

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.**

5. Lease Serial No. **NMSF078243**  
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

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

8. Well Name and No.

**Gross 1**

2. Name of Operator

**Hilcorp Energy Company**

9. API Well No.

**30-045-10856**

3a. Address

**382 Road 3100, Aztec, NM 87410**

3b. Phone No. (include area code)

**505-599-3400**

10. Field and Pool or Exploratory Area

**Blanco Mesaverde/Basin Dakota**

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

**Surface Unit N (SE/SW) 845' FSL & 1650' FWL, Sec. 7, T31N, R12W**

11. Country or Parish, State

**San Juan New Mexico**

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 recompleate 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 recompleation 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 recompleate the subject well in the Mesaverde and downhole commingle with the existing Dakota formation. Attached is the procedure, wellbore diagram, plat, and gas capture plan. A DHC application will be filed and approved prior to commingling. A closed loop system will be used. Interim reclamation will be performed after surface disturbing activities.

**\*\*Density Approval Order R-20509\*\***

**NMOCD**

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**DISTRICT III**

Notify NMOCD 24 hrs  
prior to beginning  
operations

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

**Priscilla Shorty**

Title **Operations/Regulatory Technician - Sr.**

Signature

*Priscilla Shorty*

Date **5/28/2019**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

**ACCEPTED FOR RECORD**

Title

Date

Office

**FARMINGTON FIELD OFFICE**

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.

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.

**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 267850

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                               |  |   |
|-------------------------------|--|---|
| 1. API Number<br>30-045-10856 | 2. Pool Code<br>72319                      | 3. Pool Name<br>BLANCO-MESAVERDE (PRORATED GAS) |
| 4. Property Code<br>325079    | 5. Property Name<br>GROSS                  | 6. Well No.<br>001                              |
| 7. OGRID No.<br>372171        | 8. Operator Name<br>HILCORP ENERGY COMPANY | 9. Elevation<br>5900                            |

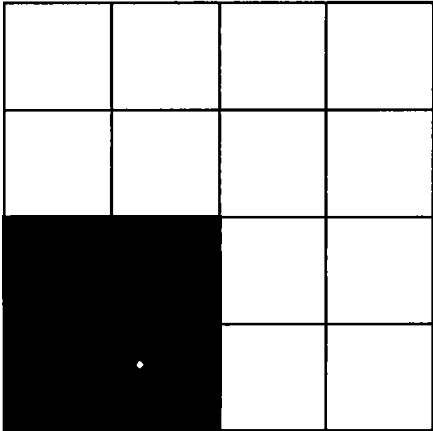
**10. Surface Location**

|               |              |                 |              |         |                  |               |                   |              |                    |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|--------------|--------------------|
| UL - Lot<br>N | Section<br>7 | Township<br>31N | Range<br>12W | Lot Idn | Feet From<br>845 | N/S Line<br>S | Feet From<br>1650 | EW Line<br>W | County<br>SAN JUAN |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|--------------|--------------------|

**11. Bottom Hole Location If Different From Surface**

|                               |         |          |       |                     |                        |          |           |               |        |
|-------------------------------|---------|----------|-------|---------------------|------------------------|----------|-----------|---------------|--------|
| UL - Lot                      | Section | Township | Range | Lot Idn             | Feet From              | N/S Line | Feet From | EW Line       | County |
| 12. Dedicated Acres<br>156.21 |         |          |       | 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 style="text-align: center;"><b>OPERATOR CERTIFICATION</b></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>Priscilla Shorty</i><br/> Title: Operations Regulatory Tech - Sr.<br/> Date: 5/28/2019</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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 Leese<br/> Date of Survey: 3/22/1960<br/> Certificate Number: 1463</p> |
|---|---|



GROSS 1  
MESA VERDE RECOMPLETION SUNDRY

API #:

3004510856

JOB PROCEDURES

- ☒ NMOCD **Contact** OCD and BLM (where applicable) 24 hrs prior to MIRU or running MITs. Record and document all casing pressures  
☒ BLM **daily**, including BH, IC (if present) and PC. Comply with all NMOCD, BLM (where applicable), and HEC safety and environmental regulations.

