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. 30-045-21702

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. E-5384

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

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

7. Lease Name or Unit Agreement Name: State Com K

8. Well Number: 7A

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: Basin Fruitland Coal

4. Well Location
Unit Letter P 990 feet from the South line and 990 feet from the East line
Section 32 Township 31N Range 8W NMPM San Juan County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6315'

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:	☒	RECOMPLETE		OTHER:	☐		

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

Hilcorp Energy Company requests permission to recomplete the subject well in the Basin Fruitland Coal and downhole commingle with the existing Blanco Mesaverde. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used.

Spud Date: Rig Release Date:

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

SIGNATURE TITLE Operations / Regulatory Technician Sr. DATE 1/20/2023

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177

For State Use Only

APPROVED BY: TITLE Petroleum Specialist DATE 1/24/2023
Conditions of Approval (if any):

HILCORP ENERGY COMPANY
State Com K 7A
FRUITLAND COAL RECOMPLETION SUNDRY

Prepared by:	Scott Anderson
Preparation Date:	January 18, 2023

WELL INFORMATION			
Well Name:	State Com K 7A	**State:**	NM
API #:	3004521702	**County:**	SAN JUAN
Area:	4	**Location:**	990' FSL & 990' FEL - Unit P - Section 32 - T 031N - R 008W
Route:	0407	**Latitude:**	36.850051 N
Spud Date:	6/15/1975	**Longitude:**	-107.6922 W

PROJECT DESCRIPTION

Isolate the Mesaverde, perforate and stimulate the OPE 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

CONTACTS

Title	Name	Office Phone #	Cell Phone #
Engineer	Scott Anderson		248-761-3965
Area Foreman	Colter Faverino		326-9758
Lead	Ramon Florez		486-9680
Artificial Lift Tech	Chris Huff		599-3479
Operator	Michael Archuleta		716-0118

HILCORP ENERGY COMPANY
State Com K 7A
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; NU and test BOP per HEC, State, and Federal guidelines.
2. TOOH with 2-3/8" tubing
3. PU a **4-1/2"** cast iron bridge plug and RIH with work string; set CIBP at +/- **3,918'** to isolate the Mesa Verde formation.
4. Load wellbore with fluid. RU wireline and **run a CBL from the CIBP at 3,918' to surface**
5. RU pressure test truck. Perform a Mechanical Integrity Test on wellbore. Chart record the MIT test (Notify NMOCD +24hr before actual test).
6. If necessary, PU and RIH with a Base of frac plug inside the 4-1/2" liner and set at +/- **100' below the bottom proposed perf**
7. RU E-line crew. Perforate the Fruitland Coal. (**Top perforation @ 2,746', Bottom perforation @ 3,160'**).
   NOTE: perforation interval subject to change based on the results of the CBL run above
8. RIH with 2-7/8" or larger frac string and packer, land packer **~50' above the top perf**.
9. N/D BOP, N/U 10K frac stack and test frac stack to frac pressure. PT frac string to 8000-9000 psi, PT backside to 1500 psi
10. RU stimulation crew. Frac the **Fruitland Coal** in one or two stages.
11. **Flowback well thru flowback separator and sand trap until pressures diminish.**
12. MIRU service rig. Nipple down frac stack, nipple up BOP and test.
13. POOH w/ frac string and packer.
14. Drill out the Base of frac plug and Mesaverde isolation plug. Clean out to PBTD at **5,645'**
15. TIH and land 2-3/8" production tubing. Get a commingled **Fruitland Coal / Mesa Verde** flow rate.

