

State of New Mexico
Energy, Minerals and Natural Resources Department

dhcSusana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, 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: 4/5/2018

Well information:

| API WELL # | Well Name | Well # | Operator Name | Type | Stat | County | Surf_Owner | UL | Sec | Twp | N/S | Rng | W/E |
|--------------------|--------------------|--------|------------------------|------|------|------------|------------|----|-----|-----|-----|-----|-----|
| 30-039-29820-00-00 | SAN JUAN 28 5 UNIT | 074E | HILCORP ENERGY COMPANY | G | A | Rio Arriba | F | P | 36 | 28 | N | 5 | W |

**Revised*

Application Type:

- P&A
 Drilling/Casing Change
 Location Change
 Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84)
 Other:

Conditions of Approval:

- Notify OCD 24hrs prior to beginning operations.
- Hold C-104 for NSL

NMOCD Approved by Signature

4/26/18
Date

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 Drilling/Casing Change
 Location Change
 Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84)
 Other:

Conditions of Approval:

- Notify OCD 24hrs prior to beginning operations.
- Density exception must be approved prior to producing the Blanco Mesaverde
- Hold C-104 for NSL

NMOCD Approved by Signature

4/12/18
Date

6

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

APR 06 2018

5. Lease Serial No. **NMSF079522A**

6. If Indian Allottee or Tribe Name
Farmington Field Office Bureau of Land Management

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

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

2. Name of Operator
Hilcorp Energy Company

8. Well Name and No.
San Juan 28-5 Unit 74E

3a. Address
PO Box 4700, Farmington, NM 87499

3b. Phone No. (include area code)
505-599-3400

9. API Well No.
30-039-29820

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Surface Unit P (SESE) 570' FSL & 495' FEL, Sec. 36, T28N, R05W

10. Field and Pool or Exploratory Area
Blanco Mesaverde/Basin Dakota

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 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 recomplete 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.)

Hilcorp Energy Company plans to recomplete the subject well in the Mesaverde formation and downhole commingle with the existing Dakota. Attached is the MV C102, recomplete procedure & wellbore schematic. The DHC application will be submitted and approved prior to commingling. A Closed Loop system will be utilized.

NMOC

APR 12 2018

DISTRICT III

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Tammy Jones Title **Operations/Regulatory Technician - Sr.**

Signature *Tammy Jones* Date **4/5/2018**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *William Tambekou* Title *Petroleum Engineer* Date **4/9/2018**

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 **FFO**

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.

APR NMOC AV NMOC

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 250468

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|---|
| 1. API Number 30-039-29820 | 2. Pool Code 72319 | 3. Pool Name BLANCO-MESAVERDE (PRORATED GAS) |
| 4. Property Code 318708 | 5. Property Name SAN JUAN 28 5 UNIT | 6. Well No. 074E |
| 7. OGRID No. 372171 | 8. Operator Name HILCORP ENERGY COMPANY | 9. Elevation 7329 |

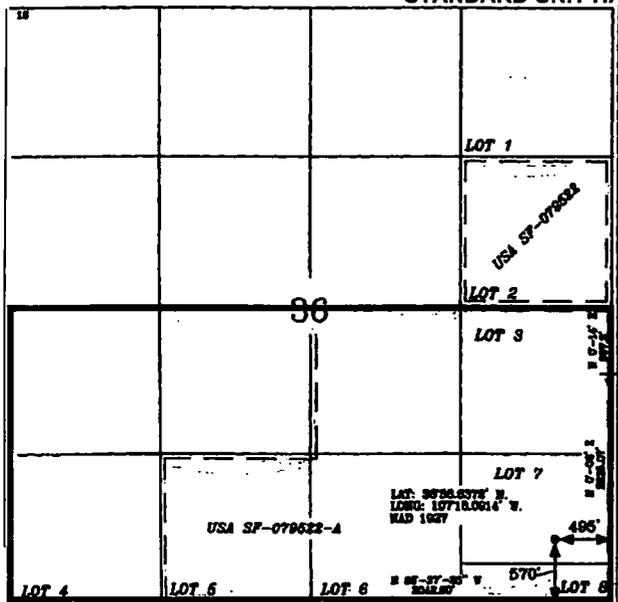
10. Surface Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|----|----------|-----|-------|-----|---------|--|-----------|-----|----------|---|-----------|-----|----------|---|--------|------------|
| UL - Lot | P | Section | 36 | Township | 28N | Range | 05W | Lot Idn | | Feet From | 570 | N/S Line | S | Feet From | 495 | E/W Line | E | County | RIO ARRIBA |
|----------|---|---------|----|----------|-----|-------|-----|---------|--|-----------|-----|----------|---|-----------|-----|----------|---|--------|------------|

