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

Three States Com — Lease
1A — Well No.
C-16-T29N-R08W — Unit Letter-Section-Township-Range
San Juan County, NM — County

OGRID No. 372171 Property Code 319116 API No. 30-045-27534 Lease Type: ____Federal __X__State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal	Blanco Pictured Cliffs	Blanco Mesaverde
Pool Code	71629	72359	72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2708' - 3132'	3132' - 3220'	4756' - 5360'
Method of Production (Flowing or Artificial Lift)	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)	115 psi	95 psi	325 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1121 BTU	1154 BTU	1320 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: 2/1/2024 Rates: Oil - 0 bbl Gas - 2,220 mcf Water - 0 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__X___ 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 5/1/2024

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 355583

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-27534	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
319116	THREE STATES COM	001A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6482

10. Surface Location

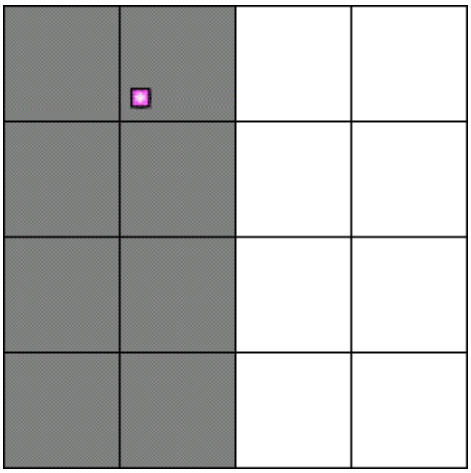
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	16	29N	08W		1030	N	1550	W	SAN JUAN

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			

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: 12/12/2023

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: Gary D. Vann
Date of Survey: 10/9/1989
Certificate Number: 7016

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 355583

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-27534	72359	BLANCO PICTURED CLIFFS (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
319116	THREE STATES COM	001A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6482

10. Surface Location

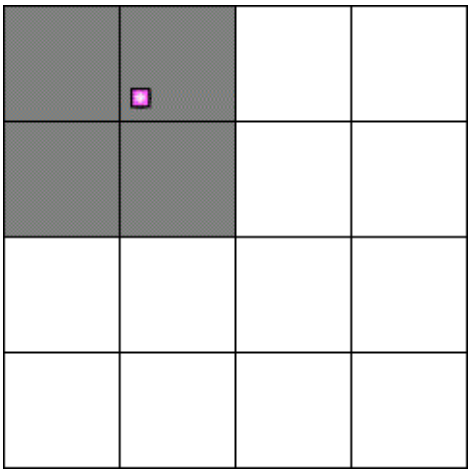
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	16	29N	08W		1030	N	1550	W	SAN JUAN

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.
160.00			

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: 12/12/2023

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: Gary D. Vann
Date of Survey: 10/9/1989
Certificate Number: 7016

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
AMOCO PRODUCTION COMPANY	Tomlinson S STATES COM LS	# 1A

Unit Letter	Section	Township	Range	County
C	16	29 NORTH	8 WEST NMPM	SAN JUAN

Actual Footage Location of Well:
1030 feet from the NORTH line and 1550 feet from the WEST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
6482	Mesaverde	Blanco/Mesaverde	W/2 320 Acres

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

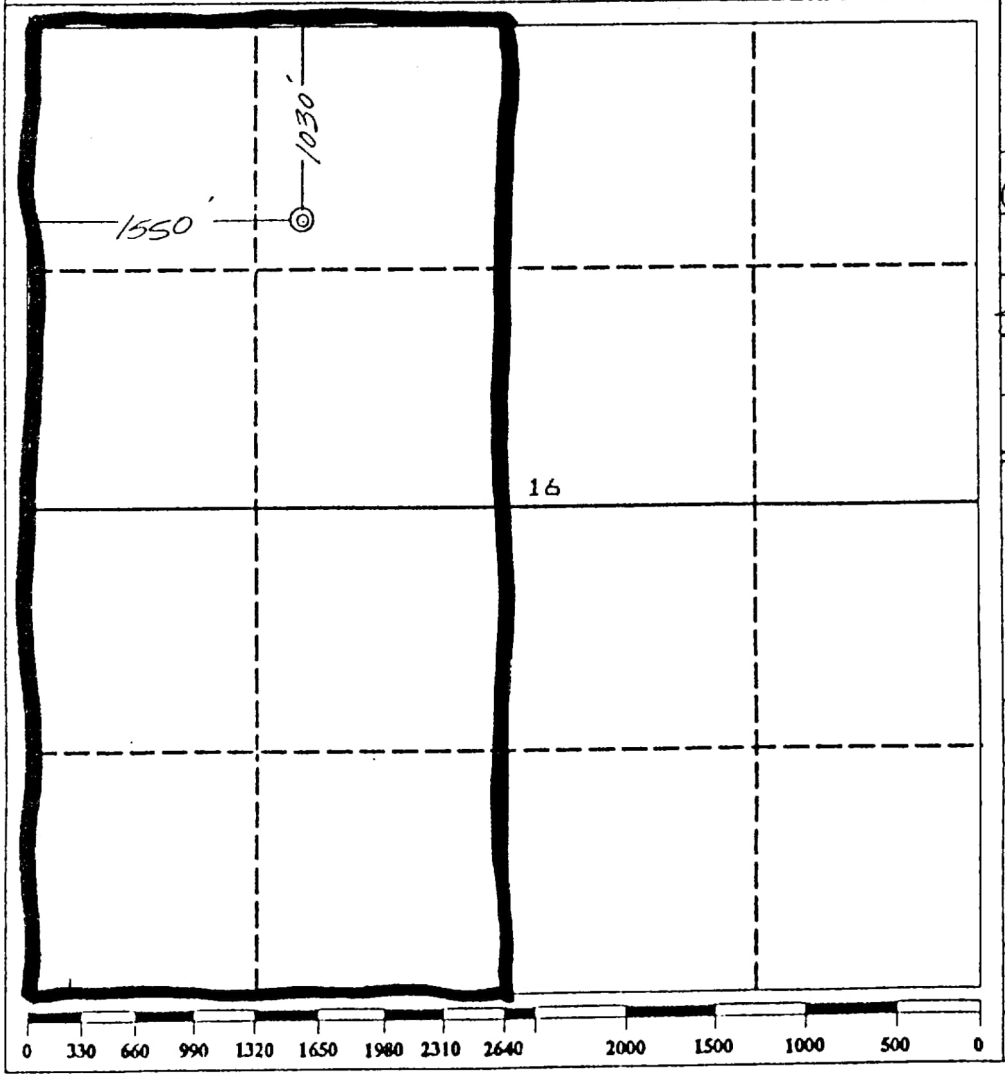
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest 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 neccessary. _____

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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature: J L Hampton/cwr

Printed Name: J L Hampton

Position: SR Staff Admin. Supv.

