

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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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: _____ OGRID Number: _____
 Well Name: _____ API: _____
 Pool: _____ Pool Code: _____

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

- ☐ Notice Complete
☐ 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.

 Print or Type Name

 Signature

Kandis Roland

 Date

 Phone Number

 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

District II
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, New Mexico 87505

Form C-107A
Revised August 1, 2011

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

San Juan 28-5 Unit

54E

UL C – Sec. 20, T28N, R5W

Rio Arriba

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 372171 Property Code 318708 API No. 30-039-23813 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO MESAVERDE (PRORATED GAS)	MUNOZ CANYON GALLUP (GAS)	BASIN DAKOTA (PRORATED GAS)
Pool Code	72319	96767	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4198’ – 5799’ - Estimated	6912’-7333’	7712’- 7902’
Method of Production (Flowing or Artificial Lift)	NEW ZONE	Artificial Lift	Artificial Lift
Bottomhole Pressure (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)	347 psi	421 psi	462 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1230	BTU 1040	BTU 1040
Producing, Shut-In or New Zone	NEW ZONE	PRODUCING	PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates:	Date: 2/1/22 Rates: 162 MCF – GAS 0 BBL – Oil 0 BBL - Water	Date: 2/1/22 Rates: 920 MCF – GAS 0 BBL – Oil 0 BBL - Water
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Please see attachments	Oil Gas Please see attachments	Oil Gas Please see attachments

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 ☐

NMOCDD Reference Case No. applicable to this well: R-13764

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

Kandis Roland

TITLE

Operation/Regulatory Tech

DATE

5/9/2022

TYPE OR PRINT NAME

Kandis Roland

TELEPHONE NO. (713)

757-5246

E-MAIL ADDRESS

kroland@hilcorp.com

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer OD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-10
Revised February 21, 1995
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

97 DEC -2 PM 1:38

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-23813	² Pool Code 96767/71599	³ Pool Name WC:Munoz Canyon Gallup/Basin Dakota
⁴ Property Code 7460	⁵ Property Name SAN JUAN 28-5 UNIT	⁶ Well Number 54E
⁷ GRID No. 14538	⁸ Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY	⁹ Elevation 6544'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	28N	5W		1190	North	1495	West	RIO ARriba

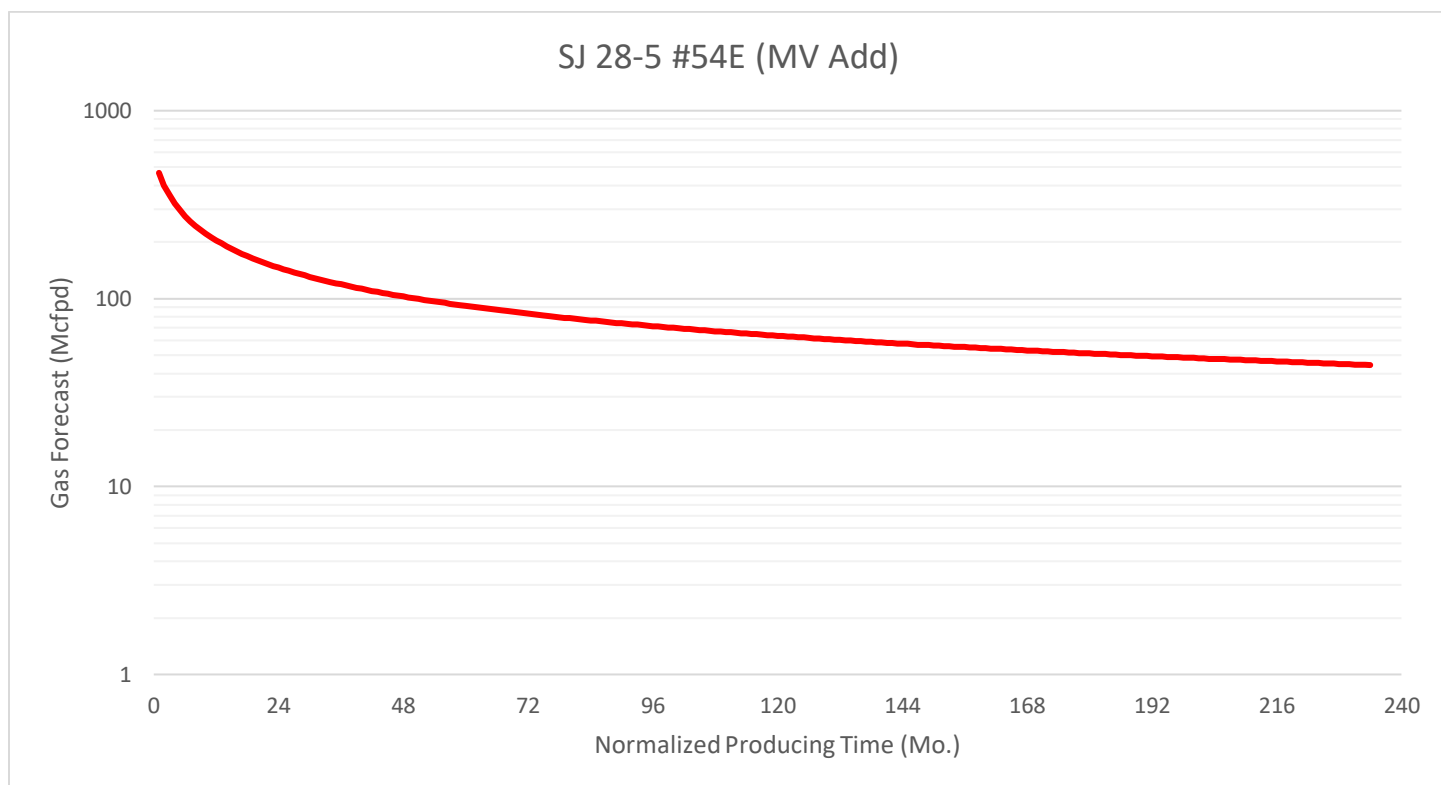
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres Gal - 160 DK - W/320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>*Not re-surveyed: Prepared from plat By: William E. Mahnke II Dated: July 9, 1985</p>	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Peggy Bradfield</i> Signature Peggy Bradfield Printed Name Regulatory Administrator Title 12-2-97 Date</p>
	<p>RECEIVED DEC 8 1997 OIL CON. DIV. DIST. 3</p>	<p>¹⁸ SURVEYOR CERTIFICATION 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.</p> <p>NOVEMBER 20, 1997 Date of Survey NEALE C. EDWARDS Signature and Seal NEW MEXICO 6857 Certificate Number</p>



