Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

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

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

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

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.

_____ Date

_____ Print or Type Name

_____ Phone Number

Cherylene Weston
_____ Signature

_____ e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
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, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
____Single Well
____Establish Pre-Approved Pools
EXISTING WELLBORE
__X__ Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company (Operator) 382 Road 3100, Aztec, NM 87410 (Address)

San Juan 28-6 Unit (Lease) 134 (Well No.) N-5-T27N-R06W (Unit Letter-Section-Township-Range) Rio Arriba (County)

OGRID No. 372171 Property Code 318710 API No. 30-039-20581 Lease Type: __X__ Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco-Mesaverde (Prorated Gas)	Basin Mancos	Basin Dakota (Prorated Gas)
Pool Code	72319	97232	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4,114' -5,810'	6,544' – 6,877'	7,403' – 7,608'
Method of Production (Flowing or Artificial Lift)	NEW ZONE	NEW ZONE	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)	1423 psi	2015 psi	1768 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1264 BTU	1269 BTU	1111 BTU
Producing, Shut-In or New Zone	NEW ZONE	NEW ZONE	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: Rates:	Date: Rates:	Date: 6/1/2023 Rates: 733 Mcf-Gas 0 bbl-Oil 0 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__X___
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes_____ No__X___

Are all produced fluids from all commingled zones compatible with each other? Yes__X___ No_____

Will commingling decrease the value of production? Yes_____ No__X___

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__X____ No_____

NMOCD Reference Case No. applicable to this well: R-13681

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 Cherylene Weston TITLE Operations/Regulatory Technician DATE 08/22/2023

TYPE OR PRINT NAME Cherylene Weston TELEPHONE NO. (713) 289-2615

E-MAIL ADDRESS cweston@hilcorp.com

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 345073

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-20581	72319	BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318710	SAN JUAN 28 6 UNIT	134
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6491

10. Surface Location

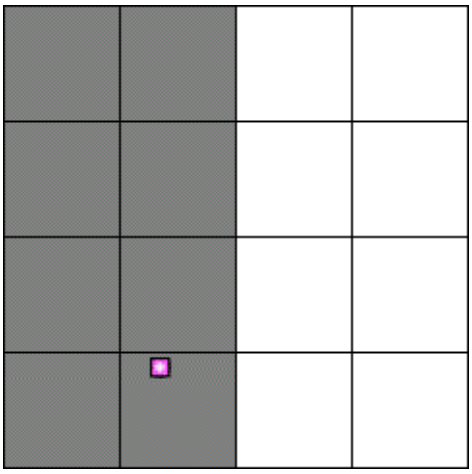
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	5	27N	06W		1170	S	1750	W	RIO ARRIBA

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.
320.72			

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: *Cherylene Weston*
Title: Cherylene Weston
Date: 7/18/2023

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: David Kilven
Date of Survey: 5/23/1967
Certificate Number: 1760

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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 345073

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-20581	97232	BASIN MANCOS
4. Property Code	**5. Property Name**	**6. Well No.**
318710	SAN JUAN 28 6 UNIT	134
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6491

10. Surface Location

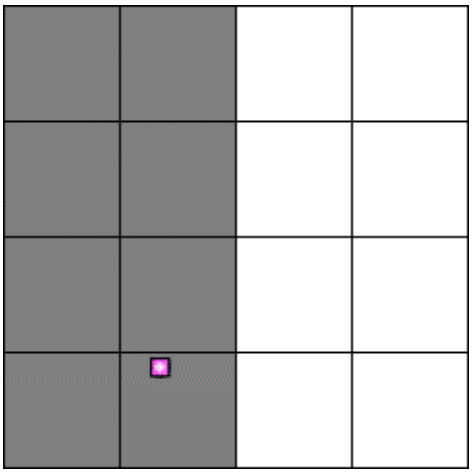
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	5	27N	06W		1170	S	1750	W	RIO ARRIBA

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.
320.72			

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: *Cherylene Weston*
Title: Cherylene Weston
Date: 7/18/2023

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: David Kilven
Date of Survey: 5/23/1967
Certificate Number: 1760

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-1
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

EL PASO NATURAL GAS COMPANY		SAN JUAN 28-6 UNIT (SF-079051)		134
N	5	27-N	6-W	RIO ARRIBA
1170	SOUTH	1750	WEST	
6493	DAKOTA	BASIN DAKOTA		320.72

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

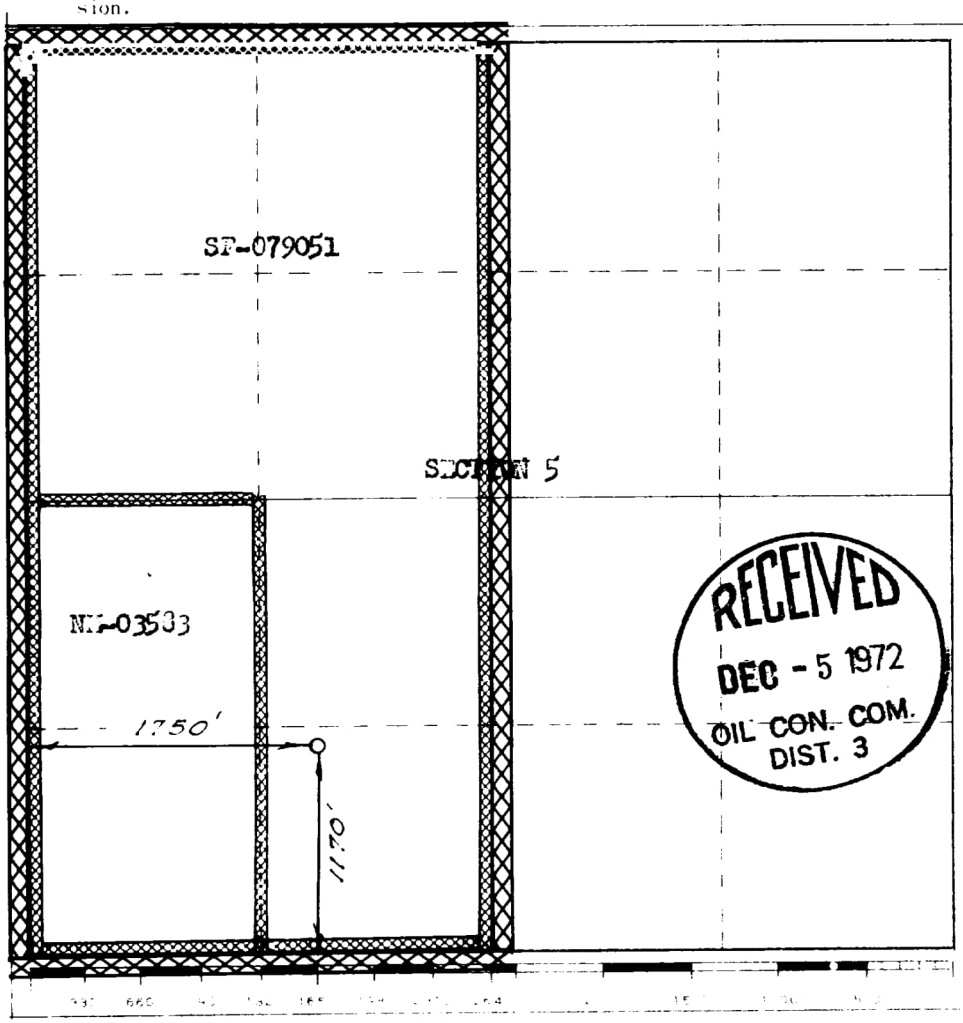
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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?

X 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.



RECEIVED
DEC - 5 1972
OIL CON. COM.
DIST. 3

CERTIFICATION

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

Original Signed F. H WOOD

Petroleum Engineer

El Paso Natural Gas Company

December 1, 1972

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.

MAY 23, 1967

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

1760

Certificate No.

