

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ **OGRID Number:** _____
Well Name: _____ **API:** _____
Pool: _____ **Pool Code:** _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

<u>FOR OCD ONLY</u>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 Print or Type Name

 Date

 Signature

 Phone Number

 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

District II
811 S. First St., Artesia, NM 88210

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company 382 ROAD 3100, Aztec NM 87410
Operator Address
San Juan 27-4 Unit 37 UL N – Sec. 33, T27N, R4W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 372171 Property Code 319210 API No. 30-039-06781 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO MESAVERDE (PRORATED GAS)	BS MESA GALLUP (GAS)	BASIN DAKOTA (PRORATED GAS)
Pool Code	72319	72920	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5500' – 6500' - Estimated	7665'-7690'	8138'- 8330'
Method of Production (Flowing or Artificial Lift)	NEW ZONE	Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	409 psi	488 psi	523 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1220	BTU 1270	BTU 1270
Producing, Shut-In or New Zone	NEW ZONE	PRODUCING	PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates:	Date: 2/1/22 Rates: 426 MCF – GAS 11 BBL – Oil 4 BBL - Water	Date: 2/1/22 Rates: 228 MCF – GAS 3 BBL – Oil 4 BBL - Water
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Please see attachments	Oil Gas Please see attachments	Oil Gas Please see attachments

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
 Are all produced fluids from all commingled zones compatible with each other? Yes No
 Will commingling decrease the value of production? Yes No
 If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No
 NMOCD Reference Case No. applicable to this well: R-13764

Attachments:
 C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 Production curve for each zone for at least one year. (If not available, attach explanation.)
 For zones with no production history, estimated production rates and supporting data.
 Data to support allocation method or formula.
 Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
 Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
 List of all operators within the proposed Pre-Approved Pools
 Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
 Bottomhole pressure data.

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

SIGNATURE Kandis Roland TITLE Operation/Regulatory Tech DATE 5/10/2022
 TYPE OR PRINT NAME Kandis Roland TELEPHONE NO. (713) 757-5246
 E-MAIL ADDRESS kroland@hilcorp.com

WELL LOCATION AND ACREAGE DEDICATION PLAT

ok 3rd

All distances must be from the outer boundaries of the Section.

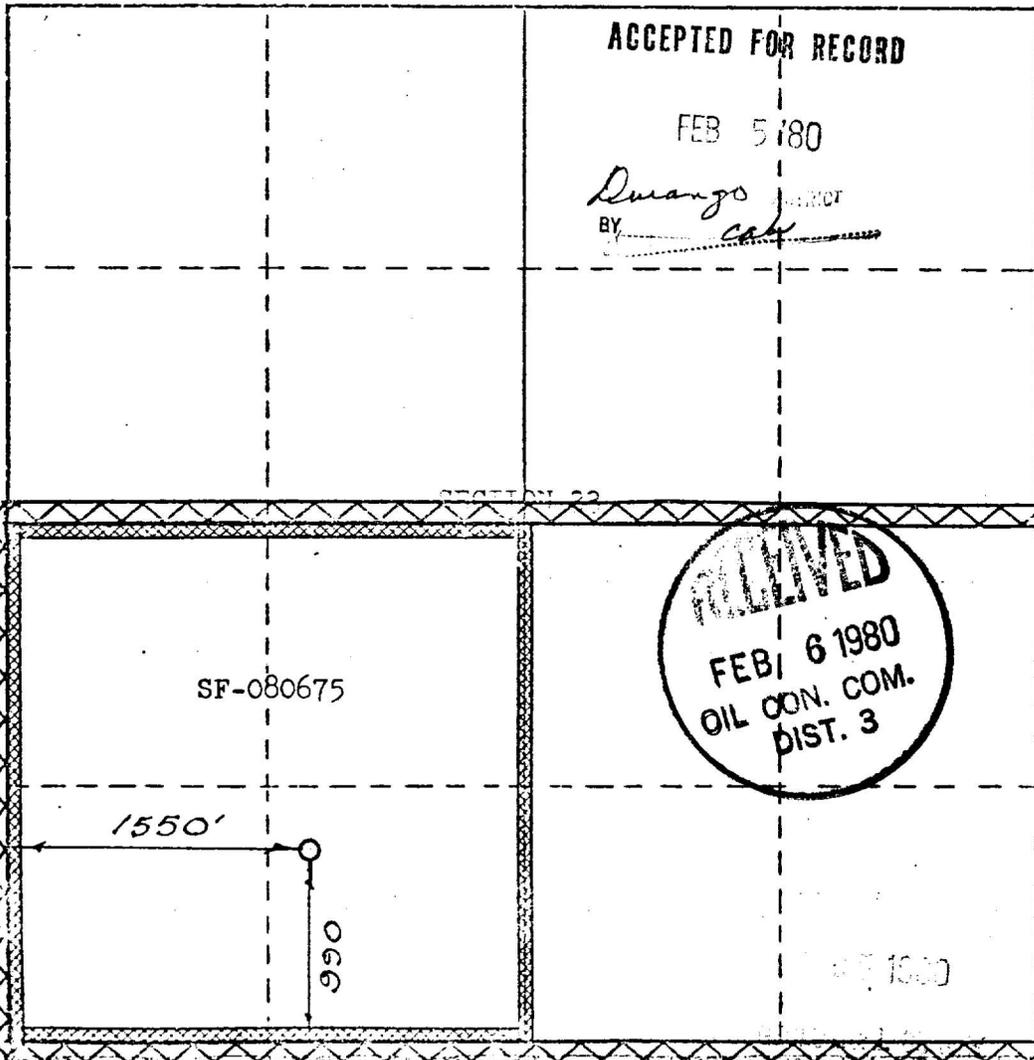
Operator EL PASO NATURAL GAS COMPANY		Lease SAN JUAN 27-4 UNIT (SF-080675)		Well No. 37
Unit Letter N	Section 33	Township 27-N	Range 4-W	County RIO ARRIBA
Actual Footage Location of Well: 990 feet from the SOUTH line and 1550 feet from the WEST line				
Ground Level Elev. 7131	Producing Formation GALLUP - DAKOTA	Pool B, S. MESA GALLUP EXT. BASIN DAKOTA		Dedicated Acreage: 160.00 & 320.00 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

