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|-------------------------------|-------------------------|---------------------|----------------------------------|
| RECEIVED: <u>6/14/2018</u> | REVIEWER: <u>MAM</u> | TYPE: <u>DHC</u> | APP NO: <u>PMAM1816555524</u> |
|-------------------------------|-------------------------|---------------------|----------------------------------|

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: <u>Hilcorp Energy Company</u> | OGRID Number: <u>372171</u> |
| Well Name: <u>Huerfano Unit 165</u> | API: <u>30-045-20037</u> |
| Pool: <u>Huerfano - Pictured Cliffs</u> <u>F B D.</u> | Pool Code: <u>78840</u> <u>F 7535</u> |

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

DHC - 4839

- 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

| |
|---|
| FOR OCD ONLY |
| <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.

Cherylene Weston, Operations/Regulatory Tech.-Sr.
Print or Type Name

Cherylene Weston
Signature

6-14-18
Date

505-564-0779
Phone Number

cweston@hilcorp.com
e-mail Address

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
Huerfano Unit #165 Unit O (SWSE) Section 30, T26N, R09W San Juan
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 372171 Property Code 318578 API No. 30-045-20037 Lease Type: Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|--|-------------------------|---|
| Pool Name | Huerfano-Pictured Cliffs | | Basin-Dakota |
| Pool Code | 78840 | | 71599 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 2024' - 2118' est. | | 6492' - 6584' |
| Method of Production (Flowing or Artificial Lift) | NEW ZONE | | FLOWING |
| Bottomhole Pressure (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) | 722 psi | | 2,003 psi |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 1000 BTU | | 1000 BTU |
| Producing, Shut-In or New Zone | New Zone | | Producing |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: Rates: | Date: N/A Rates: N/A | Date: 03/31/2018 Rates: 10 BBL Oil, 726 Mcf Gas, 6 BBL Water |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil Gas Will be supplied upon completion % % | Oil Gas % % | Oil Gas Will be supplied upon completion % % |

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 Cherylene Weston TITLE Operations/Regulatory Technician-Sr. DATE 6-14-18

TYPE OR PRINT NAME Cherylene Weston TELEPHONE NO. (505) 564-0779
E-MAIL ADDRESS cweston@hilcorp.com

District I1625 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) 476-3462Form C-102
August 1, 2011

Permit 252722

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------------------------|---|---|
| 1. API Number 30-045-20037 | 2. Pool Code 78840 | 3. Pool Name HUERFANO PICTURED CLIFFS (GAS) |
| 4. Property Code 318578 | 5. Property Name HUERFANO UNIT | 6. Well No. 165 |
| 7. OGRID No. 372171 | 8. Operator Name HILCORP ENERGY COMPANY | 9. Elevation 6553 |

10. Surface Location

| | | | | | | | | | |
|----------------------|----------------------|------------------------|---------------------|---------|-------------------------|----------------------|--------------------------|----------------------|---------------------------|
| UL - Lot O | Section 30 | Township 26N | Range 09W | Lot Idn | Feet From 990 | N/S Line S | Feet From 1750 | E/W Line E | County SAN JUAN |
|----------------------|----------------------|------------------------|---------------------|---------|-------------------------|----------------------|--------------------------|----------------------|---------------------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|--------------------------------------|---------------------|----------|-------|------------------------|-----------|----------|---------------|----------|--------|
| UL - Lot O | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 160.00 | 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

| | | | |
|--|---|--|--|
| | 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, Operations/Regulatory Tech-Sr. Date: May 22, 2018 | | |
| | 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: DAVID KILVEN Date of Survey: 1/4/1967 Certificate Number: 1760 | | | |

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

| | | | | | | | | |
|--------------------|------------------------------------|--------------|------------|----------------------|--------------------|-------------|---------|------------|
| Operator | EL PASO NATURAL GAS COMPANY | | Lease | HUERFANO UNIT | | NM-03493 | Well No | 165 |
| Unit Letter | Section | Township | Range | County | | | | |
| 0 | 30 | 26-N | 9-W | SAN JUAN | | | | |
| Actual Footage | Location of Well: | | | | | | | |
| 990 | feet from the | SOUTH | line | 1750 | feet from the | EAST | line | |
| Ground Level Elev. | Producing Formation | | | | Dedicated Acreage: | | | |
| 6553 | DAKOTA | | | BASIN DAKOTA | 320.00 | | Acres | |

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, forced-pooling, etc?

