

Submit 1 Copy To Appropriate District Office

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS</p> <p>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>		<p>WELL API NO. 30-045-35579</p>
<p>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other</p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator HILCORP ENERGY COMPANY</p>		<p>6. State Oil & Gas Lease No. V-88-1</p>
<p>3. Address of Operator 382 ROAD 3100, AZTEC NM 87410</p>		<p>7. Lease Name or Unit Agreement Name Susco 16 State</p>
<p>4. Well Location Unit Letter <u>K</u> <u>2000</u> feet from the <u>South</u> line and <u>1691</u> feet from the <u>West</u> line Section <u>15</u> Township <u>32N</u> Range <u>8W</u> NMPM San Juan County</p>		<p>8. Well Number 101H</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6916' GR</p>		<p>9. OGRID Number 372171</p>
		<p>10. Pool name or Wildcat Basin Fruitland Coal</p>

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER: <input type="checkbox"/></p>		<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/></p>	
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Hilcorp Energy would like to remediate the subject well by perforating and squeezing the Intermediate casing. CBL (05/14/18) shows TOC @ 3200'. Brandon Powell, NMOCD, provided conditions of approval for the remediation. Please see attached procedure.

NMOCD
MAY 15 2018
DISTRICT III

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Priscilla Shorty TITLE Operations / Regulatory Technician DATE 05/15/2018

Type or print name Priscilla Shorty E-mail address: pshorty@hilcorp.com PHONE: 505-324-5188

For State Use Only

APPROVED BY: Bob Bell TITLE Deputy Oil & Gas Inspector, District #3 DATE 5/18/18
Conditions of Approval (if any): AV

Susco 16 State 101H Remedial Cementing Plan

May 15, 2018

Note: There is already a CIBP set at ~4540' MD above the lateral casing window. All depths are measured depths based on CBL performed 05/14/18.

- 1) Set second CIBP @ 3100'.
- 2) Perforate sqz holes @ 3050'.
- 3) Attempt to est circ down csg.
 - a. Work back and forth pumping down annulus to attempt to loosen packed off bridge @ 650'.
- 4) If circ to surface established,
 - a. TIH w/ cement retainer and set @ 2950'.
 - b. Establish circulation and pump cement w/ 100% excess to surface.
- 5) If circ not established proceed with following:
- 6) RIH and perf sqz holes @ 1510'.
- 7) RIH and set cement retainer on tubing @ 2950'.
- 8) Establish circulation, pump cement sqz w/ 100% excess for annulus, monitoring csg pressure.
- 9) Once annular cmt placed, sting out & reverse out, POOH and spot 150' balanced plug across upper sqz holes @ 1510'.
- 10) POOH & reverse out tbg.
- 11) WOC, TIH dry tag TOC – confirm hard cement – TOOH.
- 12) RU bit TIH drl out just below uppr sqz perf to ~1530'.
- 13) Pressure test to 500psi.
- 14) Cont drilling cmt to below lwr sqz perms @ ~3080'.
- 15) Perform a charted MIT test and submit results.
- 16) Drill out cement and upper CIBP @ 3100'.
- 17) RU ELU & run CBL from ~4540' to surface. Submit CBL results.
- 18) Pending approval of CBL, proceed w/ drill out of bottom CIBP @ 4540' and run production tubing.

Powell, Brandon, EMNRD

From: Powell, Brandon, EMNRD
Sent: Tuesday, May 15, 2018 11:30 AM
To: 'Joe Colley'
Cc: JP Knox; Thomas Jacques; Priscilla Shorty; Mandi Ray; Jason Vasquez; John Brown; Lisa Helper; Freddy Proctor; Craig Lingo
Subject: RE: Hilcorp Remediation Plan for the Susco 16 State 101H New Drill

Good morning Mr. Colley,

If circulation cannot be established to the surface, the top perforation will need to be placed at 1550' vertical depth or higher, as we have picked the Nacimiento top at ~1600'. Once the remediation is complete the final pressure test will need to be a charted MIT. You will need to notify us 24hrs prior to the cementing and the MIT.

With these conditions of approval you may proceed with the remediation. Please also submit a sundry with the proposed procedure for the well file.

Thank You

Brandon Powell
Office: (505) 334-6178 ext. 116
"He who wishes to gain knowledge is wiser than he who thinks he has knowledge (unknown)"

From: Joe Colley <jcolley@hilcorp.com>
Sent: Tuesday, May 15, 2018 9:43 AM
To: Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>
Cc: JP Knox <jknox@hilcorp.com>; Thomas Jacques <tjacques@hilcorp.com>; Priscilla Shorty <pshorty@hilcorp.com>; Mandi Ray <mray@hilcorp.com>; Jason Vasquez <jvasquez@hilcorp.com>; John Brown <jbrown@hilcorp.com>; Lisa Helper <lhelper@hilcorp.com>; Freddy Proctor <fproctor@hilcorp.com>; Craig Lingo <clingo@hilcorp.com>
Subject: Hilcorp Remediation Plan for the Susco 16 State 101H New Drill
Importance: High

Mr. Powell;

Attached is a casing cement remediation proposal for the Susco 16 State 101H.

Please review and provide approval to proceed or guidance at the earliest opportunity.

I have attached the formation tops and deviation survey for your use, in addition to the CBL which was sent earlier this morning.

Sincerely;

Joe Colley
Operations Engineer – Area 4
Hilcorp Energy Company
San Juan North Team
713-757.5269 (O)
505-215-8167 (M)