Company: Amoco Prod. Co.

Date: 11/17/89

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: October 9, 1989

Signature & Seal of Professional Surveyor: GARY D. VANN NEW MEXICO 7016 REGISTERED PROFESSIONAL LAND SURVEYOR

Gary L. Vann

Certificate No. 7016

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.

Three States Com 1A Production Allocation

The forecasts for Fruitland Coal and Pictured Cliffs 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

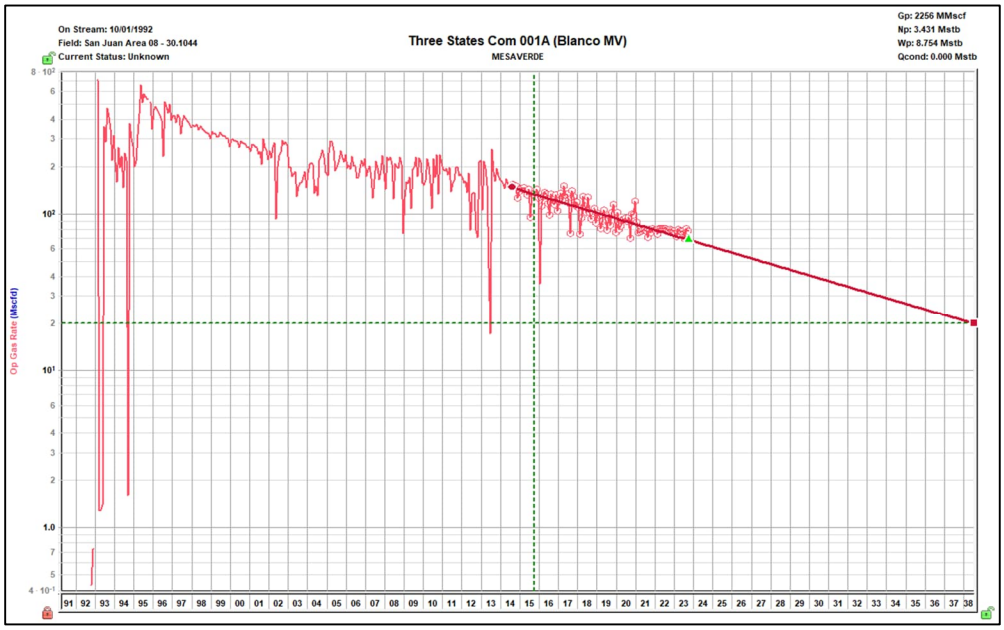
Gas Allocation:
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal/Pictured Cliffs. The subtraction method applies an average monthly 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 formations.

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

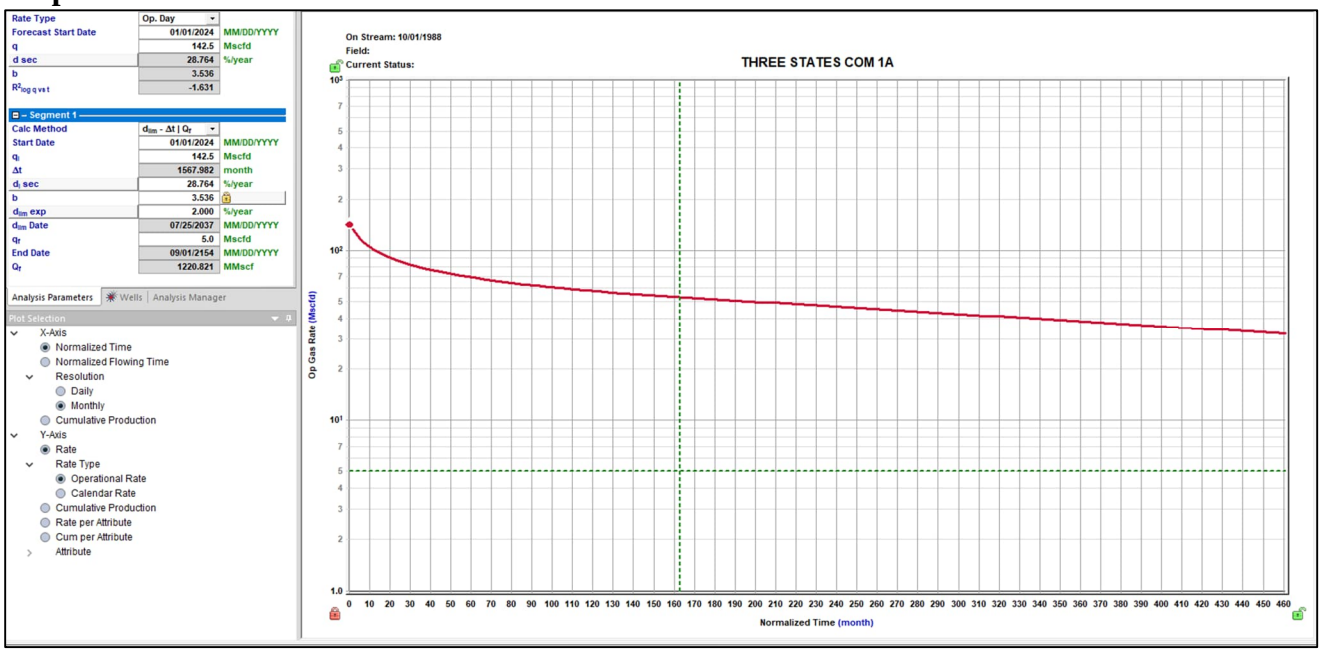
Formation	Remaining Reserves (MMcf)	% Gas Allocation
FRC	2002	78%
PC	564	22%

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

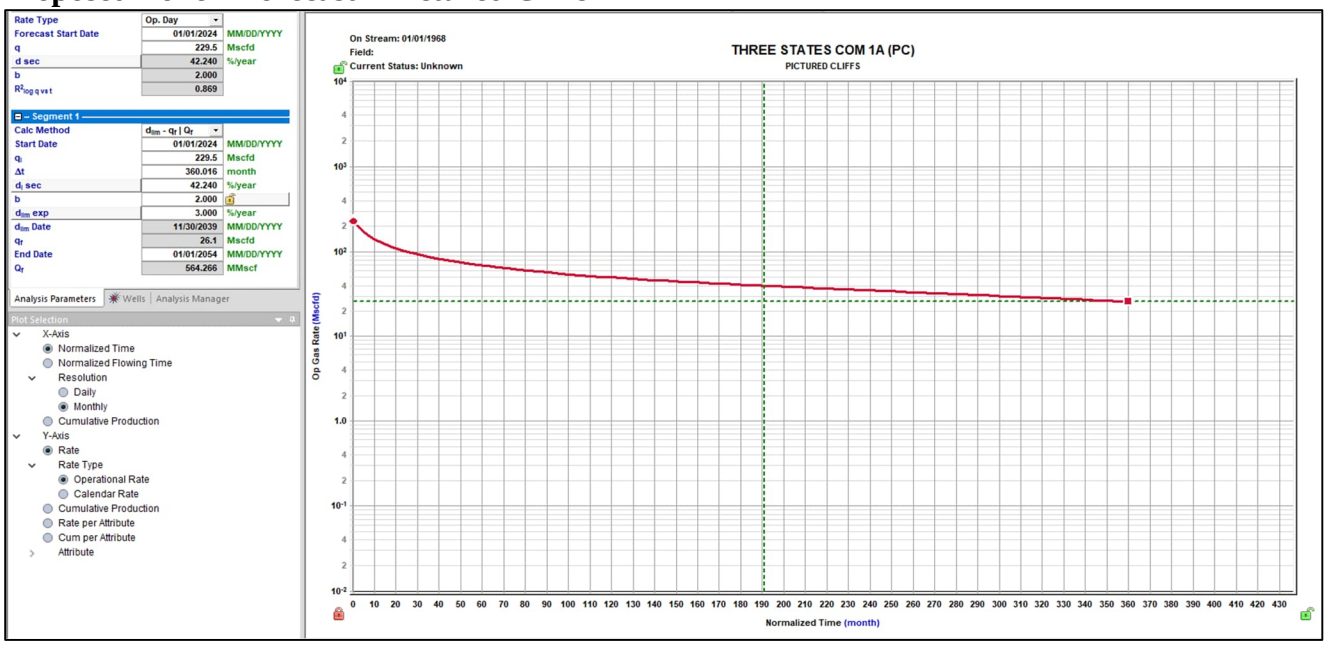


Proposed Zone 1 Forecast – Fruitland Coal



Average initial production curve in geologic region.

Proposed Zone 2 Forecast – Pictured Cliffs



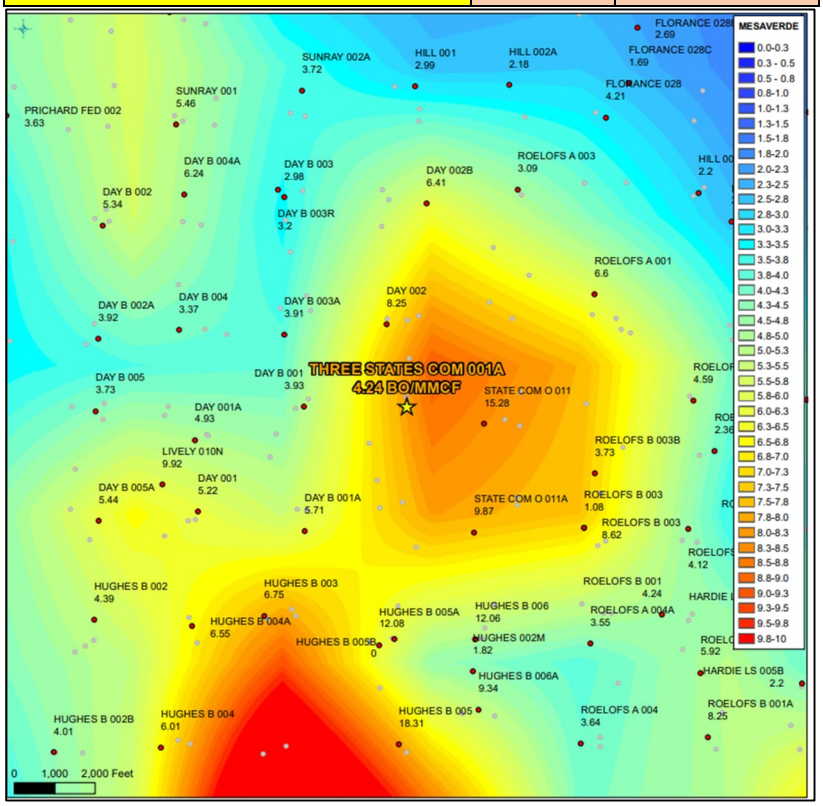
Oil Allocation:

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
MV	4.24	213	100%
FRC	0	2002	0%
PC	0	564	0%