The forecast for Mesa Verde production has been generated using a type curve of MV gas production in the surrounding production trend.

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 basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

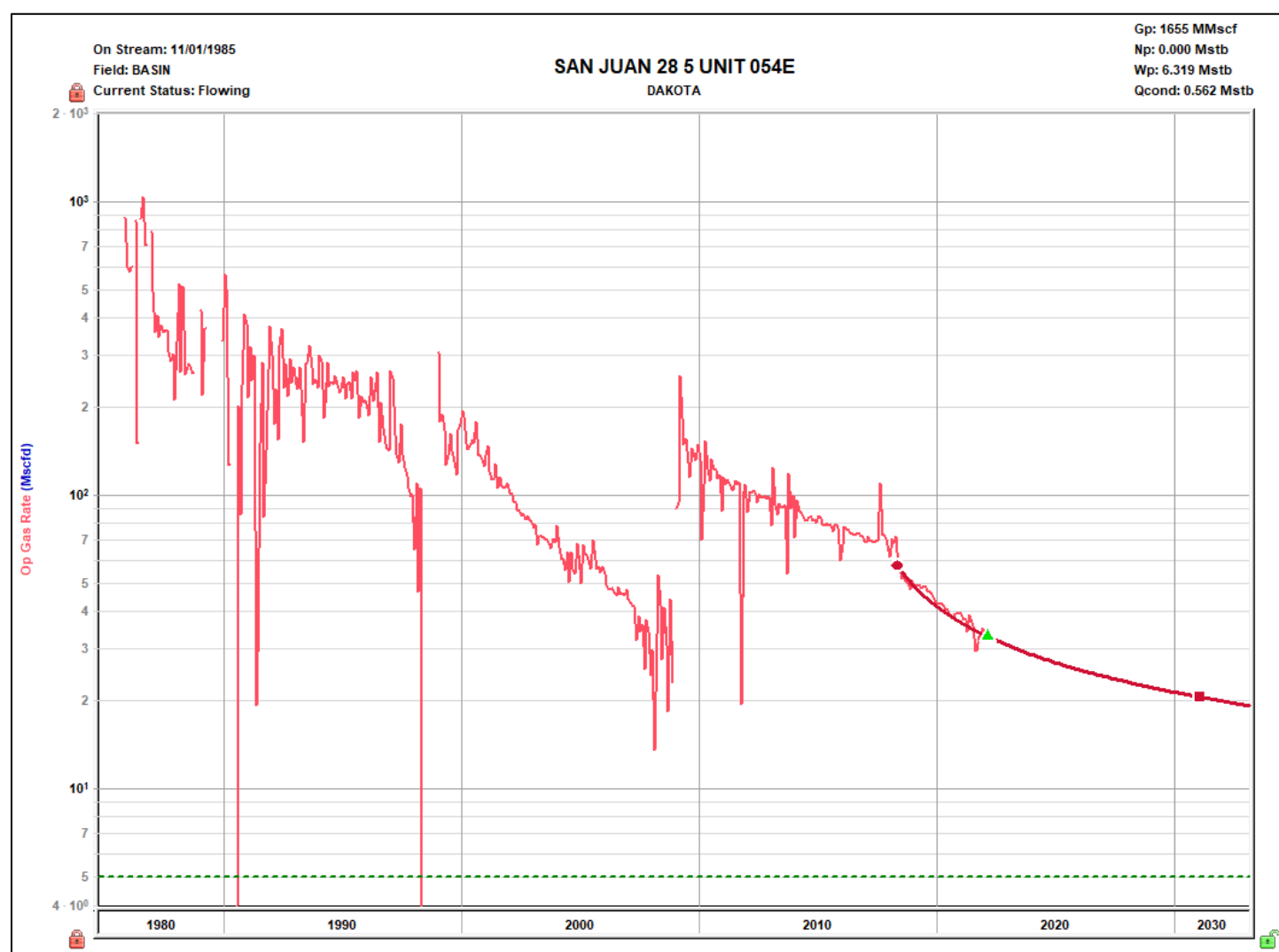
San Juan 28-5 Unit 54E-Production Allocation Method - Subtraction

