

# Initial Application Part I

Received: 08/22/2019

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

RECEIVED: <b>08/22/2019</b>	REVIEWER:	TYPE: <b>DHC</b>	APP NO: <b>pMAM1924053262</b>
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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 M 10 **API:** 30-045-34025  
**Pool:** Blanco Pictured Cliffs / Blanco Mesaverde / Basin Dakota **Pool Code:** 72359/72319/71599

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

**DHC-5057**

- 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

- 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

<b>FOR OCD ONLY</b>	
<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.**

Thomas Jacques  
 Print or Type Name

Signature

8/22/2019  
 Date

832.839.4582  
 Phone Number

tjacques@hilcorp.com  
 e-mail Address

**State of New Mexico**  
**Energy, Minerals and Natural Resources Department**  
**Oil Conservation Division**



## Receipt of Fee Application Payment

**PO Number: MH4VI-190822-C-107A**

Payment Date: 8/22/2019 2:51:57 PM  
Payment Amount: \$150.00  
Payment Type: Credit Card

Application Type: Application for administrative approval of a downhole commingle.  
Fee Amount: \$150.00  
Application Status: Under OCD Review

OGRID: 372171  
First Name: Priscilla  
Last Name: Shorty  
Email: pshorty@hilcorp.com

**IMPORTANT:** If you are mailing or delivering your application, you must print and include your receipt of payment as the first page on your application. All mailed and delivered applications must be sent to the following address: 1220 S. St. Francis Dr., Santa Fe, NM 87505. For inquiries, reference the PO Number listed above.

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised August 1, 2011

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

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

District III  
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company 382 Road 3100, Aztec, NM 87410  
Operator Address  
State Com M 10 UL L – Sec. 36, T32N, R11W San Juan  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 37217 Property Code 319095 API No. 30-045-34025 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Pictured Cliffs	Blanco Mesaverde	Basin Dakota
Pool Code	72359	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3,067'- 3,180'	4,816'-5,644'	7,468'-7,651'
Method of Production (Flowing or Artificial Lift)	New Zone- Artificial Lift	Artificial Lift	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)	260 psi	400 psi	200 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1000 BTU	1000 BTU	1000 BTU
Producing, Shut-In or New Zone	New Zone	Producing	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: 03/2019 Rates: 0 BOPD, 44 MCFPD, 0.3 BWPD	Date: 03/2019 Rates: 0 BOPD, 39 MCFPD, 0.3 BWPD
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 Priscilla Shorty TITLE Operations/Regulatory Technician – Sr. DATE 7/29/2019  
TYPE OR PRINT NAME Priscilla Shorty TELEPHONE NO. (505) 324-5188  
E-MAIL ADDRESS pshorty@hilcorp.com

**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 269315

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-34025	2. Pool Code 72359	3. Pool Name BLANCO PICTURED CLIFFS (GAS)
4. Property Code 319095	5. Property Name STATE COM M	6. Well No. 010
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6329

**10. Surface Location**

UL - Lot L	Section 36	Township 32N	Range 11W	Lot Idn	Feet From 2110	N/S Line S	Feet From 855	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	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**

	<b>OPERATOR CERTIFICATION</b>
	<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>Priscilla Shorty</i>          Title: Operations Regulatory Technician - Sr.          Date: 7/2/2019</p>
	<b>SURVEYOR CERTIFICATION</b>
	<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 Russell          Date of Survey: 8/9/2006          Certificate Number: 10201</p>

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
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 1301 W. Grand Ave., Artesia, NM 88210  
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**State of New Mexico**  
**Energy, Minerals and Natural Resources**

Form C-102  
 Permit 40078

**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-34025	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 31638	5. Property Name STATE COM M	
7. OGRID No. 217817	8. Operator Name CONOCOPHILLIPS COMPANY	9. Elevation 6329

**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	36	32N	11W		2110	S	855	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 320.00		13. Joint or Infill		14. Consolidation Code			15. Order No.		

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	<p align="center"><b>OPERATOR CERTIFICATION</b></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: Juanita Farrell        Title: Regulatory Specialist        Date: 10/20/2006</p> <hr/> <p align="center"><b>SURVEYOR CERTIFICATION</b></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 Russell        Date of Survey: 8/9/2006        Certificate Number: 10201</p>
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**State of New Mexico**  
**Energy, Minerals and Natural Resources**

Form C-102  
 Permit 40078

**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-34025	2. Pool Code 71599	3. Pool Name BASIN DAKOTA (PRORATED GAS)
4. Property Code 31638	5. Property Name STATE COM M	
7. OGRID No. 217817	8. Operator Name CONOCOPHILLIPS COMPANY	9. Elevation 6329

