#### Received by OCD: 3/15/2023 8:28:42 AM

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

Page 1 of 46

APPLICATION TYPE \_Single Well \_Establish Pre-Approved Pools EXISTING WELLBORE \_X\_Yes \_\_\_No

#### APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company

382 ROAD 3100, Aztec NM 87410

| operator |          | 1 Idd1055                          |          |
|----------|----------|------------------------------------|----------|
| Hardie B | 1A       | UL C – Sec. 28, T29N, R8W          | San Juan |
| Lease    | Well No. | Unit Letter-Section-Township-Range | County   |
|          |          |                                    |          |

OGRID No. 372171 Property Code 318546 API No. 30-045-22830 Lease Type: X Federal State Fee

| DATA ELEMENT   | UPPER ZONE                        | INTERMEDIATE ZONE | LOWER ZONE   |
|--|-----------------------------------|-------------------|--|
| Pool Name  | BASIN FRUITLAND COAL<br>(GAS)     |                   | BLANCO MESAVERDE<br>(PRORATED GAS)                     |
| Pool Code  | 71629                             |                   | 72319  |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)  | 2655' – 2965' - Estimated         |                   | 4604'-5600'  |
| Method of Production<br>(Flowing or Artificial Lift)<br>Bottomhole Pressure<br>(Note: Pressure data will not be required if the bottom                                     | NEW ZONE                          |                   | Artificial Lift  |
| perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)  | 106 psi                           |                   | 175 psi  |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)  | BTU 1100                          |                   | BTU 1240   |
| Producing, Shut-In or<br>New Zone  | NEW ZONE                          |                   | PRODUCING  |
| Date and Oil/Gas/Water Rates of<br>Last Production.<br>(Note: For new zones with no production history,<br>applicant shall be required to attach production                | Date: N/A                         | Date:             | Date: 1/1/2023   |
| estimates and supporting data.)  | Rates:                            | Rates:            | Rates: 2285 MCF – GAS<br>12 BBL – Oil<br>0 BBL - Water |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other<br>than current or past production, supporting data or<br>explanation will be required.) | Oil Gas<br>Please see attachments | Oil Gas           | Oil Gas<br>Please see attachments                      |

#### ADDITIONAL DATA

| Are all working, royalty and overriding royalty interests identical in all commingled zones?<br>If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?     |      |          | No<br>No |          |
|---|------|----------|----------|----------|
| Are all produced fluids from all commingled zones compatible with each other?   | Yes_ | <u>X</u> | _No      |          |
| Will commingling decrease the value of production?  | Yes_ |          | No       | <u>X</u> |
| If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands<br>or the United States Bureau of Land Management been notified in writing of this application? | Yes_ | <u>X</u> | _ No     |          |
| NMOCD Reference Case No. applicable to this well:   |      |          |          |          |
|   |      |          |          |          |

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.

| SIGNATUREKandís Roland           | TITLE | Operation/Regulatory Tech | DATE | 3/15/2023  |
|----------------------------------|-------|---------------------------|------|------------|
| TYPE OR PRINT NAME Kandis Roland |       | TELEPHONE NO. (           | 713  | ) 757-5246 |

E-MAIL ADDRESS kroland@hilcorp.com

**Released to Imaging:** 7/24/2023 1:04:45 PM

| RECEIVED:  | REVIEWER:   | TYPE:   | APP NO:                           |   |
|--|---|---|-----------------------------------|---|
| L  | - Geologic  | above this table for ocd div<br>O OIL CONSERVA<br>cal & Engineering<br>ancis Drive, Santa | <b>ATION DIVISION</b><br>Bureau – | · · · · · · · · · · · · · · · · · · ·               |
|  |   |   |                                   | CHRIERVATION ONE                                    |
| THIS C   | ADMINISTR<br>HECKLIST IS MANDATORY FOR AL   | ATIVE APPLICATION   |                                   | DIVISION RULES AND                                  |
|  |   | QUIRE PROCESSING AT THE I   |                                   |   |
| Applicant:   |   |   | OGRI                              | 0 Number:   |
| Vell Name:   |   |   | API:                              |   |
| ool:   |   |   | Pool C                            | Code:   |
| SUBMIT ACCURA  | ATE AND COMPLETE INF  | ORMATION REQUIE   |                                   | he type of applicatio                               |
| A. Location  |   | aneous Dedication   |                                   | D   |
| [ I ] Comr<br>[<br>[ II ] Injec  | ne only for [ I ] or [ II ]<br>mingling – Storage – Me<br> DHC □CTB □PL<br>tion – Disposal – Pressu<br> WFX □PMX □SV  | .C  | nced Oil Recover                  | TY  |
| A. Offset<br>B. Royalt<br>C. Applic<br>D. Notific<br>E. Notific<br>F. Surfac<br>G. For all | <b>REQUIRED TO:</b> Check to<br>operators or lease hold<br>y, overriding royalty over<br>ation requires publishes<br>ation and/or concurres<br>e owner<br>of the above, proof of<br>tice required | ders<br>vners, revenue ow<br>ed notice<br>ent approval by SLC<br>ent approval by BLI      | ners<br>D<br>M                    | Notice Comple<br>Application<br>Content<br>Complete |
| administrative<br>understand that  | <b>I:</b> I hereby certify that t<br>approval is <b>accurate</b> a<br>at <b>no action</b> will be tak<br>re submitted to the Div  | and <b>complete</b> to th<br>en on this applica   | ne best of my kno                 | wledge. I also                                      |
| No   | te: Statement must be complet   | ted by an individual with   | managerial and/or supe            | ervisory capacity.                                  |
|  |   |   |                                   |   |
|  |   |   | Date                              |   |
| Print or Type Name   |   |   |                                   |   |
|  |   |   | Phone Number                      |   |
|  |   |   |                                   |   |
| Kandis Rola  | and   |   |                                   |   |

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Form C-107A Revised August 1, 2011 APPLICATION TYPE

\_Single Well \_Establish Pre-Approved Pools EXISTING WELLBORE \_X\_Yes \_\_\_No

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| (Note: Pressure data will not be required if the bottom<br>perforation in the lower zone is within 150% of the<br>depth of the top perforation in the upper zone)          | 275 psi                           |                   | 650 psi  |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)  | BTU 1100                          |                   | BTU 1240   |
| Producing, Shut-In or<br>New Zone  | NEW ZONE                          |                   | PRODUCING  |
| Date and Oil/Gas/Water Rates of<br>Last Production.<br>(Note: For new zones with no production history,<br>applicant shall be required to attach production                | Date: N/A                         | Date:             | Date: 1/1/2023   |
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|---|------|---|----------|----------|
| Are all produced fluids from all commingled zones compatible with each other?   | Yes_ | X | _No      |          |
| Will commingling decrease the value of production?  | Yes_ |   | No       | <u>X</u> |
| If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands<br>or the United States Bureau of Land Management been notified in writing of this application? | Yes_ | X | _ No     |          |
| NMOCD Reference Case No. applicable to this well:   |      |   |          |          |
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| TYPE OR PRINT NAME Kandis Roland |       | TELEPHONE NO. (           | 713  | ) 757-5246 |

E-MAIL ADDRESS kroland@hilcorp.com

Released to Imaging: 7/24/2023 1:04:45 PM

# Received by OCD: 3/15/2023 8:28:42 AM NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Page 4 of 46 Form C-102 Supersedes C-128 Effective 1-1-65

.

