From: McClure, Dean, EMNRD
To: Cheryl Weston; Mandi Walker
Cc: Lowe, Leonard, EMNRD; McClure, Dean, EMNRD
Subject: RE: [EXTERNAL] Action ID: 369531; DHC-5427; 30-039-25522 SAN JUAN 27 5 UNIT NP #330
Date: Wednesday, November 13, 2024 2:28:24 PM

The application referenced in the subject line of this email has now been withdrawn per request by the Applicant.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Monday, November 11, 2024 7:14 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Action ID: 369531; DHC-5427; 30-039-25522 SAN JUAN 27 5 UNIT NP #330

Dean,

Per the team, we will not be pursing the Dakota completion in the above well. Please disregard the DHC application.

Thank you,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Friday, November 8, 2024 5:28 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Action ID: 369531; DHC-5427; 30-039-25522 SAN JUAN 27 5 UNIT NP #330

Cheryl,

I'll drop it off the expediate request list for now and place review of the application on hold for 30 days, after which the Division may require Hilcorp to decide how it would like to proceed. In the meantime, if Hilcorp decides it would like to actively pursue this application again, please

reach out and it will be placed back under review.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Friday, November 8, 2024 4:24 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: Re: [EXTERNAL] Action ID: 369531; DHC-5427; 30-039-25522 SAN JUAN 27 5 UNIT NP #330

Dean,

There might be a possibility of a future recomplete. I will have to check with the team. For now, just hold off on this one.

Thank you,
Cheryl

Get Outlook for iOS

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Friday, November 8, 2024 5:11:08 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: [EXTERNAL] Action ID: 369531; DHC-5427; 30-039-25522 SAN JUAN 27 5 UNIT NP #330

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

Cheryl,

I'm reviewing the DHC application referenced in the subject line of this email. It appears that Hilcorp has recently submitted NOI to produce this well as a stand alone MV well. Is that correct and if so, does Hilcorp still wish to pursue this DHC application?

Dean McClure
Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

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Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

WELL API NO. 30-039-25522

5. Indicate Type of Lease STATE ☐ FEE ☐

6. State Oil & Gas Lease No. Federal NMSF079393

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: SAN JUAN 27-5 UNIT NP

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

8. Well Number 330

2. Name of Operator: Hilcorp Energy Company

9. OGRID Number: 372171

3. Address of Operator: 382 Road 3100, Aztec, NM 87410

10. Pool name or Wildcat: Blanco Mesaverde / Basin Dakota

4. Well Location
Unit Letter M: 795 feet from the South line and 1135 feet from the West line
Section 05 Township 027N Range 005W NMPM County RIO ARRIBA

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6666' GL

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

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

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

It is intended to drill and complete the subject well in the Blanco Mesaverde (pool 72319)and Basin Dakota (pool 71599). The production will be commingled per Oil Conservation Division Order Number 11363. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV 5,120' – 6,101'; DK 7,636' – 7,910'. These perforations are in TVD.

Hilcorp Energy will use a spinner method using the attached procedure. We will run this procedure after initial completion, 3 months, 6 months and 12 months to ensure allocations are stabilizing. Annual spinners will be ran until the allocations have stabilized, at which point a fixed allocation will provided.

As referred to in Order # R-10694 interest owners were not re-notified.

Spud Date: Rig Release Date:

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

SIGNATURE Cherylene Weston TITLE Operations/Regulatory Tech-Sr. DATE 8/1/2024

Type or print name Cherylene Weston E-mail address: cweston@hilcorp.com PHONE: 713-289-2615

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any)

1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Revised August 1, 2011

Submit one copy to Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-039-25522	71599	BASIN DAKOTA

[4] Property Code	[5] Property Name	[6] Well Number
318702	SAN JUAN 27-5 UNIT NP	330

[7] OGRID No.	[8] Operator Name	[9] Elevation
372171	HILCORP ENERGY COMPANY	6665'