**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	36	32N	11W		2110	S	855	W	SAN JUAN

**11. Bottom Hole Location If Different From Surface**

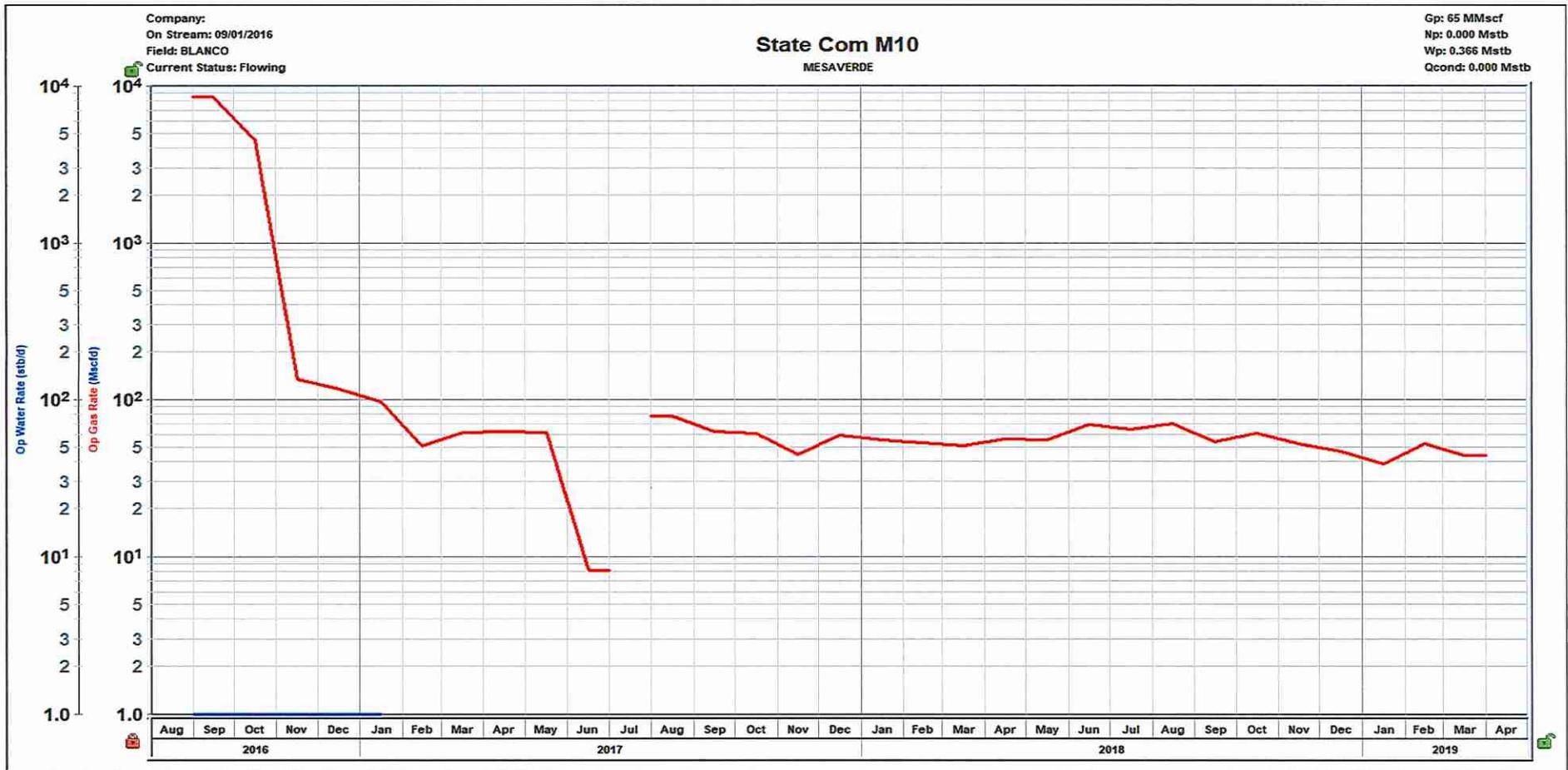
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code			15. Order No.		