| P1 Face Natural Case Company       Hardie B       (SFP-078049-A)       1A         initiation       Construction of Letters       Townstate       Construction of Letters   | 12) Face Niture1 Gas Convery       Hardle B       (SP-078049-A)       1A         Int Latter       Sector       Tearently       New Y       Constr       Const   |  | A                        | ll distances must be f | rom the oute                  | r boundaries of | the Section. |   | • • • • • • • • • • • • • • • • • • •   |                 |
|--|---|--|--------------------------|------------------------|-------------------------------|-----------------|--------------|---|---|-----------------|
| Date Letter       Torontal       Party       County       San Juan         290       for the stable       291       84       San Juan         290       for the stable       North       the own of the stable       Toront interview         290       for the stable       North       the own of the stable       Toront interview       North         290       for the stable       North       the own of the stable       North       Dedicated Actimption         6390       Yessa Verde       Blanco Mesa Verde       320.00       second         1       Outline the arreage dedicated to the subject well by colored pencil or hachare marks on the plat below.       1         1       If more than one bease is dedicated to the well, outline cach and identify the ownership thereof (bash as to working interest and rayalty).         3. If more than one bease of different ownership is dedicated to the well, here the interests of all owners been consolidation  | Unit Letter     Treachtr     Treachtr     Burger     Sand Juan       290     See treaches North     100 see treaches North     100 see treaches North     100 see treaches North       290     Friedender Latence     Blanco Mesa Verde     200.00 see treaches     100 see treaches North       10 Guillae the arreage dedicated to the subject well by colored pencil or hackure marks on the plat below.     1     10 satisfies there on lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).       3. If more than one lease is dedicated to the well, nave the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?  | Operator   |                          |                        | Lesse                         |                 |              |   |   |                 |
| C     28     291     8W     San Juan       790     the free use     North     Income and item in     New interval     New interval </td <td>C     P3     P3H     San Juan       Arithm Fieldse Location at Addit     Point     Hand out the set of the set of</td> <td>El Paso Natural</td> <td>Gas Company</td> <td>r</td> <td>Hard</td> <td>ie B</td> <td><u>(SF-</u></td> <td>078049-A</td> <td>) <u>1</u>A</td> <td></td> | C     P3     P3H     San Juan       Arithm Fieldse Location at Addit     Point     Hand out the set of   | El Paso Natural  | Gas Company              | r                      | Hard                          | ie B            | <u>(SF-</u>  | 078049-A  | ) <u>1</u> A  |                 |
| String Levence at write       Pool       free from the NOTTh       Inter or 1800       free from the Nest       inter or 1320.00       Jence         G390       Mean Verde       Pool       Blanco Mesa Verde       320.00       Jence         6390       Mean Verde       Pool       Blanco Mesa Verde       320.00       Jence         6390       Mean Verde       Blanco Mesa Verde       320.00       Jence         10 outline the arrange dedicated to the subject well by colored pencil or bachure marks on the platebolow.       If more than one lease is dedicated to the well, outline each and identify the ownership thereof (hoth as to working interest and royally).         3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, force-pooling, etc?       If more than one lease of different ownership is dedicated have actually been consolidated. (Use reverse side of this form if necessary).         No If answer is "yes," type of consolidation  | Article Tosters Locates at Walt       Protections it is Walt         920       Fore tree its North       Insee one         6390       Producted Provides       Blanco Mess Verde       320.00         1. Outline the acreage dedicated to the subject well by colored pencil of backner marks on the plat below.       .       .         1. Outline the acreage dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).       .       If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).         3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?       If answer is "yes," type of consolidation  | Unit Letter Section  | Τον                      | vnship                 | Range                         |                 | County       |   |   |                 |
| 290       tota the state North       time and       1800       totation level       International level for the state of the   | 1900     tore term the     Morth     tore of 1800     tore term, the     Mark     tore       Gard Level Live.     Productory Function     Prod     Blanco Mesa Verde     200.00     access       1. Outline the accesse dedicated to the subject well by colored pencil or hachure marks on the plat below.     2. If more than one leuse is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royally).     3. If more than one leuse of different ownership is dedicated to the well, have the interests of all owners been consolidated due to communication, unitization, force-pooling, etc?   | C 28   | 3                        | 29N                    | 8                             | W               | San J        | Juan  |   |                 |
| aromet provides       Peed       Detailed According         6390       Ness Verde       Blanco Kesa Verde       320,00       arow         1. Outline the arcrage dedicated to the subject well by colored pencil or hachure marks on the plat below.       2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).         3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, force-pooling, etc?       If maswer is "no." list the owners and treet descriptions which have actually been consolidated. (Use reverse side of this form if facessary).         No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, etc?)       CERTIFICATION         1800*       Image: an one standard unit, eliminating such interests, has been upproved by the Commission.         1800*       Sec       28         1800*       Image: an other well form the information contained form the information co   | Construction       Peed       Patternet Arrange         6390       Preduction Frometian       320.00       totate         1. Outline the arrange dedicated to the subject will by colored pencil or bachare marks on the plat below.       1. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).         3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, order-pooling, etc?            Tree IN No If answer is "yes," type of consolidation   | Actual Footage Location of   | Well:                    |                        |                               |                 |              |   |   |                 |
| 6390       Nena Verde       Blanco Kesa Verde       320.00       Actor.         1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.       1. If more than one lease is dedicated to the well, outline each and identify the ownership thoreof (both as to working interest and royally).         3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?   | 6390       Yesa Verde       Blanco Mesa Verde       320.00 <sup></sup>  | <b>7</b> 90 feet fi  | om the North             | l line and             | 1800                          | feet            | t from the   | West  | line  |                 |
| <ul> <li>1. Outline the acreage dedicated to the subject well by colored pencil or hachare marks on the plat helow.</li> <li>2. If more than one lease is dedicated to the well, outline cach and identify the ownership thereof (both as to working interest and royalty).</li> <li>3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, force-pooling.etc? <ul> <li>Yes</li> <li>No</li> <li>If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form in encessary).</li> <li>No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or unit an on-standard unit, eliminating such interests, has been approved by the Commission.</li> </ul> SPC CONCECCENTION Isource of the set of the set of the set of the pool of the set of the later of the</li></ul>   | <ul> <li>1. Outline the acreage dedicated to the subject well by colored pencil or hachare marks on the plat below.</li> <li>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</li> <li>3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, intization, force-pooling, etc?</li> <li>If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form in decessory).</li> <li>No allowable will be assigned to the well until all interests have been consolidated (by communitization, initization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.</li> <li>Image: 1800.</li> <li>Image: 1800.</li></ul>          | Ground Level Elev. F   | Producing Fermatic       | 'n                     | Pool                          |                 |              | I   | Dedicated Acreage;  |                 |
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| 1800*       I hereby certify that the information contained here in is true and complete to the best of my knowledge and belief.         1800*       Juicks         SF-078019-A       Distance         Sec       28         I hereby certify that the information contained here in is true and complete to the best of my knowledge and belief.         Mame       Juicks         Name       Distance         SF-078019-A       Company December 14, 1977         Date       I hereby certify that the well location shown on this plot was plotted from field motes of octual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.         Bets Surveyed       November 114, 1977         Restance in the correct to the best of my knowledge and belief.       November 14, 1977         Restance in the correct to the best of my knowledge and belief.       November 14, 1977         Restance in the correct to the best of my knowledge and belief.       November 14, 1977         Restance in the correct to the best of my knowledge and belief.       November 14, 1977         Restance in the correct to the best of my knowledge and belief.       November 14, 1977         Restance in the correct to the best of my knowledge and belief.       November 14, 1977         Restance in the correct in the  | CERTIFICATION<br>I hereby certify that the information con-<br>tained herein is true and complete to the<br>best of my knowledge and belief.<br>Mane<br>Name<br>Name<br>Name<br>Name<br>SEC<br>SF-078049-A<br>Sec<br>28<br>I hereby certify that the well location<br>shown on this plat was plotted from field<br>notes of actual surveys made by me or<br>under my supervision, and that the same<br>is true and correct to the best of my<br>knowledge and belief.<br>Date<br>Date<br>Date<br>Date<br>Date Surveysd<br>is true and correct to the best of my<br>knowledge and belief.<br>Date Surveysd<br>Sec<br>Sec<br>Sec<br>Sec<br>Sec<br>Sec<br>Sec<br>Sec   | this form if neces<br>No allowable will<br>forced-pooling, or<br>sion.   | sary.)<br>be assigned to | o the well until al    | l interests                   | have been c     | onsolidate   | ed (by comm   | munitization, unitizatio  | <br>on,         |
| 1800*       tained herein is true and complete to the best of my knowledge and belief.         Manual Antipactor       Manual Antipactor         SF-0780:9-A       Difficult in the set of my knowledge and belief.         Sec       28         I hereby certify that the well location shown on this plat was plotted iron 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 knowledge and belief.         Barr       Date         Date       Date Surveysd - Strue of the best of my knowledge and belief.         Date       Date Surveysd - Strue of the best of my knowledge and belief.         Date       Date Surveysd - Strue of the best of my knowledge and belief.         Date Surveysd - Strue of the best of my knowledge and belief.       Date Surveysd - Strue of the best of my knowledge and belief.         Date Surveysd - Strue of the best of my knowledge and belief.       Date Surveysd - Strue of the best of my knowledge and belief.  | 1800*       to include here in is true and complete to the best of my knowledge and belief.         Name       Success         SF-078049-A       Sec         Sec       28         I hereby certify that the well location shown on this plotted trom lifed to me is true and correct to the best of my knowledge and belief.         Berr       28         I hereby certify that the well location shown on this plotted trom lifed to me is true and correct to the best of my knowledge and belief.         Date       Date Surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.         Date Surveysed       November 114, 1977         Therefatered is true-poted laminer and correct to the best of my knowledge and belief.       Date Surveysed         Date Surveysed       Sec         Date Surveysed       Sec   |  | -                        | ××××<br>Ň              |                               |                 |              |   | CERTIFICATION   |                 |
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| November 14, 1977<br>Registered inclusional inducer<br>and/or Land Surveyor<br>Fred B. Kerr Jr.<br>Certificate 10.   | November 14, 1977<br>Registered inclusional Engineer<br>and/or Land Surveyor<br>Fred B. Kert Jr.<br>Certificate 10.   |  |                          |                        |                               |                 |              | shown on a<br>notes of c<br>under my s<br>is true ar<br>knowledge | this plat was plotted from fin<br>actual surveys made by me<br>supervision, and that the so<br>nd correct to the best of a<br>and belief. | eld<br>or<br>me |
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Received by QGD: 3/15/2023 8:28:42 AM

#### 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 <u>District IV</u>

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462 OCD Permitting

Form C-102 August 1, 2011

Permit 334082

# 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    | 2. Pool Code           | 3. Pool Name               |
|------------------|------------------------|----------------------------|
| 30-045-22830     | 71629                  | BASIN FRUITLAND COAL (GAS) |
| 4. Property Code | 5. Property Name       | 6. Well No.                |
| 318546           | HARDIE B               | 001A                       |
| 7. OGRID No.     | 8. Operator Name       | 9. Elevation               |
| 372171           | HILCORP ENERGY COMPANY | 6390                       |

#### 10. Surface Location UL - Lot E/W Line Section Township Range Lot Idn Feet From N/S Line Feet From County С 28 29N 08W 790 Ν 1800 W SAN JUAN

| 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 A<br>320                             |         |          | 13. Joint or Infill |         | 14. Consolidatio | on Code  |           | 15. Order No. | <u> </u> |

#### 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 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.           E-Signed By: Kandis Roland           Title:         Regulatory Tech           Date:         2/9/2023 |
|--|
| 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.           Surveyed By:         Fred B. Kerr Jr.           Date of Survey:         11/14/1977           Certificate Number:         3950   |

#### Hardie B 1A

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.

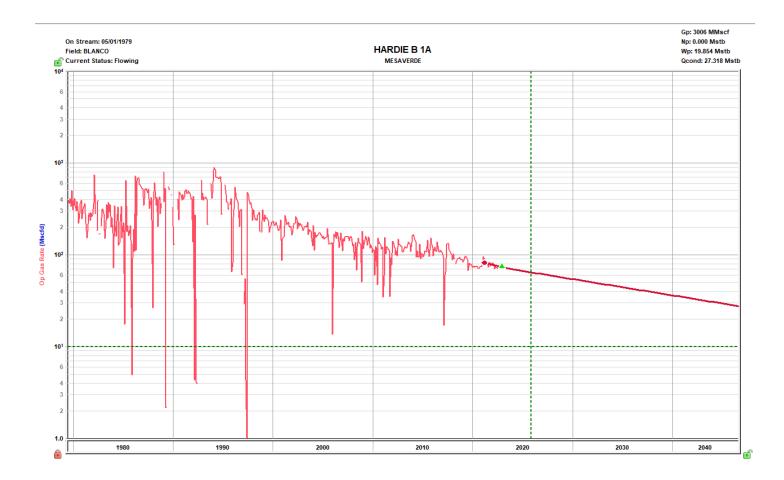
The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed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

#### **Production Allocation Method – Subtraction**

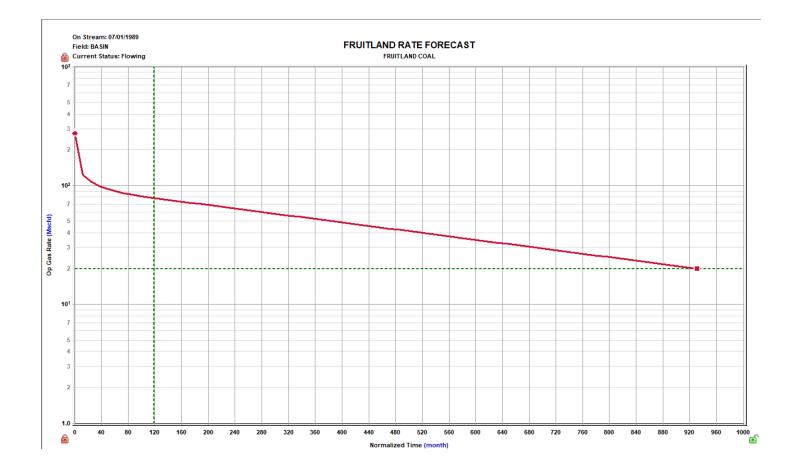
#### **Gas Allocation:**

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the base formation forecasts will be allocated to the new formation.

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



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#### **Oil Allocation:**

Fruitland Coal is not expected to produce condensate therefore it will be allocated 100% to Measverde.



February 16, 2023

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

Re: C-107A (Downhole Commingle) Hardie B 1A API No. 30-045-22830 C-28, T29N-R8W San Juan County, NM

Gentlemen:

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

All working, royalty and overriding royalty interests are identical between the Blanco Mesaverde (Pool Code: 72319) and Basin Fruitland Coal (Pool Code: 71629) in the spacing units dedicated to these formations. Therefore, no notice to interest owners is required.