HILCORP ENERGY COMPANY
State Com K 7A
FRUITLAND COAL RECOMPLETION SUNDRY

State Com K 7A - CURRENT WELLBORE SCHEMATIC

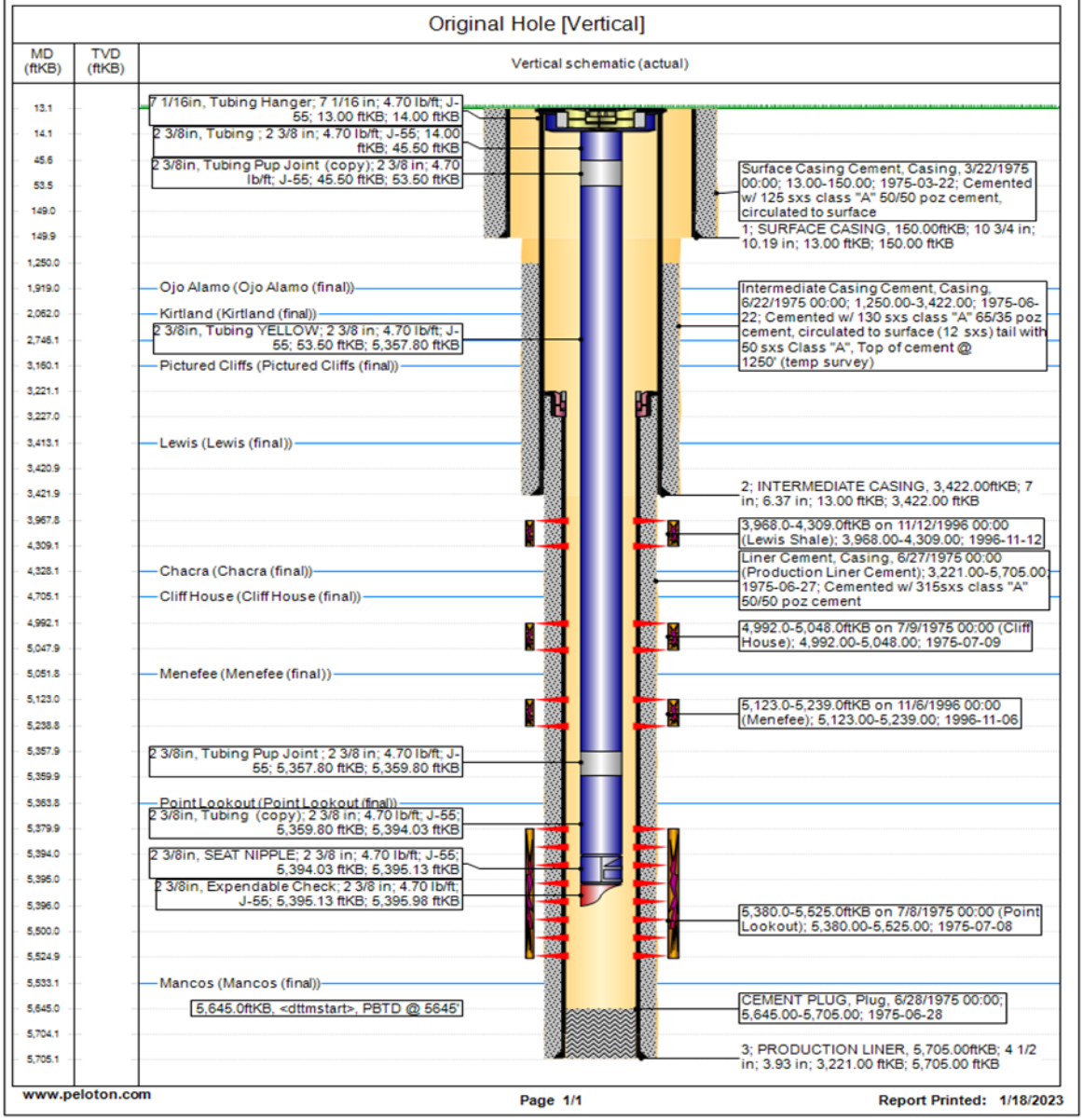
Hilcorp Energy Company

Current Schematic - Version 3

Well Name: STATE COM K #7A

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004521702	032-031N-008W-P	MV	0407	NEW MEXICO	Vertical

Ground Elevation (ft)	Original KB/RT Elevation (ft)	KB-Ground Distance (ft)	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)
6,315.00	6,328.00	13.00		



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HILCORP ENERGY COMPANY
State Com K 7A
FRUITLAND COAL RECOMPLETION SUNDRY

State Com K 7A - PROPOSED WELLBORE SCHEMATIC (PRIOR TO DRILLOUT/COMMINGLING)

