

Well Name: NYE	Well Location: T30N / R11W / SEC 1 / SESE / 36.836243 / -107.936188	County or Parish/State: SAN JUAN / NM
Well Number: 8	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078198	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004509819	Operator: HILCORP ENERGY COMPANY	

Notice of Intent

Sundry ID: 2789935

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 05/14/2024

Time Sundry Submitted: 09:04

Date proposed operation will begin: 06/01/2024

Procedure Description: Revised NOI: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal formation and downhole commingle with the existing Pictured Cliffs formation. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit was held on 10/17/2023 with Roger Herrera/BLM. The reclamation plan is attached. **Revised perf range.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Nye_SRC_8_FRC_RC_NOI_20240514090335.pdf

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SESE / 36.836243 / -107.936188

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WELL

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Unit or CA Name:

Unit or CA Number:

US Well Number: 3004509819

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: CHERYLENE WESTON

Signed on: MAY 14, 2024 09:03 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON

State: TX

Phone: (713) 289-2615

Email address: CWESTON@HILCORP.COM

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 05/14/2024

Signature: Matthew Kade

Nye SRC #8

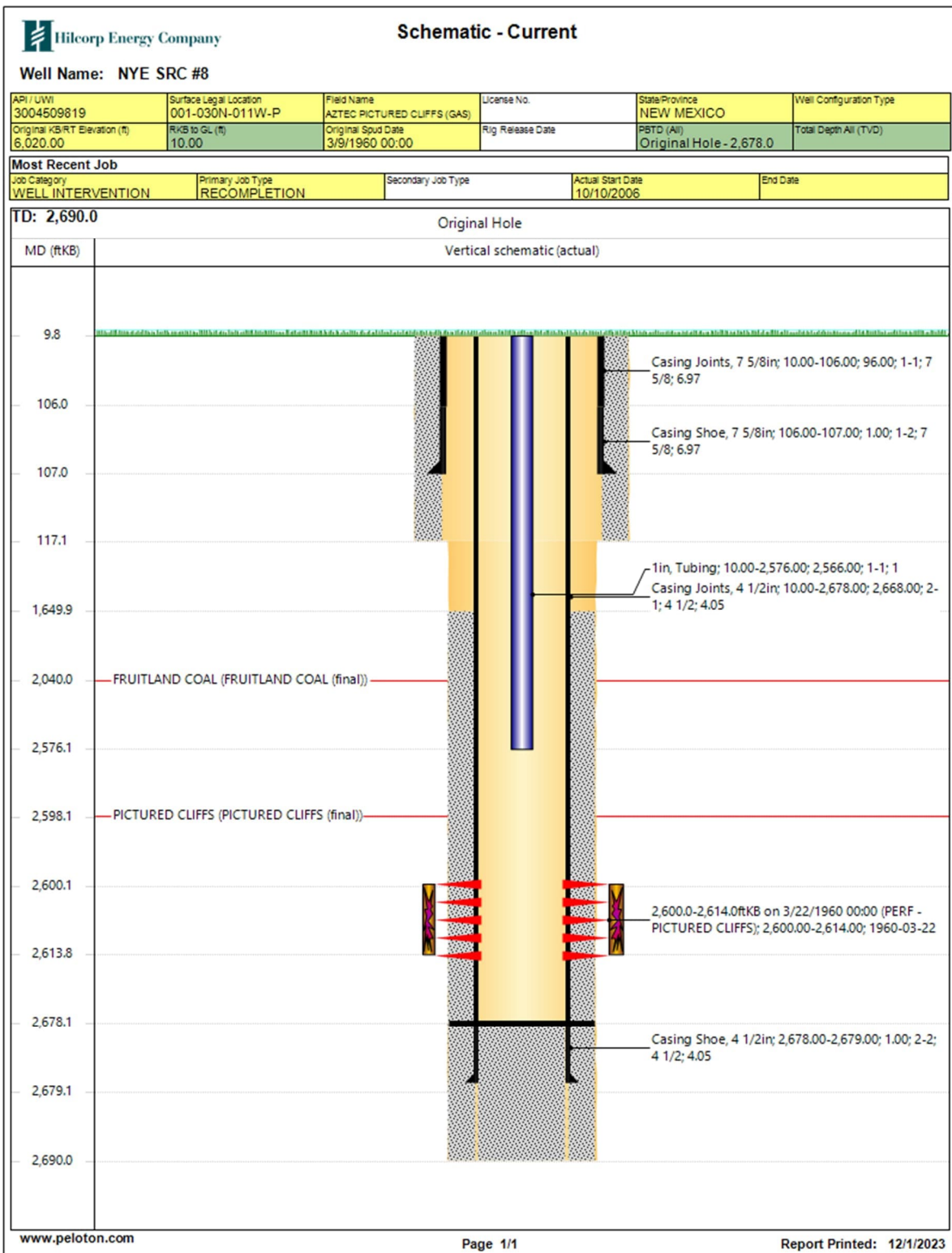
API#: 3004509819

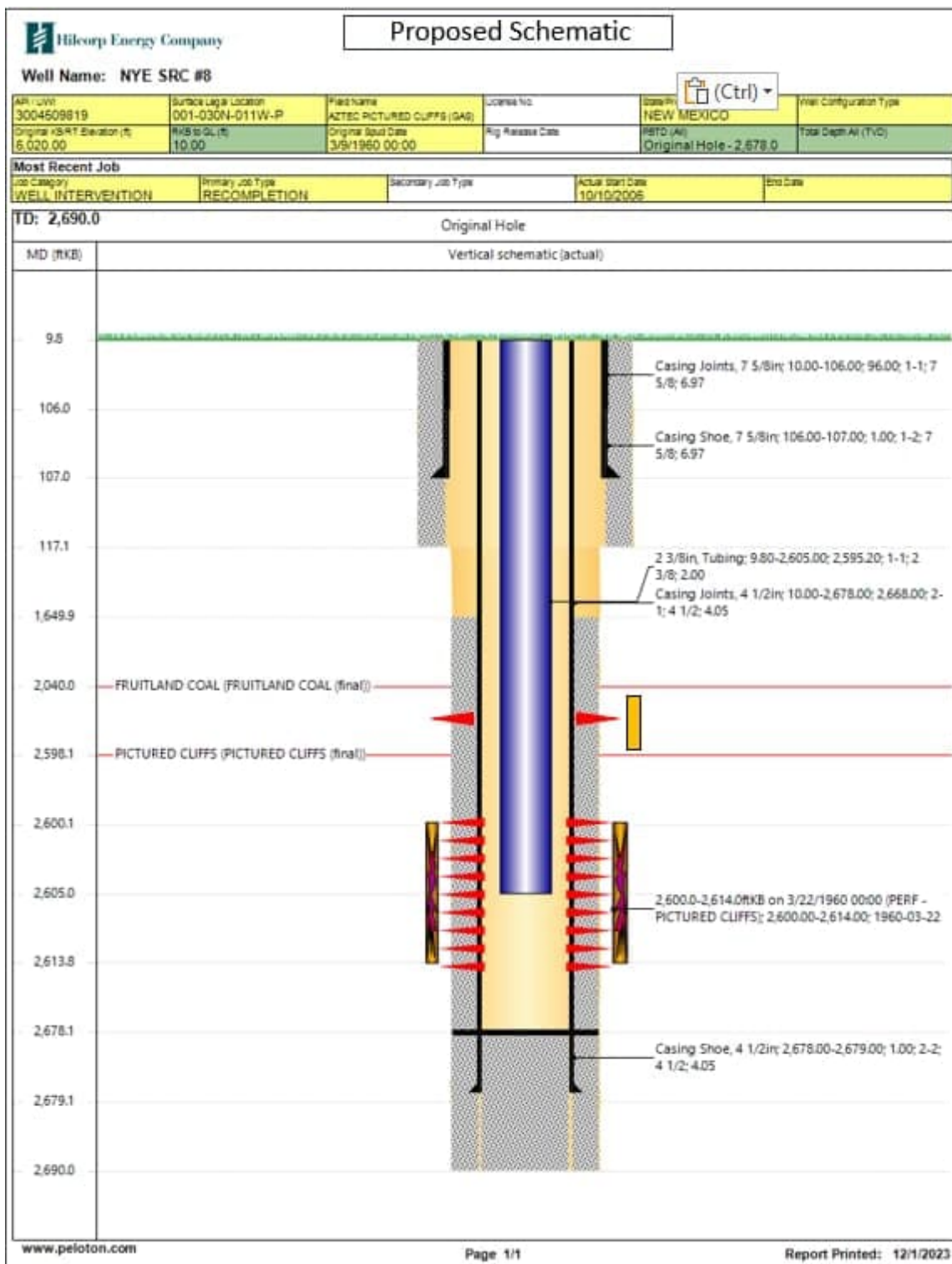
Fruitland Coal Recompletion Procedure

12/1/2023

Procedure:

