

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

APR 0 2018

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. SF-078161 |
| 2. Name of Operator Hilcorp Energy Company | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address PO Box 4700, Farmington, NM 87499 | 3b. Phone No. (include area code) 505-599-3400 | 7. If Unit of CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surface Unit F (SENV), 1767'FNL & 1610" FWL, Sec. 1, T29N, R11W | | 8. Well Name and No. Shults Federal 1 |
| | | 9. API Well No. 30-045-08766 |
| | | 10. Field and Pool or Exploratory Area Basin DK / Blanco MV |
| | | 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 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 checked="" 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 recomple 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.)

1/8/2018 ND BOPE, Install 5K Recompletion Spool on top of original tbg head. NU BOPE stack. SDFD.

1/9/2018 RU WRLN. Perf Mesaverde formation w/ 42 - .38" 1 spf @ 4743', 4740', 4717', 4715', 4713', 4691', 4689', 4687', 4668', 4663', 4659', 4657', 4649', 4644', 4639', 4591', 4588', 4572', 4570', 4547', 4541', 4531', 4523', 4508', 4495', 4342', 4340', 4291', 4286', 4284', 4267', 4265', 4258', 4189', 4187', 4185', 4128', 4126', 4108', 4106', 4091' & 4087'. GIH w/ 4 1/2" fullbore tension pkr on 2 3/8" tbg to 4922". Set FB pkr @ 4922'. RU Acid service using water pressure test plug @ 5100' to 3600 psi. Test-OK. Pull pkr up & reset @ 4700". Pull pkr up & reset @ 3967'. Acidize all perfs from 4087'-4743' w/ 800 gals of 15% HCL. ISDP- 236 psi, 5 min - 0 psi. Unset pkr & TI knocking off balls. POOH, LD tbg & pkr. Secure well & SDFD.

ACCEPTED FOR RECORD

1/10/2018 Reported to BLM (Jack Savage) & OCD (Brandon Powell) Perf'd prior to NOI approval. RU to run 2 7/8" frac string. GIH w/ 4 1/2" ASI-X 10K pkr & tbg. Set pkr @ 3960' & land tbg hanger w/ 8-10K in compression. ND BOPE Stack. NU frac stack. RU Wellcheck. Chart & PT plug, tbg & frac stack to 7200 psi. Test for 15 min. Test-OK. Attempt to pressure test tbg annulus to 400 psi. Would not test. Chart pressure w/ pressure falling off 100 psi in 5 min. & continuing to fall off. RU WL. Punch drain hole in plug & then retrieve plug in R-Nipple. Secure well SDFD.

APR 0 2018
FARMINGTON FIELD OFFICE
By: [Signature]

| | | |
|---|--|--|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Christine Brock | | Title Operations/Regulatory Technician - Sr. |
| Signature <i>Christine Brock</i> | | Date 4/4/2018 |

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.

1/11/2018 Bleed DN TP to flowback tank 10 min then SI. Pump 80 bbls of fresh water dn the tbg. Caught pressure w/ 18 bbls in. Pumped remainder of the 80 bbls @ 3.5 BPM – 250 psi. Monitored csg w/ no flow or action. Bled off tbg pressure. SI tbg. Pressured up on csg to 580 psi. Pressure bled DN to to 360 psi in 5 min, 280 psi in 10 min. Repeated test w/ same results. Checked pressure in 60 min – 160 psi. RD to move. Secure Well & SDFD. Reported 1/14/2018 to BLM & OCD possible small csg leak.

2/19/2018 MIRU Frac crew. PT lines to 9000 psi. Bleed off pressure. Load SG RCN ball sealers. Te-Test line to 9000". Test – OK. **Frac Mesaverde PT Lookout & Menefee** w/ 60Q N2 foam, 20# linear base gel at 24 BPM, 15,060# 100 Mesh & 249,440 # 20/40 AZ, 2,400 bbls fluid, 2,646,683 scf N2. Liquid flush. ISDP 1942, 5 min 1355, 10 min 1337, 15 min 1326. SI Well. Run radioactive tracer on sand in 3 sequences. 1st 28 MC SC-46, 2nd 36MC SB-124, 30 MC IR-192. Secure well for flowback crew to arrive.

2/22/2018 Notified OCD (Brandon Powell) plan on re-evaluating possible csg leak and leak possibly being in the WH due to removing BOP after the MIT.

2/24/2018 RU Unit, lay pump and flow lines. Secure location SDFD.

2/25/2018 RU flowback, ND Frac Stack, NU BOPE w 2 7/8" rams & washing stripper head installed. PT blind rams & 2 7/8" rams to 250 psi (low) and 2000 psi (high) for 10 minutes each. Release packer & pull tbg hanger. Lubricate out BPV. Secure well. Flowback well overnight.