Hilcorp Energy Company

WBD Proposed

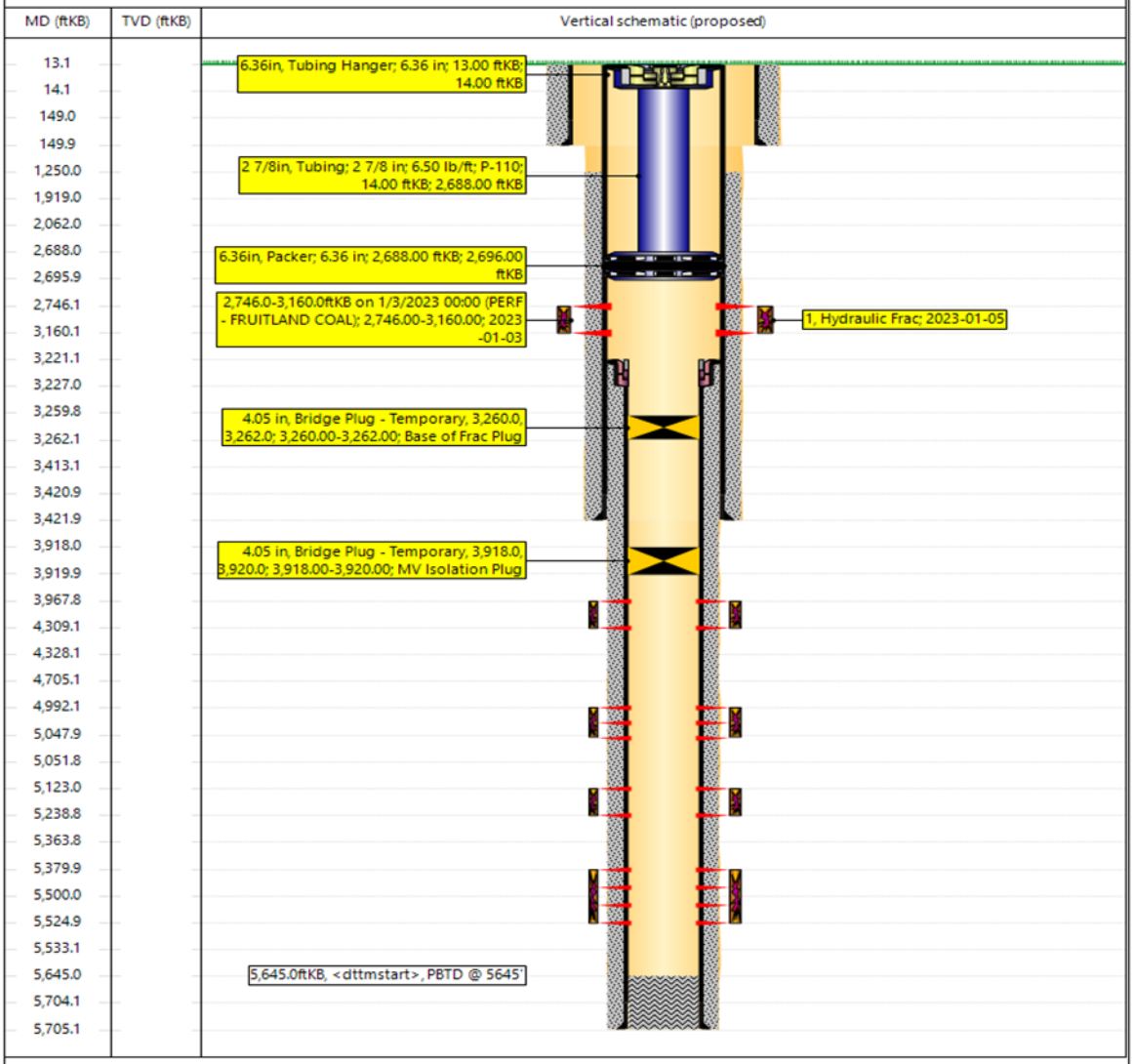
Well Name: STATE COM K #7A

API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004521702	032-031N-008W-P	MV		NEW MEXICO	Vertical
Ground Elevation (ft)	**Casing Flange Elevation (ft)**	**KB-Ground Distance (ft)**	**KB-Casing Flange Distance (ft)**	**Original Spud Date**	**Rig Release Date**
6,315.00		13.00		6/15/1975 00:00	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date
Capital Workover	OTHER		7/12/2022	7/13/2022

Original Hole [Vertical]



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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 332823

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-21702	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
319093	STATE COM K	007A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6315

10. Surface Location

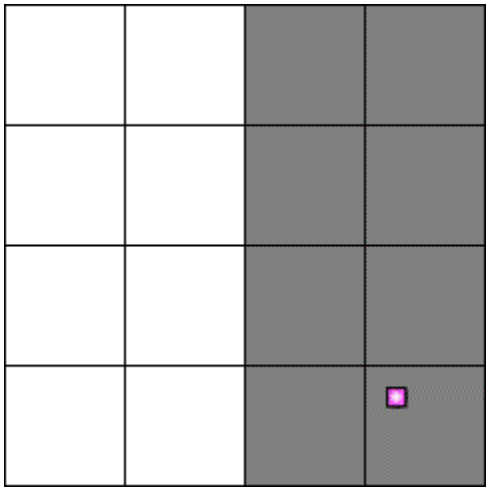
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	32	31N	08W		990	S	990	E	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County

12. Dedicated Acres	13. Joint or Infill	14. Consolidation Code	15. Order No.
320.00			

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:
Title: Operations Regulatory Tech Sr.
Date: 1/17/2023

SURVEYOR CERTIFICATION

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

Surveyed By: Ernest Echohawk
Date of Survey: 1/29/1975
Certificate Number: 3602

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:** 1/20/2023

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

If Other, please describe: _____

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

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
State Com K 7A	30-045-21702	P-32-31N-08W	990 FSL 990 FEL	0	500	1

IV. Central Delivery Point Name: Chaco Gas Plant [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
State Com K 7A	**30-045-21702**					**2023**

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: Operations Regulatory Tech Sr.
E-mail Address: mwalker@hilcorp.com
Date: 1/20/2023
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 recomplete project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomplete to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recomplete operations.

VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
   - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations
   - This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompletion
   - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
   - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
   - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
   - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
   - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.

6. Subsection (F) Measurement or estimation of vented and flared natural gas
   - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
   - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

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

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

CONDITIONS

Action 178011

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 178011
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
kpickford	DHC required	1/24/2023
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	1/24/2023