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<table border="1"> <tr><td> </td><td> </td><td> </td><td> </td></tr> </table>																	<p align="center"><b>OPERATOR CERTIFICATION</b></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: Juanita Farrell        Title: Regulatory Specialist        Date: 10/20/2006</p>
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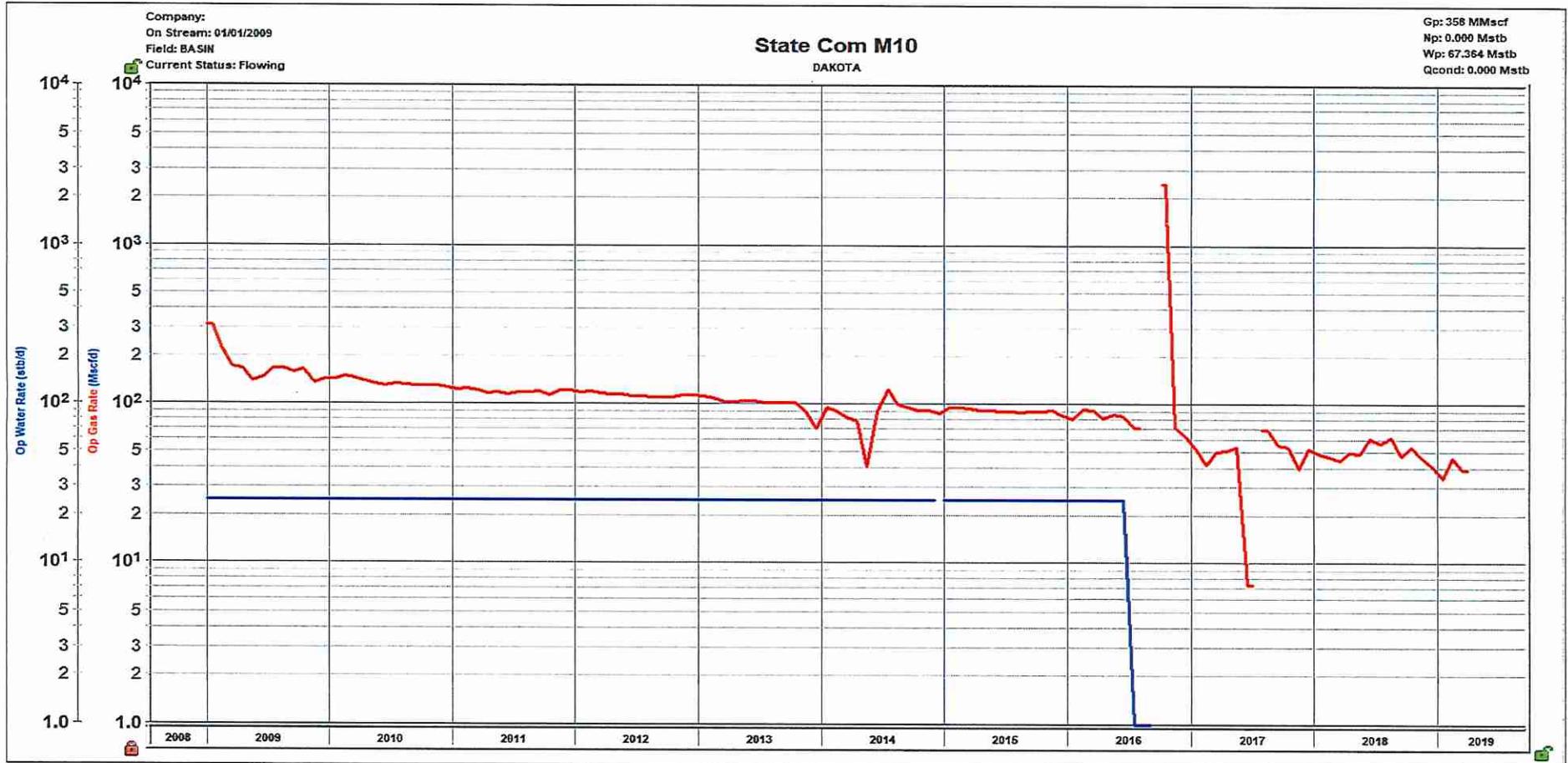
## Subtraction Allocation Forecast - State Com M10 - Mesaverde

Base formations are the Mesaverde and Dakota, and the added formation to be trimmed is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation.