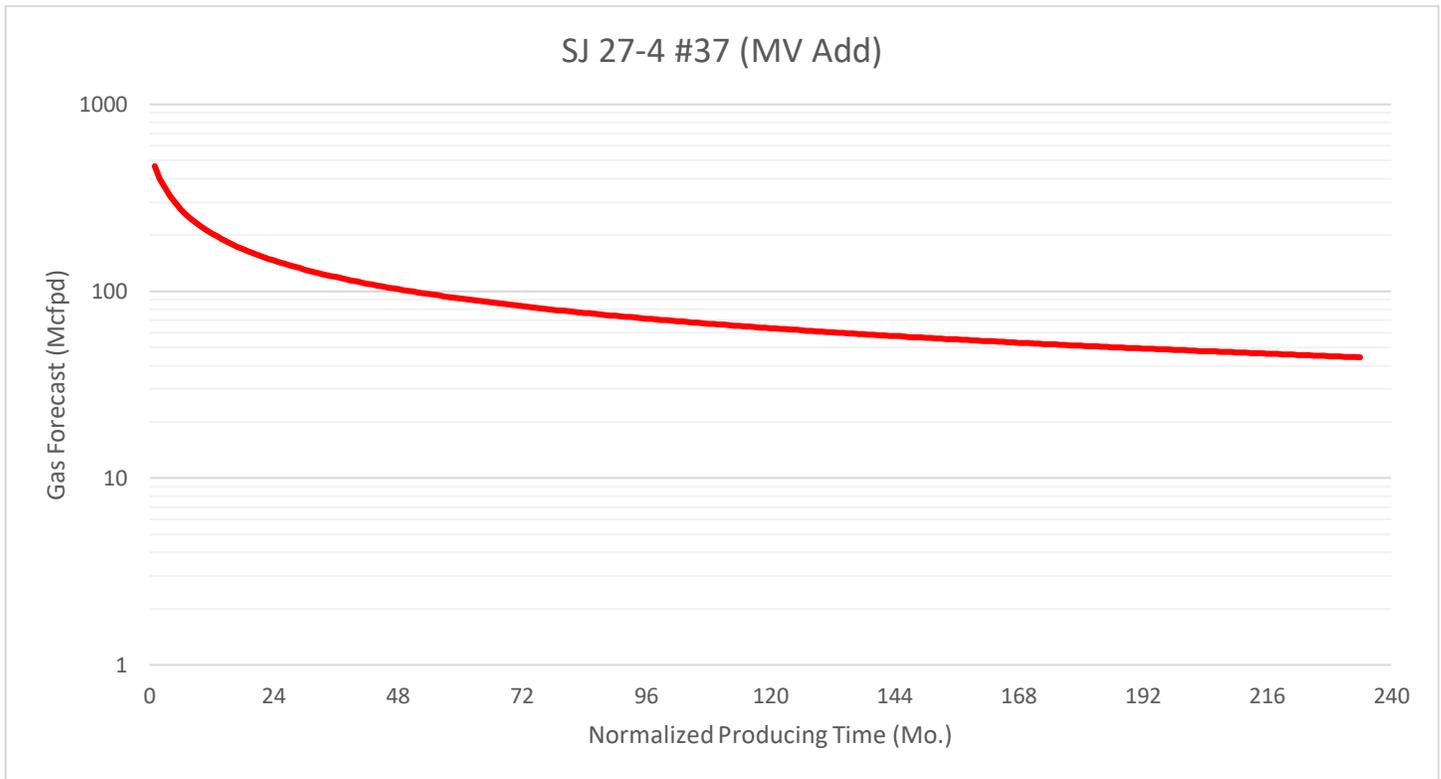
Yes No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. NOTE: THIS PLAT IS REISSUED TO SHOW DUAL COMPLETION. 1-31-80



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>D. H. Fiero</i>	
Name	Drilling Clerk
Position	El Paso Natural Gas Co.
Company	February 4, 1980
Date	
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 knowledge and belief.	
Date Surveyed	MAY 27, 1965
Registered Professional Engineer and/or Land Surveyor	ORIGINAL SIGNED BY: DAVID O. VILVEN
Certificate No.	1760



The forecast for Mesa Verde production has been generated using a type curve of MV gas production in the surrounding production trend.

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

The BHPs of all zones, producing and non-producing, were estimated based upon basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