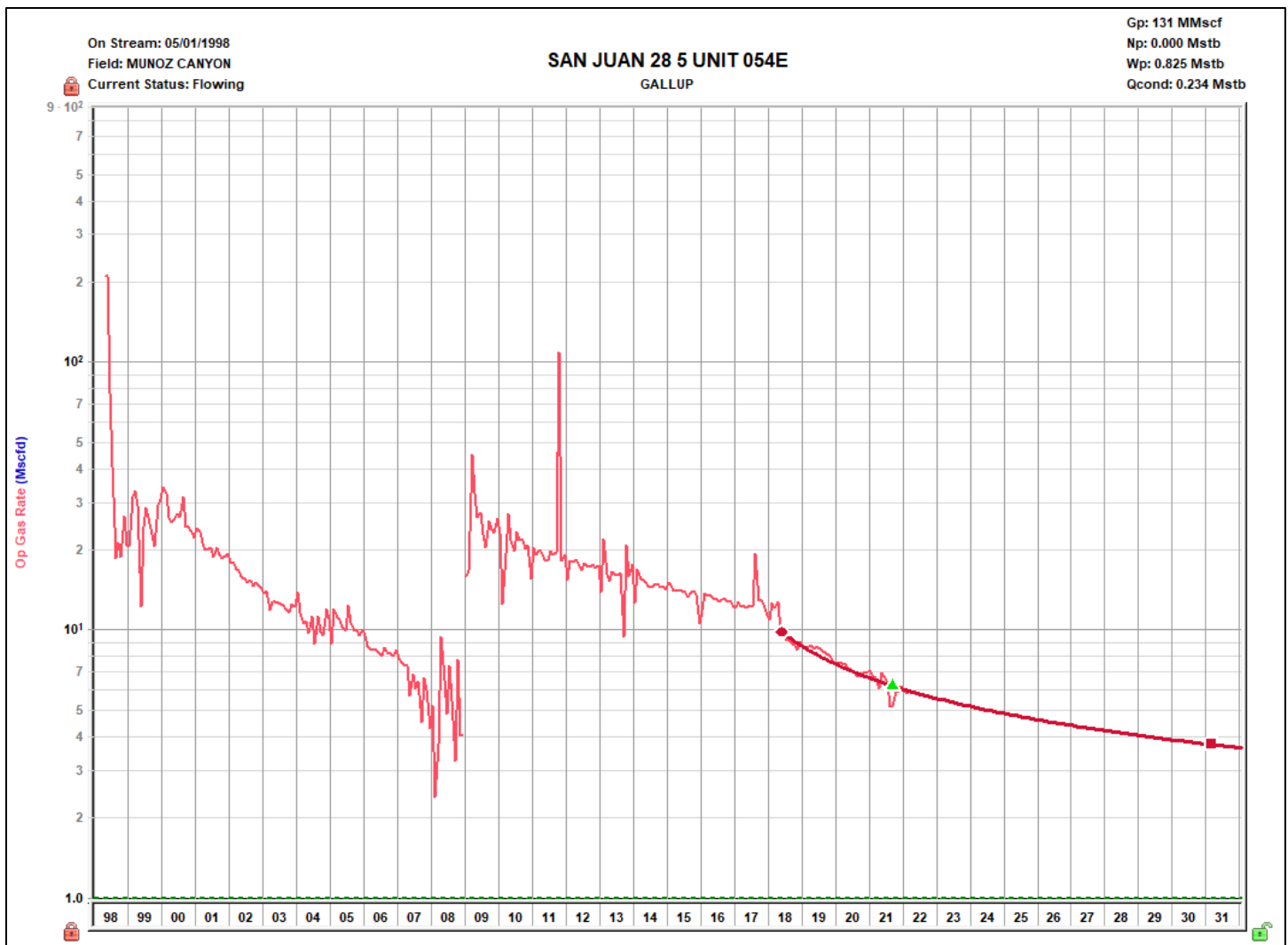
Gas Allocation:

Production for the downhole trimmingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota/Gallup and the added formation to be trimmingle is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the forecast will be allocated to the new formation.

Dakota/Gallup will continue to be allocated using the fix allocation that was approved 3/5/1999. Please see attached approval.

After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.





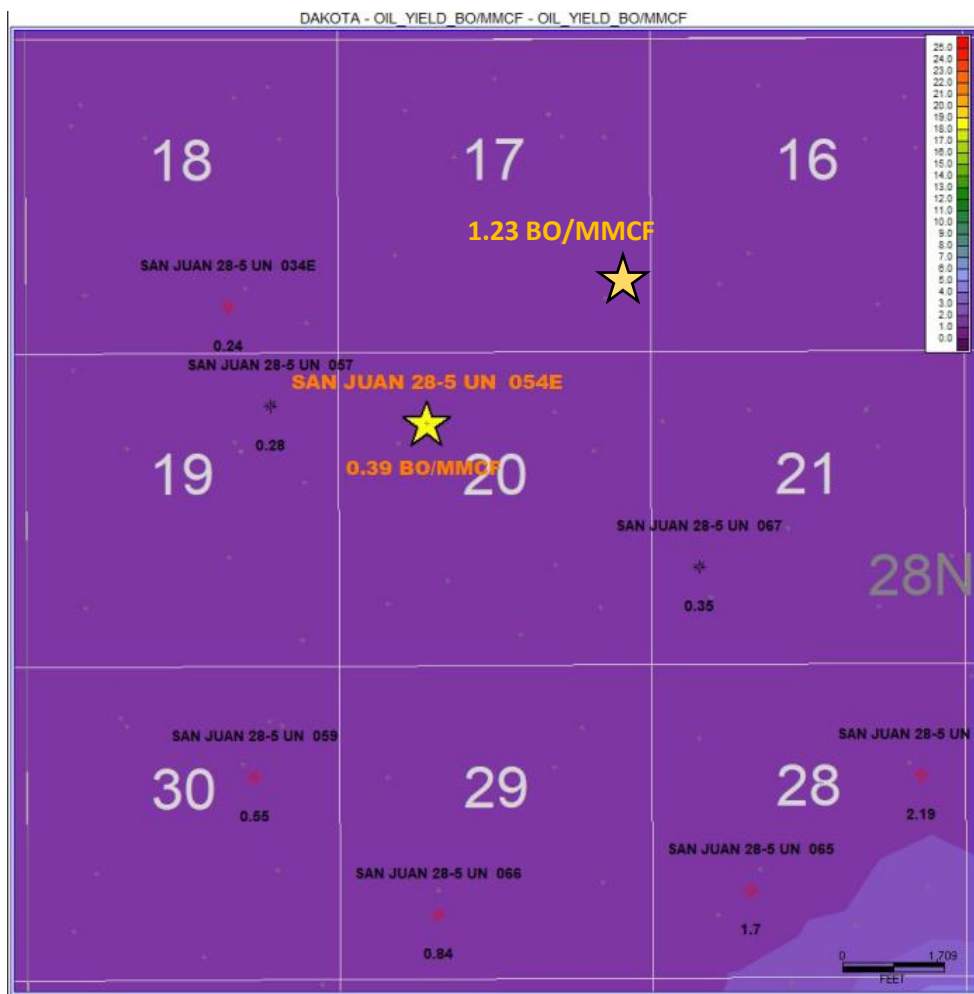
Oil Allocation:

