

Initial Application Part I

Received: 06/28/2019

This application is placed in file for record. It MAY or MAY NOT have been reviewed to be determined Administratively Complete

RECEIVED: 06/2/2019	REVIEWER: MAM	TYPE: DHC	APP NO: pMAM1918353765
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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: Hilcorp Energy Company **OGRID Number:** 372171
Well Name: State Com 1A **API:** 30-039-21925
Pool: La Jara Pictured Cliffs **Pool Code:** 96199

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

DHC-5011

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

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

☐

Notice Complete

☐

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.

6/20/19

Date

(713)209-2400

Phone Number

nkunze@hilcorp.com

e-mail Address

Nick Kunze

Print or Type Name

Signature

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

Form C-107A
Revised August 1, 2011

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company 382 Road 3100, Aztec NM 87410
Operator Address
State Com 1A Unit P – Sec. 16 – T30N – R07W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 372171 Property Code 318439 API No. 30-039-21925 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	La Jara Pictured Cliffs		Blanco Mesaverde
Pool Code	96199		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3167' – 3277'		4755' – 5694'
Method of Production (Flowing or Artificial Lift)	New Zone		Plunger
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)	1128 psi		536 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1190 BTU		1150 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: N/A Rates:	Date: Rates:	Date: 3/2019 Rates: 6 bo, 1653 mcf, 6 bw
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

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

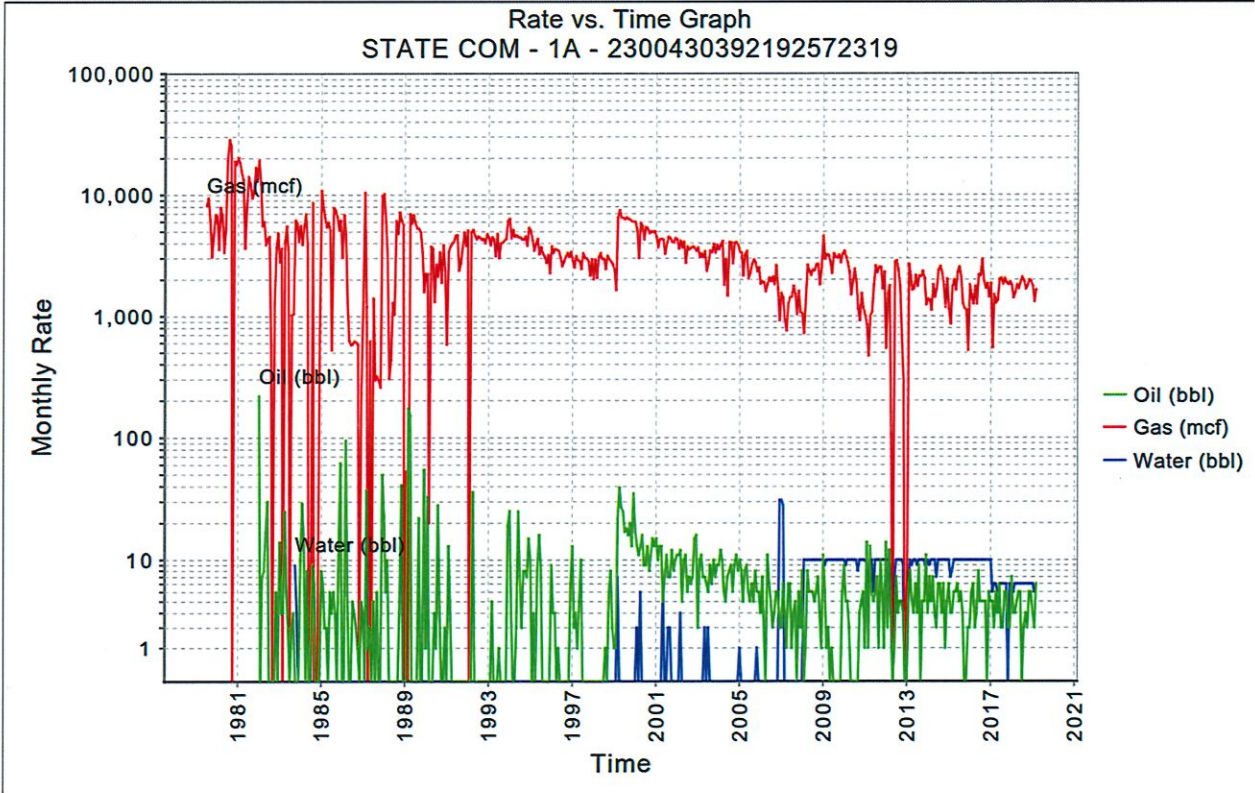
If application is to establish Pre-Approved Pools, the following additional information will be required:

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.

