

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 09 2019

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

RECEIVED

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM019413
2. Name of Operator Hilcorp Energy Company		6. If Indian, Allottee or Tribe Name
3a. Address 382 Road 3100, Aztec, NM 87410	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 (SENW) 1758' FNL & 1850' FWL, Sec. 05, T31N, R12W		8. Well Name and No. Mitchell 1E
		9. API Well No. 30-045-23645
		10. Field and Pool or Exploratory Area Basin Fruitland Coal
		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	

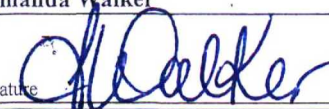
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical 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 recompleation 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 requests permission to recompleate the subject well in the Mesaverde and downhole commingle with the existing Fruitland Coal. Please see the attached procedure, wellbore diagram, plat and GCP. A closed loop system will be used. Interim reclamation will be performed after surface disturbing activities.

NMOC

AUG 13 2019

DISTRICT III

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Amanda Walker		Title Operations/Regulatory Technician - Sr.
Signature 		Date 5/7/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
	Office	

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.

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.

OPERATOR

ACCEPTED FOR RECORD
JUN 27 2019
FARMINGTON FIELD OFFICE

5/6/2019

OCD Permitting

Form C-102
August 1, 2011

Permit 267013

District I1625 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-23645	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319376	5. Property Name MITCHELL	6. Well No. 001E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5966

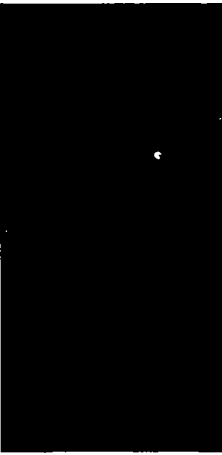
10. Surface Location

UL - Lot F	Section 5	Township 31N	Range 12W	Lot Idn	Feet From 1758	N/S Line N	Feet From 1850	E/W Line W	County SAN JUAN
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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 318.36	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

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: <i>Amanda Walker</i> Title: Operations/Regulatory Tech Sr. Date: 5/7/2019</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: James P. Leese Date of Survey: 5/13/1979 Certificate Number: 1463</p>
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HILCORP ENERGY COMPANY
MITCHELL 1E
MESA VERDE RECOMPLETION SUNDRY

API #:

3004523645

JOB PROCEDURES

- | | | |
|-------------------------------------|-------|--|
| <input checked="" type="checkbox"/> | NMOCD | Contact OCD and BLM (where applicable) 24 hrs prior to MIRU. Record and document all casing pressures <u>daily</u> , including |
| <input checked="" type="checkbox"/> | BLM | BH, IC (if present) and PC. Comply with all NMOCD, BLM (where applicable), and HEC safety and environmental regulations. |
1. MIRU workover rig and associated equipment; NU and test BOP.
 2. Gather **Fruitland Coal** gas analysis. TOOH with **2 3/8"** tubing set at **2,331'**
 3. Drill out CICR @ **2346'**
 4. Drill out CICR @ **3873'**, CO to PBTD at 5975'
NOTE: PBTD below this CICR is a balanced plug laid f/ 6125-5975' and a CICR set at 6840' w/ 90' of cement on top
 5. Load hole with fluid and run a CBL on the 4-1/2" casing. Verify cement bond within the **Mesa Verde** and confirm TOC. Review CBL results with BLM and NMOCD and perform cmt remediation, as required.
 6. RIH w/ a pkr and set 50' below the bottom FRC perforation (2336'). Contact the NMOCD and BLM, conduct a witnessed MIT below the packer and above the balanced plug
 7. Set a **4-1/2"** cast iron bridge plug at +/- **5227'** to provide a base for the frac
 8. Perforate the **Mesa Verde**. (Top perforation @ 3997', Bottom perforation @ 5127')
 9. RIH w/ frac string and packer with ceramic disc sub. Set pkr 50-75' above the top MV perforation and land tbg.
 10. ND BOPs, NU frac stack. PT frac stack to 9,000#. PT frac string to 9,000#, PT backside to 300# (to insure packer is set).
NOTE: frac string is 2-7/8" 6.5# P110 with BTS-8 connections. PT is to max anticipated treating pressure (~60% of burst)
 11. RU slickline. RIH and break ceramic disc. RD slickline
 12. Frac the **Mesa Verde** in 1-2 stages down the frac string.
 13. Flowback well for 1-3 days, as required
 14. MIRU workover rig. Nipple down frac stack, nipple up BOPs and test.
 15. Release packer and POOH w/ frac string
 16. RIH w/ rock bit and clean out to PBTD at **5,227'**
 17. TIH and land production tubing. ND BOPs and NU tree. Pump off expendable check.
 18. RDMO. Get a commingled **Fruitland Coal/Mesa Verde** flow rate and gas analysis.