San Juan 28-6 Unit 134 Production Allocation

	DK
Date	Mcfd
Sep-23	25.5
Oct-23	25.5
Nov-23	25.4
Dec-23	25.4
Jan-24	25.3
Feb-24	25.2
Mar-24	25.2
Apr-24	25.1
May-24	25
Jun-24	25
Jul-24	24.9
Aug-24	24.8
Sep-24	24.8
Oct-24	24.7
Nov-24	24.7
Dec-24	24.6
Jan-25	24.5
Feb-25	24.5
Mar-25	24.4
Apr-25	24.3
May-25	24.3
Jun-25	24.2
Jul-25	24.2
Aug-25	24.1
Sep-25	24
Oct-25	24
Nov-25	23.9
Dec-25	23.9
Jan-26	23.8
Feb-26	23.7
Mar-26	23.7
Apr-26	23.6
May-26	23.6
Jun-26	23.5
Jul-26	23.4
Aug-26	23.4
Sep-26	23.3
Oct-26	23.3
Nov-26	23.2
Dec-26	23.1
Jan-27	23.1
Feb-27	23
Mar-27	23
Apr-27	22.9
May-27	22.8
Jun-27	22.8
Jul-27	22.7
Aug-27	22.7
Sep-27	22.6
Oct-27	22.6
Nov-27	22.5
Dec-27	22.4
Jan-28	22.4
Feb-28	22.3
Mar-28	22.3
Apr-28	22.2
May-28	22.2
Jun-28	22.1
Jul-28	22
Aug-28	22
Sep-28	21.9
Oct-28	21.9
Nov-28	21.8
Dec-28	21.8
Jan-29	21.7
Feb-29	21.7
Mar-29	21.6
Apr-29	21.6
May-29	21.5
Jun-29	21.4
Jul-29	21.4
Aug-29	21.3
Sep-29	21.3
Oct-29	21.2
Nov-29	21.2
Dec-29	21.1
Jan-30	21.1
Feb-30	21
Mar-30	21
Apr-30	20.9
May-30	20.9
Jun-30	20.8
Jul-30	20.7
Aug-30	20.7
Sep-30	20.6

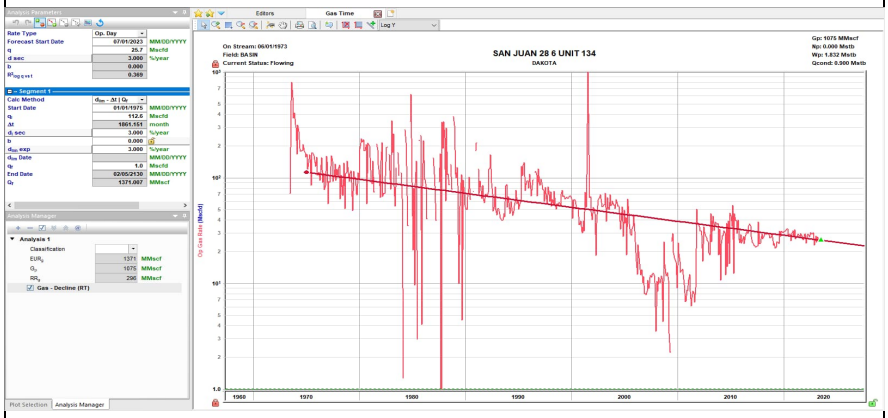
The forecasts for Gallup and Mesaverde production have been generated using type curves of production in the surrounding trend.

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. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

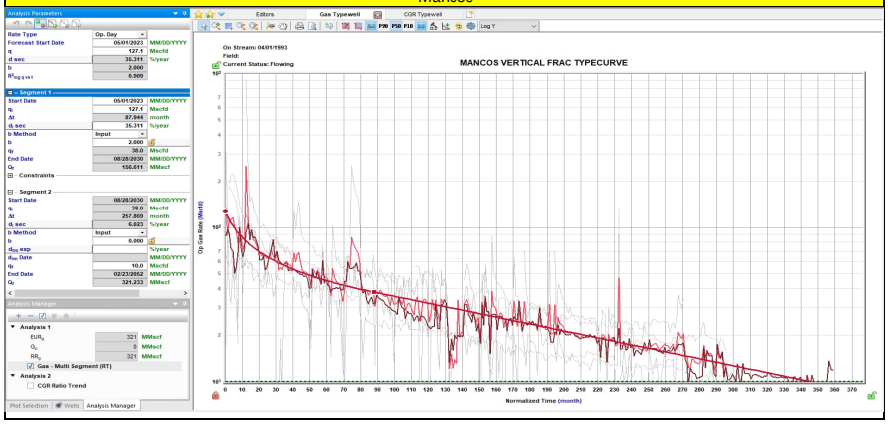
Current Zone 1 Forecast

Dakota



Proposed Zone 1 Forecast

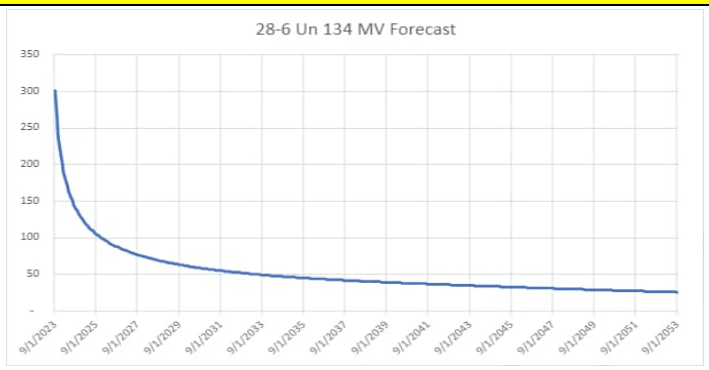
Mancos



Proposed Zone 2 Forecast

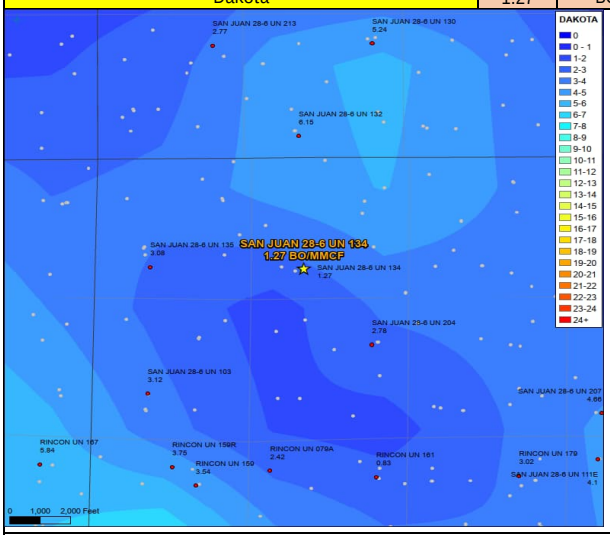
Mesaverde

q	302
B	2
D	53%
D(limit)	3%



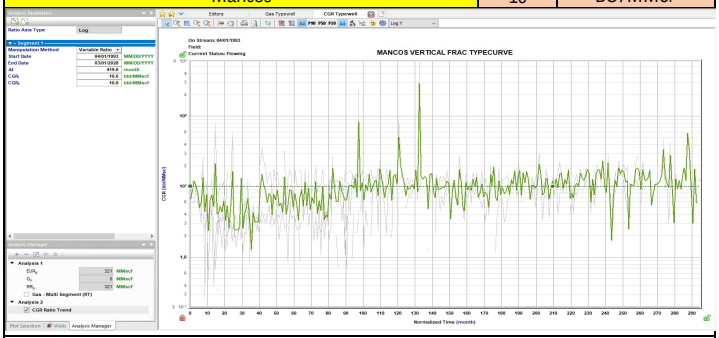
Average initial production curve in geologic region.

Current Zone 1 Oil Yield Map		
Dakota	1.27	BO/MMCF



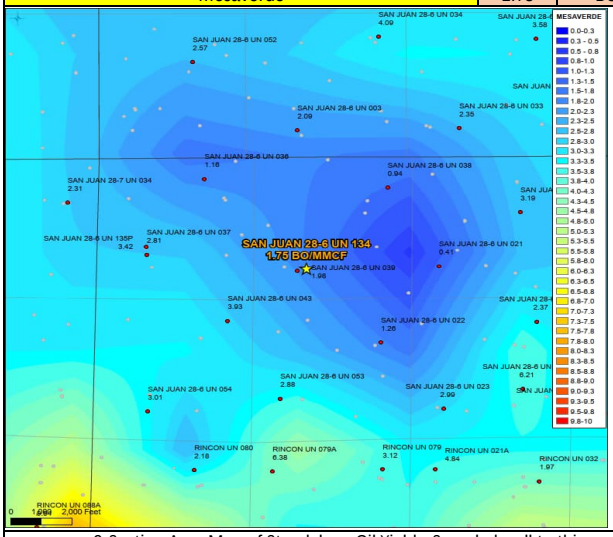
9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Proposed Zone 1 Oil Yield Map		
Mancos	10	BO/MMCF



Average Oil Yield from Vertical Mancos Type Curve.