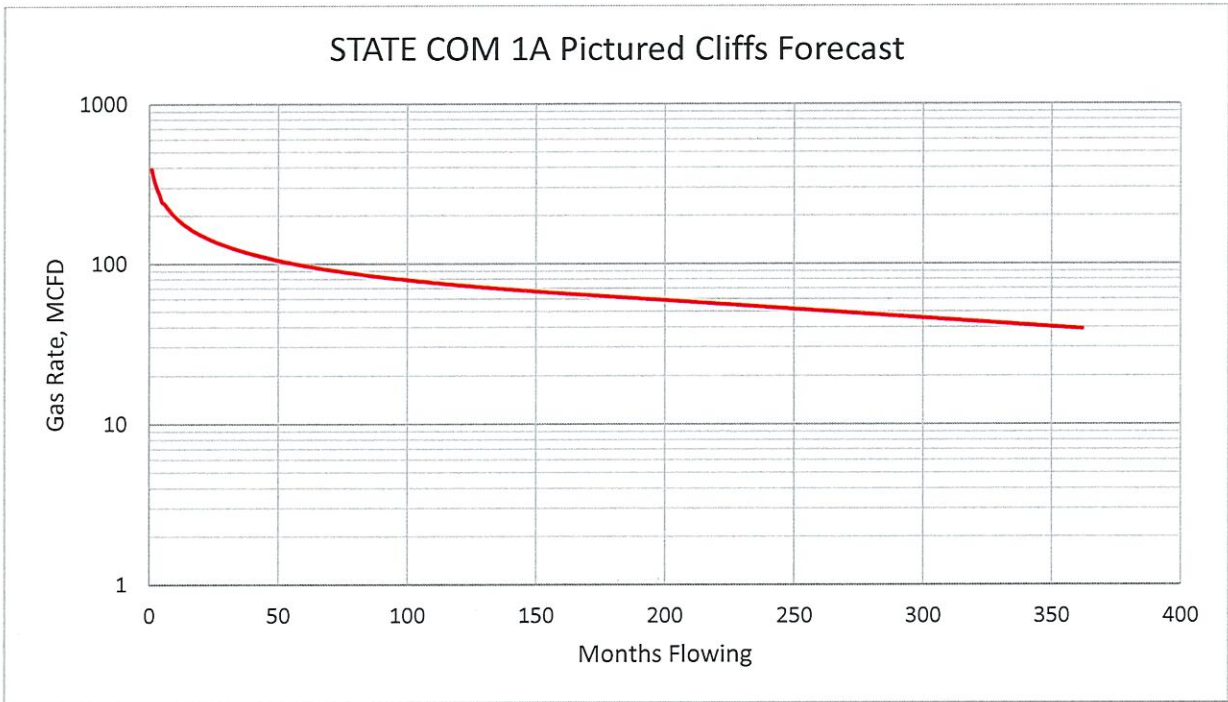
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Tim Davis TITLE Reservoir Engineer DATE 6/28/19
TYPE OR PRINT NAME Tim Davis TELEPHONE NO. (713)209-2400
E-MAIL ADDRESS tidavis@hilcorp.com

STATE COM 1A – HISTORICAL MESAVERDE PRODUCTION:



STATE COM 1A – PICTURED CLIFFS PRODUCTION FORECAST



The forecast for Pictured Cliffs production has been generated using a typical well production profile of PC gas production in the surrounding production trend.

STATE COM 1A – 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 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.

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 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 267466

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-21925	2. Pool Code 96199	3. Pool Name LA JARA-PICTURED CLIFFS POOL
4. Property Code 318439	5. Property Name STATE COM	6. Well No. 001A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6258

10. Surface Location

UL - Lot P	Section 16	Township 30N	Range 07W	Lot Idn	Feet From 1140	N/S Line S	Feet From 690	E/W Line E	County RIO ARRIBA
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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				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

<table><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></table>																	<p>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>Tammy Jones</i> Title: Operations/Regulatory Technician - Sr. Date: 5/15/2019</p> <p>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: James P. Leese Date of Survey: 9/12/1978 Certificate Number: 1463</p>

WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedees 0-120
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator C & E OPERATORS, INC.			Lease STATE COMM.		Well No. 1-A
Unit Letter P	Section 16	Township 30 NORTH	Range 16 WEST	County RIO ARriba	
Actual Footage Location of Well: 1140 feet from the SOUTH line and 600 feet from the EAST line					
Ground Level Elev. 6258	Producing Formation Mesquite		Pool Blanco	Dedicated Acreage: 3.20 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 _____

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

No allowable 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.