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 | 411.57 | S/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



OPERATOR CERTIFICATION

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.

E-Signed By: *Tammy Jones*
Title: Operations/Regulatory Technician - Sr.
Date: 4/2/2018

SURVEYOR CERTIFICATION

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.

Surveyed By: Glen W. Russell
Date of Survey: 1/4/2006
Certificate Number: 15703



HILCORP ENERGY COMPANY
SAN JUAN 28-5 UNIT 74E
MESA VERDE RECOMPLETION SUNDRY

JOB PROCEDURES

1. MIRU service rig and associated equipment; test BOP.
2. TOOH with 2 3/8" tubing set at 8,442'.
3. Set a 4-1/2" cast iron bridge plug at +/- 6,925' to isolate the **Dakota**. (Note: TOC at 3,310' by CBL.)
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 **Mesa Verde** in two or three stages (Top Perforation @ 5,800'; Bottom Perforation @ 6,800').
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 **Mesa Verde** frac plugs.
10. Clean out to **Dakota** isolation plug and, when water and sand rates are acceptable, flow test the **Mesa Verde**.
11. Drill out **Dakota** isolation plug and cleanout to PBTD of 8,625'. TOOH.
12. TIH and land production tubing. Get a commingled **Dakota/Mesa Verde** flow rate.



