

# Initial Application Part I

Received: 06/24/2019

*This application is placed in file for record. It MAY or MAY NOT have been reviewed to be determined Administratively Complete*

RECEIVED: 06/24/2019	REVIEWER: MAM	TYPE: PLC	APP NO: pMAM1917538812
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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

<b>Applicant:</b> <u>Hilcorp Energy Company</u>	<b>OGRID Number:</b> <u>372171</u>
<b>Well Name:</b> <u>Canyon Largo Unit 120 &amp; Canyon Largo Unit 303</u>	<b>API:</b> <u>30-039-05632 / 30-039-22685</u>
<b>Pool:</b> <u>Ballard Pictured Cliffs &amp; Devils Fork Gallup</u>	<b>Pool Code:</b> <u>71439 &amp; 17610</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

**PLC-584**

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

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ 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.

Nick Kunze - Operations Manager

Print or Type Name

Signature

June 14, 2019

Date

713-209-2449

Phone Number

nkunze@hilcorp.com

e-mail Address

**McMillan, Michael, EMNRD**

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**From:** Etta Trujillo <ettrujillo@hilcorp.com>  
**Sent:** Friday, June 21, 2019 1:36 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** JD Lorence; John Jones; Pamela Harper; Tammy Jones  
**Subject:** [EXT] C-107B - Canyon Largo 120 - 3003905632  
**Attachments:** C-107B Application for Surface Commingling\_Canyon Largo Unit 120\_303.pdf

Mr. McMillan

Please find attached, a surface commingle C-107B application for the above well and adjacent well; Canyon Largo Unit 303 (API 3003922685).

*The affected interest owners were notified by certified mail.*

*Original copy of this application will be FedEx mailed to NMOCD Santa Fe*

*A copy of this application has been sent BLM, Farmington Field office as notification.*

*Thank you,*

Etta Trujillo  
Operations/Regulatory Tech - San Juan East  
Hilcorp Energy  
(505) 324-5161  
[ettrujillo@hilcorp.com](mailto:ettrujillo@hilcorp.com)

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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 S. St Francis Drive  
Santa Fe, New Mexico 87505

Form C-107-B  
Revised August 1, 2011

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Hilcorp Energy Company

OPERATOR ADDRESS: 382 Road 3100, Aztec, NM 87410

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Devils Fork Gallup (17610)					
Ballard Pictured Cliffs (71439)					

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE:  TITLE: Operations Manager DATE: 06/14/2019

TYPE OR PRINT NAME: Nick Kunze TELEPHONE NO.: (713) 209-2449

E-MAIL ADDRESS: nkunze@hilcorp.com

**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 268920

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 300-039-05632	2. Pool Code 71439	3. Pool Name BALLARD PICTURED CLIFFS (GAS)
4. Property Code 318470	5. Property Name CANYON LARGO UNIT	6. Well No. 120
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6624

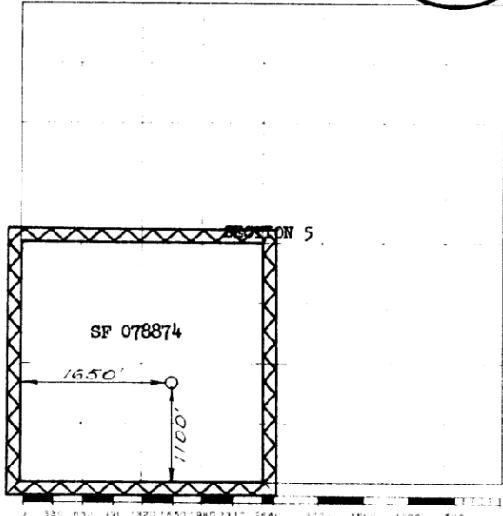
**10. Surface Location**

UL - Lot N	Section 5	Township 24N	Range 06W	Lot Idn	Feet From 1100	N/S Line S	Feet From 1650	E/W Line W	County RIO ARriba
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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 160.00 W/2	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 style="text-align: center;"><b>OPERATOR CERTIFICATION</b></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: Etta Trujillo Title: 06/21/2019 Date: Operations/Regulatory Tech Sr</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></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: David Kilven Date of Survey: 5/28/1963 Certificate Number: 1760</p>
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## OIL CONSERVATION DIVISION