James P. Lease
Name

Position

Company

Date

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

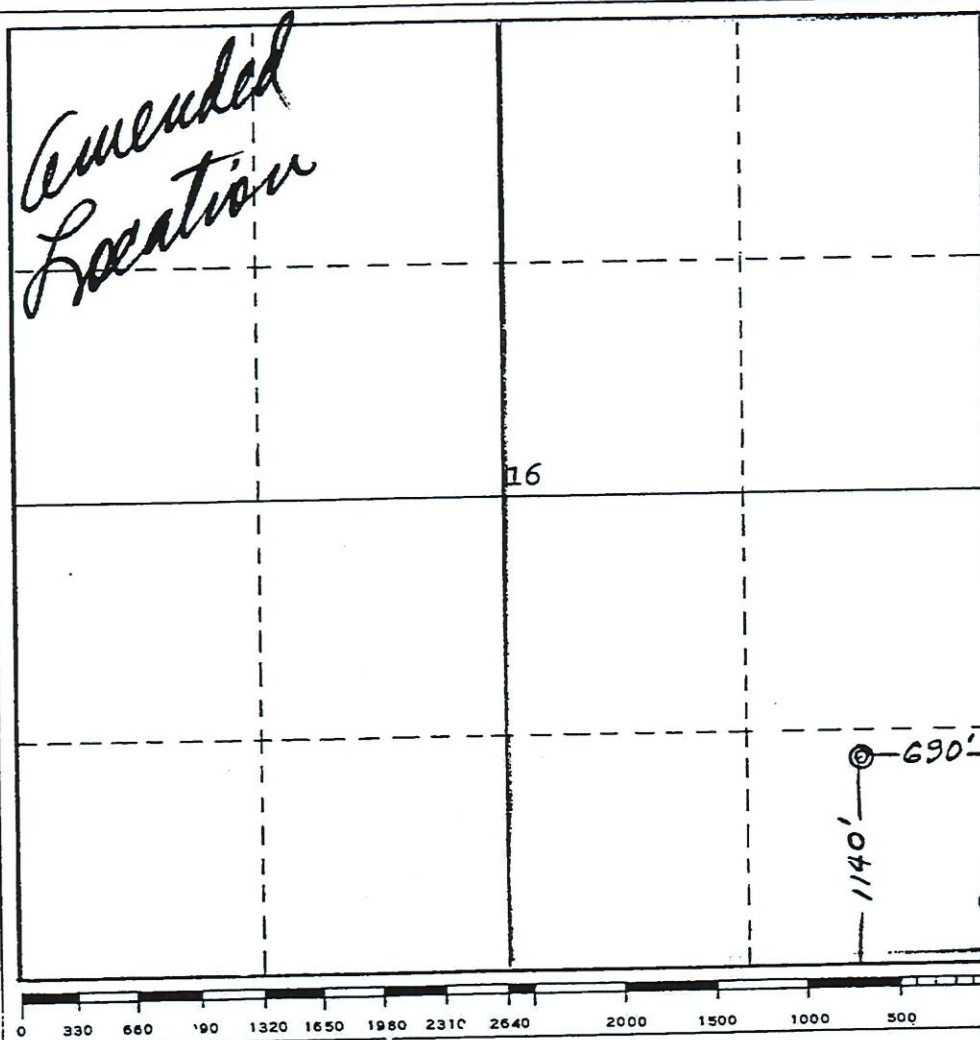
12 September 1978

Registered Professional Engineer
and Land Surveyor

James P. Lease
James P. Lease

Certificate No.