The spacing unit is comprised of a Federal Lease. Therefore, pursuant to Subsection C.(1) of 19.15.12.11 NMAC, written notice 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,

By: HILCORP ENERGY COMPANY, Its General Partner

Carson Parker Rice Landman – San Juan Basin Hilcorp Energy Company 1111 Travis Street Houston, Texas 77002 713-757-7108 Direct Email: carice@hilcorp.com

| ceived by OCD: 3/15/2023 8:28:42 AM<br>J.S. Department of the Interior<br>BUREAU OF LAND MANAGEMENT |   | Sundry Print Page 9<br>03/10/202           |
|---|---|--|
| Well Name: HARDIE B   | Well Location: T29N / R8W / SEC 28 /<br>NENW / 36.70166 / -107.683746 | County or Parish/State: SAN<br>JUAN / NM   |
| Well Number: 1A   | <b>Type of Well:</b> CONVENTIONAL GAS WELL                            | Allottee or Tribe Name:                    |
| Lease Number: NMSF078049A   | Unit or CA Name:  | Unit or CA Number:                         |
| US Well Number: 3004522830  | Well Status: Producing Gas Well                                       | <b>Operator:</b> HILCORP ENERGY<br>COMPANY |

#### **Notice of Intent**

Sundry ID: 2720128

Type of Submission: Notice of Intent

Date Sundry Submitted: 03/10/2023

Date proposed operation will begin: 03/24/2023

Type of Action: Recompletion Time Sundry Submitted: 06:32

**Procedure Description:** Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole commingle with the existing Mesaverde. 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 3/7/2023 with Roger Herrera/BLM. The reclamation plan is attached.

**Surface Disturbance** 

Is any additional surface disturbance proposed?: No

**NOI Attachments** 

**Procedure Description** 

Hardie\_B\_1A\_UPE\_Coal\_NOI\_Procedure\_20230310063131.pdf

| Received by OCD: 3/15/2023 8:28:42 AM | Well Location: T29N / R8W / SEC 28 /<br>NENW / 36.70166 / -107.683746 | County or Parish/State: Pige 10 of 46<br>JUAN / NM |
|---------------------------------------|---|--|
| Well Number: 1A                       | <b>Type of Well:</b> CONVENTIONAL GAS WELL                            | Allottee or Tribe Name:                            |
| Lease Number: NMSF078049A             | Unit or CA Name:  | Unit or CA Number:                                 |
| <b>US Well Number:</b> 3004522830     | Well Status: Producing Gas Well                                       | <b>Operator:</b> HILCORP ENERGY<br>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: MAR 10, 2023 06:31 AM

Name: HILCORP ENERGY COMPANY

Title: Operation Regulatory Tech

Street Address: 382 Road 3100

City: Farmington

State: NM

State:

Phone: (505) 599-3400

Email address: kroland@hilcorp.com

#### **Field**

Representative Name: Street Address: City: Phone: Email address:

**BLM Point of Contact** 

BLM POC Name: KENNETH G RENNICK BLM POC Phone: 5055647742 Disposition: Approved Signature: Kenneth Rennick BLM POC Title: Petroleum Engineer

Zip:

BLM POC Email Address: krennick@blm.gov

Disposition Date: 03/10/2023

### Hardie B 1A

C – 28 – 29N – 08W 790 FNL 1800 FWL

API#: 3004522830

#### **Fruitland Coal Recompletion Procedure**

01/26/2023

#### Procedure:

- 1. MIRU PU and associated equipment. Kill well and NDWH.
- 2. NUBOP and unseat tubing, tag for fill and scan out with production tubing
- 3. Set 4.5" CIBP at 4570' to isolate existing Mesaverde completion. Load and roll hole.
- 4. RU wellcheck and MIT wellbore to 500 PSI
  - a. CBL on file for well
- 5. Set 7" CBP at 3000'
- 6. PU 7" frac packer and frac string, RIH and set packer at 2700'
- 7. Pressure test frac string to 5000 PSI
- 8. MIRU frac spread.
- 9. Perforate and frac the Fruitland Coal from 2655' to 2965'.
- 10. MI flow back and flow well to relieve pressure if needed.
- 11. MIRU service rig.
- 12. Test BOP's.
- 13. POOH with frac string and packer.
- 14. Make up 7" mill and clean out to liner top.
- 15. When water and sand rates are acceptable, flow test the intervals.
- 16. Make up 3-7/8" mill and clean out to CIBP, mill plug and commingle.
- 17. TIH and land production tubing.
- 18. ND BOP's, NU production tree.
- 19. RDMO service rig & turn well over to production.

| Well Name: HA   |  | 301  | hematic - Curre                                   | 5116  |   |
|---|--|--|---|---|---|
| Well Name: HA<br>9170W1<br>3004522830<br>Srgmal KB/RT Elevation (%)<br>5.402.00 | Surface Legal Location<br>028-029N-008W-C<br>K2-Ground Datance (h) | Field Name<br>BLANCO MEAUERDE (PR<br>Inginal Sput Date<br>12/30/1978 00:00 | ICRUTED GAS<br>Rg Release Date<br>12/2/2005 17:00 | NEW MEXICO<br>Patro (Al) (NK3)<br>Original Hole - 5,645.0 | Wel Configuration Type<br>Total Depth All (TVD) (1942)                |
| Most Recent Job   |  |  |   |   |   |
| Net Calegory<br>WELL INTERVENTION   | ROD & TUBING F   |  | ry Job Type                                       | Actual Start Date<br>11/29/2005                           | End Date<br>11/29/2005  |
| TD: 5,663.0   |  |  | Original Hole                                     |   |   |
| MD (ftKB)   |  |  | Vertical schematic                                | (actual)  |   |
| - 11.2  |  |  |   | Casing Joints, 9 5  | /8in; 12.00-217.00; 205.00; 1-1;                                      |
| - 216.9   |  |  |   |   | 7.00-218.00; 1.00; 1-2; 9 5/8;  |
|   | ALAMO (OJO ALAMO (final))  |  | -   | Casing Joints, 7in<br>6.46                                | ; 12.00-3,337.00; 3,325.00; 2-1; 1                                    |
| - 2,100.1   | AND (KIRTLAND (final)) —   |  |   |   |   |
|   | TLAND (FRUITLAND (final))  |  |   | 2 3/8in, TUBING;  | 11.00-5,461.72; 5,450.72; 1-1; 2                                      |
|   | JRED CLIFFS (PICTURED CLIF   | FS (final))  |   |   |   |
| - 3,129.9LEWIS<br>- 3,157.2   | S (LEWIS (final))  |  |   | R4  |   |
| 3,336.9   |  |  |   | Shoe, 7in: 3.337.0  | 0-3,338.00; 1.00; 2-2; 7; 6.46  |
| 4,589.9   | VERDE (MESA VERDE (final   | ο  |   | Casing Joints, 4 1  | /2in; 3,157.00-5,662.00;  |
| 4,604.0   |  |  |   |   |   |
| - 4,740.2MENE   | EFEE (MENEFEE (final))   |  | 200<br>200  | 4,604.0-5,064.0ftK  | (8 on 2/13/1979 00:00 (PERF<br>NEFEE); 4,604.00-5,064.00; 1979        |
| 5,203.1   |  |  |   |   |   |
| 5,214.9   | T LOOKOUT (POINT LOOKO   | UT (final))  | - 1924<br>1924                                    | 5,203.0-5,600.0ftk  | (B on 2/13/1979 00:00 (PERF<br>); 5,203.00-5,600.00; 1979-02-1;       |
| 5,461.6   |  |  | - 20  | 3/8<br>3/8<br>00 2 3/8in, TUBING:                         | IT; 5,461.72-5,464.80; 3.08; 1-2;<br>5,464.80-5,496.48; 31.68; 1-3; 2 |
| 5,496.4   |  |  |   | 3/8; 2.00<br>2 3/8in SEATING                              | NIPPLE; 5,496.48-5,497.58; 1.10                                       |
| 5,497.7   |  |  |   | 89  | 7.58-5,498.00; 0.42; 1-5; 2 3/8                                       |
| 5,498.0   |  |  |   |   |   |
| 5,600.1   |  |  |   |   |   |
| 5,646.0   |  |  |   |   |   |

| 3004522830<br>Crignal KE/RT Elevation (%) |                           | Field Name<br>SLINCO MESULERD<br>Drighal Spud Date | 20 2             | License No.    |                             | NEW MEXICO                              | Telal Depth Al (TVO) (NK2)                                      |
|---|---------------------------|--|------------------|----------------|-----------------------------|---|---|
| 6,402.00<br>Most Recent Job               | 12.00                     | 12/30/1978 00:00                                   | 12/              | 2/2005 17:00   | 0                           | Original Hole - 5,646.0                 |   |
| 36 Calegoy<br>WELL INTERVENTION           | ROD & TUBING              |  | condary Job Type |                | Aduat Start 0<br>11/29/2005 |   | End Date<br>11/29/2005  |
| TD: 5,663.0                               | prop a reparte            |  | 0.000            | al Hole        |                             |   | 111202000   |
| MD (ftKB)                                 |                           |  |                  | al noie        | (ant all                    |   |   |
| MD (ricks)                                |                           |  | Verbi            | ai schematic ( | (accual)                    |   |   |
| - 11.2 -                                  |                           |  |                  |                |                             | • |   |
| 12.1                                      |                           |  |                  |                |                             | Carina Jainta 0.5                       | /8in; 12.00-217.00; 205.00; 1-1;                                |
| 216.9                                     |                           |  |                  |                |                             | 9 5/8; 8.92                             | yem; 12.00*217.00; 205.00; 1*1;                                 |
|   |                           |  |                  |                |                             | Shoe, 9 5/8in; 217<br>8 92              | 7.00-218.00; 1.00; 1-2; 9 5/8;                                  |
| - 217.8                                   |                           |  |                  |                |                             |   | ; 12.00-3,337.00; 3,325.00; 2-1; 7                              |
| - 1,960.0OJO.                             | ALAMO (OJO ALAMO (final)  | 0  |                  |                |                             | 6.46                                    |   |
| - 2,100.1                                 |                           |  |                  |                | *                           |   |   |
| - 2,105.0                                 | AND (KIRTLAND (final)) -  |  |                  |                |                             |   |   |
| - 2,685.0 FRUI                            | TLAND (FRUITLAND (final)) |  |                  |                | <u></u>                     |   | 11.00-5,461.72; 5,450.72; 1-1; 2                                |
| - 2,984.9 PICTU                           | IRED CLIFFS (PICTURED CLI | FFS (final))                                       | 20               |                | 10                          | 3/8; 2.00                               |   |
|   | S (LEWIS (final))         |  |                  |                |                             |   |   |
|   |                           |  |                  |                |                             |   |   |
| - 3,157.2                                 |                           |  |                  |                |                             |   |   |
| - 3,336.9                                 |                           |  |                  |                |                             |   | 0-3,338.00; 1.00; 2-2; 7; 6.46                                  |
| - 3,337.9                                 |                           |  |                  |                |                             |   | /2in; 3,157.00-5,662.00;  |
| - 4,589.9 MES/                            | VERDE (MESA VERDE (fina   |  |                  |                |                             | 2,505.00; 3-1; 4 1/                     |   |
| - 4,604.0                                 |                           |  | <b>-</b>         |                | 88<br>88 <mark>1</mark>     |   |   |
| - 4,740.2 - MEN                           | EFEE (MENEFEE (final))    |  | 1                |                | 22                          |   | (B on 2/13/1979 00:00 (PERF<br>NEFEE): 4.604.00-5.064.00: 1979- |
| 5.064.0                                   |                           |  |                  |                |                             | CLIFFHOUSE/MEI                          | Neree); 4,604.00°5,064.00; 1979                                 |
|   |                           |  |                  |                |                             |   |   |
| - 5,203.1                                 |                           |  | 1                | 86<br>82       | 88<br>88                    |   |   |
| - 5,214.9 POIN                            | T LOOKOUT (POINT LOOKO    | UT (final))  |                  |                | 100<br>100                  | -                                       | (B on 2/13/1979 00:00 (PERF<br>); 5,203.00-5,600.00; 1979-02-13 |
| - 5,461.6                                 |                           |  |                  |                |                             |   | IT; 5,461.72-5,464.80; 3.08; 1-2; 3                             |
| - 5,464.9                                 |                           |  |                  | 8              | 88                          | 2 3/8in, TUBING;                        | 5,464,80-5,496,48; 31,68; 1-3; 2                                |
| 5,496.4                                   |                           |  |                  |                | 第<br>第<br>1                 | 3/8; 2.00                               | NIPPLE: 5,496.48-5,497.58; 1.10;                                |
| - 5,497.7                                 |                           |  |                  |                | 90<br>90                    | 1-4; 2 3/8                              |   |
| 5,498.0                                   |                           |  |                  |                | 8<br>1                      | -2 3/8in, STC; 5,49                     | 7.58-5,498.00; 0.42; 1-5; 2 3/8                                 |
|   |                           |  |                  | 88<br>88       | 20<br>20                    |   |   |
| - 5,600.1                                 |                           |  |                  |                | 8                           |   |   |
| 5,646.0                                   |                           |  | ş                | n<br>Notataina | ×                           |   |   |

