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

Hill — Lease
3A — Well No.
P-10-T29N-R08W — Unit Letter-Section-Township-Range
San Juan County, NM — County

OGRID No. 372171 Property Code 318556 API No. 30-045-22080 Lease Type: _X_Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2950' - 3115'		3677' - 5413'
Method of Production (Flowing or Artificial Lift)	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)	61 psi		101 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1126 BTU		1293 BTU
Producing, Shut-In or 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: 11/1/2024 Rates: Oil - 9 bbl Gas - 3,146 mcf Water - 80 bbl
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 %	Oil % Gas %	Oil % Gas %

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_____

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: _____

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 Tech-Sr. DATE 1/18/2024

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 358004

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-22080	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318556	HILL	003A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6240

10. Surface Location

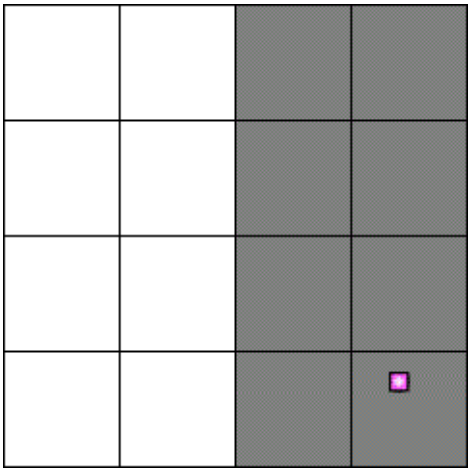
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	10	29N	08W		990	S	790	E	SAN JUAN

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.
320.00 E/2			

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: Operations/Regulatory Tech-Sr.
Date: 1/18/2024

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: Fred B. Kerr, Jr.
Date of Survey: 5/26/1976
Certificate Number: 3950

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

Operator	Lease	Well No.
Aztec Oil & Gas Company	Hill	3-A

Unit Letter	Section	Township	Range	County
P	10	29N	8W	San Juan

Actual Footage Location of Well:
990 feet from the South line and 790 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6249	Mesa Verde	Blanco	E/ 320 Acres

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

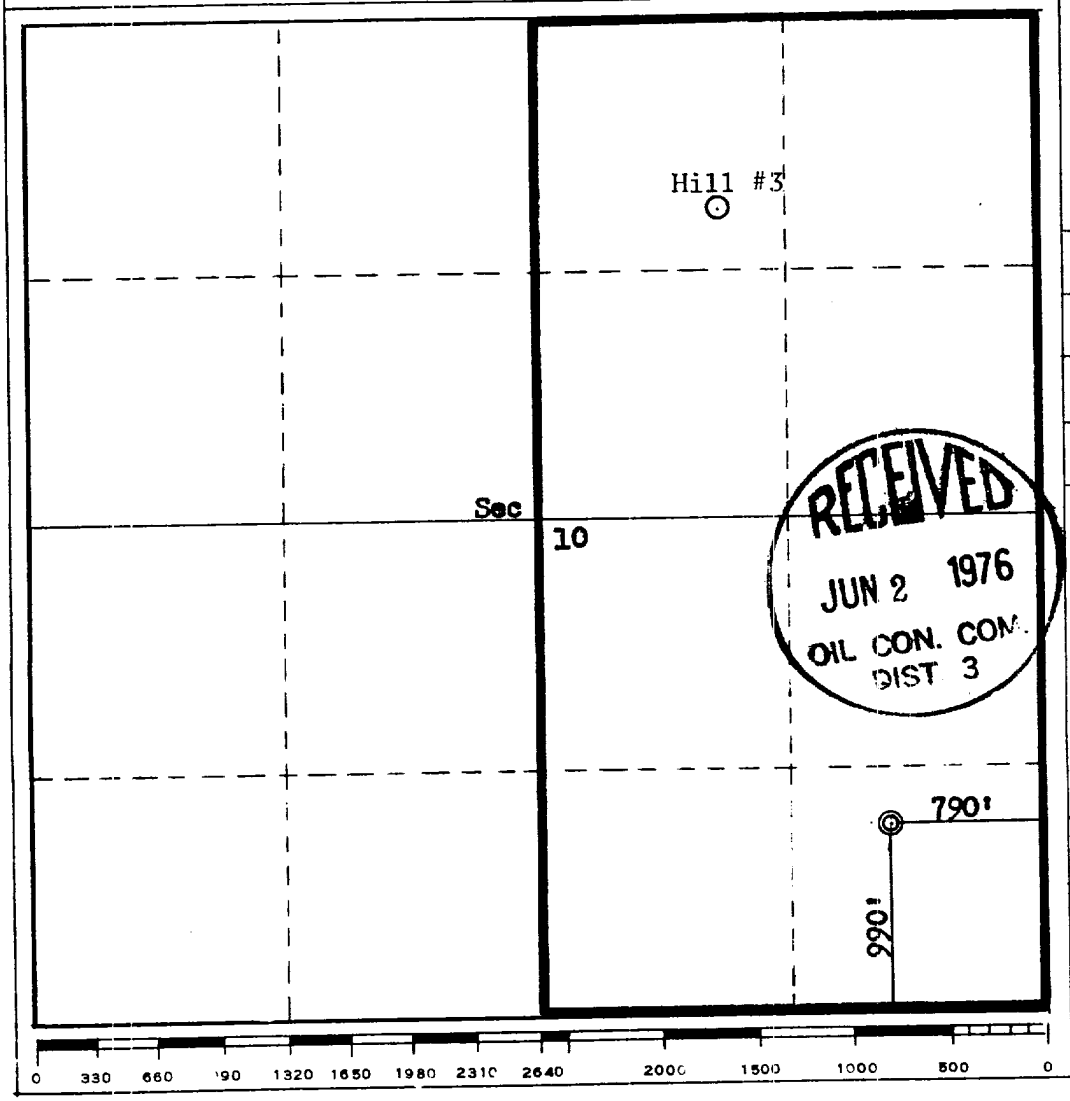
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 _____

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
JUN 2 1976
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.

