

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



 Signature

Date

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

Johnston Federal **1A** **F, 12, 30N, 09W** **San Juan**
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 372171 Property Code 318585 API No. 30-045-21667 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 2313' - 2648'		3449' - 5155'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure <small>(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)</small>	24 psi		80 psi
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	880 BTU		1197 BTU
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Rates: Oil: Gas: Water:	Date: Rates: Oil: Gas: Water:	Date: 12/1/2023 Rates: Oil: 3 Gas: 3222 Water: 65
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil Gas % %	Oil Gas % %	Oil Gas % %

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  TITLE Operations/Regulatory Technician Sr. DATE 3/18/2024

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. (346) 237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

The near wellbore shut-in bottom hole pressures of the above reservoirs are much lower than the calculated far-field stabilized reservoir pressured due to the low permeability of the reservoirs. Based on pressure transient analysis performed in the San Juan Basin, it would take 7-25 years for shut-in bottom hole pressures to build up to the calculated far-field reservoir pressure. Our observation is that even for areas of high static reservoir pressures, the low permeability of the reservoir rock results in rapid depletion of the near-fracture region, quickly enough that the wells are unable to produce without the aid of a plunger. Given low permeabilities and low wellbore flowing pressures in the above reservoirs, loss of reserves due to cross-flow is not an issue during producing or shut-in periods. Given low shut-in bottom hole pressures, commingling the above reservoirs in this well will not result in shut-in or flowing wellbore pressures in excess of any commingled pool's fracture parting pressure. The pressures provided in the C-107A are based on shut-in bottom hole pressures of offset standalone wells which match expected near-wellbore shut-in bottom hole pressures of this proposed commingled completion.

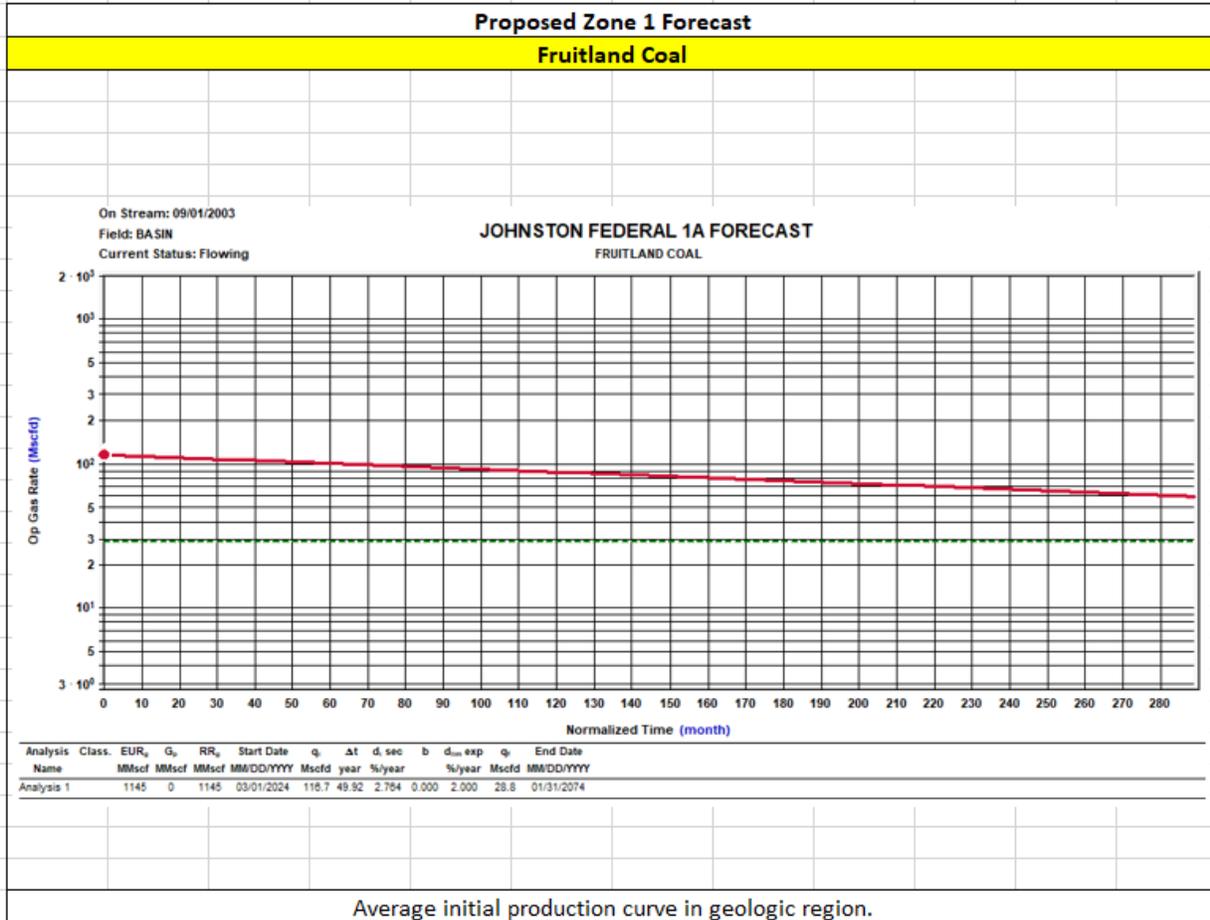
Shut in pressures were calculated for operated offset standalone wells in each of the zones being commingled in the well in question via the following process:

- 1) Wells were shut in for 24 hours
- 2) Echometer was used to obtain a fluid level
- 3) Shut in BHP was calculated for the proposed commingled completion

List of wells used to calculate BHPs for the Project:		
3004528911	JOHNSTON FEDERAL 15R	FRUITLAND COAL
3004522375	TURNER B COM A 2A	MESAVERDE

I believe each of the reservoirs to be continuous and in a similar state of depletion at this well and at each of the wells from which the pressures are being derived.

Note: BTU Data taken from standalone completions in the zone of interest within a 2 mile radius of the well.
 A farther radius is used if there is not enough data for a proper statistical analysis.



HEC Comments

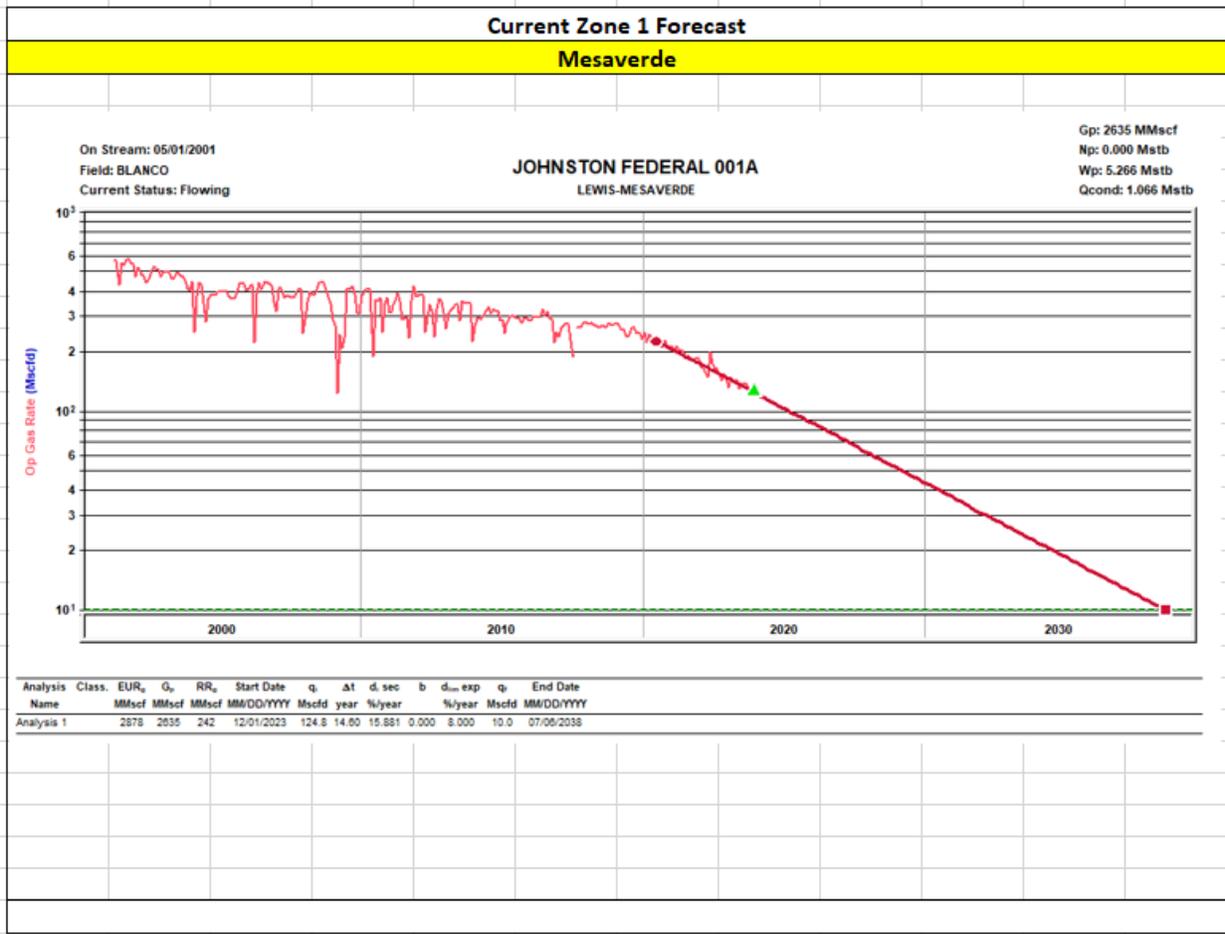
These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and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

The BHPs of all zones, producing and non-producing, were estimated based upon basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. 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 forecast 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.



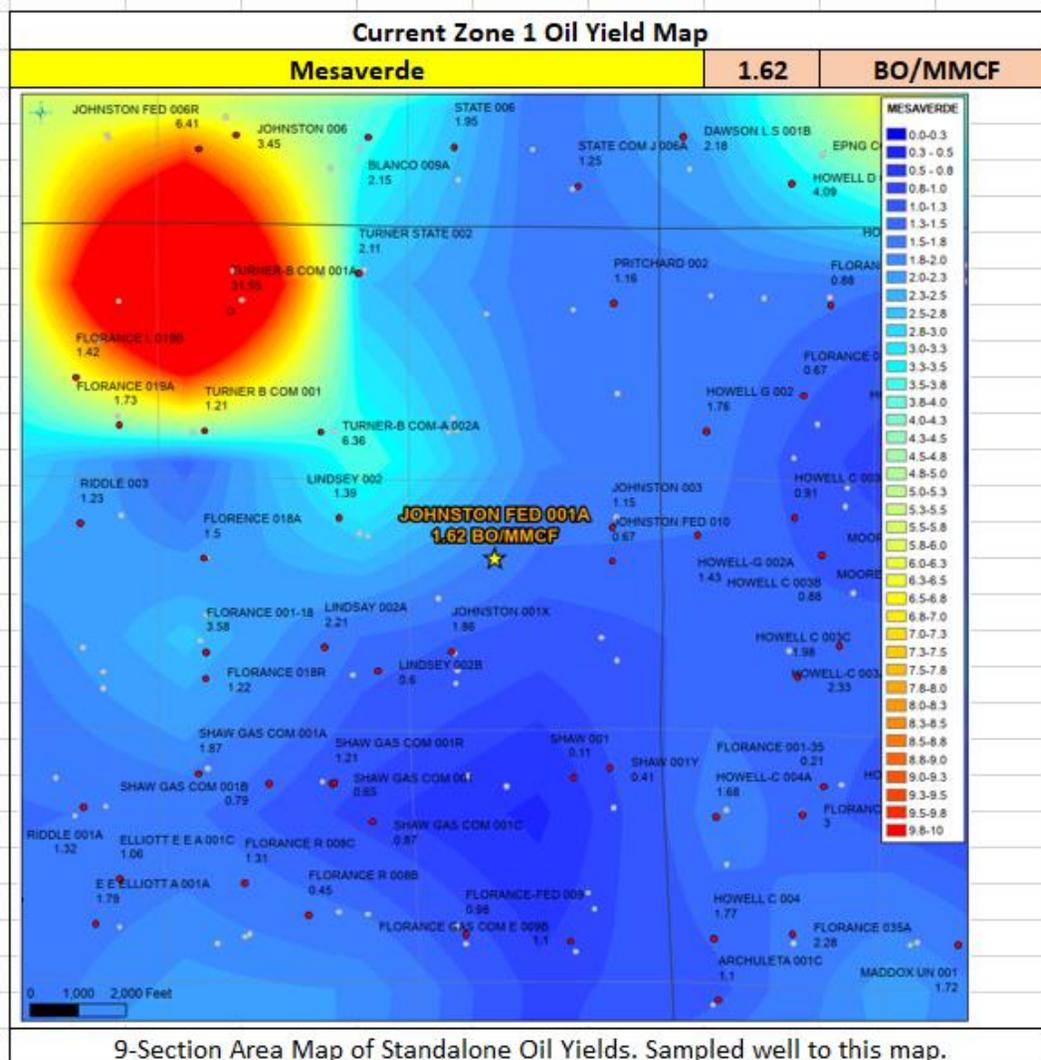
Oil Allocation:

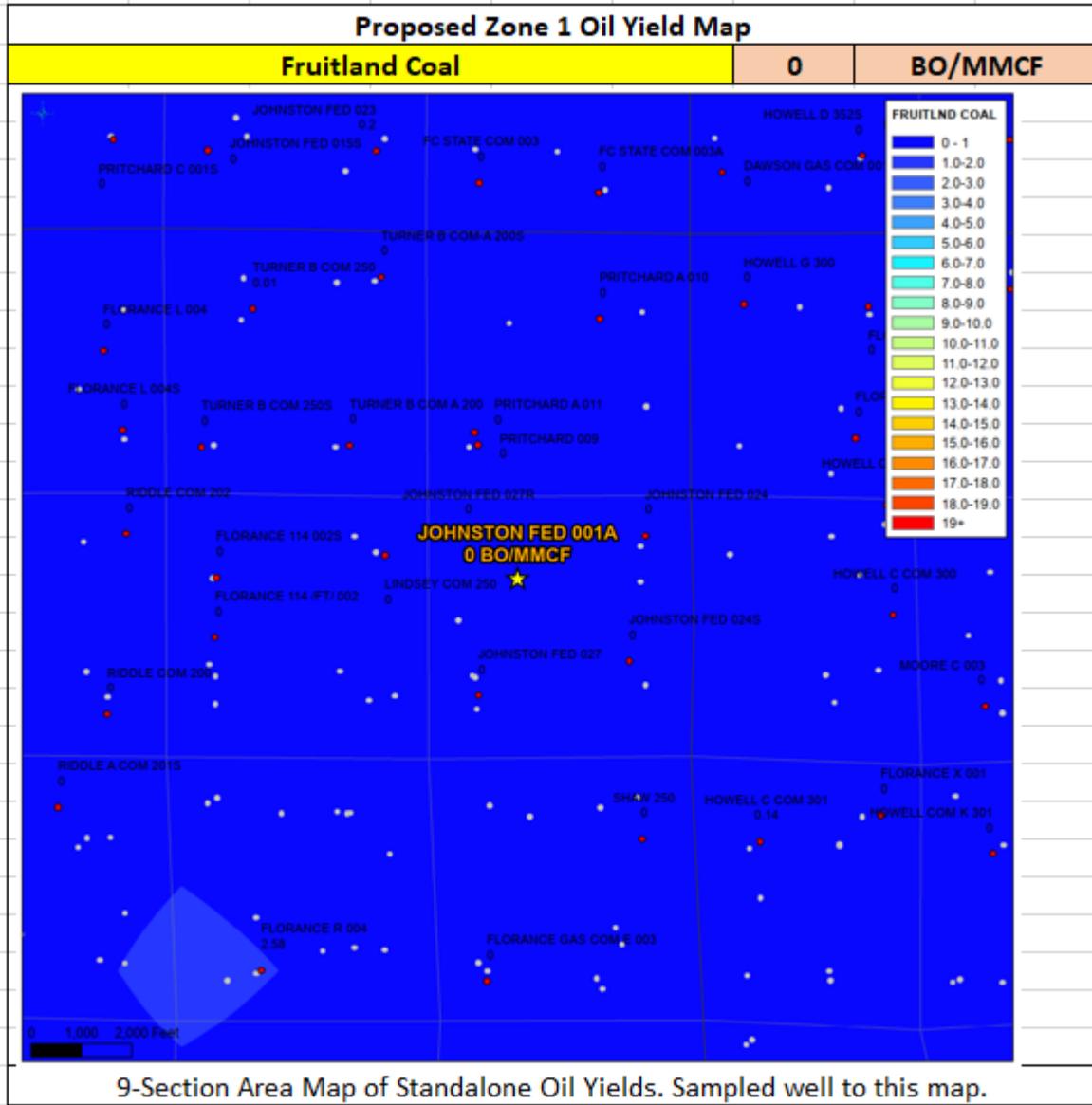
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

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

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	1.62	242	100%
FRC	0	1145	0%
			100%

All documentation will be submitted to NMOCD.





Water Compatibility in the San Juan Basin

- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters.
- The samples below all show fresh water with low TDS.

Well Name	API
JOHNSTON FEDERAL 1A	3004521667

FRC Offset		MV Offset	
API	3004526935	API	3004522375
Property	TURNER B COM A 200	Property	TURNER B COM A 2A
CationBarium	21.2	CationBarium	0.4
CationBoron		CationBoron	
CationCalcium	110	CationCalcium	7.73
CationIron	90	CationIron	9.35
CationMagnesium	32	CationMagnesium	0.51
CationManganese	0.5	CationManganese	0.4
CationPhosphorus		CationPhosphorus	
CationPotassium		CationPotassium	180
CationStrontium	5.8	CationStrontium	2
CationSodium	7170.39	CationSodium	151
CationSilica		CationSilica	5.96
CationZinc		CationZinc	2
CationAluminum		CationAluminum	
CationCopper		CationCopper	
CationLead		CationLead	2
CationLithium		CationLithium	
CationNickel		CationNickel	
CationCobalt		CationCobalt	
CationChromium		CationChromium	
CationSilicon		CationSilicon	10
CationMolybdenum		CationMolybdenum	
AnionChloride	6260	AnionChloride	430
AnionCarbonate	0	AnionCarbonate	10
AnionBicarbonate	8540	AnionBicarbonate	105
AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride	
AnionHydroxyl	0	AnionHydroxyl	10
AnionNitrate		AnionNitrate	
AnionPhosphate		AnionPhosphate	
AnionSulfate	188	AnionSulfate	18.6
phField	8.52	phField	6.72
phCalculated		phCalculated	7.56
TempField	36	TempField	66.5
TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity	20
OtherSpecificGravity	0	OtherSpecificGravity	1
OtherTDS	22417.89	OtherTDS	1270
OtherCaCO3		OtherCaCO3	19.3
OtherConductivity	35027.95	OtherConductivity	1160
DissolvedCO2	16	DissolvedCO2	40
DissolvedO2		DissolvedO2	
DissolvedH2S	0	DissolvedH2S	
GasPressure	100	GasPressure	
GasCO2	0	GasCO2	
GasCO2PP	0	GasCO2PP	
GasH2S	0	GasH2S	
GasH2SPP	0	GasH2SPP	
PitzerCaCO3_70	2.5	PitzerCaCO3_70	
PitzerBaSO4_70	1.98	PitzerBaSO4_70	
PitzerCaSO4_70	-1.94	PitzerCaSO4_70	
PitzerSrSO4_70	-1.71	PitzerSrSO4_70	
PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220	2.85	PitzerCaCO3_220	
PitzerBaSO4_220	1.39	PitzerBaSO4_220	
PitzerCaSO4_220	-1.88	PitzerCaSO4_220	
PitzerSrSO4_220	-1.59	PitzerSrSO4_220	
PitzerFeCO3_220		PitzerFeCO3_220	

Gas Compatibility in the San Juan Basin

- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters or gas composition.
- The samples below all show offset gas analysis variability by formation is low.

Well Name	API
JOHNSTON FEDERAL 1A	3004521667

FRC Offset		MV Offset	
AssetCode	3004527104	AssetCode	3004521975
AssetName	LINDSEY COM 250	AssetName	HOWELL G 2A
CO2	0.15	CO2	0.03
N2	0	N2	0
C1	0.81	C1	0.85
C2	0.03	C2	0.07
C3	0.01	C3	0.03
ISOC4	0	ISOC4	0.01
NC4	0	NC4	0.01
ISOC5	0	ISOC5	0
NC5	0	NC5	0
NEOC5		NEOC5	
C6	0	C6	
C6_PLUS		C6_PLUS	0.01
C7		C7	
C8		C8	
C9		C9	
C10		C10	
AR		AR	
CO		CO	
H2		H2	
O2		O2	
H2O		H2O	
H2S		H2S	0
HE		HE	
C_O_S		C_O_S	
CH3SH		CH3SH	
C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S	
C6HV		C6HV	
CO2GPM		CO2GPM	0
N2GPM		N2GPM	0
C1GPM		C1GPM	0
C2GPM		C2GPM	1.96
C3GPM		C3GPM	0.81
ISOC4GPM		ISOC4GPM	0.17
NC4GPM		NC4GPM	0.26
ISOC5GPM		ISOC5GPM	0.12
NC5GPM		NC5GPM	0.09
C6_PLUSGPM		C6_PLUSGPM	0.32

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

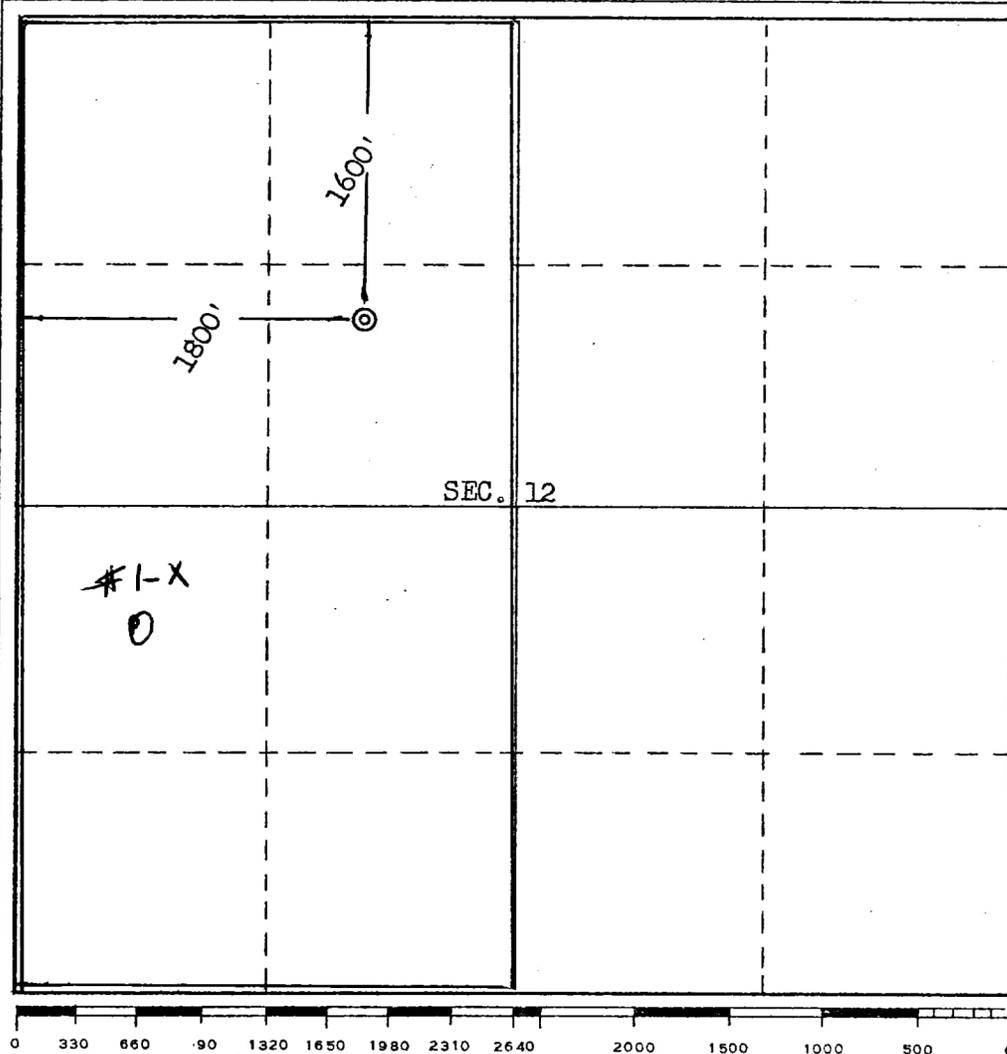
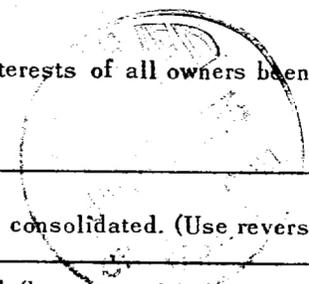
Operator Union Texas Petroleum Corporation		Lease Johnston-Federal			Well No. 1A #5
Unit Letter F	Section 12	Township 30 North	Range 9 West	County San Juan	
Actual Footage Location of Well: 1600 feet from the North line and 1800 feet from the West line					
Ground Level Elev. 5860	Producing Formation Mesaverde		Pool Blanco Mesaverde	Dedicated Acreage: 320 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.

Donald B. Wells
Name

Donald B. Wells

Assistant Dist. Prod. Mgr.

Company
Union Texas Petroleum

Date
January 6, 1975

REGISTERED LAND SURVEYOR
STATE OF NEW MEXICO
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 are true and correct to the best of my knowledge and belief.
RECEIVED
JAN 2 - 1975

Date Surveyed
December 19, 1974

Registered Professional Engineer and/or Land Surveyor

E.V. Echohawk

Certificate No. 3602
E.V. Echohawk LS

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Well Name: JOHNSTON FEDERAL	Well Location: T30N / R9W / SEC 12 / SENW / 36.828369 / -107.734299	County or Parish/State: SAN JUAN / NM
Well Number: 1A	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078439	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004521667	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2775879

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 02/20/2024

Time Sundry Submitted: 11:35

Date proposed operation will begin: 05/01/2024

Procedure Description: Hilcorp Energy Company requests permission to recomplate 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. Hilcorp will contact the FFO Surface group within 90 days after the well has been recompleted, before any interim reclamation work, to conduct the onsite. A reclamation plan will be submitted after the onsite.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Johnston_Fed_1A_RC_NOI_20240220113527.pdf

Well Name: JOHNSTON FEDERAL

Well Location: T30N / R9W / SEC 12 /
SEW / 36.828369 / -107.734299

County or Parish/State: SAN
JUAN / NM

Well Number: 1A

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:

Lease Number: NMSF078439

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004521667

Well Status: Producing Gas Well

Operator: HILCORP ENERGY
COMPANY

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: AMANDA WALKER

Signed on: FEB 20, 2024 11:35 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Technician

Street Address: 1111 TRAVIS ST

City: HOUSTON

State: TX

Phone: (346) 237-2177

Email address: MWALKER@HILCORP.COM

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742

BLM POC Email Address: krennick@blm.gov

Disposition: Approved

Disposition Date: 02/20/2024

Signature: Kenneth Rennick



**HILCORP ENERGY COMPANY
JOHNSTON FEDERAL 1A
FRUITLAND COAL RECOMPLETION SUNDRY**

Prepared by:	Scott Anderson
Preparation Date:	February 9, 2024

WELL INFORMATION			
Well Name:	JOHNSTON FEDERAL 1A	State:	NM
API #:	3004521667	County:	SAN JUAN
Area:	4	Location:	1600' FNL & 1800' FWL - Unit F - Section 12 - T 030N - R 009W
Route:	0409	Latitude:	36.82836 N
Spud Date:	3/18/1977	Longitude:	-107.73429 W

PROJECT DESCRIPTION
Isolate the Mesaverde, perforate and stimulate the UPE Fruitland Coal in 1-2 stages via frac string. Commingle the Fruitland Coal production with the existing Mesa Verde production. Strip facilities if necessary; repair production eqmt as needed, upgrade automation

CONTACTS			
Title	Name	Office Phone #	Cell Phone #
Engineer	Scott Anderson		248-761-3965
Area Foreman	Colter Faverino		326-9758
Lead	Ramon Florez		599-3479
Artificial Lift Tech	Jesse McDowell		386-8062
Operator	Nicholas Weyrauch		427-0119



**HILCORP ENERGY COMPANY
JOHNSTON FEDERAL 1A
FRUITLAND COAL RECOMPLETION SUNDRY**

JOB PROCEDURES

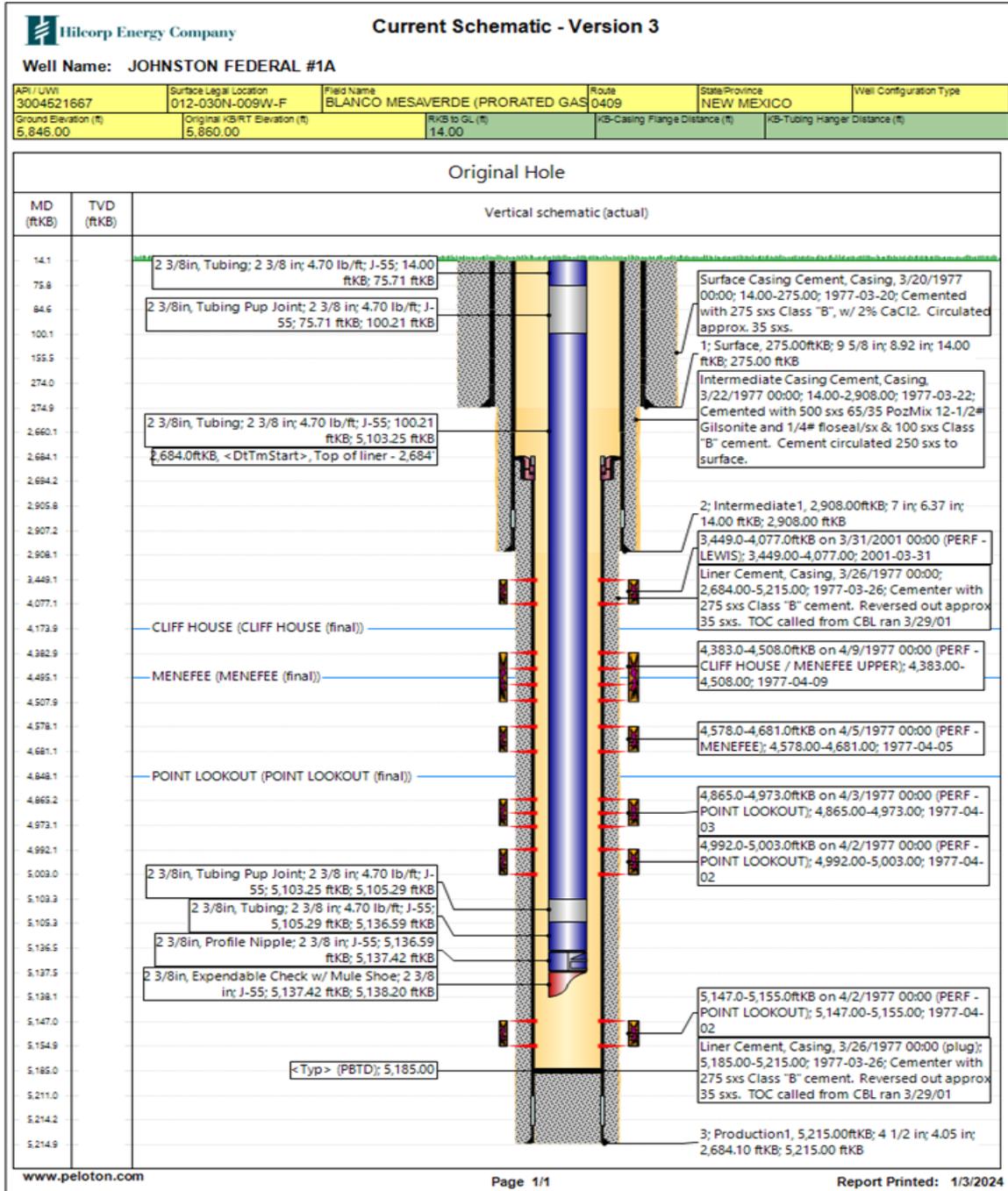
- NMOCD **Contact OCD 24 hrs prior to MIRU. Record and document all casing pressures daily, including BH, IC (if present) and**
 BLM **PC. Comply with all NMOCD, BLM, and HEC safety and environmental regulations.**

1. MIRU service rig and associated equipment. Pull insert pump and rods
2. Nipple down wellhead, nipple up and test BOPs per HEC, State, and Federal guidelines.
3. TOOH with 2-3/8" tubing
4. **Set a 4-1/2" bridge plug at 3,399' to isolate the Mesa Verde formation.**
5. Load wellbore with fluid. RU wireline and run a CBL from the BP at 3,399' to surface
6. RU pressure test truck. Perform a Mechanical Integrity Test on the wellbore above the plug at 3,399'. Chart record the MIT test (Notify BLM and NMOCD +24hr before actual test).
7. **Set a 4.5" Base of Frac plug just inside the 4-1/2" liner top at +/- 2,698'**
8. **RU E-line crew. Perforate the Fruitland Coal. (Top perforation @ 2,313', Bottom perforation @ 2,648')**.
NOTE: perforation interval subject to change based on the results of the CBL run above. All changes will be communicated to the Regulatory Agencies prior to perforating.
9. Hydrotest the frac string to frac pressure. **RIH with frac string and packer, land packer ~50' above the top perf.**
10. N/D BOP, N/U 10K frac stack and test frac stack to frac pressure.
11. RU stimulation crew. Frac the Fruitland Coal in one or two stages.
12. MIRU service rig. Nipple down frac stack, nipple up BOP and test. Kill well with fluid, if necessary
13. POOH w/ frac string and packer.
14. **Pending C107A approval**, drill out the Base of Frac plug and Mesaverde Isolation plug. Clean out to PBTD at **5,185'**
15. TIH and land 2-3/8" production tubing.
16. **Flowback well thru flowback separator and sand trap. Get a commingled Fruitland Coal / Mesa Verde flow rate.**



HILCORP ENERGY COMPANY
JOHNSTON FEDERAL 1A
FRUITLAND COAL RECOMPLETION SUNDRY

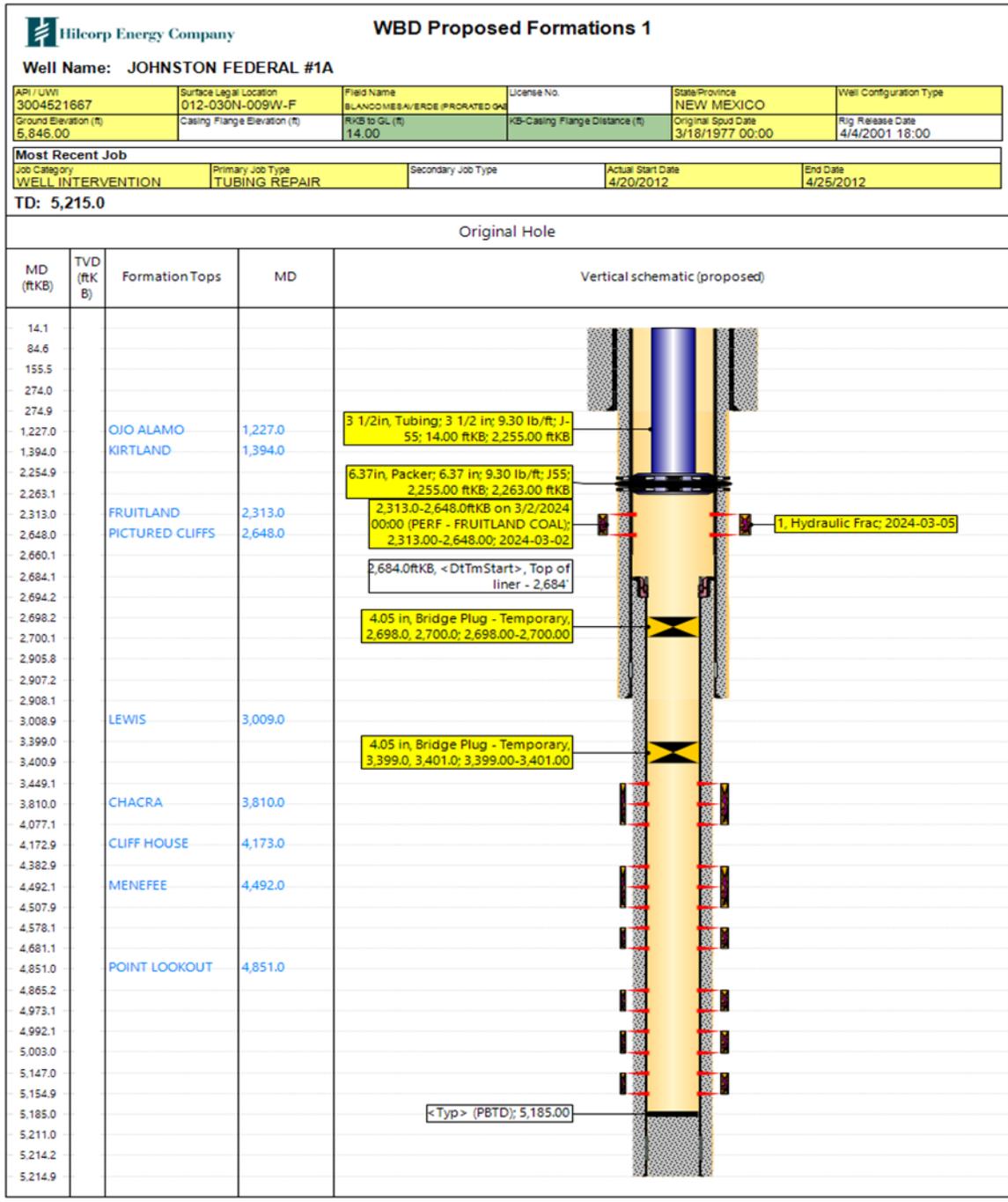
JOHNSTON FEDERAL 1A - CURRENT WELLBORE SCHEMATIC





HILCORP ENERGY COMPANY
JOHNSTON FEDERAL 1A
FRUITLAND COAL RECOMPLETION SUNDRY

JOHNSTON FEDERAL 1A - PROPOSED WELLBORE SCHEMATIC (PRIOR TO DRILLOUT/COMMINGLING)



