

YWDIU-191210-C-107A 5074

Revised March 23, 2017

RECEIVED: 12/10/19	REVIEWER:	TYPE: DHC	APP NO: pDM1935447180
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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: Canyon Largo Unit #344 **API:** 30-039-23387
Pool: Devils Fork Mesaverde / Devils Fork Gallup **Pool Code:** 17620 / 17610

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.

Cherylene Weston, Operations/Regulatory Tech-Sr.
Print or Type Name

Cherylene Weston
Signature

12-9-19
Date

505-564-0779
Phone Number

cweston@hilcorp.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1090 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

Canyon Largo Unit #344 Unit K (NESW) Section 30, T25N, R06W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 372171 Property Code 318470 API No. 30-039-23387 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Devils Fork-Mesaverde		Devils Fork Gallup
Pool Code	17620		17610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5198' - 5289'		5290' - 6446'
Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT		ARTIFICIAL LIFT
Bottomhole Pressure <small>(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)</small>	185 psi		200 psi
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	1,325 BTU		1,383 BTU
Producing, Shut-In or New Zone	Shut-In		Shut-In
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: N/A Rates:	Date: N/A Rates: N/A	Date: 11/09/2019 Rates: 5 BBL Oil 4 MCF Gas 6 BBL Water
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 0% Gas 1%	Oil % Gas %	Oil 100% Gas 99%

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: R-10786 / Case # 11685

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 Cherylene Weston TITLE Operations/Regulatory Technician-Sr. DATE 12-9-19

TYPE OR PRINT NAME Cherylene Weston TELEPHONE NO. (505) 564-0779
 E-MAIL ADDRESS cweston@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 275394

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-23387	2. Pool Code 17620	3. Pool Name DEVILS FORK MESAVERDE
4. Property Code 318470	5. Property Name CANYON LARGO UNIT	6. Well No. 344
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6882

10. Surface Location

UL - Lot K	Section 30	Township 25N	Range 06W	Lot Idn	Feet From 1808	N/S Line S	Feet From 1850	E/W Line W	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 40.00 - NE/SW			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 align="center">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>Cherylene Weston</i> Title: Cherylene Weston, Operations/Regulatory Tech-Sr. Date: 12/04/2019</p>
	<p align="center">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: DAVID KILVEN Date of Survey: 1/25/1984 Certificate Number: 1760</p>

ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

Revised 10-1-78

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

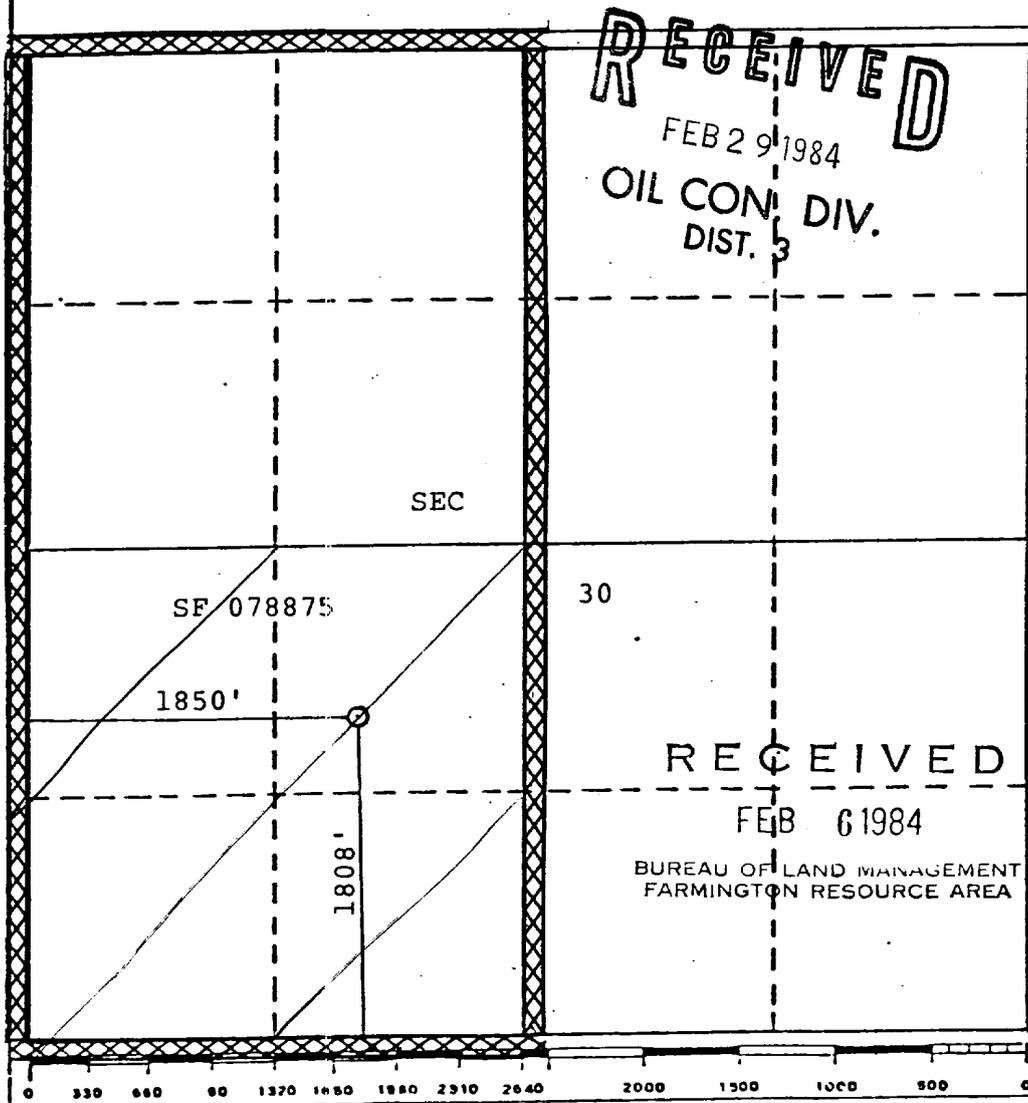
Operator El Paso Natural Gas Company		Lease Canyon Largo Unit(SF 078875)		Well No. 344
Unit Letter K	Section 30	Township 25-N	Range 6-W	County Rio Arriba
Actual Footage Location of Well: 1808 feet from the South line and 1850 feet from the West line				
Ground Level Elev. 6882	Producing Formation Gallup	Pool Devils Fork Gallup Ext.	Dedicated Acreage: 321.04/60.59 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 Unitization

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 Division.



RECEIVED
FEB 29 1984
OIL CON. DIV.
DIST. 3

RECEIVED
FEB 6 1984
BUREAU OF LAND MANAGEMENT
FARMINGTON RESOURCE AREA

CERTIFICATION

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

A. G. Busco
Name
Drilling Clerk
Position
El Paso Natural Gas Company
Company
February 3, 1984
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
January 25, 1984
Registered Professional Engineer
and/or Land Surveyor
Paul Wilson
Certificate No.
1760

