

RECEIVED: 9/18/19	REVIEWER:	TYPE: DHC	APP NO: pLEL1927639518
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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: Walker Koch 1A **API:** 30-045-21700
Pool: Basin Fruitland Coal / Blanco Mesaverde **Pool Code:** 71629 / 72319

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

- 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.

Thomas Jacques
 Print or Type Name

Signature

9/11/2019
 Date

832.839.4582
 Phone Number

tjacque@hilcorp.com
 e-mail Address

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

Walker Koch #001A P 13, 31N, 10W San Juan
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 372171 Property Code 319378 API No. 3004521700 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND COAL		BLANCO-MESAVERDE
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3200'-3394'		4940'-5944'
Method of Production (Flowing or Artificial Lift)	New Zone		Plunger 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)	150 psi		200 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1000 BTU		1000 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: 6/2019 Rates: 19 BO, 2373 MCF, 25 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 Amanda Walker TITLE Operations/Regulatory Technician Sr. DATE 9/11/2019

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. (505)324.5122

E-MAIL ADDRESS mwalker@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**

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-21700	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 319378	5. Property Name WALKER KOCH	6. Well No. 001A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6608

10. Surface Location

UL - Lot P	Section 13	Township 31N	Range 10W	Lot Idn 16	Feet From 990	N/S Line S	Feet From 940	E/W Line E	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 277.56	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>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: Amanda Walker Title: Operations / Regulatory Tech Sr. Date: 8/26/2019</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: 1/10/1975 Certificate Number: 1463</p>

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

Operator KOCH EXPLORATION COMPANY		Lease WALKER		Well No. 1 - A
Unit Letter IP	Section 13	Township 31 N	Range 10 W	County San Juan
Actual Footnote Location of Well: - 990 feet from the SOUTH line and 940 feet from the EAST line				
Ground Level Elev. 6608	Producing Formation	Pool Blanco M V	Dedicated Acreage: 277.56 Acres	

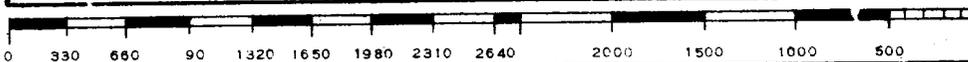
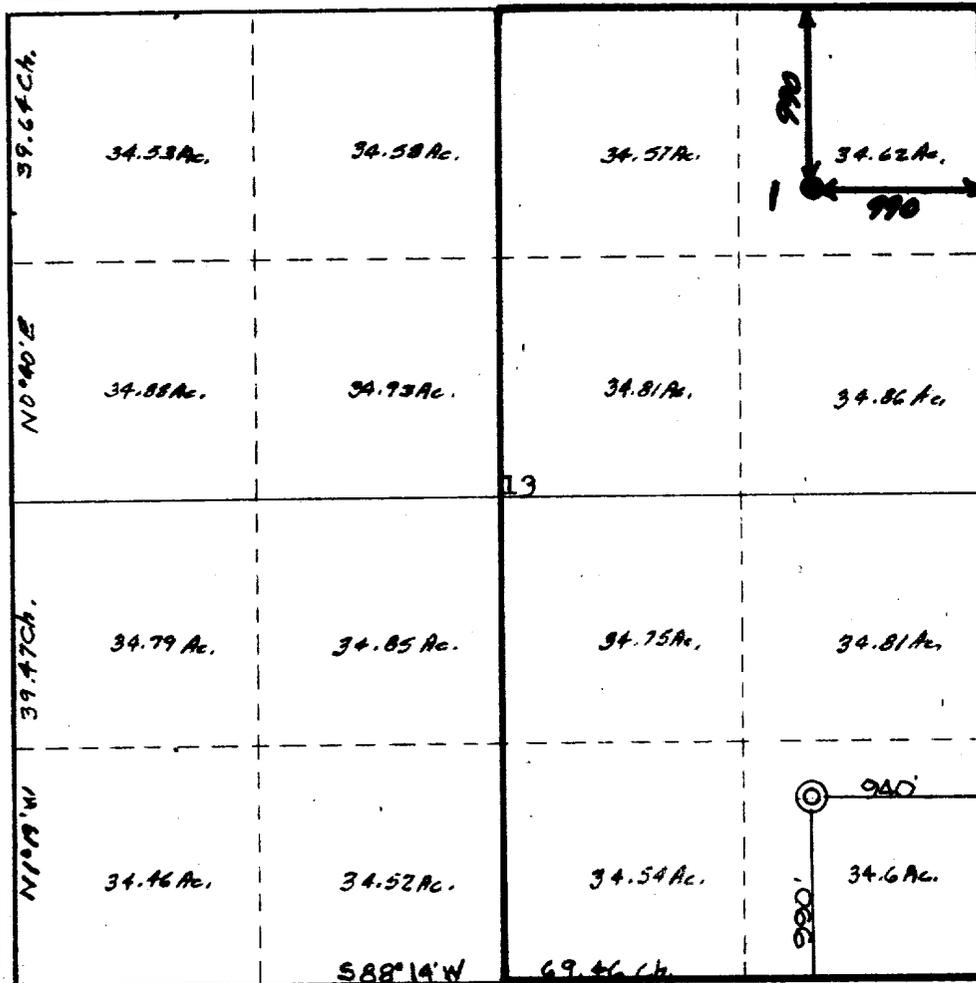
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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.