Current Zone – Mesaverde Oil Yield Map

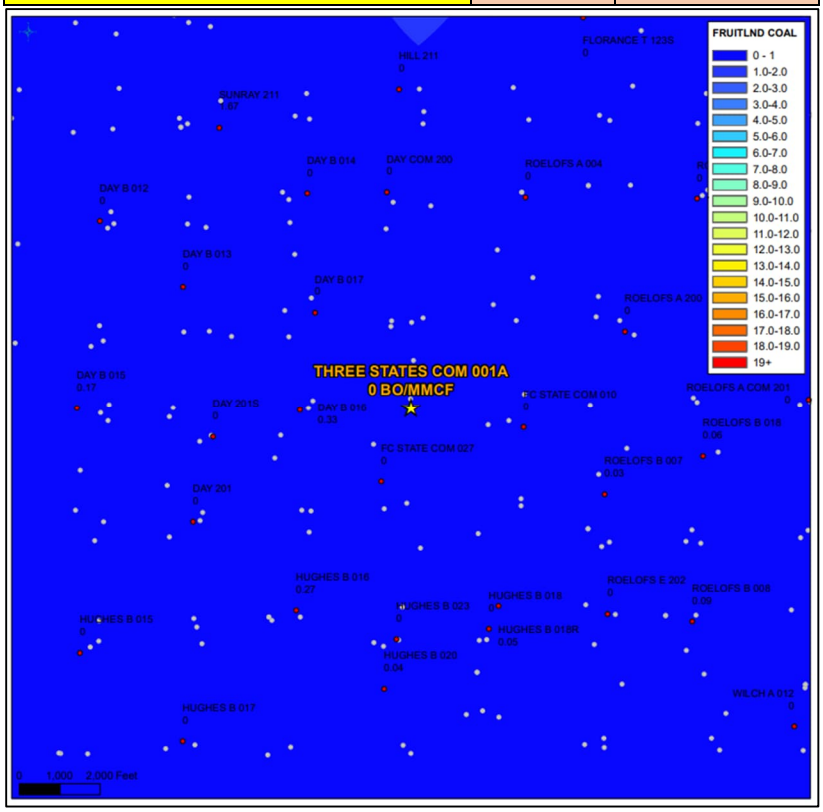
MV	4.24	BO/MMCF



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

Proposed Zone 1 – Fruitland Coal Oil Yield Map

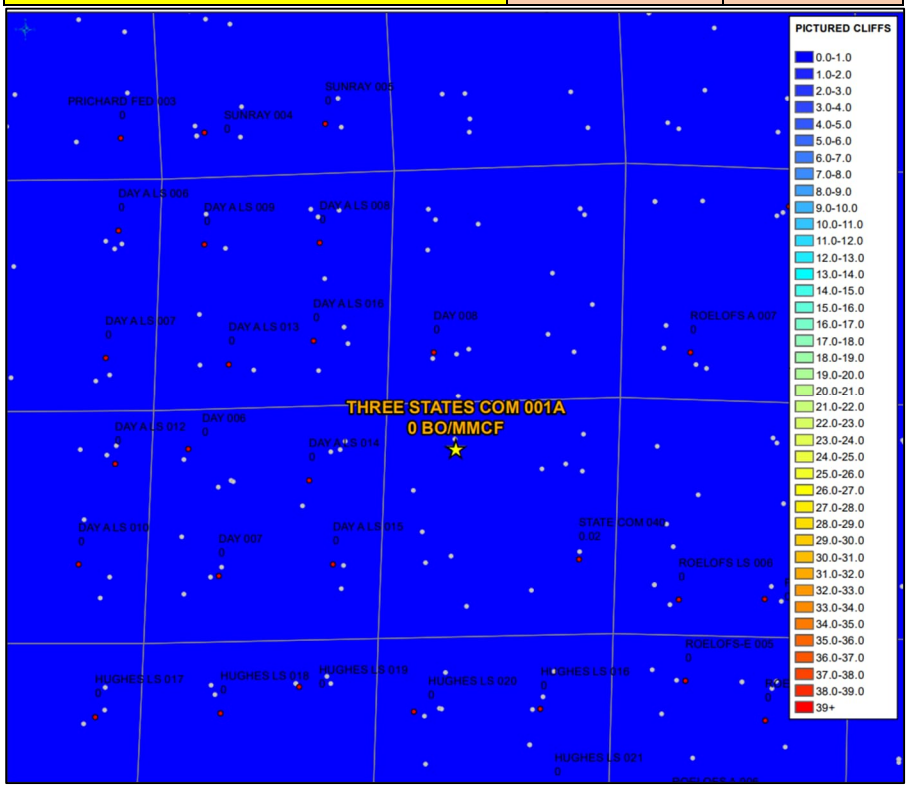
Fruitland Coal	0	BO/MMCF



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

Proposed Zone 2 – Pictured Cliffs Oil Yield Map

Pictured Cliffs	0	BO/MMCF



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:

3004522797	SUNRAY 2A	MV
3004533838	SUNRAY 211	FC
3003927788	SAN JUAN 29-7 UNIT 182	PC

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.

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
THREE STATES COM 1A	3004527534

FRC Offset		MV Offset		PC Offset	
API	3004534087	API	3004535193	API	3004507433
Property	HUGHES B 23	Property	ROELOFS A 2B	Property	HARDIE E 4
CationBarium	0	CationBarium	0.27	CationBarium	0
CationBoron		CationBoron		CationBoron	
CationCalcium	0.22	CationCalcium	2.36	CationCalcium	0.1
CationIron	5.6	CationIron	49.2	CationIron	0.61
CationMagnesium	0.05	CationMagnesium	0.32	CationMagnesium	0.06
CationManganese	0.01	CationManganese	0.85	CationManganese	0.05
CationPhosphorus		CationPhosphorus	0.09	CationPhosphorus	
CationPotassium		CationPotassium	10	CationPotassium	
CationStrontium	0	CationStrontium	1	CationStrontium	0
CationSodium	370.8	CationSodium	10	CationSodium	33644.7
CationSilica		CationSilica	5.34	CationSilica	
CationZinc		CationZinc	0.5	CationZinc	
CationAluminum		CationAluminum		CationAluminum	
CationCopper		CationCopper		CationCopper	
CationLead		CationLead	1	CationLead	
CationLithium		CationLithium		CationLithium	
CationNickel		CationNickel		CationNickel	
CationCobalt		CationCobalt		CationCobalt	
CationChromium		CationChromium		CationChromium	
CationSilicon		CationSilicon	5	CationSilicon	
CationMolybdenum		CationMolybdenum		CationMolybdenum	
AnionChloride	500	AnionChloride	35	AnionChloride	13600
AnionCarbonate	0	AnionCarbonate	10	AnionCarbonate	3228
AnionBicarbonate	73.2	AnionBicarbonate	31	AnionBicarbonate	59157.8
AnionBromide		AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride		AnionFluoride	
AnionHydroxyl		AnionHydroxyl	10	AnionHydroxyl	
AnionNitrate		AnionNitrate		AnionNitrate	
AnionPhosphate	2.5	AnionPhosphate	0.28	AnionPhosphate	54.8
AnionSulfate	50	AnionSulfate	3.2	AnionSulfate	120
phField	7.04	phField	6.6	phField	8.72
phCalculated	6.25	phCalculated	5.97	phCalculated	8.56
TempField		TempField	64.1	TempField	
TempLab		TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity	98	OtherFieldAlkalinity	1050.92
OtherSpecificGravity	1	OtherSpecificGravity	1	OtherSpecificGravity	1
OtherTDS	956	OtherTDS	100	OtherTDS	72321
OtherCaCO3	2238.46	OtherCaCO3	5.88	OtherCaCO3	18.02
OtherConductivity		OtherConductivity	112	OtherConductivity	
DissolvedCO2	80	DissolvedCO2	128	DissolvedCO2	680
DissolvedO2		DissolvedO2		DissolvedO2	
DissolvedH2S	7.5	DissolvedH2S		DissolvedH2S	40
GasPressure		GasPressure		GasPressure	
GasCO2	8	GasCO2		GasCO2	6
GasCO2PP		GasCO2PP		GasCO2PP	
GasH2S	0	GasH2S		GasH2S	0
GasH2SPP		GasH2SPP		GasH2SPP	
PitzerCaCO3_70		PitzerCaCO3_70		PitzerCaCO3_70	
PitzerBaSO4_70		PitzerBaSO4_70		PitzerBaSO4_70	
PitzerCaSO4_70		PitzerCaSO4_70		PitzerCaSO4_70	
PitzerSrSO4_70		PitzerSrSO4_70		PitzerSrSO4_70	
PitzerFeCO3_70		PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220		PitzerCaCO3_220		PitzerCaCO3_220	
PitzerBaSO4_220		PitzerBaSO4_220		PitzerBaSO4_220	
PitzerCaSO4_220		PitzerCaSO4_220		PitzerCaSO4_220	
PitzerSrSO4_220		PitzerSrSO4_220		PitzerSrSO4_220	
PitzerFeCO3_220		PitzerFeCO3_220		PitzerFeCO3_220	