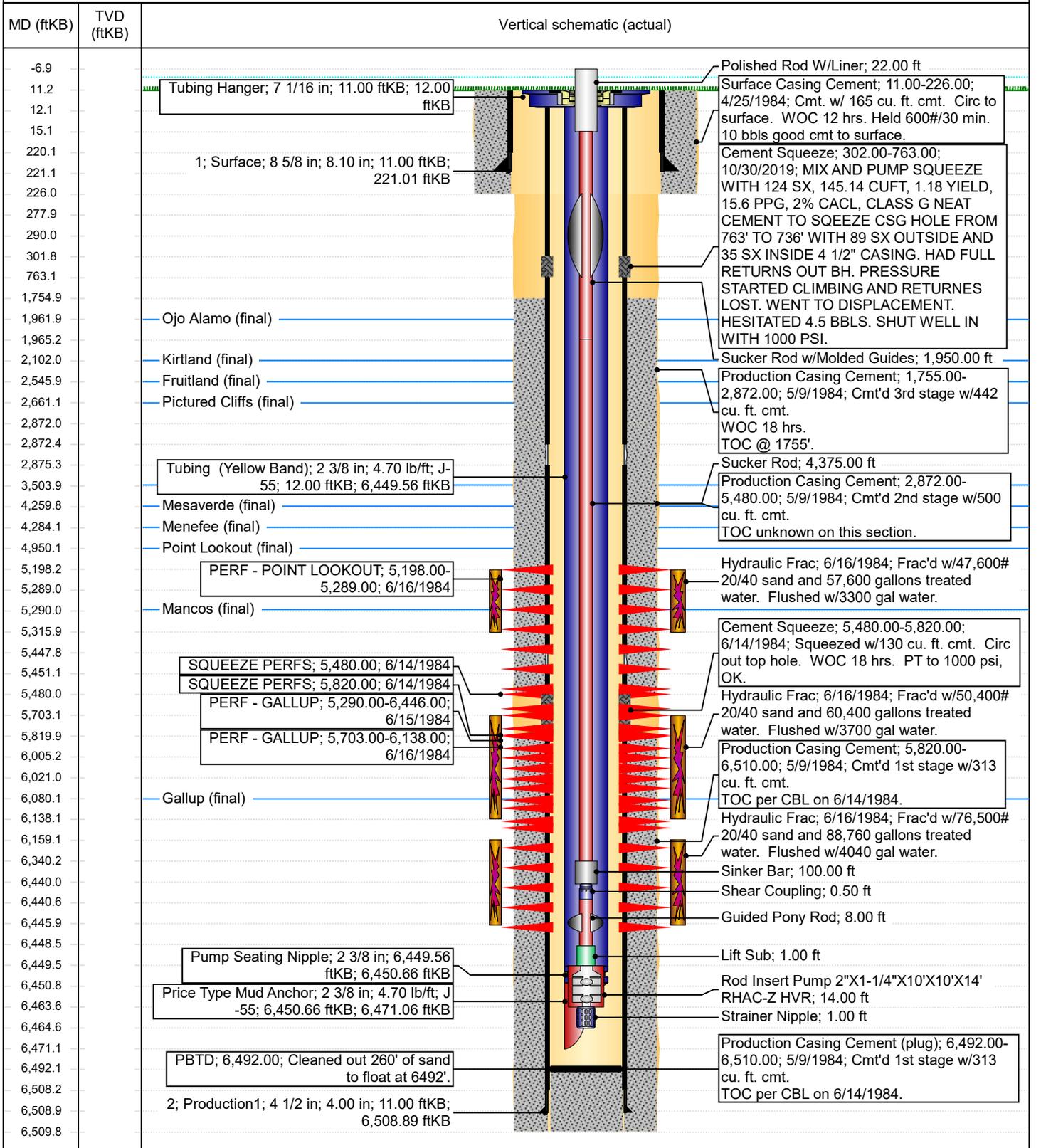


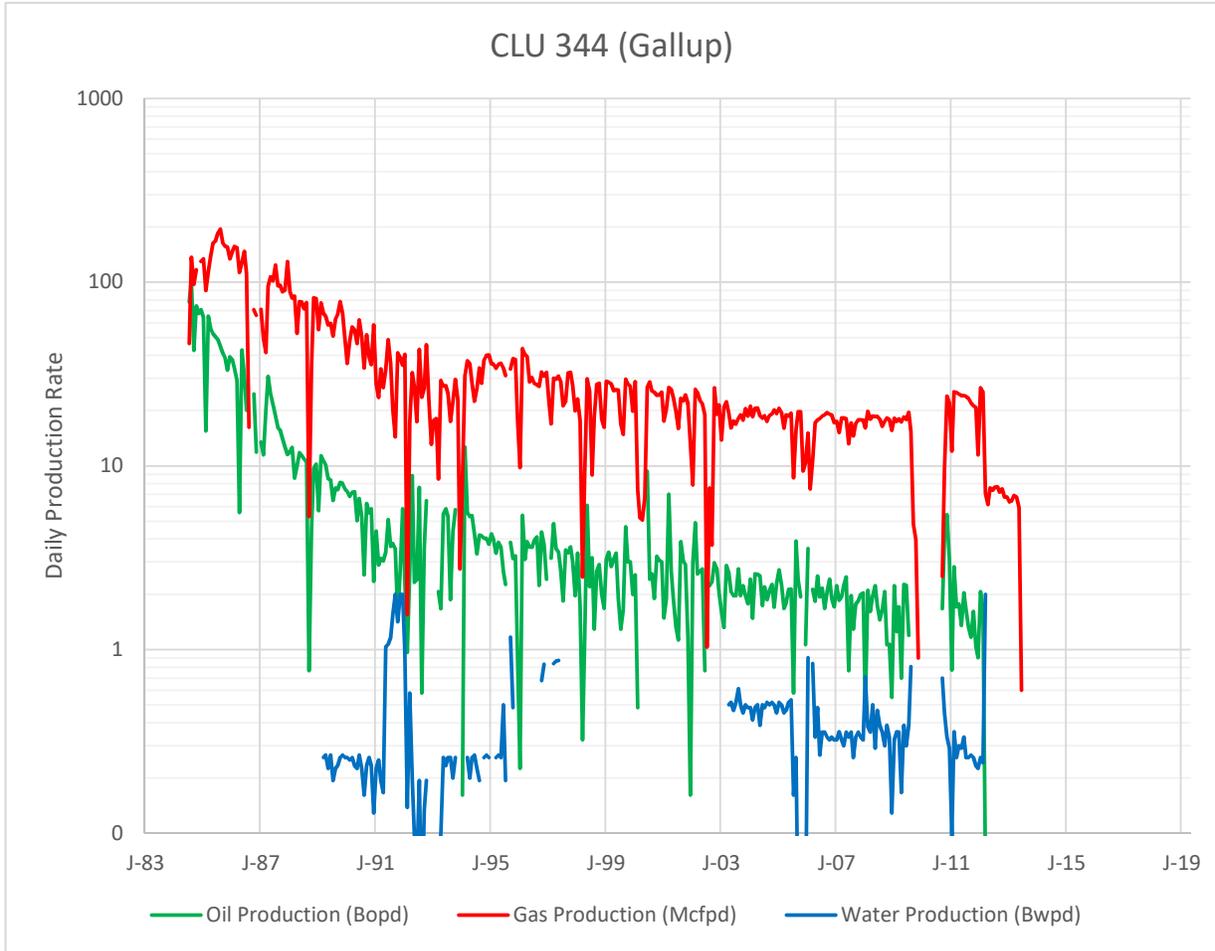
Current Schematic

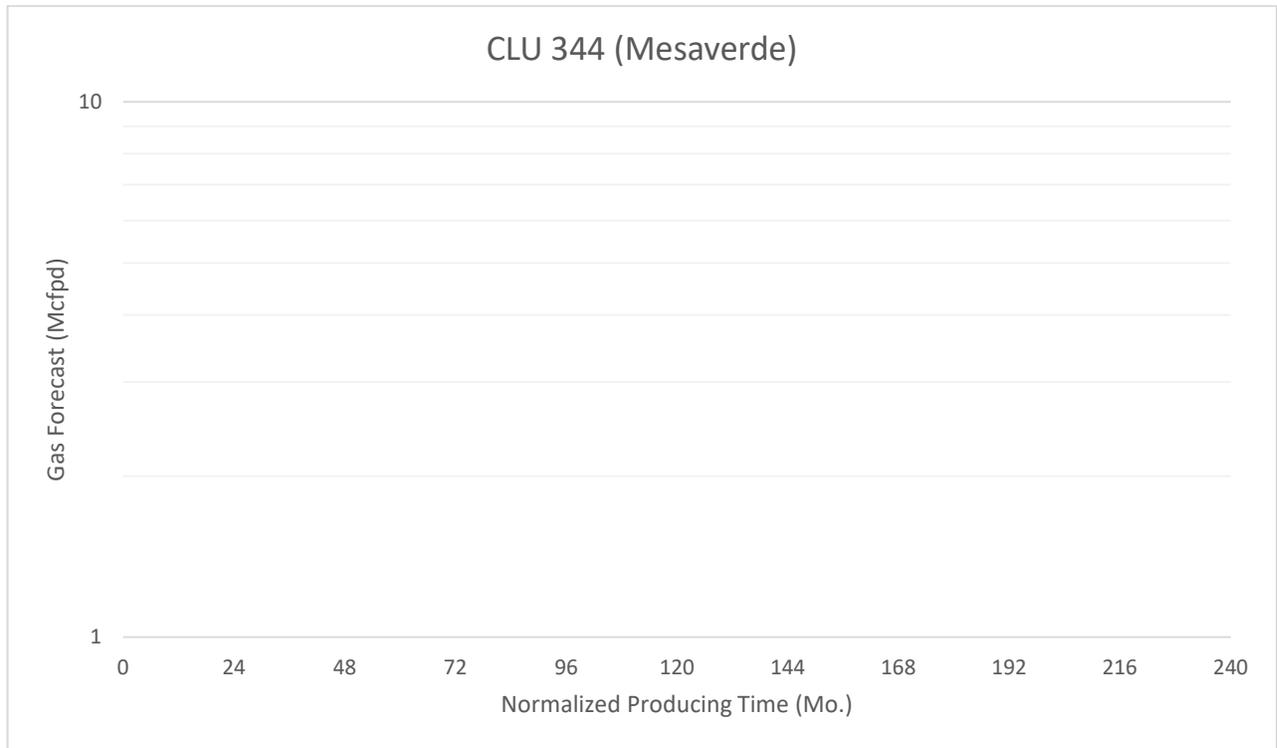
Well Name: **CANYON LARGO UNIT #344**

API / UWI 3003923387	Surface Legal Location K-30-25N-6W	Field Name	Route 0910	State/Province NEW MEXICO	Well Configuration Type Vertical
Ground Elevation (ft) 6,882.00	Original KB/RT Elevation (ft) 6,893.00	KB-Ground Distance (ft) 11.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