587'49"W **69.38 Ch.**



CERTIFICATION

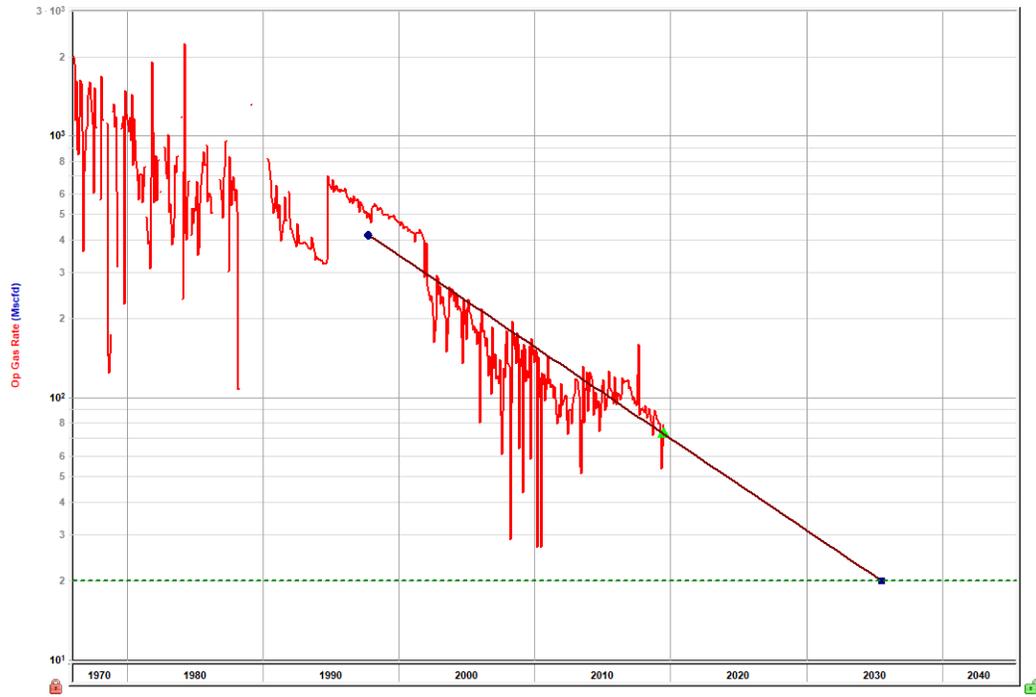
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name _____
Position _____
Company _____
Date _____