Name: L. O. Van Ryan
Position: District Superintendent
Company: Aztec Oil & Gas Company
Date: May 27, 1976

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 26, 1976
Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr Jr.
Certificate No. 3950

The near wellbore shut-in bottom hole pressures of the above reservoirs are much lower than the calculated far-field stabilized reservoir pressured due to the low permeability of the reservoirs. Based on pressure transient analysis performed in the San Juan Basin, it would take 7-25 years for shut-in bottom hole pressures to build up to the calculated far-field reservoir pressure. Our observation is that even for areas of high static reservoir pressures, the low permeability of the reservoir rock results in rapid depletion of the near-fracture region, quickly enough that the wells are unable to produce without the aid of a plunger. Given low permeabilities and low wellbore flowing pressures in the above reservoirs, loss of reserves due to cross-flow is not an issue during producing or shut-in periods. Given low shut-in bottom hole pressures, commingling the above reservoirs in this well will not result in shut-in or flowing wellbore pressures in excess of any commingled pool's fracture parting pressure. The pressures provided in the C-107A are based on shut-in bottom hole pressures of offset standalone wells which match expected near-wellbore shut-in bottom hole pressures of this proposed commingled completion.

Note: BTU Data taken from standalone completions in the zone of interest within a 2 mile radius of the well.

A farther radius is used if there is not enough data for a proper statistical analysis.

Hill 3A Production Allocation

The forecasts for Fruitland Coal 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 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.

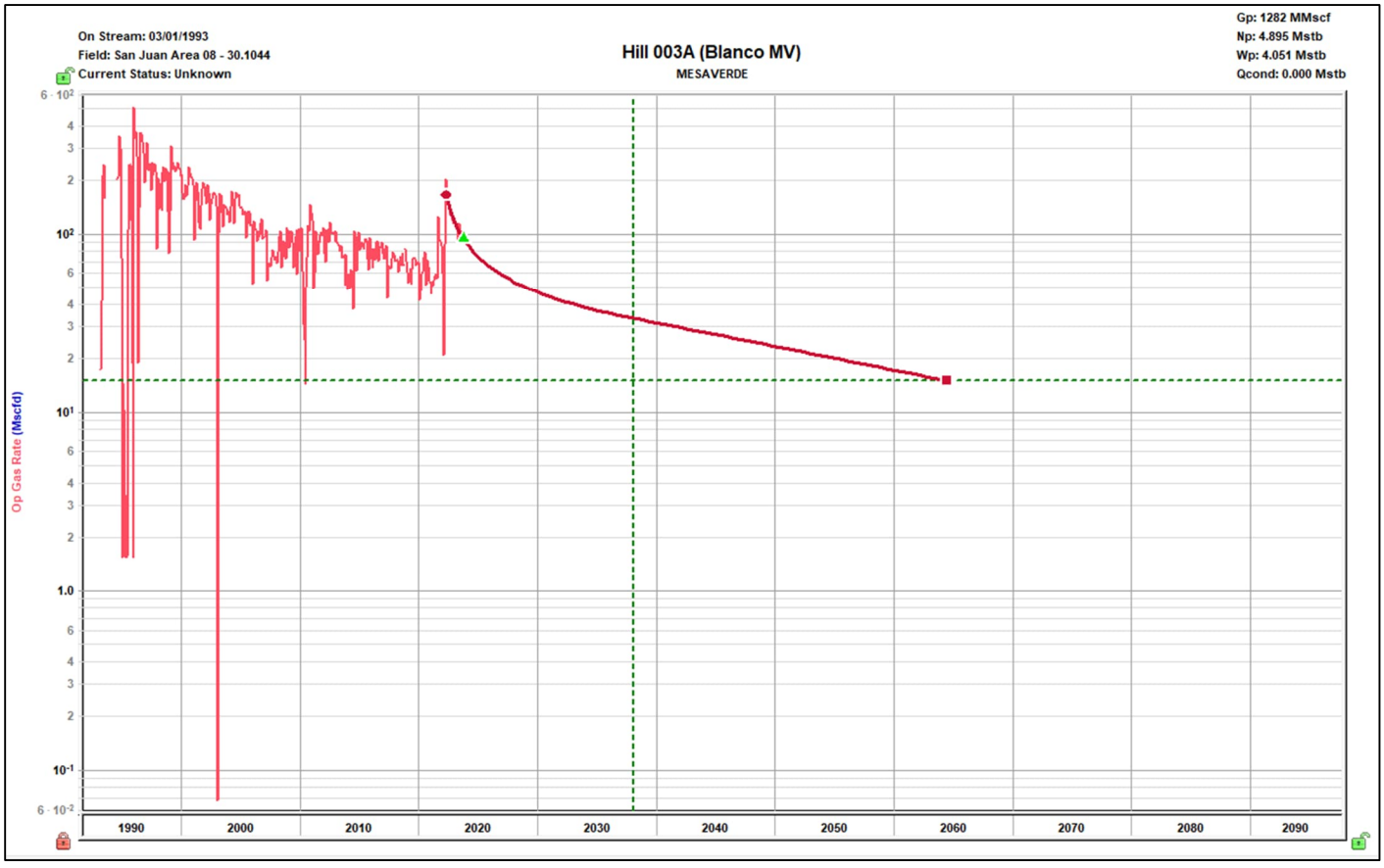
Production Allocation Method – Subtraction

Gas Allocation:

