

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
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039-23624
5. Indicate Type of Lease STATE [ ] FEE [ ]
6. State Oil & Gas Lease No. Federal NMSF078945
7. Lease Name or Unit Agreement Name SAN JUAN 29-7 UNIT
8. Well Number 124
9. OGRID Number 372171
10. Pool name or Wildcat Blanco Mesaverde / Basin Dakota
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6564' GL

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

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ]
TEMPORARILY ABANDON [ ] CHANGE PLANS [ ]
PULL OR ALTER CASING [ ] MULTIPLE COMPL [ ]
DOWNHOLE COMMINGLE [X]
CLOSED-LOOP SYSTEM [ ]
OTHER: [ ] RECOMPLETE [ ]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] P AND A [ ]
CASING/CEMENT JOB [ ]
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 complete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle with the existing Basin Dakota (pool 71599). 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 5031' - 5990'; DK 7576' - 7794'. These perforations are in TVD.

As referred to in Order # R-10697 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 Tech-Sr. DATE 4/22/2024

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

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 06/05/2024
Conditions of Approval (if any):

## CONDITIONS OF APPROVAL

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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.

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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

The Operator 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, the Operator 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 the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit 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.

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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 364073

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-23624	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318713	5. Property Name SAN JUAN 29 7 UNIT	6. Well No. 124
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6564

**10. Surface Location**

UL - Lot L	Section 28	Township 29N	Range 07W	Lot Idn	Feet From 1850	N/S Line S	Feet From 1170	E/W Line W	County RIO ARRIBA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <a href="#">Cherylene Weston</a>                  Title: Operations/Regulatory Tech-Sr.                  Date: 4/18/2024</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Fred B. Kerr, Jr.                  Date of Survey: 4/9/1979                  Certificate Number: 3950</p>

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

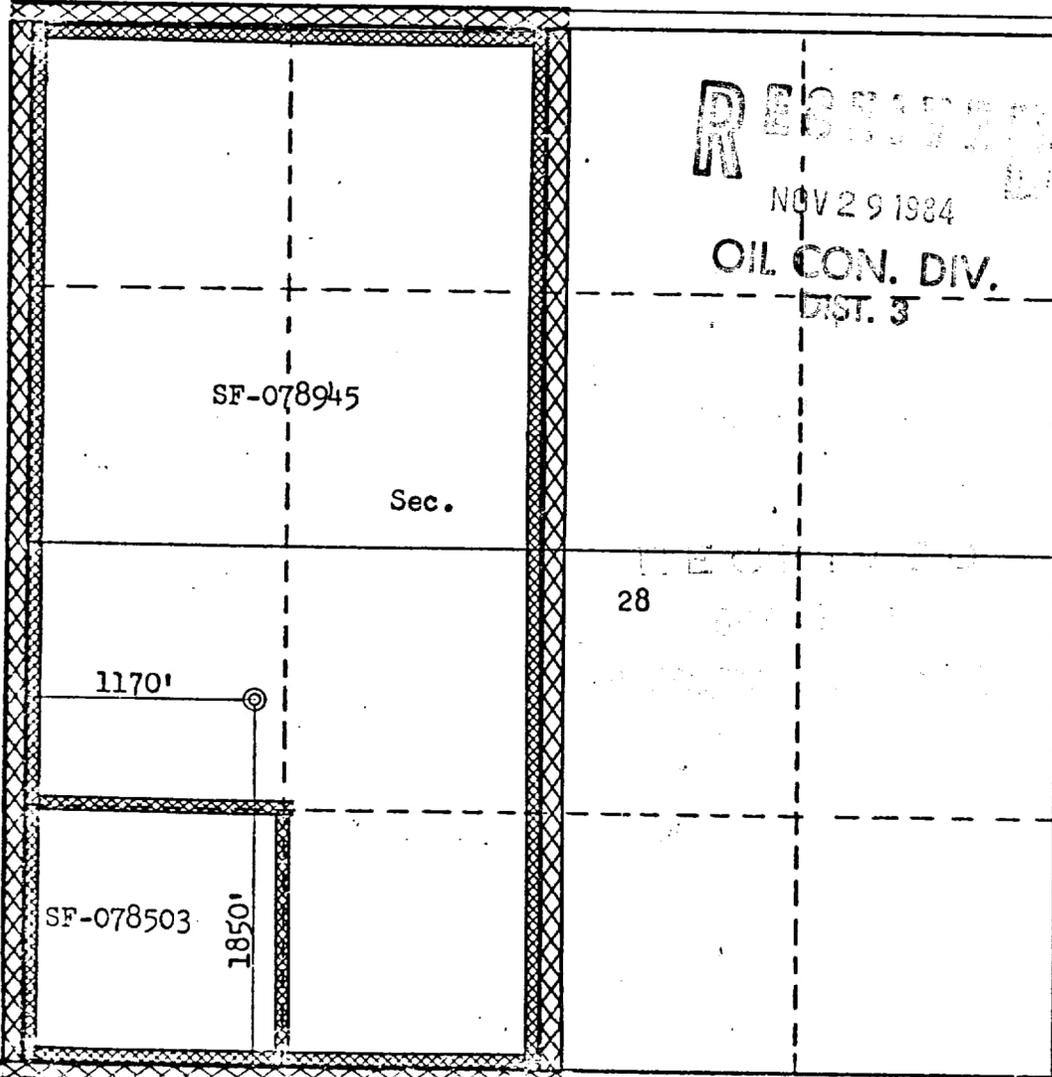
Operator <b>EL PASO NATURAL GAS COMPANY</b>			Lease <b>SAN JUAN 29-7 Unit (SF-078945)</b>		Well No. <b>124</b>
Unit Letter <b>L</b>	Section <b>28</b>	Township <b>29N</b>	Range <b>7W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well: <b>1850</b> feet from the <b>South</b> line and <b>1170</b> feet from the <b>West</b> line					
Ground Level Elev. <b>6564</b>	Producing Formation <b>Dakota</b>	Pool <b>Basin Dakota</b>		Dedicated Acreage: <b>320.00</b> Acres	