1. MIRU PU and associated equipment. Kill well and NDWH.
2. NUBOP and unseat tubing, tag for fill and scan out tubing
3. Set 4.5" CIBP at +/-2598 to isolate existing PC completion
4. RU wellcheck and MIT wellbore to 500 PSI
5. Run CBL from CIBP to Surface
6. Perforate and frac the Fruitland Coal from **2296' to 2598'**.
7. MIRU service rig and test BOP's.
8. Cleanout sand and plugs to PBTD.
9. TIH and land 2-3/8" production tubing in PC
10. ND BOP's, NU production tree.
11. RDMO service rig & turn well over to production as commingled Fruitland Coal/Pictured Cliffs producer





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District IV

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

Form C-102
August 1, 2011

Permit 355026

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-09819	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 318650	5. Property Name NYE SRC	6. Well No. 008
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6010

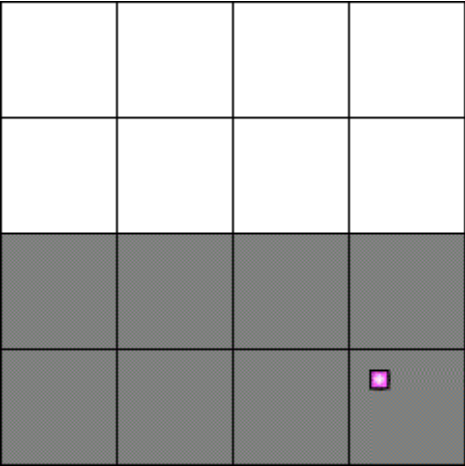
10. Surface Location

UL - Lot P	Section 1	Township 30N	Range 11W	Lot Idn	Feet From 990	N/S Line S	Feet From 990	E/W Line E	County SAN JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 322.70	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

	OPERATOR CERTIFICATION <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> E-Signed By: <i>Cherylene Weston</i> Title: Cherylene Weston Date: 12/01/2023 SURVEYOR CERTIFICATION <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> Surveyed By: Ernest V. Echohawk Date of Survey: 2/28/1960 Certificate Number: 1545
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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:** 12/01/2023

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
Nye SRC 8	3004509819	P-1-30N-11W	990' FSL & 990' FEL	0 bbl/d	176 mcf/d	1 bbl/d

IV. Central Delivery Point Name: Ignacio 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
<u>Nye SRC 8</u>	<u>3004509819</u>					<u>2024</u>

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: *Cherylene Weston*

Printed Name: Cherylene Weston

Title: Operations/Regulatory Tech-Sr.

E-mail Address: cweston@hilcorp.com

Date: 12/01/2023

Phone: 713-289-2615

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
 - 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.

Hilcorp Energy
Interim Reclamation Plan
NYE SRC #8
API: 30-045-09819
P – Sec.01-T030N-R011W
Lat: 36.836272, Long: -107.935936
Footage: 990' FSL & 990' FEL
San Juan County, NM

1. PRE- INTERIM RECLAMATION SITE INSPECTION

- 1.1) A pre-interim reclamation site inspection was completed by Roger Herrera with the BLM and Chad Perkins construction Foreman for Hilcorp Energy on October 17, 2023.
- 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.

2. LOCATION INTERIM RECLAMATION PROCEDURE

- 2.1) Interim reclamation work will only be completed after well recompletion.
- 2.2) The interim reclamation work will be completed during spring or fall months.
- 2.3) Location tear drop will be re-defined as applicable for the interim reclamation.
- 2.4) All diversion ditches and silt traps will be cleaned and re-established as applicable for the interim reclamation.
- 2.5) All disturbed areas will be seeded, any disturbed areas that are compacted will be ripped before seeding.
- 2.6) 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.
- 3.2) Lease access road will be maintained as applicable before, during, and after, recompletion activities.

4. SEEDING PROCEDURE

- 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.

District I
1625 N. French Dr., Hobbs, NM 88240
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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 344345

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 344345
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Notify NMOCD 24 Hours Prior to beginning operations.	6/28/2024
dmcclure	DHC required	6/28/2024
dmcclure	All conducted logs shall be submitted to the Division as a [UF-WL] EP Well Log Submission (WellLog).	6/28/2024
dmcclure	The appropriate compliance officer supervisor shall be consulted and remedial action conducted as directed if the cement sheath around the casing is not adequate to protect the casing and isolate strata from: (a) the uppermost perforation in each added pool to at least 150 feet above that perforation; and (b) the lowermost perforation in each added pool to at least 100 feet below that perforation.	6/28/2024