Vertical, Original Hole, 12/5/2019 9:18:22 AM







The forecast for Mesaverde production has been generated using a type curve of MV gas production in the surrounding production trend. The Mesaverde formation has been unproductive in surrounding areas in 25N-6W, 25N-7W, and 24N-7W.

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.

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 MV reservoir pressure declines very quickly given the tight gas nature of the horizon.

Canyon Largo Unit 344 – Production Allocation Method

The forecast for Mesaverde production has been generated based on a fixed percentage allocation using MV gas production in the surrounding production trend. The Mesaverde formation has been unproductive in surrounding areas in T25N-R6W, T25N-R7W, and T24N-R7W. One percent allocation to the Mesaverde formation is supported by BHP and wellbore fluid composition.

Form 3160-5
(June 2015)

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.
NMSF078875

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on page 2

8. Well Name and No.
CANYON LARGO UNIT 344

9. API Well No.
30-039-23387

10. Field and Pool or Exploratory Area
DEVILS FORK GALLUP & MV

11. County or Parish, State
RIO ARRIBA COUNTY, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
HILCORP ENERGY COMPANY
Contact: CHERYLENE WESTON
E-Mail: cweston@hilcorp.com

3a. Address
382 ROAD 3100
AZTEC, NM 87410

3b. Phone No. (include area code)
Ph: 505-564-0779

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 30 T25N R6W Mer NMP NESW 1808FSL 1850FWL
36.368378 N Lat, 107.510223 W Lon

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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Subsurface Commingling
	<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 downhole commingle the subject well per the attached summary, MV C-102, current wellbore schematic and proposed allocation. The DHC C-107A will be submitted to Santa Fe NMOCD.

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #495100 verified by the BLM Well Information System For HILCORP ENERGY COMPANY, sent to the Farmington

Name (Printed/Typed) CHERYLENE WESTON Title OPERATIONS/REGULATORY TECH-SR

Signature (Electronic Submission) Date 12/09/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ 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 ****

Canyon Largo Unit 344 – DHC

API# 30-039-23387

Lease# NMSF078875

Hilcorp Energy Company (HEC) acquired the above well from Huntington Energy on 4/02/2019. HEC and NMOCD entered into a short-term ACOI agreement dated 4/16/2019 with a deadline of 11/16/2019 to return the well to production or plug and abandon.

On 9/4/2019, HEC filed a BLM NOI to perform remedial work in which BLM and NMOCD approved. HEC rigged up on 10/29/2019 to perform remedial work and confirmed a hole in casing from 763'-736'. Verbal approvals were obtained from the BLM & NMOCD to squeeze on 10/30/2019. The squeeze work was successful and passed a witnessed MIT on 11/05/2019. The rig moved off on 11/07/2019 and the well was returned to production on 11/09/2019.

On 11/11/2019, HEC submitted the required subsequent report of the remedial squeeze work and MIT chart to BLM and it was accepted on 11/12/2019. A copy of the BLM approved subsequent sundry and supporting documents were dropped off at NMOCD, Aztec office. It was during the NMOCD review that HEC was notified by the Division Geologist that the existing Gallup top perforations from 5198'-5289' were within the Point Lookout interval of the Mesaverde. HEC Reservoir Engineer submitted logs and data to request changing the formation top of the Mancos, but was denied. HEC was then ordered to shut-in the well and apply for DHC for the Mesaverde and Gallup formations. A new completion report for the Mesaverde and C-104 will be filed upon approval of the DHC.

Attached is the current wellbore schematic and proposed allocation.

