State of New Mexico
Energy, Minerals and Natural Resources Department

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: 2/20/2019
Well information:

HILCORP ENERGY COMPANY
30-039-26417 San Juan 30-5 Unit #104E

Application Type:

☐ P&A ☐ Drilling/Casing Change ☐ Location Change

☒ Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84; Submit Gas Capture Plan form prior to spudding or initiating recompletion operations)

☐ Other:

Conditions of Approval:

- Notify the OCD 24hrs prior to beginning operations.
- Hold the C-104 for the DHC.
- The initial CIBP must be placed no higher than 50' above the existing perforations.
- Submit the CBL to the agencies for review and approval prior to perforating.
- A Mechanical integrity test (MIT) must be performed from the initial CIBP to verify the integrity of the well. The pressure test must meet the requirements of 19.15.25.14 NMAC.
    - 24hr notice is required to be provided to the agencies prior to performing the MIT.
- After the MIT is performed a second temporary isolating device may be set up near the requested recomplete interval without additional OCD approval to protect the casing from the completion pressures.
- If needed, submit a proposed remediation plan to the agencies for review and approval prior to starting remediation.

Brandon Powell

NMOCD Approved by Signature

4/3/19
Date

V

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

RECEIVED
FEB 20 2019
Farmington Field Office
Bureau of Land Management

5. Lease Serial No. **NMSF080538**

6. If Indian, Allottee or Tribe Name

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.

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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No. **San Juan 30-5 Unit 104E**

2. Name of Operator **Hilcorp Energy Company**

9. API Well No. **30-039-26417**

3a. Address **382 Road 3100, Aztec, NM 87410**

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

10. Field and Pool or Exploratory Area **East Blanco Pictured Cliffs/Blanco MV**

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
Surface Unit J (NWSE) 1850' FSL & 1005' FEL, Sec. 13, T30N, R05W

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☒ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ 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 Pictured Cliffs formation and downhole commingle with the existing Mesaverde. Attached is the PC C102, recomplete procedure & wellbore schematic. The DHC application will be submitted and approved prior to commingling. A closed loop system will be utilized. Interim reclamation will be performed after surface disturbing activities.

HOLD C104 FOR DHC

NMOCD
MAR 15 2019
DISTRICT III

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 **2/20/2019**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Title AFM Date 3/13/19

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.

(Instruction on page 2)

NMOCD

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 263984

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-26417	72400	BLANCO PICTURED CLIFFS, EAST (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318433	SAN JUAN 30 5 UNIT	104E
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6901

10. Surface Location

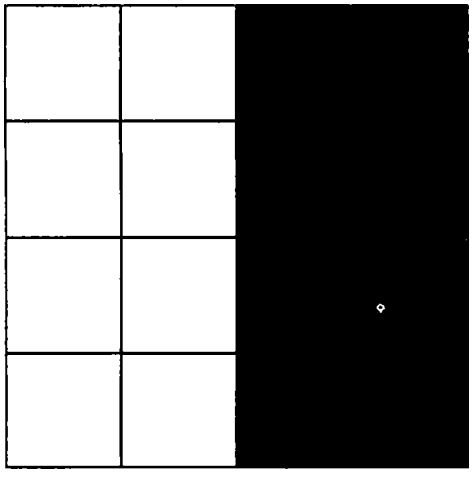
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	13	30N	05W		1850	S	1005	E	RIO ARRIBA

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	13. Joint or Infill	14. Consolidation Code	15. Order No.
217.76			

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: 2/20/2019

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: Henry P. Broadhurst, Jr.
Date of Survey: 4/21/2000
Certificate Number: 11393

Hilcorp

HILCORP ENERGY COMPANY
SAN JUAN 30-5 UNIT 104E
PICTURED CLIFFS RECOMPLETION SUNDRY

JOB PROCEDURES

1. MIRU service rig and associated equipment; test BOP.
2. TOOH with **2-3/8"** tubing set at **8,283'**.
3. Set a **4-1/2"** plug at **+/- 4,400'** to isolate the **Mesaverde formation and Dakota formation**.
4. RU Wireline. Run CBL and record Top of Cement.
5. **IF NECESSARY** (Based on the results of the CBL top of cement) - Perform cement squeeze work.
6. Load the hole and pressure test the casing.
7. N/D BOP, N/U frac stack and pressure test frac stack.
8. Perforate and frac the **Pictured Cliffs** formation (Top Perforation @ **3,685'**; Bottom Perforation @ **3,947'**).
9. Isolate frac stage with a plug.
10. Nipple down frac stack, nipple up BOP and test.
11. TIH with a mill and drill out top **Pictured Cliffs** isolation plug.
12. Clean out to **Mesaverde formation and Dakota formation** isolation plug.
13. Drill out **Mesaverde formation and Dakota formation** isolation plug and cleanout to PBTD of **8,348'**. TOOH.
14. TIH and land production tubing. Get a commingled **Dakota/Mesaverde/Pictured Cliffs** flow rate.