STATE OF NEW MEXICO  
DEPT. OF MINERALS DEPARTMENTP. O. BOX 2088  
SANTA FE, NEW MEXICO 87501Form C-107  
Revised 10-1-78

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

Operator <b>MERRION &amp; BAYLESS</b>			Lease <b>CANYON LARGO UNIT</b>		Well No. <b>303</b>
Unit Letter <b>0</b>	Section <b>5</b>	Township <b>24N</b>	Range <b>6W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>790</b> feet from the <b>South</b> line and <b>1850</b> feet from the <b>East</b> line					
Ground Level Elev. <b>6659</b>	Producing Formation <b>Gallup</b>		Pool <b>Devils Fork Gallup</b>		Dedicated Acreage: <b>80</b> 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.

Scale: 1"=1000'

CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	Robert L. Bayless
Position	Co-Owner
Company	Merrion & Bayless
Date	February 25, 1981
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	February 20, 1981
Registered Professional Engineer and Land Surveyor <i>Fred B. Kerr Jr.</i> Fred B. Kerr Jr.	
Certificate No.	3950



<b>HILCORP ENERGY SITE SECURITY PLAN - SITE DIAGRAM</b>					NAME: Terry Nelson	
					DATE: 04/24/19	
WELL / SITE NAME:		Canyon Largo 120	LEGAL DESCR (U-S-T-R):		SEC 05-T024N-R006W NMPM	
API No.:		30-039-05632	PRODUCING ZONE(S):			
LEASE No.:		NMSF-078884	LATITUDE:	362015	LONGITUDE:	1072942
FOOTAGES:		SE/SW, 1100' FSL&1650' FWL	COUNTY:	San Juan	STATE:	NM
Comments:						

**INDICATE NORTH DIRECTION**

Below ground piping, size, and direction of flow  
2"

Meter

Below ground piping, size, and direction of flow  
4"

WELLSITE  
ENTRANCE

**DRAWING NOT TO SCALE**  
**UNDERGROUND LINES ARE ESTIMATES.**  
**DO NOT USE THIS DIAGRAM FOR LINE EXCAVATION.**

**INDICATE NATURAL DRAINAGE DIRECTION**

This Site is subject to- The Hilcorp Energy Company San Juan Site Security Plan for Sale of Oil and Gas, Production Policy.	The Site Security Plans are Located At: Hilcorp Energy Company #9A CR-5793 Farmington, NM 87401
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Per BLM : Condensate Tanks - Indicate Sales and Drain Valves sealed closed during production; Equalizer and Overflow Valves sealed closed during sales.  
 Per SPCC : Water Tanks - Indicate drain valves .