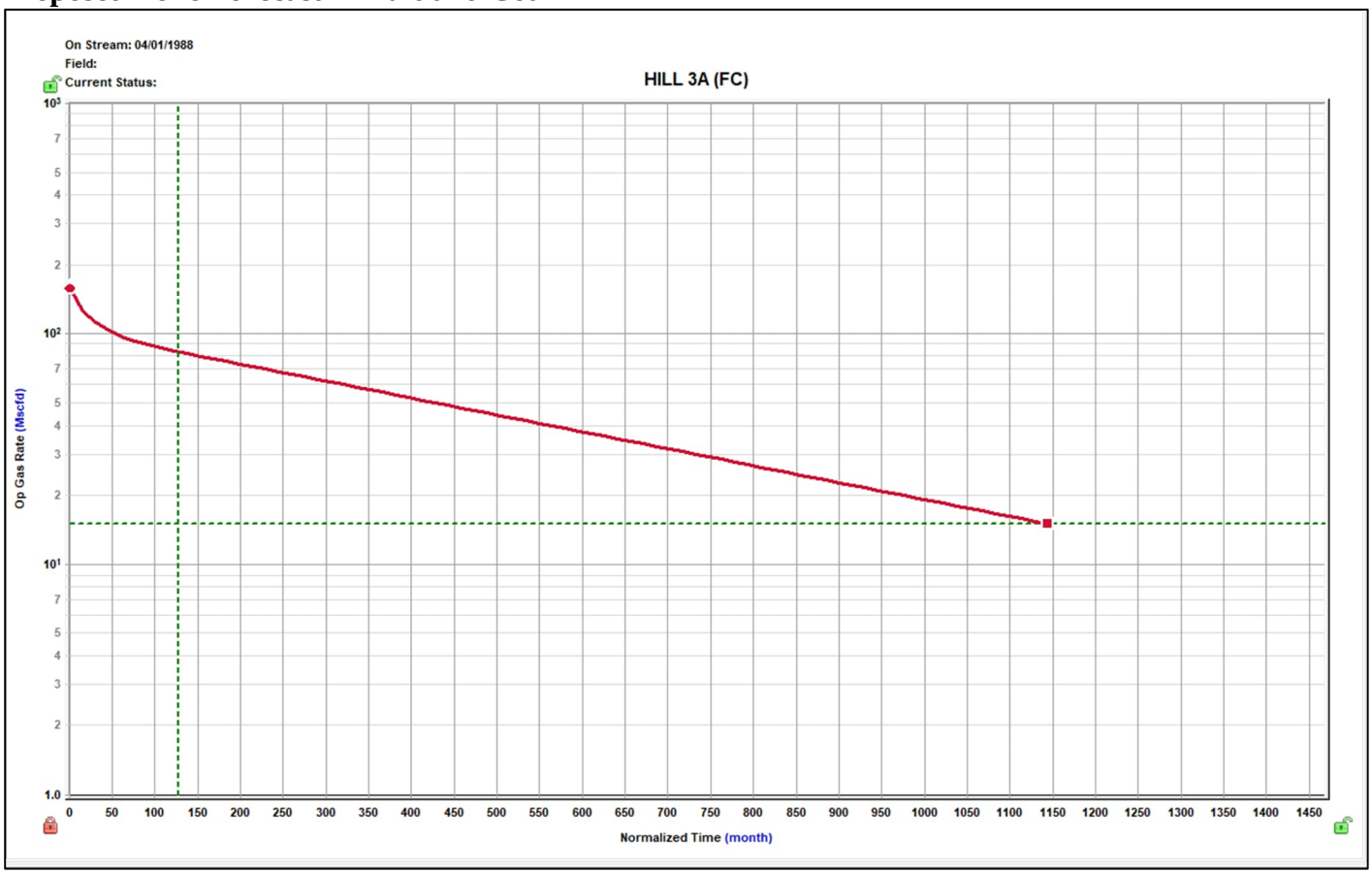
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the base formation forecasts will be allocated to the new formation.

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 – Mesaverde



Proposed Zone Forecast – Fruitland Coal



Average initial production curve in geologic region.

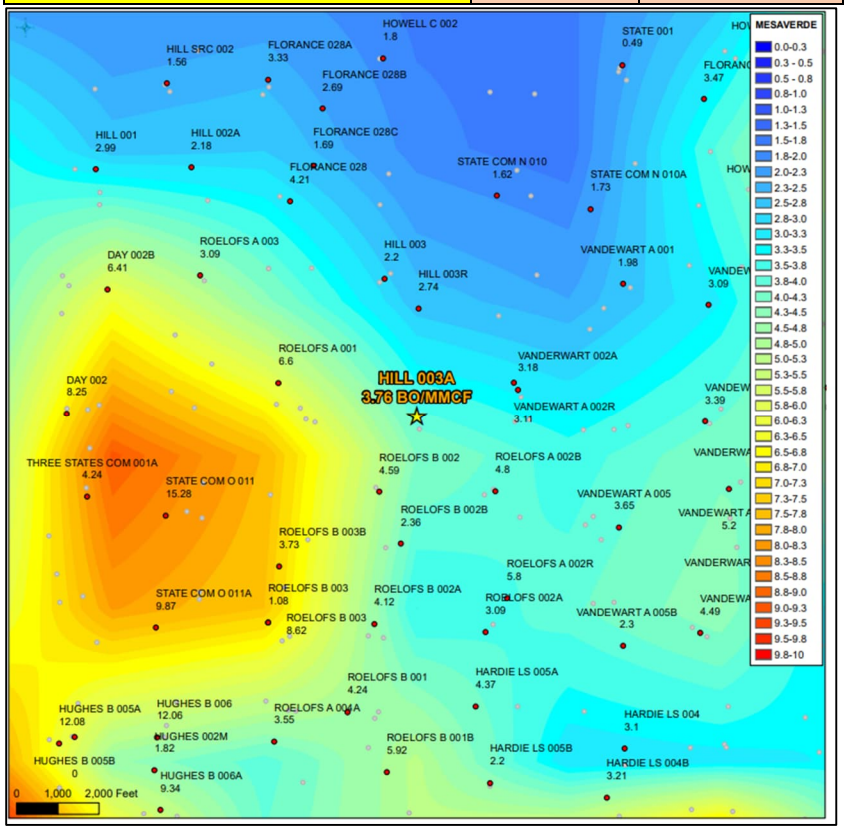
Oil Allocation:

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 Reserves (MMcf)	% Oil Allocation
LEW MV	3.76	480	100%
FRC	0	1625	0%

