

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ OGRID Number: _____
 Well Name: _____ API: _____
 Pool: _____ Pool Code: _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

<u>FOR OCD ONLY</u>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 Print or Type Name

Date

 Signature

Phone Number

e-mail Address

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

District II
811 S. First St., Artesia, NM 88210

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company 382 ROAD 3100, Aztec NM 87410
 Operator Address
 State Com N 10A UL O – Sec. 2, T29N, R8W San Juan
 Lease Well No. Unit Letter-Section-Township-Range County
 OGRID No. 372171 Property Code 319096 API No. 30-045-21631 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND COAL (GAS)		BLANCO MESAVERDE (PRORATED GAS)
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2805' – 3074' - Estimated		4780' - 5470'
Method of Production (Flowing or Artificial Lift)	NEW ZONE		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	275 psi		650 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1100		BTU 1240
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates:	Date: Rates:	Date: 12/1/2022 Rates: 3173 MCF – GAS 3 BBL – Oil 0 BBL - Water
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Please see attachments	Oil Gas	Oil Gas Please see attachments

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
 Are all produced fluids from all commingled zones compatible with each other? Yes No
 Will commingling decrease the value of production? Yes No
 If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No
 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.

SIGNATURE Kandis 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

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-101
Supersedes C-128
Effective 1-1-61

All distances must be from the outer boundaries of the Section.

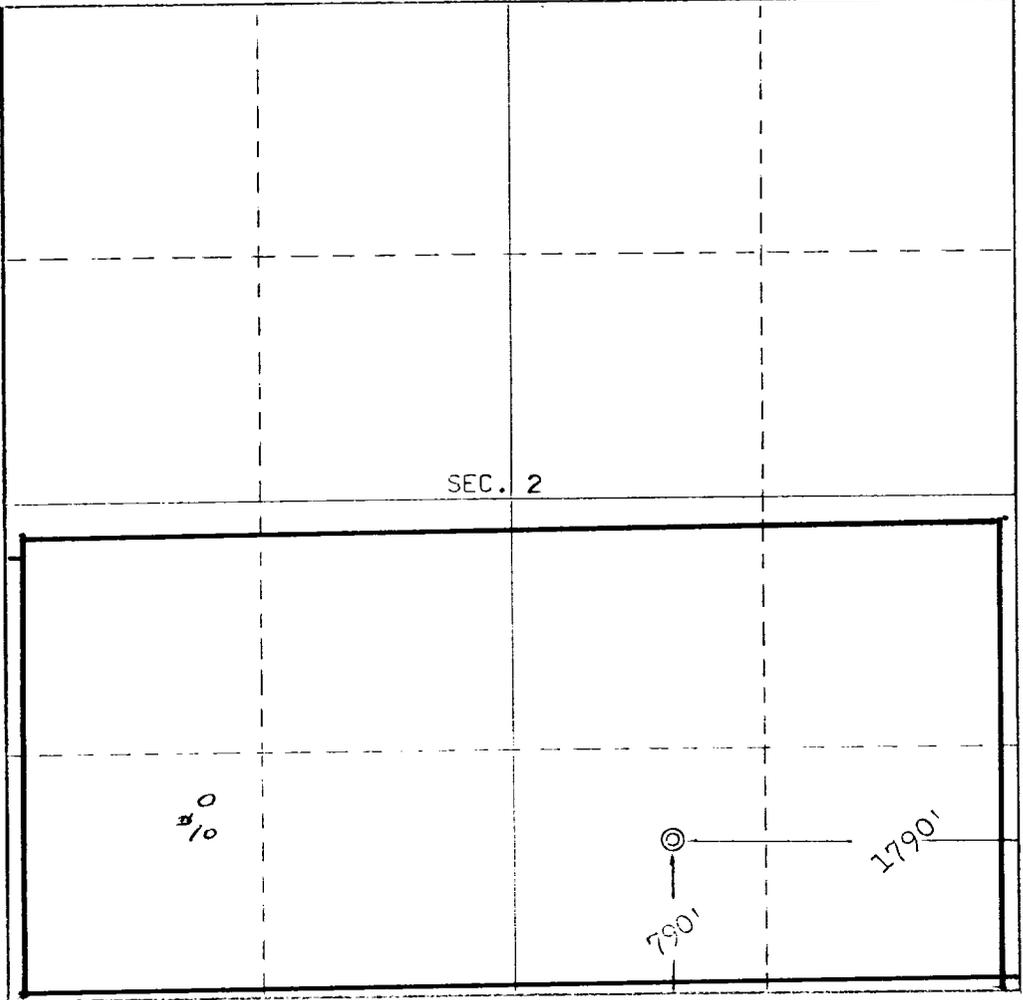
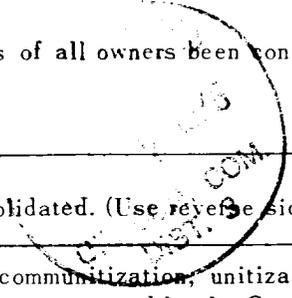
Operator Mesa Petroleum Co.		Lease State Com. "N"			Well No. 10 A
Tract Letter 0	Section 2	Township 29 North	Range 8 West	County San Juan	
Actual Footage Location of Well: 790 feet from the South line and 1790 feet from the East line					
Ground Level Elev. 6310	Producing Formation Mesa Verde		Fool Blanco	Dedicated Acreage 3.20 Acres	

1. Outline the acreage 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, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

J. L. Archer
Name
J. L. ARCHER

Position
DRILLING FOREMAN

Company
MESA PETROLEUM CO.

Date
1-3-75

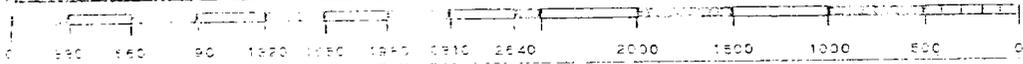
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
December 30, 1974

Registered Professional Engineer
and/or Land Surveyor

E. V. Echohawk

Certificate No. **3602**
E. V. Echohawk LS



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

Form C-102

August 1, 2011

Permit 334077

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-21631	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 319096	5. Property Name State Com N	6. Well No. 010A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6310

10. Surface Location

UL - Lot O	Section 2	Township 29N	Range 08W	Lot Idn	Feet From 790	N/S Line S	Feet From 1790	E/W Line E	County SAN JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00 S/2	13. Joint or Infill			14. Consolidation Code			15. Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Kandis Roland Title: Regulatory Tech Date: 2/9/2023</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Ernest V. Echohawk Date of Survey: 12/30/1974 Certificate Number: 3602</p>

State Com N 10A

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.

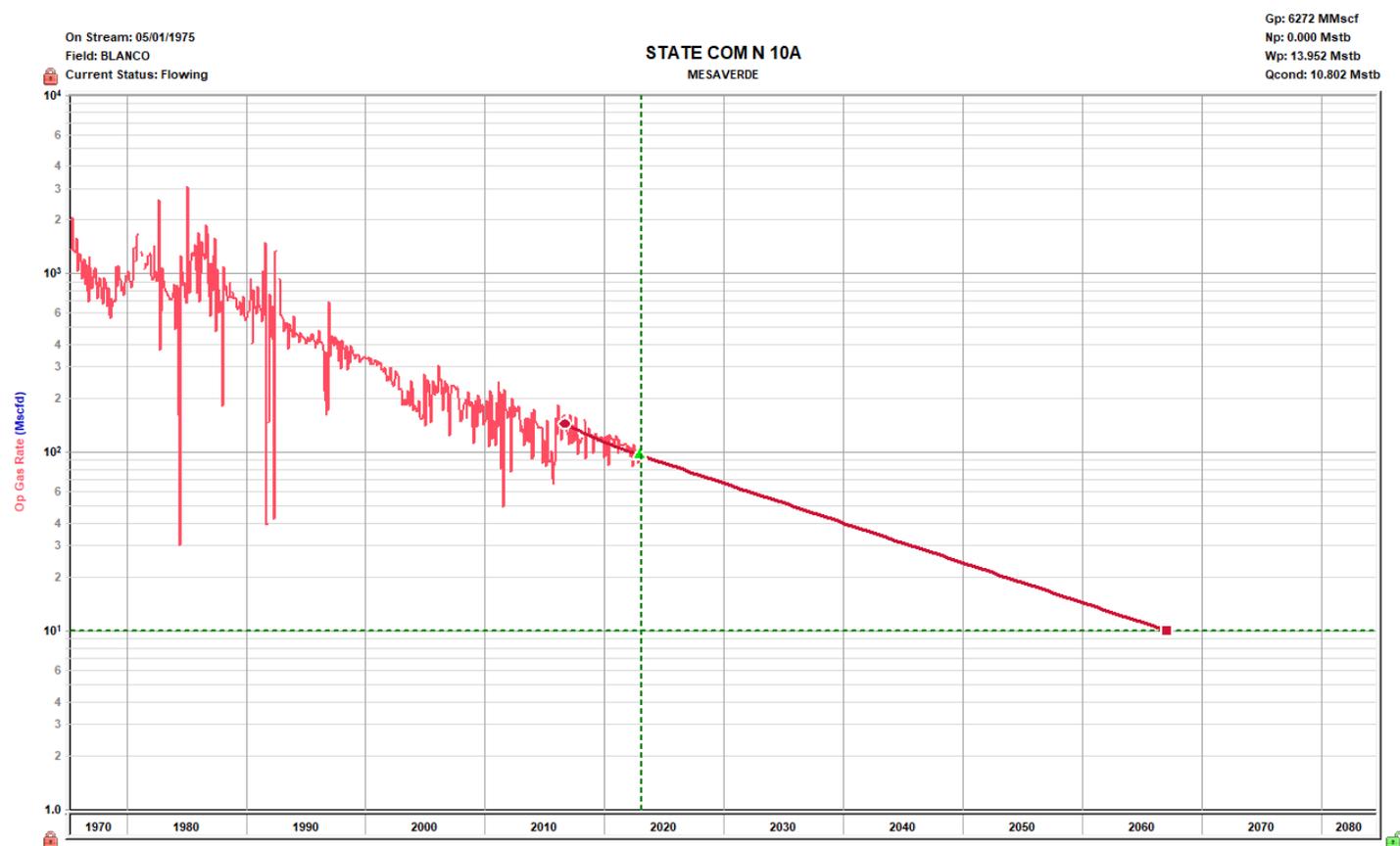
The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed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