SALES

DRAIN

EQUALIZER

OVERFLOW

TRUCK LOADING

UST

U/G STRG TK

LUBE OIL

LUBE OIL TK

TRANSFORMER

WH

WTR TANK

DBU

METER

COMP

SEP

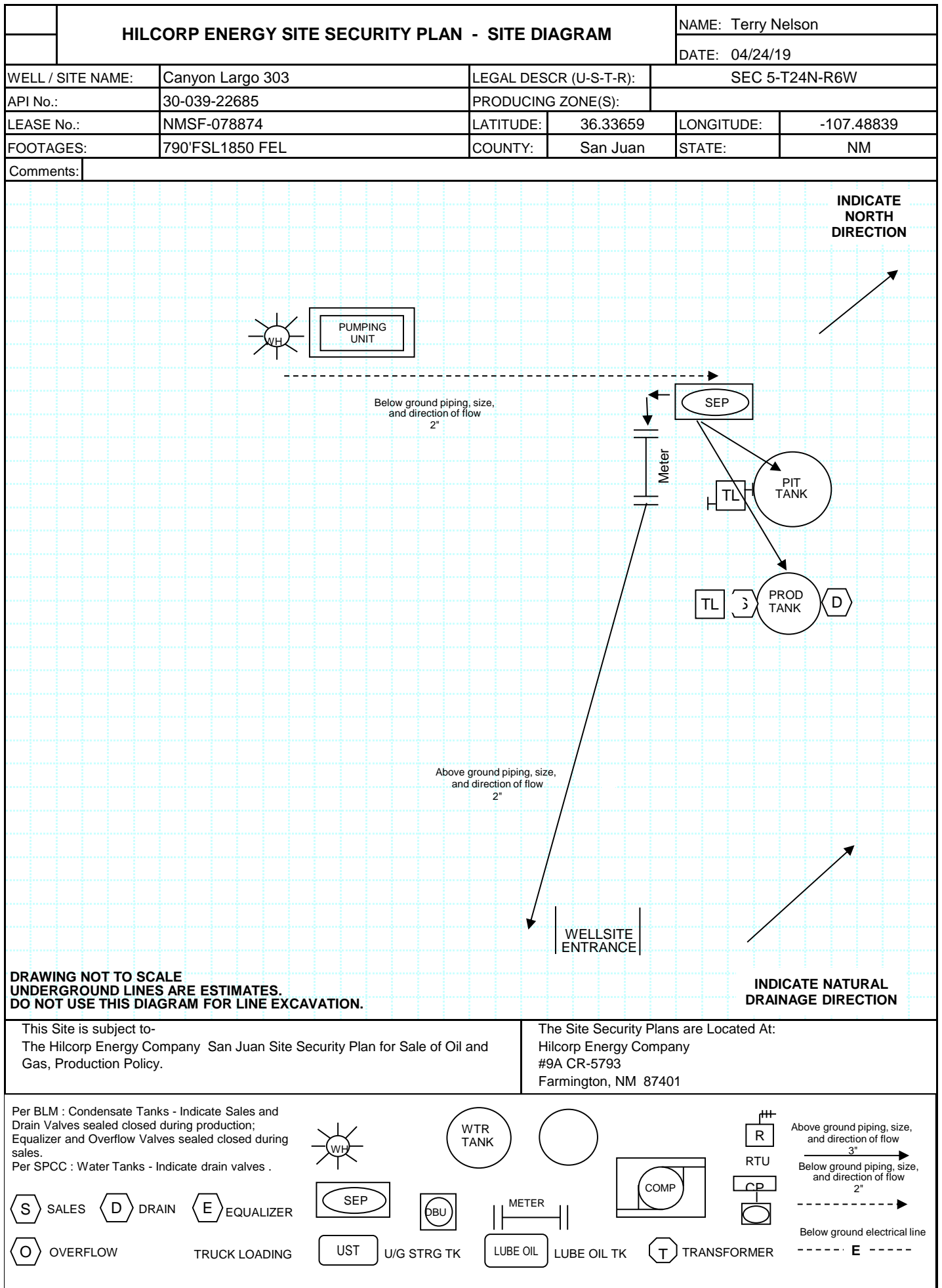
