ceiged by QCD i 3 Appropriate Bistic	State of Ne	ew Mexico	Form C-103f
District I – (575) 393-6161	Energy, Minerals and	d Natural Resources	Revised July 18, 2013
1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> – (575) 748-1283			WELL API NO. 3003921661
811 S. First St., Artesia, NM 88210	OIL CONSERVA		5. Indicate Type of Lease
<u>District III</u> – (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 8741	1220 South S	t. Francis Dr.	STATE FEE
<u>District IV</u> – (505) 476-3460	Santa Fe, N	NM 87505	6. State Oil & Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, NM 87505			Federal NMSF078835A
	OTICES AND REPORTS ON V	VELLS	7. Lease Name or Unit Agreement Name
(DO NOT USE THIS FORM FOR PR	OPOSALS TO DRILL OR TO DEEPEN PPLICATION FOR PERMIT" (FORM C	OR PLUG BACK TO A	
PROPOSALS.)	<u> </u>	,	SAN JUAN 28-7 UNIT 8. Well Number 236
<ol> <li>Type of Well: Oil Well</li> <li>Name of Operator</li> </ol>	Gas Well Other		9. OGRID Number
Hilcorp Energy Comp	oany		372171
3. Address of Operator			10. Pool name or Wildcat
382 Road 3100, Azteo	;, NM 87410		Basin Mancos / Blanco Mesaverde
4. Well Location			
Unit Letter <u>H</u> : <u>1550</u>	<u>Ofeet from the North line and 1</u>	feet from the East	line
Section 06	Township 027N Range 00		County RIO ARRIBA
	11. Elevation (Show wheth		c.)
		6178' GL	
12 Check	Appropriate Box to Indica	ote Nature of Notice	Report or Other Data
12. Check	Appropriate Box to male	iic Ivaluic of Ivolice,	Report of Other Data
	INTENTION TO:		BSEQUENT REPORT OF:
PERFORM REMEDIAL WORK			<del>-</del>
TEMPORARILY ABANDON	<del></del>		RILLING OPNS. P AND A
PULL OR ALTER CASING		CASING/CEMEN	NT JOB
DOWNHOLE COMMINGLE			
CLOSED-LOOP SYSTEM		OTHER:	
OTHER:  13 Describe proposed or cou	☐ RECOMPLETE  mpleted operations (Clearly state)		d give pertinent dates, including estimated date
			mpletions: Attach wellbore diagram of
proposed completion or		•	
			nco Mesaverde (pool 72319) and downhole
			production will be commingled per Oil
			ed after the well is completed. Commingling tified in writing of this application.
will not reduce the value of the pr	oduction. The Bureau of Land 1	vianagement has been not	unica in writing or any application.
Proposed perforations are: MV 4	200' - 5413'; MC 4200' - 5413'; Г	OK 6950' - 7151'. <b>These</b>	perforations are in TVD.
			_
As referred to in Order # R-13681	interest owners were not re-noti	ified.	
Spud Date:	Rig Relea	ase Date:	
I hereby certify that the information	on above is true and complete to	the best of my knowledge	e and belief.
CICNATURE Charylana M	Vactor	O /D 1.4 T	Cechnician Sr. DATE <u>02/19/2024</u>
SIGNATURE CHETYTETIE V	veston 111Le_	Operations/Regulatory 1	<u>ecnnician Sr.</u> DATE <u>02/19/2024</u>
	Weston E-mail ac	ddress: <a href="mailto:cweston@hilcorg">cweston@hilcorg</a>	o.com PHONE: 713-289-2615
For State Use Only			
APPROVED BY:	TITI E		DATE
Conditions of Approval (if any):	111LU		DAIL
onamons of Approval (II ally).			

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

<u>District II</u> 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 State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102 August 1, 2011

Permit 357272

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-21661	72319	BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code	5. Property Name	6. Well No.
318432	SAN JUAN 28 7 UNIT	236
7. OGRID No.	8. Operator Name	9. Elevation
372171	HILCORP ENERGY COMPANY	6178

### 10. Surface Location

	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
١	H	6	27N	07W		1550	N	1085	E	RIO
١										ARRIBA

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

U	JL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
1.	12. Dedicated Acres 320.60		13. Joint or Infill		14. Consolidatio	n 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: Cherylene Weston

Title: Operations/Regulatory Tech-Sr.