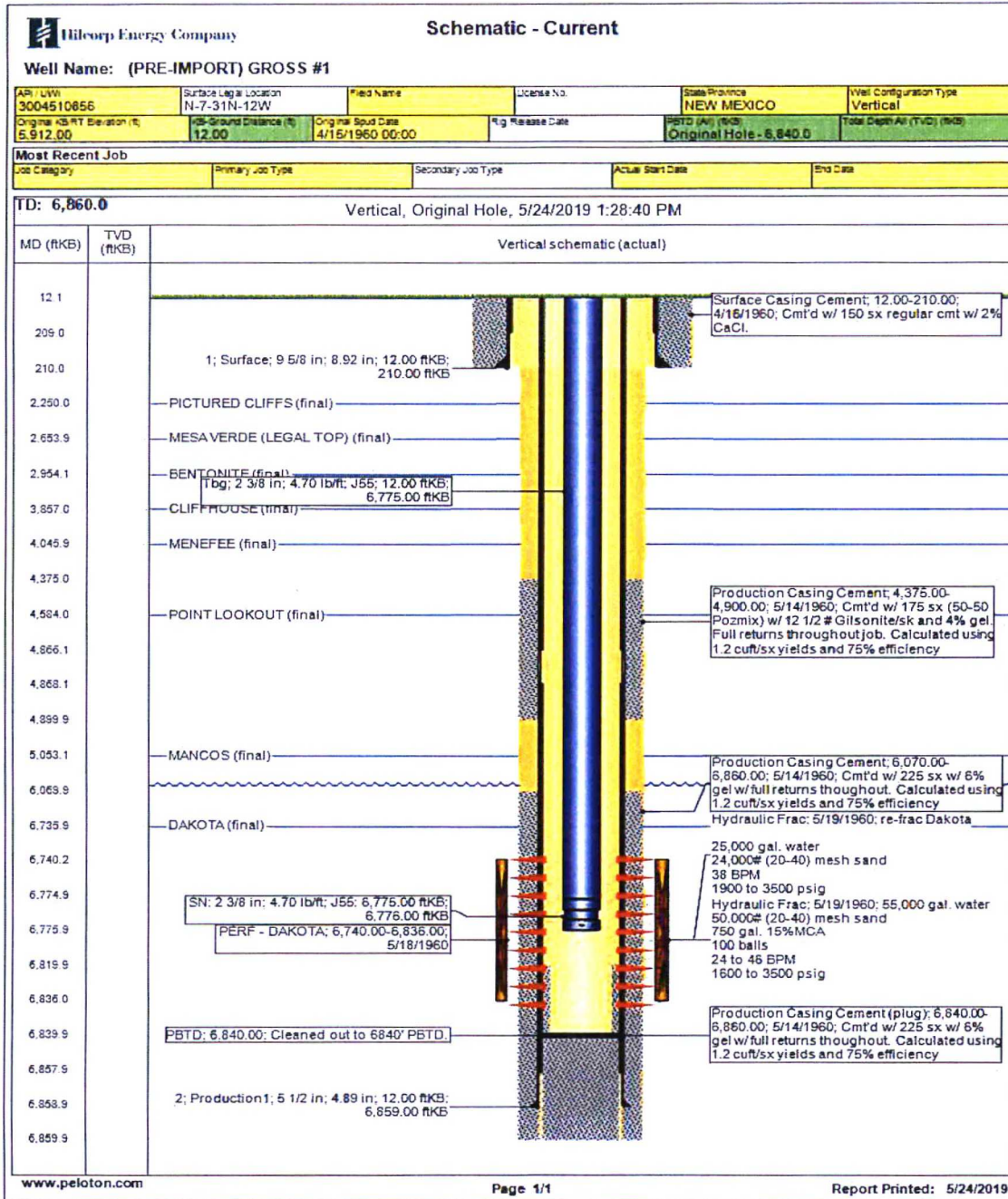
1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with **2 3/8"** tubing set at **6,776'**.
3. Set a **5-1/2"** cast iron bridge plug at +/- **6,690'** to isolate the **Dakota**
4. Load hole with fluid, PT the csg to 600 psi and run a CBL on the 5-1/2" casing. Verify cement bond within the **Mesa Verde** and confirm TOC. Review CBL results with the regulatory agencies and perform cmt remediation, as required.
5. Perform a witnessed MIT test on the csg with the appropriate regulatory agencies to 600 psi
6. Set a **5-1/2"** cast iron bridge plug at +/- **5,153'** to provide a **base for the frac**.
7. Perforate the **Mesa Verde**. (Top perforation @ 3,857', Bottom perforation @ 5,053')
8. RIH w/ BHA (frac string, packer, burst disc sub), set packer @ ~3,757'.
9. ND BOPs, NU frac stack. PT frac stack to 9,000#. PT frac string to 9,000#, PT backside to 300# (to insure packer is set).  
NOTE: frac string is 2-7/8" 6.5# P110 with BTS-8 connections. PT is to max anticipated treating pressure (~60% of burst)
10. Break disc with slickline
11. Frac the **Mesa Verde** in 1-2 stages down the frac string.
12. Flowback well for 1-3 days as required
13. MIRU workover rig. Nipple down frac stack, nipple up BOPs and test.
14. Release packer and POOH w/ frac string
15. TIH w/ mill and clean down to the top of the **base of frac plug** at **5,153'**. Take **Mesa Verde** gas samples and send for analysis
16. Drill out **base of frac plug** and cleanout to DK isolation plug at **6,690'**. POOH.
17. Drill out Dakota isolation plug and cleanout to PBTD of **6,840'**. TOOH.
18. TIH and land production tubing. ND BOPs and NU tree. Pump off expendable check.
19. RDMO. Get a commingled **Dakota/Mesa Verde** flow rate.