[10] Surface Location

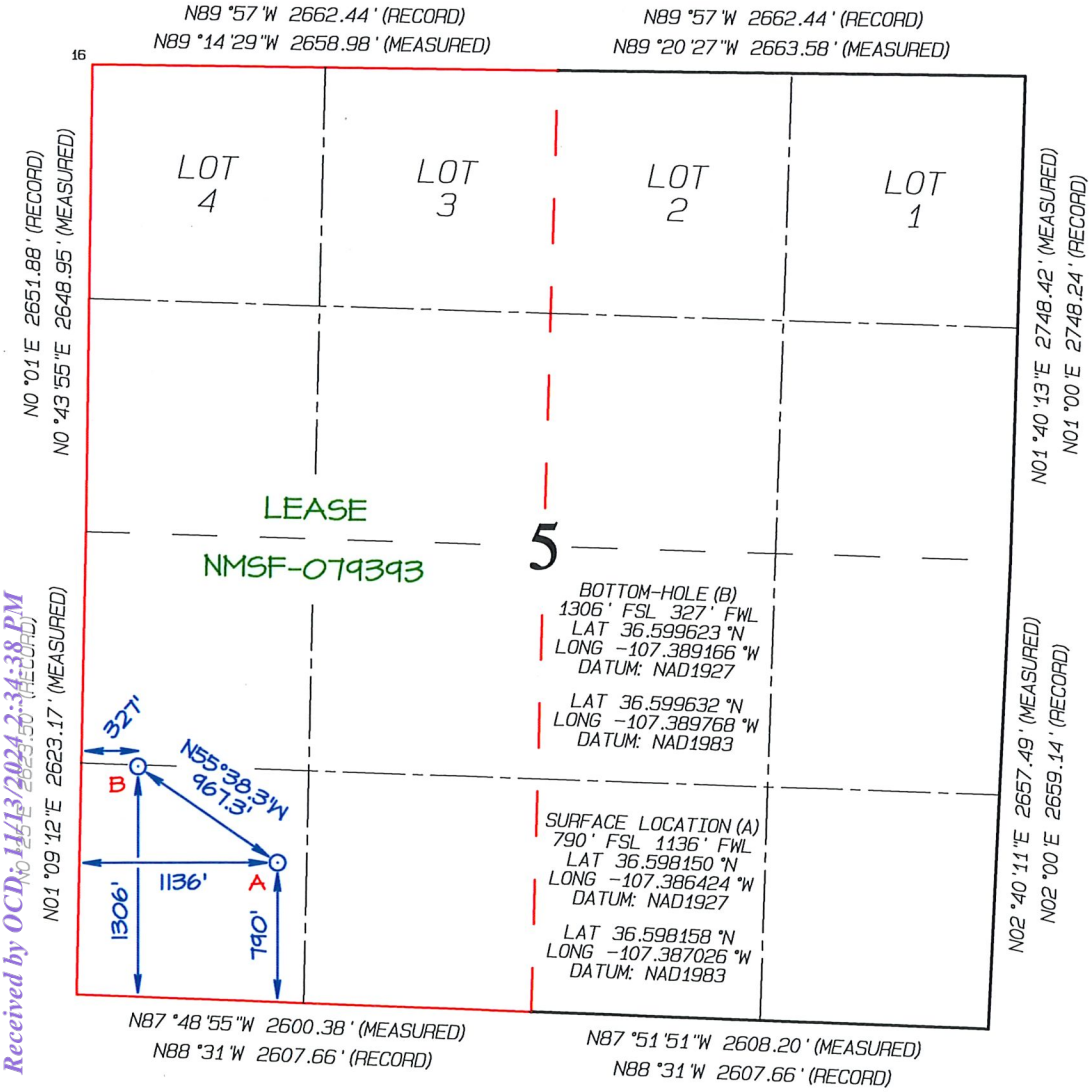
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	27N	5W		790	SOUTH	1136	WEST	RIO ARRIBA

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	27N	5W		1306	SOUTH	327	WEST	RIO ARRIBA

[12] Dedicated Acres		[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
319.81	W/2 - Section 5			

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



[17] 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 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.