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

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

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

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

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

*Regan Bradford*  
Name  
**Drilling Clerk**

Position  
**El Paso Natural Gas Co.**

Date  
**October 4, 1984**

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  
**April 9, 1979**

Registered Professional Engineer and/or Land Surveyor  
*Fred B. Kerra*  
**Fred B. Kerra**

Certificate No. **3950**

# San Juan 29-7 Unit 124 Allocation

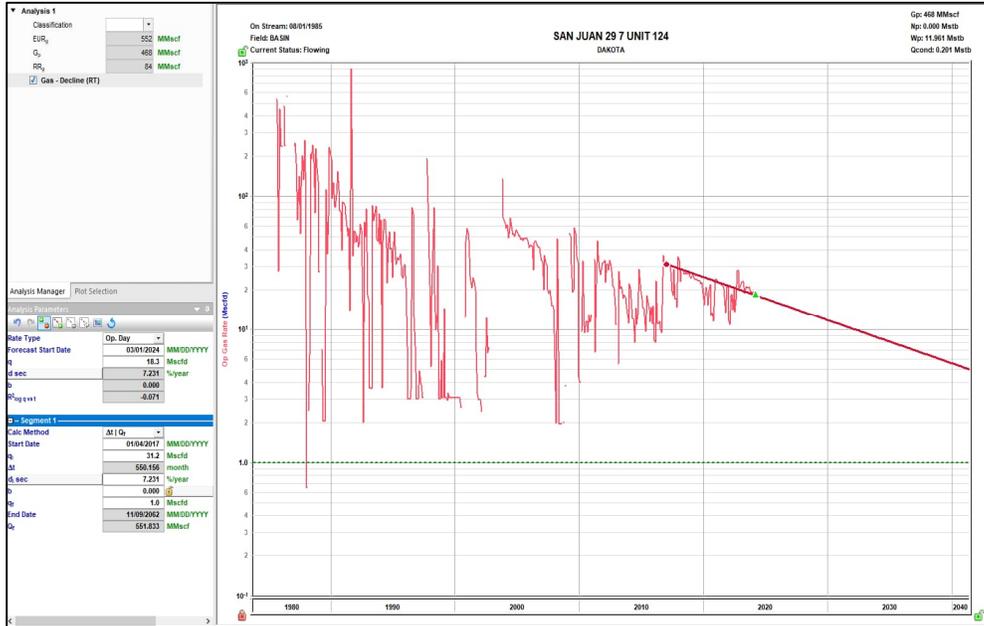
## Production Allocation Method – Subtraction