Proposed Zone 2 Oil Yield Map		
Mesaverde	1.75	BO/MMCF



9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	1.27	296	8%
MC	10	321	70%
MV	1.75	576	22%
			100%

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Sundry Print Report
07/28/2023

Well Name: SAN JUAN 28-6 UNIT	**Well Location:** T27N / R6W / SEC 5 / SESW / 36.59877 / -107.492	**County or Parish/State:** RIO ARRIBA / NM
Well Number: 134	**Type of Well:** CONVENTIONAL GAS WELL	**Allottee or Tribe Name:**
Lease Number: NMSF079051	**Unit or CA Name:** SAN JUAN 28-6 UNIT--DK	**Unit or CA Number:** NMNM78412C
US Well Number: 3003920581	**Well Status:** Producing Gas Well	**Operator:** HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2743202

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 07/27/2023

Time Sundry Submitted: 01:58

Date proposed operation will begin: 09/01/2023

Procedure Description: Hilcorp Energy Company requests permission to recomplete the subject well in the Mancos/Mesaverde formations and downhole commingle with the existing Dakota. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit was held on 4/11/2023 with Roger Herrera/BLM. The reclamation plan is attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

San_Juan_28_6_Unit_134_RC_NOI_20230727135705.pdf

Notify NMOCD 24 Hours Prior to beginning operations

DHC required

The CBL proposed in the procedures shall be submitted to the Division. If the cement sheath around the casing is not adequate to protect the casing and isolate strata from the top Mesaverde perforation to at least 150 feet above the top Mesaverde perforation, then Hilcorp shall conduct operations to remediate it prior to completing or producing from the formation.

Dean R McClure

08/17/2023

Well Name: SAN JUAN 28-6 UNIT	**Well Location:** T27N / R6W / SEC 5 / SESW / 36.59877 / -107.492	**County or Parish/State:** RIO ARRIBA / NM
Well Number: 134	**Type of Well:** CONVENTIONAL GAS WELL	**Allottee or Tribe Name:**
Lease Number: NMSF079051	**Unit or CA Name:** SAN JUAN 28-6 UNIT--DK	**Unit or CA Number:** NMNM78412C
US Well Number: 3003920581	**Well Status:** Producing Gas Well	**Operator:** HILCORP ENERGY COMPANY

Operator

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: CHERYLENE WESTON

Signed on: JUL 27, 2023 01:57 PM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON **State:** TX

Phone: (713) 289-2615

Email address: cweston@hilcorp.com

Field

Representative Name:

Street Address:

City: **State:** **Zip:**

Phone:

Email address:

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 07/28/2023

Signature: Matthew Kade

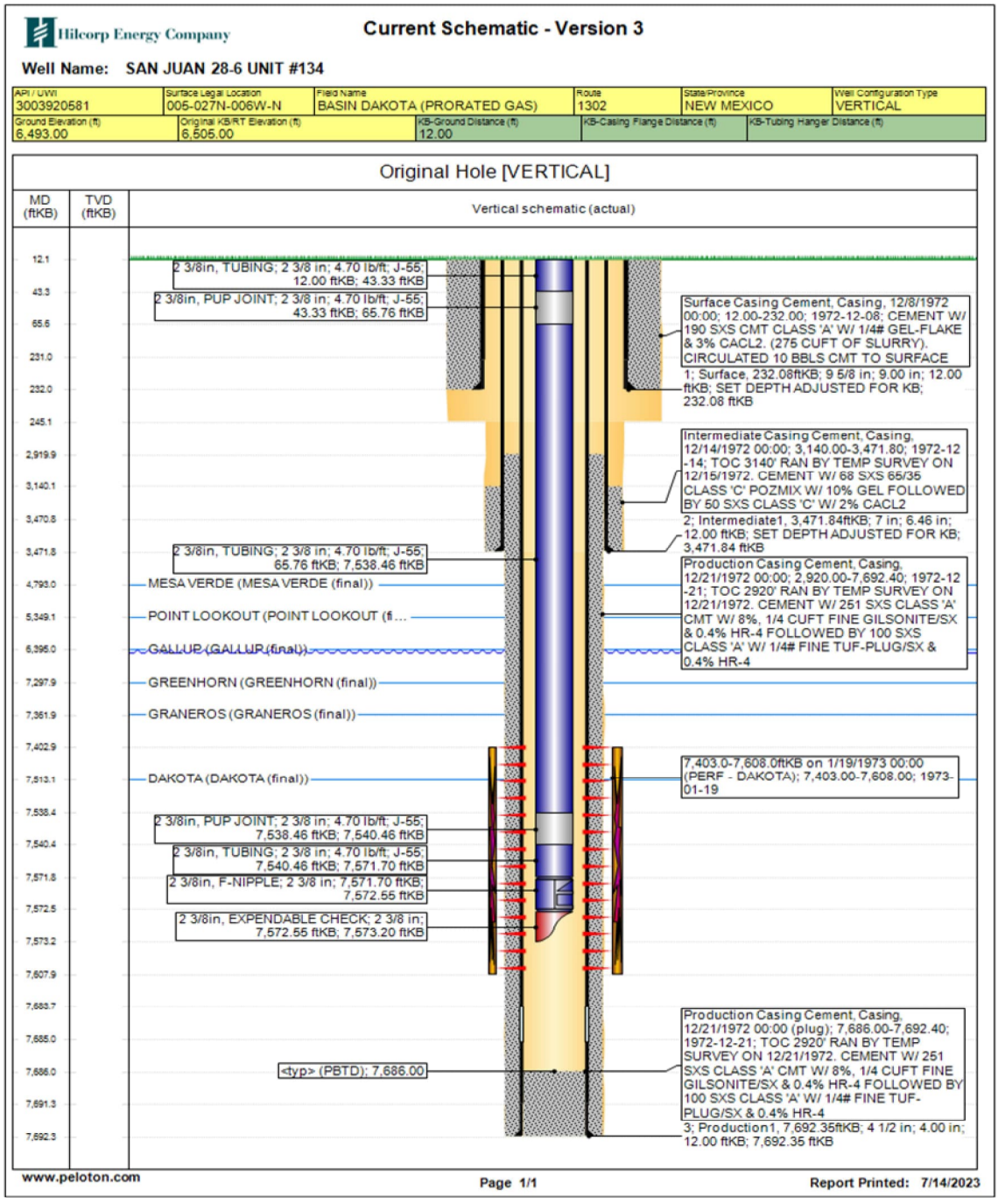
HILCORP ENERGY COMPANY
SAN JUAN 28-6 UNIT 134
MESA VERDE and MANCOS RECOMPLETION SUNDRY

JOB PROCEDURES

1. MIRU service rig and associated equipment; test BOP.
2. TOOH with **2-3/8"** tubing set at **7,573'**.
3. Set a **4-1/2"** plug at +/- **7,352'** to isolate the **Dakota**.
4. RU Wireline. Run CBL. Record Top of Cement.
5. Load the hole and pressure test the casing.
6. N/D BOP, N/U frac stack and pressure test frac stack.
7. Perforate and frac the Mesaverde and Mancos formations (MV Top Perforation @ 4,114'; MV Bottom Perforation @ 5,810') (Mancos Top Perforation @ 6,544'; Mancos Bottom Perforation @ 6,877').
8. Isolate frac stages with a plug.
9. Nipple down frac stack, nipple up BOP and test.
10. TIH with a mill and drill out top isolation plug, MESAVERDE frac plug, and Mancos frac plug.
11. Clean out to **Dakota** isolation plug.
12. Drill out **Dakota** isolation plug and cleanout to PBTD of **7,686'**. TOOH.
13. TIH and land production tubing. Get a commingled Dakota/Mesaverde/Mancos flow rate.