Unitization

Yes No If answer is "no," type of consolidation

If answer is "no," list the owners and tract descriptions which have actually 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.

Original Signed **F. H. WOOD**

Petroleum Engineer

El Paso Natural Gas Company

March 10, 1967

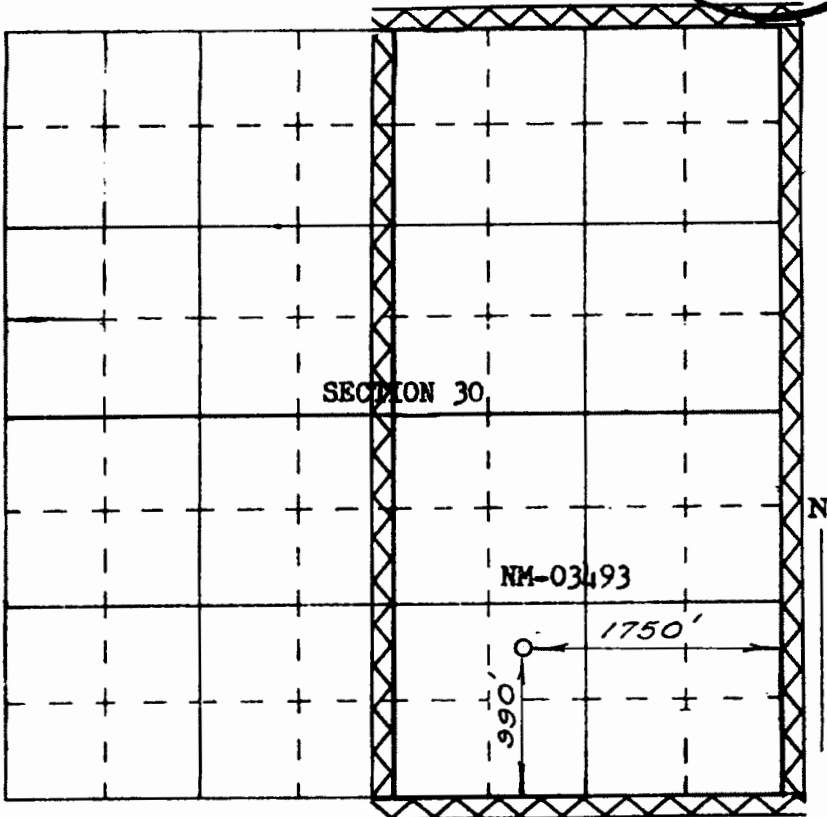
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