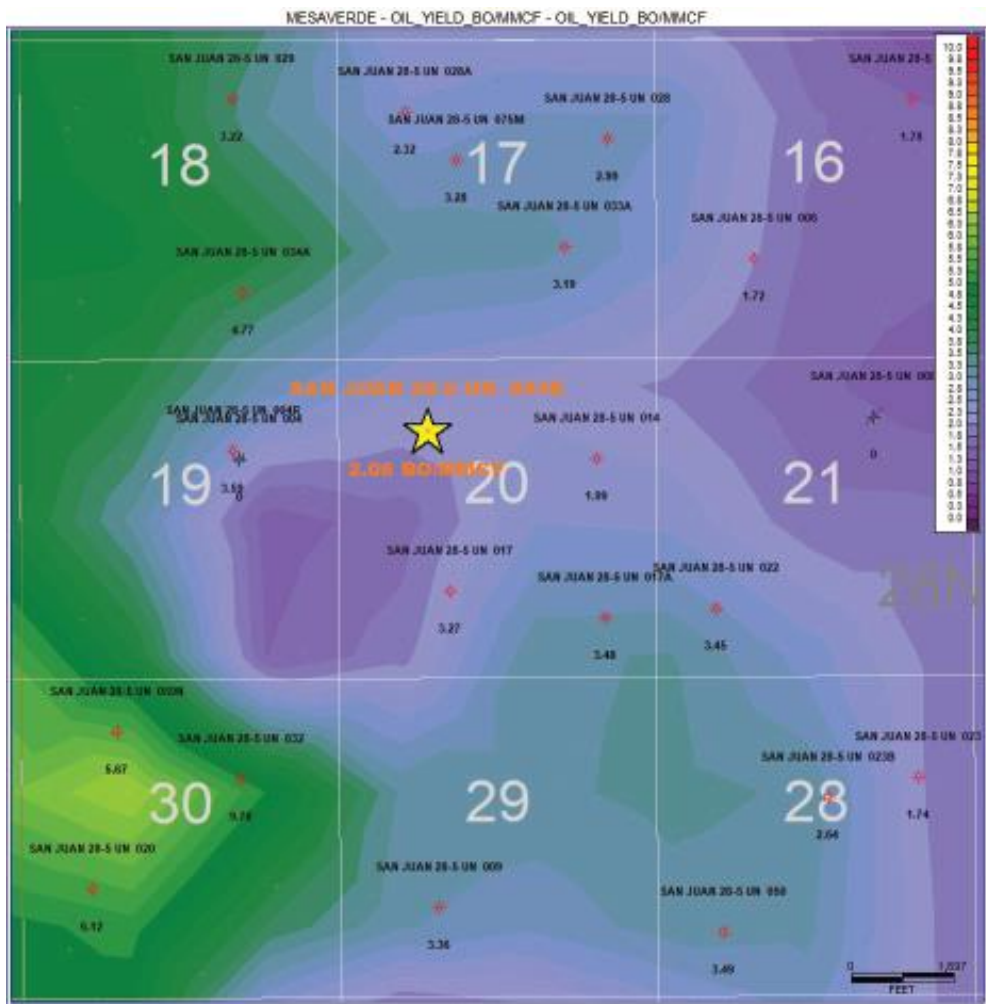
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Lack of GP standalone wells. Estimated oil yields bas on prior allocations and sequence of completions.

Formation	Yield	
Dakota	0.390	bbl/mmcsf
Gallup	1.786	bbl/mmcsf
Mesa Verde	2.060	bbl/mmcsf





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
<http://emnr.state.nm.us/ocd/District/II/3/district.htm>

GARY E. JOHNSON
Governor

Jennifer A. Salisbury
Cabinet Secretary

March 5, 1999

Ms Peggy Bradfield
Burlington Res O&G Co
PO Box 4289
Farmington NM 87499

Re: San Juan 28 5 Unit #54E, C-20-28N-05W, DHC, API# 30-039-23813

Dear Ms. Bradfield:

Your recommended allocation of commingled production for the referenced well is hereby accepted as follows:

	Gas	Oil
Gallup	15%	50%
Dakota	85%	50%

Yours truly,

A handwritten signature in cursive script that reads "Ernie Busch".