Received by QCD: 3/15/2023 8:28:42 AM

#### **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 <u>District IV</u>

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462 Form C-102 August 1, 2011 Permit 334082

# 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    | 2. Pool Code           | 3. Pool Name               |
|------------------|------------------------|----------------------------|
| 30-045-22830     | 71629                  | BASIN FRUITLAND COAL (GAS) |
| 4. Property Code | 5. Property Name       | 6. Well No.                |
| 318546           | HARDIE B               | 001A                       |
| 7. OGRID No.     | 8. Operator Name       | 9. Elevation               |
| 372171           | HILCORP ENERGY COMPANY | 6390                       |

#### 10. Surface Location UL - Lot E/W Line Section Township Range Lot Idn Feet From N/S Line Feet From County С 28 29N 08W 790 Ν 1800 W SAN JUAN

|                                   | 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<br>320.00 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

| OPERATOR CERTIFICATION           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.           E-Signed By: Kandis Roland           Title:         Regulatory Tech           Date:         2/9/2023 |
|--|
| 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.           Surveyed By:         Fred B. Kerr Jr.           Date of Survey:         11/14/1977           Certificate Number:         3950   |

.

| Received by OCD: 3/15/2023 8. |
|-------------------------------|
|-------------------------------|

Submit Electronically

Via E-permitting

State of New Mexico Energy, Minerals and Natural Resources Department

> **Oil Conservation Division** 1220 South St. Francis Dr. Santa Fe, NM 87505

## 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: \_2/9/2023\_

**II. Type:**  $\square$  Original  $\square$  Amendment due to  $\square$  19.15.27.9.D(6)(a) NMAC  $\square$  19.15.27.9.D(6)(b) NMAC  $\square$  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             | Anticipat | Anticipated | Anticipated |
|-------------|------------|-------------|----------------------|-----------|-------------|-------------|
|             |            |             |                      | ed Oil    | Gas         | Produced    |
|             |            |             |                      | BBL/D     | MCF/D       | Water BBL/D |
| Hardie B 1A | 3004522830 | C-28-29N-8W | 790' FNL & 1800' FWL | 0         | 200         | 4           |
|             |            |             |                      |           |             |             |

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       | TD Reached | Completion   | Initial Flow | First Production Date |
|-------------|------------|------------|------------|--------------|--------------|-----------------------|
|             |            | Date       | Date       | Commencement | Back Date    |                       |
|             |            |            |            | Date         |              |                       |
| Hardie B 1A | 3004522830 | <u>N/A</u> | N/A        | N/A          | N/A          | Not Yet Scheduled     |
|             |            |            |            |              |              |                       |

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 2 – Enhanced Plan EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

#### IX. Anticipated Natural Gas Production:

| Well | API | Anticipated Average<br>Natural Gas Rate MCF/D | Anticipated Volume of Natural<br>Gas for the First Year MCF |
|------|-----|---|---|
|      |     |   |   |
|      |     |   |   |

#### X. Natural Gas Gathering System (NGGS):

| Operator | System | ULSTR of Tie-in | Anticipated Gathering | Available Maximum Daily Capacity |
|----------|--------|-----------------|-----------------------|----------------------------------|
|          |        |                 | Start Date            | of System Segment Tie-in         |
|          |        |                 |                       |                                  |

**XI. Map.**  $\Box$  Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system  $\Box$  will  $\Box$  will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator  $\Box$  does  $\Box$  does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

□ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:**  $\Box$  Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

#### Section 3 - Certifications Effective May 25, 2021

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

 $\square$  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

 $\Box$  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.**  $\Box$  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.**  $\Box$  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.

#### 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 recomplete project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomplete 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 recomplete 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 recompletion
  - 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
  - o 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 Hardie B 1A API: 30-045-22830 T29N-R8W-Sec.28-C LAT: 36.70166 LONG: -107.68357 NAD 27 Footage: 790' FNL & 1800' FWL San Juan County, NM

#### 1. PRE- RECLAMATION SITE INSPECTION

A pre-reclamation site inspection was completed with Roger Herrera from the BLM and Eufracio Trujillo, Hilcorp Energy SJ South Construction Foreman, on March 7, 2023.

#### 2. LOCATION RECLAMATION PROCEDURE

- 1. Reclamation work will begin in the spring.
- 2. All trash and debris will be removed within a 25' buffer outside of the location disturbance during reclamation.
- 3. Brush hog location and fence off area for disturbance.
- 4. Level off pad to accommodate for equipment.
- 5. Blade roads into location.
- 6. Hardie B 2 will be used for TUA.
- 7. Fix damage to roads, TUA surfaces that are disturbed, and fix drainage issues.
- 8. Install culvert in main road at low water/ diversion bar to avoid pooling.
- 9. Fix main road below pond with road elevation.
- 10. Put in water diversion bars where they may be needed.
- 11. Reclaim all disturbed area being used for recompletion activities.
- 12. Reestablish diversion ditches on West and East sides of location.
- 13. Reclaim areas damaged by moving crews in.

#### 3. SEEDING PROCEDURE

- 1. A Sagebrush seed mix will be used for all reclaimed and disturbed areas of the well pad(s) 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 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

CONDITIONS

| Operator:              | OGRID:                            |
|------------------------|-----------------------------------|
| HILCORP ENERGY COMPANY | 372171                            |
| 1111 Travis Street     | Action Number:                    |
| Houston, TX 77002      | 195801                            |
|                        | Action Type:                      |
|                        | [C-103] NOI Recompletion (C-103E) |

#### CONDITIONS

| CONDITION  |   |                   |
|------------|---|-------------------|
| Created By | Condition   | Condition<br>Date |
| kpickford  | DHC required  | 3/14/2023         |
| kpickford  | Notify NMOCD 24 Hours Prior to beginning operations | 3/14/2023         |

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Action 195801

|                            | Mesaverde     | Pictured Cliffs | Fruitland Coal |
|----------------------------|---------------|-----------------|----------------|
| Measured and Estimated BHP | 500 – 800 PSI | 200 – 400 PSI   | 150 – 400 PSI  |
| Gas BTU                    | 1240          | 1140            | 1100           |
| CO2                        | 1.4%          | 0.6%            | 0.9%           |
| H2S %                      | < 0.01%       | <0.01%          | <0.01%         |
| N2 %                       | 0.1%          | 0.1%            | 0.1%           |

Supplemental Information for Fruitland Coal Recompletes in 29N 8W

\*Please note that during wellbore preparation and fracture stimulating, measurements will be recorded to measure BHP indirectly and directly on these intervals i.e., fluid levels, initial shut-in pressures post frac, flowing pressures during cleanout, shut in pressures during cleanout, etc. This information will be included as part of the routine C-103 subsequent submittal.

Adjacent Wellbores in 29N 8W commingled in similar manners

| Well Name       | API Number | Commingled Intervals                       | Operator    |
|-----------------|------------|--|-------------|
| Pritchard 3A    | 3004522345 | Fruitland Coal, Pictured Cliffs, Mesaverde | Ikav-Simcoe |
| Florance T 123M | 3004525564 | Fruitland Coal, Mesaverde, Dakota          | Ikav-Simcoe |
| Vandewart B3    | 3004526148 | Fruitland Coal, Pictured Cliffs            | Ikav-Simcoe |
| Howell C 201    | 3004529108 | Fruitland Coal, Pictured Cliffs            | Hilcorp     |
| Howell C 200S   | 3004533666 | Fruitland Coal, Pictured Cliffs            | Hilcorp     |

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| Hilcorp Ener                          | gy Company                                | 5                                     | Schematic - C                           | urrent         |  |                                    |
|---------------------------------------|---|---------------------------------------|---|----------------|--|------------------------------------|
| Well Name: H                          |   |                                       |   |                |  |                                    |
| 004529108                             | Surface Legal Location<br>003-029N-008W-B | Field Name<br>BSN (FTLD CO            |   |                | NEW MEXICO                                 | Wel Configuration Type<br>Ventical |
| riginal K2/RT Elevation (%)<br>143.00 | K2-Ground Datance (ft)<br>12.00           | Original Soud Date<br>6/20/1994 11:30 | Rig Release De<br>3/9/2001 14           |                | ato (Al) (1982)<br>Original Hole - 3,183.0 | Total Depth All (TVD) (NKZ)        |
| lost Recent Job<br>5 Category         |   |                                       |   | Actual Start 1 |  | End Date                           |
|                                       | RESTIMULATIO                              |                                       | condary Job Type                        | 2/13/2001      |  | 3/9/2001                           |
| D: 3,194.0                            |   |                                       | Original Hole [Ve                       | rtical]        |  |                                    |
| MD (ftKB)                             |   |                                       | Vertical sche                           | matic (actual) |  |                                    |
|                                       |   |                                       |   |                |  |                                    |
| - 12.1 -                              |   |                                       |   |                | BRAIDING HEAD, 9                           | 9 5/8in; 12.00-14.40; 2.40; 1-1; 9 |
| - 14.4                                |   |                                       |   |                |  | 8in; 14.40-230.58; 216.18; 1-2;    |
| - 230.6                               |   |                                       |   |                | 9 5/8; 8.92                                | in; 230.58-231.58; 1.00; 1-3; 9    |
| 231.6                                 |   |                                       |   |                | 5/8; 8.92                                  |                                    |
| 232.0                                 |   |                                       |   |                | Casing Joints, 7in;                        | 12.00-2,689.00; 2,677.00; 2-1; 7;  |
|                                       |   |                                       |   |                | 2 3/8in, Tubing; 12                        | .00-2,948.70; 2,936.70; 1-1; 2     |
| 1,788.1 - OJO                         | ALAMO (OJO ALAMO (final                   |                                       |   |                | 3/8; 2.00                                  |                                    |
| 1,948.2                               | LAND (KIRTLAND (final)) -                 |                                       |   |                |  |                                    |
| 2,458.0                               |   |                                       | Xana 🛛                                  |                |  |                                    |
| 2.596.1                               | ITLAND (FRUITLAND (final)                 |                                       |   |                |  |                                    |
| 2,000.0                               |   |                                       |   |                |  |                                    |
| - 2,689.0                             |   |                                       |   |                |  | -2,690.00; 1.00; 2-2; 7; 6.46      |
| 2,690.0                               |   |                                       |   |                |  |                                    |
| - 2,742.1                             |   |                                       |   |                |  | on 2/27/2001 00:00 (PERF           |
| 2,748.0                               |   |                                       | 1991<br>1972                            |                | 27   | ; 2,742.00-2,832.00; 2001-02-      |
| 2,832.0                               |   |                                       |   |                | CASING, 4 1/2in; 2,<br>4 1/2; 4.00         | 458.00-3,183.03; 3,160.66; 3-1;    |
| 2,879.9                               |   |                                       |   |                | - 1/2,                                     |                                    |
|                                       |   |                                       |   |                |  |                                    |
| - 2,882.9 - PICT                      | URED CLIFFS (PICTURED CL                  | JFFS (final))                         |   |                | 2 895 0-2 970 0++ 2                        | on 2/27/2001 09:00 (PERF           |
| 2,895.0                               |   |                                       | 1 | 1851           | -PICTURED CLIFFS);                         | 2,895.00-2,970.00; 2001-02-27      |
| 2,948.8                               |   |                                       |   |                | / 09:00<br>2 3/8in, Pump Seat              | ing Nipple; 2,948.70-2,949.80;     |
| 2,949.8                               |   |                                       |   |                | 1.10; 1-2; 2 3/8                           |                                    |
| 2.970.1                               |   |                                       |   |                | 2 3/8in, Tubing; 2,9                       | 949.80-2,981.20; 31.40; 1-3; 2     |
|                                       |   |                                       |   |                |  |                                    |
| 2,981.3                               |   |                                       |   |                | 2 3/8in, Notched c<br>-4: 2 3/8            | ollar; 2,981.20-2,982.00; 0.80; 1  |
| 2,982.0                               |   |                                       |   |                | -, 2 2,2                                   |                                    |
| 3,054.1 - LEW                         | IS (LEWIS (final))                        |                                       |   |                |  |                                    |
| 3,183.1                               |   |                                       |   | ana ana        | FLOAT COLLAR 41                            | 1/2in; 3,183.03-3,183.92; 0.89; 3  |
| 3,184.1                               |   |                                       |   |                | -2; 4 1/2; 4.00                            |                                    |
|                                       |   |                                       |   |                | SHOE JOINT, 4 1/2<br>4 1/2: 4.00           | in; 3,183.92-3,193.35; 9.43; 3-3;  |
| - 3,193.2                             |   |                                       |   |                |  | K 0 500 00 0 504 00-0 005-0        |