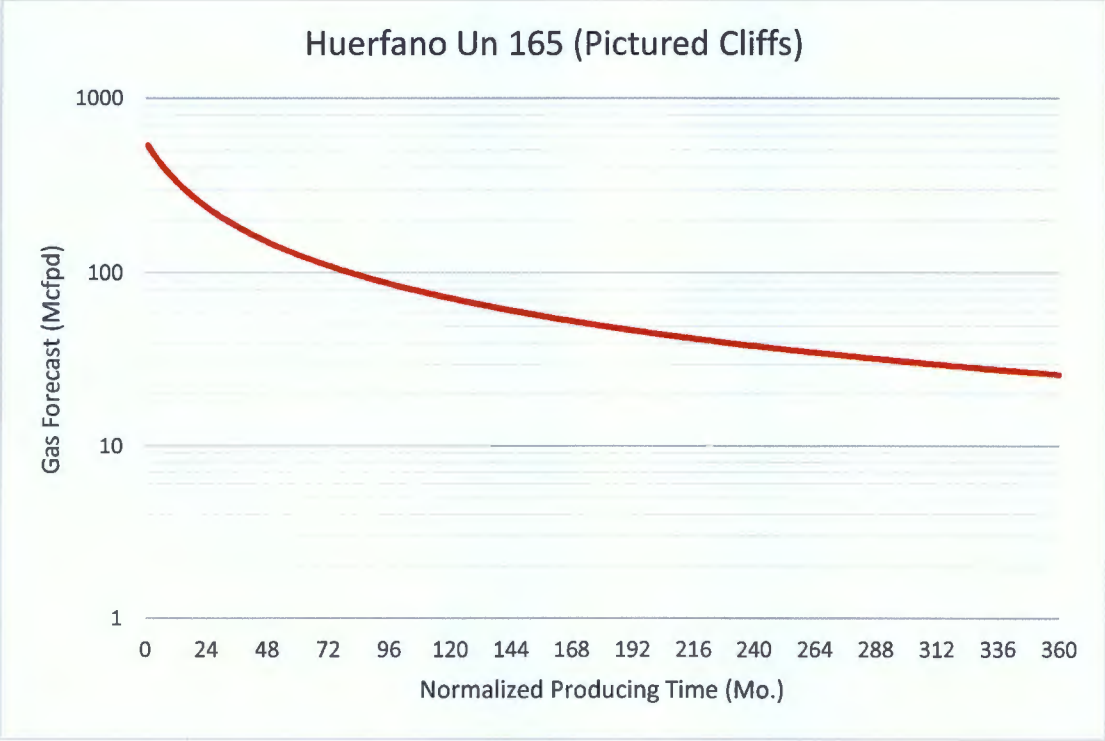
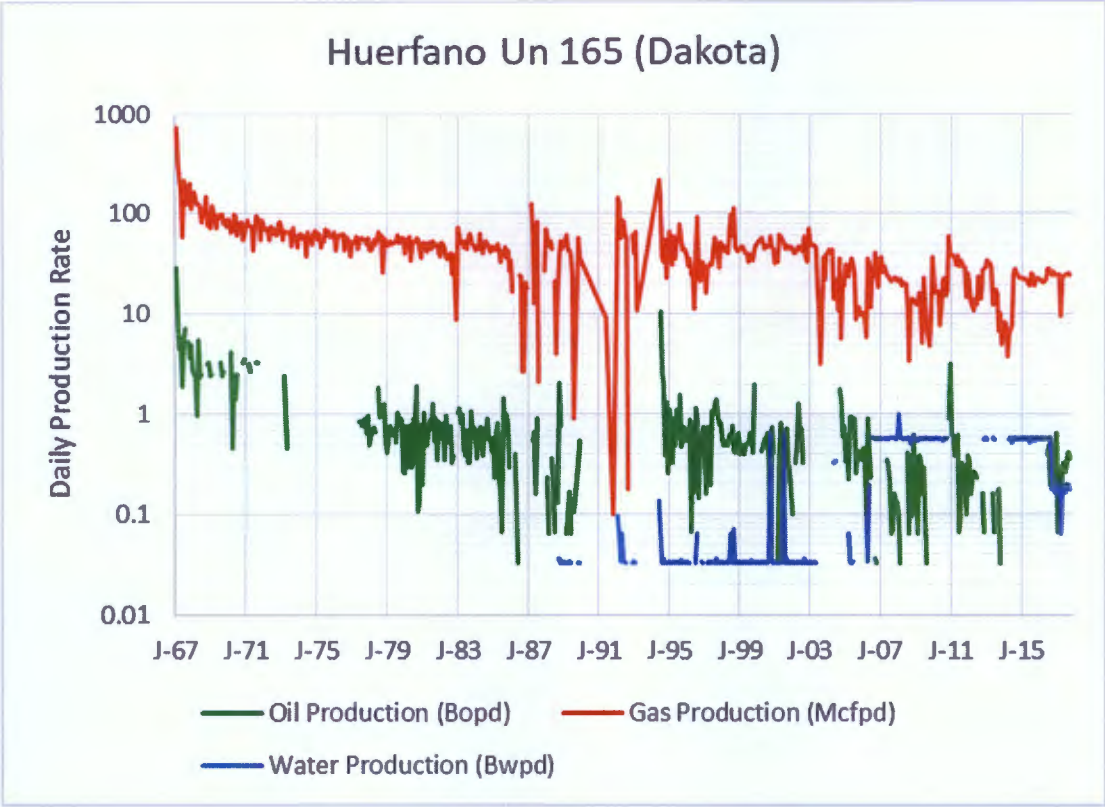
Date Surveyed