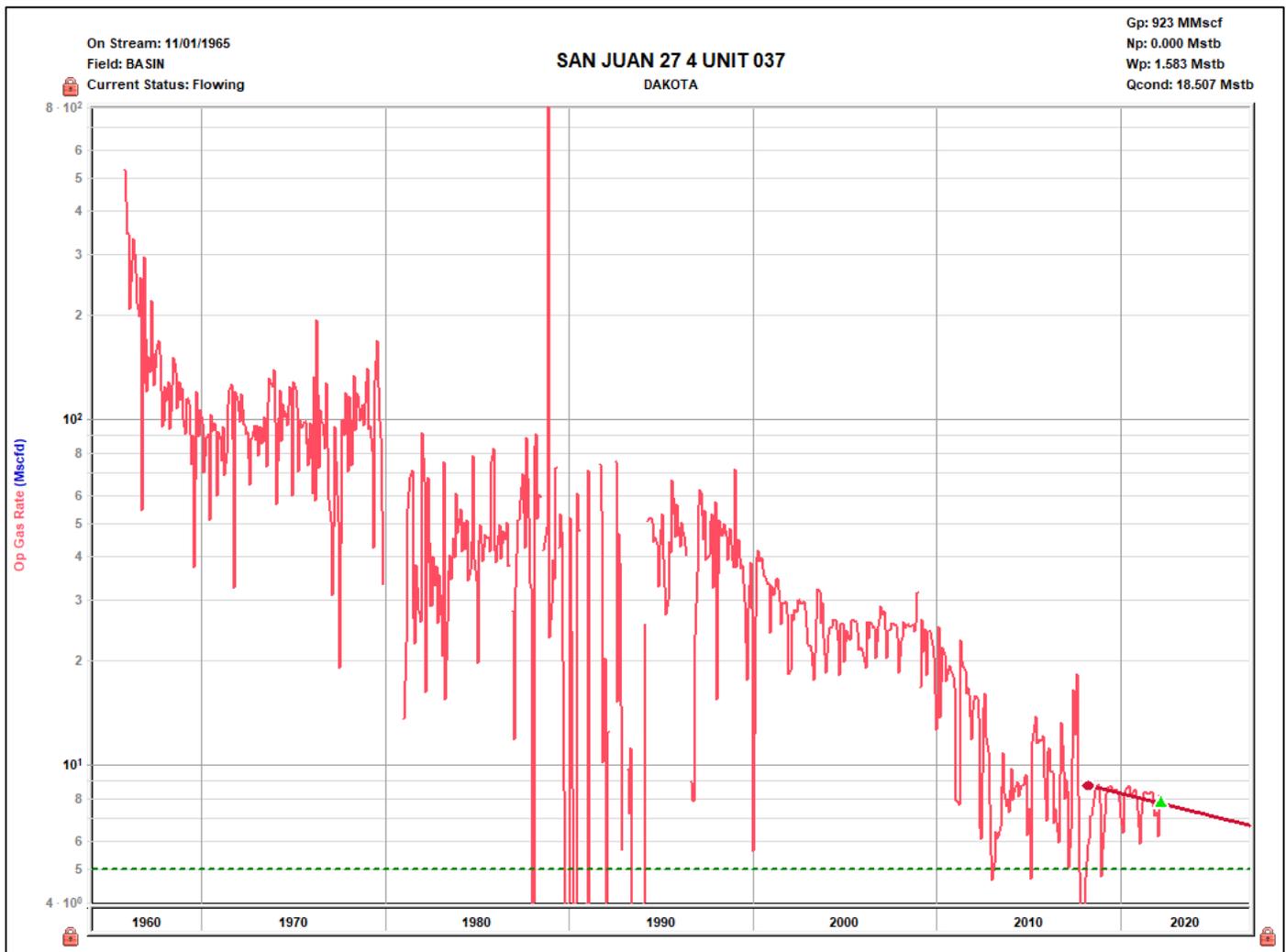
San Juan 27-4 Unit 37-Production Allocation Method - Subtraction

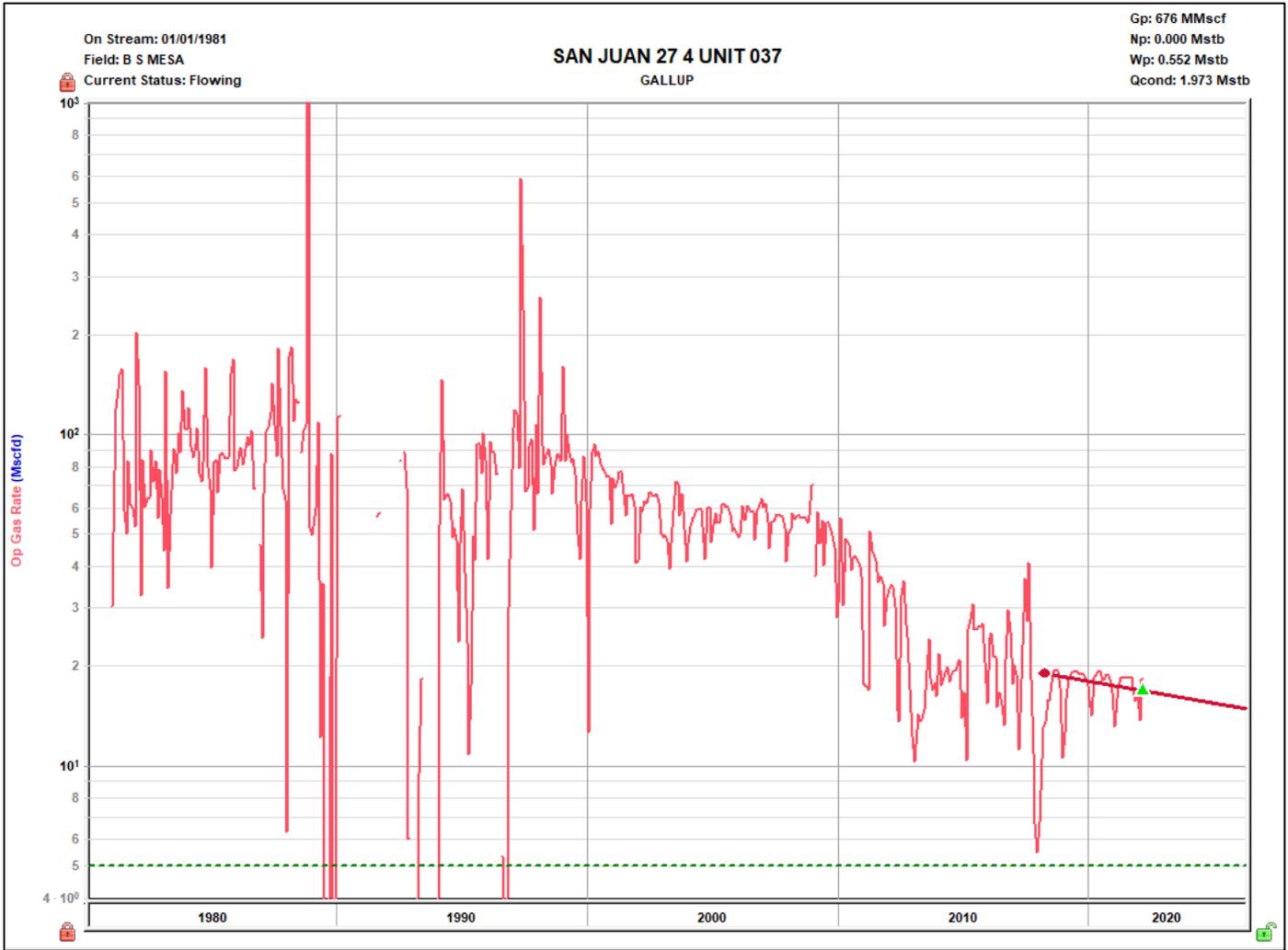
Gas Allocation:

Production for the downhole trimmingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota/Gallup and the added formation to be trimmingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the forecast will be allocated to the new formation.

Dakota/Gallup will continue to be allocated using the fix allocation that was approved 2/3/1981. Please see attached approval.

After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.



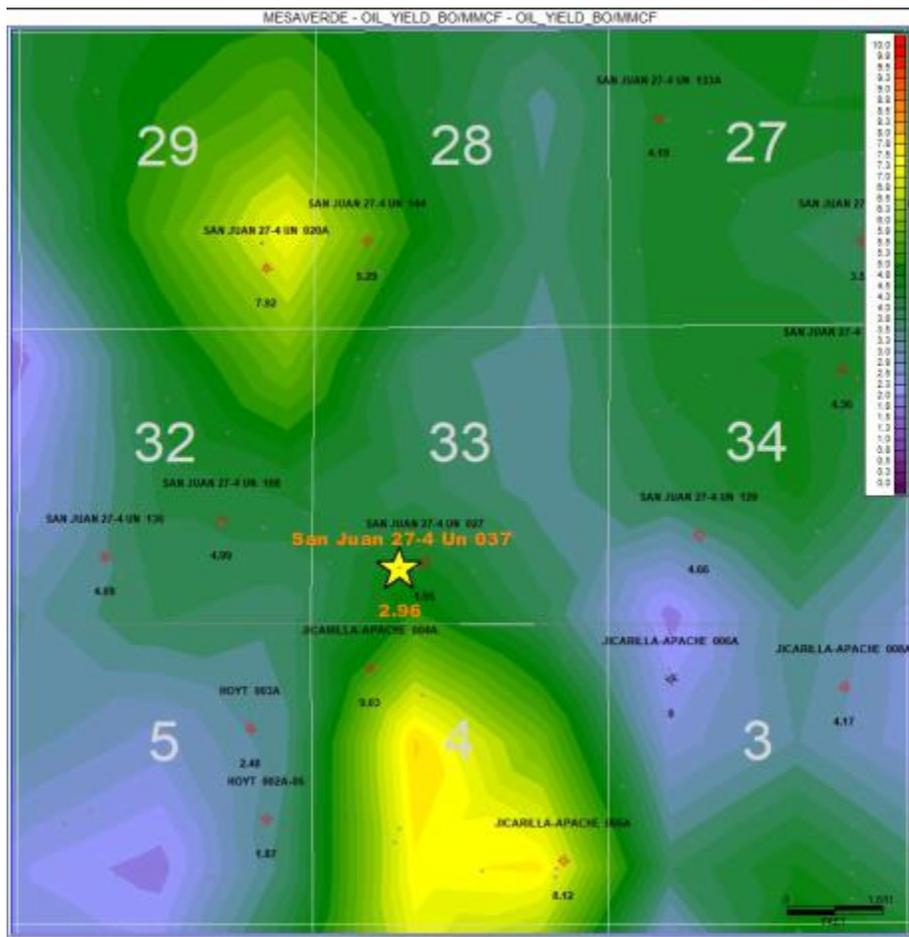


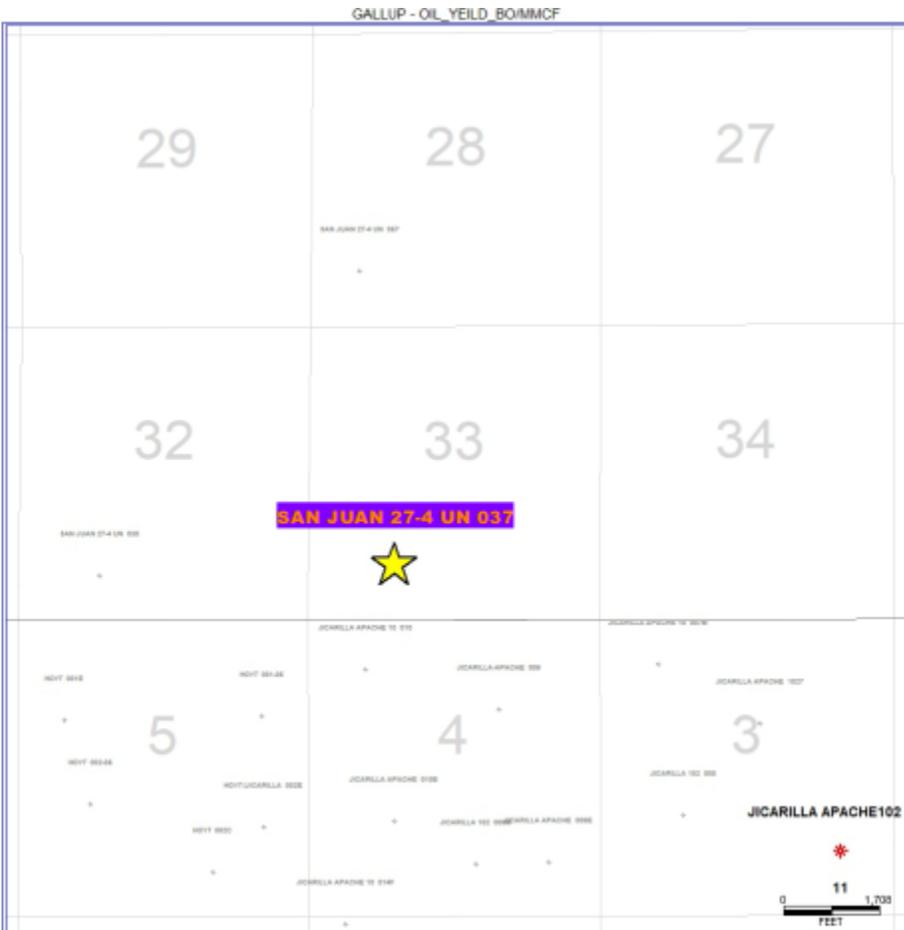
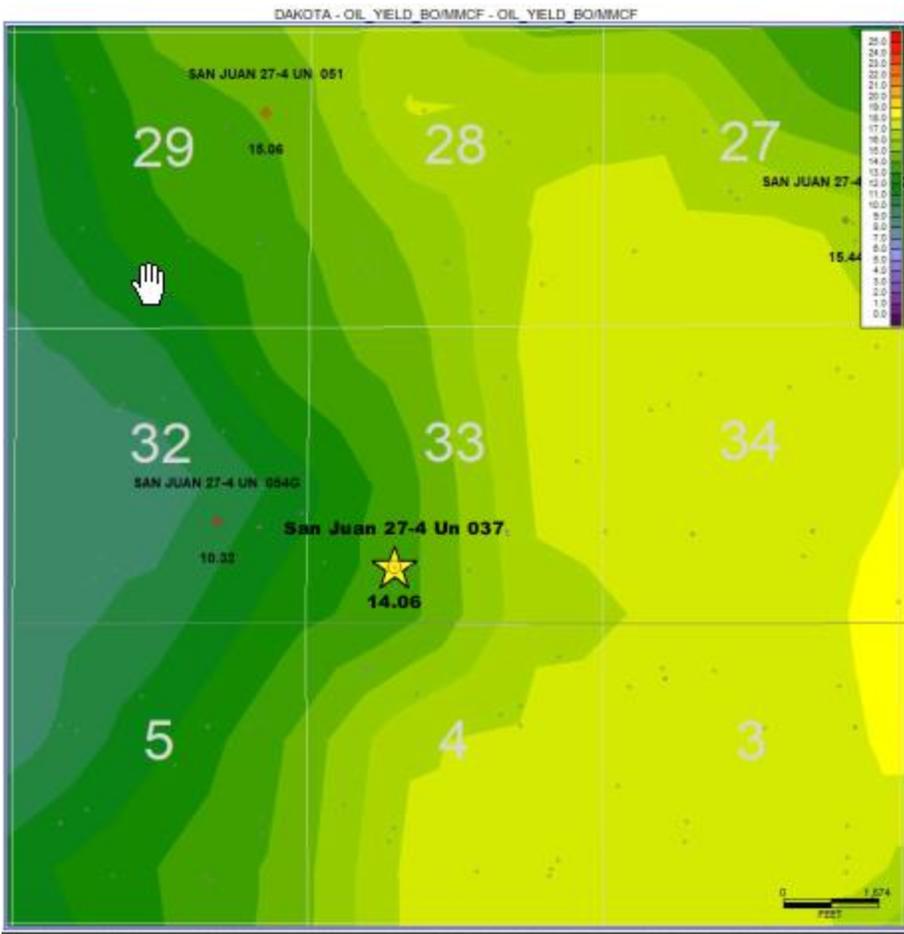
Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.
 After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield	
Dakota	14.060	bbl/mmscf
Gallup	10.548	bbl/mmscf
Mesa Verde	2.960	bbl/mmscf

Gallup based on single standalone offset.





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

February 3, 1981

El Paso Natural Gas Company
P. O. Box 990
Farmington, New Mexico 87401

Re: El Paso Natural Gas Company
San Juan 27-4 Unit #37
N-33-27N-4W

Gentlemen:

As per Division Order R-6142, the commingled production allocation previously discussed with this office is acceptable as follows:

	Gas	Oil
Gallup	69%	80%
Dakota	31%	20%

If you have any questions, please call this office.

Yours truly,
Frank T. Chavez

Frank T. Chavez
District Supervisor

xc: Oil Conservation Division, Santa Fe
U.S.G.S., Farmington

FTC:no



May 16, 2022

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

**Re: C-107-A (Downhole Commingle)
San Juan 27-4 Unit 037
API No. 30-039-06781
Section 33, T27N-R04W
Rio Arriba County, NM**

Concerning Hilcorp Energy Company's C-107-A application to downhole commingle production in the subject well, this letter serves to confirm the following:

Interest is not common between the formations listed below:

- *B.S. Mesa Gallup (Pool Code: 72920)*
- *Blanco Mesaverde (Pool Code: 72319)*
- *Basin Dakota (Pool Code: 71599)*

Order No. R-13764 waives the notice requirement and thus no notices will be sent.

The subject well is located within the bounds of a Federal Unit. Therefore, pursuant to Subsection C.(1) of 19.15.12.11 NMAC, a copy of the C-107-A has been sent to the Bureau of Land Management as of the date of this letter.