RTU

CP

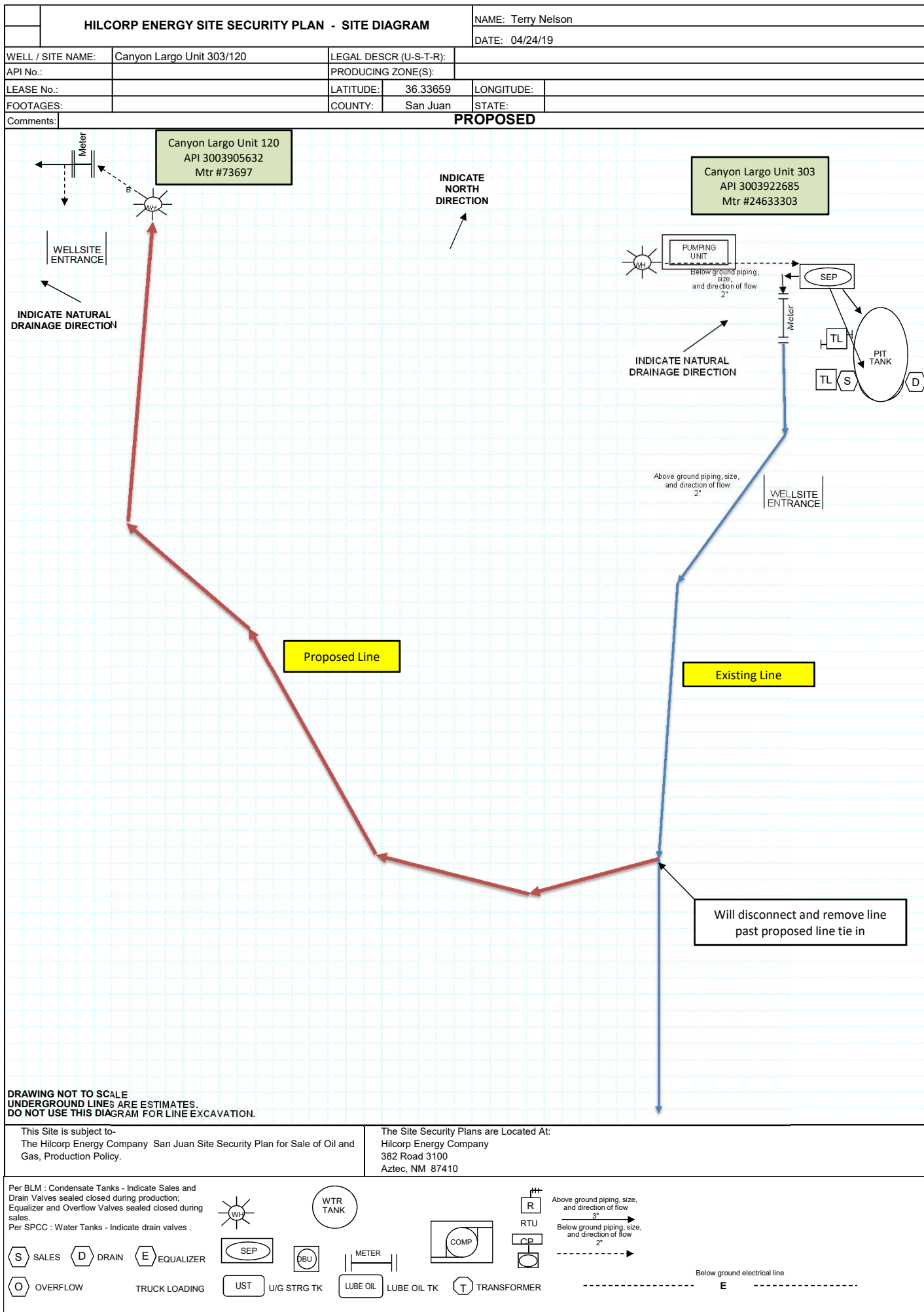
Above ground piping, size, and direction of flow  
3"

Below ground piping, size, and direction of flow  
2"