Cherylene Weston — Signature — 5/24/2024 — Date

Cherylene Weston, Ops/Reg Tech — Printed Name

cweston@hilcorp.com — E-mail Address

[18] SURVEYOR CERTIFICATION

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

Date Revised: MAY 21, 2024
Date of Survey: MAY 17, 2024

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First Street, Artesia, NM 88210
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1220 S. St. Francis Drive, Santa Fe, NM 87505
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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Revised August 1, 2011

Submit one copy to Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-039-25522	72319	BLANCO MESAVERDE

[4] Property Code	[5] Property Name	[6] Well Number
318702	SAN JUAN 27-5 UNIT NP	330

[7] OGRID No.	[8] Operator Name	[9] Elevation
372171	HILCORP ENERGY COMPANY	6665'

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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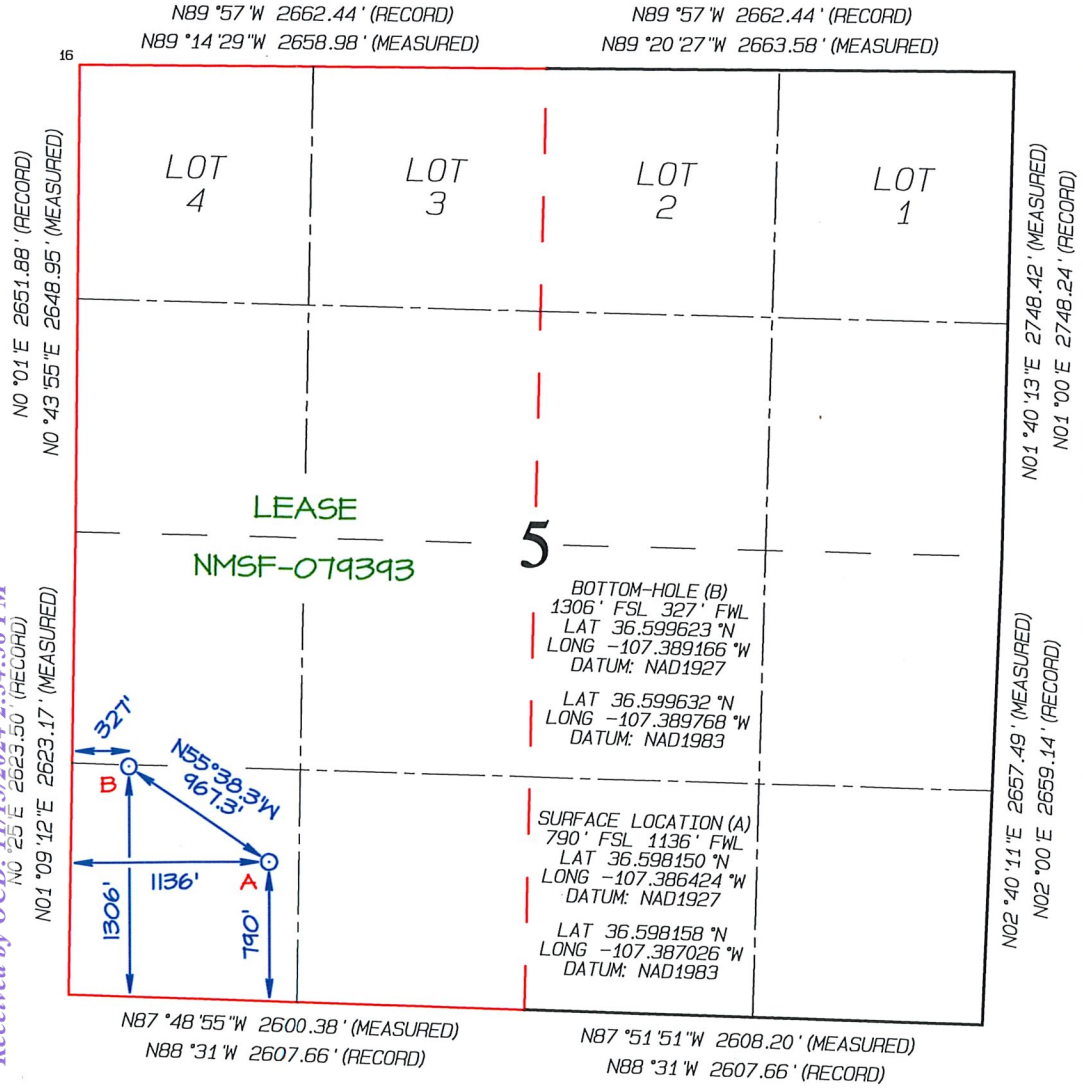
[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	27N	5W		1306	SOUTH	327	WEST	RIO ARRIBA

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
319.81 W/2 - Section 5			

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



[17] 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 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.