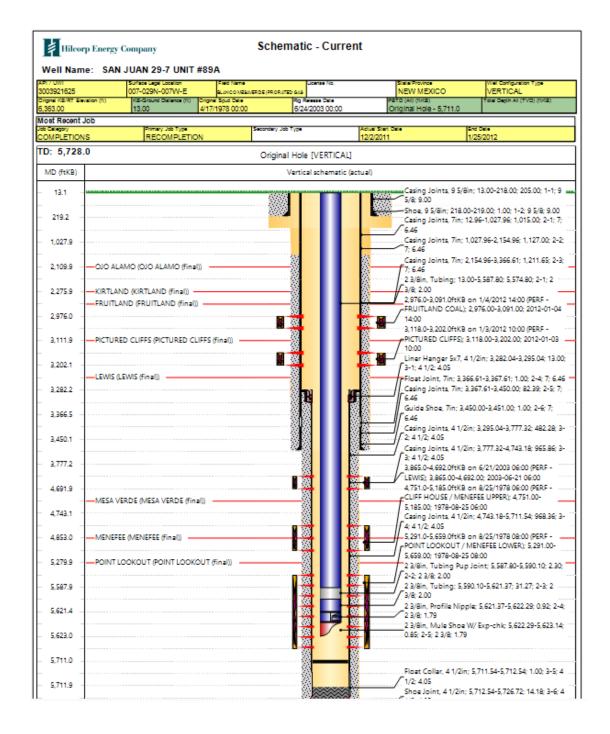
### Wellbore Diagrams for Hilcorp Operated Commingles

| Hilcorp Ener               | gy Company<br>DWELL C #200 S              | Sch                            | ematic - Curre                      | nt  |  |
|----------------------------|---|--------------------------------|-------------------------------------|---|--|
| 97.0WF                     | Surface Legal Location<br>001-029N-008W-O | Field Name<br>BASIN (FRUITLAND | Ucense No.                          | State Province<br>NEW MEXICO  | Wel Configuration Type<br>VERTICAL                                   |
| iginal KE/RT Elevation (%) | K2-Ground Distance (ft)                   | Driginal Spud Date             | Rg Release Date<br>10/20/2005 14:20 | Pato (Al) (tika)<br>Orioinal Hole - 3.143   | Total Depth All (TVD) (NKD)  |
| 224.00<br>ost Recent Job   | 11.00                                     | 10/12/2006 10:15               | 10/20/2006 14:20                    | Original Hole- 3,143  | .0   |
| Catagory<br>OMPLETIONS     | Primary Job Type<br>INITIAL COMPLE        |                                |                                     | Actual Start Date<br>12/8/2005  | End Date<br>1/30/2007  |
| D: 3,188.0                 | provide contract                          |                                | inal Hole [VERTICAL]                |   | 1002007  |
| MD (ftKB)                  |   | Ung                            | Vertical schematic (                |   |  |
| MD (ITKB)                  |   |                                | vertical schematic (                |   |  |
| 11.2 -                     |   | 8                              |                                     |   | 11.02-11.90; 0.88; 1-1; 7; 6.46<br>; 11.00-41.94; 30.94; 1-1; 2 3/8; |
| 11.8                       |   |                                |                                     | 2.00  |  |
| 42.0                       |   |                                |                                     | 2 3/8in, Tubing   | Pup Joint; 41.94-55.32; 13.38; 1-3                                   |
| 55.4                       |   |                                |                                     | 20102   | in; 11.90-271.27; 259.37; 1-2; 7;                                    |
| 271.3                      |   |                                |                                     | 6.46  |  |
| 272.0                      |   |                                | 8                                   | 5000  | 7-272.12; 0.85; 1-3; 7; 6.46<br>I 1/2in; 11.00-2,399.31; 2,388.31; 2 |
| 277.9                      |   |                                |                                     | f 1; 4 1/2; 4.05  | - y anty i novra, 200.01, 2,000.01, 2                                |
|                            | Alamo (Ojo Alamo (final)) 🗕               |                                |                                     | 2 3/8in, Tubing   | ; 55.32-3,000.37; 2,945.05; 1-3; 2                                   |
|                            |   |                                |                                     | 3/8; 2.00   |  |
|                            | and (Kirtland (final))                    |                                |                                     | Carina Isiata /   | 1/2in; 2,399.31-2,442.13; 42.82; 2                                   |
| 2,399.3                    |   |                                |                                     | 2; 41/2; 4.05   | · 1/210; 2,355.51-2,442.13; 42.62; 2                                 |
| 2,442.3                    |   |                                |                                     |   | 2in; 2,442.13-2,444.63; 2.50; 2-3; 4                                 |
| 2,444.6                    |   |                                |                                     | /   | 1/2in; 2,444.63-2,487.34; 42.71; 2                                   |
| 2,450.1                    |   |                                |                                     | 4; 4 1/2; 4.05  |  |
| 2,487.2                    |   |                                |                                     | Casing Joints, 4<br>2-5: 4 1/2: 4.05  | 1/2in; 2,487.34-2,615.80; 128.46;                                    |
| 2,615.8                    |   |                                |                                     |   | 1/2in; 2,615.80-2,625.95; 10.15; 2-                                  |
| 2,626.0                    |   |                                |                                     | 6; 4 1/2; 4.05  |  |
| 2,723.1                    | land (Fruitland (final))                  |                                |                                     |   |  |
| 2,734.9                    |   |                                |                                     | FRUITI AND CO   | tKB on 1/6/2007 14:30 (PERF<br>AL): 2,735.00-2,932.00; 2007-01-      |
| 2.737.9                    |   |                                | 2203 1<br>                          | 6 14:30   |  |
| 2.932.1                    |   |                                | 10200                               | 2-7: 4 1/2: 4.05  | 1/2in; 2,625.95-3,138.88; 512.93;                                    |
|                            | red Cliffs (Pictured Cliffs (fir          |                                |                                     |   |  |
| 3.000.3                    | neo entra prezeneo entra (hr              |                                |                                     | 2 3/8in, Tubing   | Pup Joint; 3,000.37-3,002.47; 2.1                                    |
| -,                         |   |                                |                                     | 2 3/8in, Tubing   | ; 3,002.47-3,033.69; 31.22; 1-5; 2                                   |
| 3,002.0                    |   |                                | 1000                                | xxx √ 3/8; 2.00<br>23/8: 0.00   | anting Niggler 2 022 60-2 024 47                                     |
| 3,002.6                    |   |                                |                                     | <b>0.78; 1-6; 2 3/8;</b>  | eating Nipple; 3,033.69-3,034.47;<br>1.78                            |
| 3,033.8                    |   |                                |                                     | a second s | toe (EXP CHK ); 3,034.47-  |
| 3,034.4                    |   | •••••••                        |                                     |   | -7; 2 3/8; 1.71<br>tKB on 1/5/2007 11:30 (PERF                       |
| 3,035.4                    |   |                                |                                     | PICTURED CLIP   | FS); 3,002.00-3,076.00; 2007-01-0                                    |
| 3,076.1                    |   |                                |                                     | 920 11:30   |  |
| 3,138.8                    |   |                                |                                     |   |  |
| 3,139.1                    |   |                                |                                     |   | /2in; 3,138.88-3,139.43; 0.55; 2-8;                                  |
| 3.139.4                    |   |                                |                                     | 4 1/2; 4.05   |  |
| 3.143.0                    |   |                                |                                     | Casing Joints, 4  | 1/2in; 3,139.43-3,182.08; 42.65; 2                                   |
| 3, 143.0                   |   |                                |                                     | 9: 4 1/2: 4.05  |  |

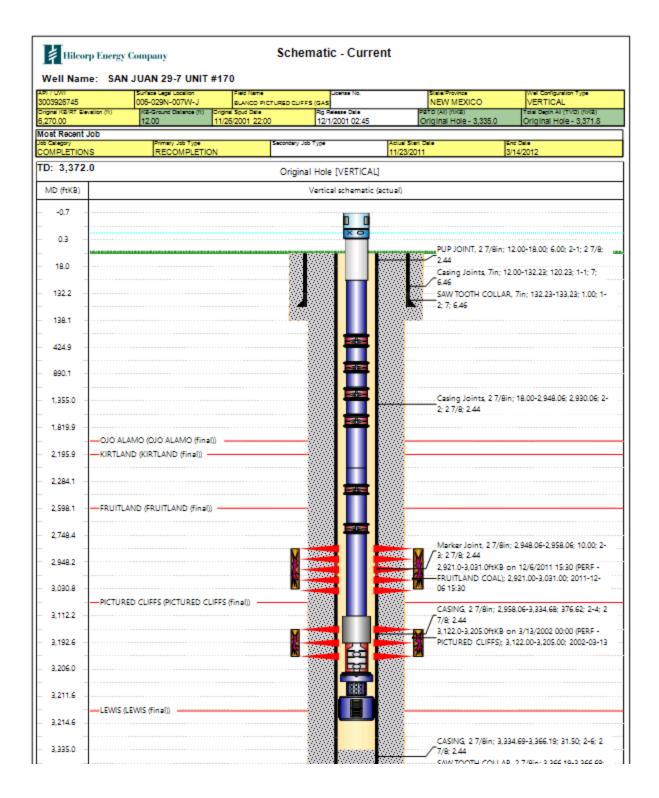
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| Well Name               | API Number | Commingled Intervals                       | Operator |
|-------------------------|------------|--|----------|
| San Juan 29-7 Unit 89A  | 3003921625 | Fruitland Coal, Pictured Cliffs, Mesaverde | Hilcorp  |
| San Juan 29-7 Unit 583  | 3003925260 | Fruitland Coal, Pictured Cliffs            | Hilcorp  |
| San Juan 29-7 Unit 170  | 3003926745 | Fruitland Coal, Pictured Cliffs            | Hilcorp  |
| San Juan 29-7 Unit 520S | 3003929816 | Fruitland Coal, Pictured Cliffs            | Hilcorp  |
| San Juan 29-7 Unit 519  | 3003925268 | Fruitland Coal, Pictured Cliffs            | Hilcorp  |