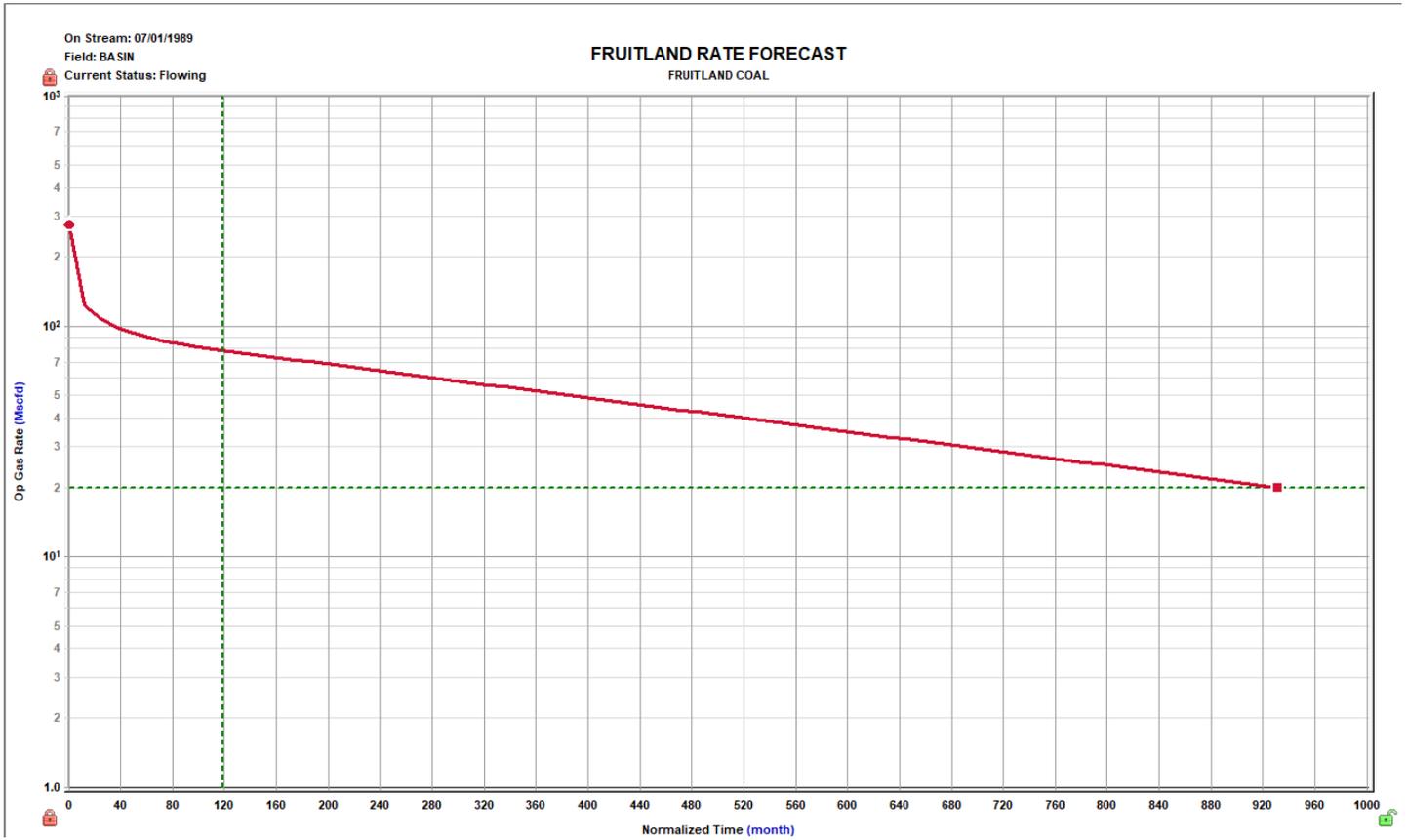
Production Allocation Method – Subtraction

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 4th year and will be utilized to create a fixed percentage-based allocation.





Oil Allocation:

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



February 22, 2023

Mailed Certified / Electronic Return Receipt

TO: ALL INTEREST OWNERS

RE: Application to Downhole Commingle Production
Well: State Com N 010A
API: 30-045-21631
Township 29 North, Range 08 West, Section 2
San Juan County, New Mexico

Ladies and Gentlemen:

Hilcorp Energy Company ("Hilcorp"), as Operator of the subject well, has filed application with the New Mexico Oil Conservation Division for approval to downhole commingle production from the **Fruitland Coal**, a formation Hilcorp soon intends to perforate, with existing production from the **Mesaverde** formation. This letter and the application copy enclosed serve to provide you, an owner in one or more of the aforementioned formations, with written notice as prescribed by Subsection C of 19.15.12.11 New Mexico Administrative Code.

No action is required by you unless you wish to pursue a formal protest (see details italicized below).

If you no longer own an interest in this well or need to make changes to your address, etc., please email ownerrelations@hilcorp.com. For those without email access, please call (713) 209-2457.

Hilcorp is eager to explore this potential opportunity to enhance production. Thank you for your support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carson Parker Rice'.

Carson Parker Rice
Landman
(713) 757-7108
carice@hilcorp.com

RTC:bmg
Enclosure(s)

Protesting:

Protests must be in writing and received within twenty (20) days from the date of this letter. In your response, please include your contact information, details referenced herein and the specific concerns and/or reasoning behind your decision. You are encouraged to email me an electronic copy and, subsequently, mailing (overnight) a hard copy to my attention at the address in the footer below. Upon receipt, I will follow up by phone to discuss your concerns. Should we be unable to resolve them, a formal protest will be set for hearing with the New Mexico Oil & Conservation Division in Santa Fe, NM, wherein your attendance and testimony will be required.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

District II
811 S. First St., Artesia, NM 88210

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company 382 ROAD 3100, Aztec NM 87410
Operator Address
State Com N 10A UL O – Sec. 2, T29N, R8W San Juan
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 372171 Property Code 319096 API No. 30-045-21631 Lease Type: Federal State Fee

Table with 4 columns: DATA ELEMENT, UPPER ZONE, INTERMEDIATE ZONE, LOWER ZONE. Rows include Pool Name, Pool Code, Top and Bottom of Pay Section, Method of Production, Bottomhole Pressure, Oil Gravity or Gas BTU, Producing, Shut-In or New Zone, Date and Oil/Gas/Water Rates of Last Production, and Fixed Allocation Percentage.

Received by OCD: 3/31/2023 8:10:59 AM

Page 8 of 42

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ___ No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No ___
Are all produced fluids from all commingled zones compatible with each other? Yes No ___
Will commingling decrease the value of production? Yes ___ No
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No ___

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.

SIGNATURE Kandis Roland TITLE Operation/Regulatory Tech DATE 2/15/2023

TYPE OR PRINT NAME Kandis Roland TELEPHONE NO. (713) 757-5246

E-MAIL ADDRESS kroland@hilcorp.com

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901822181707	Brenda Guzman	, SILVERADO OIL and GAS LLP, P O BOX 52308, TULSA, OK, 74152-0308 Code: State Com N 10A DHC	2/22/2023	Signature Pending
92148969009997901822181714	Brenda Guzman	KATHY NAVARRETE , PIONEER NATURAL RES USA INC, P O BOX 3178, MIDLAND, TX, 79702 Code: State Com N 10A DHC	2/22/2023	Signature Pending
92148969009997901822181721	Brenda Guzman	STATE OF NEW MEXICO , BATAAN MEMORIAL BUILDING, 407 GALISTEO ST ROOM 166, SANTA FE, NM, 87501 Code: State Com N 10A DHC	2/22/2023	Signature Pending
92148969009997901822181738	Brenda Guzman	MESA ROYALTY TRUST , ATTN NEW MEXICO PROPERTIES, 315 JOHNSTONE 1060 POB, BARTLESVILLE, OK, 74004 Code: State Com N 10A DHC	2/22/2023	Signature Pending
92148969009997901822181745	Brenda Guzman	, MIDLAND AOG PARTNERS LTD, PO BOX 793, MIDLAND, TX, 79702 Code: State Com N 10A DHC	2/22/2023	Signature Pending
92148969009997901822181752	Brenda Guzman	, F J ODENDAHL INVESTMENTS INC, 1357 LOOMIS ST, WHEATLAND, WY, 82201 Code: State Com N 10A DHC	2/22/2023	Signature Pending
92148969009997901822181769	Brenda Guzman	LINDEN FAMILY TRUST , MARY ANN LINDEN TRUSTEE, 1413 32ND AVE, ROCK ISLAND, IL, 61201-6128 Code: State Com N 10A DHC	2/22/2023	Signature Pending

Kandis Roland

From: Kandis Roland
Sent: Friday, March 31, 2023 9:04 AM
To: Lamkin, Baylen L.
Cc: Kandis Roland
Subject: State Com N 10A - Commingle Permit Mailed
Attachments: State Com N 10A - SLO DHC Application.pdf

Baylen,

The attached commingle permit was mailed to the state land office today.