Cherylene Weston — Signature
5/24/2024 — Date
Cherylene Weston, Ops/Reg Tech — Printed Name
cweston@hilcorp.com — E-mail Address

[18] SURVEYOR CERTIFICATION

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

Date Revised: MAY 21, 2024
Date of Survey: MAY 17, 2024

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

REVENUE ALLOCATION PROCEDURE

DAKOTA/MESAVERDE WELLS

1.) Frac and flowback the Dakota formation
2.) Frac and flowback and clean up Mesaverde formation
3.) Stabilize MV flow up casing against area line pressure
4.) Record a MV flow rate through a choke using an orifice meter
5.) Drill out bridge plug over DK formation
6.) Cleanup DK formation
7.) Run Spinner production profile across Dakota formation
8.) Add MV flow rate from previous test to DK flow rate from spinner to get total flow
9.) Allocation is based upon MV or DK rates as a percentage of total flow

Once allocation is established, it will be used for the life of the well. Below is a summary of how the testing is performed.

Field Test (Spinner Method)

Summary

This example covers the procedure used to allocate production using the spinner method with field tests. This method was used by ConocoPhillips prior to the Burlington Resources acquisition and has been chosen as the preferred allocation method on all future Mesaverde/ Dakota commingled wells. The allocation is based on two separate tests. The first is a stabilized rate test on the Mesaverde up the casing-tubing annulus with line pressure simulated by a choke at the surface. The second test is performed by running a production log over the Dakota interval. The rate from each layer is used in a simple calculation to determine the contribution percentage.

Procedure

Allocation testing is performed after the well has been completed. A composite bridge plug is normally located above the DK and a composite frac plug is sometimes located within the MV.

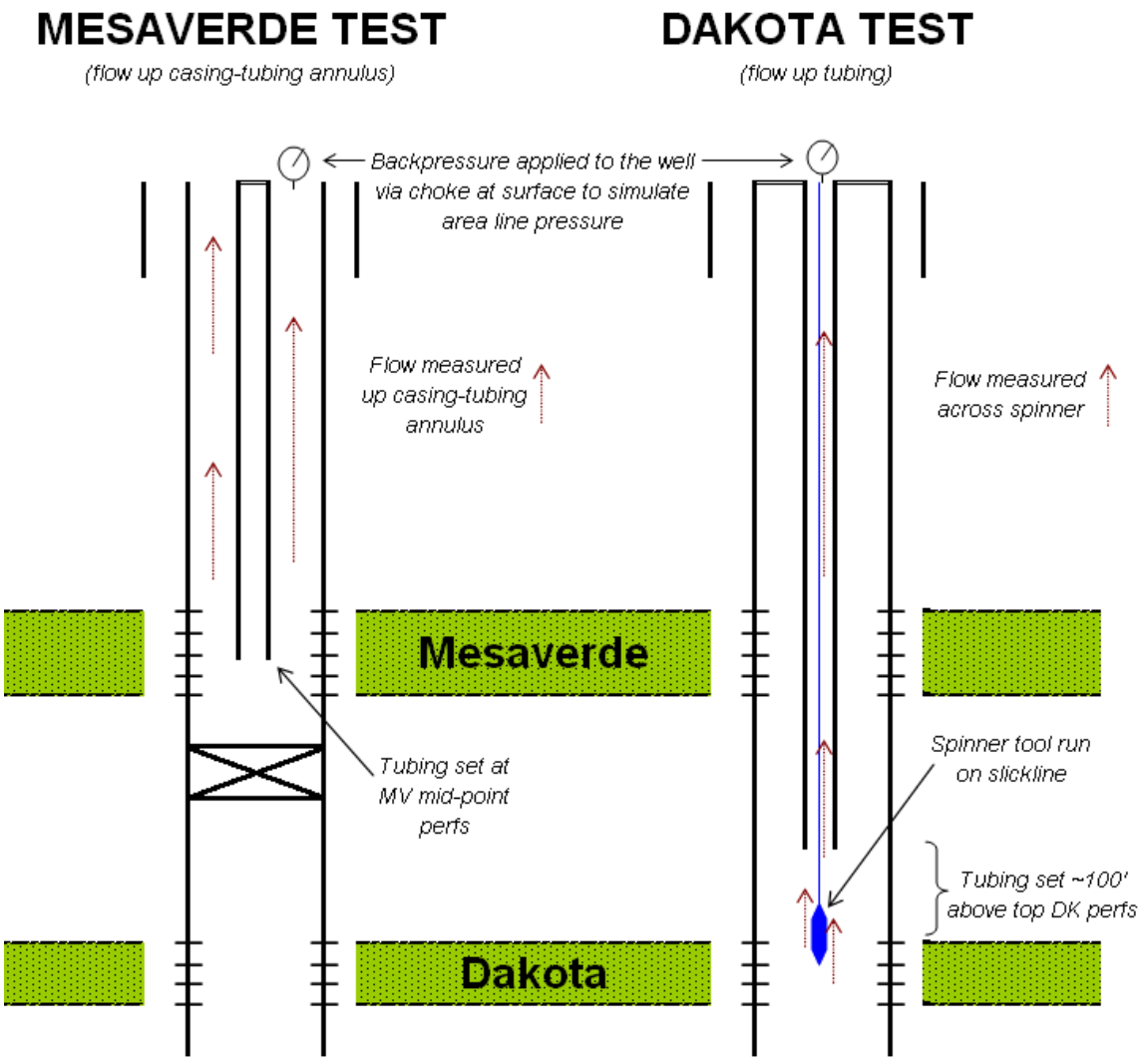
The first step in testing the MV is drilling out the plugs and cleaning out the well. Once water and sand volumes reach acceptable levels (less than 5 bph), the tubing is set at the mid-point of MV perfs. The well is then opened to flow up the casing-tubing annulus with a positive choke at the surface to simulate a back-pressure on the well. The MV is tested for a minimum of 4 hours or until pressure stabilizes. Tubing and casing pressures are reported every 15 minutes and when pressure is the same three times then it is considered stabilized. Metered gas, water, and condensate rates and volumes are all documented as well as testing conditions (tubing location, choke size, pressures).

