' FWL	369	Vented	

Gathering System and Pipeline Notification

This is a recompletion of a producing gas well. Gas production, sales and transportation infrastructure is already in place. The gas is dedicated to Enterprise and will be connected to their gathering system located in San Juan County, New Mexico. Gas from these wells will be processed at Chaco Processing Plant located in Sec. 16 , Twn. 26N , Rng. 12W , San Juan County, New Mexico.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be routed to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Enterprise system at that time. Based on current information, it is Hilcorp's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines