

Initial Application Part II

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



June 18, 2019

Transmitted Via
Certified Mail

RE: Application for Surface Commingling
Canyon Largo Unit 303 (API # 30-039-22685)
Canyon Largo Unit 120 (API # 30-039-05632)
Rio Arriba County, New Mexico

Hilcorp plans to surface commingle existing pay from the Canyon Largo Unit 303 and Canyon Largo Unit 120. As required by Subsection C of 19.15.12.10 New Mexico Administrative Code, we have enclosed a copy of the Commingling Application for your review. No action is required by you unless you object our commingling proposal.

Any objection to this application must be filed in writing within twenty (20) days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If the 20 day waiting period expires, the Division will conclude that your company has no objection to the application.

This letter represents a good faith effort to adhere with applicable notification requirements. However, if your ownership interest in the Subject Well has recently changed (i.e., new burdens created or you have sold or transferred your interest) please contact Hilcorp immediately to update your file.

Hilcorp appreciates this opportunity to enhance production from the Subject Wells and we are thankful for your support.

Regards,

Etta Trujillo

Operations/Regulatory Technician
Hilcorp Energy Company
505-324-5161

Encl.

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

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

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: _____

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

E-MAIL ADDRESS: nkunze@hilcorp.com

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901776079853	Brenda Guzman	, ALLAYNALEE K COYLE, 4800 PONDEROSA AVE NE, ALBUQUERQUE, NM, 87110 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079860	Brenda Guzman	, AMANDA BARCLAY, 10201 EDITH BLVD NE, ALBUQUERQUE, NM, 87113 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079877	Brenda Guzman	, AMMO INVESTMENTS LTD, 500 N AKARD #1900, DALLAS, TX, 75201 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079884	Brenda Guzman	, BALANCING OWNER, MISSING ADDRESS, , , Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079891	Brenda Guzman	, BANK ONE TEXAS NA, GMGF OIL ACCOUNT #3153 PO BOX 99084, FORT WORTH, TX, 76199 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079907	Brenda Guzman	, DUGAN PRODUCTION CORP, PO BOX 420, FARMINGTON, NM, 87499 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079914	Brenda Guzman	, JOE F ELLEDGE, PO BOX 111, FARMINGTON, NM, 87499 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079921	Brenda Guzman	, KIMBELL OIL CO OF TEXAS, 777 TAYLOR ST, SUITE PII-A, FORT WORTH, TX, 76102 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079938	Brenda Guzman	, LELAND FIKES FOUNDATION INC, 500 N AKARD #1900, DALLAS, TX, 75201 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079945	Brenda Guzman	, MERRION OIL and GAS CORP, 610 REILLY AVE, FARMINGTON, NM, 87401-2634 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079952	Brenda Guzman	, OMIMEX PETROLEUM, 7950 JOHN T WHITE ROAD, FORT WORTH, TX, 76120 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079969	Brenda Guzman	, PATRICK LANCE, PO BOX 192, JEMEZ SPRINGS, NM, 87025 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079976	Brenda Guzman	, PAUL LANCE, 816 DOUGLAS MACARTHUR NW, ALBUQUERQUE, NM, 87107 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079983	Brenda Guzman	, PHILLIP LANCE, 1459 ARROYO LN, BERNALILLO, NM, 87004 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776079990	Brenda Guzman	, SYLVIA F LITTLE TRUST AGMT, 5 25 90 SYLVIA F LITTLE TRUST PO BOX 1258, FARMINGTON, NM, 87499-1258 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending
92148969009997901776080002	Brenda Guzman	, WM TRUST, SAM HARVEY TRUSTEE 596 SHOSHONE ST, GRAND JUNCTION, CO, 81504 Code: CLU 303_CLU 120 Surface Commingle	6/18/2019	Signature Pending

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well

☒ Gas Well

☐ Other

2. Name of Operator

Hilcorp Energy Company

3a. Address

382 Road 3100, Aztec, NM 87410

3b. Phone No. (include area code)

505-599-3400

4. Location of Well (*Footage, Sec., T., R., M., or Survey Description*)

Surface Unit O (SW/SE) 790' FNL & 1850' FWL, Sec. 05, T24N, R06W

5. Lease Serial No.

NMSF078874

6. If Indian, Allottee or Tribe Name

Canyon Largo Unit

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.

Canyon Largo Unit 303

9. API Well No.

30-039-22685

10. Field and Pool or Exploratory Area

Devils Fork Gallup

11. Country or Parish, State

Rio Arriba, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Surface Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof.

If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once Testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

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.

14. I hereby certify that the foregoing is true and correct. Name (*Printed/Typed*)

Etta Trujillo

Title **Operations/Regulatory Technician - Sr.**

Signature

Etta Trujillo

Date

6/7/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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.