After the MV has been tested, the composite drill plug over the DK is drilled out and the well is cleaned out to PBTD. Once the water and sand volumes reach acceptable levels (less than 5

bph), the bottom-hole assembly is configured and the tubing is landed approximately 100 feet above the DK perfs. A slickline or wireline unit is used to run the production loggings tools. The logging tools are lowered to the bottom perfs and the DK interval is logged while the well is producing up the tubing against a choke. Once again, the well is tested for a minimum or 4 hours or until the pressure has stabilized. The log is run across the entire DK interval to 50 feet above the top DK perforation. The log data is interpreted by the service company and returned to the completions group within a few days.

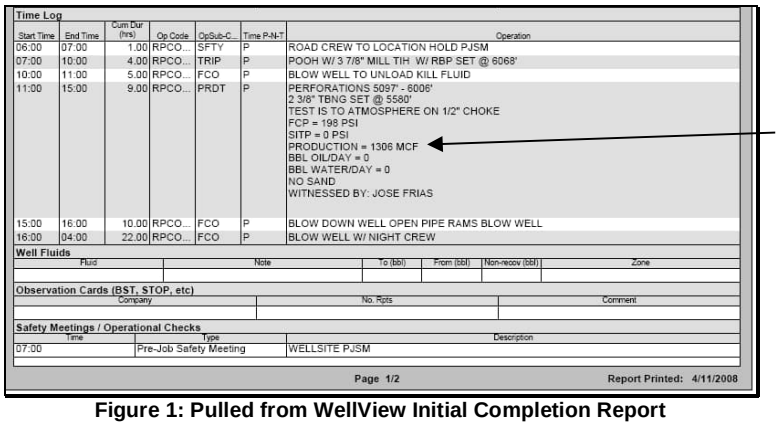
The stabilized MV rate is combined with the stabilized DK rate to come up with a total well production rate. The ratio of the MV rate to the total rate is used as the MV allocation percentage and the same is done for the DK. An example test and corresponding calculations are included in the report.

Diagram



Example- San Juan 31-6 Unit 40G

After the MV has been cleaned up and the well has stabilized, the MV is tested at 1,306 Mcfd (see report below). The test was performed up the tubing-casing annulus (4.5" casing/ 2.38" tubing) with a ½" choke at surface. The stabilized flowing casing pressure was 198 psi, which is similar to line pressure in the area.