If you have any questions or concerns, please contact the undersigned using the information provided below.

Sincerely,

A handwritten signature in blue ink that reads 'Chuck Creekmore'.

Charles E (Chuck) Creekmore
Division Landman
Hilcorp Energy Company
1111 Travis Street, Houston TX 77002
PO Box 61229, Houston TX 77208-1229
Main: 713/209-2400; Direct: 832/839-4601
ccreekmore@hilcorp.com

CEC:tam

Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 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.

5. Lease Serial No.
NMSF080675

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit or CA/Agreement, Name and/or No.
8910010540

8. Well Name and No.
SAN JUAN 27-4 UNIT 37

9. API Well No.
30-039-06781-00-C1

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
HILCORP ENERGY COMPANY
Contact: ETTA TRUJILLO
E-Mail: ettrujillo@hilcorp.com

3a. Address
1111 TRAVIS STREET
HOUSTON, TX 77002

3b. Phone No. (include area code)
Ph: 505-324-5161

10. Field and Pool or Exploratory Area
BASIN DAKOTA
BS MESA GALLUP

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 33 T27N R4W SESW 0990FSL 1550FWL
36.525375 N Lat, 107.259338 W Lon

11. County or Parish, State
RIO ARRIBA COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

APD

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"/> Hydraulic Fracturing	<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	

BP

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 recomplate 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 recomplate 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 recomplate the subject well in the Mesaverde formation and downhole commingle the existing Gallup/Dakota formations. Attached is the MV C102, recomplate 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.

NMOCD

NOV 14 2019

HOLD C104 FOR DHC

DISTRICT III

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #491643 verified by the BLM Well Information System
For HILCORP ENERGY COMPANY, sent to the Farmington
Committed to AFMSS for processing by JOHN HOFFMAN on 11/14/2019 (20JH0065SE)

Name (Printed/Typed) ETTA TRUJILLO	Title OPERATIONS REGULATORY TECH SR
Signature (Electronic Submission)	Date 11/08/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JOHN HOFFMAN	Title PETROLEUM ENGINEER	Date 11/14/2019
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 Farmington

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.

(Instructions on page 2)

** BLM REVISED **

AP

4

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 274380

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-06781	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319210	5. Property Name SAN JUAN 27 4 UNIT	6. Well No. 037
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 7131

10. Surface Location

UL - Lot N	Section 33	Township 27N	Range 04W	Lot Idn	Feet From 990	N/S Line S	Feet From 1550	E/W Line W	County RIO ARRIBA
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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 320.00 W/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		
<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>Etta Trujillo</i> Title: Operations/Regulatory Tech Sr Date: 11/08/2019</p>		
SURVEYOR CERTIFICATION		
<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: David Kilven Date of Survey: 5/27/1965 Certificate Number: 1760</p>		



HILCORP ENERGY COMPANY
SAN JUAN 27-4 UNIT 37
MESA VERDE RECOMPLETION SUNDRY

JOB PROCEDURES

1. MIRU service rig and associated equipment; test BOP. Check bradenhead pressures daily and record throughout the recomplete project. Notify NMOCD and BLM of any anomalous pressure changes.
2. TOOH with **2-3/8"** tubing set at **8,325'**.
3. Set a **5-1/2"** plug at +/- **7,615'** to isolate the **Gallup**.
4. Load the hole and perform MIT (Pressure test to **560 psi**). Notify NMOCD and BLM +/-24hr prior to testing (and in the event of a failed test).
5. RU W/L. Run CBL, record TOC.
6. Set a **5-1/2"** plug at +/- **6,650'**.
7. Load the hole and pressure test the casing.
8. N/D BOP, N/U frac stack and pressure test frac stack.
9. Perforate and frac the **Mesaverde** formation (Top Perforation @ **5,500'**; Bottom Perforation @ **6,500'**).
10. If needed, isolate frac stages with a plug.
11. Nipple down frac stack, nipple up BOP and test.
12. TIH with a mill and drill out any plugs above the **Gallup** isolation plug.
13. Clean out to **Gallup** isolation plug.
14. Drill out **Gallup** isolation plug and cleanout to PBTD of **8,324'**. TOOH.
15. TIH and land production tubing. Get a commingled **Dakota/Gallup/Mesaverde** flow rate.