Thanks,

Kandis Roland
HILCORP ENERGY
San Juan East/South Regulatory
713.757.5246
kroland@hilcorp.com

Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-21631
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. E-5380-5
7. Lease Name or Unit Agreement Name State Com N
8. Well Number 10A
9. OGRID Number 372171
10. Pool name or Wildcat Blanco Mesaverde/Basin Fruitland Coal
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6310' GL

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [] Gas Well [X] Other []
2. Name of Operator Hilcorp Energy Company
3. Address of Operator 382 Road 3100, Aztec, NM 87410
4. Well Location Unit Letter O 790 feet from the South line and 1790 feet from the East line
Section 2 Township 29N Range 8W NMPM San Juan County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: [X] RECOMPLETE
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

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.

Spud Date: [] Rig Release Date: []

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kandis Roland TITLE Operations / Regulatory Technician - Sr. DATE 2/14/2023

Type or print name Kandis Roland E-mail address: kroland@hilcorp.com PHONE: 713-757-5246

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

State Com N 10A

O – 2 – 29N – 08W 790 FSL 1790 FEL

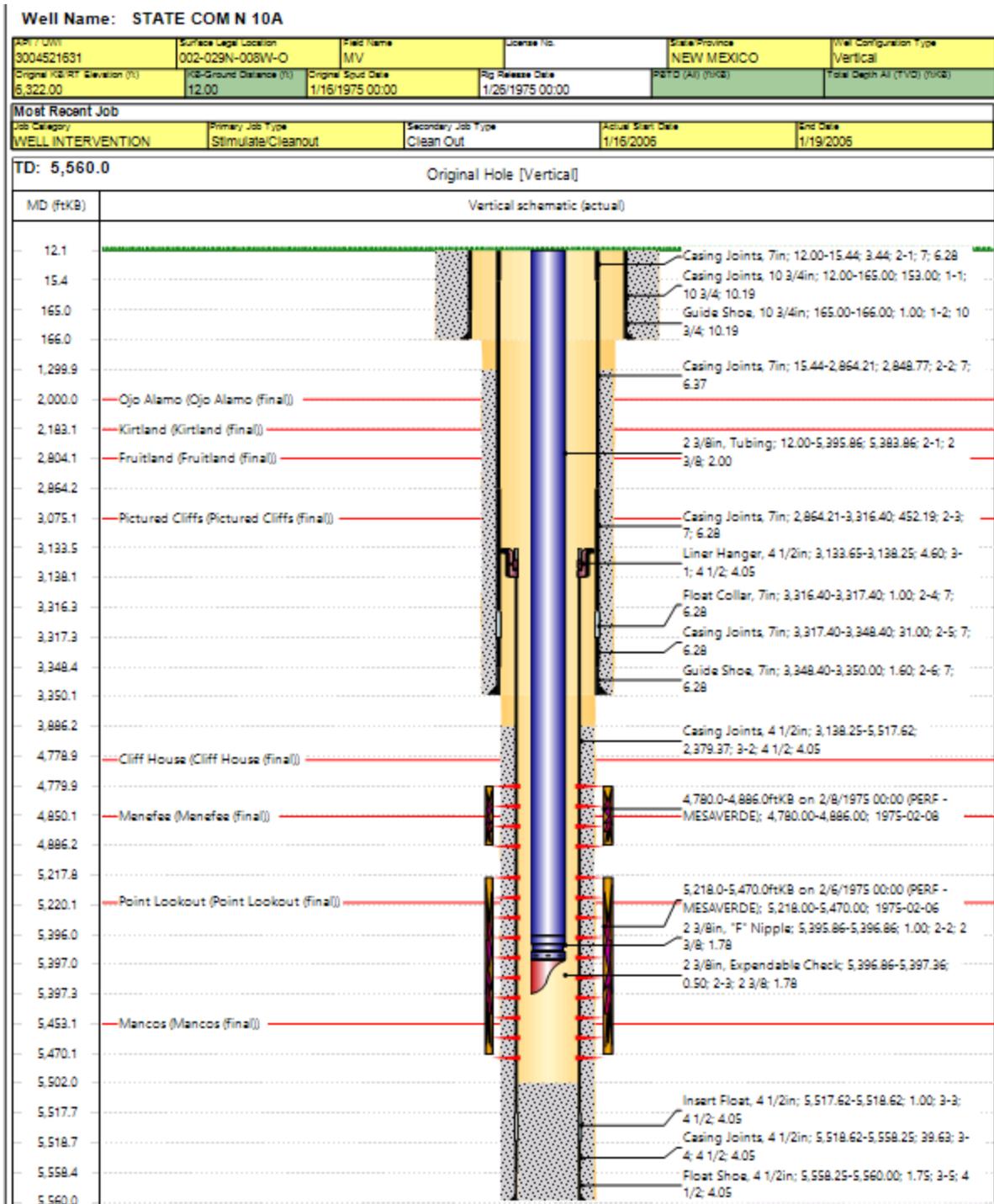
API#: 3004521631

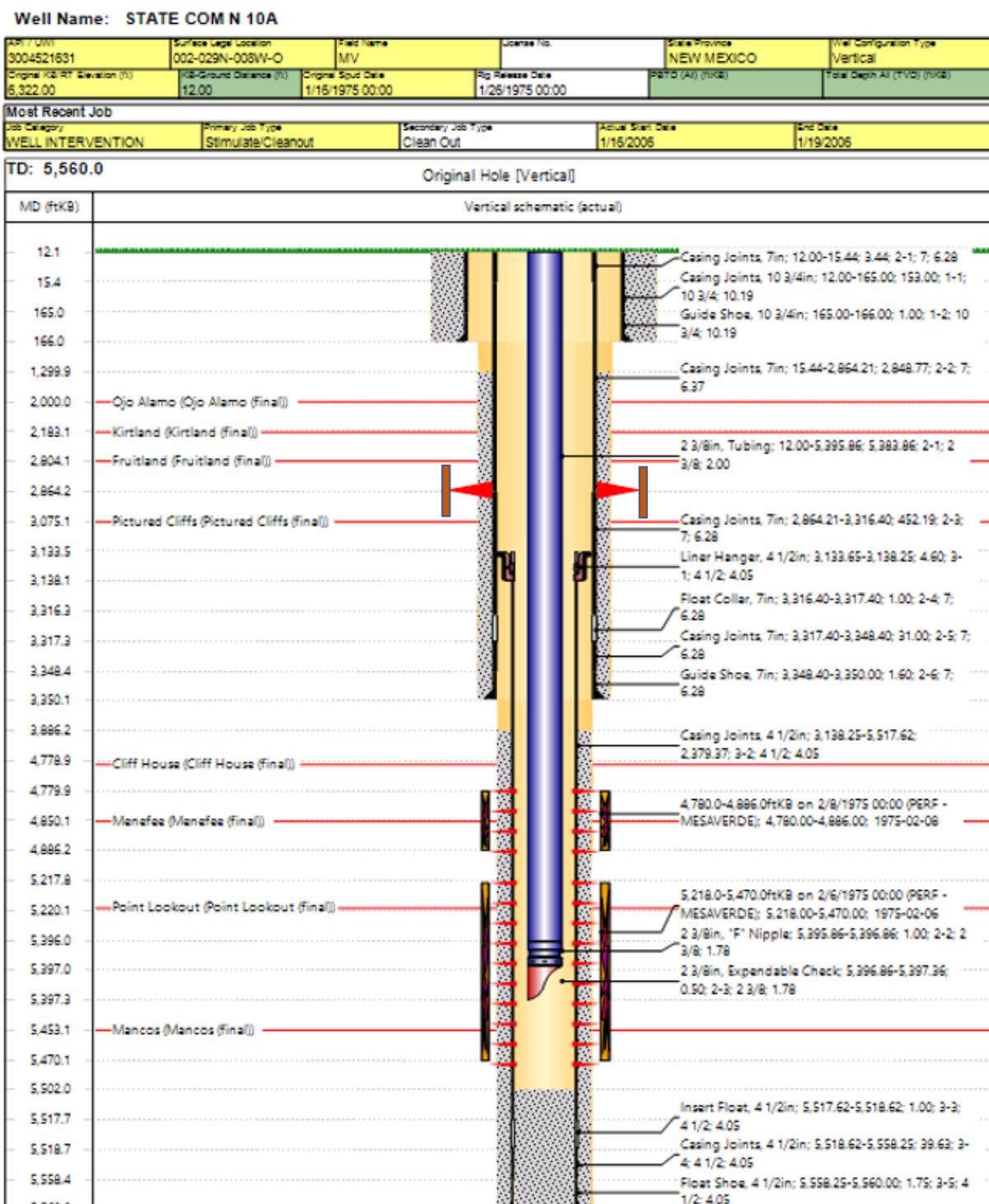
Fruitland Coal Recompletion Procedure

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 tubing
3. Set 4.5" CIBP at 4730' to isolate existing MV completion
4. RU wellcheck and MIT wellbore to 500 PSI
5. Set 7" CBP at 3100'
6. Run CBL from CBP to surface.
7. PU 7" frac packer and frac string, RIH and set packer at 2800'
8. Pressure test frac string to 5000 PSI
9. MIRU frac spread.
10. Perforate and frac the Fruitland Coal from 2805' to 3074'.
11. MI flow back and flow well to relieve pressure if needed.
12. MIRU service rig.
13. Test BOP's.
14. POOH with frac string and packer.
15. When water and sand rates are acceptable, flow test the intervals.
16. Make up 7" mill and clean out.
17. Make up 3-7/8" mill and cleanout CIBP and to PBTD
18. TIH and land 2-3/8" production tubing.
19. ND BOP's, NU production tree.
20. RDMO service rig & turn well over to production.