Hilcorp-Operated Adjacent Wellbores in 29N 7W



| Hilcorp End                              | rgy Company  | Schematic - Cur                     | rent         |  |                                    |
|--|--|-------------------------------------|--------------|--|------------------------------------|
|  | AN JUAN 29-7 UNIT #583   |                                     |              |  |                                    |
| 3003925260                               | Surface Legal Location Field Name<br>005-029N-007W-L BBN (FTLD     |                                     |              | NEW MEXICO                                 | Vel Configuration Type<br>VERTICAL |
| Original K&/RT Elevation (%)<br>6,281.00 | K2-Ground Datance (ft) Original Sput Date<br>12.00 5/29/1993 06:00 | Rig Release Date<br>7/29/1993 06:00 |              | Pato (Al) (982)<br>Original Hole - 3,268.0 | Total Depth AI (TVD) (NKB)         |
| Most Recent Job<br>Job Category          | Primary Job Type   | Secondary Job Type                  | Actual Start | 54.  | End Date                           |
| COMPLETIONS                              | INITIAL COMPLETION   | INITIAL COMPLETION                  | 7/14/1993    |  | 7/29/1993                          |
| TD: 3,335.2                              |  | Original Hole [VERTIC               | AL]          |  |                                    |
| MD (ftKB)                                |  | Vertical schemat                    | ic (actual)  |  |                                    |
|  |  |                                     |              |  |                                    |
| - 12.1                                   |  |                                     |              | Carine leinte 85                           | /Bin; 12.00-244.35; 232.35; 1-1;   |
|  |  |                                     |              | 8 5/8; 8.10                                | (000, 12.00°200.55, 252.55; 1°1;   |
| - 244.4                                  |  |                                     |              |  | 8in; 244.35-245.35; 1.00; 1-2; 8   |
| 245.4                                    |  |                                     |              | 5/8; 8.10                                  |                                    |
|  |  |                                     |              | Casing Joints 41                           | /2in; 12.00-2,822.40; 2,810.40; 2  |
| - 256.9                                  |  |                                     |              | <sup>N</sup> f 1; 4 1/2; 4.05              |                                    |
| - 2.015.1 OJ                             | D ALAMO (OJO ALAMO (final))  |                                     |              | 2 3/8in, Tubing; 1<br>3/8: 2.00            | 2.00-3,191.00; 3,179.00; 1-1; 2    |
| 2013.1                                   | S MEMING (COO MEMING (TITE!!)                                      |                                     |              |  |                                    |
| - 2,200.1                                | TLAND (KIRTLAND (final))   |                                     |              |  |                                    |
|  |  |                                     |              |  |                                    |
| - 2,822.5                                |  |                                     |              | Stage Collar, 4 1/2                        | 2in; 2,822.40-2,824.10; 1.70; 2-2  |
| - 2.824.1                                |  |                                     |              | 4 1/2; 4.05                                |                                    |
| 2,029.1                                  |  |                                     |              |  |                                    |
| - 2,832.0 FRI                            | JITLAND (FRUITLAND (final))  |                                     |              |  |                                    |
|  |  |                                     |              |  |                                    |
| - 2,881.9                                |  | V 88868                             | BREAK V      |  |                                    |
| - 2,886.2                                |  | 2000 I                              | 12522        | 2 882 0-3 005 Oftk                         | B on 7/25/1993 00:00 (PERF -       |
|  |  |                                     |              | FRUITLAND COAL                             | L); 2,882.00-3,005.00; 1993-07-    |
| - 3,004.9                                |  | 2000<br>2000                        | 8000         |  |                                    |
| - 3.080.1 - PIC                          |  |                                     |              | Casing Joints, 41,<br>2-3; 41/2; 4.05      | /2in; 2,824.10-3,290.71; 466.61;   |
| - 3,080.1 - PIC                          | TURED CLIFFS (PICTURED CLIFFS (final))                             | (35044 F                            | 100000       | 3,080.0-3,208.0ftK                         | B on 7/15/1993 00:00 (PERF -       |
| 3,190.9                                  |  | 00000                               | 126226       |  | ; 3,080.00-3,208.00; 1993-07-1     |
|  |  | 10000                               | 100000       | 2 3/8in, F Nipple;<br>3/8                  | 3,191.00-3,192.00; 1.00; 1-2; 2    |
|  |  |                                     | 19323        |  |                                    |
| - 3.208.0                                |  | 62600 C                             | 146000       |  | ,192.00-3,223.85; 31.85; 1-3; 2    |
| 3,200.0                                  |  |                                     |              | 3/8; 2.00                                  |                                    |
| 3,223.8                                  |  |                                     |              |  |                                    |
|  |  |                                     |              | 2 3/8in, Notched<br>-4: 2 3/8              | Collar; 3,223.85-3,224.85; 1.00;   |
| 3,224.7                                  |  | mm                                  |              |  |                                    |
| 3,268.0                                  |  |                                     |              |  |                                    |
|  |  |                                     |              |  |                                    |
| - 3,290.7                                |  |                                     |              | Float Collar, 4 1/2                        | in; 3,290.71-3,291.56; 0.85; 2-4;  |
|  |  |                                     |              | 4 1/2; 4.05                                |                                    |
| 3,291.7                                  |  |                                     |              |  | /2in; 3,291.56-3,333.83; 42.27; 2  |
| 3,334.0                                  |  |                                     |              | 5; 4 1/2; 4.05                             |                                    |
|  |  |                                     |              | Casing Shoe, 4 1/                          | 2in; 3,333.83-3,335.18; 1.35; 2-6  |



| Hilcorp Ener<br>Well Name: SA          | gy Company<br>AN JUAN 29-7 UNIT #         |                                    | hematic - Curre                     | nt  |  |
|--|---|------------------------------------|-------------------------------------|---|--|
| PT7 UW1<br>003929816                   | Surface Legal Location<br>008-029N-007W-C | Field Name<br>BLANCO PICTURED (    | License No.                         | State Province<br>NEW MEXICO                      | Well Configuration Type<br>VERTICAL                  |
| riginal KE/RT Elevation (%)<br>,163.00 | KE-Ground Distance (N)                    | right Spud Date<br>0/13/2005 20:15 | Rg Release Date<br>10/16/2006 06:00 | Pato (AI) (1962)<br>Original Hole - 3,104.0       | Total Depth AI (TVD) (NKZ)                           |
| Nost Recent Job                        |   | 0102000 20.10                      | 101020000000                        |   |  |
| do Catagory<br>COMPLETIONS             | Primary Job Type<br>INITIAL COMPLET       |                                    | ry Job Type<br>L COMPLETION         | Actual Start Date<br>11/1/2005                    | End Date<br>12/12/2005                               |
| D: 3,165.0                             |   | Orig                               | ginal Hole [VERTICAL]               |   |  |
| MD (ftKB)                              |   |                                    | Vertical schematic (                | actual)   |  |
|  |   |                                    |                                     |   |  |
| 10.8                                   |   | 8                                  |                                     |   |  |
| 11.2                                   |   |                                    |                                     | Casing Joints, 7in;                               | 11.00-141.95; 130.95; 1-1; 7;                        |
| 104.0                                  |   | ·····                              |                                     | 6.46  |  |
| 142.1                                  |   |                                    |                                     |   |  |
| 143.0                                  |   |                                    |                                     |   | 142.95; 1.00; 1-2; 7; 6.46                           |
| 145.0                                  |   |                                    |                                     |   |  |
|  |   |                                    |                                     | Casing Joints, 4 1/                               | 2in; 11.00-2,414.87; 2,403.87; 2                     |
| 470.1                                  |   |                                    |                                     |   | 0.98-2,968.55; 2,957.57; 1-1; 2                      |
| 1,899.9 - OJO                          | ALAMO (OJO ALAMO (final))                 |                                    |                                     | 3/8; 2.00   |  |
| 2,102.0                                | LAND (KIRTLAND (final)) —                 |                                    |                                     | Marker Joint 41/2                                 | 2in; 2,414,87-2,429,98; 15,11; 2-                    |
| 2,415.0                                |   |                                    |                                     | 2: 4 1/2: 4.05                                    |  |
| 2,430.1                                |   |                                    |                                     | Casing Joints, 4 1/                               | 2in; 2,429.98-3,108.18; 678.20;                      |
|  |   |                                    |                                     |   | 8 on 11/30/2006 14:30                                |
| 2,710.0 - FRUI                         | ITLAND (FRUITLAND (final))                |                                    | 8380 I<br>8680 I                    | (PERFORATED); 2,7<br>14:30                        | 796.00-2,929.00; 2006-11-30                          |
| 2,795.9                                |   |                                    | 2200<br>2200                        | 2,991.0-3,033.0ftKs                               | 8 on 11/30/2006 09:00<br>991.00-3.033.00; 2006-11-30 |
| 2,929.1                                |   |                                    |                                     | 99421 09:00                                       |  |
| 2,938.0 PICTU                          | URED CLIFFS (PICTURED CLIF                | FS (final))                        | 2004                                | 1988  |  |
| 2.968.5                                |   |                                    | 3000                                | 1965.<br>1956                                     |  |
|  |   |                                    | 929 <b>1</b>                        | 2 3/8in, Tubing Pu<br>1-2-2 3/8-2 00              | p Joint; 2,968.55-2,970.60; 2.0                      |
| 2,970.5                                |   |                                    | 222                                 | 2 3/8in, Tubing; 2,                               | 970.60-3,000.90; 30.30; 1-3; 2                       |
| 2,991.1                                |   |                                    | 1998                                | 3/8; 2.00   |  |
| 3,001.0                                |   |                                    | 2000 E                              |   | ting Nipple; 3,000.90-3,001.69;                      |
| 3,001.6 ·····                          |   |                                    |                                     | 0.79; 1-4; 2 3/8; 1.7                             |  |
| 3,002.6                                |   |                                    |                                     | 2 3/8in, Mule Shoa<br>2 3/8in, Mule Shoa<br>2 3/8 | •, 2,001.05*3,002.02; 0.55; 1*5; /                   |
| 3.033.1                                |   |                                    | 1000                                | 900   |  |
|  |   |                                    |                                     |   |  |
| 3,104.0                                |   |                                    |                                     |   |  |
| 3,108.3                                |   |                                    |                                     |   | in; 3,108.18-3,108.73; 0.55; 2-4;                    |
| 3,108.6                                |   |                                    |                                     | 4 1/2; 4.05                                       | 2in; 3,108.73-3,151.08; 42.35; 2                     |
| 3,150.9                                |   |                                    |                                     | Casing Joints, 4 1/<br>5; 4 1/2; 4.05             | 211, 3, 106,7313,151,08; 42,35; 2                    |
| 2,130.3                                |   |                                    |                                     | Shoe, 4 1/2in; 3,19                               | 1.08-3, 152.00; 0.92; 2-6; 4 1/2;                    |

