

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**Heather Riley, Division Director**  
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 1-16-18

Well information:

API WELL #	Well Name	Well #	Operator Name	Type	Stat	County	Surf_Owner	UL	Sec	Twp	N/S	Rng	W/E
30-045-08766-00-00	SHULTS FEDERAL	001	HILCORP ENERGY COMPANY	G	A	San Juan	F	F	1	29	N	11	W

Application Type:

- P&A   
  Drilling/Casing Change   
  Location Change  
 **Recomplete/DHC** (For hydraulic fracturing operations review EPA Underground injection control Guidance #84)  
 Other:

Conditions of Approval:

- Notify OCD 24hrs prior to beginning operations.
- Submit CBL to the agencies for review and approval prior to perforating.
- Must have approved DHC prior to commingling Blanco Mesaverde and Basin Dakota (DHC-347-AZ was cancelled) .

NMOCD Approved by Signature

2/1/18  
Date

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

**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.*

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <b>SF-078161</b>
2. Name of Operator <b>Hilcorp Energy Company</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>PO Box 4700, Farmington, NM 87499</b>	3b. Phone No. (include area code) <b>505-599-3400</b>	7. If Unit of CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>Surface Unit F (SENW), 1767'FNL &amp; 1610" FWL, Sec. 1, T29N, R11W</b>		8. Well Name and No. <b>Shults Federal 1</b>
		9. API Well No. <b>30-045-08766</b>
		10. Field and Pool or Exploratory Area <b>Basin Dakota</b>
		11. Country or Parish, State <b>San Juan, New Mexico</b>

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"/> Fracture Treat	<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.)

Plans are to recomplete the subject well in the Mesaverde formation and downhole commingle the existing Dakota with the Mesaverde. Attached is the MV plat and procedure. A DHC application was submitted and approved 4/01/2013, DHC-347-AZ.

OIL CONS. DIV DIST. 3

JAN 17 2018

RECEIVED

JAN 11 2018

Farmington Field Office  
Bureau of Land Management

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) <b>Christine Brock</b>		Title <b>Operations/Regulatory Technician - Sr.</b>
Signature <i>Christine Brock</i>		Date <b>1/10/2018</b>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i>	Title <b>PE</b>	Date <b>1/12/18</b>
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 <b>FFO</b>	

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.

(Instruction on page 2)

NMOCD AV

# Shults Federal 1

1767' FNL & 1610' FWL. Spot F. Section 1 -T 029N -R 011W

API# 3004508766

## Mesa Verde Recomplete Sundry

1/7/18

### History/Justification:

The Shults Fed 1 is a standalone DK well constructed in 1964. A MV recomplete was previously considered but the casing lacked cement in the producing zone. While performing tubing repair in December 2017, there was a large influx of water, and several holes in casing were found. A section in the MV was bad, and there was a leak above 868' that was in communication with the bradenhead. A casing repair was performed, both cement squeezes were successful, and the well had a successful MIT on 1/5/2018. The CBL indicates sufficient cement throughout the MV to allow a recomplete. This is a capital project to add a two stage MV completion in the Point Lookout and the Menefee.

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### Procedure:

1. A CBL was run on 1/4/2018. A 4 1/2" composite bridge plug is set at +/- 5100' to isolate the Dakota.
2. Perforate Point Lookout and Menefee.
3. TIH with tubing and packer. PT tubing string,
4. PU and set above bottom perms and break them down. PU and set above perms.
5. Perform Acid ball-off:
6. POOH. RIH with Frac string, and set packer above perms.
7. ND BOP and NU 5k tubing hanger. PT frac string to 9000 psi.
8. N/U frac stack and test frac stack to frac pressure.
9. Perforate and frac the Point Lookout and Mesaverde in two stages (no frac string) or use diversion (with frac string).
10. Nipple down frac stack, nipple up BOP and test.
11. TIH and cleanout to Dakota isolation plug and, when water and sand rates are acceptable, flow test the Mesaverde.
12. Drill out Dakota isolation plug and cleanout to PBTD. TOOH.
13. TIH and land production tubing. Get a commingled Dakota / Mesaverde flow rate.
14. Release service rig and turn well over to production.