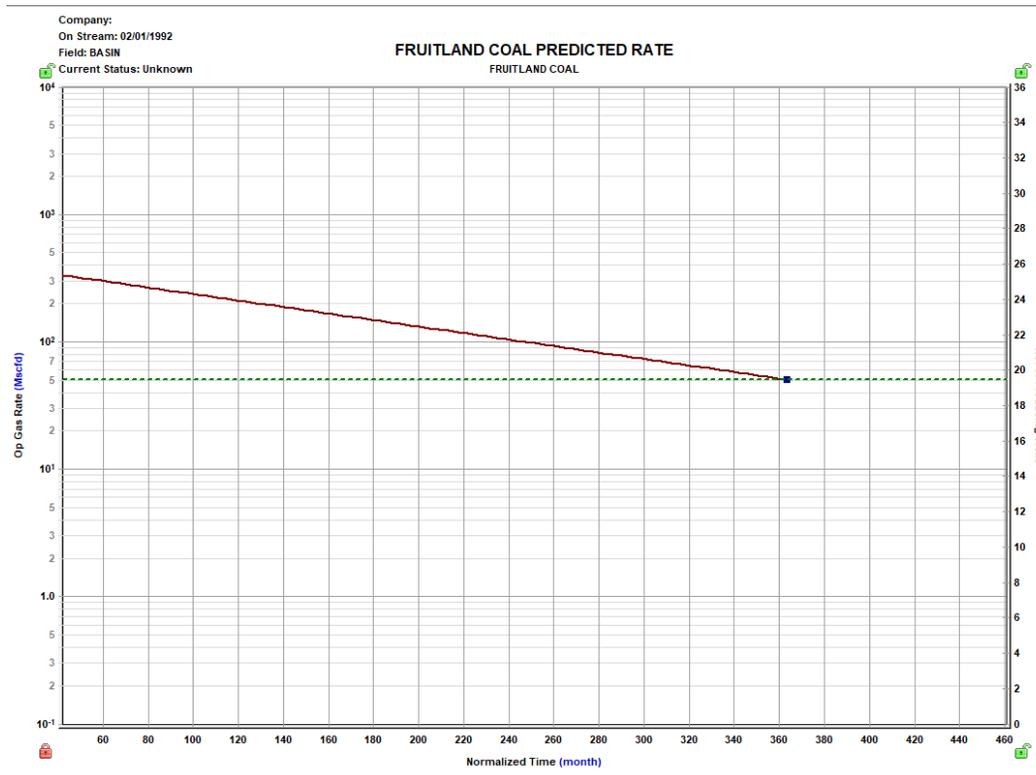
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **Jan 10, 1975**
Registered Professional Engineer and/or Land Surveyor
James P. Lease
Certificate No. **7463**
State of New Mexico
JAMES P. LEASE

Walker Koch #1A Blanco Mesaverde Forecast



Walker Koch #1A Predicted Basin Fruitland Coal Forecast



The Walker Koch #1A predicted Basin Fruitland Coal rate is based on type well and volumetric analysis of offset Basin Fruitland Coal producers. The reservoir fluids of the commingled completions are compatible.

JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method. The base formations is the Blanco Mesaverde and the added formation to be commingled is the Basin Fruitland Coal. 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. The Basin Fruitland Coal will not produce oil. All oil produced will be allocated to the Blanco Mesaverde.

Historical Production

Blanco Mesaverde

	Oil (BBLs)	Gas (MCF)	Water (BBLs)
Jan-19	22	2,541	26
Feb-19	26	2,223	23
Mar-19	26	2,490	26
Apr-19	17	2,257	25
May-19	21	1,662	26
Jun-19	19	2,373	25

Date	Gas Rate (MCFD)	Date	Gas Rate (MCFD)
Sep-19	72	Nov-22	55
Oct-19	71	Dec-22	55
Nov-19	71	Jan-23	55
Dec-19	70	Feb-23	54
Jan-20	70	Mar-23	54
Feb-20	69	Apr-23	54
Mar-20	69	May-23	53
Apr-20	68	Jun-23	53
May-20	68	Jul-23	53
Jun-20	67	Aug-23	52
Jul-20	67	Sep-23	52
Aug-20	66	Oct-23	52
Sep-20	66	Nov-23	51
Oct-20	66	Dec-23	51
Nov-20	65	Jan-24	50
Dec-20	65	Feb-24	50
Jan-21	64		
Feb-21	64		
Mar-21	63		
Apr-21	63		
May-21	63		
Jun-21	62		
Jul-21	62		
Aug-21	61		
Sep-21	61		
Oct-21	61		
Nov-21	60		
Dec-21	60		
Jan-22	59		
Feb-22	59		
Mar-22	59		
Apr-22	58		
May-22	58		
Jun-22	57		
Jul-22	57		
Aug-22	57		
Sep-22	56		
Oct-22	56		

Subtraction Allocation Forecast - Walker Koch #1A

Base formation is the Blanco Mesaverde and the added formation to be commingled is the Basin Fruitland Coal.
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.