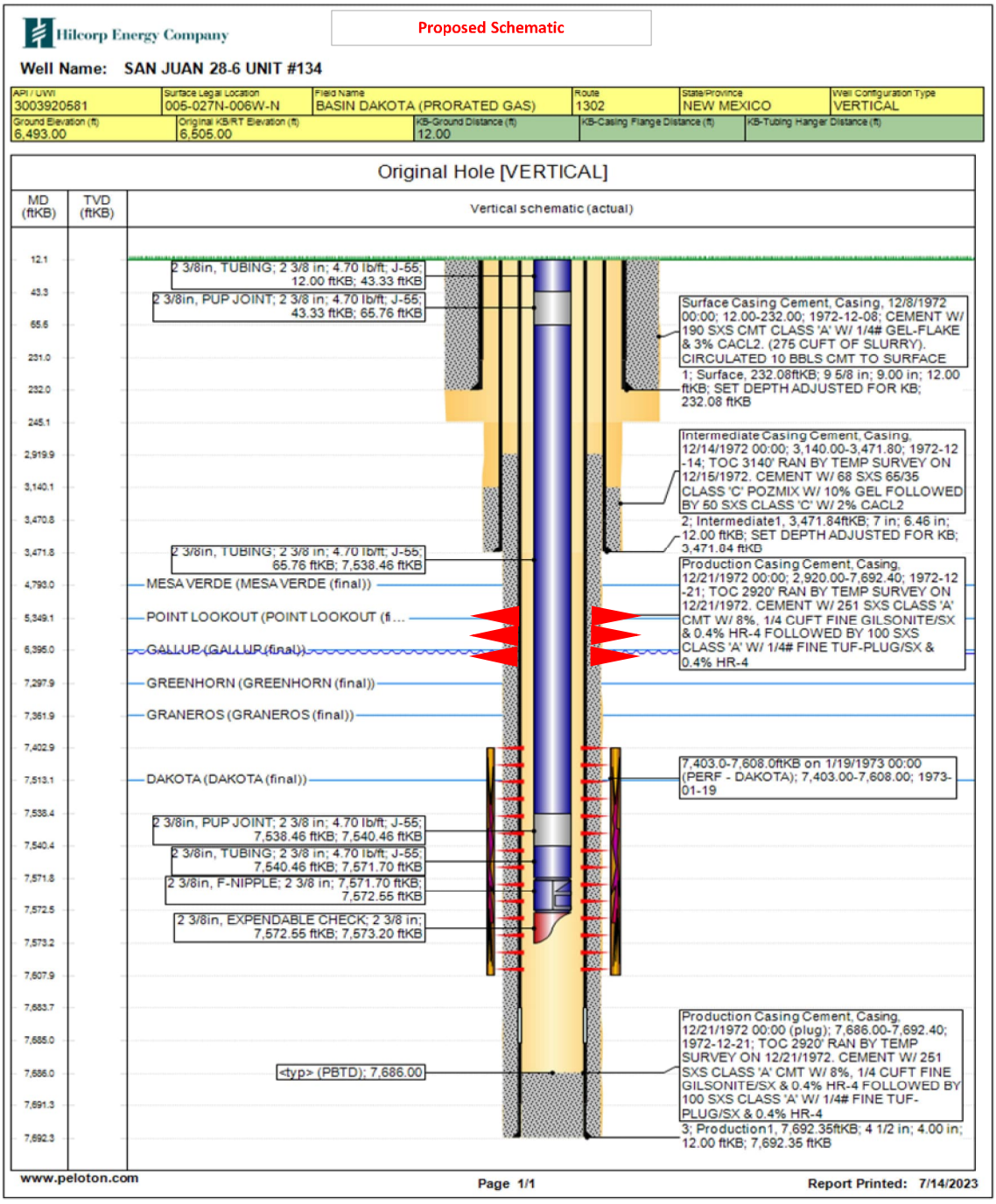
HILCORP ENERGY COMPANY
SAN JUAN 28-6 UNIT 134
MESA VERDE and MANCOS RECOMPLETION SUNDRY

SAN JUAN 28-6 UNIT 134 - CURRENT WELLBORE SCHEMATIC



HILCORP ENERGY COMPANY
SAN JUAN 28-6 UNIT 134
MESA VERDE and MANCOS RECOMPLETION SUNDRY

SAN JUAN 28-6 UNIT 134 - Proposed Schematic



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

Form C-102
August 1, 2011

Permit 345073

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-20581	72319	BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318710	SAN JUAN 28 6 UNIT	134
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6491

10. Surface Location

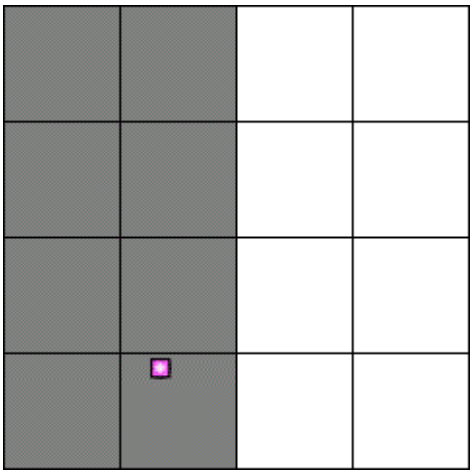
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	5	27N	06W		1170	S	1750	W	RIO ARRIBA

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.
320.72			

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: Cherylene Weston
Title: Cherylene Weston
Date: 7/18/2023

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: David Kilven
Date of Survey: 5/23/1967
Certificate Number: 1760

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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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 345073

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-20581	97232	BASIN MANCOS
4. Property Code	**5. Property Name**	**6. Well No.**
318710	SAN JUAN 28 6 UNIT	134
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6491

10. Surface Location

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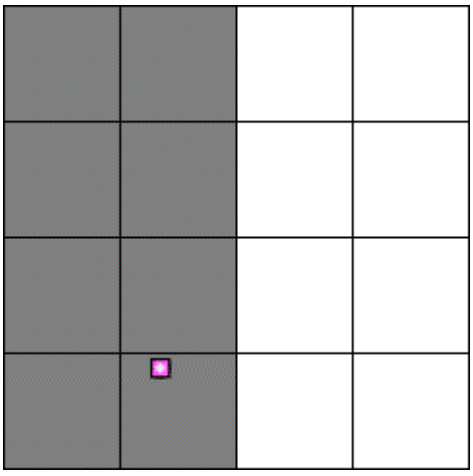

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Title: Cherylene Weston
Date: 7/18/2023

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Date of Survey: 5/23/1967
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Hilcorp Energy
Recomplete Reclamation Plan
SAN JUAN 28-6 UNIT 134
API: 30-039-20581
T27N-R6W-Sec.05-N
LAT: 36.59877 LONG: - 107.492 (NAD 27)
Footage: 1170' FSL & 1750' FWL
Rio Arriba County, NM

1. **PRE- RECLAMATION SITE INSPECTION**

A pre-reclamation site inspection was completed with Roger Herrera from the BLM and Travis Munkres Hilcorp Energy SJ East Construction Foreman on April 11, 2023.

2. **LOCATION RECLAMATION PROCEDURE**

1. Reclamation work will begin when all the recompletion activities are completed.
2. All trash and debris will be removed within a 25’ buffer outside of the location disturbance during reclamation.
3. Blade the road to the BLM Gold Book Standard from Ridge Road at the Crows Foot to the location.
4. Clean the diversion and silt trap on the cut slope.
5. Move excess gravel to the roadway and spread.
6. Reseed all disturbed area being used for recompletion activities.

3. **SEEDING PROCEDURE**

1. A BLM Special seed mix will be used for all reclaimed and disturbed areas of the well pad and lease road.
2. Drill seed will be done where applicable and all other disturbed areas will be broadcast seeded and harrowed. Broadcast seeding will be applied at a double the rate of seed.
3. Timing of the seeding will be when the ground is not frozen or saturated.

4. **WEED MANAGEMENT**

1. No action is required at this time for weed management, no noxious weeds were identified during this onsite.

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

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

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Hilcorp Energy Company **OGRID:** 372171 **Date:** 07/27/2023 .

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
San Juan 28-6 Unit 134	3003920581	N-5-27N-6W	1170' FSL, 1750' FWL	1	302	0.5

IV. Central Delivery Point Name: Chaco Blanco Processing Plant [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
San Juan 28-6 Unit 134	**3003920581**	**N/A**	**N/A**	**N/A**	**N/A**	**Not yet scheduled**

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan
EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature: *Cherylene Weston*
Printed Name: Cherylene Weston
Title: Operations/Regulatory Tech-Sr.
E-mail Address: cweston@hilcorp.com
Date: 07/27/2023
Phone: 713-289-2615

OIL CONSERVATION DIVISION **(Only applicable when submitted as a standalone form)**
Approved By:
Title:
Approval Date:
Conditions of Approval:

VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recomplete project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomplete to optimize gas capture and send gas to sales or flare based on analytical composition. HEC operates facilities that are typically one-well facilities. Production separation equipment is upgraded prior to well being completed, if determined to be undersized or inadequate. This equipment is already on-site and tied into our sales gas lines prior to the recomplete operations.