JANUARY 4, 1967

Registered Professional Engineer
and/or Land Surveyor

David O'Brien
Certificate No. **1760**





The forecast for Pictured Cliffs production has been generated using a type curve of PC gas production in the surrounding production trend.

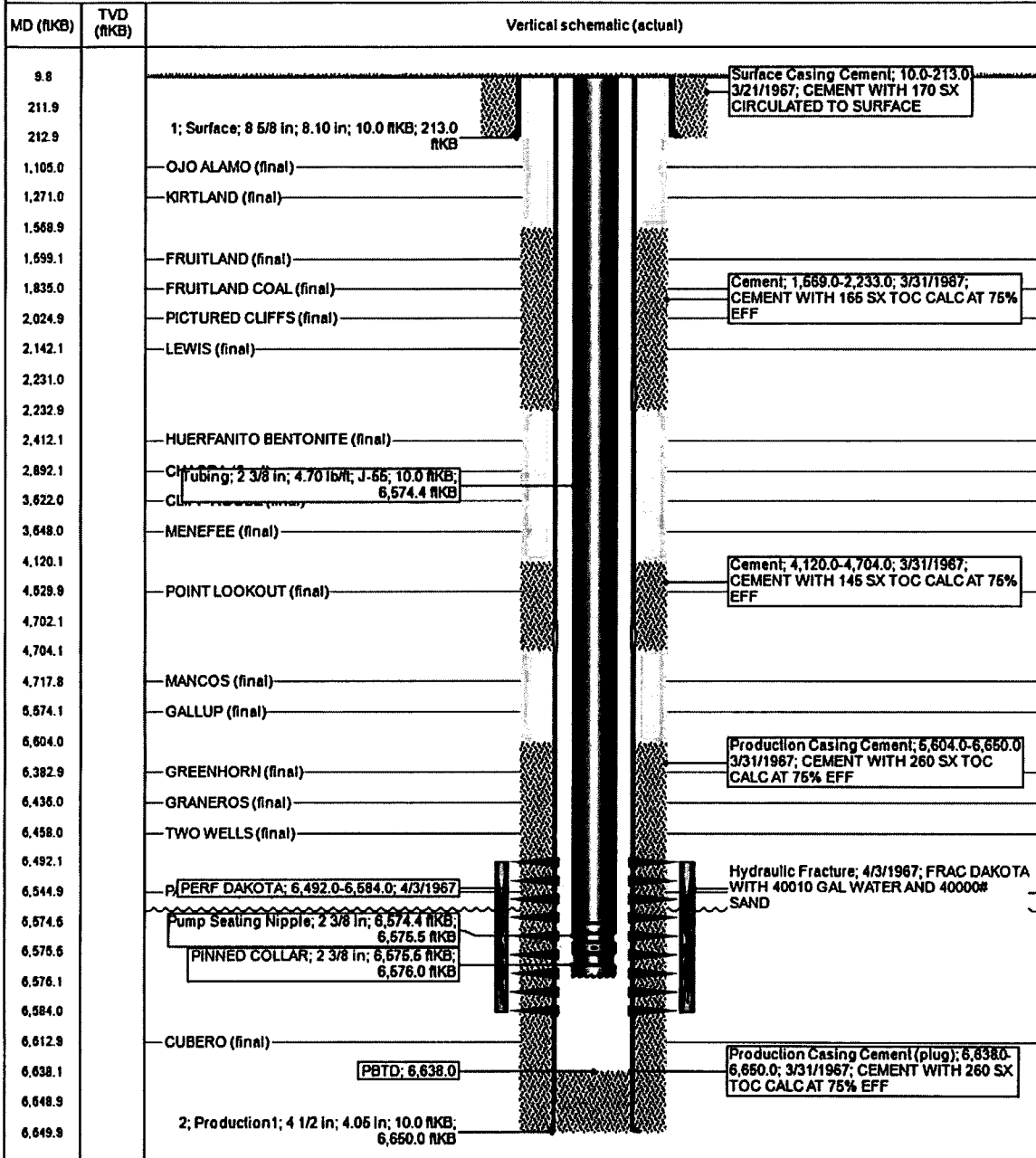
Huerfano Unit 165 – Production Allocation Method

Production for the downhole commingle will be allocated using the subtraction method in agreement with the BLM. The base formation is the Dakota and the added formation to be commingled is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formations 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 production will be allocated based on average formation yields from offset wells. All documentation will be submitted to the Aztec NMOCD office.

Well Name: HUERFANO UNIT #165

| | | | | | |
|-----------------------------------|---|---|-------------|------------------------------|-------------------------------------|
| API / UWI 3004520037 | Surface Log # Location 030-026N-009W-O | Field Name BASIN DAKOTA (PRORATED GAS) | License No. | State/Province NEW MEXICO | Well Configuration Type VERTICAL |
| Ground Elevation (ft) 6,663.00 | Original KBRT Elevation (ft) 6,663.00 | | | | |

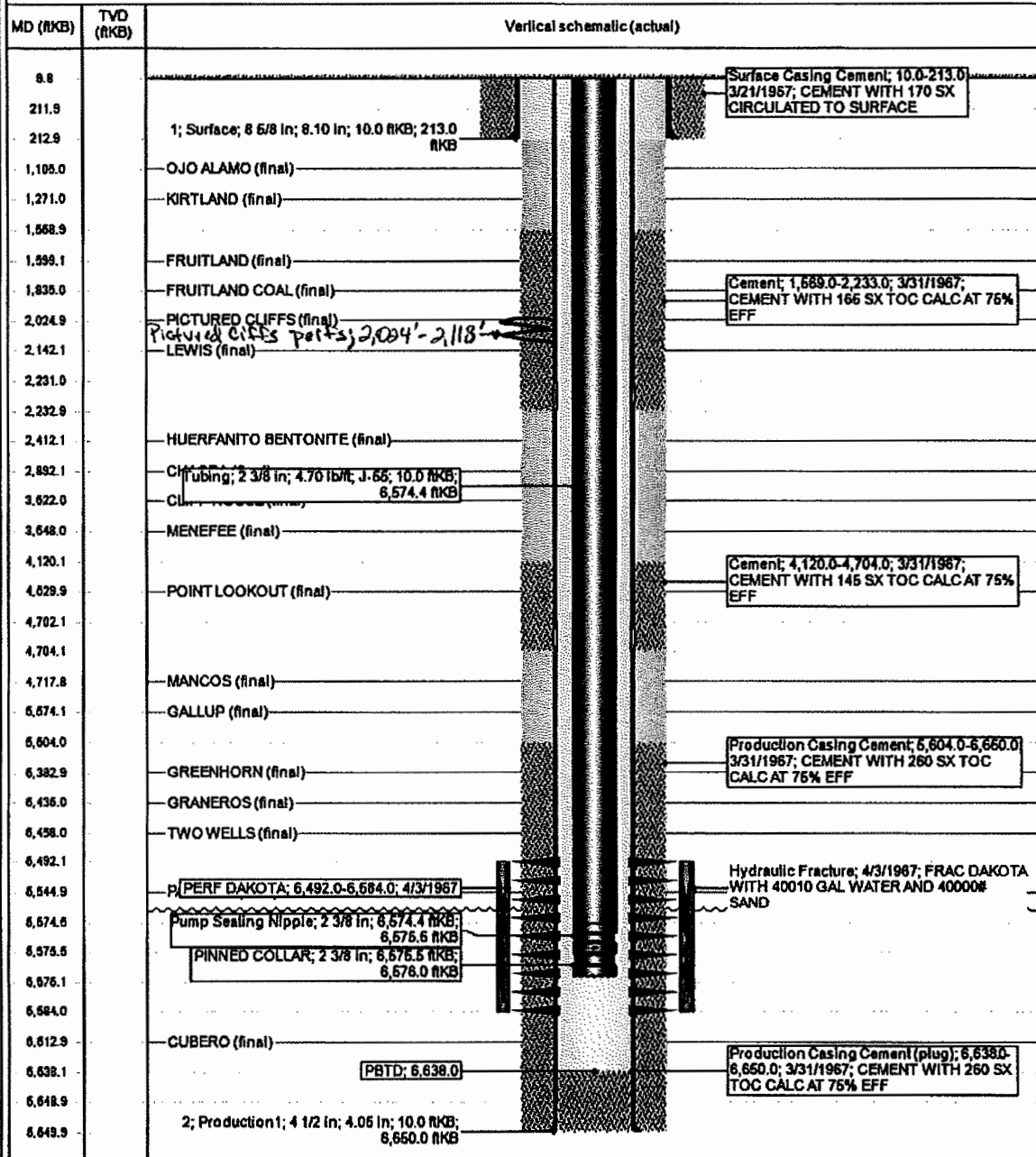
VERTICAL, Original Hole, 5/22/2018 7:55:51 AM