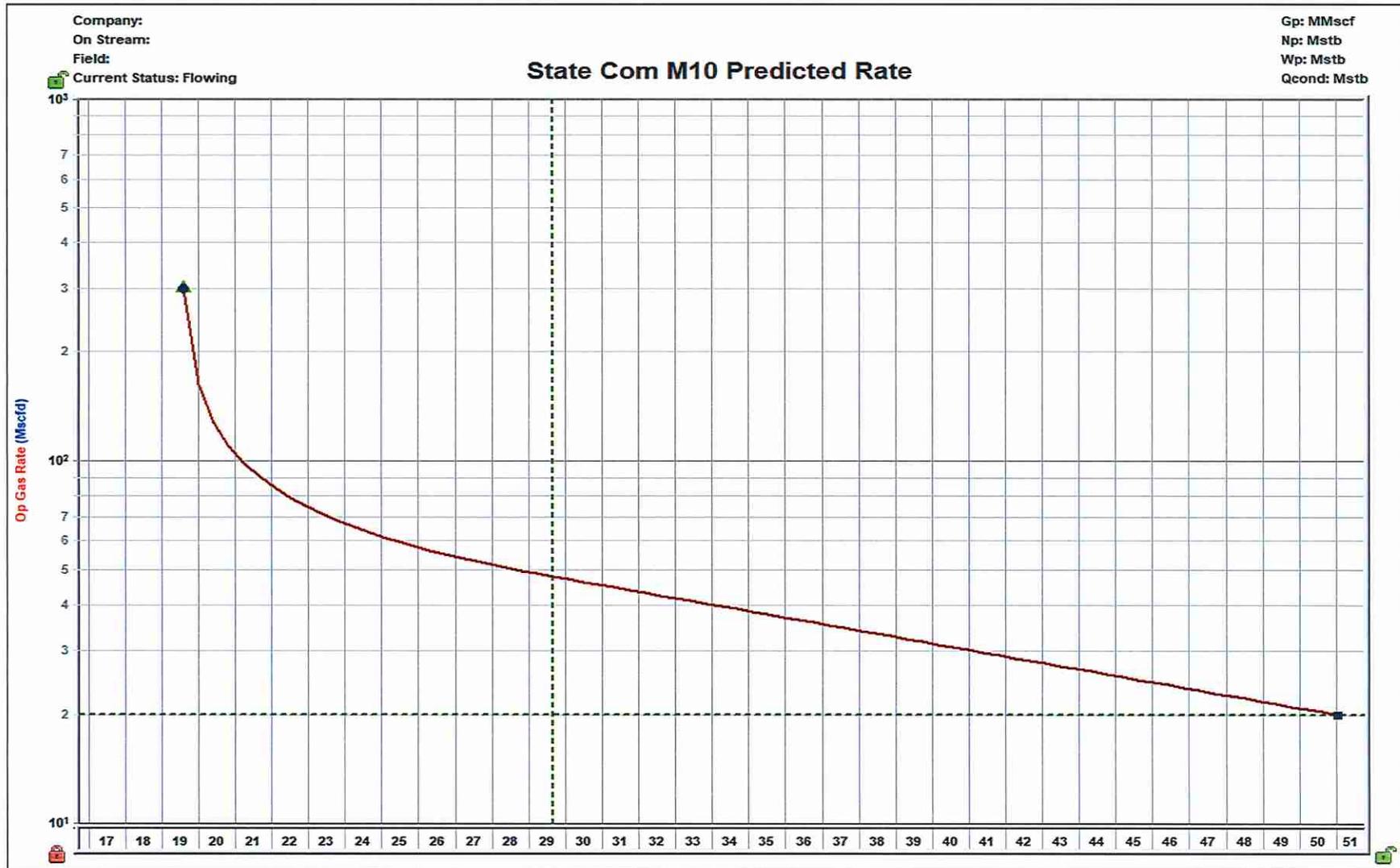
## Subtraction Allocation Forecast - State Com M10 - Dakota

Base formations are the Mesaverde and Dakota, and the added formation to be trimmed is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation.



# Subtraction Allocation Forecast - State Com M10

Base formations are the Mesaverde and Dakota, and the added formation to be trimmed is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation.



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

The BHPs of all zones, producing and non-producing, were estimated based upon basin-wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible and the higher PC reservoir pressure declines very quickly given that tight gas nature of the horizon.

**JUSTIFICATION OF ALLOCATION:** Hilcorp requests that production for the downhole commingle be allocated using the subtraction method. The base formations are the Mesaverde and Dakota, and the added formation to be commingled is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). A fixed percentage based allocation will be submitted after the fourth year of production. See attached documents for production forecast. Oil production will be allocated based on average formation yields from offset wells.

Lease Name	Well Num	API	Formation	Operator Name	Year	Month	Gas	Water	Wells	Days On
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2016	SEP	8501	1	1	1
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2016	OCT	4514	1	1	1
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2016	NOV	3980	30	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2016	DEC	3587	31	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	JAN	2980	31	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	FEB	1412	17	1	28
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	MAR	1902	19	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	APR	1873	18	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	MAY	1893	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	JUN	246	10	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	JUL	0	0	0	0
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	AUG	2175	10	1	28
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	SEP	1875	10	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	OCT	1878	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	NOV	1330	10	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2017	DEC	1819	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	JAN	1703	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	FEB	1482	9	1	28
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	MAR	1554	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	APR	1679	10	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	MAY	1697	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	JUN	2049	10	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	JUL	1981	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	AUG	2148	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	SEP	1606	10	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	OCT	1873	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	NOV	1561	10	1	30
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2018	DEC	1436	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2019	JAN	1189	10	1	31
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2019	FEB	1455	9	1	28
STATE COM M	10	30045340250001	MESAVERDE	HILCORP ENERGY COMPANY	2019	MAR	1359	10	1	31

STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2016	OCT	2431	0	1	1
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2016	NOV	2143	0	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2016	DEC	1931	0	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	JAN	1604	0	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	FEB	1155	0	1	28
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	MAR	1556	0	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	APR	1532	0	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	MAY	1679	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	JUN	218	9	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	JUL	0	0	0	0
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	AUG	1929	9	1	28
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	SEP	1664	8	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	OCT	1666	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	NOV	1180	9	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2017	DEC	1614	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	JAN	1512	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	FEB	1315	8	1	28
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	MAR	1378	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	APR	1489	8	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	MAY	1506	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	JUN	1817	8	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	JUL	1758	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	AUG	1904	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	SEP	1424	8	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	OCT	1661	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	NOV	1383	8	1	30
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2018	DEC	1273	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2019	JAN	1054	9	1	31
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2019	FEB	1290	8	1	28
STATE COM M	10	30045340250000	DAKOTA	HILCORP ENERGY COMPANY	2019	MAR	1206	9	1	31



August 22, 2019

To: ALL INTEREST OWNERS

RE: Notice to Recomplete & Downhole Commingle  
State Com M 10 (Blanco Mesaverde/Basin Dakota)  
Section 36, Township 32 North – Range 11 West NMPM  
API: 30-045-34025  
San Juan County, New Mexico

Ladies and Gentlemen:

Hilcorp San Juan, L.P., a subsidiary of Hilcorp Energy Company (“Hilcorp”) and Operator of the referenced well, recently acquired the assets of ConocoPhillips Company throughout the San Juan Basin, including leases, wells and other facilities. As successor operator, we are actively evaluating various development strategies to extend the productive life of the basin. Our initial efforts are focused on returning existing wells to production and adding additional gas pay through downhole commingling.

In the subject well, Hilcorp plans to downhole commingle existing pay from the Blanco Mesaverde formation and Basin Dakota formation with potential pay from the Blanco Pictured Cliffs formation. As a good faith effort to adhere to the notification requirements outlined in Subsection C of 19.15.12.11 New Mexico Administrative Code, this letter serves as notification of Hilcorp’s intent to downhole commingle and includes a copy of the C-107A for your reference.

**No action is required by you nor must you sign/return any paperwork unless you object to this notification.**

Should you have an objection, you are required to send notice within twenty (20) days from the date of this letter. Your objection should reference the well details provided above. Please mail your objection to the following address: Hilcorp Energy Company, Attn: Rob Carlson, 1111 Travis, Houston, TX 77002. Separately, please email me a copy of your objection letter to ensure receipt and call me to discuss any particular concerns you have using the contact information below. Should we be unable to overcome your concerns, the matter will be set for hearing with the New Mexico Oil & Conservation Division in Santa Fe, NM.

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.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R Carlson', written over a horizontal line.

Robert Carlson

Landman

(832) 839-4596

[rcarlson@hilcorp.com](mailto:rcarlson@hilcorp.com)

RTC:dkp  
Enclosures

C-107A

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901778610115	Dani Papetti	, BP AMERICA PRODUCTION COMPANY, ATTN: CRAIG FERGUSON 737 N. ELDRIDGE PARKWAY, E3, 12.1014, HOUSTON, TX, 77079 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610122	Dani Papetti	, DONALD THOMA, 641 PLEASANT ST, WOODSTOCK, IL, 60098 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610139	Dani Papetti	, EVKO DEVELOPMENT COMPANY, A PARTNERSHIP C/O LESLIE WIENER 10 STARBOARD COURT, MILL VALLEY, CA, 94941 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610146	Dani Papetti	, H A JACOBSON and ETHEL JACOBSON, , FRESNO, CA, 95860 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610153	Dani Papetti	, JOHN GOMBOTZ, 1537 ASHFORD CT, WHEATON, IL, 60189 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610160	Dani Papetti	, MADELINE E CLARKE TRUST, MADELINE E CLARKE TRUSTEE UNDER DEED PO BOX 5093, LANCASTER, PA, 17606-5093 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610177	Dani Papetti	, PIONEER NATURAL RES USA INC, KATHY NAVARRETE P O BOX 3178, MIDLAND, TX, 79702 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610184	Dani Papetti	, SILVERADO OIL and GAS LLP, P O BOX 52308, TULSA, OK, 74152-0308 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610191	Dani Papetti	, STATE OF NEW MEXICO, COMMISSIONER OF PUBLIC LANDS PO BOX 1148, SANTA FE, NM, 87501 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending
92148969009997901778610207	Dani Papetti	, VICTORIA GOMBOTZ, 508 BONNIE BRAE #1-2, RIVER FOREST, IL, 60305 Code: STATE COM M 10 C-107A	8/22/2019	Signature Pending