State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

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: Original Amendment due to 19.15.27.9.D(6)(a) NMAC 19.15.27.9.D(6)(b) NMAC Other.

If Other, please describe: _____

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

Well Name	API	ULSTR	Footages	Anticipat ed Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
State Com N 10A	3004521631	O-2-29N-8W	790' FSL & 1790' FEL	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 Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
State Com N 10A	3004521631	N/A	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 Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

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

XI. Map. 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 will 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 does 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: 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:

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

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

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

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

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

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

Section 4 - Notices

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

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

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

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

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

Signature: <i>Kandis Roland</i>
Printed Name: Kandis Roland
Title: Operations/Regulatory Tech Sr.
E-mail Address: kroland@hilcorp.com
Date: 2/9/2023
Phone: 713-757-5246

OIL CONSERVATION DIVISION
(Only applicable when submitted as a standalone form)

Approved By:
Title:
Approval Date:
Conditions of Approval:

VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recompleat project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recompleat 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 recompleat 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 recompleat
 - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
 - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
 - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
 - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
 - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
 - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
6. Subsection (F) Measurement or estimation of vented and flared natural gas
 - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
 - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

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

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

Action 186094

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 186094
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
kpickford	DHC required	2/22/2023
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	2/22/2023

Supplemental Information for Fruitland Coal ReCompletes in 29N 8W

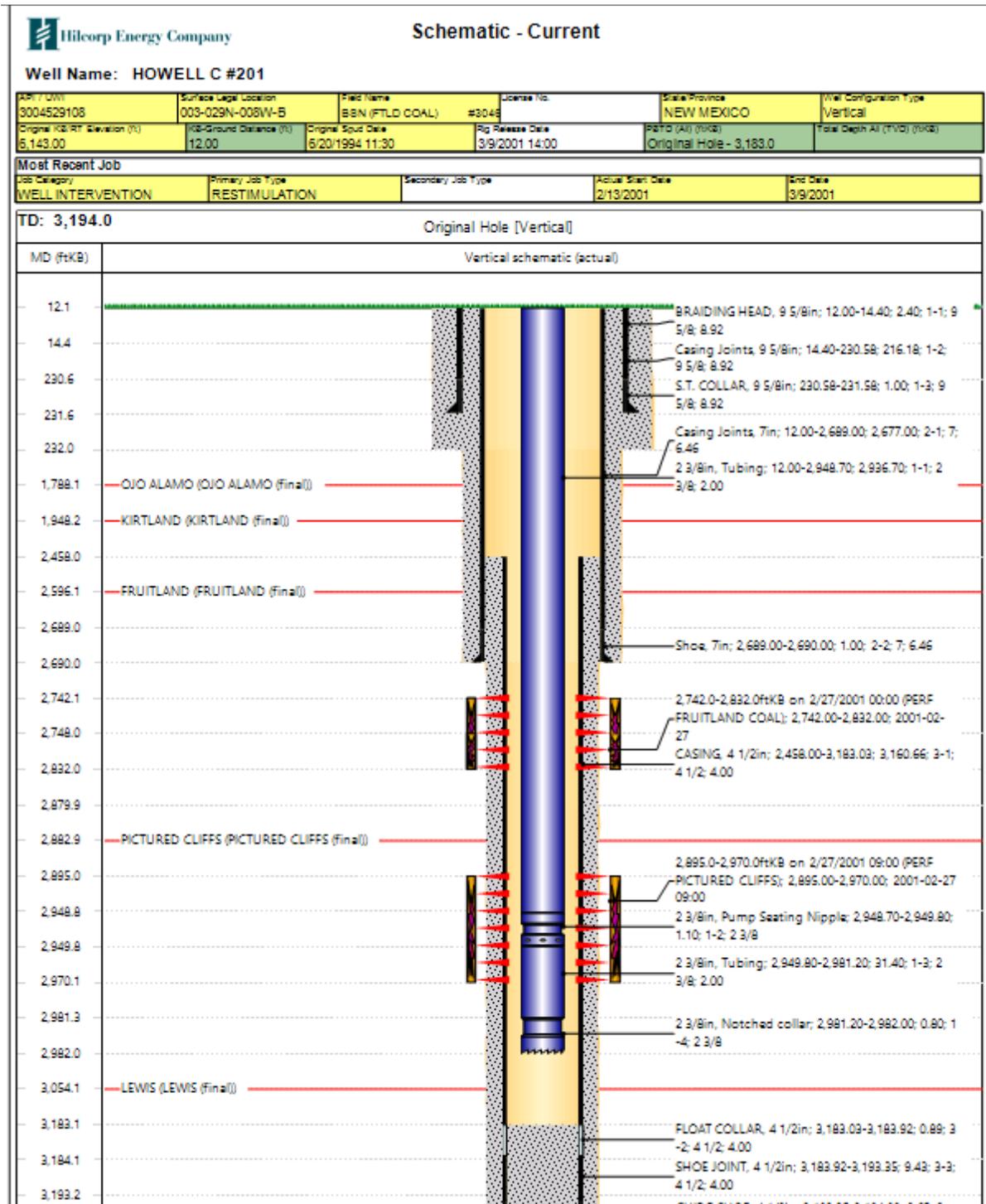
	Mesaverde	Pictured Cliffs	Fruitland Coal
Measured and Estimated BHP	500 – 800 PSI	200 – 400 PSI	150 – 400 PSI
Gas BTU	1240	1140	1100
CO2	1.4%	0.6%	0.9%
H2S %	< 0.01%	<0.01%	<0.01%
N2 %	0.1%	0.1%	0.1%

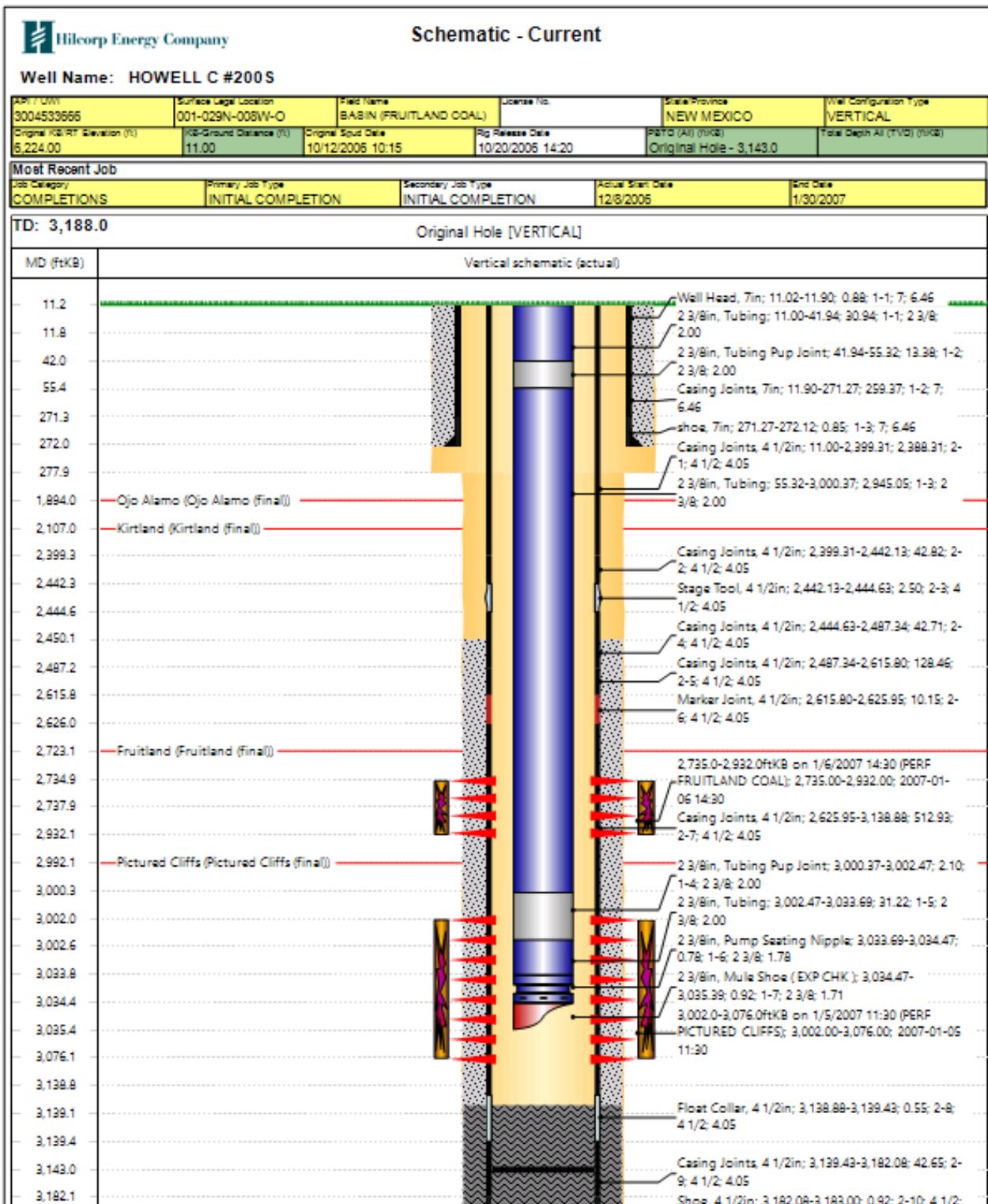
*Please note that during wellbore preparation and fracture stimulating, measurements will be recorded to measure BHP indirectly and directly on these intervals i.e., fluid levels, initial shut-in pressures post frac, flowing pressures during cleanout, shut in pressures during cleanout, etc. This information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