VII. Operational Practices:

1. Subsection (A) Venting and Flaring of Natural Gas
   - HEC understands the requirements of NMAC 19.15.27.8 which outlines that the venting and flaring of natural gas during drilling, completion or production operations that constitutes waste as defined in 19.15.2 are prohibited.
2. Subsection (B) Venting and Flaring during drilling operations
   - This gas capture plan isn't for a well being drilled.
3. Subsection (C) Venting and flaring during completion or recompletion
   - Flowlines will be routed for flowback fluids into a completion or storage tank and if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
4. Subsection (D) Venting and flaring during production operations
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.
   - Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
   - HEC will not vent or flare except during the approved activities listed in NMAC 19.15.27.8 (D) 1-4.
5. Subsection (E) Performance standards
   - All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
   - If a flare is utilized during production operations it will have a continuous pilot and is located more than 100 feet from any known well or storage tanks.
   - At any point in the well life (completion, production, inactive) an audio, visual and olfactory inspection be performed at prescribed intervals (weekly or monthly) pursuant to Subsection D of 19.15.27.8 NMAC, to confirm that all production equipment is operating properly and there are no leaks or releases.

6. Subsection (F) Measurement or estimation of vented and flared natural gas
   - Measurement equipment is installed to measure the volume of natural gas flared from process piping.
   - When measurement isn't practicable, estimation of vented and flared natural gas will be completed as noted in 19.15.27.8 (F) 5-6.

VIII. Best Management Practices:

1. Operator has adequate storage and takeaway capacity for wells it chooses to recomplete as the flowlines at the sites are already in place and tied into a gathering system.
2. Operator will flare rather than vent vessel blowdown gas when technically feasible during active and/or planned maintenance to equipment on-site.
3. Operator combusts natural gas that would otherwise be vented or flared, when technically feasible.
4. Operator will shut in wells in the event of a takeaway disruption, emergency situation, or other operations where venting or flaring may occur due to equipment failures.

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 245556

CONDITIONS

Operator:	OGRID:
HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	372171
	Action Number: 245556
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Notify NMOCD 24 Hours Prior to beginning operations	8/17/2023
dmcclure	DHC required	8/17/2023
dmcclure	The CBL proposed in the procedures shall be submitted to the Division. If the cement sheath around the casing is not adequate to protect the casing and isolate strata from the top Mesaverde perforation to at least 150 feet above the top Mesaverde perforation, then Hilcorp shall conduct operations to remediate it prior to completing or producing from the formation.	8/17/2023

Hilcorp

July 31, 2023

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

Re: C-107A (Downhole Commingle)
San Juan 28-6 Unit 134
API No. 30-039-20581
Section 5, T27N-R05W
Rio Arriba County, NM

Concerning Hilcorp Energy Company's C-107A 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:

- ***Basin Mancos (Pool Code: (97232)***
- ***Basin Dakota (Pool Code: (71599)***
- ***Blanco Mesaverde (Pool Code: (72319)***

Order No. R-13681 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, written notice 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,

By: HILCORP ENERGY COMPANY,
Its General Partner

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 Cell: 505/320-9910; Fax: 713/209-2420
ccreekmore@hilcorp.com

From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
To: Cheryl Weston; Mandi Walker
Cc: McClure, Dean, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Paradis, Kyle O
Subject: Approved Administrative Order DHC-5333
Date: Friday, October 20, 2023 5:02:23 PM
Attachments: DHC5333 Order.pdf

NMOCD has issued Administrative Order DHC-5333 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **San Juan 28-6 Unit #134**
Well API: **30-039-20581**

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

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
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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

WELL API NO. 30-039-20581

5. Indicate Type of Lease STATE ☐ FEE ☐

6. State Oil & Gas Lease No. Federal NMSF079391

SUNDRY NOTICES AND REPORTS ON WELLS
(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.)

7. Lease Name or Unit Agreement Name: San Juan 28-6 Unit

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

8. Well Number 134

2. Name of Operator: Hilcorp Energy Company

9. OGRID Number: 372171

3. Address of Operator: 382 Road 3100, Aztec NM 87410

10. Pool name or Wildcat: Blanco MV/Basin MC/Basin DK

4. Well Location
Unit Letter N : 1170 feet from the South line and 1750 feet from the West line
Section 5 Township 27N Range 06W NMPM Rio Arriba County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*: 6491' GL

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☒						
CLOSED-LOOP SYSTEM	☐						
OTHER:	☐			OTHER:	☐		

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.

It is intended to recomplete the subject well in the Blanco Mesaverde (pool 72319) / Basin Mancos (pool 97232) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde and Mancos. The production will be commingled per Oil Conservation Division Order Number 11363. Allocation and methodology will be provided after the well is completed. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV: 4114' – 5810'; MC: 6544' – 6877'; DK: 7403' - 7608'. **These perforations are in TVD.**

As referenced in Order # **R-13681** interest owners were not re-notified.

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 Cherylene Weston TITLE Operations/Regulatory Technician Sr. DATE 08/22/2023

Type or print name Cherylene Weston E-mail address: cweston@hilcorp.com PHONE: 713-289-2615

For State Use Only

APPROVED BY:_____ TITLE_____ DATE_____
Conditions of Approval (if any):

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August 1, 2011

Permit 345073

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372171	HILCORP ENERGY COMPANY	6491

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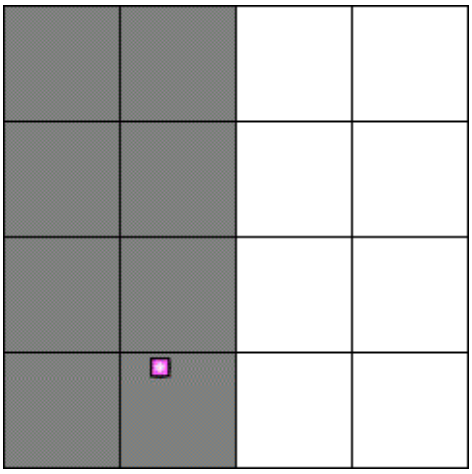

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E-Signed By: *Cherylene Weston*
Title: Cherylene Weston
Date: 7/18/2023

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Date of Survey: 5/23/1967
Certificate Number: 1760

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

Form C-102
August 1, 2011

Permit 345073

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-20581	97232	BASIN MANCOS
4. Property Code	**5. Property Name**	**6. Well No.**
318710	SAN JUAN 28 6 UNIT	134
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6491

10. Surface Location

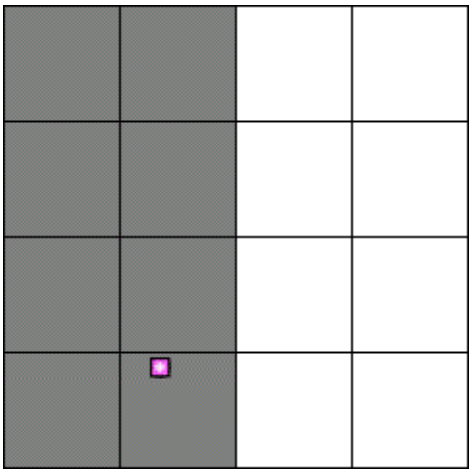
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	5	27N	06W		1170	S	1750	W	RIO ARRIBA

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.
320.72			

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: *Cherylene Weston*
Title: Cherylene Weston
Date: 7/18/2023

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: David Kilven
Date of Survey: 5/23/1967
Certificate Number: 1760

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-1
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

EL PASO NATURAL GAS COMPANY		SAN JUAN 28-6 UNIT (SF-079051)		134
N	5	27-N	6-W	RIO ARRIBA
1170	SOUTH	1750	WEST	
6493	DAKOTA	BASIN DAKOTA		320.72