Date: 1/09/2024

### **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: David Kilven
Date of Survey: 8/15/1974
Certificate Number: 1760

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

<u>District II</u> 811 S. First St., Artesia, NM 88210

Phone:(575) 748-1283 Fax:(575) 748-9720 **District III**1000 Rio Brazos Rd., Aztec, NM 87410

Phone:(505) 334-6178 Fax:(505) 334-6170 **District IV** 

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

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

Form C-102 August 1, 2011

Permit 357272

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name						
30-039-21661	97232	BASIN MANCOS						
4. Property Code	5. Property Name	6. Well No.						
318432	SAN JUAN 28 7 UNIT	236						
7. OGRID No.	8. Operator Name	9. Elevation						
372171	HILCORP ENERGY COMPANY	6178						

### 10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
н	6	27N	07W		1550	N	1085	E	RIO
									ARRIBA

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	12. Dedicated Acres 320.60		13. Joint or Infill		14. Consolidatio	n Code		15. Order No.	

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E-Signed By: Cherylene Weston

Title: Operations/Regulatory Tech-Sr.

Date: 1/09/2024

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Surveyed By: Date of Survey: David Kilven 8/15/1974

Certificate Number:

1760

Form C-102 Supersedes C-128 Effective 1-1-65

WELL LOCATION AND ACREAGE DEDICATION . LAT

Antal Period Control C	Well No.	
Township H 6 Township C7-N 7-W FIGURATED ACRES to Section of well 1550 Freshers because the well 1550 Freshers to MORTH 100 mm 1085 Freshers township 1560 Freshers 1660 Fre	(01 0/00)/-1/	230
Actual Policy Lectures the Welt  1750  Tree times the NORTH  Producing Formation  1760  BASIN DAKOTA  1. Cuttine the acreage dedicated to the subject well by colored pencil or haching 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?  [A yes	U County	
Seed from the Control of Producing Formation   Producing Formati	Actual Footage Location of Well:  1550 feet from the NORTH 1.085 FAST	
1. Outline the acreage dedicated to the subject well by colored pencil or hachue marks on the plat below.  2. If more than one lease is dedicated to the well, outline each and identify the ewnership 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?  1. Yes No If answer is "yes," type of consolidation Unitization  1. If answer is "inc," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  1. No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, unitization, 1012; or 1018; or	Ground Level Flev. Producing Formation Pool Dedicated Acres	ige:
2. If more than one lease is dedicated to the well, outline each and identify the ewaership 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?  [A Yes		Acres
Yes No If answer is "eyes," type of consolidation Unitization  If answer is "no," list the owners and tract cescriptions 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-popling or allegavise) or until a non-standard until all interests have been consolidated. (Use reverse side of No allowable will be assigned to the well until all interests have been consolidated. (Use reverse side of No allowable will be assigned to the well until all interests have been consolidated. (Use reverse side of No allowable will be assigned to the well interests from the secondary of the community of the proposed of the community of the proposed of the community of the proposed o	2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as interest and royalty).	
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-popling or otherwise) or until a pon-star dard unit, eliminating such interests; has been approved by the Commission.  10-28-78  CERTIFICATION  I hereby certily that the information contained herein is true and complete to the best of my knowledge and belief.  SECTION 6  SECTION 6  SECTION 6  I hereby certily that the well location shown on this plat was plotted from teld 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 helief.  ALLI 1 1379  AUGUST 15, 1974  Heristeres Preferenced Entirest and for 15th Curveyet.  AUGUST 15, 1974  Heristeres Preferenced Entirest and for 15th Curveyet.	dated by Communityzation, unitization, force-pooling. etc?	en consoli-
SF-078835-A  SECTION 6  CERTIFICATION  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  ALCCO  "DTEILLING Clerk  FPOTIOP as O Natural Gas Co.  SECTION 6  I hereby certify that the well location shown on this plat was plotted from feld notes of actual survey and by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.  Date Surveyed  AUGUST 15, 1974  Registers Fretexational Engliseer and or Contained and or Contained and Cont	If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverthis form if necessary.)  No allowable will be assigned to the well until all interests have been consolidated (by communitization, a forced-pooling, or otherwise) or until a pon-standard unit, climinating such interests has been approved by the sion.  12-28-78	unitination
FO SIGN THE STATE OF THE STATE	SF-078835-A  SECON 6  I hereby certify that the infinite independing on the part of my knowledge and the best of my knowledge and the part of the part	well location ted from field the same best of my

### San Juan 28-7 Unit 236 Allocation

The forecasts for Mancos and Mesaverde production have been generated using type curves of production in the surrounding trend.