## Order Confirmation

**Ad Order Number**

0001294495

**Customer**

HILCORP ENERGY

**Customer Account**

175291

**PO Number**

**Ordered By**

Ben Mitchell

**Sales Rep.**

sbohland

**Customer Address**

382 RD 3100  
AZTEC NM 87410 USA

**Customer Phone**

505-324-5179

**Order Taker**

sbohland

**Customer Fax**

**Customer EMail**

**Order Source**

**Payor Customer**

HILCORP ENERGY

**Payor Account**

175291

**Special Pricing**

None

**Tear Sheets**

0

**Proofs**

0

**Affidavits**

1

**Blind Box**

**Promo Type**

**Materials**

**Invoice Text**

**Ad Order Notes**

**Net Amount**

\$68.50

**Tax Amount**

\$5.65

**Total Amount**

\$74.15

**Payment Method**

**Payment Amount**

\$0.00

**Amount Due**

\$74.15

**Ad Number**

0001294495-01

**Ad Type**

CLS Legal liner

**Ad Size**

: 2.0 X 53 Li

**Color**

<NONE>

**Production Method**

AdBooker

**Production Notes**

**External Ad Number**

**Ad Attributes**

**Ad Released**

No

**Pick Up**

0001289908

**WYSIWYG Content**

## Order Confirmation

<u>Ad Order Number</u> 0001294495	<u>Customer</u> HILCORP ENERGY	<u>Customer Account</u> 175291	<u>PO Number</u>
<u>Sales Rep.</u> sbohland	<u>Customer Address</u> 382 RD 3100 AZTEC NM 87410 USA	<u>Customer Phone</u> 505-324-5179	<u>Ordered By</u> Ben Mitchell
<u>Order Taker</u> sbohland		<u>Customer Fax</u>	<u>Customer Email</u>
<u>Order Source</u>	<u>Payor Customer</u> HILCORP ENERGY	<u>Payor Account</u> 175291	<u>Special Pricing</u> None

<u>Tear Sheets</u>	<u>Proofs</u>	<u>Affidavits</u>	<u>Blind Box</u>	<u>Promo Type</u>	<u>Materials</u>
0	0	1			

Invoice Text Ad Order Notes

<u>Net Amount</u>	<u>Tax Amount</u>	<u>Total Amount</u>	<u>Payment Method</u>	<u>Payment Amount</u>	<u>Amount Due</u>
\$68.50	\$5.65	\$74.15		\$0.00	\$74.15

<u>Ad Number</u>	<u>Ad Type</u>	<u>Ad Size</u>	<u>Color</u>	<u>Production Method</u>	<u>Production Notes</u>
0001294495-01	CLS Legal liner	: 2.0 X 53 Li	<NONE>	AdBooker	
<u>External Ad Number</u>	<u>Ad Attributes</u>	<u>Ad Released</u>	<u>Pick Up</u>		
		No	0001289908		

Notice by Hilcorp Energy Company for Downhole Commingling, San Juan County, New Mexico. Pursuant to Paragraph (2) of Sub-section 19.15.12 NMAC, Hilcorp Energy Company, as Operator has filed form C-1077 with the New Mexico Energy Mineral and Natural Resources Department - Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle production from the Blanco PicturedCliff Gas Pool (72359), the Blanco-Mesaverde Gas Pool (72319) and the Basin-Dakota Gas Pool (71599) in the State Com M 10 well (AP No. 30-045-34025) situated in Unit, Section 6, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico. Proposed perforations are 3067'-3180' (Picture Cliffs) 4916'-564' (Mesaverde); 7468'-7651' (Dakota). Commingling will not reduce the value of the production. Allocation method to be determined upon completion of this project. This notice is intended for H.A. Jacobson & Ethel Jacobson; unlocatable royalty owners in the aforementioned well for which certificate of interest delivery is not possible. Should you (the interest owner for which this notice is intended) have an objection you are required to respond

## Order Confirmation

<b><u>Ad Order Number</u></b> 0001294495	<b><u>Customer</u></b> HILCORP ENERGY	<b><u>Customer Account</u></b> 175291	<b><u>PO Number</u></b>
<b><u>Sales Rep.</u></b> sbohland	<b><u>Customer Address</u></b> 382 RD 3100 AZTEC NM 87410 USA	<b><u>Customer Phone</u></b> 505-324-5179	<b><u>Ordered By</u></b> Ben Mitchell
<b><u>Order Taker</u></b> sbohland		<b><u>Customer Fax</u></b>	<b><u>Customer EMail</u></b>
<b><u>Order Source</u></b>	<b><u>Payor Customer</u></b> HILCORP ENERGY	<b><u>Payor Account</u></b> 175291	<b><u>Special Pricing</u></b> None