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 359830

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-21667	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 318585	5. Property Name JOHNSTON FEDERAL	6. Well No. 001A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5860

10. Surface Location

UL - Lot F	Section 12	Township 30N	Range 09W	Lot Idn	Feet From 1600	N/S Line N	Feet From 1800	E/W Line W	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	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: </p> <p>Title: Operations Regulatory Tech Sr. Date: 2/15/2024</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: E. V. Echohawk Date of Survey: 12/19/1974 Certificate Number: 3602</p>

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:** 02/15/2024

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

If Other, please describe: _____

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

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Johnston Federal 1A	30-045-21667	F-12-30N-09W	1600 FNL & 1800 FWL	0	200	1

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
Johnston Federal 1A	30-045-21667					

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: 
Printed Name: Amanda Walker
Title: Operation Regulatory Tech Sr.
E-mail Address: mwalker@hilcorp.com
Date: 2/15/2024
Phone: 346-237-2177

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 recomple project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomple 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 recomple operations.

VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
 - o 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
 - o This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompletion
 - o 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.
 - o 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
 - o 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.
 - o 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.
 - o HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
 - o All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
 - o 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.
 - o 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
 - o Measurement equipment is installed to measure the volume of natural gas flared from process piping.
 - o When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

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

Hilcorp Energy
Interim Reclamation Plan
Johnston Fed #1A
API: 30-045-21667
Unit F – Sec 12-T30N-R09W
Lat:36.82836, Long: -107.73429
Footage: 1600' FNL & 1800' FWL
San Juan County, NM

1. PRE- INTERIM RECLAMATION SITE INSPECTION
 - 1.1) A pre-interim reclamation onsite inspection was conducted on March 31, 2022 with BLM Environmental Protection Specialist Roger Herrera and Bobby Spearman Construction Foreman for Hilcorp Energy.
 - 1.2) Location surface will be brush hogged or mulched and bladed as required within original disturbance to acquire additional working surface for well recompletion activities.
 - 1.3) Location will be need to be enlarged on the west, and north sides via dirt work
2. LOCATION INTERIM RECLAMATION PROCEDURE
 - 2.1) Interim reclamation work will be completed after well recompletion.
 - 2.2) Location tear drop will be re-defined as applicable during interim reclamation.
 - 2.3) All disturbed areas will be seeded, any disturbed areas that are compacted will be ripped before seeding.
 - 2.4) All trash and debris will be removed within 50' buffer outside of the location disturbance during reclamation.
3. ACCESS ROAD RECLAMATION PROCEDURE:
 - 3.1) No lease access road issues were identified at the time of onsite.
4. SEEDING PROCDURE
 - 4.1) A Pinion/Juniper seed mix will be used for all reclaimed and disturbed areas of the location.
 - 4.2) Drill seeding will be done where applicable and all other disturbed areas will be broadcast seeded and harrowed, broadcast seeding will be applied at a double the rate of seed.
 - 4.3) Timing of the seeding will take place when the ground is not frozen or saturated.
5. WEED MANAGEMENT
 - 5.1) No action is required at this time for weed management, no noxious weeds were identified during the onsite.



February 22, 2024

Mailed Certified / Return Receipt Requested

To: ALL INTEREST OWNERS

RE: Application to Downhole Commingle Production
Well: JOHNSTON FEDERAL #001A
API: 30-045-21667
Township 30 North, Range 9 West, Section 12
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 'R. Carlson'.

Robert Carlson
Sr. Landman
(832) 839-4596
rcarlson@hilcorp.com

RTC:dkp
Enclosures

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.

1111 Travis Street Houston, TX 77002
Phone: 713/209-2400 Fax 713/209-2420

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company 382 Road 3100, Aztec, NM 87410
Operator Address

Johnston Federal 1A F, 12, 30N, 09W San Juan
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 372171 Property Code 318585 API No. 30-045-21667 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 2313' - 2648'		3449' - 5155'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure <small>(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)</small>	24 psi		80 psi
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	880 BTU		1197 BTU
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Rates: Oil: Gas: Water:	Date: Rates: Oil: Gas: Water:	Date: 12/1/2023 Rates: Oil: 3 Gas: 3222 Water: 65
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil Gas % %	Oil Gas % %	Oil Gas % %

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 *A Walker* TITLE Operations/Regulatory Technician Sr. DATE 2/21/2024