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

The BHPs of all zones, producing and non-producing, were estimated based upon 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:**

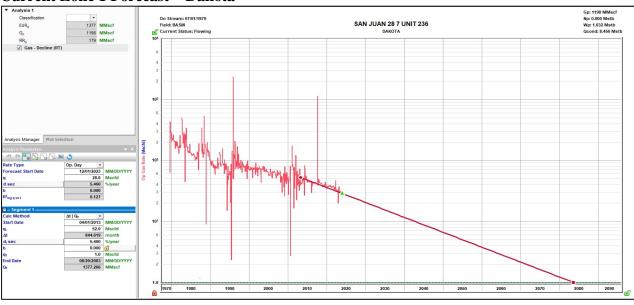
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be commingled are the Mancos and Mesaverde. The subtraction method applies an average monthly production forecast to the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

New zones will be allocated using a fixed allocation. Forecasted rates for Mancos and Mesaverde are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MC/MV is based on the ratio of forecasted reserves as shown in the table below.

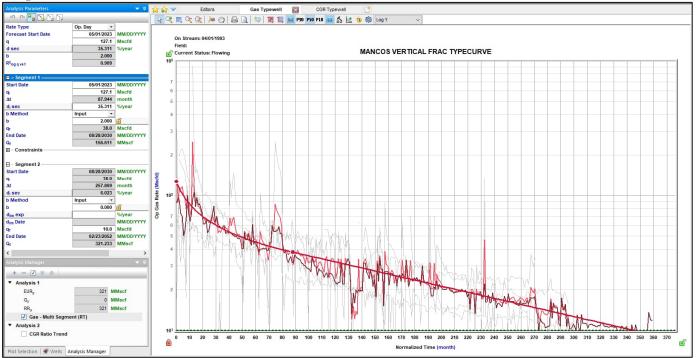
Formation	Remaining Reserves (MMcf)	% Gas Allocation
Mancos	321	35%
Mesaverde	607	65%

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.

### Current Zone 1 Forecast – Dakota



### **Proposed Zone 1 Forecast - Mancos**



### **Proposed Zone 2 Forecast - Mesaverde**

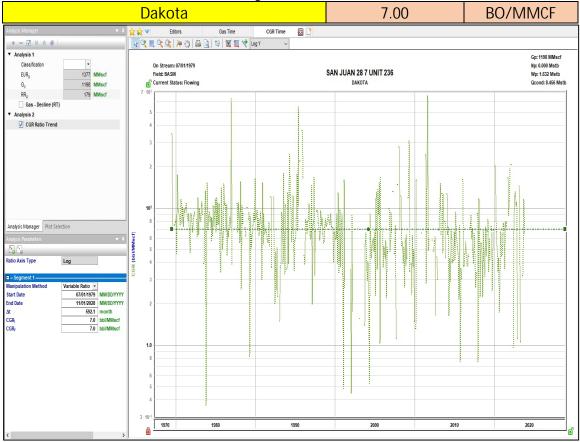


### Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

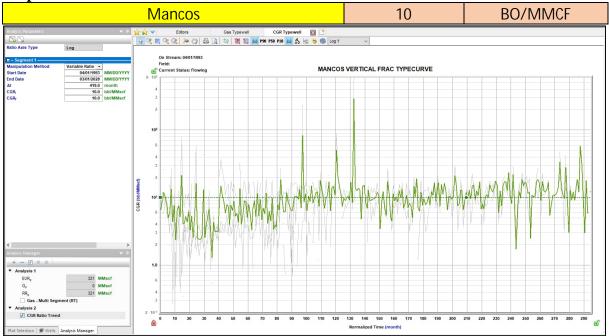
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	7.00	179	13%
MC	10.00	321	33%
MV	8.62	607	54%