<b><u>Tear Sheets</u></b>	<b><u>Proofs</u></b>	<b><u>Affidavits</u></b>	<b><u>Blind Box</u></b>	<b><u>Promo Type</u></b>	<b><u>Materials</u></b>
0	0	1			

**Invoice Text** **Ad Order Notes**

<b><u>Net Amount</u></b>	<b><u>Tax Amount</u></b>	<b><u>Total Amount</u></b>	<b><u>Payment Method</u></b>	<b><u>Payment Amount</u></b>	<b><u>Amount Due</u></b>
\$68.50	\$5.65	\$74.15		\$0.00	\$74.15

<b><u>Ad Number</u></b>	<b><u>Ad Type</u></b>	<b><u>Ad Size</u></b>	<b><u>Color</u></b>	<b><u>Production Method</u></b>	<b><u>Production Notes</u></b>
0001294495-01	CLS Legal liner	: 2.0 X 53 Li	<NONE>	AdBooker	

<b><u>External Ad Number</u></b>	<b><u>Ad Attributes</u></b>	<b><u>Ad Released</u></b>	<b><u>Pick Up</u></b>
		No	0001289908

withintwenty(20)daysfromthedateof  
thispublication.Pleasemailyourobjectio  
terreferencinthe well details above, to the  
followingaddress HilcorpEnergy Company,  
Attn San Juan Land, 1111 Travis Street Hous-  
ton, TX 77002

Legal No. 1294495 published in The Daily Times  
on Aug. 22, 2019.

<b><u>Product Information</u></b>	<b><u>Placement/Classification</u></b>	<b><u>Run Dates</u></b>	<b><u>Billing Code</u></b>	<b><u># Inserts</u></b>	<b><u>Cost</u></b>
<b><u>Run Schedule Invoice Text</u></b>	<b><u>Sort Text</u></b>				
FM Daily-Times::	Legal -	01 03	8/22/2019	Expiration of Print	1 \$58.45
Notice by Hilcorp Energy Company for Downhc	NOTICEBYHILCORPENENERGYCOMPANYFOR				
FM Online::	Legal -	01 03	8/22/2019	Expiration of Print	1 \$8.12
Notice by Hilcorp Energy Company for Downhc	NOTICEBYHILCORPENENERGYCOMPANYFOR				

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

Form C-103  
 Revised July 18, 2013

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

WELL API NO. 30-045-34025
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-3374
7. Lease Name or Unit Agreement Name STATE COM M
8. Well Number 10
9. OGRID Number 372171
10. Pool name or Wildcat Blanco Pictured Cliffs/ Blanco Mesaverde/Basin Dakota

**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

2. Name of Operator  
HILCORP ENERGY COMPANY

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

4. Well Location  
 Unit Letter L 2110 feet from the South line and 855 feet from the West line  
 Section 36 Township 32N Range 11W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6329'

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

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input checked="" type="checkbox"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER: <input checked="" type="checkbox"/> RECOMPLETION		<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

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 Pictured Cliffs and downhole trimingle with the existing Dakota and Mesaverde. Attached is the procedure, wellbore diagram, plat, and gas capture plan. A DHC application will be filed and approved prior to triningling. A closed loop system will be used.

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 7/11/2019  
 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): \_\_\_\_\_