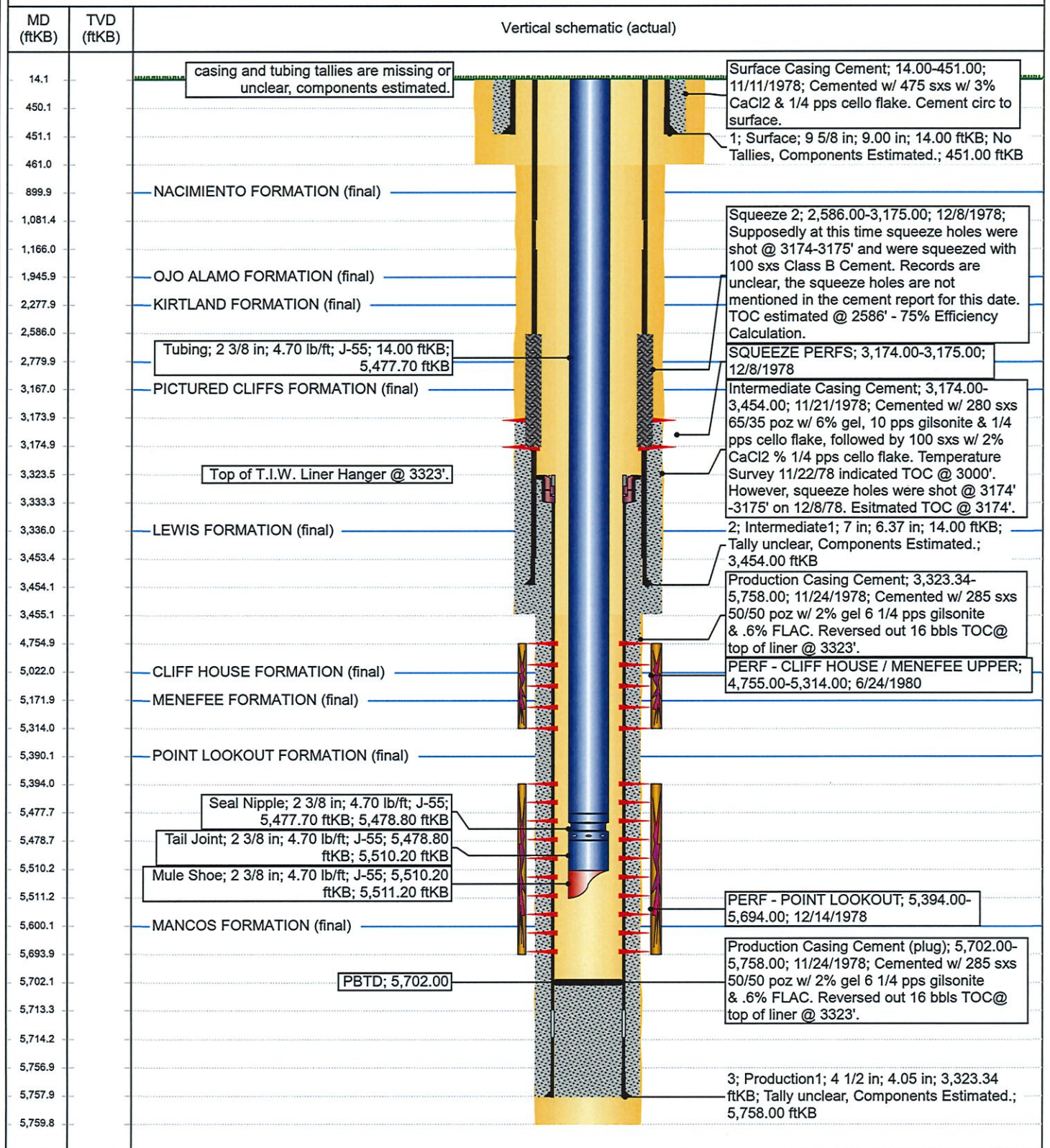
1463



Well Name: STATE COM #1A

API / UWI 3003921925	Surface Legal Location 016-030N-007W-P	Field Name BLANCO MESAVERDE (PRORATED GAS	Route 1100	State/Province NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 6,262.00	Original KB/RT Elevation (ft) 6,276.00	KB-Ground Distance (ft) 14.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