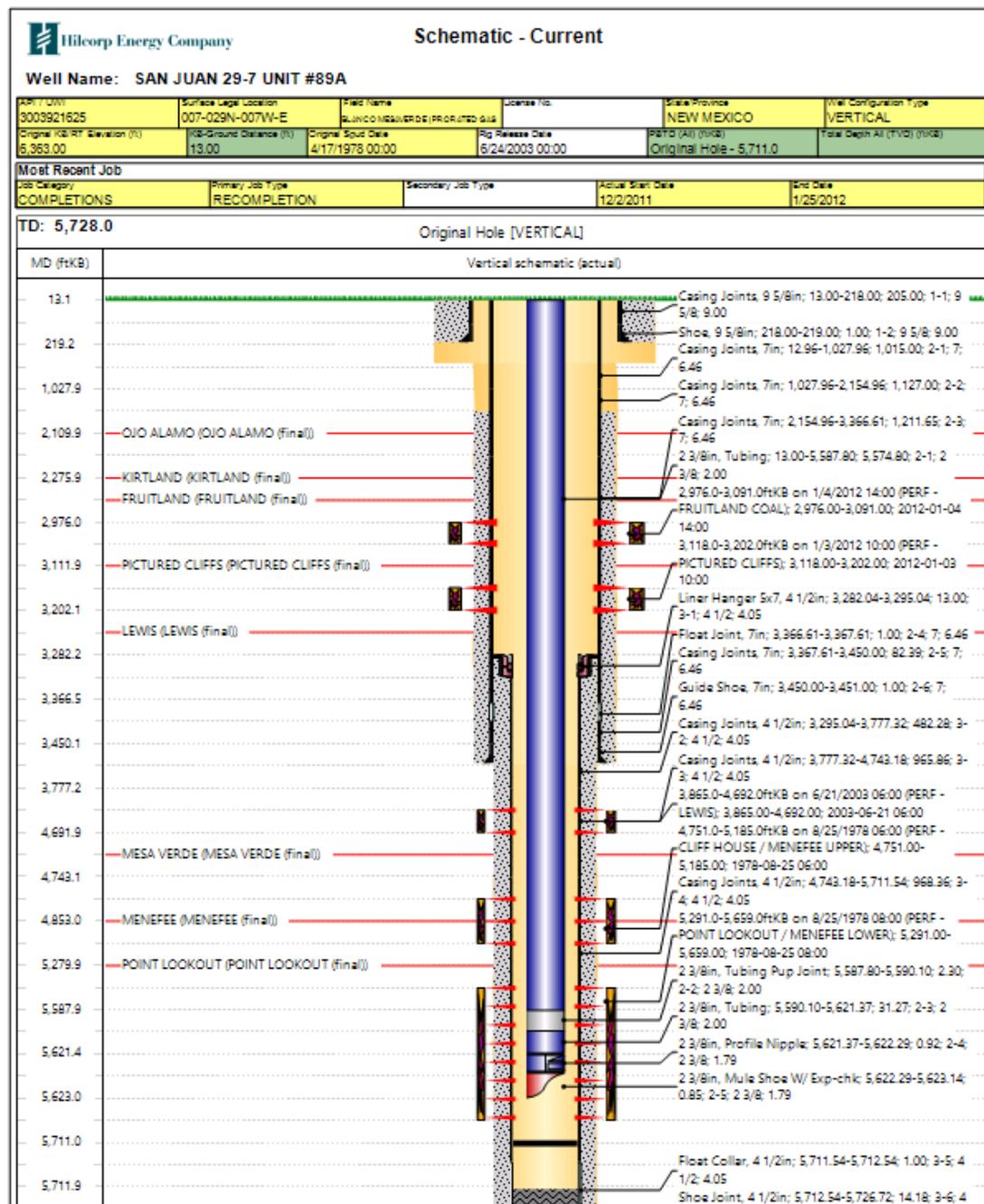
Wellbore Diagrams for Hilcorp Operated Commingles

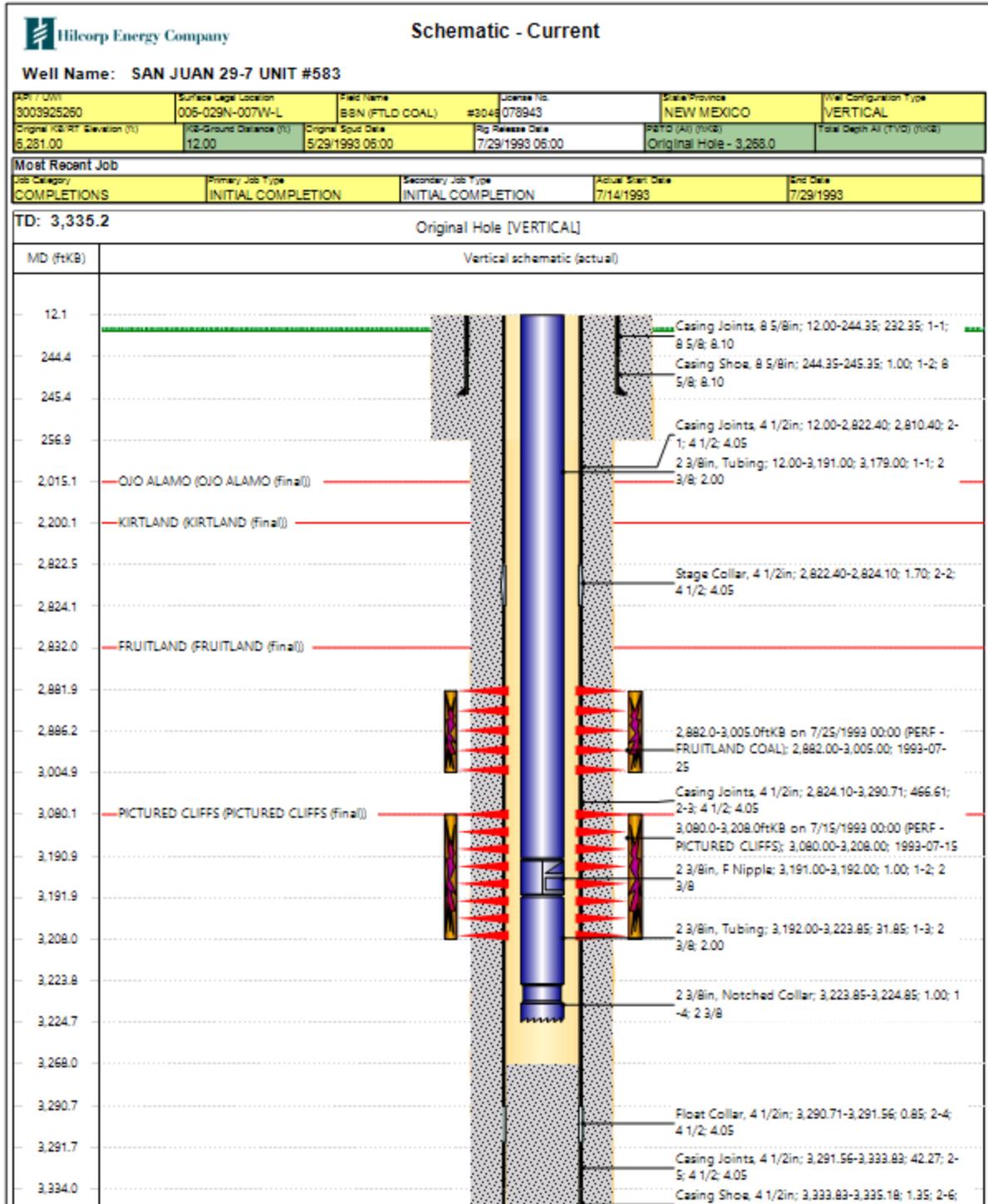


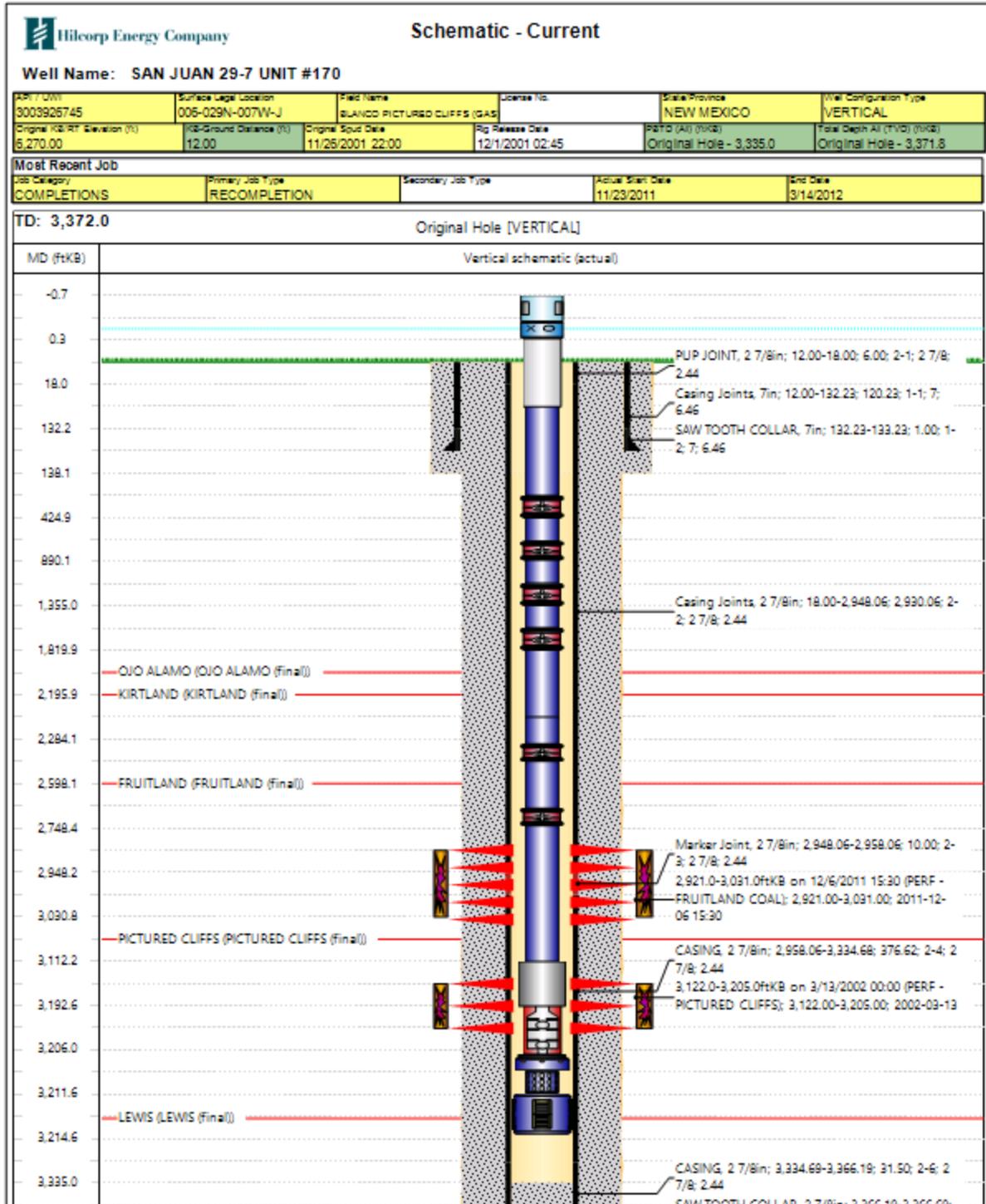


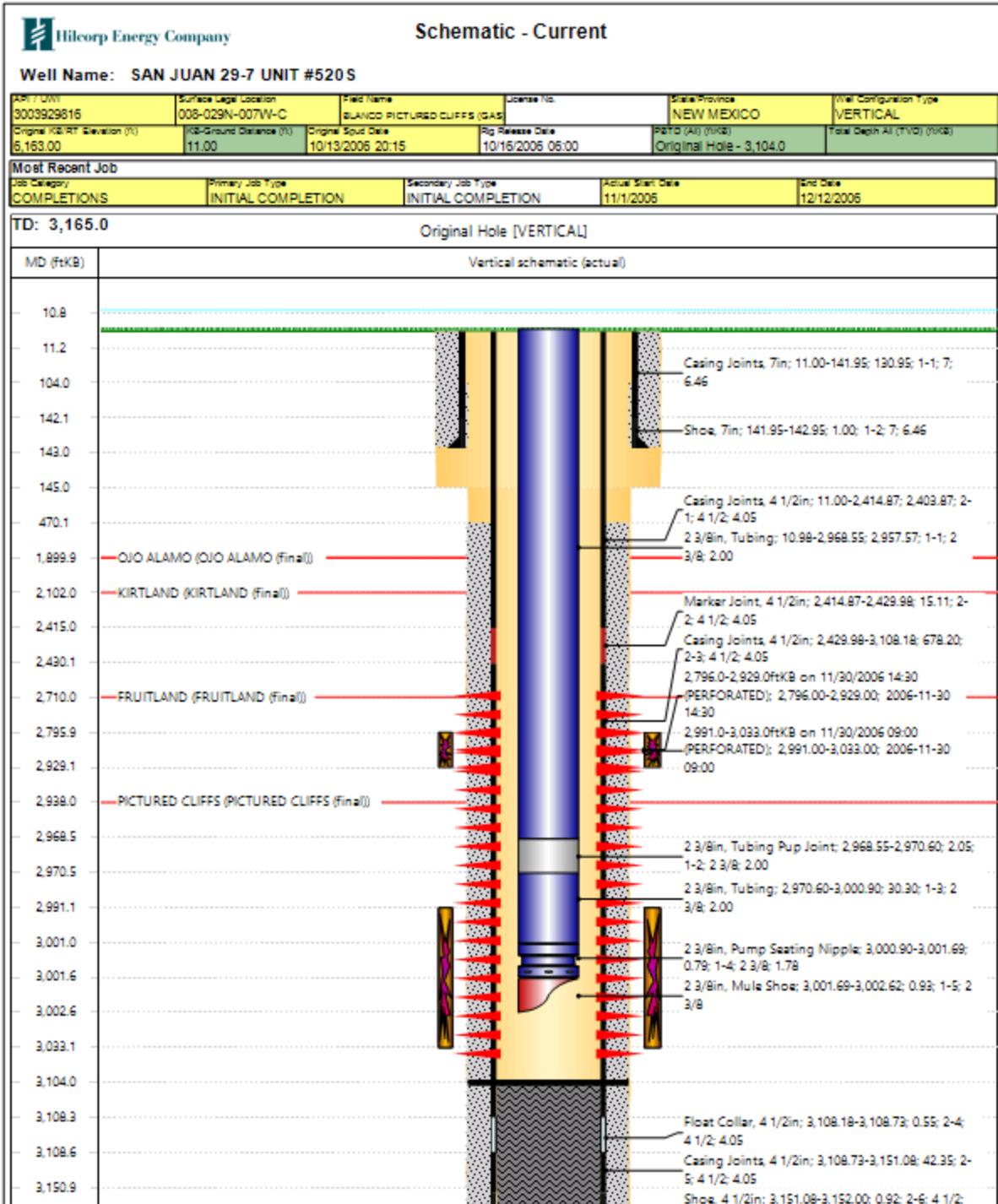
Hilcorp-Operated Adjacent Wellbores in 29N 7W