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

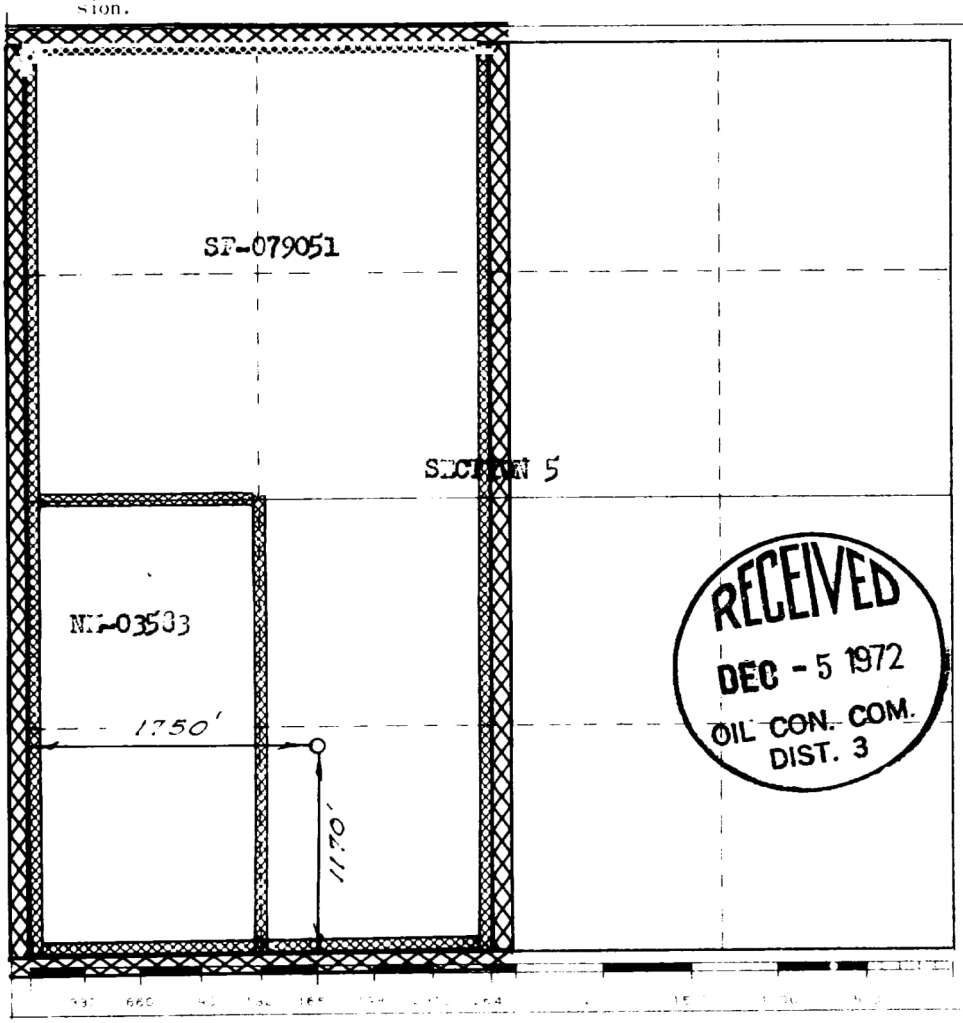
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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?

X 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.



CERTIFICATION

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

Original Signed F. H. WOOD

Petroleum Engineer

El Paso Natural Gas Company

December 1, 1972

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.

MAY 23, 1967

Registered Professional Engineer and/or Land Surveyor

1760

San Juan 28-6 Unit 134 Allocation

The forecast for Mancos and Mesaverde production has been generated using type curves of production in the surrounding 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 basin wide 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.

Production Allocation Method – Subtraction

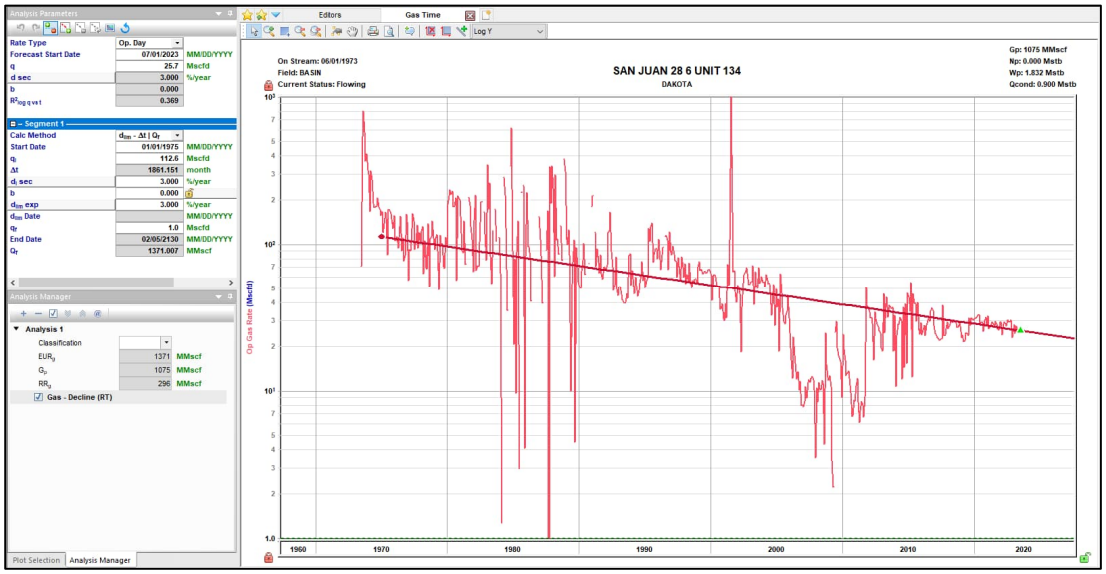
Gas Allocation:
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be trimmingled are the Mancos and Mesaverde. The subtraction method applies an average monthly production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

New zones will be allocated using a fixed allocation. Forecasted rates for MC and MV are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MC and MV is based on the ratio of forecasted reserves as shown in the table below.

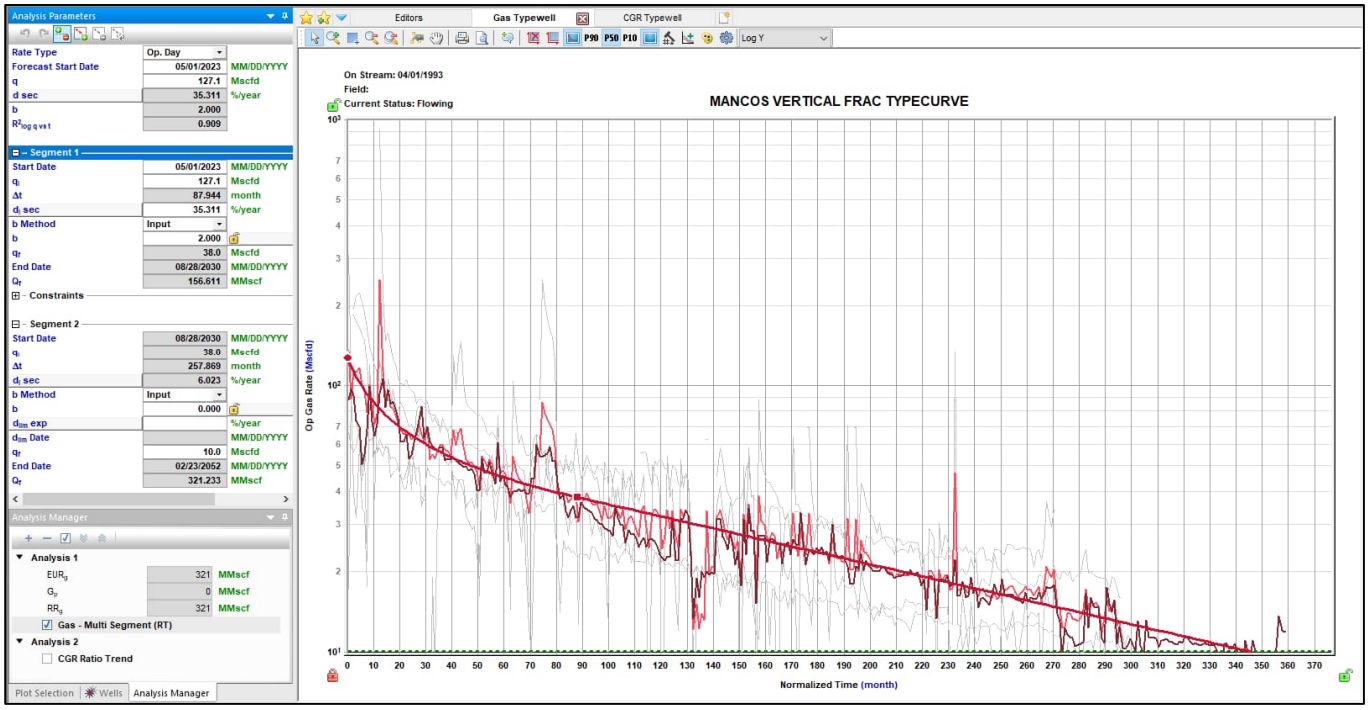
Formation	Forecasted Reserves (MMcf)	% Gas Allocation
Mancos	321	36%
Mesaverde	576	64%

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.