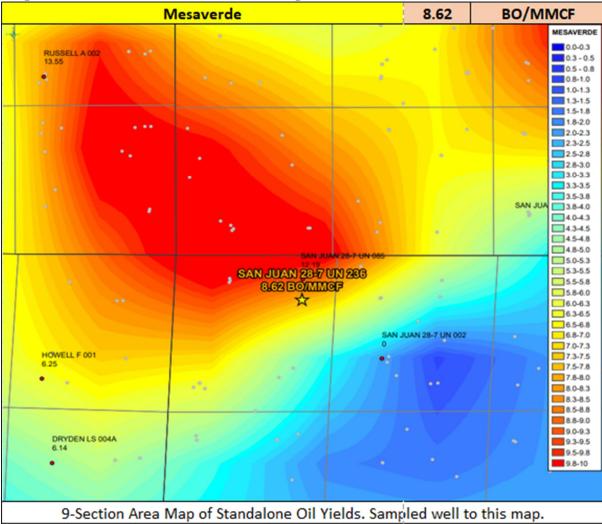
9-Section Area of Standalone Oil Yields. Sampled well to this map.

**Proposed Zone 1 – Mancos Oil Yield** 



Average Oil Yield from Vertical Mancos Type Curve.





From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD

To: <u>Cheryl Weston</u>; <u>Mandi Walker</u>

Cc: McClure, Dean, EMNRD; Lowe, Leonard, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell,

Brandon, EMNRD; Paradis, Kyle O; dmankiew@blm.gov

Subject: Approved Administrative Order DHC-5367

Date: Wednesday, May 22, 2024 3:49:27 PM

Attachments: DHC5367 Order.pdf

NMOCD has issued Administrative Order DHC-5367 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: San Juan 28 7 Unit #236

Well API: 30-039-21661

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: Cheryl Weston

To: McClure, Dean, EMNRD; Mandi Walker

Cc: Roberts, Kelly, EMNRD

Subject: RE: [EXTERNAL] Action ID: 322690; DHC-5367

 Date:
 Monday, April 29, 2024 8:58:09 AM

 Attachments:
 SJ 28-7 Unit 236 DHC C-103.pdf

Dean,

Please see attached DHC C-103 with the corrected Mancos perf range.

Thanks, Cheryl

From: McClure, Dean, EMNRD < Dean. McClure@emnrd.nm.gov>

**Sent:** Friday, April 26, 2024 5:23 PM

To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>

**Cc:** Roberts, Kelly, EMNRD < Kelly.Roberts@emnrd.nm.gov>

Subject: [EXTERNAL] Action ID: 322690; DHC-5367

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

To whom it may concern (c/o Cheryl Weston for Hilcorp Energy Company),

The Division is reviewing the following application:

Action ID	322690					
Admin No.	DHC-5367					
Applicant	Hilcorp Energy Company (372171)					
Title	San Juan 28 7 Unit #236					
Sub. Date	3/12/2024					

Please provide the following additional supplemental documents:

•

### Please provide additional information regarding the following:

• Please provide an amended form C-103 with the MC perforations corrected.