Time Log

Start Time	End Time	Cum Dur (hrs)	Op Code	OpSub-C...	Time P-N-T	Operation
06:00	07:00	1.00	RPCO...	SFTY	P	ROAD CREW TO LOCATION HOLD PJSM
07:00	10:00	4.00	RPCO...	TRIP	P	POOH W/ 3 7/8" MILL TIH W/ RBP SET @ 6068'
10:00	11:00	5.00	RPCO...	FCO	P	BLOW WELL TO UNLOAD KILL FLUID
11:00	15:00	9.00	RPCO...	PRDT	P	PERFORATIONS 5097' - 6006' 2 3/8" TBNG SET @ 5580' TEST IS TO ATMOSPHERE ON 1/2" CHOKE FCP = 198 PSI SITP = 0 PSI PRODUCTION = 1306 MCF BBL OIL/DAY = 0 BBL WATER/DAY = 0 NO SAND WITNESSED BY: JOSE FRIAS
15:00	16:00	10.00	RPCO...	FCO	P	BLOW DOWN WELL OPEN PIPE RAMS BLOW WELL
16:00	04:00	22.00	RPCO...	FCO	P	BLOW WELL W/ NIGHT CREW

Well Fluids

Fluid	Note	To (bbl)	From (bbl)	Non-recov (bbl)	Zone

Observation Cards (BST, STOP, etc)

Company	No. Rpts	Comment

Safety Meetings / Operational Checks

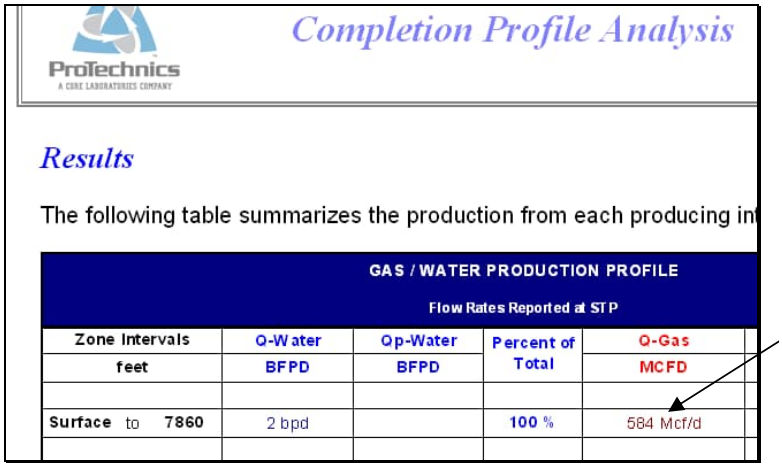
Time	Type	Description
07:00	Pre-Job Safety Meeting	WELLSITE PJSM

Page 1/2 Report Printed: 4/11/2008

Stabilized MV Production Rate

Figure 1: Pulled from WellView Initial Completion Report

The DK is then cleaned up and the logging tools are run. The reports from ProTechnics show a total rate from the DK equal to 584 Mcfd (see report below). The test was performed at a flowing tubing pressure of 125 psi with a ½" choke at surface.



ProTechnics
A CORE LABORATORIES COMPANY

Completion Profile Analysis

Results

The following table summarizes the production from each producing int

GAS / WATER PRODUCTION PROFILE

Flow Rates Reported at STP

Zone Intervals	Q-Water	Qp-Water	Percent of Total	Q-Gas
feet	BFPD	BFPD		MCFD
Surface to 7860	2 bpd		100 %	584 Mcf/d