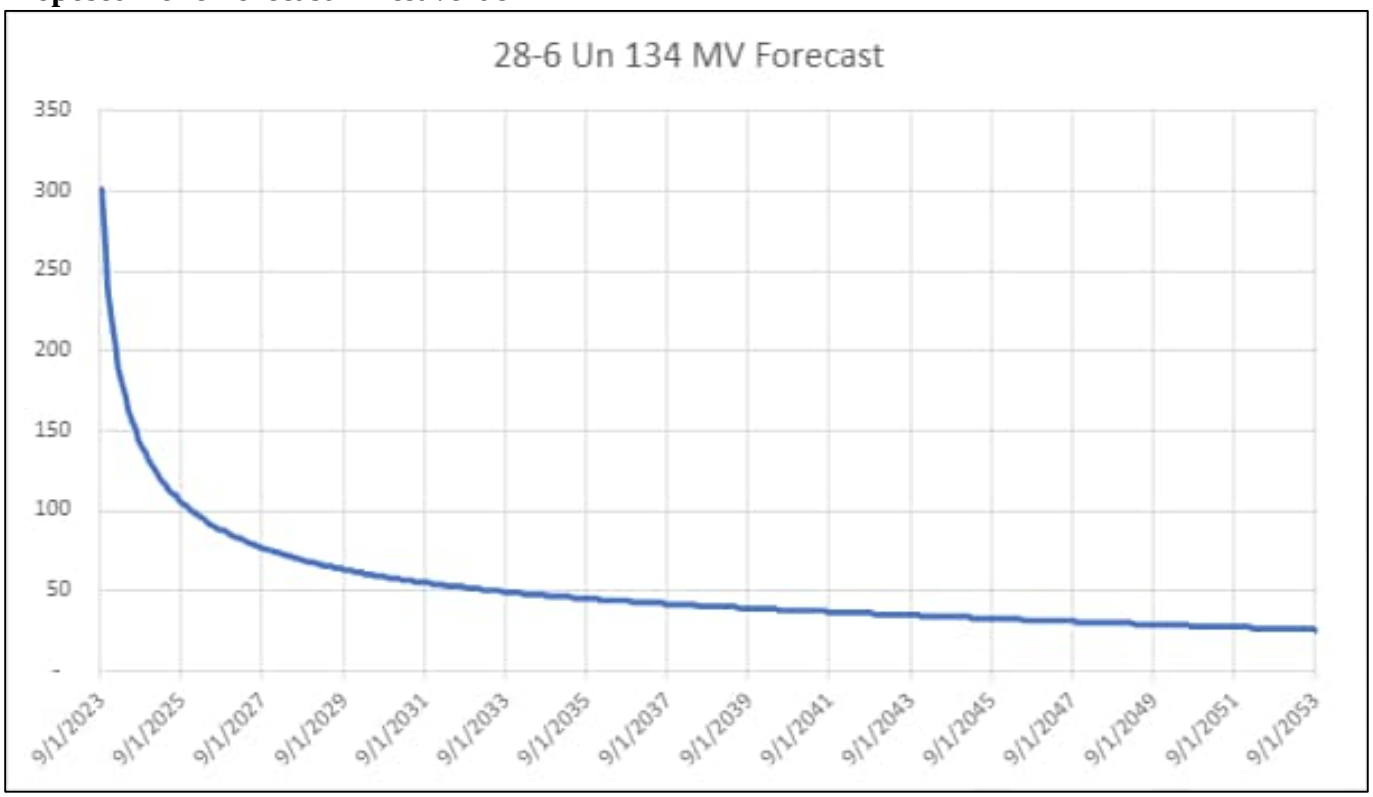
Current Zone 1 Forecast – Dakota



Proposed Zone 1 Forecast – Mancos



Proposed Zone Forecast - Mesaverde



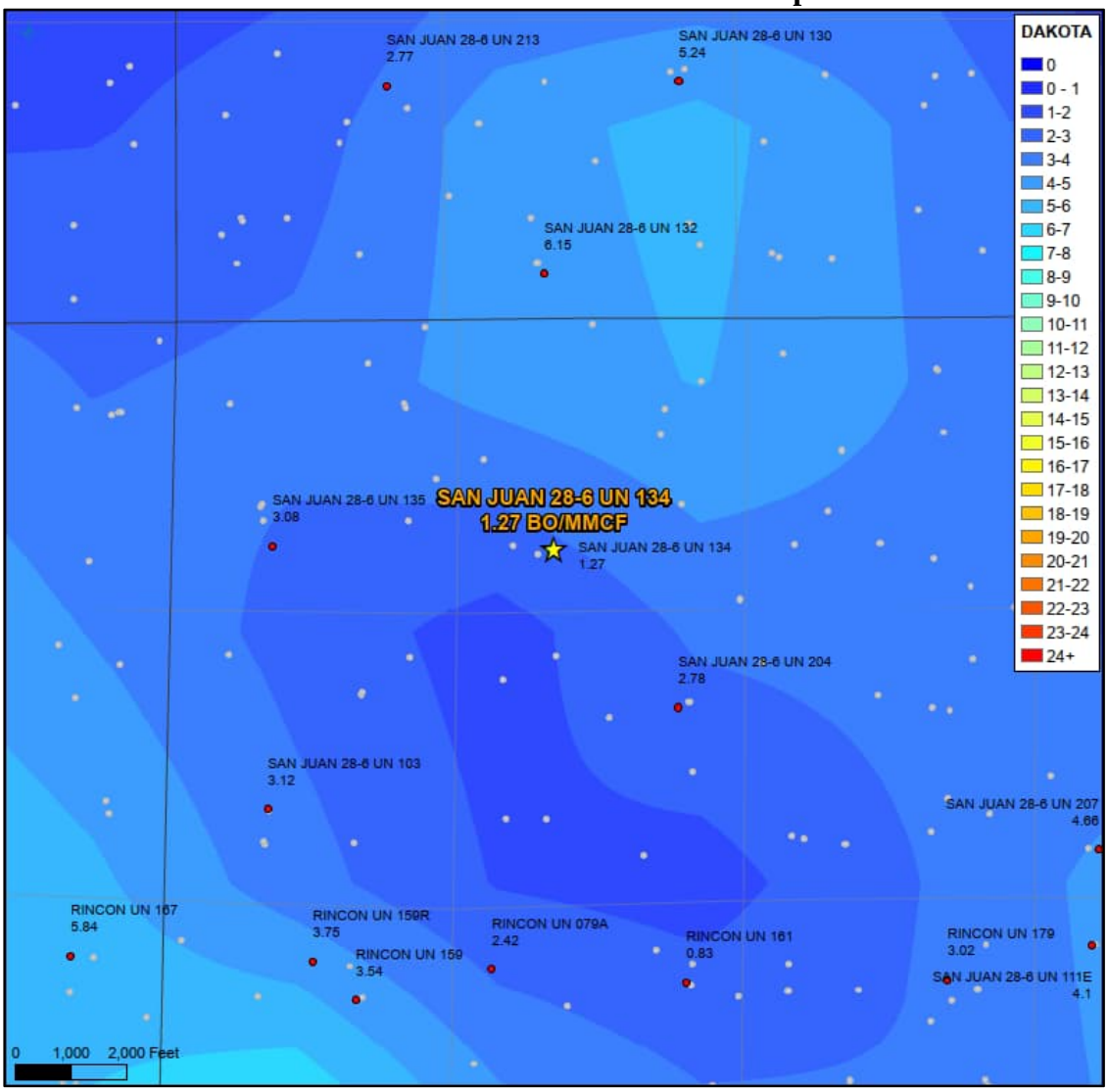
Average initial production curve in geologic region.