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











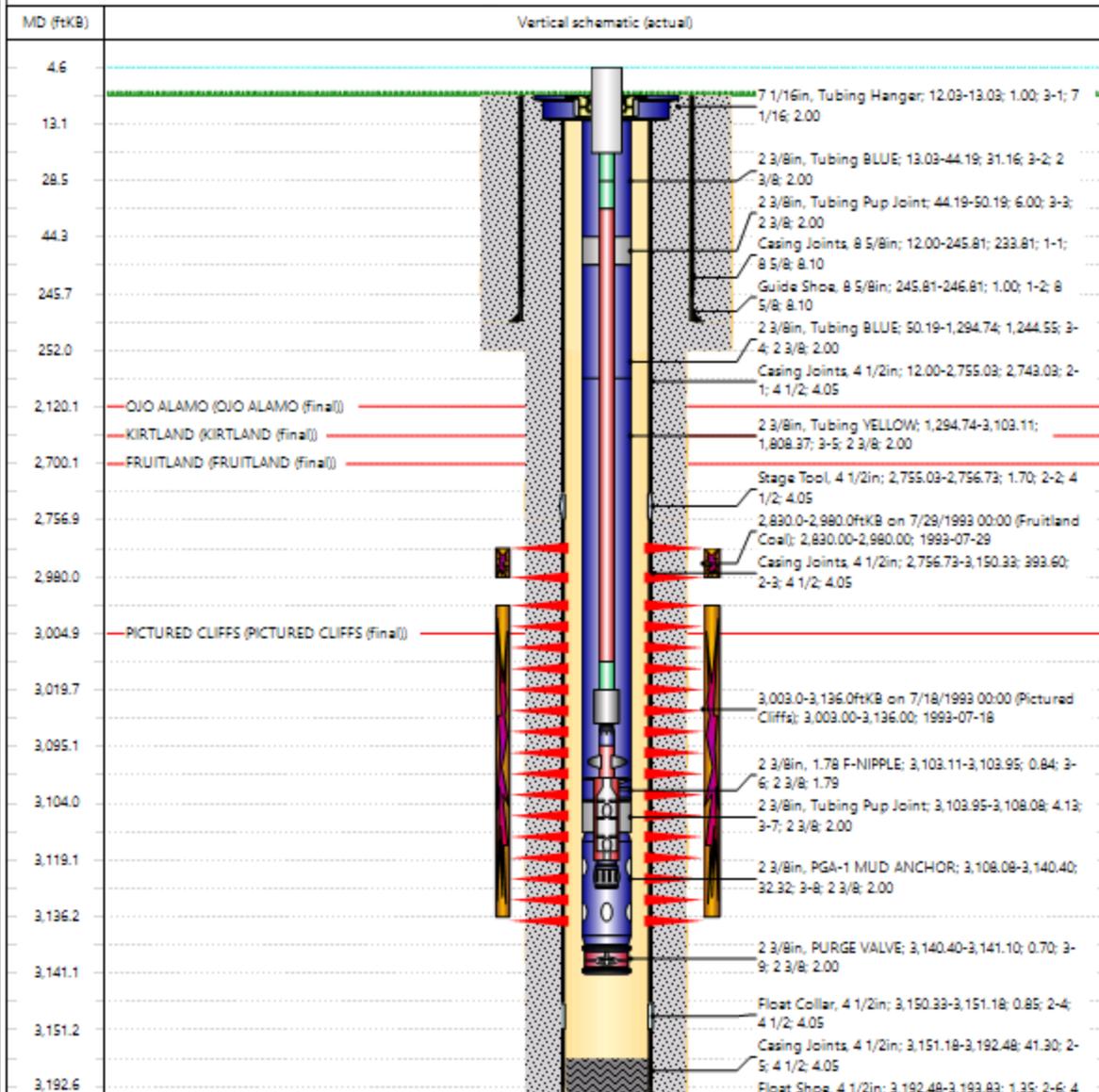
Schematic - Current

Well Name: SAN JUAN 29-7 UNIT #519

API Well ID 0003925268	Surface Legal Location 008-029N-007W-B	Field Name BBN (FTLD COAL)	License No. #3048 078423	State/Province NEW MEXICO	Well Configuration Type VERTICAL
Original RO/RT Elevation (ft) 6,231.00	RO-Ground Distance (ft) 12.00	Original Spud Date 6/9/1993 08:00	Rig Release Date 10/25/2005 09:30	ROTD (ft) (ROG) Original Hole - 3,155.0	Total Depth At (TVD) (ft)(G) Original Hole - 3,194.8

Most Recent Job				
Job Category WELL INTERVENTION	Primary Job Type ROD & PUMP REPAIR	Secondary Job Type	Actual Start Date 5/13/2014	End Date 5/15/2014

TD: 3,195.0 Original Hole [VERTICAL]



From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Cheryl Weston](#); [Mandi Walker](#)
Cc: [McClure, Dean, EMNRD](#); [Rikala, Ward, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Lamkin, Baylen L.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5316
Date: Friday, August 18, 2023 8:27:02 AM
Attachments: [DHC5316 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5316 which authorizes Hilcorp Energy Company to downhole commingle production within the following well:

State Com N
Well Name: #10A
Well API: 30-045-21631

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

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

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

State Com N 10A

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.

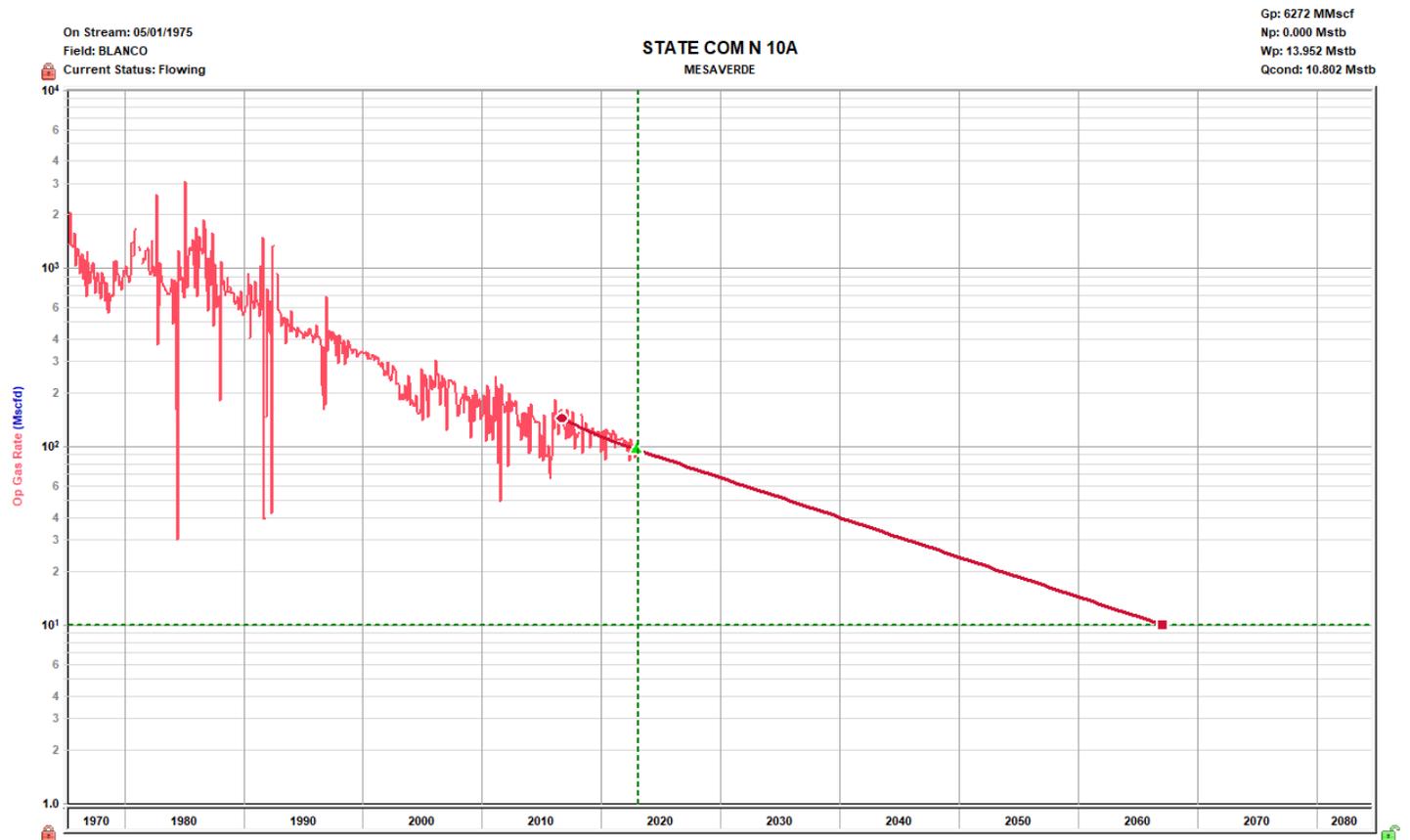
The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed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

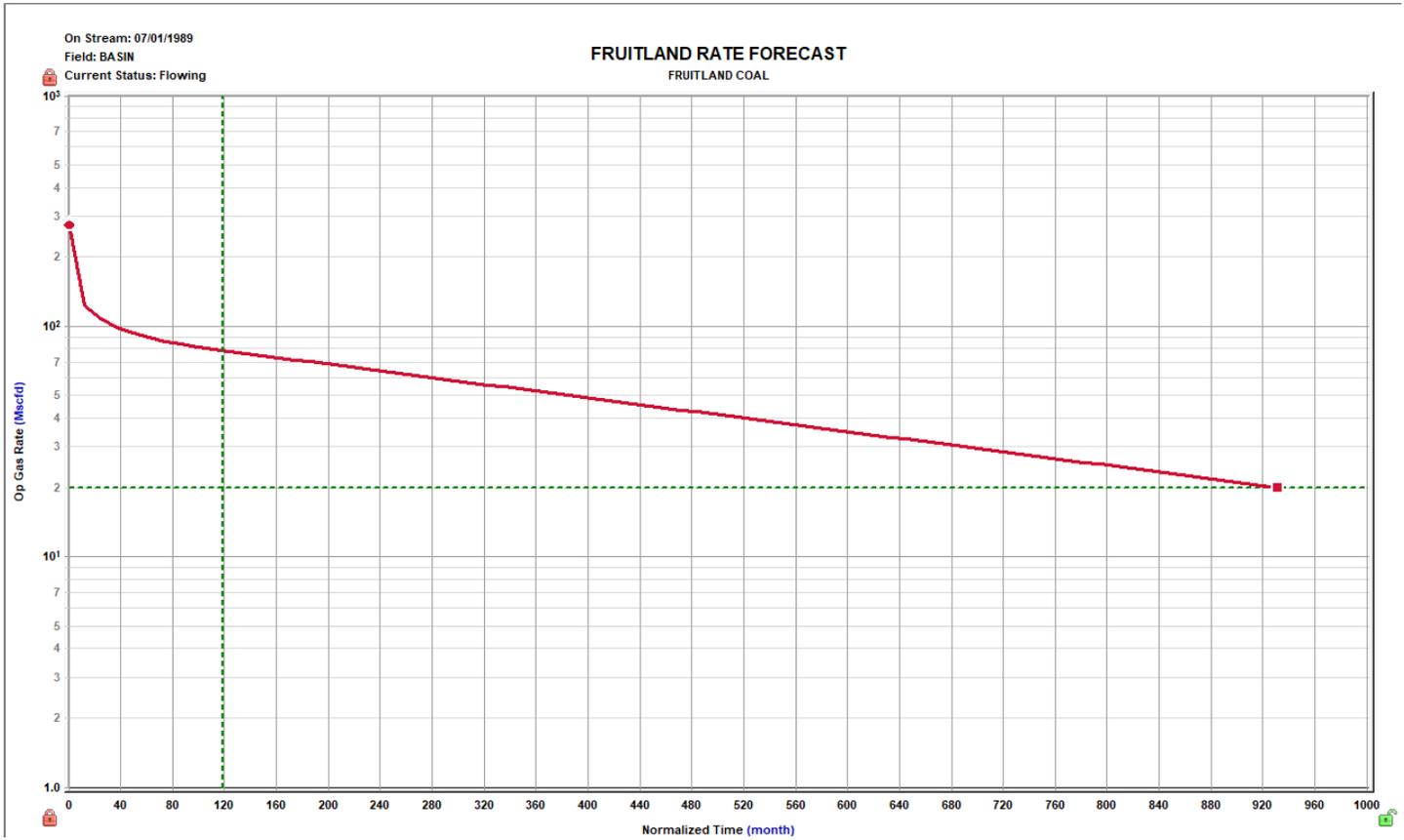
Production Allocation Method – Subtraction

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 4th year and will be utilized to create a fixed percentage-based allocation.





