

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: 5-24-18

Well information:

API WELL #	Well Name	Well #	Operator Name	Type	Stat	County	Surf_Owner	UL	Sec	Twp	N/S	Rng	W/E
30-045-11898-00-00	MARX FEDERAL	001	HILCORP ENERGY COMPANY	G	A	San Juan	F	P	20	30	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; Submit Gas Capture Plan form prior to spudding or initiating recompletion operations)
 Other:

Conditions of Approval:

- Notify OCD 24hrs prior to beginning operations.
- Submit CBL to the Agencies for review and approval prior to perforating.
- If remedial cement is needed notify the agencies of Hilcorp's proposed plan so it can be reviewed and approved prior to the work being performed.
- Hold C-104 for DHC.

Charlie T. Lerrin

NMOCD Approved by Signature

6/5/18
Date

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.
NMSF078138

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.
SW377

8. Well Name and No.
MARX FEDERAL 1

9. API Well No.
30-045-11898-00-S1

10. Field and Pool or Exploratory Area
BASIN DAKOTA

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

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
HILCORP ENERGY COMPANY
Contact: PRISCILLA SHORTY
E-Mail: pshorty@hilcorp.com

3a. Address
1111 TRAVIS STREET
HOUSTON, TX 77002

3b. Phone No. (include area code)
Ph: 505.324.5188

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 20 T30N R11W SESE 0985FSL 1160FEL
36.793182 N Lat, 108.008301 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 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 plans to recomplete the subject well in the Mesaverde formation and downhole commingle the existing Dakota with the Mesaverde. Attached is the Mesaverde plat and recomplete procedure. A DHC application will be filed and approved prior to commingling. A Closed Loop system will be used.

SEE ATTACHED
FOR CONDITIONS
OF APPROVAL

NMOC
JUN 04 2018
DISTRICT III

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #421366 verified by the BLM Well Information System
For HILCORP ENERGY COMPANY, sent to the Farmington
Committed to AFMS for processing by WILLIAM TAMBEKOU on 05/31/2018 (18WMT0860SE)

Name (Printed/Typed) PRISCILLA SHORTY Title OPERATIONS REGULATORY TECH

Signature (Electronic Submission) Date 05/24/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By WILLIAM TAMBEKOU Title PETROLEUM ENGINEER Date 05/31/2018

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 Farmington

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) ** BLM REVISED **

NMOC *AV*

District I1625 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 252707

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-11898	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319042	5. Property Name MARX FEDERAL	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5786

10. Surface Location

UL - Lot P	Section 20	Township 30N	Range 11W	Lot Idn	Feet From 985	N/S Line S	Feet From 1160	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 319.37	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
	<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>
	E-Signed By: <i>Priscilla Shorty</i>
	Title: Operations Regulatory Technician Date: 05/22/2018
	SURVEYOR CERTIFICATION
	<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>
	Surveyed By: James Leese
	Date of Survey: 7/28/1966
	Certificate Number: 1463



HILCORP ENERGY COMPANY
MARX FEDERAL 1
MESA VERDE RECOMPLETION SUNDRY

JOB PROCEDURES

1. MIRU service rig and associated equipment; NU and test BOP.
2. TOOH with 2-1/16" tubing set at 6,656'.
3. Set a 4-1/2" cast iron bridge plug at +/- 4,775' to isolate the Dakota.
4. Load hole with fluid and run a CBL on the 4-1/2" casing. Verify cement bond within the Mesa Verde and TOC is above 3,210'.
5. (If needed) Perforate hole(s) in 4-1/2" casing based on the CBL results above TOC in the Mesa Verde, set a 4-1/2" cmt retainer below perforations, and squeeze cement behind the 4-1/2" casing.
6. (If needed) WOC, tag cement, and drill out cement to CIBP.
7. (If needed) Run a CBL to determine TOC behind the 4-1/2" casing is above 3,210' and review with the NMOCD.
8. TIH with 2-7/8" frac tubing string and packer. Pressure test frac tubing string to frac pressure.
9. N/D BOP, N/U frac stack and test frac stack to frac pressure.
10. Perforate and frac the Mesa Verde in two or three stages. (Top perforation @ 3,710', Bottom perforation @ 4,748')
11. N/D frac stack, nipple up BOP and test.
12. TOOH with frac tubing string and packer.
13. TIH with mill and clean out to Dakota isolation plug and, when water and sand rates are acceptable, flow test the Mesa Verde.
14. Drill out Dakota isolation plug and cleanout to PBTD of 6,735'. TOOH.
15. TIH and land 2-3/8" production tubing. Get a commingled Dakota/Mesa Verde flow rate.



**HILCORP ENERGY COMPANY
MARX FEDERAL 1
MESA VERDE RECOMPLETION SUNDRY**

MARX FEDERAL 1 - CURRENT WELLBORE SCHEMATIC



Schematic - Current

Well Name: MARX FEDERAL #1

API / UWI 3004511898	Surface Legal Location 020-030N-011W-P	Field Name DK	License No.	State Province NEW MEXICO	Well Configuration Type Vertical
Original KB RT Elevation (ft) 5,798.00	KB-Tubing Hanger Distance (ft)	Original Spud Date 1/10/1967 00.00	Rig Release Date	RSTD (A) (ft/3)	Total Depth As (TVD) (ft/3)

Most Recent Job

Job Category COMPLETION/WORKOVER	Primary Job Type Slickline	Secondary Job Type	Actual Start Date 6/4/2001	End Date 6/4/2001
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TD: 6,760.0 Vertical, Original Hole, 5/22/2018 1:31:00 PM