### Gas Allocation:

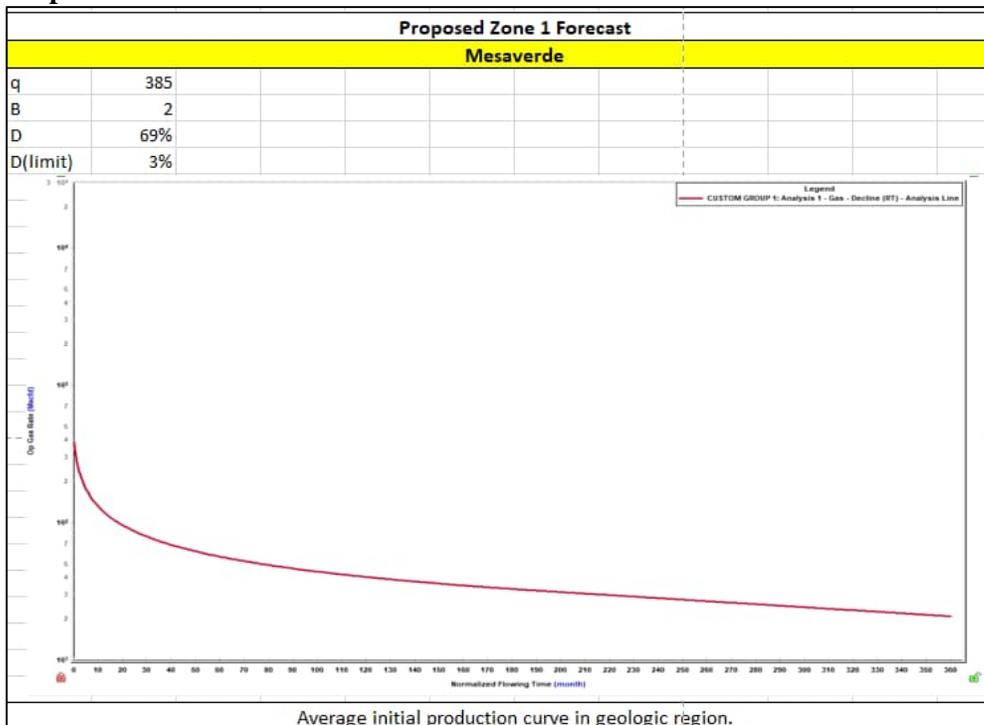
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formations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