**HILCORP ENERGY COMPANY**  
**STATE COM M 10**  
**PICTURED CLIFFS RECOMPLETION SUNDRY**

STATE COM M 10 - CURRENT WELLBORE SCHEMATIC



**Schematic - Current**

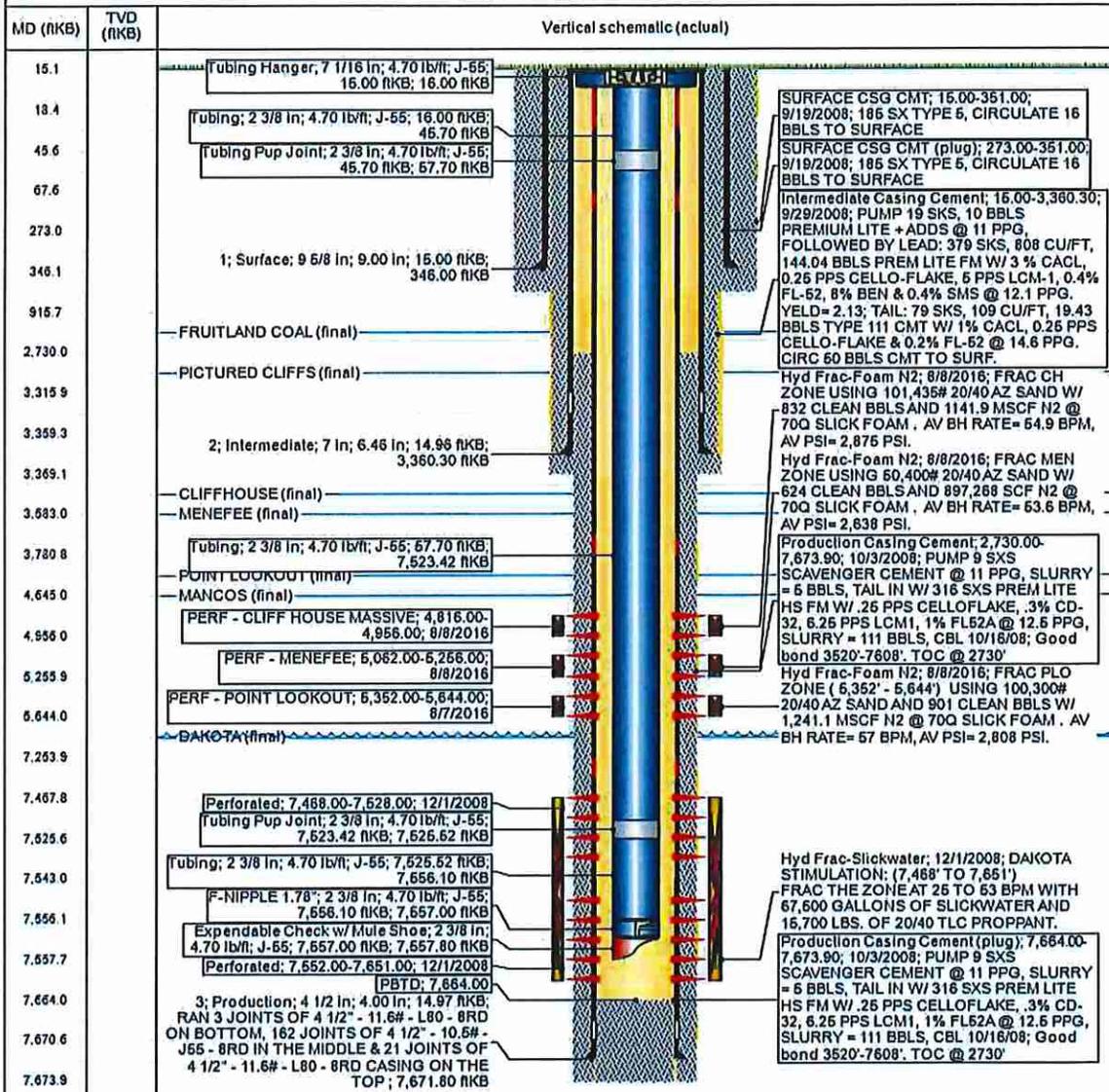
**Well Name: STATE COM M #10**

API / UWI 3004534026	Surface Legal Location 036-032N-011W-L	Field Name BASIN DAKOTA	License No.	State Province NEW MEXICO	Well Configuration Type VERTICAL
Original K&B RT Elevation (ft) 8,344.00	K&B Ground Distance (ft) 16.00	Original Spud Date 9/18/2008 11:16	Rig Release Date	PBTD (A) (ft) K&B Original Hole - 7,664.0	Total Depth (A) (ft) K&B

**Most Recent Job**

Job Category COMPLETIONS	Primary Job Type RECOMPLETION	Secondary Job Type	Actual Start Date 7/27/2016	End Date 9/8/2016
-----------------------------	----------------------------------	--------------------	--------------------------------	----------------------

**ID: 7,674.0** VERTICAL, Original Hole, 6/27/2019 2:19:25 PM





**HILCORP ENERGY COMPANY**  
**STATE COM M 10**  
**PICTURED CLIFFS RECOMPLETION SUNDRY**

STATE COM M 10 - CURRENT WELLBORE SCHEMATIC



Proposed Schematic

Well Name: STATE COM M #10

API / UWI 3004634026	Surface Legal Location 036-032N-011W-L	Field Name BASIN DAKOTA	License No.	State Province NEW MEXICO	Well Configuration Type VERTICAL
Original KBRT Elevation (ft) 6,344.00	KB- Ground Distance (ft) 16.00	Original Spud Date 9/18/2008 11:16	Rig Release Date	PBTD (A) (ft) (KB) Original Hole - 7,664.0	Total Depth (ft) (KB)

**Most Recent Job**

Job Category COMPLETIONS	Primary Job Type RECOMPLETION	Secondary Job Type	Actual Start Date 7/27/2016	End Date 9/8/2016
-----------------------------	----------------------------------	--------------------	--------------------------------	----------------------

TD: 7,674.0 VERTICAL, Original Hole, 6/27/2019 2:19:25 PM