Oil Allocation:

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

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
Mesaverde	1.14	614	100%
Fruitland	0	1,400	0%

Supplemental Information for C 107A

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 **State Com N 10A** and each of the wells from which pressures are being derived.

I believe that commingling the below zones in the target wellbore will not have a negative production impact on neither the existing nor the proposed recompletion pools.

Bottomhole Pressure Derivation

Beaver Lodge Com 1 A – Standalone MV

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

Day B 17– Standalone FC

1. 24 hour SI
 2. BHP calculated based on SN depth and 24 hr SI casing pressure
- *Please note this well is on wellhead compression*

Well Name	API	Formation	BHP
Beaver Lodge Com 1 A	3004529427	MV	68 psi
Day B 17	3004534024	FC	25 psi

Gas Analyses

Hilcorp believes the below gas analyses for standalone wells are representative of the proposed commingle pools.

AssetCode	3004529427
AssetName	BEAVER LODGE COM 1A
Formation	MV Standalone
BTUDry	1308
SpecificGravity	0.7685
CO2	0.014328
N2	0.00179
C1	0.778652
C2	0.098777
C3	0.054425
ISOC4	0.011126
NC4	0.017441
ISOC5	0.006826
NC5	0.005163
NEOC5	
C6	
C6_PLUS	0.011472

AssetCode	3004534024
AssetName	DAY B 17
Formation	FC Standalone
BTUDry	1135
SpecificGravity	0.6572
CO2	0.014335
N2	0.001693
C1	0.86766
C2	0.070399
C3	0.033709
ISOC4	0.005777
NC4	0.003595
ISOC5	0.001097
NC5	0.000479
NEOC5	
C6	
C6_PLUS	0.001256

Water Analyses

Hilcorp believes the below water analyses for standalone wells are representative of the proposed commingle pools.

Water Analyses

Hilcorp believes the below water analyses for standalone wells are representative of the proposed commingle pools.

AssetCode	3003924789
AssetName	SAN JUAN 28-6 NP Unit 408
Formation	FC Standalone

SJ 28-6 NP 408
2307265-03 (Water)
Sampled Date: 07/26/23 11:30

Analyte	Result	RL	MDL	Units	Dilution	Analyzed	Method	Notes	Analyst
General Chemistry									
Alkalinity, Total as CaCO3*	67.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Alkalinity, Hydroxide as CaCO3*	<10.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Alkalinity, Carbonate as CaCO3*	<10.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Alkalinity, Bicarbonate as CaCO3*	67.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Chloride*	0.321	1.00	0.0555	mg/L	1	08/09/23 03:16	EPA300.0		AWG
Conductivity*	147	1.00		umho/cm@25 C	1	07/28/23 09:03	2510 B		AES
pH*	6.37			pH Units	1	07/28/23 09:03	EPA150.1		AES
pH Temperature, degrees C	19.4			pH Units	1	07/28/23 09:03	EPA150.1		AES
Resistivity	6800			ohm/cm	1	08/08/23 14:36	2510 B		JDA
Specific Gravity	1.001	0.8000		No Unit	1	08/09/23 15:13	ASTM D1429-03		CAI
Sulfate*	<0.620	5.00	0.620	mg/L	5	08/11/23 20:42	EPA300.0		AWG
Total Dissolved Solids*	<10.0	10.0		mg/L	1	07/31/23 15:39	EPA160.1		CAI
Potentially Dissolved Metals by ICP									
Barium*	<0.400	0.400	0.156	mg/L	20	08/08/23 16:28	EPA200.7		AES
Calcium*	<2.00	2.00	1.24	mg/L	20	08/08/23 16:27	EPA200.7		AES
Hardness, as CaCO3	<13.2	13.2	5.98	mg/L	20	08/08/23 16:27	2340 B		AES
Iron*	46.8	1.00	0.302	mg/L	20	08/08/23 16:27	EPA200.7		AES
Lead*	<2.00	2.00	0.214	mg/L	20	08/08/23 16:28	EPA200.7		AES
Magnesium*	<2.00	2.00	0.702	mg/L	20	08/08/23 16:27	EPA200.7		AES
Manganese*	0.323	0.400	0.127	mg/L	20	08/08/23 16:27	EPA200.7	J	AES
Potassium*	<20.0	20.0	2.08	mg/L	20	08/08/23 16:27	EPA200.7		AES
Silica (SiO2)	<3.26	21.4	3.26	mg/L	20	08/08/23 16:27	Calculation		AES
Silicon	<10.0	10.0	1.52	mg/L	20	08/08/23 16:27	EPA200.7		AES
Sodium*	<20.0	20.0	8.18	mg/L	20	08/08/23 16:27	EPA200.7		AES
Strontium*	<2.00	2.00	0.341	mg/L	20	08/08/23 16:27	EPA200.7		AES
Zinc*	<2.00	2.00	0.155	mg/L	20	08/08/23 16:28	EPA200.7		AES

AssetCode	3003921913
AssetName	SAN JUAN 28-7 UNIT 56A
Formation	MV Standalone

SJ 28-7 56A

2307265-01 (Water)

Sampled Date: 07/26/23 10:45

Analyte	Result	RL	MDL	Units	Dilution	Analyzed	Method	Notes	Analyst
General Chemistry									
Alkalinity, Total as CaCO3*	28.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Alkalinity, Hydroxide as CaCO3*	<10.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Alkalinity, Carbonate as CaCO3*	<10.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Alkalinity, Bicarbonate as CaCO3*	28.0	10.0	6.06	mg/L	1	08/03/23 15:00	2320 B		JDA
Chloride*	0.422	1.00	0.0555	mg/L	1	08/09/23 01:11	EPA300.0		AWG
Conductivity*	59.6	1.00		umho/cm@25 C	1	07/28/23 09:03	2510 B		AES
pH*	5.67			pH Units	1	07/28/23 09:03	EPA150.1		AES
pH Temperature, degrees C	18.1			pH Units	1	07/28/23 09:03	EPA150.1		AES
Resistivity	16800			ohm/cm	1	08/08/23 14:36	2510 B		JDA
Specific Gravity	0.9920	0.8000		No Unit	1	08/09/23 15:13	ASTM D1429-03		CAI
Sulfate*	<0.620	5.00	0.620	mg/L	5	08/11/23 20:02	EPA300.0		AWG
Total Dissolved Solids*	110	10.0		mg/L	1	07/31/23 15:35	EPA160.1		CAI
Potentially Dissolved Metals by ICP									
Barium*	<0.400	0.400	0.156	mg/L	20	08/08/23 16:18	EPA200.7		AES
Calcium*	<2.00	2.00	1.24	mg/L	20	08/08/23 16:18	EPA200.7	M5	AES
Hardness, as CaCO3	<13.2	13.2	5.98	mg/L	20	08/08/23 16:18	2340 B		AES
Iron*	26.0	1.00	0.302	mg/L	20	08/08/23 16:18	EPA200.7		AES
Lead*	<2.00	2.00	0.214	mg/L	20	08/08/23 16:18	EPA200.7	M5	AES
Magnesium*	<2.00	2.00	0.702	mg/L	20	08/08/23 16:18	EPA200.7		AES
Manganese*	0.286	0.400	0.127	mg/L	20	08/08/23 16:18	EPA200.7	J	AES
Potassium*	<20.0	20.0	2.08	mg/L	20	08/08/23 16:17	EPA200.7	M5	AES
Silica (SiO2)	<3.26	21.4	3.26	mg/L	20	08/08/23 16:18	Calculation		AES
Silicon	<10.0	10.0	1.52	mg/L	20	08/08/23 16:18	EPA200.7	M5	AES
Sodium*	<20.0	20.0	8.18	mg/L	20	08/08/23 16:18	EPA200.7	M5	AES
Strontium*	<2.00	2.00	0.341	mg/L	20	08/08/23 16:18	EPA200.7		AES
Zinc*	<2.00	2.00	0.155	mg/L	20	08/08/23 16:18	EPA200.7		AES

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

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

ORDER NO. DHC-5316

ORDER

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

FINDINGS OF FACT

1. Hilcorp Energy Company (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool’s fracture parting pressure.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
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

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. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. 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, this Order shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

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. FUGE
DIRECTOR**

DATE: 8/17/2023

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5316**

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

Well Name: **State Com N #10A**

Well API: **30-045-21631**

Pool Name: **BASIN FRUITLAND COAL (GAS)**

Upper Zone

Pool ID: **71629**

Current:

New: **X**

Allocation:

Oil: **0%**

Gas:

Interval: **Perforations**

Top: **2,805**

Bottom: **3,074**

Pool Name:

Intermediate Zone

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

Bottom of Interval within 150% of Upper Zone's Top of Interval:

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

Lower Zone

Pool ID: **72319**

Current: **X**

New:

Allocation:

Oil: **100%**

Gas:

Interval: **Perforations**

Top: **4,780**

Bottom: **5,470**

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

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

Action 202595

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 202595
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	8/18/2023