Current Zone 1 – Mesaverde Oil Yield Map

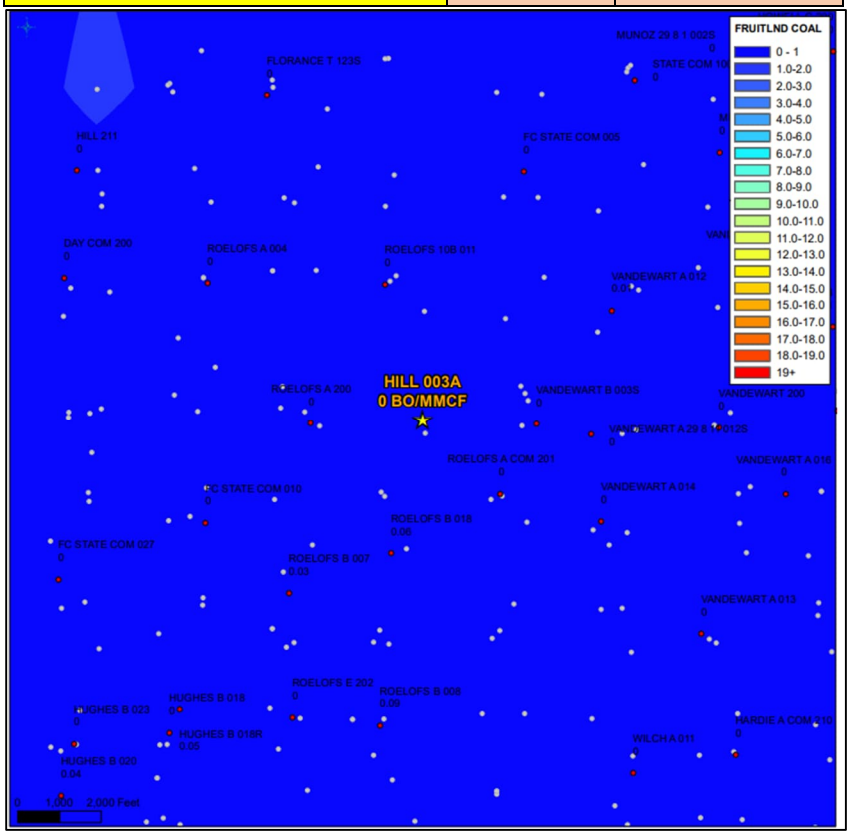
LEW MV	3.76	BO/MMCF



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

Proposed Zone – Fruitland Coal Oil Yield Map

FRC	0	BO/MMCF



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

Supplemental Information:

Shut in pressures were calculated for operated offset standalone wells in each of the zones being commingled in the well in question via the following process:

1) Wells were shut in for 24 hours
2) Echometer was used to obtain a fluid level
3) Shut in BHP was calculated for the proposed commingled completion

List of wells used to calculate BHPs for the Project:

3004522559	STATE COM SRC 1A	LEW MV
3004527086	HARDIE A COM 210	FC

I believe each of the reservoirs to be continuous and in a similar state of depletion at this well and at each of the wells from which the pressures are being derived.

Gas Compatibility in the San Juan Basin

- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters or gas composition.
- The samples below all show offset gas analysis varibality by formation is low.

Well Name	API
HILL 3A	3004522080

FRC Offset		LEW MV Offset	
AssetCode	3004527086	AssetCode	3004535193
AssetName	HARDIE A COM 210	AssetName	ROELOFS A 2B
N2	0	N2	0
CO2	0	CO2	0.01
C1	0.84	C1	0.79
C2	0.06	C2	0.1
C3	0.05	C3	0.05
ISOC4	0.01	ISOC4	0.01
NC4	0.01	NC4	0.01
ISOC5	0	ISOC5	0.01
NC5	0	NC5	0
C6_PLUS	0.01	C6_PLUS	0.01
C7		C7	
C8		C8	
C9		C9	
C10		C10	
AR		AR	
CO		CO	
H2		H2	
O2		O2	
H20		H20	
H2S		H2S	
HE		HE	
C_O_S		C_O_S	
CH3SH		CH3SH	
C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S	
C6HV		C6HV	
CO2GPM	0	CO2GPM	0
N2GPM	0	N2GPM	0
C1GPM	0	C1GPM	0
C2GPM	1.73	C2GPM	2.68
C3GPM	1.25	C3GPM	1.45
ISOC4GPM	0.32	ISOC4GPM	0.36
NC4GPM	0.4	NC4GPM	0.45
ISOC5GPM	0.17	ISOC5GPM	0.19
NC5GPM	0.12	NC5GPM	0.14
C6_PLUSGPM	0.36	C6_PLUSGPM	0.35

Water Compatibility in the San Juan Basin

- The San Juan basin has productive siliciclastic reservoirs (Pictured Cliffs, Blanco Mesaverde, Basin Dakota, etc.) and a productive coalbed methane reservoir (Basin Fruitland Coal).
- These siliciclastic and coalbed methane reservoirs are commingled extensively throughout the basin in many different combinations with no observed damage from clay swelling due to differing formation waters.
- The samples below all show fresh water with low TDS.

Well Name	API
HILL 3A	3004522080

FRC Offset		LEW MV Offset	
API	3004527086	API	3004535193
Property	HARDIE A COM 210	Property	ROELOFS A 2B
CationBarium	0	CationBarium	0.2
CationBoron		CationBoron	
CationCalcium	0.91	CationCalcium	0.06
CationIron	14	CationIron	69.9
CationMagnesium	0.1	CationMagnesium	0.65
CationManganese	0.11	CationManganese	0.86
CationPhosphorus		CationPhosphorus	0.09
CationPotassium		CationPotassium	20
CationStrontium	0	CationStrontium	2
CationSodium	1375.7	CationSodium	20
CationSilica		CationSilica	10.7
CationZinc		CationZinc	1
CationAluminum		CationAluminum	
CationCopper		CationCopper	
CationLead		CationLead	2
CationLithium		CationLithium	
CationNickel		CationNickel	
CationCobalt		CationCobalt	
CationChromium		CationChromium	
CationSilicon		CationSilicon	10
CationMolybdenum		CationMolybdenum	
AnionChloride	2000	AnionChloride	10
AnionCarbonate	0	AnionCarbonate	10
AnionBicarbonate	231.8	AnionBicarbonate	17
AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride	
AnionHydroxyl		AnionHydroxyl	10
AnionNitrate		AnionNitrate	
AnionPhosphate	342.1	AnionPhosphate	0.28
AnionSulfate	10	AnionSulfate	4.49
phField	7.45	phField	7.07
phCalculated	6.61	phCalculated	5.62
TempField		TempField	54.5
TempLab		TempLab	
OtherFieldAlkalinity	122.2	OtherFieldAlkalinity	80
OtherSpecificGravity	1.04	OtherSpecificGravity	1
OtherTDS	3494	OtherTDS	30
OtherCaCO3	3804.18	OtherCaCO3	2.8
OtherConductivity		OtherConductivity	49.6
DissolvedCO2	230	DissolvedCO2	120
DissolvedO2		DissolvedO2	
DissolvedH2S	2	DissolvedH2S	
GasPressure		GasPressure	
GasCO2	6	GasCO2	
GasCO2PP		GasCO2PP	
GasH2S	0	GasH2S	
GasH2SPP		GasH2SPP	
PitzerCaCO3_70		PitzerCaCO3_70	
PitzerBaSO4_70		PitzerBaSO4_70	
PitzerCaSO4_70		PitzerCaSO4_70	
PitzerSrSO4_70		PitzerSrSO4_70	
PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220		PitzerCaCO3_220	
PitzerBaSO4_220		PitzerBaSO4_220	
PitzerCaSO4_220		PitzerCaSO4_220	
PitzerSrSO4_220		PitzerSrSO4_220	
PitzerFeCO3_220		PitzerFeCO3_220	