### Additional notes:

•

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

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

ceived by QCD i 3 Appropriate Bisth	:31 PM	State of New Me	exico		Form C-103
Office <u>District I</u> – (575) 393-6161	Energy,	Minerals and Natu	ıral Resources		Revised July 18, 2013
1625 N. French Dr., Hobbs, NM 8824	10			WELL API NO.	00001//1
<u>District II</u> – (575) 748-1283 811 S. First St., Artesia, NM 88210	OIL CO	ONSERVATION	DIVISION		03921661
<u>District III</u> – (505) 334-6178	12	20 South St. Fra	ncis Dr.	5. Indicate Type	
1000 Rio Brazos Rd., Aztec, NM 874 <u>District IV</u> – (505) 476-3460	10	Santa Fe, NM 8	7505	STATE [6. State Oil & Ga	FEE
1220 S. St. Francis Dr., Santa Fe, NM 87505	1	,			NMSF078835A
SUNDRY 1	NOTICES AND REI			7. Lease Name of	Unit Agreement Name
(DO NOT USE THIS FORM FOR PI DIFFERENT RESERVOIR. USE "A				SAN JUA	N 28-7 UNIT
PROPOSALS.)  1. Type of Well: Oil Well [	Gas Well	Other		8. Well Number	236
2. Name of Operator				9. OGRID Numb	
Hilcorp Energy Com	pany			10 P 1	372171
3. Address of Operator 382 Road 3100, Azte	oc NM 87410			10. Pool name or	Wildcat s / Blanco Mesaverde
4. Well Location	C, 1410 07410			Dasin Manco	5 / Dianeo Mesaverue
Unit Letter H: 155	0 feet from the Nor	th line and 1085 fo	eet from the East	line	
Section 06		N Range 007W		County RIO ARRI	RΔ
Section 00		(Show whether DR			DA
	11. Lievation	6178		<sup>'</sup>	
12. Chec	k Appropriate Bo	ox to Indicate Na	ture of Notice, I	Report or Other I	<b>D</b> ata
NOTICE O	F INTENTION 7	Γ().	l cup	SEQUENT RE	DODT OF:
PERFORM REMEDIAL WORK	_	-	REMEDIAL WOR		ALTERING CASING
TEMPORARILY ABANDON	☐ CHANGE PL		COMMENCE DR	<del></del>	P AND A
PULL OR ALTER CASING	☐ MULTIPLE C		CASING/CEMEN		
DOWNHOLE COMMINGLE			O/ (OII (O/ CEIVIE)	. 005	
CLOSED-LOOP SYSTEM					
OTHER:	☐ RECOMPLETE		OTHER:		
13. Describe proposed or co	d work). SEE RULE				
proposed completion or	recompletion.				
t is intended to recomplete the s	ubject well in the Ba	sin Mancos (pool 9	7232) and the Blan	co Mesaverde (pool	72319) and downhole
commingle the existing Basin Da	3	·*	,	· ·	
Conservation Division Order Nu					
vill not reduce the value of the p	roduction. The Bur	eau of Land Manage	ement has been not	ified in writing of th	is application.
Proposed perforations are: MV	4200' - 5413'· MC 54	113' - 6837'· DK 69 <del>'</del>	50' - 7151' <b>Th</b> ese i	perforations are in	TVD
roposed periorations are. 141 v	1200 2113,11103	.13 0037, 211 030	, o , 151 . <b>The</b> se <b>j</b>		1 1 21
As referred to in Order # R-1368	1 interest owners we	ere not re-notified.			
					$\neg$
Spud Date:		Rig Release Dat	e:		
		C			
hereby certify that the informat	ion above is true and	d complete to the bea	st of my knowledge	and belief.	
SIGNATURE Cherylene \	<u> </u>	TITLE <u>Opera</u>	tions/Regulatory T	echnician Sr. DA	TE <u>02/19/2024</u>
Гуре or print name <u>Cherylene</u>	e Weston	E-mail address	_cweston@hilcorp	.com PHONE	: 713-289-2615
For State Use Only				1110111	
A DDD OVED DV		THE P		F : 5	7F
APPROVED BY:	<del></del>	ITILE		DAT	E
Conditions of Approval (if any):					

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

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Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

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

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

Form C-102 August 1, 2011

Permit 357272

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-21661	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318432	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 236
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6178

### 10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
н	6	27N	07W		1550	N	1085	E	RIO
									ARRIBA

### 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 320.			13. Joint or Infill		14. Consolidatio	n 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

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E-Signed By: Cherylene Weston

Title: Operations/Regulatory Tech-Sr.

Date: 1/09/2024

Certificate Number:

### 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: David Kilven 8/15/1974 Date of Survey: 1760

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720 **District II** 

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720 **District III** 

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170 **District IV** 

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

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

Form C-102 August 1, 2011

Permit 357272

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name						
30-039-21661	97232	BASIN MANCOS						
4. Property Code	5. Property Name	6. Well No.						
318432	SAN JUAN 28 7 UNIT	236						
7. OGRID No.	8. Operator Name	9. Elevation						
372171	HILCORP ENERGY COMPANY	6178						

### 10. Surface Location

	UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
١	H	6	27N	07W		1550	N	1085	E	RIO
١										ARRIBA

### 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 Ad 320.			13. Joint or Infill		14. Consolidation	n 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: Cherylene Weston

Title: Operations/Regulatory Tech-Sr.