HILCORP ENERGY COMPANY
SAN JUAN 28-5 UNIT 74E
MESA VERDE RECOMPLETION SUNDRY

SAN JUAN 28-5 UNIT 74E - CURRENT WELLBORE SCHEMATIC

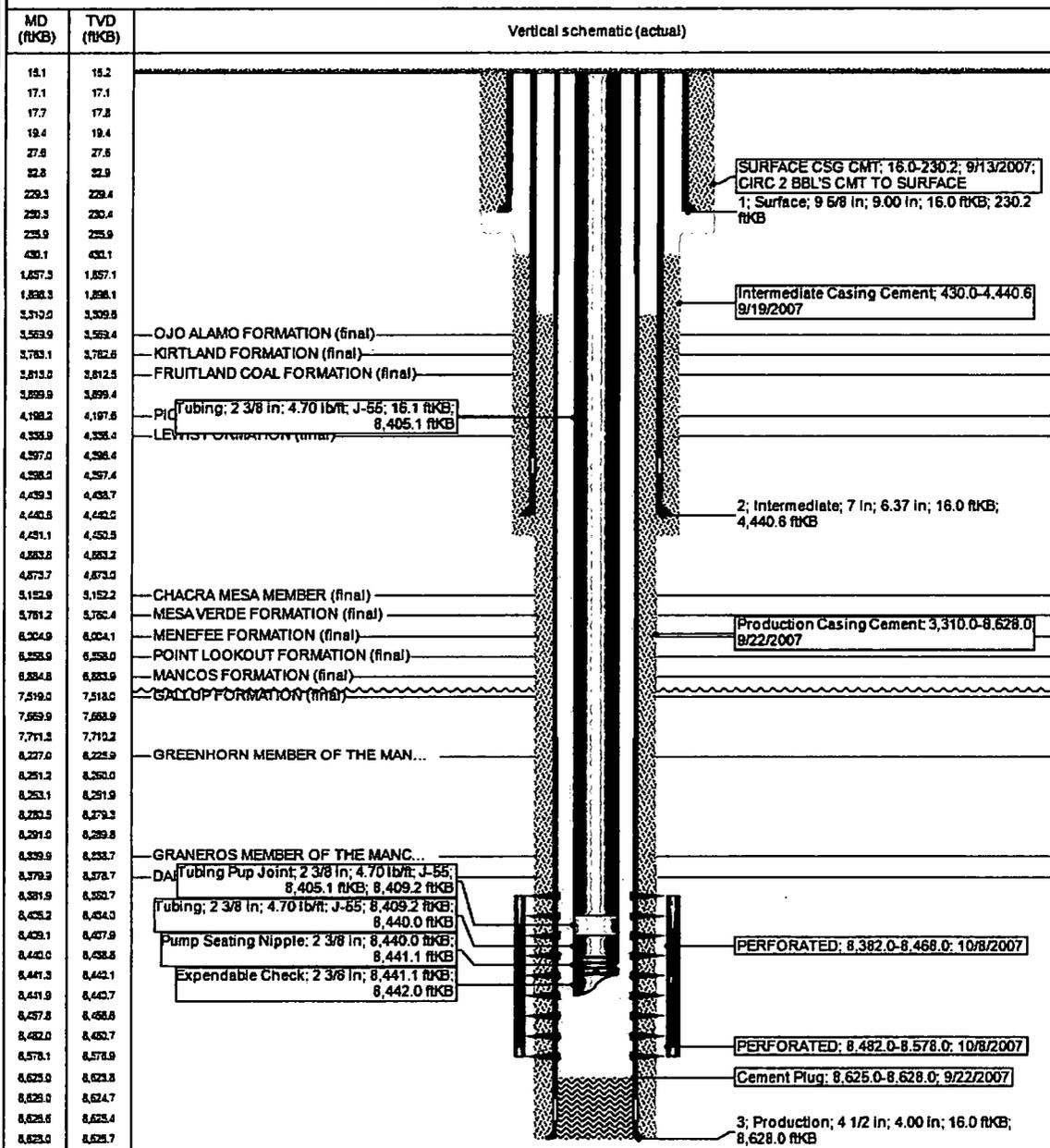


Current Schematic - Version 3

Well Name: **SAN JUAN 28-5 UNIT #74E**

| | | | | | |
|-----------------------------------|---|----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| API / UWI 3003929820 | Surface Legal Location 036-028N-005W-P | Field Name BASIN DAKOTA | License No. | State/Province NEW MEXICO | Well Configuration Type Vertical |
| Ground Elevation (ft) 7,330.00 | Original KBRT Elevation (ft) 7,346.00 | KS-Ground Distance (ft) 16.00 | KS-Casing Flange Distance (ft) | KS-Tubing Flange Distance (ft) | |

Vertical, Original Hole, 3/28/2018 12:00:20 PM





United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington District Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



CASING REPAIR, WORKOVER, AND RECOMPLETION CONDITION OF APPROVAL

1. If casing repair operations are needed, obtain prior approval from this office before commencing repairs.
2. If a CBL or other logs are run, provide this office with a copy.
3. After any casing repair operations, test cement squeeze to a minimum of 500# for 30 minutes with no more than 10 % pressure fall off in the 30 minutes test period. Provide test chart with your subsequent report of operations
4. A properly functioning BOP and related equipment must be installed prior to commencing workover, casing repair, and/or recompletion operations.
5. **Contact this office at (505) 564-7750 prior to conducting any cementing operations**

SPECIAL STIPULATIONS:

1. **Pits will be fenced during work-over operation.**
2. **All disturbance will be kept on existing pad.**
3. **All pits will be pulled and closed immediately upon completion of the recompletion and work-over activities.**
4. **Pits will be lined with an impervious material at least 12 mils thick.**