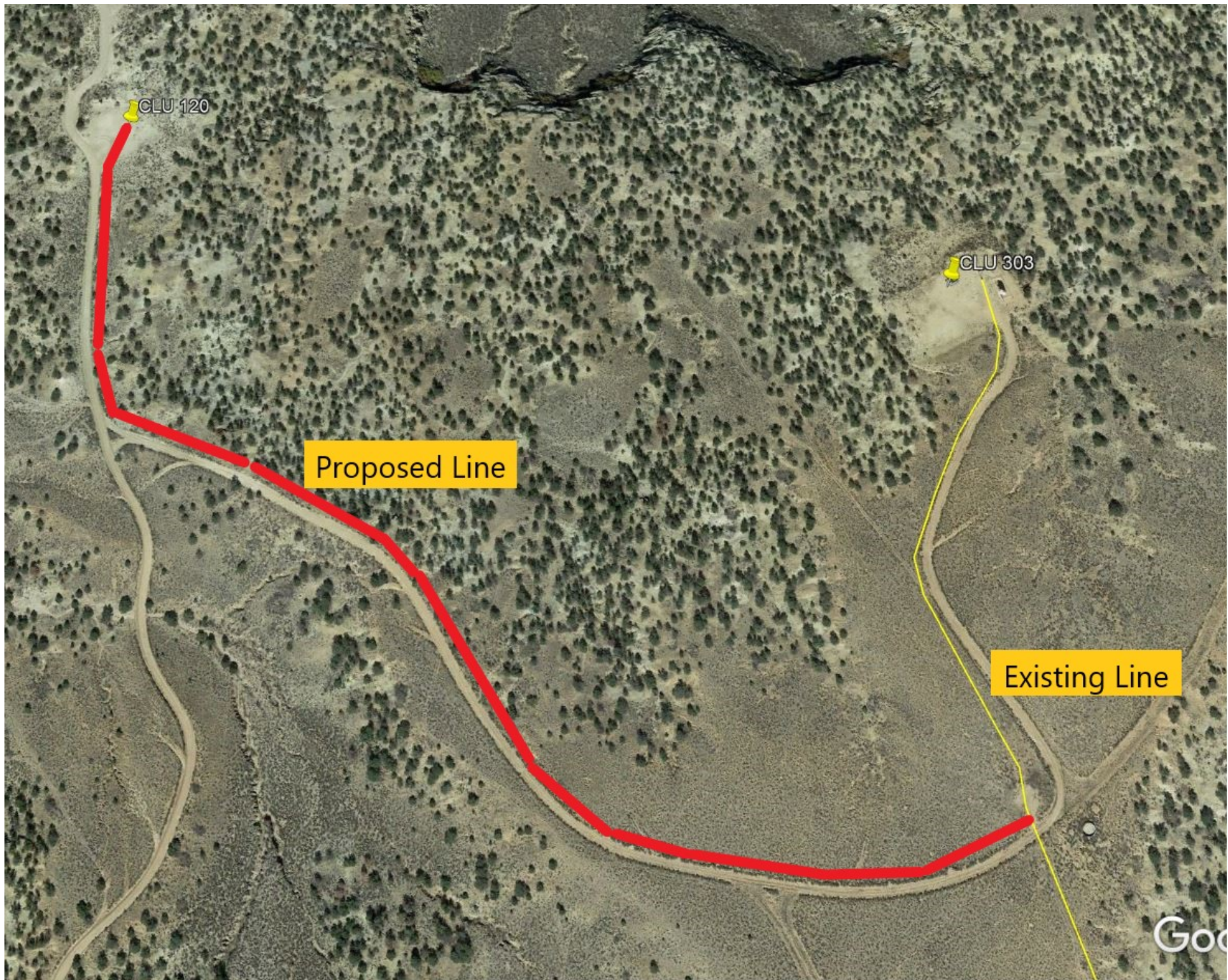
Below ground electrical line  
----- E -----















36

31

32

33

34

25N 6W

1

6

5

4

3

USA  
NMSF078874

RIO ARRIBA

CANYON LARGO UNIT #120  
30-039-05632

CANYON LARGO UNIT #303  
30-039-22685

24N 6W

7

8

9

10

0 0.125 0.25 0.5 Miles

18

17

15



[illegible]

## WELL INFORMATION

Well Name	API#	Pool	S-T-R	FNL/FSL	FEL/FWL	Lease Number	Agreement Number	Permits	Gravity	BTU	Est Daily Gas Rate
Canyon Largo Unit 303	30-039-22685	Devils Fork Gallup	Sec. 05, T24N, R06W	790' FNL	1850' FWL	NMSF078874			0.779	1355.00	22.00
Canyon Largo Unit 120	30-039-05632	Ballard Pictured Cliffs	Sec. 05, T24N, R06W	1100' FSL	1650' FWL	NMSF078874			0.691	1202.00	24.00

Well	Canyon Largo Unit 303	Canyon Largo Unit 120
Formation	Devils Fork Gallup	Ballard Pictured Cliffs
Production (mcfd)		
December	0	23
January	0	25
February	1.2	26
March	0	23
April	0	23
May	0	22

## **Canyon Largo Unit 120 Surface Commingle with Canyon Largo Unit 303**

Hilcorp Energy proposes to run a 2" surface line from the Canyon Largo Unit #303 (Meter #24633303) to the Canyon Largo Unit #120 (Meter #73697) to create a surface commingle (CDP) to Enterprise.

Allocation Meter #24633303 will remain at the Canyon Largo Unit #303 to measure gas. Enterprise sales meter 73697 will measure the total flow for the 2 wells.

The gas volume for the Canyon Largo Unit #120 will be calculated by subtracting the allocation meter volume from the sales meter.