Well Name: HILL	**Well Location:** T29N / R8W / SEC 10 / SESE / 36.735016 / -107.656494	**County or Parish/State:** SAN JUAN / NM
Well Number: 3A	**Type of Well:** CONVENTIONAL GAS WELL	**Allottee or Tribe Name:**
Lease Number: NMSF078415	**Unit or CA Name:** HILL	**Unit or CA Number:** NMNM73185
US Well Number: 3004522080	**Well Status:** Producing Gas Well	**Operator:** HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2770539

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 01/18/2024

Time Sundry Submitted: 12:53

Date proposed operation will begin: 04/01/2024

Procedure Description: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal formation and downhole commingle with the existing Mesaverde formation. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. Hilcorp will contact the FFO Surface group within 90 days after the well has been recompleted, before any interim reclamation work, to conduct the onsite. A reclamation plan will be submitted after the onsite.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Hill_3A_FRC_NOI_20240118125255.pdf

Well Name: HILL	**Well Location:** T29N / R8W / SEC 10 / SESE / 36.735016 / -107.656494	**County or Parish/State:** SAN JUAN / NM
Well Number: 3A	**Type of Well:** CONVENTIONAL GAS WELL	**Allottee or Tribe Name:**
Lease Number: NMSF078415	**Unit or CA Name:** HILL	**Unit or CA Number:** NMNM73185
US Well Number: 3004522080	**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:** JAN 18, 2024 12:53 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:** 01/18/2024

Signature: Matthew Kade

HILCORP ENERGY COMPANY
HILL 3A
FRUITLAND COAL RECOMPLETE SUNDRY
API 3004522080

JOB PROCEDURES

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with tubing.
3. Set a plug within 50' of the top **Lewis** perforation **(3,677')** for zonal isolation.
4. Load hole with fluid. RU WL and run CBL to verify TOC. Review results with operations engineer and regulatory agencies.
5. **Perform MIT on casing with NMOCD witness** (notify NMOCD 24+ hours before test) and submit results to regulatory group.
6. **If frac'ing down casing:** pressure test casing to frac pressure.
7. RU WL. Perforate the **Fruitland Coal.** Top perforation @ **2,950'**, bottom perforation @ **3,115'.**
8. **If frac'ing down frac string:** RIH w/ frac string and packer.
9. ND BOP, NU frac stack. Pressure test frac stack to frac pressure. Pressure test frac string (if applicable) to frac pressure. RDMO.
10. RU stimulation crew. Frac the **Fruitland Coal** in one or more stages. Set plugs in between stages, if necessary.
11. MIRU workover rig and associated equipment; NU and test BOP.
12. **If frac was performed down frac string:** POOH w/ frac string and packer.
13. TIH with mill and clean out to isolation plug.
14. Mill out isolation plug. Cleanout to PBTD. TOOH with cleanout assembly.
15. TIH and land production tubing. Flowback the well. Return well to production as a **Fruitland Coal/Mesaverde Producer.**

Hilcorp

HILCORP ENERGY COMPANY
HILL 3A
FRUITLAND COAL RECOMPLETE SUNDRY

HILL 3A - CURRENT WELLBORE SCHEMATIC

Hilcorp Energy Company

Schematic - Current

Well Name: HILL #3A

API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004522080	010-029N-008W-P	BLANCO MESAVERDE (PRORAT #6078		NEW MEXICO	
Original KB/RT Elevation (ft)	**RKB to GL (ft)**	**Original Spud Date**	**Rig Release Date**	**PBTD (All)**	**Total Depth All (TVD)**
6,261.00	12.00	9/21/1976 00:00	2/27/2001 13:30	Original Hole - 5,558.0	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date
Expense Workover	TUBING REPAIR		2/22/2022	2/23/2022