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

### Current Zone 1 Forecast – Dakota



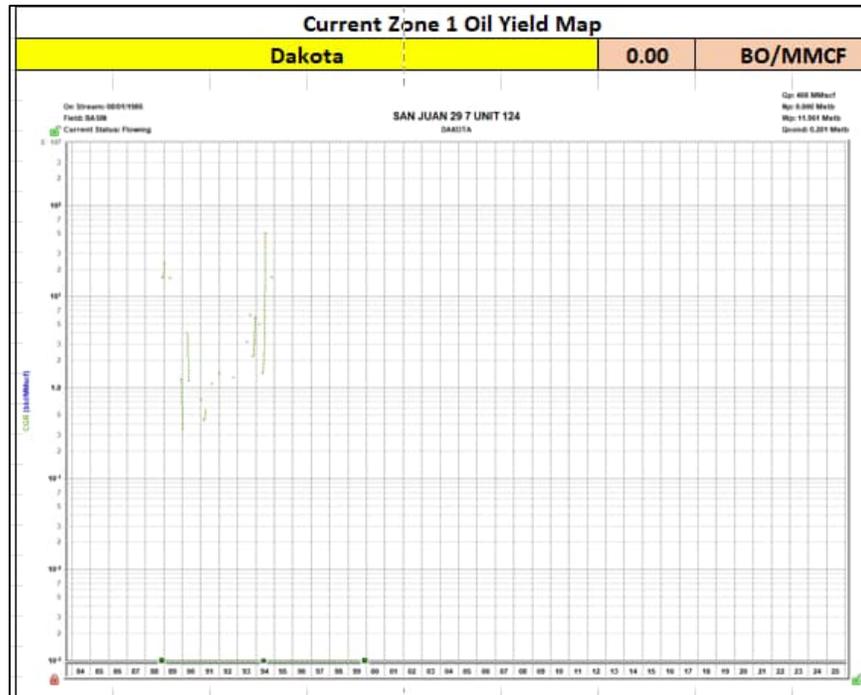
### Proposed Zone Forecast – Mesaverde



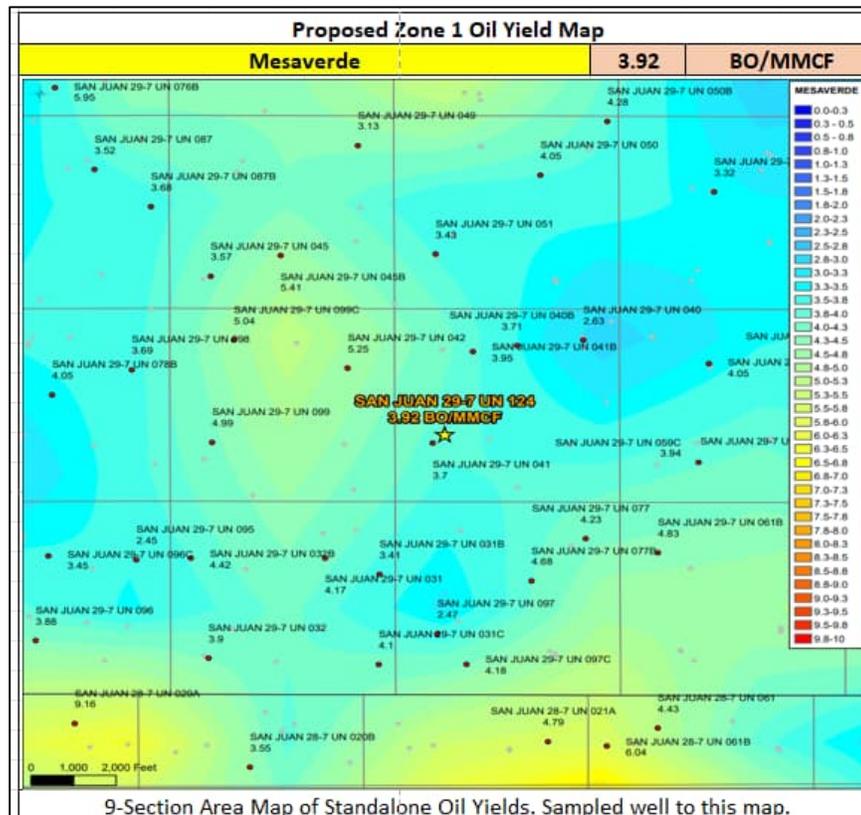
**Oil Allocation:**

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. All documentation will be submitted to NMOCD.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.00	84	0%
MV	3.92	476	100%



Average Oil Yield observed in this well



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

**From:** [Cheryl Weston](#)  
**To:** [McClure, Dean, EMNRD](#); [Mandi Walker](#)  
**Cc:** [Lowe, Leonard, EMNRD](#)  
**Subject:** RE: [EXTERNAL] Application ID: 336264; 30-039-23624 SAN JUAN 29 7 UNIT #124  
**Date:** Wednesday, June 5, 2024 3:27:10 PM  
**Attachments:** [San Juan 29-7 Unit 124 DHC C-103.pdf](#)

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Dean,

Here is the corrected version.

Thanks,  
Cheryl

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**From:** McClure, Dean, EMNRD <Dean.McClure@emnrn.nm.gov>  
**Sent:** Wednesday, June 5, 2024 4:22 PM  
**To:** Cheryl Weston <cweston@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>  
**Cc:** Lowe, Leonard, EMNRD <Leonard.Lowe@emnrn.nm.gov>  
**Subject:** [EXTERNAL] Application ID: 336264; 30-039-23624 SAN JUAN 29 7 UNIT #124

**CAUTION:** External sender. DO NOT open links or attachments from UNKNOWN senders.

Cheryl,

I am reviewing the form C-107A referenced in the subject line of this email. It appears that the NOI was updated with an alteration to the proposed MV perforations, but the DHC application has not been. Please provide an amended application with consideration made to the proposed MV perforation range.

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

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CONDITIONS

Action 336264

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 336264
	Action Type: [C-107] Down Hole Commingle (C-107A)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.	6/5/2024
dmcclure	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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.	6/5/2024
dmcclure	If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.	6/5/2024
dmcclure	The Operator 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, the Operator 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 the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit 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.	6/5/2024