Well Name: HUERFANO UNIT #165

| | | | | | |
|-----------------------------------|---|---|-------------------------|------------------------------|-------------------------------------|
| API / UWI 3004520037 | Surface Log # Location 030-026N-008W-O | Field Name BASIN DAKOTA (PROLATED GAS) | License No. | State/Province NEW MEXICO | Well Configuration Type VERTICAL |
| Ground Elevation (ft) 6,663.00 | Original KBRT Elevation (ft) 6,663.00 | Well Depth (ft) 10,000 | Well Annulus Width (ft) | Well Annulus Depth (ft) | Well Annulus Diameter (ft) |

VERTICAL, Original Hole, 5/22/2018 7:55:51 AM



| Certified Number | Recipient | Date Mailed |
|----------------------------|---|-------------|
| 92148969009997901761338804 | BENSON-MONTIN-GREER DRILLING CORP , , 4900 COLLEGE BLVD, FARMINGTON, NM, 87402 | 6/13/2018 |
| 92148969009997901761338811 | BETTY T JOHNSTON MARITAL TRUST , , BETTY T JOHNSTON W GRANT MATHEWS and TOM N AUNE COTRUSTEES 2424 WILC, HOUSTON, TX, 77042 | 6/13/2018 |
| 92148969009997901761338828 | CAROLYN BEAMON TILLEY , , 5225 PRESTON HAVEN, DALLAS, TX, 75229 | 6/13/2018 |
| 92148969009997901761338835 | CB LIFELINE PARTNERSHIP , , 5225 PRESTON HAVEN DR, DALLAS, TX, 75229 | 6/13/2018 |
| 92148969009997901761338842 | CLAUDIA MARCIA LUNDELL GILMER , , 1102 S AUSTIN AVE, GEORGETOWN, TX, 78626 | 6/13/2018 |
| 92148969009997901761338859 | CROSS TIMBERS ENERGY LLC , , 400 W 7TH STREET, FT WORTH, TX, 76102 | 6/13/2018 |
| 92148969009997901761338866 | EULA MAY JOHNSTON TRUST 661 , , BANK OF AMERICA N A PO BOX 840738, DALLAS, TX, 75284-0738 | 6/13/2018 |
| 92148969009997901761338873 | GRAYFORE PARTNERS LP , , PO BOX 98670, LUBBOCK, TX, 79499-8670 | 6/13/2018 |
| 92148969009997901761338880 | JAMES R BEAMON , , 2603 AUGUSTA STE 1050, HOUSTON, TX, 77057-5640 | 6/13/2018 |
| 92148969009997901761338897 | KELLY MINERALS INTERESTS JV , , 2709 WOLFF DR, ARLINGTON, TX, 76015-1020 | 6/13/2018 |
| 92148969009997901761338903 | LA PLATA GATHERING SYSTEM INC , , 4925 GREENVILLE AVE #852, DALLAS, TX, 75206-4079 | 6/13/2018 |
| 92148969009997901761338910 | LANGDON D HARRISON REVOC TRUST B , , JACQUELINE M HARRISON SUCC TRUSTEE PO DRAWER 2188, ROSWELL, NM, 88202 | 6/13/2018 |