Date: 1/09/2024

### **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: David Kilven
Date of Survey: 8/15/1974

Certificate Number: 1760

Form C-102 Supersedes C-128 Effective 1-1-65

WELL LOCATION AND ACREAGE DEDICATION . LAT

EL FASO NATURAL GAS COMPANY  SAM JUAN 28-7 UNIT (SF-078835-A)  Section 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  Actual 1 Section 6 Towards 27-N Funger 7-N County  RIO ARRIBA  RASH DAKOTA Decided Agreement 10-N COUNTY  RIO ARRIBA  RASH DAKOTA DECIDED AGREEMENT 10		···	All distances mus	be from the oute	r boundaries of	the Section		
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### San Juan 28-7 Unit 236 Allocation

The forecasts for Mancos and Mesaverde production have been generated using type curves of production in the surrounding trend.

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

The BHPs of all zones, producing and non-producing, were estimated based upon 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:**

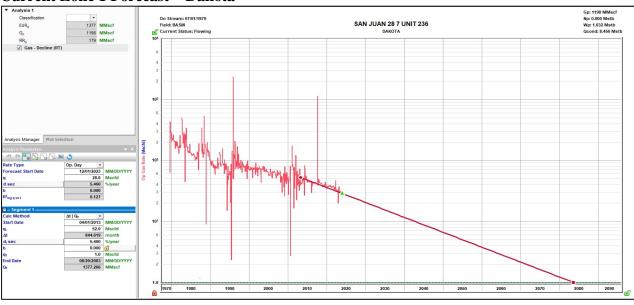
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be commingled are the Mancos and Mesaverde. The subtraction method applies an average monthly production forecast to the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

New zones will be allocated using a fixed allocation. Forecasted rates for Mancos and Mesaverde are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MC/MV is based on the ratio of forecasted reserves as shown in the table below.

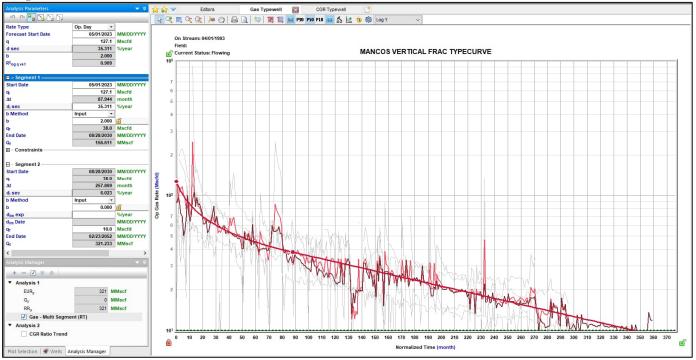
Formation	Remaining Reserves (MMcf)	% Gas Allocation
Mancos	321	35%
Mesaverde	607	65%

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.