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/mk

cc: BLM Farmington-Jim Lovato
NMOCD Santa Fe-David Catanach
well file



May 16, 2022

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

**Re: C-107-A (Downhole Commingle)
San Juan 28-5 Unit 054E
API No. 30-039-23813
Section 20, T28N-R05W
Rio Arriba County, NM**

Concerning Hilcorp Energy Company's C-107-A application to downhole commingle production in the subject well, this letter serves to confirm the following:

Interest is not common between the formations listed below:

- *Munoz Canyon Gallup (Pool Code: 96767)*
- *Blanco Mesaverde (Pool Code: 72319)*
- *Basin Dakota (Pool Code: 71599)*

Order No. R-13764 waives the notice requirement and thus no notices will be sent.

The subject well is located within the bounds of a Federal Unit. Therefore, pursuant to Subsection C.(1) of 19.15.12.11 NMAC, a copy of the C-107-A has been sent to the Bureau of Land Management as of the date of this letter.

If you have any questions or concerns, please contact the undersigned using the information provided below.

Sincerely,

A handwritten signature in blue ink that reads 'Chuck Creekmore'.

Charles E (Chuck) Creekmore
Division Landman
Hilcorp Energy Company
1111 Travis Street, Houston TX 77002
PO Box 61229, Houston TX 77208-1229
Main: 713/209-2400; Direct: 832/839-4601
ccreekmore@hilcorp.com

CEC:tam

Well Name: SAN JUAN 28-5	Well Location: T28N / R5W / SEC 20 / NENW / 36.65068 / -107.38582	County or Parish/State: RIO ARRIBA / NM
Well Number: 54E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF080516A	Unit or CA Name: SAN JUAN 28-5 UNIT--DK	Unit or CA Number: NMNM78411B
US Well Number: 3003923813	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2660557

Type of Submission: Notice of Intent

Date Sundry Submitted: 03/07/2022

Date proposed operation will begin: 03/21/2022

Type of Action: Recompletion

Time Sundry Submitted: 02:20

Procedure Description: Hilcorp Energy Company requests permission to recompleate the subject well in the Mesaverde and downhole commingle with the existing Gallup & Dakota. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit was held on 3/2/21 with Roger Herrera/BLM. The reclamation plan is attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

- Procedure Description
- San_Juan_28_5_Unit_54E_NOI_Procedure_20220307141552.pdf
 - NGMP_SJ_28_5_Unit_54E_20220307141552.pdf
 - San_Juan_28_5_Unit_54E_MV_Plat_20220307141552.pdf
 - San_Juan_28_5_54E_Reclamation_Plan_20220307141551.pdf

Well Name: SAN JUAN 28-5	Well Location: T28N / R5W / SEC 20 / NENW / 36.65068 / -107.38582	County or Parish/State: RIO ARRIBA / NM
Well Number: 54E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF080516A	Unit or CA Name: SAN JUAN 28-5 UNIT--DK	Unit or CA Number: NMNM78411B
US Well Number: 3003923813	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Operator Certification