2/26/2018 Test pipe rams w/ wellbore pressure. PU RBP & compression packer. TIH. Set **RBP @ 3759'**, Test RBP, Circulate out gas. Test csg from surface to 3759'. Test – Failed. ND & removed completion spool. NU BOPE. PU tension pkr & TIH looking for casing leak. Csg good from 870' to 3959', csg good from surface to 541'. Csg leak 541' to 870'. Secure Well. SDFD.

2/27/2018 Dump sand on top of RBP. TIH w/ tbg to 922'. Secure well, SDFD. Reported 2 slow bleed offs between 541' and 870'. Requested permission to squeeze, received approval BLM (William Tambekou) & NMOCD (Charlie Perrin).

2/28/2018 RU Cement crew and squeeze off csg leaks 541' to 870'. Mix & dump 55 sx fincem cement with .1% CFR3 at 13#, .82 yield, 8.1 BBLs slurry. Displace tbg w/ 1.25 bbls of water. Job complete @ 10:00 hours. TOH w/ tbg. Squeeze cement. Pump ¼ bbls pressure up to 890 psi. 10:00 – 890 psi, 10:20 – 840 psi, 10:50 – 800 psi, 11:20 – 780 psi, 12:00 – 760 psi, 12:25 – 730 psi, 12:50 – 700 psi, 13:20 – 680 psi, 14:00 – 650 psi. Well SI. SDFD.

3/2/2018 PT Csg, 660 psi dropped to 640 psi in 30 minutes. Pick blade bit & sub, TIH picking up 6 3 ½" DC & tbg. Establish circ. Tag soft cement @ 548", wash down to 588', drill hard cement 588' to 710'. PT csg every joint as follows; 611' – 540 psi (starting press), 535 psi (ending press), 10 min – 644' – 550 psi (starting press), 550 psi (ending press), 10 min – 677', 540 psi (starting press), 170 psi (ending press), 10 min – 710" – 550 psi (starting press), 120 psi (ending press), 10 min. TOH w/ tbg & Drill collars. TIH w/ tbg to 710' for cement job. Secure well. SDFD. Notified BLM & OCD (Charlie Perrin) & rcv'd approval for squeeze work on 3/4/18.

3/4/2018 RU & squeeze off csg leaks 644' to 710'. Pump 20 sx fincem cement w/ .1% CFR3 at 13#, .82 yield. 2.92 bbls slurry. Displace tbg w. 1.9 bbls of water. Job complete @ 09:00. TOH w. tbg. Squeeze cement, pump 1 bbl pressure up to 1090 psi. SIW, SDFD.

3/7/2018 PU twister bit & sub, TIH w. Drill collars & tbg. Establish circ. Tag soft cement @ 556', wash down to 560'. Drill hard cement 560' to 760' PT csg every joint as follows; 584' – 610 psi (starting press), 600 psi (ending press), 10 min – 611' – 600 psi (starting press), 270 psi (ending press), 10 min - 644' – 560 psi (starting press), 180 psi (ending press), 10 min - 677' – 580 psi (starting press), 200 psi (ending press), 10 min - 710' – 610 psi (starting press), 230 psi (ending press), 10 min - 743' – 580 psi (starting press), 200 psi (ending press), 10 min. Secure well, SDFD. Requested permission to run a single production pkr & use differential pressure between csg and tbg to monitor the integrity of the pkr. Recv'd BLM (William Tambekou) waiting on NMOCD approval.

3/8/2018 Establish circ. Drill hard cement 760' to 915'. PT csg every joint as follows; 776' – 560 psi (starting press), 240 psi (ending press), 10 min - 808' – 580 psi (starting press), 220 psi (ending press), 10 min - 842' – 560 psi (starting press), 240 psi (ending press), 10 min - 872' – 600 psi (starting press), 280 psi (ending press), 10 min - 907' – 610 psi (starting press), 230 psi (ending press), 10 min. Test csg from surface to 3959'. TOH w. tbg & Drill collars. Secure well, SDFD. Decided to do another squeeze job. Requested BLM & NMOCD approval. Recv'd approval from BLM (William Tambekou) on 3/8 & NMOCD (Brandon Powell) w/ COAs on 3/9. Provided total amount of perforation to be used & approximate footaged to be perforated to NMOCD (Brandon Powell & Charlie Perrin) on 3/9.

