

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 9/26/2017

Well information:

API WELL #	Well Name	Well #	Operator Name	Type	Stat	County	Surf. Owner	TL	Sec	Twp	N/S	Rng	W/E
30-045-21747-00-00	LIVELY	026	HILCORP ENERGY COMPANY	G	A	San Juan	F	N	7	29	N	8	W

Drilling/Casing Change

Conditions of Approval:

(See the below checked and additional conditions)

- Notify Aztec OCD 24hrs prior to casing & cement.
- Hold C-104 for directional survey & "As Drilled" Plat----- **File C-104 and completion report for Blanco MV for review and approval before returning to production**
- ✓ Hold C-104 for NSL, NSP, ✓ DHC
- Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned
- Ensure compliance with 19.15.17
- Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
- ✓ Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84
- Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.
- ✓ Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.

Additional requirements

NMOCD Approved by Signature

10/10/2017
Date

5

RECEIVED

SEP 28 2017

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

Farmington Field Office
Bureau of Land Management

5. Lease Serial No. **SF-078414-A**

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.

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.

Lively 26

2. Name of Operator

Hilcorp Energy Company

9. API Well No.

30-045-21747

3a. Address

PO Box 4700, Farmington, NM 87499

3b. Phone No. (include area code)

505-599-3400

10. Field and Pool or Exploratory Area

Basin Dakota

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

Surface Unit N (SESW), 800' FSL & 1080' FWL, Sec. 7, T29N, R8W

11. Country or Parish, State

San Juan, 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 checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<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 recomplate 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 recompletion 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.)

Plans are to recomplate the subject well in the Mesaverde formation and downhole commingle the existing Dakota with the Mesaverde. Attached is the MV plat and procedure. The DHC application will be submitted and approved before the work proceeds. A Closed Loop system will be utilized.

OIL CONS. DIV DIST. 3

OCT 06 2017

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

Christine Brock

Title **Operations/Regulatory Technician**

Signature

Christine Brock

Date

9/26/17

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

William Tambekou

Title **Petroleum Engineer**

Date **10/03/2017**

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 **FFD**

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.

(Instruction on page 2)

NMOCD *AV*

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 242040

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

WELL LOCATION AND ACREAGE DEDICATION
 PLAT

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	7	29N	08W		800	S	1080	W	SAN JUAN

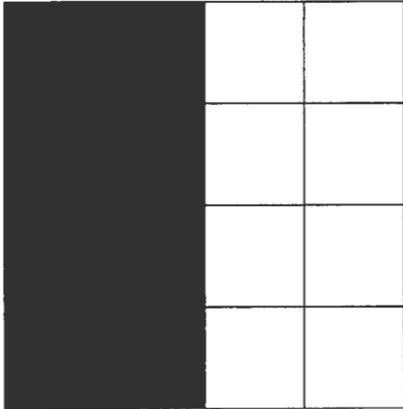
10. Surface Location

1. API Number 30-045-21747	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318608	5. Property Name LIVELY	6. Well No. 026
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6366

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 218.20 218.12	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
 NONSTANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p>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.</p> <p>E-Signed By: <i>Christina Bick</i> Title: Operations Regulatory Tech - Sr. Date: 9/20/2017</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Surveyed By: E.V. Echohawk Date of Survey: 2/6/1975 Certificate Number: 2602</p>
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Lively 26

Sec 18-T029N-R008W, Unit N

API# 3004521747

Mesa Verde ReComplete Sundry

9/26/2017

Procedure:

1. MIRU service rig and associated equipment; test BOP.
2. TOOH with 2 3/8" tubing set at 7,420'.
3. Set a 4-1/2" composite bridge plug at +/- 7,200' to isolate the Dakota. Note: TOC at 5,106' by efficiency calculation.
4. Load the hole and pressure test the casing to frac pressure.
5. N/D BOP, N/U frac stack and test frac stack to frac pressure.
6. Perforate and frac the Mesaverde in three stages (Point Lookout, Menefee, and Cliffhouse).
7. Isolate frac stages with a composite bridge plug.
8. Nipple down frac stack, nipple up BOP and test.
9. TIH with a mill and drill out top isolation plug and Mesaverde frac plugs.
10. Clean out to Dakota isolation plug and, when water and sand rates are acceptable, flow test the Mesaverde.
11. Drill out Dakota isolation plug and cleanout to PBTD of 7,470'. TOOH.
12. TIH and land production tubing. Get a commingled Dakota / Mesaverde flow rate.
13. Release service rig and turn well over to production.