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: KANDIS ROLAND

Signed on: MAR 07, 2022 02:17 PM

Name: HILCORP ENERGY COMPANY

Title: Operation Regulatory Tech

Street Address: 382 Road 3100

City: Farmington

State: NM

Phone: (505) 599-3400

Email address: kroland@hilcorp.com

Field Representative

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742

BLM POC Email Address: krennick@blm.gov

Disposition: Approved

Disposition Date: 03/07/2022

Signature: Kenneth Rennick

San Juan 28-5 Unit 54E

C-20-28N-05W 1190 FNL 1495 FWL

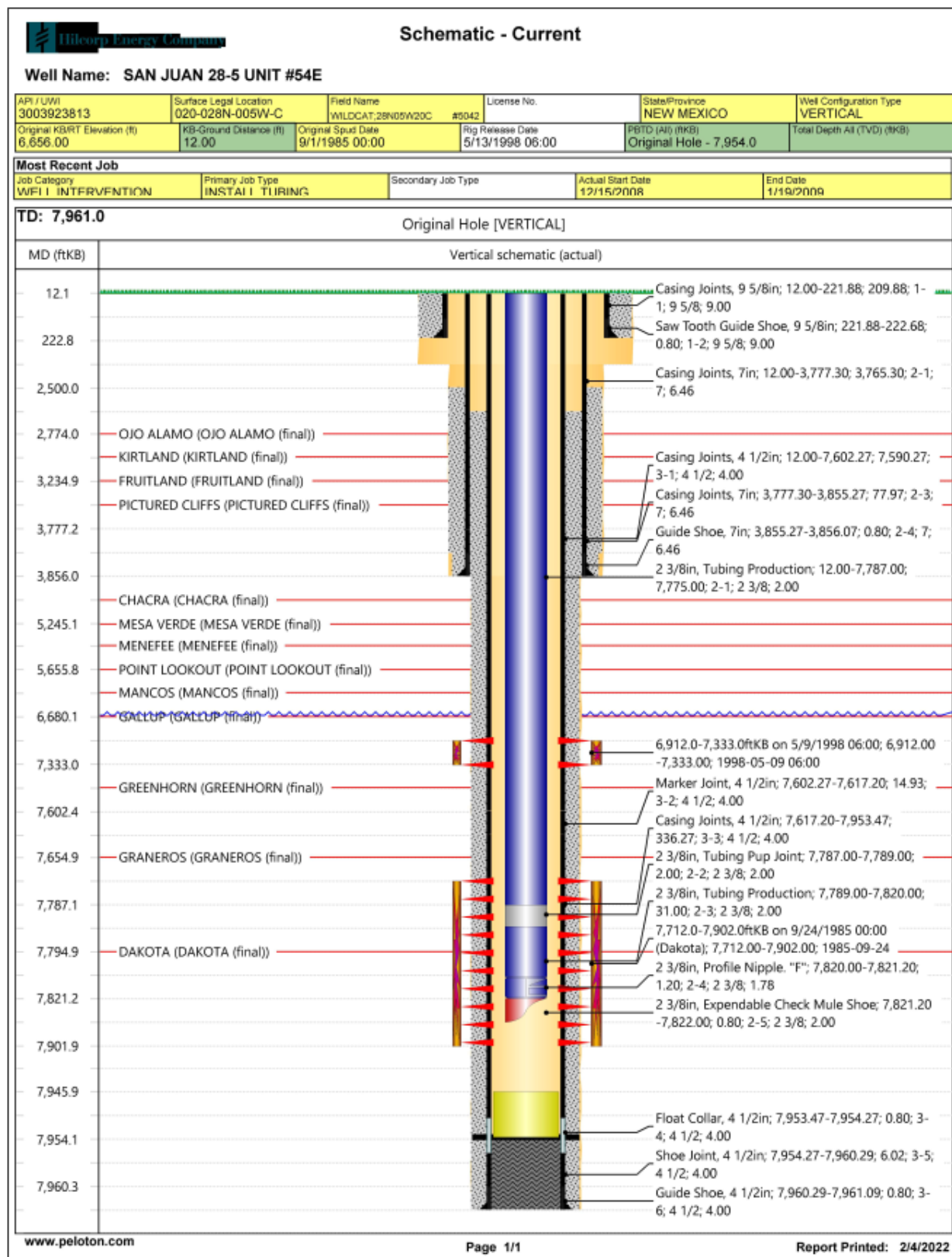
API#: 3003923813

Mesa Verde Recompletion Procedure

2/15/2022

Procedure:

1. MIRU service rig and associated equipment.
2. Test BOP's.
3. TOOH w/ 2-3/8" tubing currently set with EOT at 7,822'.
4. Set a CIBP to isolate the Gallup & Dakota @ +/- 6,862'.
5. Load the hole.
6. Pressure test casing to maximum fracture pressure.
7. Run CBL to confirm cement isolation. Send to agencies with proposed path forward & await approval.
8. ND BOP's. NU frac stack and test same to maximum fracture pressure.
9. RDMO service rig.
10. MIRU frac spread.
11. Perforate and frac the Mesa Verde from 5,245' to 5,799'. RDMO frac spread.
12. MIRU service rig.
13. Test BOP's.
14. PU mill and RIH to clean out to Gallup isolation plug.
15. When water and sand rates are acceptable, flow test the Mesa Verde.
16. Drill out Gallup isolation plug and TOOH.
17. TIH and land production tubing. Obtain a commingled Gallup & Dakota flow rate.
18. ND BOP's, NU production tree.
19. RDMO service rig & turn well over to production.





Proposed: Post-Frac

Well Name: SAN JUAN 28-5 UNIT #54E

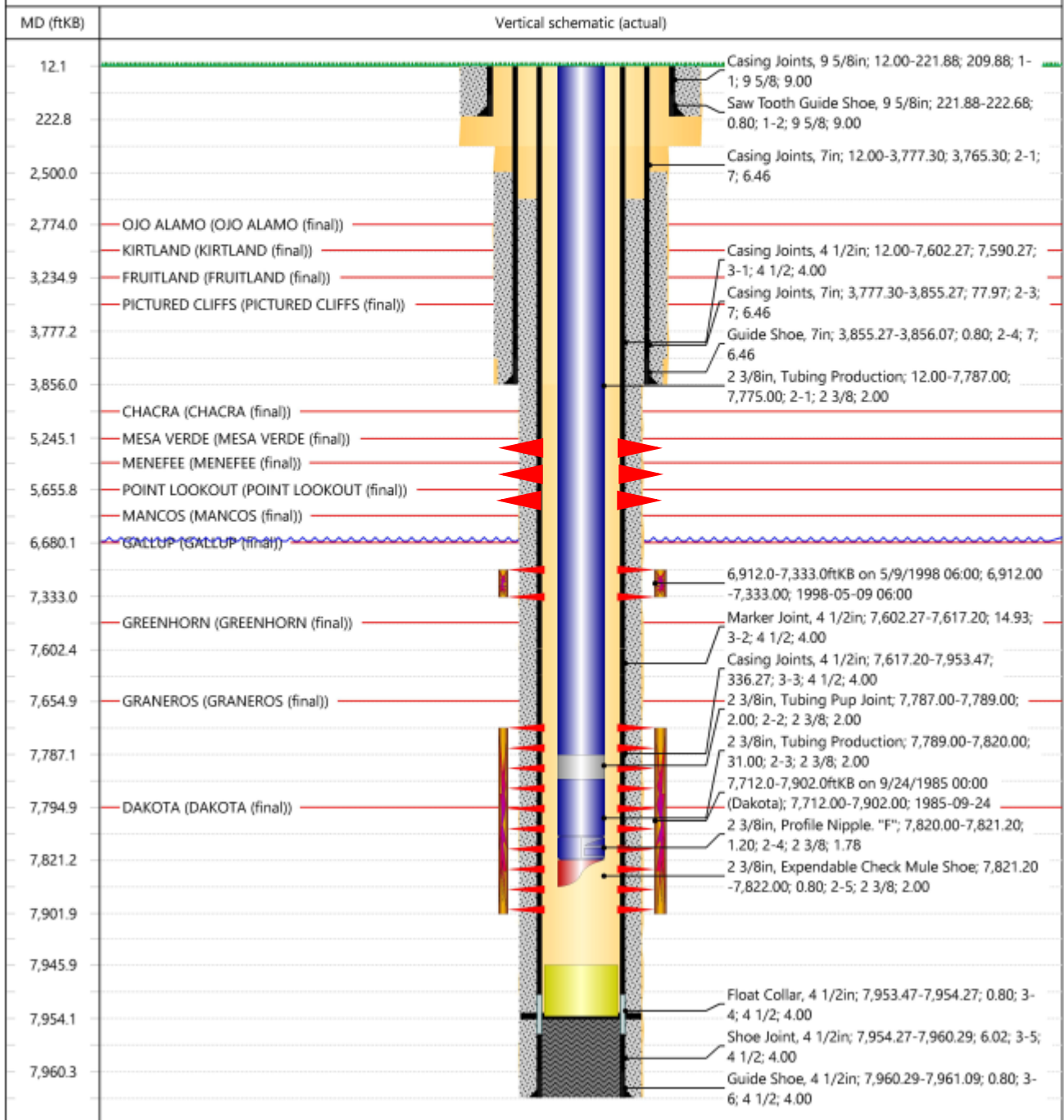
API / UWI 3003923813	Surface Legal Location 020-028N-005W-C	Field Name WILDCAT-28N05W20C	License No. #5042	State/Province NEW MEXICO	Well Configuration Type VERTICAL
Original KBRT Elevation (ft) 6,656.00	KB-Ground Distance (ft) 12.00	Original Spud Date 9/1/1985 00:00	Rig Release Date 5/13/1998 06:00	PBTD (Alt) (ftKB) Original Hole - 7,954.0	Total Depth Alt (TVD) (ftKB)

Most Recent Job

Job Category WFI INTERVENTION	Primary Job Type INSTALL TUBING	Secondary Job Type	Actual Start Date 12/15/2008	End Date 1/19/2009
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TD: 7,961.0

Original Hole [VERTICAL]



www.peloton.com

Page 1/1

Report Printed: 2/4/2022

District I

1025 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

Form C-102
August 1, 2011

Permit 309064

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-23813	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318708	5. Property Name SAN JUAN 28 5 UNIT	6. Well No. 054E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6644

10. Surface Location

UL - Lot C	Section 20	Township 28N	Range 05W	Lot Idn	Feet From 1190	N/S Line N	Feet From 1495	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 320.00 N/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

	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: Kandis Roland Title: Regulatory Tech Date: 2/21/2022	
	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: William E. Mahnke Date of Survey: 7/9/1985 Certificate Number: 8466	

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Electronically
Via E-permitting

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description Effective May 25, 2021

I. Operator: Hilcorp Energy Company **OGRID:** 372171 **Date:** 3/3/2022

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
San Juan 28-5 Unit 54E	3003923813	C-20-28N-5W	1190' FNL & 1495' FWL	0.2	600	5

IV. Central Delivery Point Name: Chaco-Blanco Processing Plant [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
<u>San Juan 28-5 Unit 54E</u>	<u>3003923813</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Not Yet Scheduled</u>

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature: <i>Kandis Roland</i>
Printed Name: Kandis Roland
Title: Operations/Regulatory Tech Sr.
E-mail Address: kroland@hilcorp.com
Date: 3/3/2022
Phone: 713-757-5246
OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)
Approved By:
Title:
Approval Date:
Conditions of Approval:

VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recompleting project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recompleting to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recompleting operations.

VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
 - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations
 - This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompleting
 - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
 - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
 - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
 - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
 - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
6. Subsection (F) Measurement or estimation of vented and flared natural gas
 - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
 - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

1. Operator has adequate storage and takeaway capacity for wells it chooses to recomplete as the flowlines at the sites are already in place and tied into a gathering system.
2. Operator will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
3. Operator combusts natural gas that would otherwise be vented or flared, when technically feasible.
4. Operator will shut in wells in the event of a takeaway disruption, emergency situation, or other operations where venting or flaring may occur due to equipment failures.

Hilcorp Energy
Recomplete Reclamation Plan
SAN JUAN 28-5 UNIT 54E
API: 30-039-23813
T28N-R5W-Sec.20-C
LAT: 36.65068 LONG: - 107.3858 (NAD 27)
Footage: 1190' FNL & 1495' FWL
Rio Arriba County, NM

1. PRE- RECLAMATION SITE INSPECTION

A pre-reclamation site inspection was completed with Roger Herrera from the BLM and Travis Munkres Hilcorp Energy SJ East Construction Foreman on March 2, 2022.

2. LOCATION RECLAMATION PROCEDURE

1. Reclamation work will begin when all the recompletion activities are completed.
2. All trash and debris will be removed within a 25' buffer outside of the location disturbance during reclamation.
3. Repair the road from General American Road to the location (blade and correct drainage issues).
4. Move the meter run from the middle of location to the entrance of the location.
5. Cut in a teardrop ditch.
6. Clean the existing diversion ditch on the east side of the location.
7. Move excess gravel to the roadway and spread.
8. Reseed all disturbed area being used for recompletion activities.

3. SEEDING PROCEDURE

1. A BLM Special seed mix will be used for all reclaimed and disturbed areas of the well pad and lease road.
2. Drill seed will be done where applicable and all other disturbed areas will be broadcast seeded and harrowed. Broadcast seeding will be applied at a double the rate of seed.
3. Timing of the seeding will be when the ground is not frozen or saturated.