TD: 5,560.0 — Original Hole

MD (ftKB)	Vertical schematic (actual)
12.1	7 1/16in, Tubing Hanger; 12.00-13.00; 1.00; 2-1; 7 1/16; 2.00
13.1	Casing Joints, 9 5/8in; 12.00-316.00; 304.00; 1-1; 9 5/8; 8.92
315.9	
316.9	Shoe, 9 5/8in; 316.00-317.00; 1.00; 1-2; 9 5/8; 8.92
2,158.1	Casing Joints, 7in; 12.00-3,219.00; 3,207.00; 2-1; 7; 6.46
2,339.9	OJO ALAMO (OJO ALAMO (final))
2,950.1	FRUITLAND (FRUITLAND (final)) — 2 3/8in, Tubing YELLOW BAND; 13.00-5,338.55; 5,325.55; 2-2; 2 3/8; 2.00
3,063.0	
3,115.2	PICTURED CLIFFS (PICTURED CLIFFS (final))
3,219.2	
3,220.1	Shoe, 7in; 3,219.00-3,220.00; 1.00; 2-2; 7; 6.46
3,676.8	
3,930.1	CHACRA (CHACRA (final)) — 3,677.0-4,375.0ftKB on 2/20/2001 00:00 (PERF LEWIS); 3,677.00-4,375.00; 2001-02-20
4,375.0	Casing Joints, 4 1/2in; 3,063.00-5,558.00; 2,495.00; 3-1; 4 1/2; 4.05
4,585.0	CLIFFHOUSE (CLIFFHOUSE (final))
4,597.1	
4,795.9	MENEFEE (MENEFEE (final)) — 4,597.0-4,950.0ftKB on 10/12/1976 00:00 (PERF CLIFFHOUSE/MENEFEE); 4,597.00-4,950.00; 1976-10-12
4,950.1	
5,113.8	
5,168.0	POINT LOOKOUT (POINT LOOKOUT (final)) — 5,114.0-5,413.0ftKB on 10/12/1976 00:00 (PERF POINT LOOKOUT); 5,114.00-5,413.00; 1976-10-12
5,338.6	2 3/8in, Tubing Pup Joint; 5,338.55-5,340.65; 2.10; 2-3; 2 3/8; 2.00
5,340.6	2 3/8in, Tubing YELLOW BAND; 5,340.65-5,373.60; 32.95; 2-4; 2 3/8; 2.00
5,373.7	2 3/8in, Pump Seating Nipple; 5,373.60-5,374.70; 1.10; 2-5; 2 3/8; 1.78
5,374.7	2 3/8in, Mule Shoe (EXP CHK); 5,374.70-5,375.55; 0.85; 2-6; 2 3/8; 1.78
5,375.7	
5,413.1	
5,558.1	Shoe, 4 1/2in; 5,558.00-5,559.00; 1.00; 3-2; 4 1/2; 4.05
5,559.1	
5,560.0	

HILCORP ENERGY COMPANY
HILL 3A
FRUITLAND COAL RECOMPLETE SUNDRY

HILL 3A - PROPOSED WELLBORE SCHEMATIC

Hilcorp Energy Company

PROPOSED SCHEMATIC

Well Name: HILL #3A

API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004522080	010-029N-008W-P	BLANCO MESAVERDE (PRORAT #0078		NEW MEXICO	
Original KB/RT Elevation (ft)	**RKB to GL (ft)**	**Original Spud Date**	**Rig Release Date**	**PBTD (All)**	**Total Depth All (TVD)**
6,261.00	12.00	9/21/1976 00:00	2/27/2001 13:30	Original Hole - 5,558.0	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date
Expense Workover	TUBING REPAIR		2/22/2022	2/23/2022

TD: 5,560.0

Original Hole

MD (ftKB)	Vertical schematic (actual)
12.1	7 1/16in, Tubing Hanger; 12.00-13.00; 1.00; 2-1; 7 1/16; 2.00
13.1	Casing Joints, 9 5/8in; 12.00-316.00; 304.00; 1-1; 9 5/8; 8.92
315.9	Shoe, 9 5/8in; 316.00-317.00; 1.00; 1-2; 9 5/8; 8.92
316.9	Casing Joints, 7in; 12.00-3,219.00; 3,207.00; 2-1; 7; 6.46
2,158.1	
2,339.9	OJO ALAMO (OJO ALAMO (final))
2,950.1	FRUITLAND (FRUITLAND (final))
3,063.0	2 3/8in, Tubing
3,115.2	PICTURED CLIFFS (PICTURED CLIFFS (final))
3,219.2	PROPOSED FRUITLAND COAL PERFORATIONS: 2,950' – 3,115'
3,220.1	Shoe, 7in; 3,219.00-3,220.00; 1.00; 2-2; 7; 6.46
3,676.8	
3,930.1	CHACRA (CHACRA (final))
4,375.0	3,677.0-4,375.0ftKB on 2/20/2001 00:00 (PERF LEWIS); 3,677.00-4,375.00; 2001-02-20
4,585.0	Casing Joints, 4 1/2in; 3,063.00-5,558.00; 2,495.00; 3-1; 4 1/2; 4.05
4,597.1	CLIFFHOUSE (CLIFFHOUSE (final))
4,795.9	4,597.0-4,950.0ftKB on 10/12/1976 00:00 (PERF CLIFFHOUSE/MENEFEE); 4,597.00-4,950.00; 1976-10-12
4,950.1	MENEFEE (MENEFEE (final))
5,113.8	
5,168.0	5,114.0-5,413.0ftKB on 10/12/1976 00:00 (PERF POINT LOOKOUT); 5,114.00-5,413.00; 1976-10-12
5,338.6	POINT LOOKOUT (POINT LOOKOUT (final))
5,340.6	
5,373.7	
5,374.7	
5,375.7	
5,413.1	
5,558.1	Shoe, 4 1/2in; 5,558.00-5,559.00; 1.00; 3-2; 4 1/2; 4.05
5,559.1	
5,560.0	

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 358004

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-22080	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318556	HILL	003A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6240

10. Surface Location

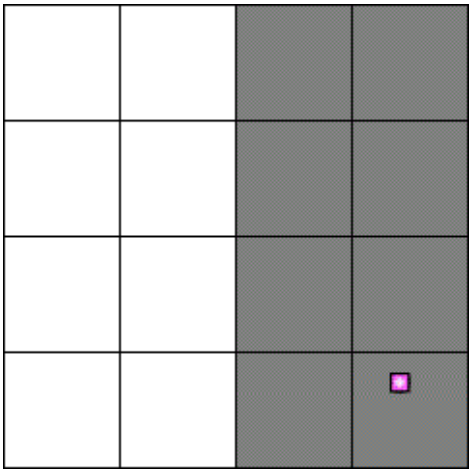
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	10	29N	08W		990	S	790	E	SAN JUAN

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.
320.00 E/2			

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: Operations/Regulatory Tech-Sr.
Date: 1/18/2024

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: Fred B. Kerr, Jr.
Date of Survey: 5/26/1976
Certificate Number: 3950

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:** 01 / 18 / 2024

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
Hill 3A	3004522080	P-10-29N-08W	990 FSL, 790 FEL	0 bbl/d	160 mcf/d	1 bbl/d

IV. Central Delivery Point Name: Chaco-Blanco 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
Hill 3A	**3004522080**					**2024**

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:	01/18/2024
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.