Hilcorp Energy Company

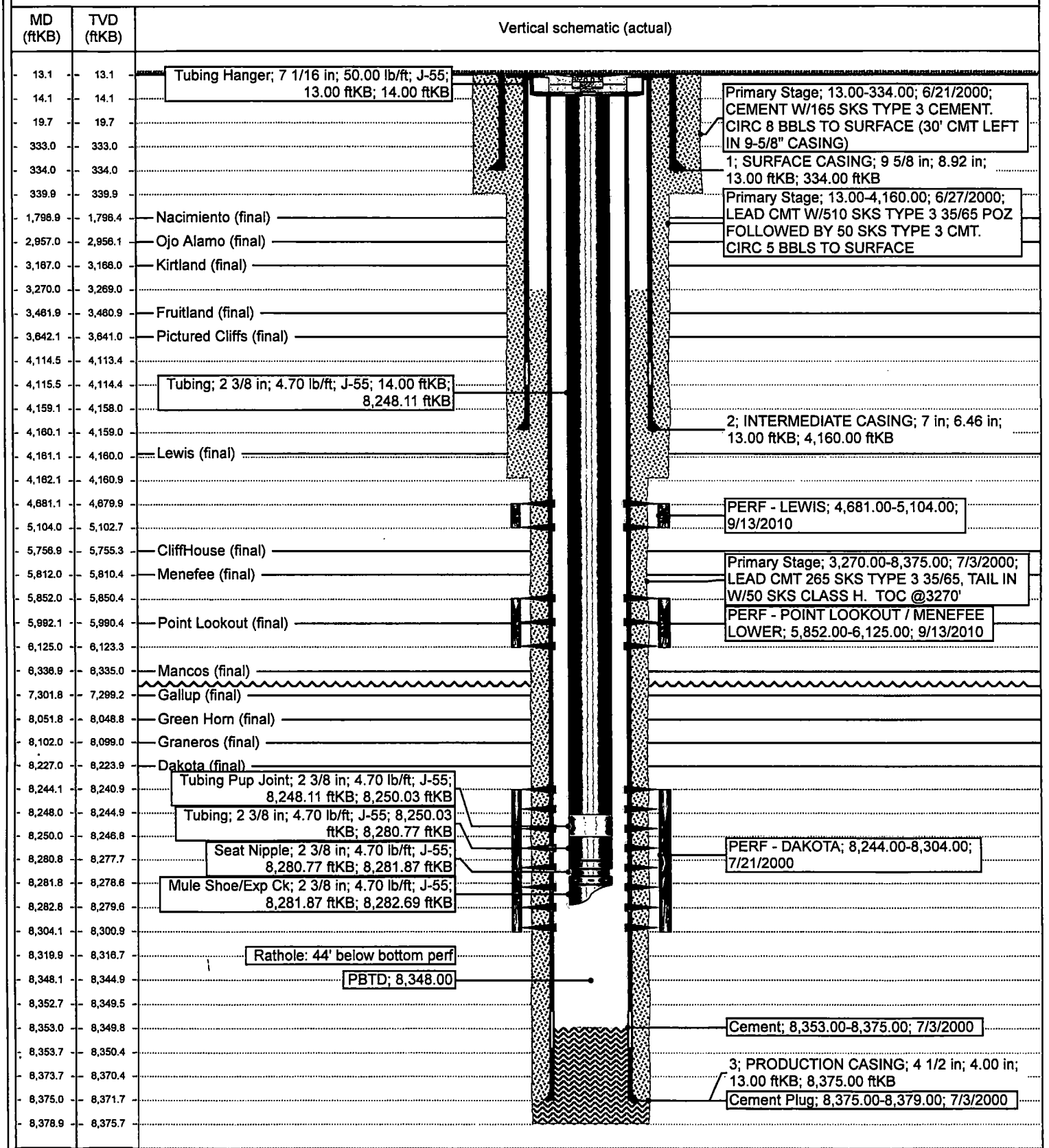
Current Schematic - Version 3

Well Name: SAN JUAN 30-5 UNIT #104E

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3003926417	013-030N-005W-I	DK	1203	NEW MEXICO	Vertical

Ground Elevation (ft)	Original KB/RT Elevation (ft)	KB-Ground Distance (ft)	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)
6,901.00	6,914.00	13.00		

Vertical, Original Hole, 2/20/2019 12:39:28 PM



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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original to Appropriate District Office

GAS CAPTURE PLAN

Date: 2/20/2019

☒ Original

Operator & OGRID No.: **Hilcorp Energy Company 372171**

☐ Amended - Reason for Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
San Juan 30-5 Unit 104E	**3003926417**	**J, 13, 30N, 5W**	**1850' FSL, 1005' FEL**	**350**	**Vented**	

Gathering System and Pipeline Notification

This is a recompletion of a producing gas well. Gas production, sales and transportation infrastructure is already in place. The gas is dedicated to **Harvest** and will be connected to their gathering system located in San Juan County, New Mexico. Gas from these wells will be processed at **IGNACIO** Processing Plant located in Sec. **22**, Twn. **35N**, Rng. **9W**, **La Plata** County, Colorado.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be routed to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on **Harvest** system at that time. Based on current information, it is Hilcorp's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines