

From: [Goetze, Phillip, EMNRD](#)
To: [Kuehling, Monica, EMNRD](#)
Cc: [Powell, Brandon, EMNRD](#)
Subject: RE: Hilcorp: SJ 32-8 303 SWD - Status Review
Date: Monday, April 11, 2022 9:49:00 AM

RE: San Juan 32 8 Unit SWD No. 303 (30-045-28703) SWD-490 and Amended SWD-490

Monica:

At your request, I have reviewed the well file, application and injection history of the referenced well. I am making the following recommendations and conditions:

- **Return to Injection Operation**

The review of the test results indicate that Hilcorp has demonstrated the integrity for the well to satisfy the requirements under NMAC. However, the well does have a history of casing pressure buildup along with tubing pressure readings in excess of the MSIP approved for the well (example BHT for Nov. 2002). Therefore, the OCD would agree to the return of the well to injection operation **with the condition that annual MIT be conducted**. Failure to complete an annual MIT for the well shall be a violation of requirements under 19.15.26.11(A) NMAC.

- **Maximum Surface Injection Pressure (MSIP)**

You noted the two SWD orders that cover this well. Review of the files finds the following:

Date	Document	Description
September 9, 1992	Form C-108	Proposed injection interval containing Morrison, Bluff and Entrada formations from 8510 feet to 9210 feet (application text confirmed by legal notice); based on this interval, OCD would administratively approve MSIP of 1702 psi [8510 ft x 0.2 psi/ft = 1702 psi]
October 9, 1992	Administrative Order SWD-490	Approved injection into Morrison, Bluff and Entrada formations from 8510 feet to 9210 feet. Based on step rate tests (dated September 15, 1992), this first order approved a MSIP of 2750 psi.
November 16, 1995	Phillips Petroleum Company Correspondence	Request to increase the injection interval by adding an upper portion of the Morrison not identified in the original application. AOR well information provided, but no notice was given. OCD approved increase in the interval; OCD required swab test to obtain hydrocarbon evaluation and water sample.
December 28, 1995	Amended Administrative Order SWD-490	Approved injection into Morrison, Bluff and Entrada formations from 8272 feet to 9210 feet; approved MSIP 1654 psi. [8272 ft x 0.2 psi/ft = 1654.4 psi] Includes COA for swab test and water sample.
April 11, 2022	Well file	Well bore diagrams and sundry history shows:

		<ul style="list-style-type: none"> • Top perforation remains at 8510 feet with no evidence of shallower perforations approved in the Amended SWD order being added. • Tubing size remains 2⅞-inch; this is the size stipulated in the first SWD order and was used for the SRTs.
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Though the well has an amended order, the operators (past and present) have not changed the well's completion by adding the shallower interval and continue to operate under the original order dated October 9, 1992. Unless the current operator intends to modify the well (and satisfy the conditions of approval of the Amended order), the MSIP approved using the step-rate tests submitted for the original SWD order remain in effect. If you have any questions, give me a call. PRG

From: Scott Anderson <sanderson@hilcorp.com>

Sent: Friday, April 8, 2022 11:08 AM

To: Kuehling, Monica, EMNRD <monica.kuehling@state.nm.us>

Cc: Clay Padgett <cpadgett@hilcorp.com>; JP Knox <jknox@hilcorp.com>; Len Gordon <lgordon@hilcorp.com>; Josh Jones <jojones@hilcorp.com>; Colter Faverino <cfaverino@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>; Kandis Roland <kroland@hilcorp.com>; Priscilla Shorty <pshorty@hilcorp.com>; Tammy Jones <tajones@hilcorp.com>

Subject: [EXTERNAL] RE: Hilcorp: SJ 32-8 303 SWD (API: 3004528703)

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Monica – Have you heard anything on your end regarding this request?

Scott Anderson
San Juan North – Operations Engineer
Hilcorp Energy Company
W: 713-289-2772
C: 248-761-3965

From: Scott Anderson

Sent: Wednesday, February 23, 2022 9:13 PM

To: Kuehling, Monica, EMNRD <monica.kuehling@state.nm.us>

Cc: Clay Padgett <cpadgett@hilcorp.com>; JP Knox <jknox@hilcorp.com>; Len Gordon <lgordon@hilcorp.com>; Josh Jones <jojones@hilcorp.com>; Colter Faverino <cfaverino@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>; Kandis Roland <kroland@hilcorp.com>; Priscilla Shorty <pshorty@hilcorp.com>; Tammy Jones <tajones@hilcorp.com>

Subject: Hilcorp: SJ 32-8 303 SWD (API: 3004528703)

Monica – Per our phone conversation earlier today, Hilcorp believes that the 2/26/22 pressure test

conducted on the SJ 32-8 303 SWD sufficiently proves that we do not have pressure communication in the well and, as a result, the well should be allowed to return to injection. To recap the results of the pressure test, a plug was set in the tubing string, above the packer, and both the tubing and casing were independently pressure tested to 2000 psi with the opposite side bled off to 0 psi. No communication was observed between the two strings and both tests were charted and witnessed. Once the well is returned to injection we will continue to monitor the well for any surface related impacts that could have contributed to the higher pressure response witnessed after the packer repair in 11/2021. At this time, however, we are confident that the results of this test show that the pressure response was not due to faulty downhole equipment.

Thank you,

Scott Anderson
San Juan North – Operations Engineer
Hilcorp Energy Company
W: 713-289-2772
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