Hilcorp

January 29, 2024 *Mailed Certified / Electronic Return Receipt Requested*

To: ALL INTEREST OWNERS

RE: Application to Downhole Commingle Production
Well: Hill 003A
API: 30-045-22080
Section 10, Township 29 North, Range 08 West
San Juan County, New Mexico

Ladies and Gentlemen:

Hilcorp Energy Company ("Hilcorp"), as Operator of the subject well, has filed application with the New Mexico Oil Conservation Division for approval to downhole commingle production from the **Fruitland Coal**, a formation Hilcorp soon intends to perforate, with existing production from the **Mesaverde** formation. This letter and the application copy enclosed serve to provide you, an owner in one or more of the aforementioned formations, with written notice as prescribed by Subsection C of 19.15.12.11 New Mexico Administrative Code.

No action is required by you unless you wish to pursue a formal protest (see details italicized below).

If you no longer own an interest in this well or need to make changes to your address, etc., please email ownerrelations@hilcorp.com. For those without email access, please call (713) 209-2457.

Hilcorp is eager to explore this potential opportunity to enhance production. Thank you for your support.

Sincerely,

Carson Rice
Landman – San Juan North
(713) 757-7108
carice@hilcorp.com

cc:bmg Enclosures

Protesting:
Protests must be in writing and received within twenty (20) days from the date of this letter. In your response, please include your contact information, details referenced herein and the specific concerns and/or reasoning behind your decision. You are encouraged to email me an electronic copy and, subsequently, mailing (overnight) a hard copy to my attention at the address in the footer below. Upon receipt, I will follow up by phone to discuss your concerns. Should we be unable to resolve them, a formal protest will be set for hearing with the New Mexico Oil & Conservation Division in Santa Fe, NM, wherein your attendance and testimony will be required.

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

Hill — Lease
3A — Well No.
P-10-T29N-R08W — Unit Letter-Section-Township-Range
San Juan County, NM — County

OGRID No. 372171 Property Code 318556 API No. 30-045-22080 Lease Type: _X_Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2950' - 3115'		3677' - 5413'
Method of Production (Flowing or Artificial Lift)	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)	61 psi		101 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1126 BTU		1293 BTU
Producing, Shut-In or 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: 11/1/2024 Rates: Oil - 9 bbl Gas - 3,146 mcf Water - 80 bbl
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 %	Oil % Gas %	Oil % Gas %

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_____

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: _____

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 Tech-Sr. DATE 1/18/2024

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

E-MAIL ADDRESS cweston@hilcorp.com

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
9214896900999790183262945 9	Brenda Guzman	, OFFICE OF NATURAL RESOURCES REVENUE, LAKEWOOD ACCTG CENT ONSHORE, DENVER, CO, 80225-0627 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262946 6	Brenda Guzman	, XTO ENERGY INC, , DALLAS, TX, 75284-0791 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262947 3	Brenda Guzman	, HANSON MCBRIDE PETROLEUM CO, , ROSWELL, NM, 88202-1515 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262948 0	Brenda Guzman	, BRIAN DOWNING GIBSON, , SANTA FE, NM, 87502 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262949 7	Brenda Guzman	, MABEL GLENN HAM REVOC TRUST, KURT A SOMMER TRUSTEE, SANTA FE, NM, 87504-1984 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262950 3	Brenda Guzman	, MARILYN A MCGEE, , JACKSONVILLE, FL, 32216-1177 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262951 0	Brenda Guzman	, SIXTH FLEET LLC, , MIDDLETOWN, NY, 10941 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262952 7	Brenda Guzman	, GURDON RANSOM MILLER III, , FORESTVILLE, CA, 95436 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262953 4	Brenda Guzman	, BONANZA CREEK MINERALS LLC, ATTN RICHARD D HUGHES MANAGER, ALBUQUERQUE, NM, 87113 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262954 1	Brenda Guzman	, RICHARD GODFREY, REVOCABLE TRUST, OKLAHOMA CITY, OK, 73154-0661 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262955 8	Brenda Guzman	, ELIZABETH H WHITE FAMILY TRUST, LINDA PAYNE TRUSTEE, DALLAS, TX, 75378-0099 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262956 5	Brenda Guzman	, FREE RIDE LLC, , ROSWELL, NM, 88202 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262957 2	Brenda Guzman	, APCO MINERALS LTD, FROST BANK PA784 AGENT, SAN ANTONIO, TX, 78296 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262958 9	Brenda Guzman	, GREAT HERITAGE PROPERTIES LLC, , OKLAHOMA CITY, OK, 73112 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262959 6	Brenda Guzman	, JANE E ROELOFS REVOCABLE TRUST, PEGGY L WALTHER TTEE, OCEANSIDE, CA, 92057-4831 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262960 2	Brenda Guzman	, ENDURING RESOURCES IV, LLC, , CENTENNIAL, CO, 80111 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262961 9	Brenda Guzman	, JJK HOLDINGS LLC, , SANTA FE, NM, 87504-1984 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262962 6	Brenda Guzman	, JANE MANNING PITKIN ESTATE, GURDON MILLER EXECUTOR, FORESTVILLE, CA, 95436-9501 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262963 3	Brenda Guzman	, HAL AND JEAN RIDDLE TRUST, , AMARILLO, TX, 79105-5938 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262964 0	Brenda Guzman	, ELLEN RODRIGUES, , NASHVILLE, TN, 37205 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262965 7	Brenda Guzman	, SAN JUAN BASIN TRUST, , BARTLESVILLE, OK, 74006-7500 Code: Hill 3A DHC	1/29/2024	Signature Pending
9214896900999790183262966 4	Brenda Guzman	, JACOB RUSSEL WAHLBERG AND JAFFA, DUGAN WAHLBERG 2009 TRUST, ARCATA, CA, 95518 Code: Hill 3A DHC	1/29/2024	Signature Pending

9214896900999790183262967 1	Brenda Guzman	, GEORGE ANN SCHARHAG, , SANTA FE, NM, 87504 Code: Hill 3A DHC	1/29/2024	**Signature Pending**
9214896900999790183262968 8	Brenda Guzman	, KIM H NASH, , ARROYO SECO, NM, 87514 Code: Hill 3A DHC	1/29/2024	**Signature Pending**
9214896900999790183262969 5	Brenda Guzman	, SIMCOE, LLC, , DURANGO, CO, 81301 Code: Hill 3A DHC	1/29/2024	**Signature Pending**

From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
To: Cheryl Weston; Mandi Walker
Cc: McClure, Dean, EMNRD; Roberts, Kelly, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Paradis, Kyle O; dmankiew@blm.gov
Subject: Approved Administrative Order DHC-5364
Date: Friday, April 19, 2024 1:49:48 PM
Attachments: DHC5364 Order.pdf

NMOCD has issued Administrative Order DHC-5364 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **Hill #3A**
Well API: **30-045-22080**

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

LocaliQ
Texas/New Mexico
GANNETT

PO Box 631667 Cincinnati, OH 45263-1667

AFFIDAVIT OF PUBLICATION

Hilcorp Energy
Hilcorp Energy
382 Rd 3100
Aztec NM 87410

STATE OF WISCONSIN, COUNTY OF BROWN

The Farmington Daily Times, a daily newspaper published in the city of Farmington, San Juan County, State of New Mexico, and personal knowledge of the facts herein state and that the notice hereto annexed was Published in said newspapers in the issue:

03/20/2024

and that the fees charged are legal.
Sworn to and subscribed before on 03/20/2024

Notice by Hilcorp Energy Company for Downhole Commingling, San Juan County, New Mexico. Pursuant to Paragraph (2) of Subsection C of 19.15.12.11 NMAC, Hilcorp Energy Company, as Operator, has filed form C-107-A with the New Mexico Energy, Minerals and Natural Resources Department – Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle new production from the Basin-Fruitland Coal Gas Pool (71629) with existing production from the Blanco-Mesaverde Gas Pool (72319) in the HILL 3A well (API No. 30-045-22080) located in Unit P, Section 10, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico. Commingling will not reduce the value of production. The allocation of production between zones will occur via subtraction method. This notice is intended for certain unlocatable interest owners in the aforementioned well for which certified mail delivery is not possible. Should you (the interest owner for which this notice is intended) have an objection, you must notify the NMOCD in writing within twenty (20) days from the date of this publication. Thereafter, the matter may be set for hearing with the NMOCD in Santa Fe, NM, wherein your attendance and testimony would be required.
#9973201, Daily Times, March 20, 2024

Legal Clerk

Notary, State of WI, County of Brown

10-25-26
My commission expires

Publication Cost:	$84.50		
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THIS IS NOT AN INVOICE!

Please do not use this form for payment remittance.

RYAN SPELLER
Notary Public
State of Wisconsin

From: Cheryl Weston
To: McClure, Dean, EMNRD
Subject: FW: [EXTERNAL] Action ID: 315555; DHC-5364
Date: Friday, April 19, 2024 9:42:14 AM

Dean,

Sorry for the delay in the response. There was no H2S.

Thanks,
Cheryl

From: Griffin Selby <Griffin.Selby@hilcorp.com>
Sent: Friday, April 19, 2024 10:37 AM
To: Cheryl Weston <cweston@hilcorp.com>; Sikandar Khan <Sikandar.Khan@hilcorp.com>; Trey Misuraca <Trey.Misuraca@hilcorp.com>
Subject: RE: [EXTERNAL] Action ID: 315555; DHC-5364

Cheryl,

The quantity of H2S in each pool is zero.

Thanks.

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Thursday, April 18, 2024 3:21 PM
To: Griffin Selby <Griffin.Selby@hilcorp.com>; Sikandar Khan <Sikandar.Khan@hilcorp.com>; Trey Misuraca <Trey.Misuraca@hilcorp.com>
Subject: FW: [EXTERNAL] Action ID: 315555; DHC-5364

Griffin,

OCD is requesting quantity of H2S in each of the pools for Hill 3A DHC.

Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Thursday, April 18, 2024 3:14 PM
To: Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Subject: [EXTERNAL] Action ID: 315555; DHC-5364

To whom it may concern (c/o Cheryl Weston for Hilcorp Energy Company),

The Division is reviewing the following application:

Action ID	315555
Admin No.	DHC-5364
Applicant	Hilcorp Energy Company (372171)
Title	Hill #3A
Sub. Date	2/29/2024

Please provide the following additional supplemental documents:

-

Please provide additional information regarding the following:

- Please confirm the quantity of H2S within each of the pools

Additional notes:

-

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

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

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-5364**

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. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
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. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.

13. 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. zero percent (0%) shall be allocated to the BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629); and
   b. one hundred percent (100%) shall be allocated to the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

   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 BASIN FRUITLAND COAL (GAS) pool (pool ID: 71629).

   The current pool(s) are:
   a. the BLANCO-MESAVERDE (PRORATED GAS) pool (pool ID: 72319).

   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: 4/19/24

DYLAN M. FUGE
DIRECTOR (ACTING)

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

	Order:	DHC-5364			
	Operator:	Hilcorp Energy Company (372171)			
	Well Name:	Hill #3A			
	Well API:	30-045-22080			
Upper Zone	Pool Name:	BASIN FRUITLAND COAL (GAS)			
	Pool ID:	71629	Current:	New:	X
	Allocation:		Oil: 0.0%	Gas:	subt
			Top: 2,950	Bottom:	3,115
Intermediate Zone	Pool Name:				
	Pool ID:		Current:	New:	
	Allocation:		Oil:	Gas:	
			Top:	Bottom:	
Bottom of Interval within 150% of Upper Zone's Top of Interval:					
Lower Zone	Pool Name:	BLANCO-MESAVERDE (PRORATED GAS)			
	Pool ID:	72319	Current: X	New:	
	Allocation:		Oil: 100.0%	Gas:	subt
			Top: 3,677	Bottom:	5,413
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

Action 315555

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 315555
	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.	4/19/2024