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. (346) 237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901833249229	Elsa Hamilton	, OFFICE OF NATURAL RESOURCES REVENUE, LAKEWOOD ACCTG CENT ONSHORE, DENVER, CO, 80225-0627 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249236	Elsa Hamilton	, FRANK N GIBBARD JR, , PORTSMOUTH, NH, 03801 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249243	Elsa Hamilton	, LOWE ROYALTY PARTNERS LP, , HOUSTON, TX, 77210 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249250	Elsa Hamilton	, ELAINE G HOWE, , SULPHUR, OK, 73086-0624 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249267	Elsa Hamilton	, ROGERS FAMILY LIMITED PARTNERSHIP, , FLINT, TX, 75762 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249274	Elsa Hamilton	, GRAYFORE PARTNERS LP, , LUBBOCK, TX, 79499-8670 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249281	Elsa Hamilton	, BETTY T JOHNSTON MARITAL TRUST, BETTY T JOHNSTON TOM N AUNE, HOUSTON, TX, 77040 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249298	Elsa Hamilton	, V A JOHNSTON LTD, , AUSTIN, TX, 78703 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249304	Elsa Hamilton	, EULA MAY JOHNSTON TRUST 661, BANK OF AMERICA N A, DALLAS, TX, 75284-0738 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249311	Elsa Hamilton	, ENDURING RESOURCES IV, LLC, , CENTENNIAL, CO, 80111 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249328	Elsa Hamilton	, KAREN LAWRENCE COMBINATION TRUST, KAREN ANDREW LAWRENCE TTEE, NEW BRAUNFELS, TX, 78132 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249335	Elsa Hamilton	, CHERYL DUFF COMBINATION TRUST, CHERYL ANDREW DUFF TTEE, HOUSTON, TX, 77056 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249342	Elsa Hamilton	, KATHLEEN HERD COMBINATION TRUST, KATHLEEN ANDREW HERD TRUSTEE, HOUSTON, TX, 77057 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249359	Elsa Hamilton	, SABINE HOLDINGS LP, , CARTHAGE, TX, 75633 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249366	Elsa Hamilton	, ALLISON ANDREW COMBINATION TRUST, ALLISON ANDREW TRUSTEE, NEW BRAUNFELS, TX, 78132 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249373	Elsa Hamilton	, DIXIE LAKE ROYALTY LLC, , LONGVIEW, TX, 75606 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249380	Elsa Hamilton	, COTTON VALLEY RESOURCES LLC, , GILMER, TX, 75644 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249397	Elsa Hamilton	, KMRT LLC, , GILMER, TX, 75644 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249403	Elsa Hamilton	, PHYLLIS MCCORMACK, , LONGVIEW, TX, 75608 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249410	Elsa Hamilton	, CLIFFORD D GIROD, , ANTLERS, OK, 74523 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249427	Elsa Hamilton	, JIM C GIROD, , ANTLERS, OK, 74523 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
92148969009997901833249434	Elsa Hamilton	, VALHALLA EQUITY LLC, , LONGVIEW, TX, 75605 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending

92148969009997901833249441	Elsa Hamilton	, CHARLA HALE, , SEALY, TX, 77474 Code: Johnston Federal 1A DHC	2/22/2024	Signature Pending
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* LocalIQ

Texas/New Mexico
GANNETT

PO Box 631667 Cincinnati, OH 45263-1667

PROOF OF PUBLICATION

Hilcorp Energy
Hilcorp Energy
382 Rd 3100
Aztec NM 87410

STATE OF WISCONSIN, COUNTY OF BROWN

The Farmington Daily Times, a daily newspaper published in the city of Farmington, San Juan County, State of New Mexico, and personal knowledge of the facts herein state and that the notice hereto annexed was Published in said newspapers in the issue:

03/01/2024

and that the fees charged are legal.
Sworn to and subscribed before on 03/01/2024

Notice by Hilcorp Energy Company for Downhole Commingling, San Juan County, New Mexico. Pursuant to Paragraph (2) of Subsection C of 19.15.12.11 NMAC, Hilcorp Energy Company, as Operator, has filed form C-107-A with the New Mexico Energy, Minerals and Natural Resources Department - Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle new production from the Basin-Fruitland Coal Gas Pool (71629) with existing production from the Blanco-Mesaverde Gas Pool (72319) in the JOHNSTON FEDERAL #001A well (API No. 30-045-21667) located in Unit F, Section 12, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico. Commingling will not reduce the value of production. The allocation of production between zones will occur via subtraction method. This notice is intended for certain unlocatable interest owners in the aforementioned well for which certified mail delivery is not possible. Should you (the interest owner for which this notice is intended) have an objection, you must notify the NMOCD in writing within twenty (20) days from the date of this publication. Thereafter, the matter may be set for hearing with the NMOCD in Santa Fe, NM, wherein your attendance and testimony would be required.
#9885267, Daily Times, March 1, 2024

Keegan Loren

Legal Clerk

Kathleen Allen

Notary, State of WI, County of Brown

1-7-25

My commission expires

Publication Cost: \$86.00
Order No: 9885267 # of Copies:
Customer No: 1366050 1
PO #: JOHNSTON FEDERAL #00

THIS IS NOT AN INVOICE!

Please do not use this form for payment remittance.

KATHLEEN ALLEN
Notary Public
State of Wisconsin

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Mandi Walker](#); [Cheryl Weston](#)
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-5383
Date: Wednesday, May 22, 2024 3:46:45 PM
Attachments: [DHC5383 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5383 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **Johnston Federal #1A**
Well API: **30-045-21667**

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: [Mandi Walker](#)
To: [McClure, Dean, EMNRD](#); [Cheryl Weston](#)
Cc: [Lowe, Leonard, EMNRD](#); [Shane Smith](#)
Subject: RE: [EXTERNAL] Action ID: 324085; DHC-5383
Date: Thursday, May 16, 2024 9:21:29 AM

Good morning Dean,

I spoke with our Reservoir Engineer this morning, and there is no H2S present in the well or the wells that were used for the gas/water analysis. He also mentioned that there was a comment within the application that states that the fluids in the well are compatible with each other and will not harm the MV.

Let me know if this helps with your review.

Thank you,

Mandi Walker

SJE/SJN (1,2,7) Regulatory Technician Sr.

Office: 346.237.2177

mwalker@hilcorp.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrn.nm.gov>
Sent: Thursday, May 16, 2024 9:57 AM
To: Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrn.nm.gov>
Subject: [EXTERNAL] Action ID: 324085; DHC-5383

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

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

The Division is reviewing the following application:

Action ID	324085
Admin No.	DHC-5383
Applicant	Hilcorp Energy Company (372171)
Title	Johnston Federal #1A
Sub. Date	3/18/2024

Please provide the following additional supplemental documents:

-

Please provide additional information regarding the following:

- Please provide the quantity of H2S for each of the pools.
- Please confirm that the water from the FLC pool will not cause harm to the MV pool.

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

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**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-5383

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 (ACTING)

DATE: 5/22/24

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5383**

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

Well Name: **Johnston Federal #1A**

Well API: **30-045-21667**

	Pool Name: BASIN FRUITLAND COAL (GAS)	Current:	New: X
Upper Zone	Pool ID: 71629	Oil: 0.0%	Gas: subt
	Allocation:	Top: 2,313	Bottom: 2,648

	Pool Name:	Current:	New:
Intermediate Zone	Pool ID:	Oil:	Gas:
	Allocation:	Top:	Bottom:

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

	Pool Name: BLANCO-MESAVERDE (PRORATED GAS)	Current: X	New:
Lower Zone	Pool ID: 72319	Oil: 100.0%	Gas: curve
	Allocation:	Top: 3,449	Bottom: 5,155

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 324085

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 324085
	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