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

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.)		WELL API NO. 30-045-21700
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Hilcorp Energy Company		6. State Oil & Gas Lease No. Federal – NMNM013688
3. Address of Operator 382 Road 3100, Aztec NM 87410		7. Lease Name or Unit Agreement Name Walker Koch
4. Well Location Unit Letter P: 990 feet from the South line and 940 feet from the East line Section 13 Township 31N Range 10W NMPM County San Juan		8. Well Number 1A
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6608' GL		9. OGRID Number 372171
		10. Pool name or Wildcat

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

NOTICE OF INTENTION TO: 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 type="checkbox"/>		SUBSEQUENT REPORT OF: 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"/>	
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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.

It is intended to recomplete the subject well in the Basin Fruitland Coal (pool 71629) and downhole commingle the existing Blanco Mesaverde (pool 72319). The production will be commingled per Oil Conservation Division Order Number 11363. Allocation and methodology will be provided after the well is completed. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: FC - 3200' – 3394'; MV - 4940' - 5944' **These perforations are in TVD.**

This notice is being provided to you by certified mail as an interest owner per Order Number 11363. Please notify Hilcorp Energy Company within twenty (20) days if you have objections.

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 Amanda Walker TITLE Operations/Regulatory Technician Sr. DATE 8/26/2019

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 505.324.5122

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
9.2149E+25 Request Signature via Email	Dani Papetti	, SAN JUAN BASIN POOL LTD, , CLIFTON, TX, 76634 Code: WALKER KOCH 1A DHC FC-MV	8/27/2019	Delivered 3-Sep-19 Signature Pending
9.2149E+25 Request Signature via Email	Dani Papetti	, SAMUEL D HAAS, , SANTA FE, NM, 87506-0000 Code: WALKER KOCH 1A DHC FC-MV	8/27/2019	Delivered, Left with Individual 4-Sep-19 Signature Pending
9.2149E+25 Request Signature via Email	Dani Papetti	, OFFICE OF NATURAL RESOURCES REVENUE, , DENVER, CO, 80225-0627 Code: WALKER KOCH 1A DHC FC-MV	8/27/2019	Delivered 4-Sep-19 Signature Pending
9.2149E+25	Dani Papetti	, IRISH FAMILY PROPERTIES LLC, , DALLAS, TX, 75205 Code: WALKER KOCH 1A DHC FC-MV	8/27/2019	Awaiting Delivery Scan 30-Aug-19 Signature Pending
9.2149E+25 Request Signature via Email	Dani Papetti	, GEMOCO LTD, , DALLAS, TX, 75287-7504 Code: WALKER KOCH 1A DHC FC-MV	8/27/2019	Delivered, Left with Individual 30-Aug-19 Signature Pending

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM013688

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
 Oil Well Gas Well Other: COAL BED METHANE

8. Well Name and No.
WALKER KOCH 1A

2. Name of Operator Contact: AMANDA WALKER
HILCORP ENERGY COMPANY E-Mail: mwalker@hilcorp.com

9. API Well No.
30-045-21700

3a. Address
1111 TRAVIS ST.
HOUSTON, TX 77002

3b. Phone No. (include area code)
Ph: 505-324-5122

10. Field and Pool or Exploratory Area
BASIN FRUITLAND COAL

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 13 T31N R10W Mer NMP SESE 990FSL 940FEL

11. County or Parish, State
SAN JUAN COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole commingle with the existing Mesaverde. Please see the attached procedure, wellbore diagram, plat and gas capture plan. A closed loop system will be used. Interim reclamation will be performed after surface disturbing activities using the following attached plan.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #480665 verified by the BLM Well Information System
For HILCORP ENERGY COMPANY, sent to the Farmington**

Name (Printed/Typed) AMANDA WALKER

Title OPERATIONS REGULATORY TECH

Signature (Electronic Submission)