.

|  | p Energy Company<br>e: SAN JUAN 29-7 UN                                     |   | hematic - Currei      | nt  |   |
|--|---|---|-----------------------|---|---|
| APL7 UWI<br>3003925258<br>Driginal K&/RT Elevi | Surface Legal Location<br>008-029N-007W-E<br>ation (%) K2-Ground Datance () | Field Name<br>BSN (FTLD COAL)<br>1) Drighel Sput Date | Rg Release Date       | Patto (Al) (fika)   | Vel Configuration Type<br>VERTICAL<br>Total Depth AI (TVD) (1952)           |
| 5,231.00<br>Most Recent J                      | 12.00   | 6/9/1993 06:00  | 10/25/2005 09:30      | Original Hole - 3,155.0   | Original Hole - 3,194.8   |
| lob Calegory                                   | Primary Job Type  |   | ry Job Type           | Actual Start Date   | End Date  |
| WELL INTERV                                    |   | P REPAIR  |                       | 5/13/2014   | 5/15/2014   |
| TD: 3,195.                                     | 0   | Ori   | ginal Hole [VERTICAL] |   |   |
| MD (ftKB)                                      |   |   | Vertical schematic (a | ctual)  |   |
| 4.6  |   |   |                       |   |   |
| - 13.1 -                                       |   |   |                       | 1/16; 2.00  | anger; 12.03-13.03; 1.00; 3-1; 7<br>UE; 13.03-44.19; 31.16; 3-2; 2          |
| 28.5   |   |   |                       | 3/8; 2.00   | p Joint; 44.19-50.19; 6.00; 3-3;  |
| 44.3   |   |   |                       | 2 3/8; 2.00<br>Casing Joints, 8 5/8   | in; 12.00-245.81; 233.81; 1-1;  |
| 245.7  |   |   |                       | Guide Shoe, 8 5/8ir<br>5/8; 8.10  | n; 245.81-246.81; 1.00; 1-2; 8<br>UE; 50.19-1,294.74; 1,244.55; 3·          |
| 252.0  |   |   |                       | 4, 2 3/8; 2.00<br>Casing Joints, 4 1/2                                      | 2in; 12.00-2,755.03; 2,743.03; 2  |
| 2,120.1  | -OJO ALAMO (OJO ALAMO (<br>-KIRTLAND (KIRTLAND (final                       |   |                       | 1; 4 1/2; 4.05<br>2 3/8in, Tubing YEL<br>1.808.37: 3-5: 2 3/8:              | LOW; 1,294.74-3,103.11;   |
| 2,700.1  | -FRUITLAND (FRUITLAND (Fir  | ())   |                       |   | 2,755.03-2,756.73; 1.70; 2-2; 4   |
| 2,756.9  |   |   |                       | 2,830.0-2,980.0ftKB<br>/ Coal); 2,830.00-2,98                               | on 7/29/1993 00:00 (Fruitland<br>0.00; 1993-07-29                           |
| 2,980.0  |   |   |                       | 2-3; 4 1/2; 4.05  | 2in; 2,756.73-3,150.33; 393.60;   |
| 3,004.9  | -PICTURED CLIFFS (PICTURED  | CLIFFS (final))                                       | 100001                | 988)<br>988)<br>989)  |   |
| 3,019.7  |   |   |                       | 2000<br>3,003.0-3,136.0ftKB<br>2000 Cliffs): 3,003.0-3,13                   | on 7/18/1993 00:00 (Pictured  |
| 3,095.1  |   |   |                       | 23/31<br>23/8in, 1.78 F-NIPP  | PLE; 3,103.11-3,103.95; 0.84; 3-  |
| 3,104.0  |   |   | 333341 10 1           | 6; 2 3/8; 1.79<br>2 3/8in, Tubing Pu;<br>2 3/8in, Tubing Pu;<br>2 3/8; 2.00 | p Joint; 3,103.95-3,108.08; 4.1;  |
| 3,119.1  |   |   | 200001                | 2 3/8in, PGA-1 MUD<br>2 3/8in, PGA-1 MUD<br>2 32 32; 3-8; 2 3/8; 2 0        | 0 ANCHOR; 3,108.08-3,140.40   |
| 3,136.2  |   |   |                       |   | ~<br>.VE: 3.140.40-3.141.10: 0.70: 3-                                       |
| 3,141.1  |   |   |                       | 9; 2 3/8; 2.00  | 1: 3.150.33-3.151.18: 0.85: 2-4:  |
| 3,151.2  |   |   |                       | 4 1/2; 4.05<br>Casing Joints, 4 1/2   | (in; 3, 151.18-3, 191.18; 0.85; 2-4;<br>(in; 3, 151.18-3, 192.48; 41.30; 2: |
| 3,192.6  |   |   |                       | 5: 4 1/2: 4.05  |   |

#### Mandi Walker

| From:        | Laura Bohorquez                         |
|--------------|---|
| Sent:        | Friday, July 14, 2023 3:00 PM           |
| То:          | Mandi Walker                            |
| Cc:          | Cheryl Weston                           |
| Subject:     | RE: Hardie B 1A FRC Recomplete - C 107A |
| Attachments: | Hardie B 1A C-107A DHC Filed.pdf        |

Mandi/Cheryl,

Please submit the values below and amend the C107A. BHP's were calculated in each of the analog wells in the zones being commingled following the process below.

I believe each of the reservoirs to be continuous and in a similar state of depletion based on at the Hardie B 1 A and each of the wells from which pressures are being derived.

Hardie B 1 A – Standalone MV

- 1. 24 hour SI
- 2. BHP calculated based on SN depth and 24 hr SI casing pressure

#### Hardie B 212 – Standalone FC

- 1. 24 hour SI
- 2. BHP calculated based on SN depth and 24 hr SI casing pressure

| Well Name    | API        | Formation | BHP     |
|--------------|------------|-----------|---------|
| Hardie B 1 A | 3004522830 | MV        | 175 psi |
| Hardie B 212 | 3004527153 | FC        | 106 psi |

Thanks, **Laura Bohorquez** Operations Engineer | San Juan South Hilcorp Energy Company | 1111 Travis Street | Houston, TX 77002 M: 832.512.3292 <u>Jaura.bohorquez@hilcorp.com</u>

From: Kandis Roland <kroland@hilcorp.com>

Sent: Friday, March 10, 2023 7:36 AM

To: Jake Perry <Jake.Perry@hilcorp.com>; Farmington Regulatory Techs <FarmingtonRegulatoryTechs@hilcorp.com> Cc: Bryan Richards <brichards@hilcorp.com>; John Brown <jbrown@hilcorp.com>; Daniel Hurd <dhurd@hilcorp.com>; Laura Bohorquez <Laura.Bohorquez@hilcorp.com>; Mike Murphy <mmurphy@hilcorp.com>; William Shuss <wshuss@hilcorp.com>; Jamie Reynolds <jreynolds@hilcorp.com> Subject: RE: Hardie B 1A FRC Recomplete NOI

NOI has been filed.

| From:        | McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD                                |
|--------------|---|
| To:          | Cheryl Weston; Mandi Walker; Kandis Roland  |
| Cc:          | McClure, Dean, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Paradis, Kyle O |
| Subject:     | Approved Administrative Order DHC-5302  |
| Date:        | Monday, July 24, 2023 12:53:07 PM   |
| Attachments: | DHC5302 Order.pdf   |

NMOCD has issued Administrative Order DHC-5302 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

| Well Name: | Hardie B #1A |
|------------|--------------|
| Well API:  | 30-045-22830 |

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

| From:    | Laura Bohorquez                            |
|----------|--|
| To:      | McClure, Dean, EMNRD                       |
| Cc:      | Mandi Walker; Cheryl Weston; Daniel Hurd   |
| Subject: | Re: [EXTERNAL] Action ID: 197231; DHC-5302 |
| Date:    | Thursday, July 20, 2023 7:43:55 AM         |

Dean,

Per our phone call, Hilcorp does not believe that commingling of these pools will be a detriment to any of the existing pools' oil or gas production.

If we can get the Director's approval today, we will be on track with our clean outs to RTP the wells on the dates provided by Mandi. Thank you for taking this into consideration.

Thank you, Laura

Get Outlook for iOS

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Thursday, July 20, 2023 7:41:52 AM
To: Laura Bohorquez <Laura.Bohorquez@hilcorp.com>
Cc: Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>; Daniel Hurd
<dhurd@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 197231; DHC-5302

**CAUTION:** External sender. DO NOT open links or attachments from UNKNOWN senders. Laura,

Thank you for your time this morning; please confirm that Hilcorp believes that the commingling of these pools within the well will not have a negative impact on the recovery from each pool.

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

From: Laura Bohorquez <Laura.Bohorquez@hilcorp.com>
Sent: Wednesday, July 19, 2023 1:59 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>; Daniel Hurd
<dhurd@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 197231; DHC-5302

Dean,

.

Please see below:

• Water and Gas Samples. Please provide a water and gas sample for each of the proposed pools.

# We believe the below standalone MV and FRC gas and water analyses to be representative of the proposed DHC pools.

| MV Standalone Water Analysis |            |  |
|------------------------------|------------|--|
| AssetCode                    | 3004526158 |  |
| AssetName                    | ZACHRY 43  |  |
| CationBarium                 | 12         |  |
| CationBoron                  |            |  |
| CationCalcium                | 42.4       |  |
| CationIron                   | 55.6       |  |
| CationMagnesium              | 6.38       |  |
| CationManganese              | 0.522      |  |
| Cation Phosphorus            |            |  |
| CationPotassium              | <20.0      |  |
| CationStrontium              | 8.1        |  |
| CationSodium                 | 1200       |  |
| CationSilica                 | 3.34       |  |
| CationZinc                   | <2.0       |  |
| CationAluminum               |            |  |
| CationCopper                 |            |  |
| CationLead                   | <2.00      |  |
| CationLithium                |            |  |
| CationNickel                 |            |  |
| CationCobalt                 |            |  |
| CationChromium               |            |  |
| CationSilicon                |            |  |
| CationMolybdenum             |            |  |
| AnionChloride                | 2120       |  |
| AnionCarbonate               |            |  |
| AnionBicarbonate             |            |  |
| AnionBromide                 |            |  |
| AnionFluoride                |            |  |
| AnionHydroxyl                |            |  |
| AnionNitrate                 |            |  |
| AnionPhosphate               |            |  |
| AnionSulfate                 | <6.20      |  |
| phField                      | 6.29       |  |
| phCalculated                 |            |  |

| TempField            | 21.8  |
|----------------------|-------|
| TempLab              |       |
| OtherFieldAlkalinity |       |
| OtherSpecificGravity | 1.003 |
| OtherTDS             | 4240  |
| OtherCaCO3           | 132   |
| OtherConductivity    | 6590  |
| DissolvedCO2         |       |
| DissolvedO2          |       |
| DissolvedH2S         |       |
| GasPressure          |       |
| GasCO2               |       |
| GasCO2PP             |       |
| GasH2S               |       |
| GasH2SPP             |       |
| PitzerCaCO3_70       |       |
| PitzerBaSO4_70       |       |
| PitzerCaSO4_70       |       |
| PitzerSrSO4_70       |       |
| PitzerFeCO3_70       |       |
| PitzerCaCO3_220      |       |
| PitzerBaSO4_220      |       |
| PitzerCaSO4_220      |       |
| PitzerSrSO4_220      |       |
| PitzerFeCO3_220      |       |