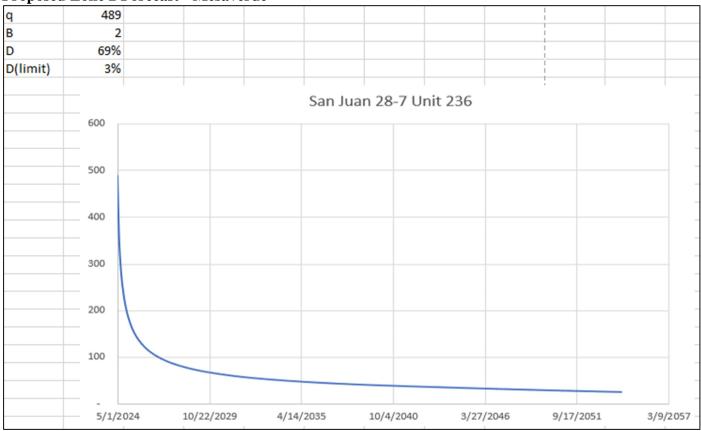
### Current Zone 1 Forecast – Dakota



### **Proposed Zone 1 Forecast - Mancos**



### **Proposed Zone 2 Forecast - Mesaverde**

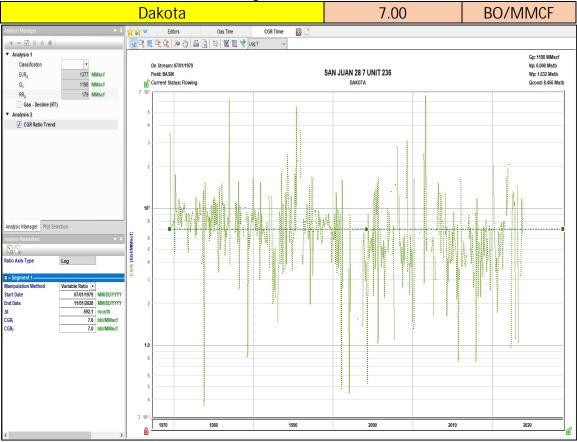


### Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

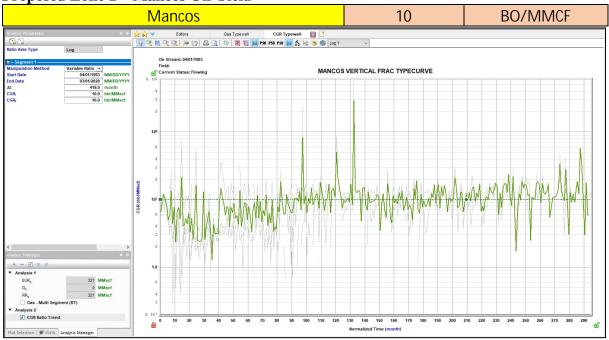
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	7.00	179	13%
MC	10.00	321	33%
MV	8.62	607	54%





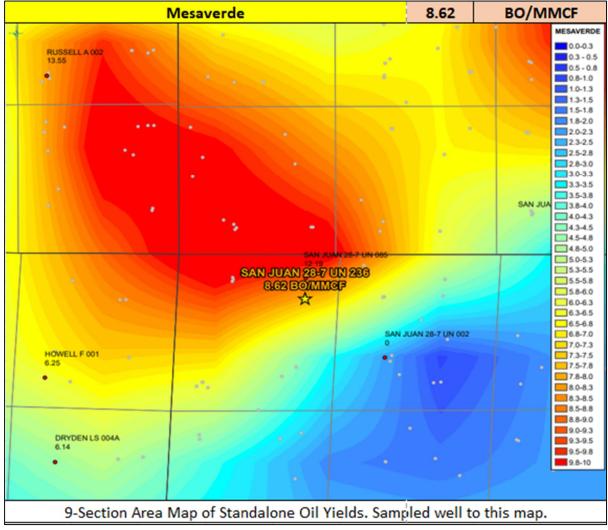
9-Section Area of Standalone Oil Yields. Sampled well to this map.

**Proposed Zone 1 – Mancos Oil Yield** 



Average Oil Yield from Vertical Mancos Type Curve.





## 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-5367** 

### **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 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. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-13681.
- 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-5367 Page 1 of 3

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.

### **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. fifty-four percent (54%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319);
  - b. thirty-three percent (33%) shall be allocated to the BASIN MANCOS pool (pool ID: 97232); and
  - c. thirteen percent (13%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

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

- a. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
- b. the BASIN MANCOS pool (pool ID: 97232).

The current pool(s) are:

a. the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

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

- a. sixty-five percent (65%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
- b. thirty-five percent (35%) shall be allocated to the BASIN MANCOS pool (pool ID: 97232).

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

Order No. DHC-5367 Page 2 of 3

- 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. FUGÉ DIRECTOR (ACTING) DATE: <u>5/22/24</u>

Order No. DHC-5367 Page 3 of 3

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

### **Exhibit A**

Order: DHC-5367

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

Well Name: San Juan 28 7 Unit #236

Well API: 30-039-21661

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

Upper Zone Pool ID: 72319 Current: New: X
Allocation: Oil: 54.0% Gas: 65.0%

Top: 4,200 Bottom: 5,413

**Pool Name: BASIN MANCOS** 

Intermediate Zone Pool ID: 97232 Current: New: X

Allocation: Oil: 33.0% Gas: 35.0%

Top: 5,413 Bottom: 6,837

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

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

Pool ID: 71599 Current: X New:

Allocation: Oil: 13.0% Gas: curve

Top: 6,950 Bottom: 7,151

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

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 322690

### **CONDITIONS**

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street Houston, TX 77002	Action Number: 322690
	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.	5/22/2024