HILCORP ENERGY COMPANY
MITCHELL 1E
MESA VERDE RECOMPLETION SUNDRY

MITCHELL 1E - CURRENT WELLBORE SCHEMATIC

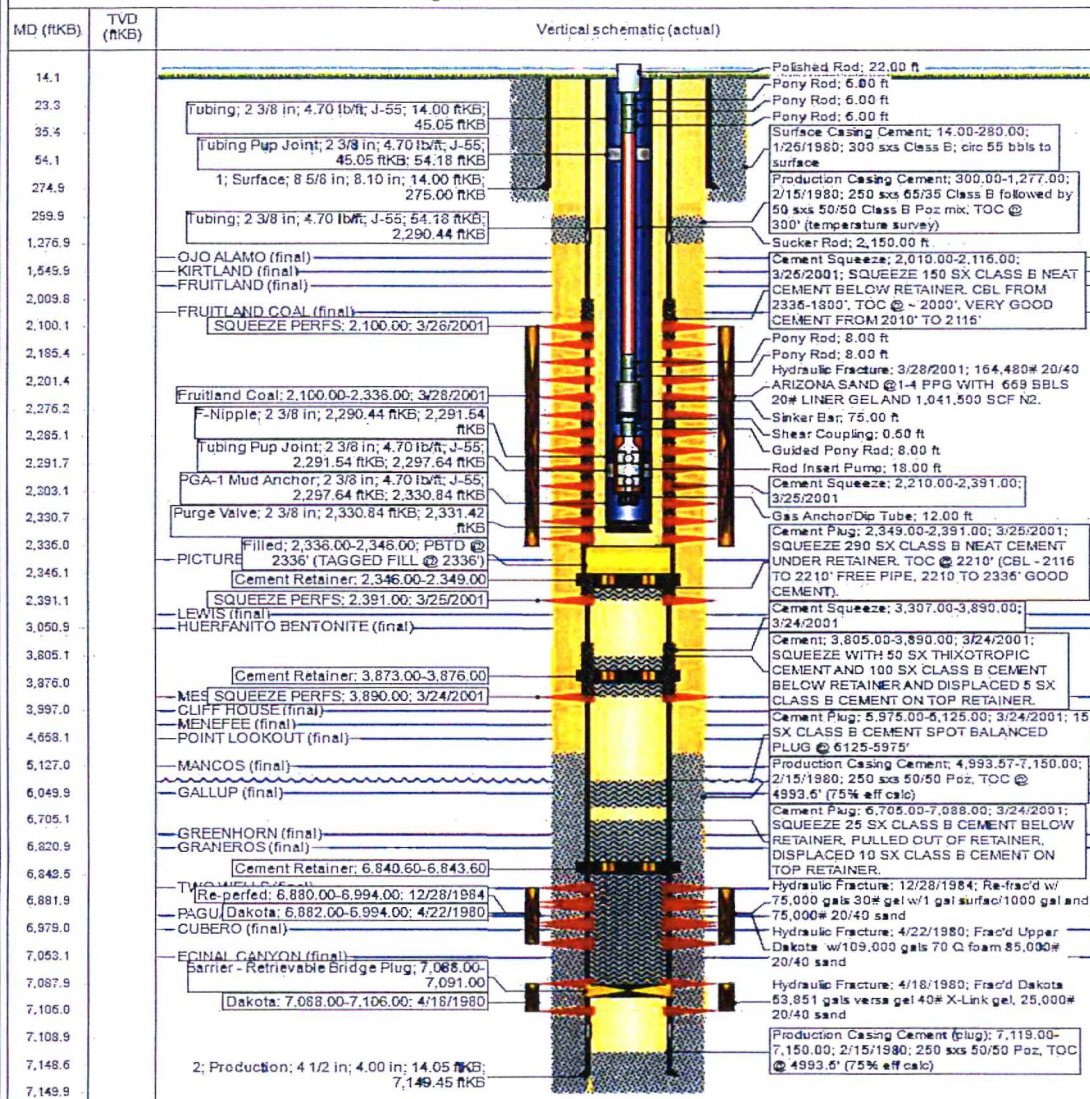
Hilcorp Energy Company

Current Schematic

Well Name: MITCHELL #1E

API Well	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004523645	005-031N-012W-F	BASIN (FRUITLAND COAL)	0201	NEW MEXICO	
Ground Elevation (ft)	Original KBRT Elevation (ft)	IS-Brand Distance (ft)	IS-Casing Flange Distance (ft)	IS-Tubing Hanger Distance (ft)	
5,978.00	5,992.00	14.00			

Original Hole, 5/3/2019 12:55:10 PM



www.peticon.com

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Report Printed: 5/3/2019

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1625 N. French Dr., Hobbs, NM 88240
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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: 5/6/19

☒ 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, recomple 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
Mitchell 1E	30-045-23645	F 05, T31N, R12W	1758' FNL & 1850' FWL	300	Vent	

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 Enterprise and will be connected to their gathering system located in San Juan County, New Mexico. Gas from these wells will be processed at Chaco Processing Plant located in Sec. 16, Twn. 26N, Rng. 12W, San Juan County, New Mexico.

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 Enterprise 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

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of Intent to Recomplete & Commingle

Well: Mitchell 1E 30-045-23645

CONDITIONS OF APPROVAL

1. Contact BLM Inspection and Enforcement @ (505) 564 – 7750, 24 hours prior to conducting MIT work so an inspector can be present to witness the MIT.

Contact John Hoffman, Petroleum Engineer @ (505) 564 – 7742 to discuss failed MIT results and/or your remedial action and isolation plans.

Submit the electronic copy of the MIT Test Chart and CBL for verification to the following addresses: jhoffman@BLM.gov and Brandon.Powell@state.nm.us.

2. The following modifications to your recompletion program are to be made:

- a) Upon rigging up, record Bradenhead pressure and monitor same during recompletion operations. Notify BLM and NMOCD if anomalous pressure changes occur. Provide monitoring results in the subsequent Report of Operations.
- b) Casing pressure test for fracture stimulation operations cannot exceed the internal yield strength of the casing including a 20% safety factor unless a waiver is granted. Stimulation operations cannot exceed this test pressure.

3. File well test and recompletion results within 30 days of completing recompletion operations.