| MV Standalone Gas | -          |
|-------------------|------------|
| AssetCode         | 3004526158 |
| AssetName         | ZACHRY 43  |
| BTU               | 1161.1761  |
| CO2               | 0.01       |
| N2                | 0.00       |
| C1                | 0.84       |
| C2                | 0.09       |
| С3                | 0.03       |
| ISOC4             | 0.01       |
| NC4               | 0.01       |
| ISOC5             | 0.00       |
| NC5               | 0.00       |
| NEOC5             |            |
| C6                | 0.00       |
| C6_PLUS           |            |
| С7                | 0.00       |

| C8          | 0.00 |
|-------------|------|
| С9          | 0.00 |
| C10         |      |
| AR          |      |
| СО          |      |
| H2          |      |
| 02          | 0.00 |
| H20         |      |
| H2S         | 0.00 |
| HE          |      |
| C_O_S       |      |
| CH3SH       |      |
| C2H5SH      |      |
| CH2S3_2CH3S |      |
| CH2S        |      |
| C6HV        |      |
| CO2GPM      |      |
| N2GPM       |      |
| C1GPM       |      |
| C2GPM       |      |
| C3GPM       |      |
| ISOC4GPM    |      |
| NC4GPM      |      |
| ISOC5GPM    |      |
| NC5GPM      |      |
| C6_PLUSGPM  |      |

| FRC Standalone Water<br>Analysis |            |
|----------------------------------|------------|
| AssetCode                        | 3004507634 |
| AssetName                        | ZACHRY 2   |
| CationBarium                     | <0.4       |
| CationBoron                      |            |
| CationCalcium                    | <2.00      |
| CationIron                       | 23.3       |
| CationMagnesium                  | <2.00      |
| CationManganese                  | <.127      |
| CationPhosphorus                 |            |
| CationPotassium                  | <20.0      |
| CationStrontium                  | <2.00      |
| CationSodium                     | <20.0      |
| CationSilica                     | <3.26      |

| CationZinc           | <2.00 |
|----------------------|-------|
| CationAluminum       |       |
| CationCopper         |       |
| CationLead           | <2.00 |
| CationLithium        |       |
| CationNickel         |       |
| CationCobalt         |       |
| CationChromium       |       |
| CationSilicon        | <10.0 |
| CationMolybdenum     |       |
| AnionChloride        | 1.92  |
| AnionCarbonate       |       |
| AnionBicarbonate     |       |
| AnionBromide         |       |
| AnionFluoride        |       |
| AnionHydroxyl        |       |
| AnionNitrate         |       |
| AnionPhosphate       |       |
| AnionSulfate         | 0.459 |
| phField              | 5.89  |
| phCalculated         |       |
| TempField            | 23.7  |
| TempLab              |       |
| OtherFieldAlkalinity |       |
| OtherSpecificGravity | 1.002 |
| OtherTDS             | 50    |
| OtherCaCO3           | <13.2 |
| OtherConductivity    | 41.4  |
| DissolvedCO2         |       |
| DissolvedO2          |       |
| DissolvedH2S         |       |
| GasPressure          |       |
| GasCO2               |       |
| GasCO2PP             |       |
| GasH2S               |       |
| GasH2SPP             |       |
| PitzerCaCO3 70       |       |
| PitzerBaSO4 70       |       |
| PitzerCaSO4_70       |       |
| PitzerSrSO4_70       |       |
| PitzerFeCO3 70       |       |
| PitzerCaCO3 220      |       |
| PitzerBaSO4 220      |       |
|                      |       |

| PitzerCaSO4_220 |  |
|-----------------|--|
| PitzerSrSO4_220 |  |
| PitzerFeCO3_220 |  |

| FRC Standalone Gas<br>Analysis |            |
|--------------------------------|------------|
| AssetCode                      | 3004507634 |
| AssetName                      | ZACHRY 2   |
| BTU                            | 1126       |
| CO2                            | 0.01       |
| N2                             | 0.00       |
| C1                             | 0.86       |
| C2                             | 0.09       |
| C3                             | 0.02       |
| ISOC4                          | 0.00       |
| NC4                            | 0.00       |
| ISOC5                          | 0.00       |
| NC5                            | 0.00       |
| NEOC5                          |            |
| C6                             | 0.00       |
| C6_PLUS                        |            |
| С7                             | 0.00       |
| C8                             | 0.00       |
| С9                             | 0.00       |
| C10                            |            |
| AR                             |            |
| СО                             |            |
| H2                             |            |
| 02                             | 0.00       |
| H20                            |            |
| H2S                            | 0.00       |
| HE                             |            |
| C_O_S                          |            |
| CH3SH                          |            |
| C2H5SH                         |            |
| CH2S3_2CH3S                    |            |
| CH2S                           |            |
| C6HV                           |            |
| CO2GPM                         |            |
| N2GPM                          |            |
| C1GPM                          |            |
| C2GPM                          |            |

.

| C3GPM      |  |
|------------|--|
| ISOC4GPM   |  |
| NC4GPM     |  |
| ISOC5GPM   |  |
| NC5GPM     |  |
| C6_PLUSGPM |  |

• Confirmation that Hilcorp does not believe the downhole commingling of these pools will negatively impact recovery from the pools. Due to the concerns referenced below, please confirm that Hilcorp believes the proposed commingling within the well bore of the 30-045-22830 HARDIE B #001A will not have a negative impact upon the recovery of production from any of the pools proposed to be commingled.

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 shut in casing pressure build. Historic commingling operations have proven reservoir fluids are compatible.

Thank you,

Laura Bohorquez Operations Engineer | San Juan South Hilcorp Energy Company | 1111 Travis Street | Houston, TX 77002 M: 832.512.3292 Jaura.bohorquez@hilcorp.com

From: McClure, Dean, EMNRD <<u>Dean.McClure@emnrd.nm.gov</u>>
Sent: Wednesday, July 19, 2023 11:33 AM
To: Mandi Walker <<u>mwalker@hilcorp.com</u>>; Cheryl Weston <<u>cweston@hilcorp.com</u>>; Laura
Bohorquez <<u>Laura.Bohorquez@hilcorp.com</u>>
Subject: [EXTERNAL] Action ID: 197231; DHC-5302

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To whom it may concern (c/o Amanda Walker for Hilcorp Energy Company),

The Division is reviewing the following application:

| Action ID | 197231   |
|-----------|----------|
| Admin No. | DHC-5302 |
|           |          |

| Applicant | Hilcorp Energy Company (372171) |
|-----------|---------------------------------|
| Title     | Hardie B #1A                    |
| Sub. Date | 3/15/2023                       |

Please provide the following additional supplemental documents:

- Water and Gas Samples. Please provide a water and gas sample for each of the proposed pools.
- Confirmation that Hilcorp does not believe the downhole commingling of these pools will negatively impact recovery from the pools. Due to the concerns referenced below, please confirm that Hilcorp believes the proposed commingling within the well bore of the 30-045-22830 HARDIE B #001A will not have a negative impact upon the recovery of production from any of the pools proposed to be commingled.

Please provide additional information regarding the following:

Of the downhole commingled wells in the area listed in the application, only 1 is similar to the proposed downhole commingle in DHC-5302; that being the 30-039-21625 SAN JUAN 29 7 UNIT #089A. Based upon historical production from the 30-039-21625 SAN JUAN 29 7 UNIT #089A, it seems that the well's oil production may have been negatively effected following the downhole commingling. However, the evidence of such is not clear and it is unknown if there may have been other factors which may have effected production. Due to everything referenced here, please provide the additional supplemental documents referenced above.

Additional notes:

- Please note that while the application does include what seems to be the most relevant (to this review) markers regarding the gas from the pools, it is unclear from which wells and tests these were derived.
- The review for this proposed downhole commingling project is very similar to the one conducted for DHC-5301.
- Additionally, please note for future reference and to prevent any confusion, even had there not been an indication that oil production may have been negatively impacted by the downhole commingling project within the 30-039-21625 SAN JUAN 29 7 UNIT #089A; Hilcorp would still have needed to provide water and gas samples because a single DHC in the area is not sufficient to demonstrate that downhole commingling of the pools will not have negative impacts. To be considered, a downhole commingled. For instance, downhole commingling the FLC and PC can not provide any indication of the impacts from downhole commingling the FLC with the MV.

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics

raised.

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

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

# APPLICATION FOR DOWNHOLE COMMINGLINGSUBMITTED BY HILCORP ENERGY COMPANYORDER NO. DHC-5302

#### <u>ORDER</u>

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 shutin 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. 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**

- 8. 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.
- 9. 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.
- 10. 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

Order No. DHC-5302

in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

- 11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
- 12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

#### <u>ORDER</u>

- 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. 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. zero percent (0%) shall be allocated to the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629); and
  - b. one hundred percent (100%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

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 BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629).

The current pool(s) are:

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

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 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.

3. 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.

- 4. 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.
- 5. 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.
- 6. 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.
- 7. 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.
- 8. 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).
- 9. 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

DYLAN M. EDGI DIRECTOR

DATE:  $\frac{1}{2} |2| |2|$ 

|                     | Exhibit A                          |                    |               |
|---------------------|------------------------------------|--------------------|---------------|
|                     | Order: DHC-5302                    |                    |               |
|                     | Operator: Hilcorp Energy Co        | mpany (372171)     |               |
|                     | Well Name: Hardie B #1A            |                    |               |
|                     | Well API: 30-045-22830             |                    |               |
|                     | Pool Name: BASIN FRUITLANI         | O COAL (GAS)       |               |
|                     | Pool ID: 71629                     | Current:           | New: X        |
| Upper Zone          | Allocation:                        | Oil:               | Gas:          |
|                     | Interval: Perforations             | Top: 2,655         | Bottom: 2,965 |
|                     | Pool Name:                         |                    |               |
| Internet 11 - 1 - 7 | Pool ID:                           | Current:           | New:          |
| Intermediate Zone   | Allocation:                        | Oil:               | Gas:          |
|                     | Interval:                          | Тор:               | Bottom:       |
| Bottom of Inter     | val within 150% of Upper Zone's To | op of Interval:    |               |
|                     | Pool Name: BLANCO-MESAVE           | RDE (PRORATED GAS) |               |
|                     | Pool ID: 72319                     | Current: X         | New:          |
| Lower Zone          | Allocation:                        | Oil: 100%          | Gas:          |
|                     | Interval: Perforations             | Top: 4,604         | Bottom: 5,600 |
| Bottom of Inter     | val within 150% of Upper Zone's To | op of Interval: NO |               |

#### State of New Mexico Energy, Minerals and Natural Resources Department

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

CONDITIONS

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

CONDITIONS

| Operator:              | OGRID:                               |
|------------------------|--------------------------------------|
| HILCORP ENERGY COMPANY | 372171                               |
| 1111 Travis Street     | Action Number:                       |
| Houston, TX 77002      | 197231                               |
|                        | Action Type:                         |
|                        | [C-107] Down Hole Commingle (C-107A) |

| 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. | 7/24/2023 |

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Action 197231