Oil Allocation:

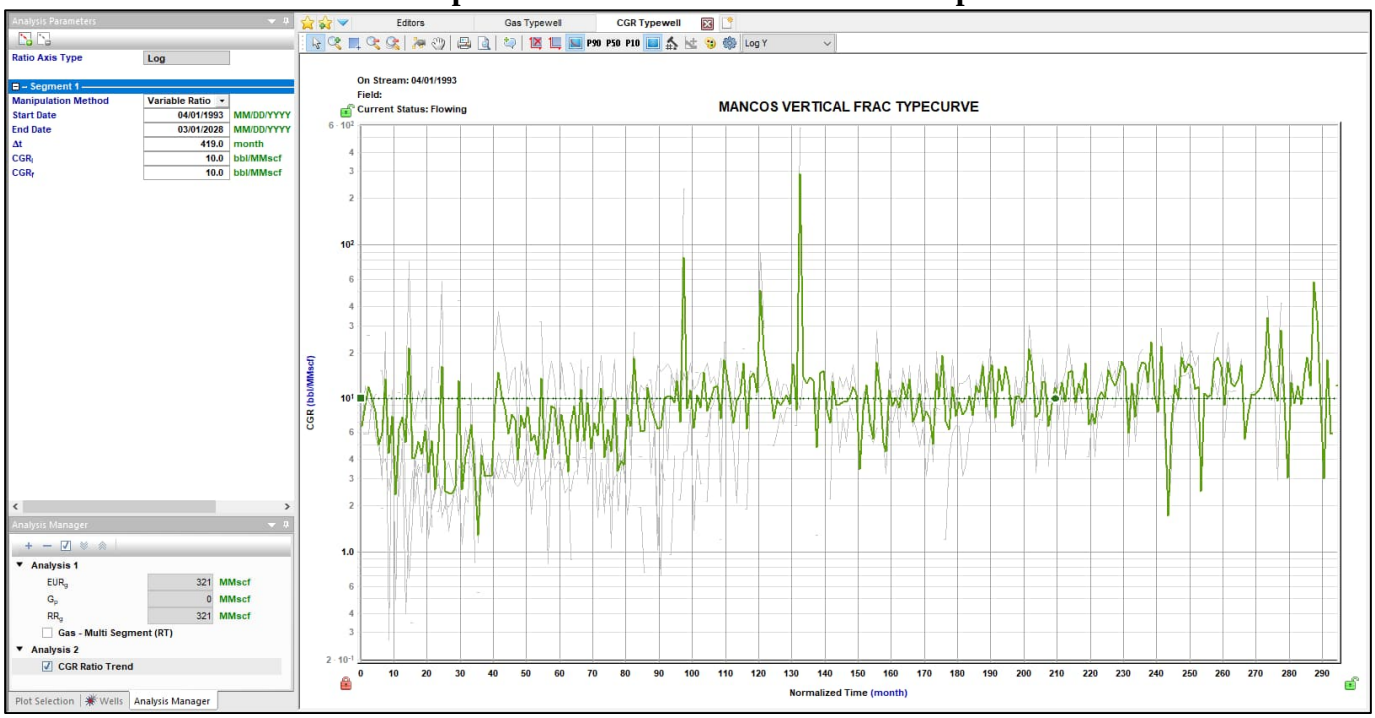
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining or Forecasted Reserves (MMcf)	% Oil Allocation
DK	1.27	296	8%
MC	10	321	70%
MV	1.75	576	22%

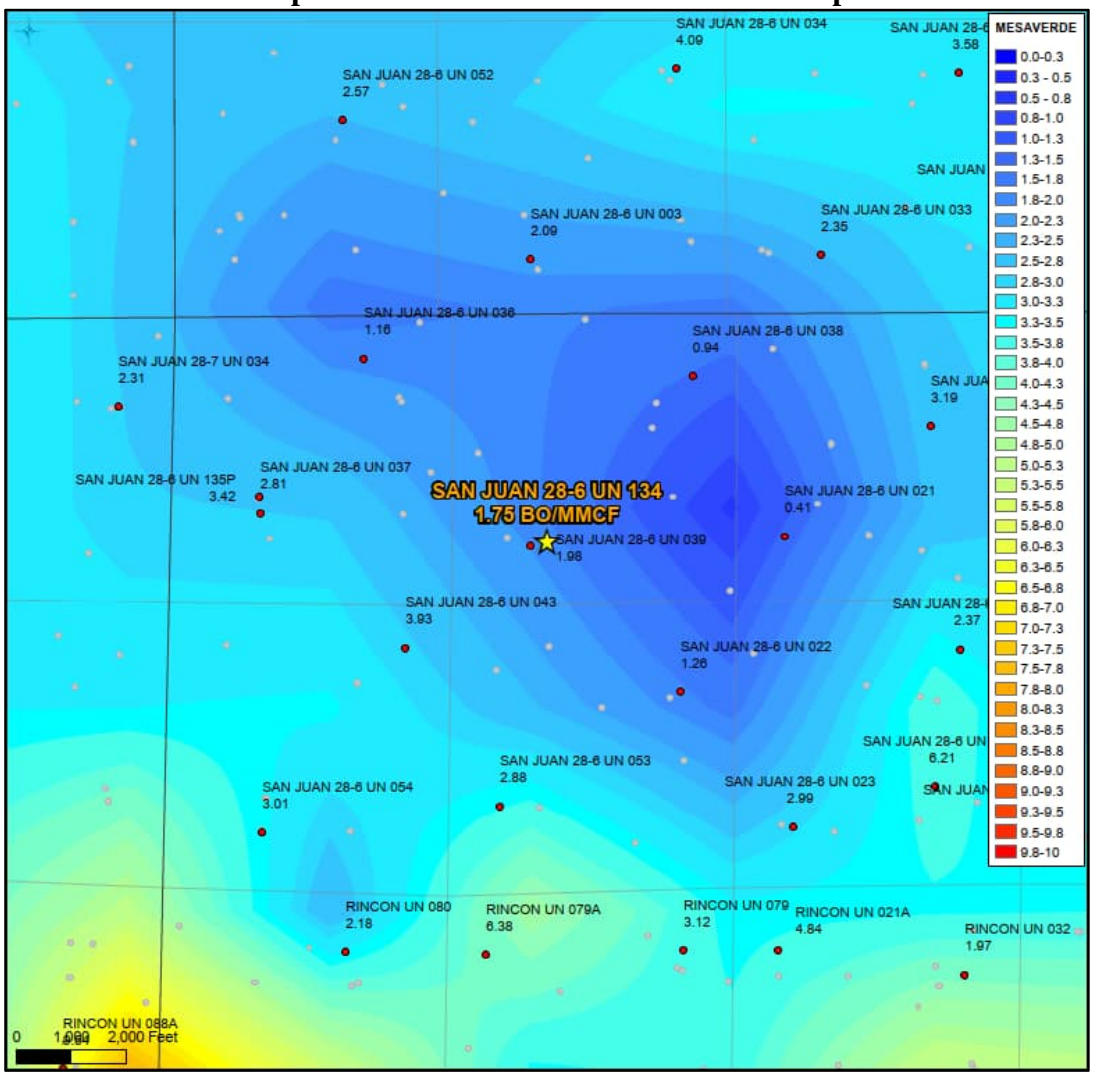
Current Zone – Dakota Oil Yield Map



Proposed Zone 1 – Mancos Oil Yield Map



Proposed Zone 2 - Mesaverde Oil Yield Map



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-5333**

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-13681.
7. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.

CONCLUSIONS OF LAW

8. 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.
9. 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.
10. 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.

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.

12. 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. 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. twenty-two percent (22%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319);
    b. seventy percent (70%) shall be allocated to the BASIN MANCOS pool (pool ID: 97232); and
    c. eight percent (8%) 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); and
    b. the BASIN MANCOS pool (pool ID: 97232).

    The current pool(s) are:
    a. the BASIN DAKOTA (PRORATED GAS) pool (pool ID: 71599).

    Until a different plan to allocate gas production is approved by OCD, of the gas production allocated to the new pools:
    a. sixty-four percent (64%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319); and
    b. thirty-six percent (36%) shall be allocated to the BASIN MANCOS pool (pool ID: 97232).

    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.

3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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).
9. 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

DATE: 10/20/2023

DYLAN M. FUGE
DIRECTOR

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

	Order:	DHC-5333		
	Operator:	Hilcorp Energy Company (372171)		
	Well Name:	San Juan 28-6 Unit #134		
	Well API:	30-039-20581		
Upper Zone	Pool Name:	BLANCO-MESAVERDE (PRORATED GAS)		
	Pool ID:	72319	Current:	New: X
	Allocation:		Oil: 22%	Gas: 64%
	Interval:	Perforations	Top: 4,114	Bottom: 5,810
Intermediate Zone	Pool Name:	BASIN MANCOS		
	Pool ID:	97232	Current:	New: X
	Allocation:		Oil: 70%	Gas: 36%
	Interval:	Perforations	Top: 6,544	Bottom: 6,877
	Bottom of Interval within 150% of Upper Zone's Top of Interval:	NO		
Lower Zone	Pool Name:	BASIN DAKOTA (PRORATED GAS)		
	Pool ID:	71599	Current: X	New:
	Allocation:		Oil: 8%	Gas:
	Interval:	Perforations	Top: 7,403	Bottom: 7,608
	Bottom of Interval within 150% of Upper Zone's Top of Interval:	NO		

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

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 255647
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	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.	10/20/2023