| 92148969009997901761338927 | LILLY REVOC TRUST AGMT , , 11 13 2006 FRANKLIN P LILLY TTEE 1322 RIVER FOREST DR, ROUND ROCK, TX, 78665-5602 | 6/13/2018 |
| 92148969009997901761338934 | LINDA JEANNE LUNDELL LINDSEY , , PO BOX 631565, NACOGDOCHES, TX, 75963 | 6/13/2018 |
| 92148969009997901761338941 | MACDONALD HALBERSTADT REVOCABLE , , FAMILY TRUST DTD 2/21/02 ROBIN C MACDONALD TRUSTEE 1310 VIA CHRISTIN, VISTA, CA, 92084 | 6/13/2018 |
| 92148969009997901761338958 | MARYAN KLINGER TRUST , , ROBERT KLINGER SUCC TRUSTEE 1788 MONTY CT, STOCKTON, CA, 95207 | 6/13/2018 |
| 92148969009997901761338965 | MCCONNELL LTD CO , , C/O JOHN BREED CPA 3430 FLORIDA NE, ALBUQUERQUE, NM, 87110-2120 | 6/13/2018 |
| 92148969009997901761338972 | MICHAEL R DIMOND , , and GLENDA K DIMOND 4900 COLLEGE BLVD, FARMINGTON, NM, 87401 | 6/13/2018 |
| 92148969009997901761338989 | PRODUCTION GATHERING CO LP , , 8150 N CENTRAL EXPWY STE 1475, DALLAS, TX, 75206 | 6/13/2018 |
| 92148969009997901761338996 | ROBERT E BEAMON III , , 2603 AUGUSTA DR STE 1050, HOUSTON, TX, 77057-5797 | 6/13/2018 |
| 92148969009997901761339009 | ROBERT WALTER LUNDELL , , 2450 FONDREN STE 304, HOUSTON, TX, 77063-2318 | 6/13/2018 |
| 92148969009997901761339016 | ROGERS GIBBARD TRUST , , ORVILLE C ROGERS SUSAN EVELAND and ELAINE GIBBARD HOWE TTEES PO BOX , SULPHUR, OK, 73086-0624 | 6/13/2018 |
| 92148969009997901761339023 | SHARON BEAMON BURNS , , 122 ESTRADA REDONDA, SANTA FE, NM, 87506-7933 | 6/13/2018 |
| 92148969009997901761339030 | SUNLAND REFINING CORP , , 9302 GARFIELD AVE, SOUTH GATE, CA, 90280 | 6/13/2018 |
| 92148969009997901761339047 | SUSAN BEAMON PORTER , , 319 KNIPP FOREST, HOUSTON, TX, 77024-5030 | 6/13/2018 |
| 92148969009997900000000000 | THOMAS H YATES JR , , PO BOX 791910, SAN ANTONIO, TX, 78279-1910 | 6/13/2018 |
| 92148969009997901761339061 | V A JOHNSTON LTD , , PO BOX 303247, AUSTIN, TX, 78703 | 6/13/2018 |
| 92148969009997901761339078 | WILLIAM J GREEN ESTATE , , MELISSA GREEN ELLIOT INDIV EXEC PO BOX 164476, FORT WORTH, TX, 76161 | 6/13/2018 |
| 92148969009997901761339085 | ZZZ KELLY and TRUST LLC , , LOUISIANA LTD LIABCO 535 ONEONTA ST, SHREVEPORT, LA, 71106-1619 | 6/13/2018 |