3/9/2018 RU WRLN & run sonic log, possible leak @ 611'. Perforate csg @ 606' to 607' w/ UZI Tye perf gun. 36 holes per foot. Test csg from surface to 3959'. After perforating csg @ 606' to 607'. PU RBP & TIH, set RBP @ 664'. TOH w/ pkr, dump sand on RBP. TIH open ended to 558'. Spot 20 gallons of 15% HCL @ 558', displace w/ 2.3 bbls of water. SIW and Pressure up to 1000 psi. At 1000 psi pressure would drop to 600 psi in less than 1 minute. 3 Attempts with same results. SIW, Secure well, SDFD.

3/10/2018 Well was on slight vacuum. Establish injection rate, pump ½ bbls @ 900 psi. Circ out acid to flowback tank. RU cement & pump 32 sx fincem w/ .1 % CFR3 at 13#, .82 yield, 4.3 bbls slurry. Displace tbg w/ 1 bbl of water. Squeeze perfs 606' to 607'. Balanced plug @ 638' to 550" Job complete @ 11:30 hours. TOH w. tbg. SIW and squeeze cement, squeeze 2 bbls @ 1250 psi, hesitate for 10 minutes, squeeze 1 bbl @ 1475 psi. Monitor squeeze pressure. Maintain pressure on csg. Secure well, SDFD.

3/13/2018 PT csg. Test csg from surface to RBP @ 664'. PU twister bit & sub. TIH w/ drill collars & tbg. PT csg. Drill 3' of cement to 613'. TOH w/ bit. TIH open ended to 613'. RU Halliburton.

3/14/2018 Attempt to establish injection rate, 1400 psi lose 400 psi in less than 1 min. Squeeze # 4, pump 50 sx fincem cement w/ .1% CF3 at 13#, .82 yield, 7.2 bbls slurry. Displace tbg w/ ½ bbl or water. Squeeze perfs 606' to 607'. Balanced plug @ 613' to 160'. Job complete @ 10:00 hours. TOH w/ tbg. SIW & squeeze cement, squeeze ½ bbl at 1475 psi. Monitor squeeze pressure. Maintain pressure on csg. Secure well. SDFD.

3/16/2018 PT csg, csg from surface. PU bit & sub, TIH w/ drill collars and tbg to 512'. Did not tag cement. PU to 446' and reverse out, cement colored water in returns. Reverse out at 512' with same results. PT csg. TOH w/ bit. PT csg, csg from surface. Secure well, SDFD. Reported to BLM & NMOCD that cement had not set and will wait until Monday to see if cement will set.

3/19/2018 PT csg from surface to TOC. Test csg from surface to cement plug. PU bit, TIH w/ drill collars & tbg, tag cement @ 524'. PT csg from surface to 524'. Establish circ. Drill cement 524' to 656'. PT every joint as follows; 524', 590 spi (start press), 590 psi (end pressure), 30 min – 557', 580 psi (start press),

580 psi (end press), 10 min - 590', 590 psi (start press), 590 psi (end press), 10 min - 623', 560 psi (start press), 560 psi (end press), 30 min - 656', 620 psi (start press), 620 psi (end press), 10 min - 664', 610 psi (start press), 610 psi (end press), 30 min. TOH, PU retrieving head & TIH. Circ sand off RBP. Release RBP. Test csg from surface to RBP @ 3959'. TOH w/ RBP. Est csg from surface to 3959'. Secure well. SDFD.

3/20/2018 RU & Run MIT on prod csg. Test – Good. Witnessed by John Durham w/ NMOCD. PU retrieving head & TIH, unload water every 1000' to RBP. Establish circ w/ air mist, circ sand off RBP & latch, equalize well. Release RBP & pump 20 bbls kill. TOOH w/ RBP. Secure well. Flowback overnight. Conduct flow test overnight.

3/21/2018 TIH, Tag 411' of fill @ 4689'. Establish circ w/ air mist, 20 bbls water with 1 ½ gl of foamer, 1 gl inhibitor per hr. CO 4689' to 5100'. Drill Isolation plug. TIH, tag 95' of fill @ 6645'. Establish circ with air mist, 20 bbls water with 1 ½ gl of foamer, 1 gl inhibitor per hr. CO 6645' to 6715'. Flowback well overnight. Conduct flow test overnight.

3/22/2018 PU BHA & TIH drifting tbg. Establish circ, 10 bbls water with 1 gallon of foamer, 1 gallon inhibitor ph. CO 12' of fill 6703' to 6715'. Returns are 1 cup dwn to a trace of sand per 5 gallon sample. Land 197 jts 2 3/8" 4.7# J-55 tbg @ 6592', PBD @ 6715', Seat Nipple @ 6591'. Pump 4 bbls water. Drop expendable chk ball. Test tbg to 500 psi. Test-OK. Pump out expendable check @ 900 psi. RDRR @ 19:00 hrs on 3/22/2018.