4. WEED MANAGEMENT

1. No action is required at this time for weed management, no noxious weeds were identified during this onsite.

District I
1625 N. French Dr., Hobbs, NM 88240
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District III
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Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
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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

CONDITIONS

Action 89048

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 89048
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
kpickford	DHC required	3/15/2022
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	3/15/2022

Well Name: SAN JUAN 28-5	Well Location: T28N / R5W / SEC 20 / NENW / 36.65068 / -107.38582	County or Parish/State: RIO ARRIBA / NM
Well Number: 54E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF080516A	Unit or CA Name: SAN JUAN 28-5 UNIT--DK	Unit or CA Number: NMNM78411B
US Well Number: 3003923813	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2669293

Type of Submission: Notice of Intent	Type of Action: Recompletion
Date Sundry Submitted: 05/02/2022	Time Sundry Submitted: 07:17
Date proposed operation will begin: 05/16/2022	

Procedure Description: Hilcorp requests to amend the Mesaverde perforations from 5245' - 5799' to 4198' - 5799' for the recomplete NOI that was previously approved 3/15/2022. Requested perforations are still within the Mesaverde zone.

Surface Disturbance

Is any additional surface disturbance proposed?: No

Well Name: SAN JUAN 28-5	Well Location: T28N / R5W / SEC 20 / NENW / 36.65068 / -107.38582	County or Parish/State: RIO ARRIBA / NM
Well Number: 54E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF080516A	Unit or CA Name: SAN JUAN 28-5 UNIT--DK	Unit or CA Number: NMNM78411B
US Well Number: 3003923813	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Operator

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: KANDIS ROLAND

Signed on: MAY 02, 2022 07:17 AM

Name: HILCORP ENERGY COMPANY

Title: Operation Regulatory Tech

Street Address: 382 Road 3100

City: Farmington

State: NM

Phone: (505) 599-3400

Email address: kroland@hilcorp.com

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742

BLM POC Email Address: krennick@blm.gov

Disposition: Approved

Disposition Date: 05/02/2022

Signature: Kenneth Rennick

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Santa Fe, NM 87505

CONDITIONS

Action 103293

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 103293
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
kpickford	Adhere to previous NMOCD Conditions of Approval	5/5/2022

San Juan 28-5 Unit 54E (30-039-23813) Oil allocation

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.390	341	7%
GL	1.786	45	4%
MV	2.060	880	89%

From: [Engineer, OCD, EMNRD](#)
To: [Kandis Roland](#); [Mandi Walker](#)
Cc: [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); [Paradis, Kyle O](#)
Subject: Approved Administrative Order DHC-5215
Date: Monday, July 11, 2022 4:22:02 PM
Attachments: [DHC5215 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5215 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **San Juan 28 5 Unit #54E**

Well API: **30-039-23813**

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING
SUBMITTED BY HILCORP ENERGY COMPANY**

ORDER NO. DHC-5215

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Hilcorp Energy Company (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool’s fracture parting pressure.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
7. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
8. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-13764.
9. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.

11. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
12. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
14. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. This Order supersedes Order DHC-2115.
3. Applicant shall allocate a fixed percentage of the oil production from the Well to each of the Pools until a different plan to allocate oil production is approved by OCD. Of the oil production from the Well:
 - a. eighty-nine percent (89%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319);
 - b. four percent (4%) shall be allocated to the MUNOZ CANYON;GALLUP (G) pool (pool ID: 96767); and
 - c. seven percent (7%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Applicant shall allocate gas production to the new pool(s) equal to the total gas production from the Well minus the projected gas production from the current pool(s) until a different plan to allocate gas production is approved by OCD. The new pool(s) are:

- a. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

The current pool(s) are:

- a. the MUNOZ CANYON;GALLUP (G) pool (pool ID: 96767); and
- b. the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Until a different plan to allocate gas production is approved by OCD, of the projected gas production allocated to the current pools:

- a. fifteen percent (15%) shall be allocated to the MUNOZ CANYON;GALLUP (G) pool (pool ID: 96767); and
- b. eighty-five percent (85%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Applicant shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

4. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
5. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
6. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
7. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE E. SANDOVAL
DIRECTOR**

DATE: 7/11/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5215**

Operator: **Hilcorp Energy Company (372171)**

Well Name: **San Juan 28 5 Unit #54E**

Well API: **30-039-23813**

Upper Zone

Pool Name: **BLANCO-MESAVERDE (PRORATED GAS)**

Pool ID: **72319**

Current:

New: **X**

Allocation: **Mixed**

Oil: **89%**

Gas: **subtract**

Interval: **Perforations**

Top: **4,198**

Bottom: **5,799**

Intermediate Zone

Pool Name: **MUNOZ CANYON;GALLUP (G)**

Pool ID: **96767**

Current: **X**

New:

Allocation: **Mixed**

Oil: **4%**

Gas: **15%**

Interval: **Perforations**

Top: **6,912**

Bottom: **7,333**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **NO**

Lower Zone

Pool Name: **BASIN DAKOTA (PRORATED GAS)**

Pool ID: **71599**

Current: **X**

New:

Allocation: **Mixed**

Oil: **7%**

Gas: **85%**

Interval: **Perforations**

Top: **7,712**

Bottom: **7,902**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **NO**

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State of New Mexico
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Santa Fe, NM 87505

CONDITIONS

Action 109106

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 109106
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	7/11/2022