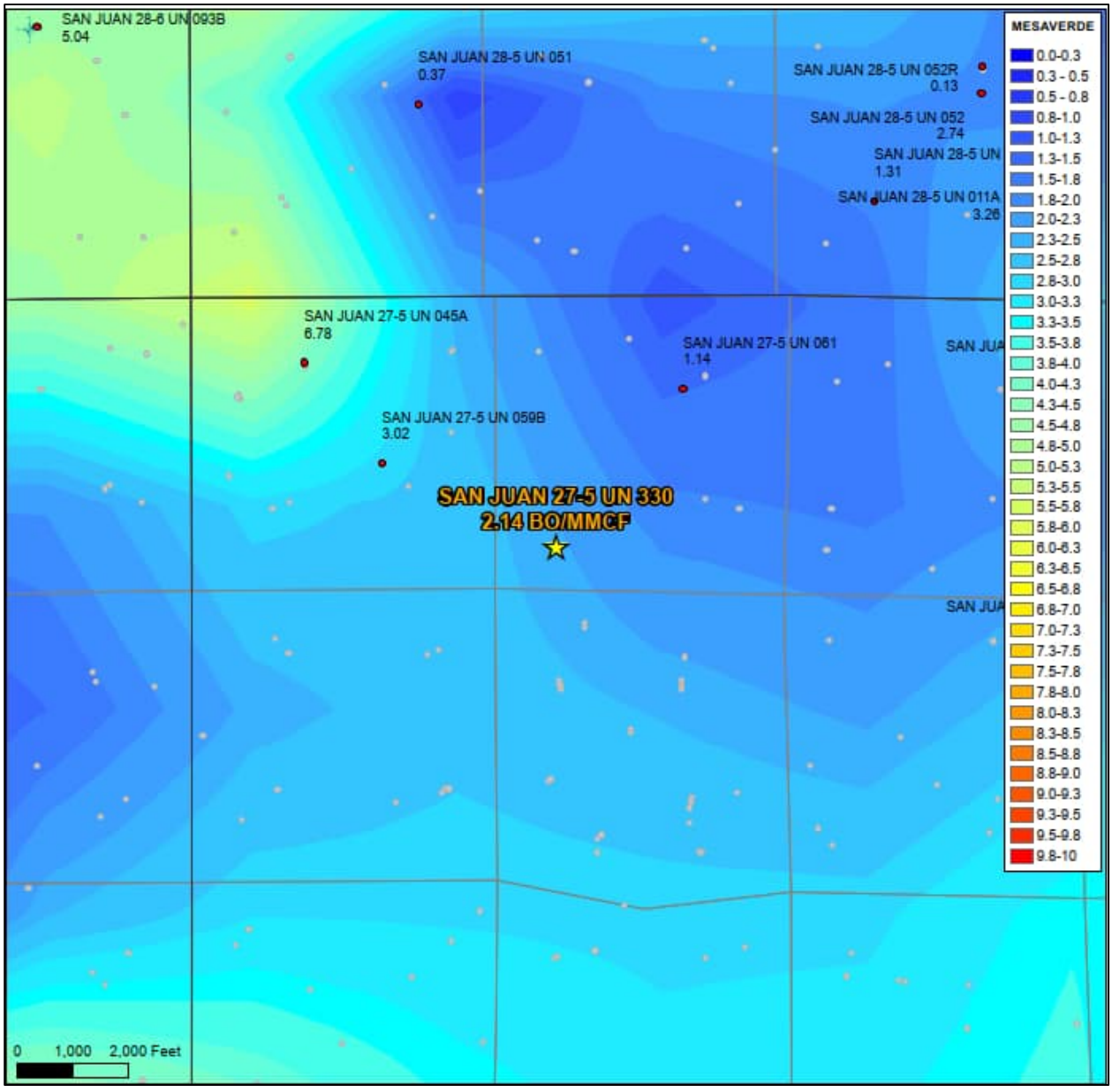
Stabilized DK Production Rate

Figure 2: Pulled from Protechnics Report, pg. 6

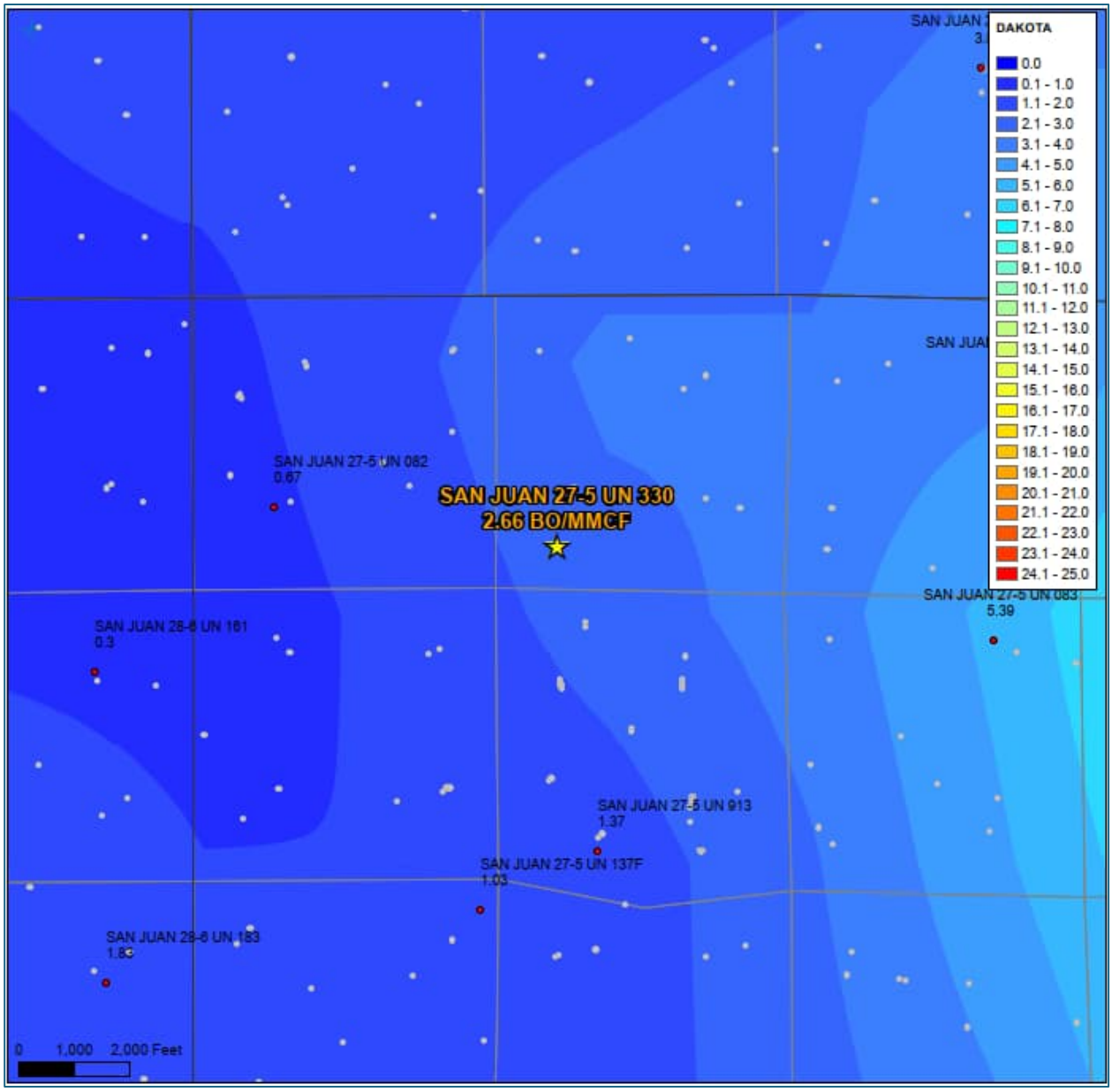
The allocation is calculated as follows and an allocation form is completed for the well. See Appendix for allocation form, WellView report, and ProTechnics report including production logs.

MV Rate	1306	% MV= 1306/1890=	69%
DK Rate	584	% DK= 584/1890=	31%
Total Rate	1890		

San Juan 27-5 Unit NP 330 – API 3003925522
MV GOR Map



San Juan 27-5 Unit NP 330 – API 3003925522
DK GOR Map



From: Cheryl Weston
To: McClure, Dean, EMNRD; Lowe, Leonard, EMNRD
Subject: [EXTERNAL] San Juan 27-5 Unit NP 330 Sidetrack DHC (Action ID 369531)
Date: Wednesday, August 14, 2024 1:20:21 PM
Attachments: San Juan 27-5 Unit NP 330 DHC C-103.pdf

Dean,

Please replace the DHC packet submitted on 8/1/2024 with the attached. The spinner methodology and GOR maps were added. We would like to have the DHC in place prior to Frac.

Thanks,

Cheryl Weston
San Juan Operations/Regulatory Tech-Sr.
1111 Travis Street | Houston, TX 77002
Ofc: 713.289.2615 |cweston@hilcorp.com

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
https://www.emnrd.nm.gov/ocd/contact-us

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

CONDITIONS

Action 403049

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 403049
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Application was withdrawn at the Applicant's request	11/13/2024