HILCORP ENERGY COMPANY
SAN JUAN 27-4 UNIT 37
MESA VERDE RECOMPLETION SUNDRY

SAN JUAN 27-4 UNIT 37 - CURRENT WELLBORE SCHEMATIC

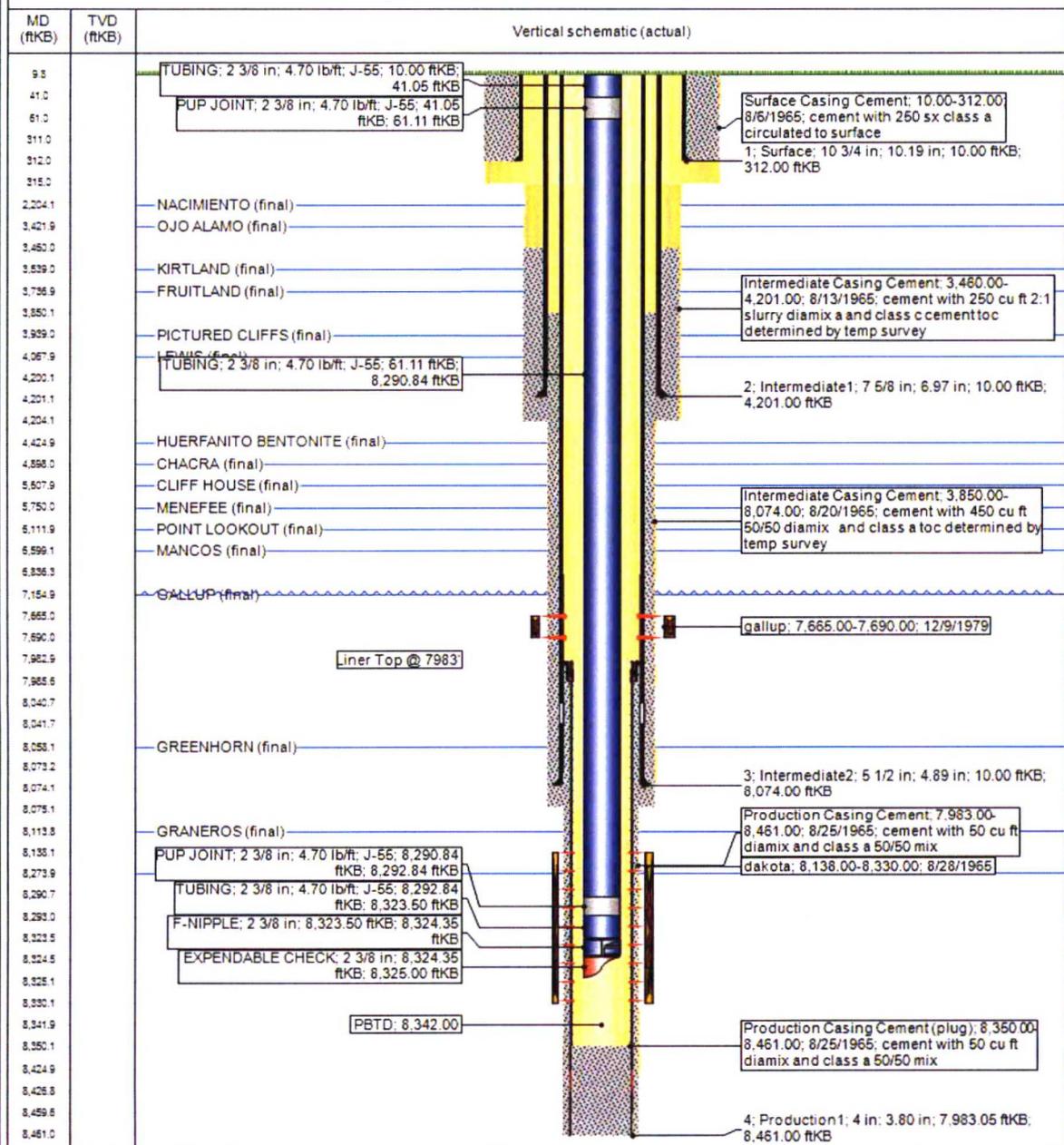


Current Schematic - Version 3

Well Name: SAN JUAN 27-4 UNIT #37

API / UWI 3003906781	Surface Legal Location 033-027N-004W-N	Field Name BS MESA GALLUP (GAS)	Route 1412	State/Province NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 7,131.00	Original KBRT Elevation (ft) 7,141.00	KB-Ground Distance (ft) 10.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