This well is currently producing as a MV/DK with an approved Test Allowable C-104 & is waiting on RC C-104 approval.

Well is now a MV/DK commingled per DHC-3994 AZ

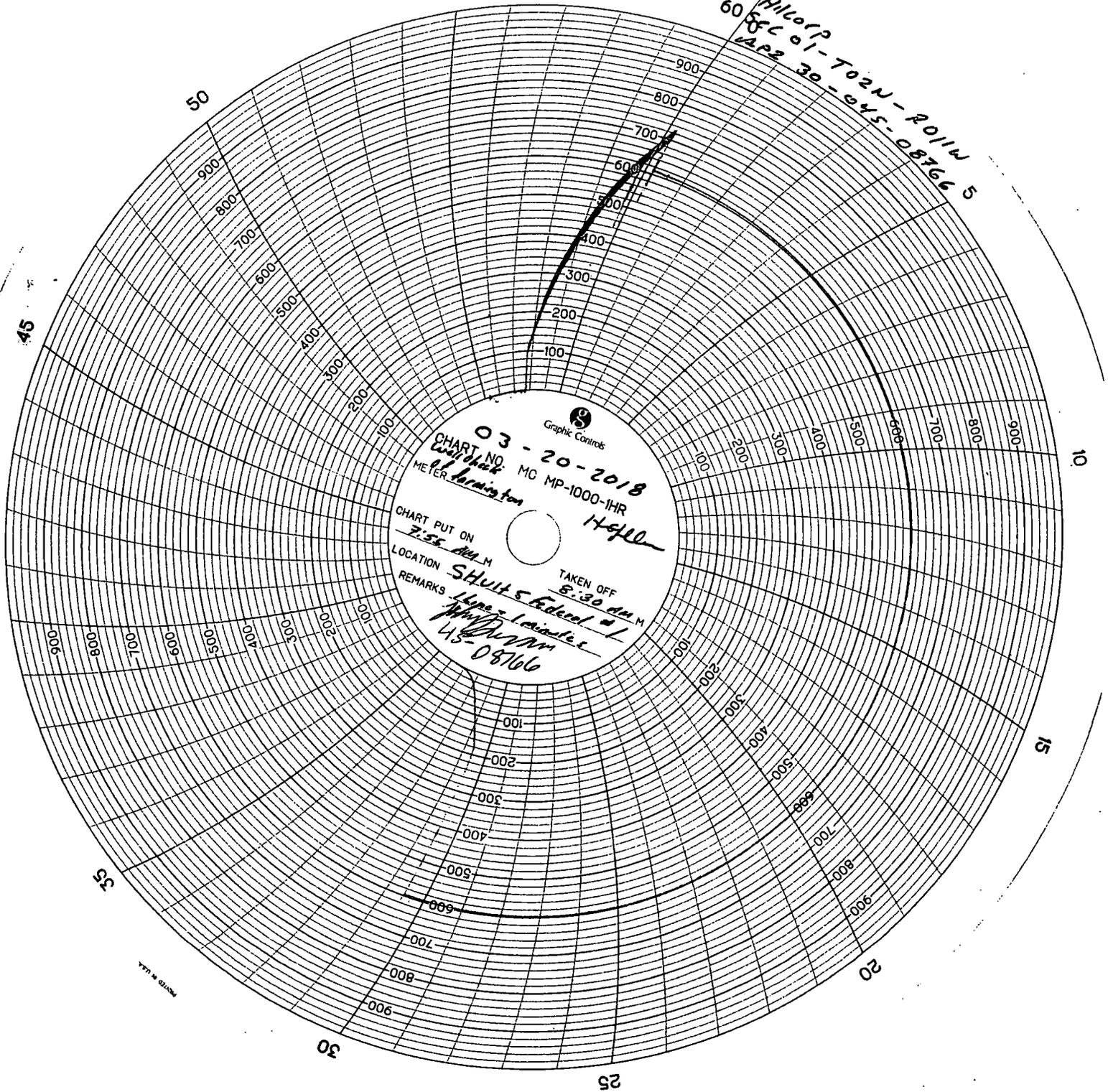
55

Hilcorp-Town-ROLL 5
SEC 01-702N-801W
TAP 30-045-08766 5

45

50

10



Graphic Controls

CHART NO 03-20-2018
METER MC MP-1000-1HR
1440

CHART PUT ON 7:55 AM M
TAKEN OFF 8:30 AM M
LOCATION SHUTS FEDERAL #1
REMARKS 1440-1 minute
45-08766

15

20

25

30

35

40

40