HILCORP ENERGY COMPANY  
GROSS 1  
MESA VERDE RECOMPLETION SUNDRY

GROSS 1 - CURRENT WELLBORE SCHEMATIC



District I  
1625 N. French Dr., Hobbs, NM 88240  
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811 S. First St., Artesia, NM 88210  
District III  
1000 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  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit Original  
to Appropriate  
District Office

### GAS CAPTURE PLAN

Date: 5/28/2019

☒ Original Operator & OGRID No.: Hilcorp Energy Company 372171  
☐ Amended - Reason for Amendment: \_\_\_\_\_

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

*Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).*

#### Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

| Well Name | API        | Well Location (ULSTR) | Footages            | Expected MCF/D | Flared or Vented | Comments |
|-----------|------------|-----------------------|---------------------|----------------|------------------|----------|
| GROSS 1   | 3004510856 | N, 7, 31N, 12W        | 845' FSL, 1650' FWL | 330            | Vented           |          |
|           |            |                       |                     |                |                  |          |

#### Gathering System and Pipeline Notification

This is a recompletion of a producing gas well. Gas production, sales and transportation infrastructure is already in place. The gas is dedicated to Harvest and will be connected to their gathering system located in San Juan County, New Mexico. Gas from these wells will be processed at Kutz Canyon Processing Plant located in Sec. 13, Twn. 28N, Rng. 11W, San Juan County, New Mexico.

#### Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be routed to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Harvest system at that time. Based on current information, it is Hilcorp's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

NMOC

#### Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

JUL 02 2019

DISTRICT III

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines



UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
FARMINGTON DISTRICT OFFICE  
6251 COLLEGE BLVD.  
FARMINGTON, NEW MEXICO 87402

Attachment to notice of Intent to Recomplete & Commingle

Well: Gross 1 30-045-10856

**CONDITIONS OF APPROVAL**

1. Contact BLM Inspection and Enforcement @ (505) 564 – 7750, 24 hours prior to conducting MIT work so an inspector can be present to witness the MIT.

Contact John Hoffman, Petroleum Engineer @ (505) 564 – 7742 to discuss any failed MIT results and/or your remedial action and isolation plans.

**Submit the electronic copy of the MIT Test Chart and CBL for verification to the following addresses: [jhoffman@BLM.gov](mailto:jhoffman@BLM.gov) and [Brandon.Powell@state.nm.us](mailto:Brandon.Powell@state.nm.us).**

2. The following modifications to your recompletion program are to be made:

- a) Upon rigging up, record Bradenhead pressure and monitor same during recompletion operations. Notify BLM and NMOCD if anomalous pressure changes occur. Provide monitoring results in the subsequent Report of Operations.
- b) Casing pressure test for fracture stimulation operations cannot exceed the internal yield strength of the casing including a 20% safety factor unless a waiver is granted. Stimulation operations cannot exceed this test pressure.
- c) CIBP for base of fracture stimulation to be set less 50' above top existing perforation.

3. File well test and recompletion results within 30 days of completing recompletion operations.