

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Gabriel Wade, Acting 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: 1/17/19
Well information:

Hilcorp, San Juan 28-7 Unit #246E, API# 30-039-22360

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 the OCD 24hrs prior to beginning operations.
- The initial CIBP must be placed no higher than 50' above the existing perforations.
- A Mechanical integrity test (MIT) must be performed from the initial CIBP to verify the integrity of the well. The pressure test must meet the requirements of 19.15.25.14 NMAC.
 - 24hr notice is required to be provided to the agencies prior to performing the MIT.
- After the MIT is performed a second temporary isolating device may be set up near the requested recomplete interval without additional OCD approval to protect the casing from the completion pressures.
- From the initial CIBP perform and submit a cement bond log (CBL) to the agencies for review and approval prior to perforating the formation.
- If needed, submit a proposed remediation plan to the agencies for review and approval prior to starting remediation.

NMOCD Approved by Signature

2/22/19
Date

RECEIVED

JAN 29 2019

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFarmington Field Office
Bureau of Land ManagementFORM 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

☐ Oil Well☒ Gas Well☐ Other

2. Name of Operator

Hilcorp Energy Company

3a. Address

382 ROAD 3100, AZTEC NM 87410

3b. Phone No. (include area code)

505-599-3400

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface Unit N (SESW), 1120' FSL & 1620' FWL, Sec. 08, T28N, R07W

5. Lease Serial No.

SF-078417

6. If Indian, Allottee or Tribe Name

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

San Juan 28-7 Unit

8. Well Name and No.

San Juan 28-7 Unit 246E

9. API Well No.

30-039-22360

10. Field and Pool or Exploratory Area

Basin Dakota / Blanco Mesaverde

11. Country or Parish, State

Rio Arriba, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☐ Subsequent Report☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Final Abandonment Notice☐ Casing Repair☐ New Construction☒ Recomplete☐ Other☐ Change Plans☐ Plug and Abandon☐ Temporarily Abandon☐ Convert to Injection☐ Plug Back☐ 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 MV plat and procedure. A DHC application and Density hearing will be filed and approved before work proceeds. A Closed Loop system will be utilized. Interim reclamation will be performed after surface disturbing activities.

NMOCD

FEB 12 2019

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

HOLD C104 FOR Density exception

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Christine Brock

Title Operations/Regulatory Technician - Sr.

Signature

Christine Brock

Date

1/28/19

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

PE

Date

2/6/19

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

F70

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

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 262898

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-22360	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 246E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6718

10. Surface Location

UL - Lot N	Section 8	Township 28N	Range 07W	Lot Idn	Feet From 1120	N/S Line S	Feet From 1620	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 304.04 S/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

<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 25%;">4 - 36.41ac</td> <td style="width: 25%;">3 - 36.14ac</td> <td style="width: 25%;">2 - 35.88ac</td> <td style="width: 25%;">1 - 35.61ac</td> </tr> <tr> <td colspan="4" style="height: 50px;"> <div style="position: relative; width: 100%; height: 100%;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); width: 10px; height: 10px; background-color: black;"></div> </div> </td> </tr> </table>	4 - 36.41ac	3 - 36.14ac	2 - 35.88ac	1 - 35.61ac	<div style="position: relative; width: 100%; height: 100%;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); width: 10px; height: 10px; background-color: black;"></div> </div>				<p style="text-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>Christine Brock</i></p> <p>Title: Operation/Regulatory Tech Sr.</p> <p>Date: 1/28/2019</p> <hr/> <p style="text-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: Fred B. Kerr</p> <p>Date of Survey: 2/28/1980</p> <p>Certificate Number: 3950</p>
4 - 36.41ac	3 - 36.14ac	2 - 35.88ac	1 - 35.61ac						
<div style="position: relative; width: 100%; height: 100%;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); width: 10px; height: 10px; background-color: black;"></div> </div>									

SJ 28-7 Ut #246E

014-028N-007W-N

API#: 3003922360

Mesa Verde Recompletion Procedure

1/25/2019

Procedure:

1. MIRU Service rig and associated equipment
2. Test BOP's
3. TOOH with 2-3/8" tubing currently set with EOT at 7,792'
4. Set a CIBP to isolate the Dakota @ $\pm 6,200'$
5. Load the hole
6. Pressure test casing to maximum frac pressure
7. ND BOP's. NU frac stack and test same to maximum frac pressure
8. RDMO Service rig
9. MIRU frac spread
10. Perforate and frac the MV from 4,760' to 6,093'. RDMO frac spread
11. MIRU Service rig
12. Test BOP's
13. PU mill & RIH to clean out to Dakota isolation plug
14. When water and sand rates are acceptable, flow test the MV
15. Drill out Dakota isolation plug & TOOH
16. TIH and land production tubing. Obtain a commingled Dakota flow rate
17. ND BOP's, NU production tree
18. RDMO service rig & turn well over to production.

Well Name: **SAN JUAN 28-7 UNIT 246E**

API / UWI 3003922360	Surface Legal Location 008-028N-007W-N	Field Name DK	Route 1005	State/Province NEW MEXICO	Well Configuration Type Vertical
Ground Elevation (ft) 6,718.00	Original KB/RT Elevation (ft) 6,732.00	KB-Ground Distance (ft) 14.00	KB-Casing Hanger Distance (ft)	KB-Tubing Hanger Distance (ft)	

Vertical, Original Hole, 1/25/2019 1:30:58 PM