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
THREE STATES COM 1A	3004527534

FRC Offset		MV Offset		PC Offset	
AssetCode	3004507566	AssetCode	3004527534	AssetCode	3004526547
AssetName	ZACHRY 1	AssetName	THREE STATES COM 1A	AssetName	PRICHARD FEDERAL 4
N2	0.0918	N2	0.2173	N2	0
CO2	1.8362	CO2	1.2523	CO2	0.01
C1	86.2371	C1	75.9601	C1	0.87
C2	8.3178	C2	10.9683	C2	0.07
C3	2.3993	C3	6.046	C3	0.03
IC4	0.4171	IC4	1.1215	ISOC4	0.01
NC4	0.3712	NC4	1.9075	NC4	0.01
IC5	0.1189	IC5	0.6827	ISOC5	0
NC5	0.0657	NC5	0.5444	NC5	0
C6+	0.1449	C6+	1.2999	C6_PLUS	0
C7		C7		C7	
C8		C8		C8	
C9		C9		C9	
C10		C10		C10	
AR		AR		AR	
CO		CO		CO	
H2		H2		H2	
O2		O2		O2	
H20		H20		H20	
H2S	0	H2S	0	H2S	
HE		HE		HE	
C_O_S		C_O_S		C_O_S	
CH3SH		CH3SH		CH3SH	
C2H5SH		C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S		CH2S	
C6HV		C6HV		C6HV	
CO2GPM		CO2GPM		CO2GPM	0
N2GPM		N2GPM		N2GPM	0
C1GPM		C1GPM		C1GPM	0
C2GPM		C2GPM		C2GPM	1.78
C3GPM		C3GPM		C3GPM	0.86
ISOC4GPM		ISOC4GPM		ISOC4GPM	0.2
NC4GPM		NC4GPM		NC4GPM	0.27
ISOC5GPM		ISOC5GPM		ISOC5GPM	0.11
NC5GPM		NC5GPM		NC5GPM	0.08
C6_PLUSGPM		C6_PLUSGPM		C6_PLUSGPM	0.16

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Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-101
Revised July 18, 2013

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address	2. OGRID Number
Hilcorp Energy Company 382 Road 3100 Aztec, NM 87410	372171
	3. API Number 30-045-27534

4. Property Code	5. Property Name	6. Well No.
319116	Three States Com	1A

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	16	029N	008W		1030	North	1550	West	San Juan

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

Pool Name	Pool Code
Basin Fruitland Coal, Blanco Pictured Cliffs	71629, 72359

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
Recomplete	Commingle		State	6482' GR
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
Commingle		Basin Fruitland Coal, Blanco P.C.		

Depth to Ground water	Distance from nearest fresh water well	Distance to nearest surface water

☒ **We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.** Signature: Cherylene Weston	OIL CONSERVATION DIVISION Approved By: Dean R McClure
Printed name: Cherylene Weston	Title: Petroleum Engineer
Title: Operations Regulatory Tech Sr.	Approved Date: 04/17/2024 Expiration Date: 04/17/2026
E-mail Address: cweston@hilcorp.com	
Date: 4/16/2024 Phone: 713-289-2615	Conditions of Approval Attached

HILCORP ENERGY COMPANY
THREE STATES COM LS 1A
PICTURED CLIFFS/FRUITLAND COAL RECOMPLETE SUNDRY
API 3004527534

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 **Mesaverde** perforation **(4,756')** 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 **Pictured Cliffs.** Top perforation @ **3,132',** bottom perforation @ **3,220'.**
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 **Pictured Cliffs** in one or more stages. Set plugs in between stages, if necessary.
11. RU WL. Perforate the **Fruitland Coal.** Top perforation @ **2,850'**, bottom perforation @ **3,132'**.
12. Frac the **Fruitland Coal** in one or more stages. Set plugs in between stages, if necessary.
13. MIRU workover rig and associated equipment; NU and test BOP.
14. **If frac was performed down frac string:** POOH w/ frac string and packer.
15. TIH with mill and clean out to isolation plug.
16. Mill out isolation plug. Cleanout to PBTD. TOOH with cleanout assembly.
17. TIH and land production tubing. Flowback the well. Return well to production as a **Fruitland Coal/Pictured Cliffs/Mesaverde Producer.**