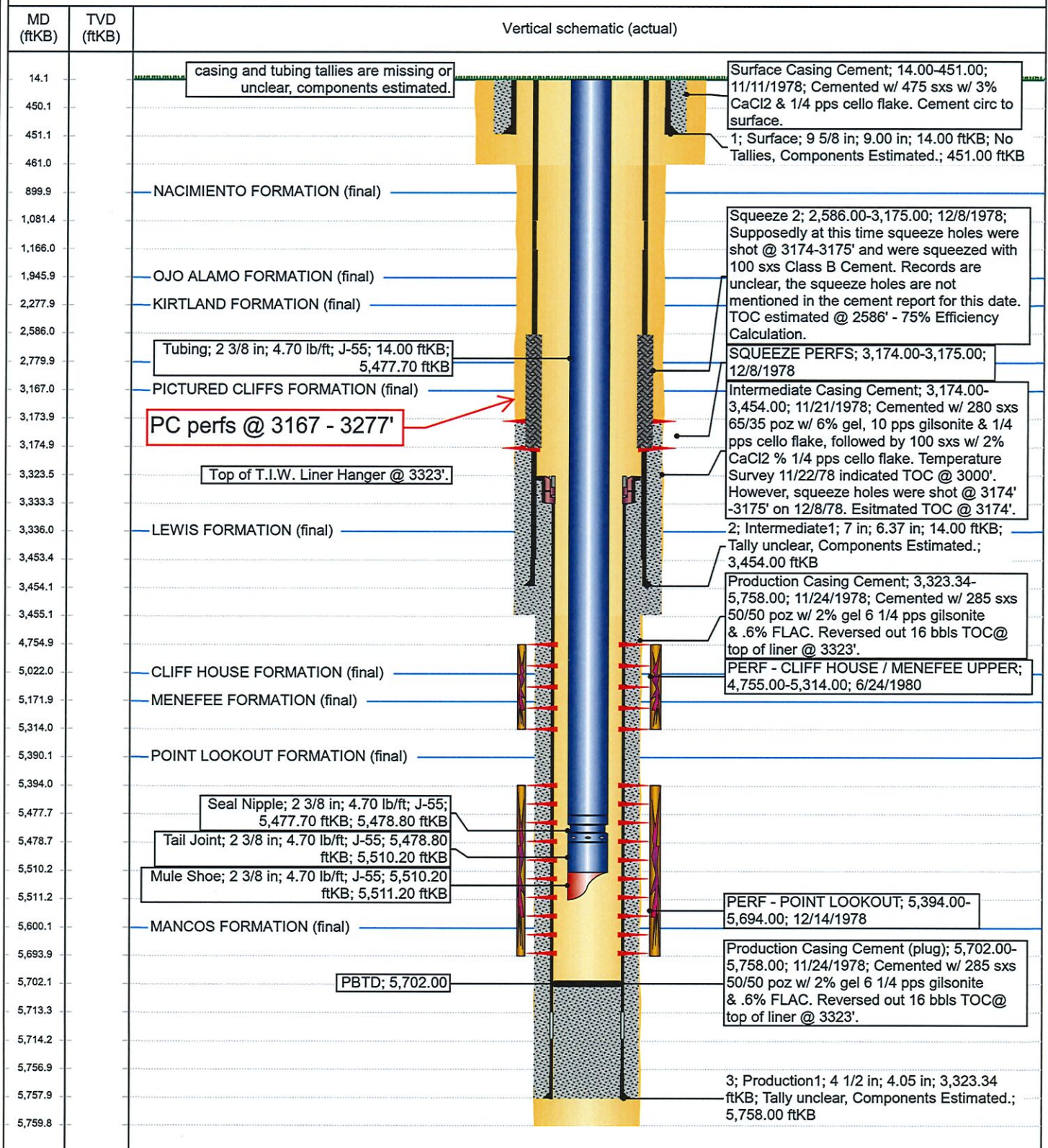
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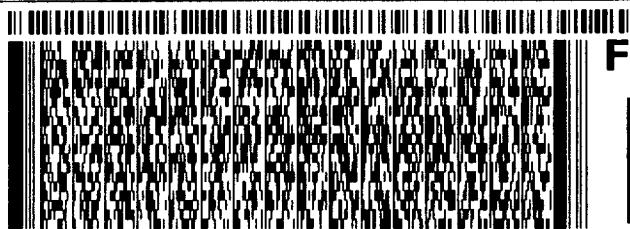
ORIGIN ID: EIXA (713) 289-2643
SEYLOH MCPHOY
HILCORP ENERGY COMPANY
1111 TRAVIS STREET
HOUSTON, TX 77002
UNITED STATES US

SHIP DATE: 28JUN19
ACTWGT: 2.00 LB MAN
CAD: 0272991/CAFE3211
BILL SENDER

TO **GEOLOGICAL & ENGINEERING BUREAU
NEW MEXICO OIL CONSERVATION DIVISIO
1220 SOUTH ST. FRANCIS DR.**

SANTA FE NM 87505

DEPT: DOCUMENTS



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