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
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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 275394

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-23387	2. Pool Code 17620	3. Pool Name DEVILS FORK MESAVERDE
4. Property Code 318470	5. Property Name CANYON LARGO UNIT	6. Well No. 344
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6882

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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 40.00 - NE/SW			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

	OPERATOR CERTIFICATION
	<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>Cherylene Weston</i> Title: Cherylene Weston, Operations/Regulatory Tech-Sr. Date: 12/04/2019</p>
	SURVEYOR CERTIFICATION
	<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 KILVEN Date of Survey: 1/25/1984 Certificate Number: 1760</p>

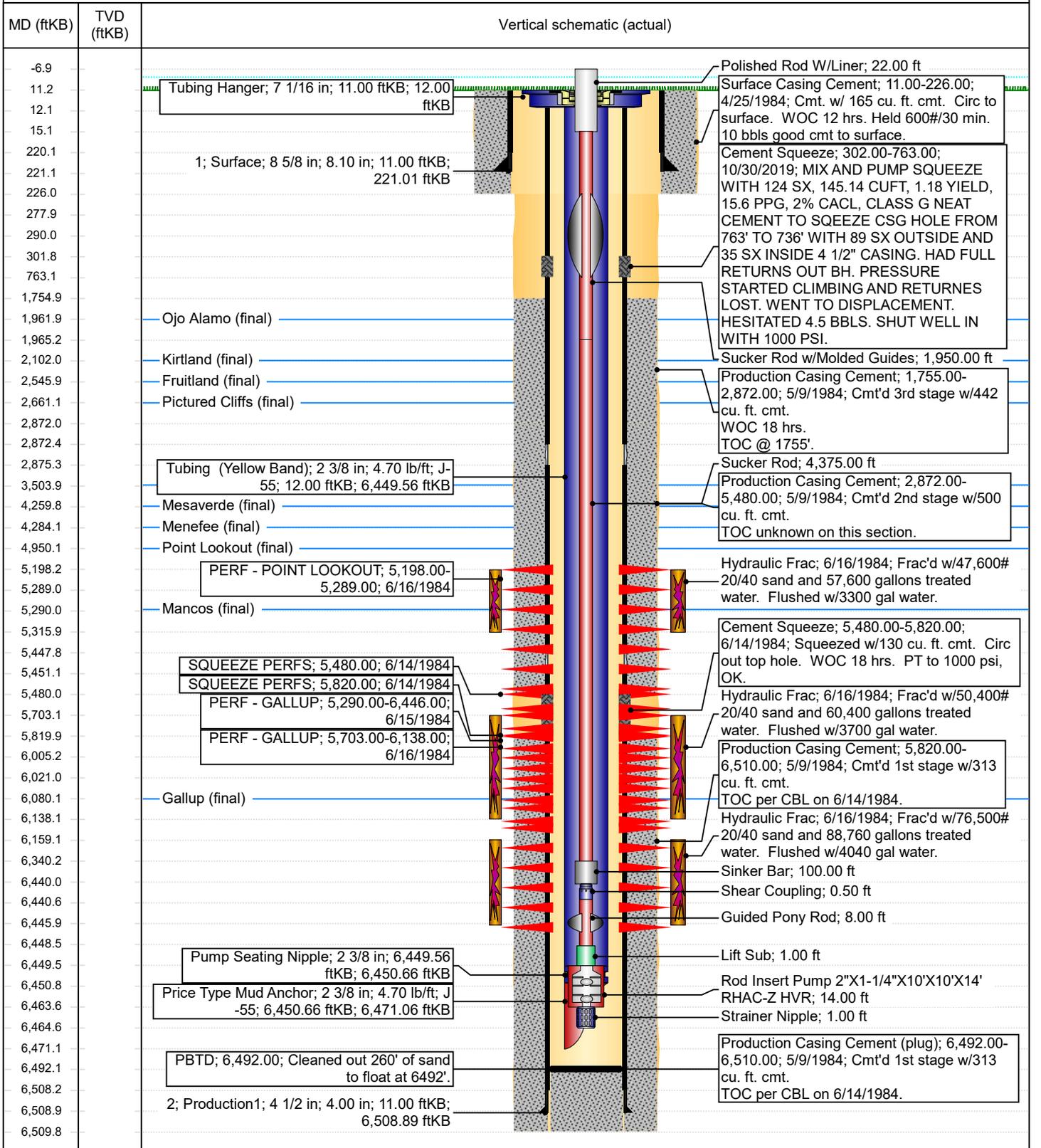


Current Schematic

Well Name: **CANYON LARGO UNIT #344**

API / UWI 3003923387	Surface Legal Location K-30-25N-6W	Field Name	Route 0910	State/Province NEW MEXICO	Well Configuration Type Vertical
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Vertical, Original Hole, 12/5/2019 9:18:22 AM



Canyon Largo Unit 344 – Production Allocation Method

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