Perforation depths MV 4087-4743  
DK 6578-6788

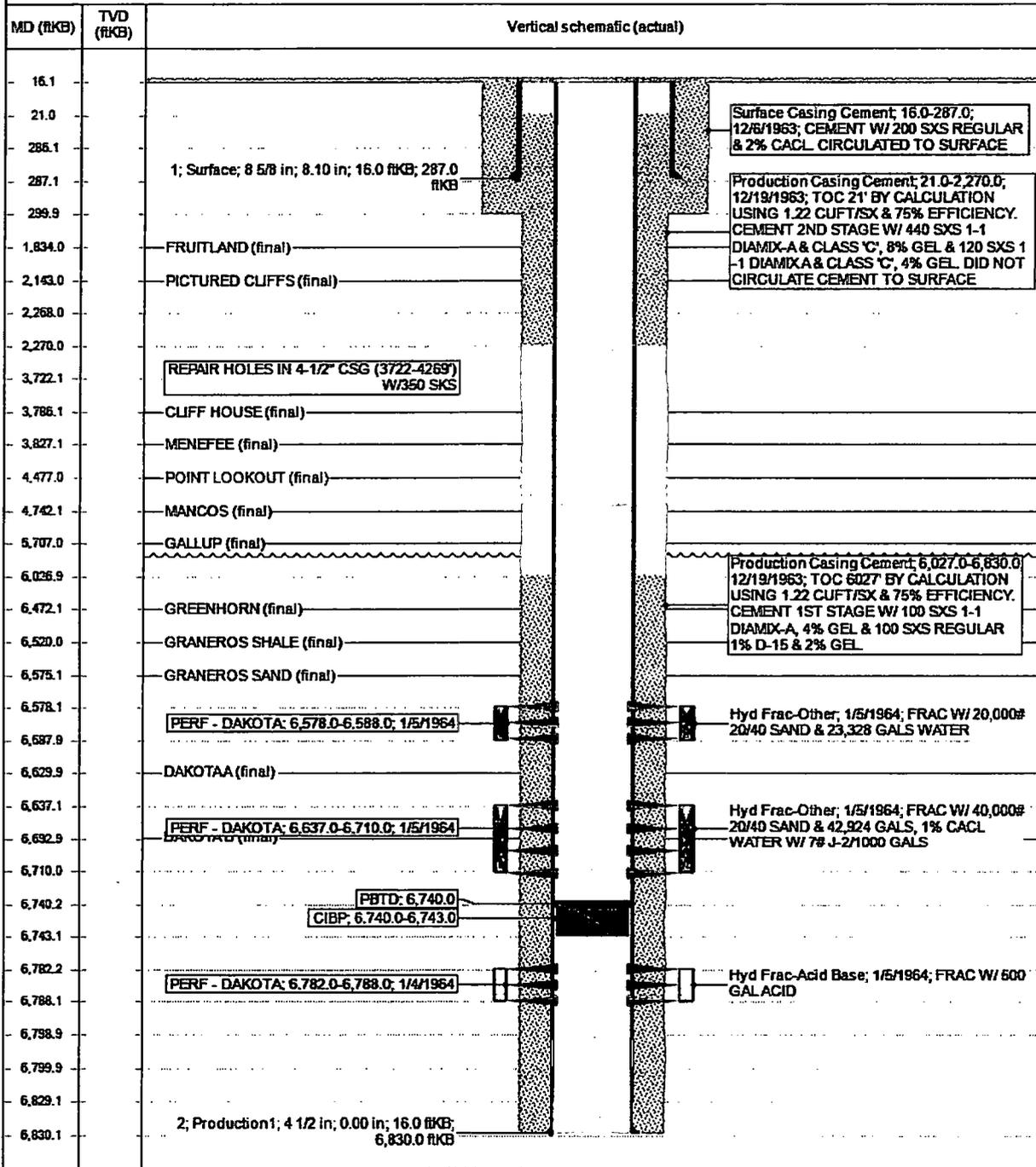


### Current Schematic

Well Name: **SHULTS FEDERAL #1**

API #/WV# 3004508766	Surface Legal Location 001-029N-011W-F	Field Name BASIN DAKOTA (PROFATED GAS)	License No.	State/Prov/City NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 5,817.00	Original KBRT Elevation (ft) 5,833.00	KB-Ground Distance (ft) 16.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

Original Hole, 1/9/2018 2:13:57 PM



**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 246878

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-08766	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318732	5. Property Name SHULTS FEDERAL	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5817

**10. Surface Location**

UL - Lot F	Section 1	Township 29N	Range 11W	Lot Idn	Feet From 1767	N/S Line N	Feet From 1610	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 305.02	W/2			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>Kristine Brock</i> Title: Operations/Regulatory Tech - Sr. Date: 1/10/2018</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: James P Leese Date of Survey: 11/29/1963 Certificate Number: 1463</p>