Date 08/27/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

<u>Approved By</u> _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

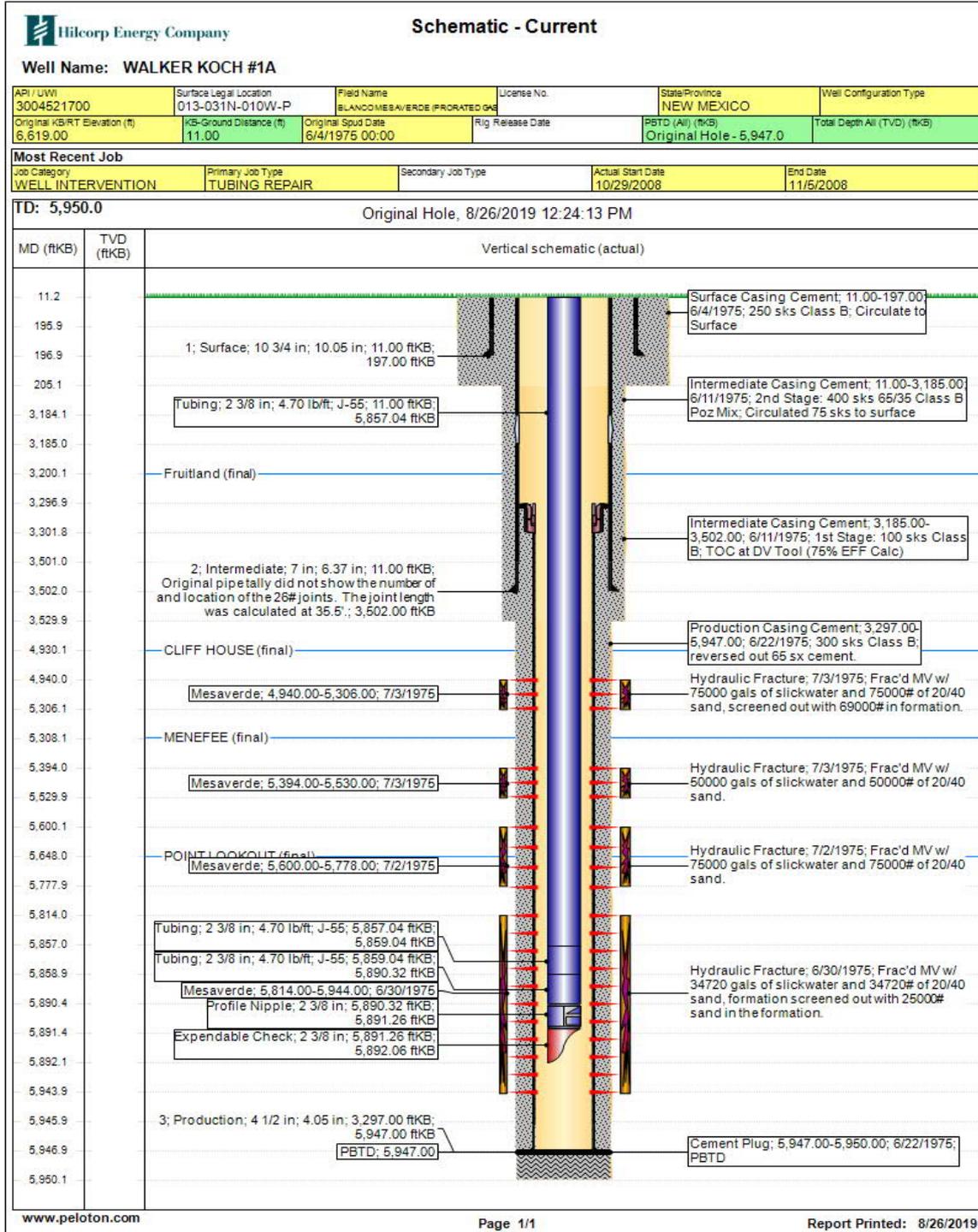
(Instructions on page 2)

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****



**HILCORP ENERGY COMPANY
WALKER KOCH 1A
FRUITLAND COAL RECOMPLETION SUNDRY**

WALKER KOCH 1A - CURRENT WELLBORE SCHEMATIC



Well Name: WALKER KOCH #1A

API / UWI 3004521700	Surface Legal Location 013-031N-010W-P	Field Name BLANCO MESAVERDE (PRORATED GAS)	Route 0300	State/Province NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 6,608.00	Original KB/RT Elevation (ft) 6,619.00	KB-Ground Distance (ft) 11.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

Original Hole, 9/11/2019 9:28:03 AM