Original Hole, 10/31/2019 1:44:28 PM





HILCORP ENERGY COMPANY
SAN JUAN 27-4 UNIT 37
MESA VERDE RECOMPLETION SUNDRY

SAN JUAN 27-4 UNIT 37 - CURRENT WELLBORE SCHEMATIC

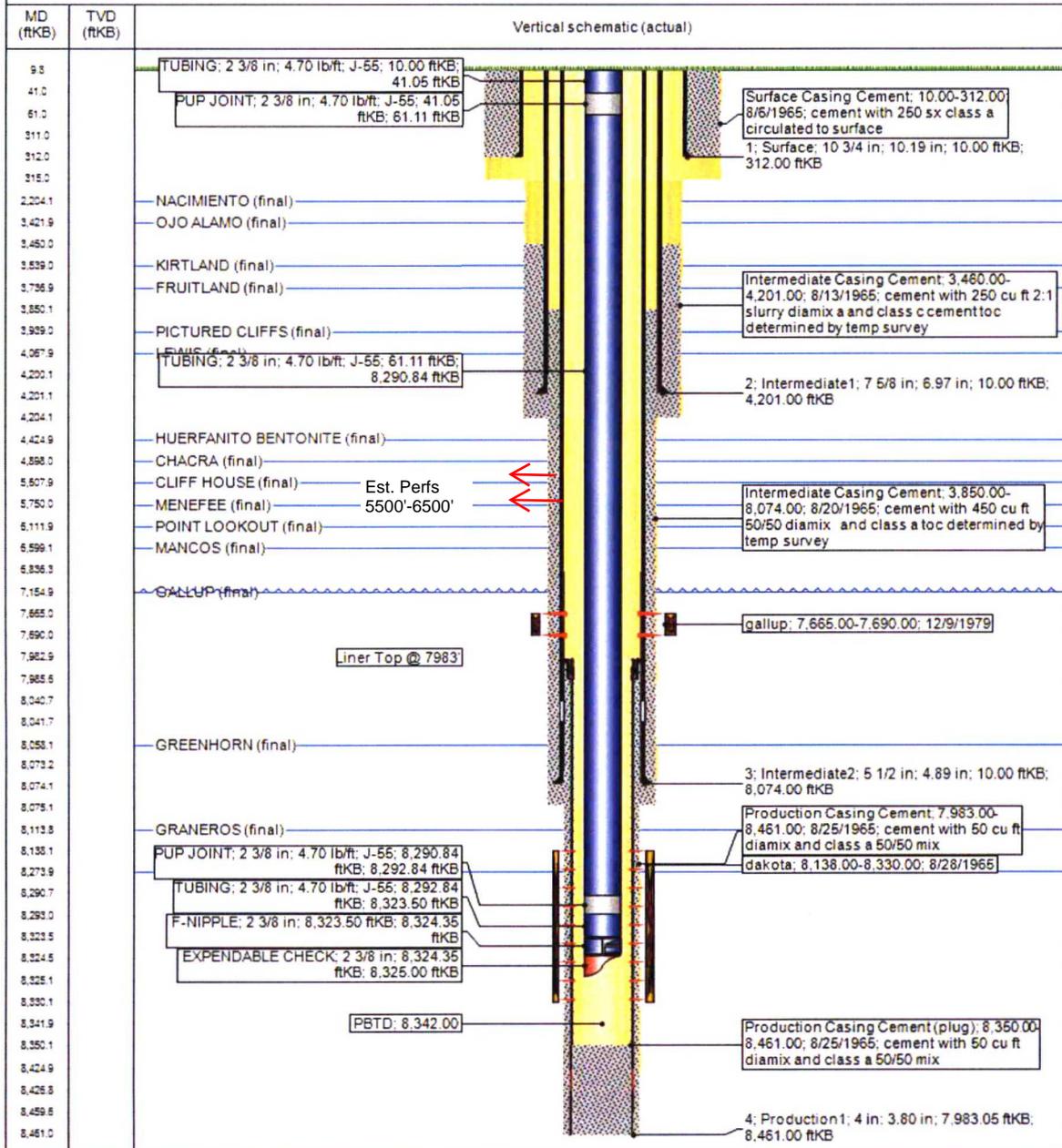


Proposed Schematic - Version 3

Well Name: SAN JUAN 27-4 UNIT #37

API / UWI 3003906781	Surface Legal Location 033-027N-004W-N	Field Name BS MESA GALLUP (GAS)	Route 1412	State/Province NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 7,131.00	Original KBRT Elevation (ft) 7,141.00	KB-Ground Distance (ft) 10.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

Original Hole, 10/31/2019 1:44:28 PM



From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Kandis Roland](#); [Mandi Walker](#); [Cheryl Weston](#)
Cc: [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Paradis, Kyle O](#); [Adam Rankin](#)
Subject: Approved Administrative Order DHC-5202
Date: Friday, June 9, 2023 12:49:30 PM
Attachments: [DHC5202 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5202 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **San Juan 27 4 Unit #37**

Well API: **30-039-06781**

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

San Juan 27-4 Unit 37

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	14.060	33	10%
GL	10.548	142	33%
MV	2.960	880	57%

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING
SUBMITTED BY HILCORP ENERGY COMPANY**

ORDER NO. DHC-5202

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Hilcorp Energy Company (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool’s fracture parting pressure.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. An exception to the notification requirements within 19.15.12.11(C)(1)(b) NMAC was granted by the Division within Order R-13764.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
8. Order R-6142 was issued October 18, 1979, and authorized the commingling of production from the Basin Dakota and BS Mesa Gallup pools within the well bore of the Well.
9. Order R-13764 was issued July 11, 2013, and among other things authorized “pre-approval” status to commingle the BS Mesa Gallup, Basin Dakota, and Blanco Mesaverde Gas pools within the well bores of wells producing with the San Juan 27 4 Unit pursuant to 19.15.12.11 D. NMAC.

CONCLUSIONS OF LAW

10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.

11. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
12. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
14. The Application was submitted in accordance with Order R-13764 and may supersede Order R-6142.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. This Order supersedes Order R-6142.
3. Applicant shall allocate a fixed percentage of the oil production from the Well to each of the Pools until a different plan to allocate oil production is approved by OCD. Of the oil production from the Well:
 - a. fifty-seven percent (57%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319);
 - b. thirty-three percent (33%) shall be allocated to the BS MESA GALLUP (GAS) pool (pool ID: 72920); and
 - c. ten percent (10%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Applicant shall allocate gas production to the new pool(s) equal to the total gas production from the Well minus the projected gas production from the current pool(s) until a different plan to allocate gas production is approved by OCD. The new pool(s) are:

- a. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

The current pool(s) are:

- a. the BS MESA GALLUP (GAS) pool (pool ID: 72920); and
- b. the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Until a different plan to allocate gas production is approved by OCD, of the projected gas production allocated to the current pools:

- a. sixty-nine percent (69%) shall be allocated to the BS MESA GALLUP (GAS) pool (pool ID: 72920); and

- b. thirty-one percent (31%) shall be allocated to the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

Applicant shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools (“fixed percentage allocation plan”). No later than ninety (90) days after the fourth year, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

4. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
5. If any of the pools being commingled is prorated, or the Well’s production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
6. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
7. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).

10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**DYLAN M. FUGE
DIRECTOR**

DATE: 6/8/23

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5202**

Operator: **Hilcorp Energy Company (372171)**

Well Name: **San Juan 27 4 Unit #37**

Well API: **30-039-06781**

Upper Zone	Pool Name: BLANCO-MESAVERDE (PRORATED GAS)		
	Pool ID: 72319	Current:	New: X
	Allocation:	Oil: 57%	Gas:
	Interval: Perforations	Top: 5,500	Bottom: 6,500
Intermediate Zone	Pool Name: BS MESA GALLUP (GAS)		
	Pool ID: 72920	Current: X	New:
	Allocation:	Oil: 33%	Gas: 69%
	Interval: Perforations	Top: 7,665	Bottom: 7,690
Bottom of Interval within 150% of Upper Zone's Top of Interval: YES			
Lower Zone	Pool Name: BASIN DAKOTA (PRORATED GAS)		
	Pool ID: 71599	Current: X	New:
	Allocation:	Oil: 10%	Gas: 31%
	Interval: Perforations	Top: 8,138	Bottom: 8,330
Bottom of Interval within 150% of Upper Zone's Top of Interval: NO			

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District III
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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

CONDITIONS

Action 109110

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 109110
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	6/9/2023