Hilcorp Energy Company

Schematic - Current

Well Name: THREE STATES COM LS 1A

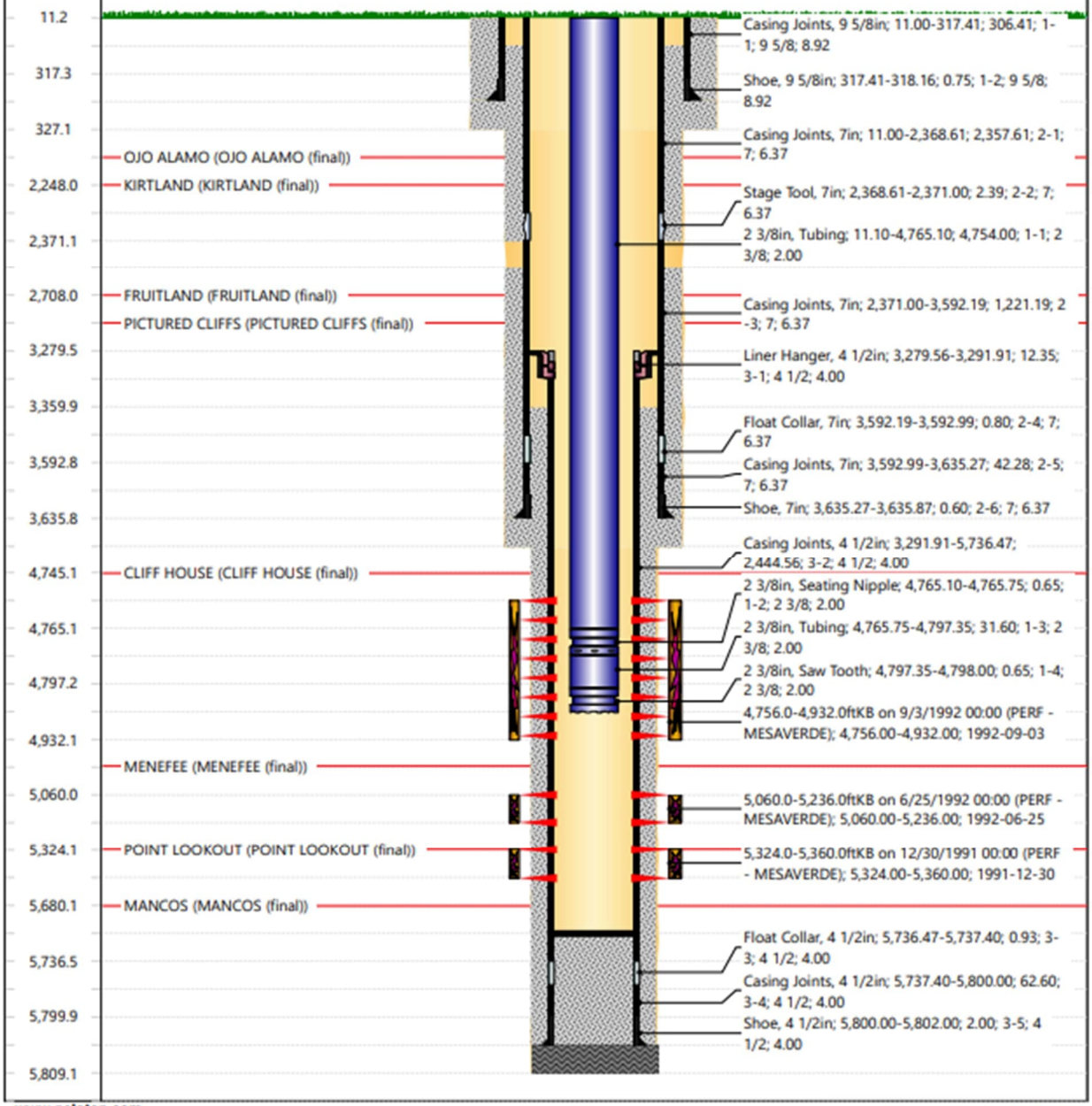
API / UWI	Surface Legal Location	Field Name	License No.	State/Province	Well Configuration Type
3004527534	016-029N-008W-C	MV		NEW MEXICO	Vertical
Original KB/RT Elevation (ft)	**RKB to GL (ft)**	**Original Spud Date**	**Rig Release Date**	**PBTD (All)**	**Total Depth All (TVD)**
6,493.00	11.00	12/9/1990 00:00	12/17/1990 00:00	Original Hole - 5,730.0	

Most Recent Job

Job Category	Primary Job Type	Secondary Job Type	Actual Start Date	End Date

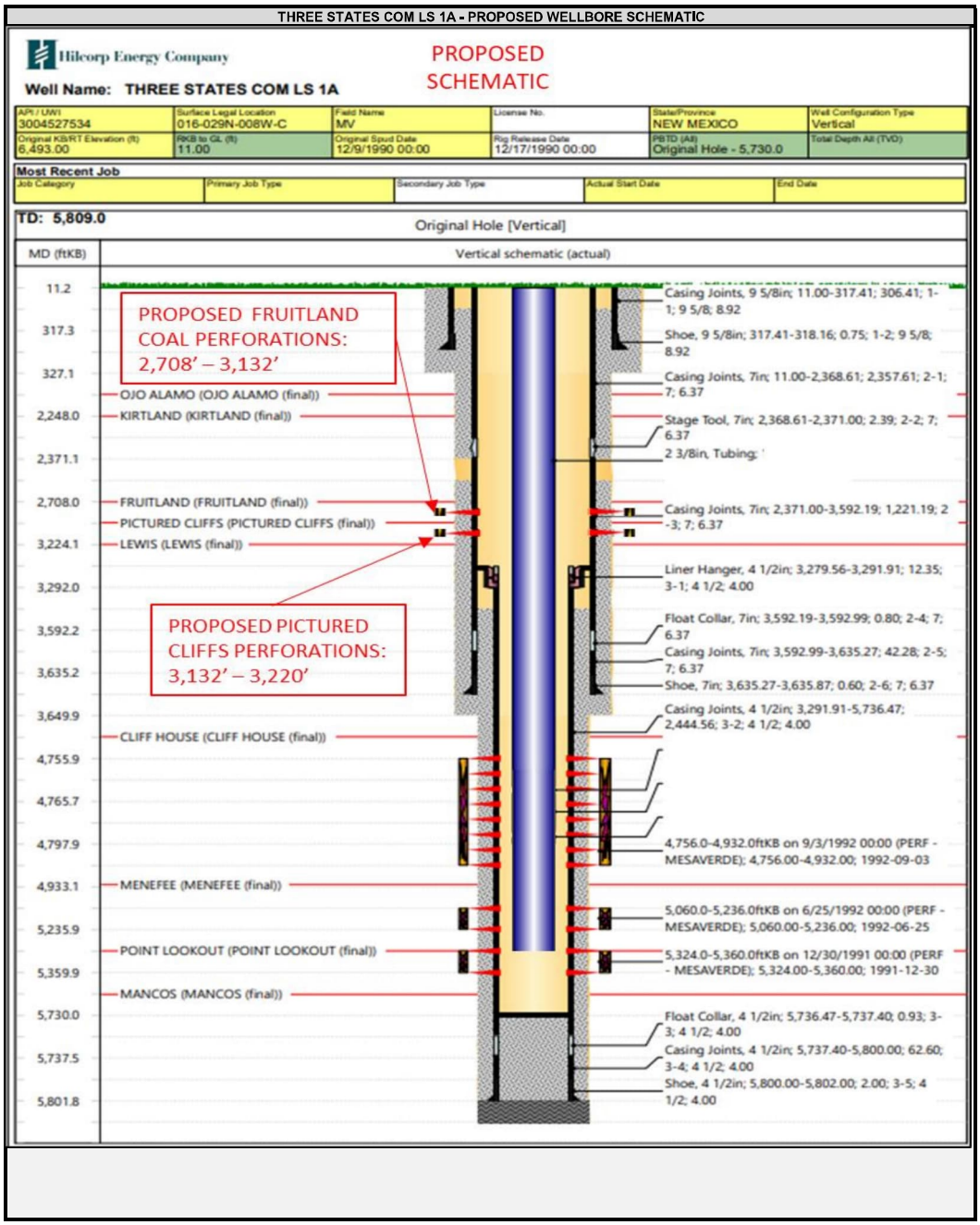
TD: 5,809.0

Original Hole [Vertical]



HILCORP ENERGY COMPANY
THREE STATES COM LS 1A
PICTURED CLIFFS/FRUITLAND COAL RECOMPLETE SUNDRY

THREE STATES COM LS 1A - PROPOSED WELLBORE SCHEMATIC



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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 355583

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-27534	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
319116	THREE STATES COM	001A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6482

10. Surface Location

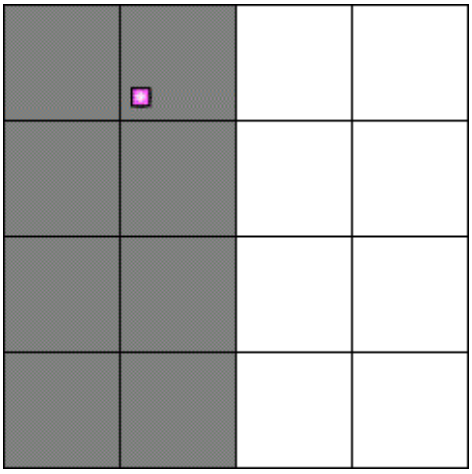
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	16	29N	08W		1030	N	1550	W	SAN JUAN

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			

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: 2/20/2024

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: Gary D. Vann
Date of Survey: 10/9/1989
Certificate Number: 7016

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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 355583

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-27534	72359	BLANCO PICTURED CLIFFS (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
319116	THREE STATES COM	001A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6482

10. Surface Location

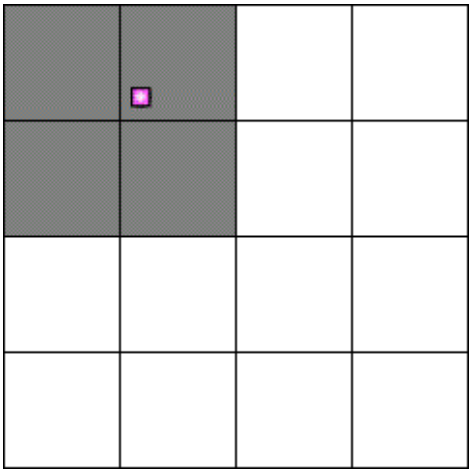
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	16	29N	08W		1030	N	1550	W	SAN JUAN

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.
160.00			

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: 2/20/2024

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: Gary D. Vann
Date of Survey: 10/9/1989
Certificate Number: 7016

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:** 2 / 20 / 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
Three States Com 1A	3004527534	C-16-29N-8W	1030 FNL, 1550 FWL	0 bbl/d	143 mcf/d	5 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
Three States Com 1A	**3004527534**					**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:	2/20/2024
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.

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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

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 329414
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Notify NMOCD 24 Hours Prior to beginning operations.	4/17/2024
dmcclure	DHC required	4/17/2024
dmcclure	All conducted logs shall be submitted to the Division as a [UF-WL] EP Well Log Submission (WellLog).	4/17/2024
dmcclure	The appropriate compliance officer supervisor shall be consulted and remedial action conducted as directed if the cement sheath around the casing is not adequate to protect the casing and isolate strata from: (a) the uppermost perforation in each added pool to at least 150 feet above that perforation; and (b) the lowermost perforation in each added pool to at least 100 feet below that perforation.	4/17/2024

Hilcorp

May 1, 2024 *Mailed Certified / Electronic Return Receipt Requested*

To: ALL INTEREST OWNERS

RE: Application to Downhole Commingle Production
Well: Three States Com 001A
API: 30-045-27534
Section 16, Township 29 North, Range 8 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 and Pictured Cliffs**, formations Hilcorp soon intends to bring online, 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 file an objection to this application.

Any objections or requests for hearing must be submitted to the NMOCD's Santa Fe office, in writing, within twenty (20) days from the date the NMOCD receives the subject application.

Sincerely,

Carson Rice
Landman – San Juan North

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1625 N. French Drive, Hobbs, NM 88240

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District IV
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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

Three States Com — Lease
1A — Well No.
C-16-T29N-R08W — Unit Letter-Section-Township-Range
San Juan County, NM — County

OGRID No. 372171 Property Code 319116 API No. 30-045-27534 Lease Type: ____Federal __X__State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal	Blanco Pictured Cliffs	Blanco Mesaverde
Pool Code	71629	72359	72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2708' - 3132'	3132' - 3220'	4756' - 5360'
Method of Production (Flowing or Artificial Lift)	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)	115 psi	95 psi	325 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1121 BTU	1154 BTU	1320 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: 12/1/2023 Rates: Oil - 0 bbl Gas - 2,315 mcf Water - 0 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__X__ 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 2/20/2024

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
9214896900999790183523804 7	Brenda Guzman	, CHRISTEVE OIL COMPANY INC, C/O KENNETH R PLUNK TRUSTEE, SPRING, TX, 77379-8695 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523805 4	Brenda Guzman	, SILVERADO OIL and GAS LLP, , TULSA, OK, 74152-0308 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523806 1	Brenda Guzman	, PIONEER NATURAL RES USA INC, KATHY NAVARRETE, MIDLAND, TX, 79702 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523807 8	Brenda Guzman	, MEGAN ELIZABETH CALLAN, , SOLANA BEACH, CA, 92075 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523808 5	Brenda Guzman	, ROBERT UMBACH CANCER FOUNDATION, MARTINDALE CONSULTANTS INC AGENT, OKLAHOMA CITY, OK, 73112-2311 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523809 2	Brenda Guzman	, GEORGE W UMBACH, , MANCHESTER, TN, 37349 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523810 8	Brenda Guzman	, DAUNIS PROPERTIES LP, , FORT WORTH, TX, 76107 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523811 5	Brenda Guzman	, LYNN M SHAW, , KALISPELL, MT, 59901-5108 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523812 2	Brenda Guzman	, ROBERT G BLAIR, , DALLAS, TX, 75206 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523813 9	Brenda Guzman	, SARA H JONES, , RICHMOND, TX, 77406 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523814 6	Brenda Guzman	, JAMES M ATKINS, , DALLAS, TX, 75219-5501 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523815 3	Brenda Guzman	, JOANNE CALLAN, , SOLANA BEACH, CA, 92075-1516 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523816 0	Brenda Guzman	, ROBERT E HETZER, , PORTLAND, OR, 97225-6342 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523817 7	Brenda Guzman	, JOHN GOMBOTZ, , LOMBARD, IL, 60148 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523818 4	Brenda Guzman	, VICTORIA GOMBOTZ, , RIVER FOREST, IL, 60305 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523819 1	Brenda Guzman	, MESA ROYALTY TRUST, ATTN NEW MEXICO PROPERTIES, BARTLESVILLE, OK, 74004 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523820 7	Brenda Guzman	, MARILU WOHLERS, , CHARLES CITY, IA, 50616-3325 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523821 4	Brenda Guzman	, MIZEL RESOURCES A TRUST, LARRY and STEVEN MIZEL TTE, DENVER, CO, 80237 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523822 1	Brenda Guzman	, F J ODENDAHL INVESTMENTS INC, , WHEATLAND, WY, 82201 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523823 8	Brenda Guzman	, REYNOLDS NATURAL RESOURCES LP, , FORT WORTH, TX, 76102-3724 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523824 5	Brenda Guzman	, JOHN W BARRINGER, , NASHVILLE, TN, 37215 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523825 2	Brenda Guzman	, LEWIS T BARRINGER JR, , PRINCETON, NJ, 08540 Code: Three States Com 1A DHC	5/1/2024	Signature Pending
9214896900999790183523826 9	Brenda Guzman	, LINDEN FAMILY TRUST, MARY ANN LINDEN TRUSTEE, ROCK ISLAND, IL, 61201-6128 Code: Three States Com 1A DHC	5/1/2024	Signature Pending

9214896900999790183523827 6	Brenda Guzman	, ENDURING RESOURCES IV, LLC, , CENTENNIAL, CO, 80111 Code: Three States Com 1A DHC	5/1/2024	**Signature Pending**
9214896900999790183523828 3	Brenda Guzman	, DONALD THOMA, , WOODSTOCK, IL, 60098 Code: Three States Com 1A DHC	5/1/2024	**Signature Pending**
9214896900999790183523829 0	Brenda Guzman	, STEVEN K SHARP, , PEYTON, CO, 80831 Code: Three States Com 1A DHC	5/1/2024	**Signature Pending**
9214896900999790183523830 6	Brenda Guzman	, SARALYN SHARP, , LAFAYETTE, IN, 47909 Code: Three States Com 1A DHC	5/1/2024	**Signature Pending**
9214896900999790183523831 3	Brenda Guzman	, LISA A RAMEY, , ELIDA, OH, 45807 Code: Three States Com 1A DHC	5/1/2024	**Signature Pending**

NEW MEXICO STATE LAND OFFICE

APPLICATION FOR

COMMINGLING AND OFF-LEASE STORAGE

ON STATE TRUST LANDS

This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: Hilcorp Energy Company **OGRID #:** 372171

Well Name: Three States Com 1A **API #:** 30-045-27534

Pool: Basin Fruitland Coal, Blanco Mesaverde

OPERATOR NAME: Hilcorp Energy Company

OPERATOR ADDRESS: 1111 Travis Street, Houston, TX 77002

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of $150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Cherylene Weston
Print or Type Name

Cherylene Weston
Signature

713-289-2615
Phone Number

5/1/2024
Date

cweston@hilcorp.com
e-mail Address

Submit application to:
Commissioner of Public Lands
Attn: Commingling Manager
PO Box 1148
Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

Rev. 2017_10_25

FedEx

May 03, 2024

Dear Customer,

The following is the proof-of-delivery for tracking number: 100189998031000875010074020299661 0

Delivery Information:

Status:	Delivered	**Delivered To:**	Shipping/Receiving
Signed for by:	S.SANCHEZ	**Delivery Location:**	
Service type:	FedEx Priority Overnight		
Special Handling:	Deliver Weekday		SANTA FE, NM,
		Delivery date:	May 3, 2024 09:48

Shipping Information:

Tracking number:	100189998031000875010074020	**Ship Date:**	May 2, 2024
		Weight:	1.0 LB/0.45 KG

Recipient:	**Shipper:**
SANTA FE, NM, US,	Houston, TX, US,

Department Number DOCUMENTS

From: McClure, Dean, EMNRD
To: Cheryl Weston; Mandi Walker
Cc: McClure, Dean, EMNRD; Lowe, Leonard, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Lamkin, Baylen L.
Subject: Approved Administrative Order DHC-5395
Date: Thursday, July 18, 2024 8:35:53 AM
Attachments: DHC5395 Order.pdf

NMOCD has issued Administrative Order DHC-5395 which authorizes Hilcorp Energy Company (372171) to downhole commingle production within the following well:

Well Name: **Three States Com #1A**
Well API: **30-045-27534**

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

From: Cheryl Weston
To: McClure, Dean, EMNRD; Lowe, Leonard, EMNRD
Cc: Mandi Walker
Subject: FW: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)
Date: Tuesday, May 28, 2024 11:29:23 AM
Attachments: image001.png
Three States Com 1A DHC C-107A Revisions Only.pdf

Dean,

Please see the revised C-107A pages to reflect the FRC/MV only DHC (removing PC). Please let us know if you have any questions or need additional information.

Thank you,
Cheryl

From: Griffin Selby <Griffin.Selby@hilcorp.com>
Sent: Tuesday, May 28, 2024 11:03 AM
To: Cheryl Weston <cweston@hilcorp.com>; Trey Misuraca <Trey.Misuraca@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Carson Rice <carice@hilcorp.com>; Brenda Guzman <bguzman@hilcorp.com>
Subject: RE: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

Cheryl,

We decided to remove the PC as it is the better economic decision to pursue just the Fruitland coal as the reserves we think we would gain in the PC do not justify the extra cost for fracing this zone.

I believe we now have all the amended documents sorted out that need to be sent as well per our discussions this morning. Please let me know if there is anything else I can provide to help get this approved. Thanks.

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Tuesday, May 28, 2024 8:56 AM
To: Griffin Selby <Griffin.Selby@hilcorp.com>; Trey Misuraca <Trey.Misuraca@hilcorp.com>; Mandi Walker <mwalker@hilcorp.com>
Cc: Carson Rice <carice@hilcorp.com>; Brenda Guzman <bguzman@hilcorp.com>
Subject: FW: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

Griffin,

I think we've already revised the DHC backup documentation to remove the PC. Dean has requested to provide a statement. If you have any other changes to the allocation documentation, please send to me. I've slept since going on PTO and figuring what's what anymore! HA!

Cherl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, May 20, 2024 4:49 PM
To: Cheryl Weston <cweston@hilcorp.com>; Roberts, Kelly, EMNRD <Kelly.Roberts@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>; Mandi Walker <mwalker@hilcorp.com>
Subject: RE: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

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

Cheryl,

Unless new notice is conducted, please do not provide the packet as if it is the packet that the interest owners were provided with their notice. Instead, please include a brief statement about Hilcorp's intent to remove the PC from its proposal and include only the documents which have been amended to reflect that, for instance, the form C-107A and supplemental allocation documents. On the Division's side, the packet you provide to me will be added on to the admin file in addition to the packet which was provided to the interest owners.

Please note that to make changed to the C-101, you may submit a sundry as a C-103A. Once submitted, please provide me with the action ID.

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Wednesday, May 15, 2024 3:53 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Roberts, Kelly, EMNRD <Kelly.Roberts@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

Dean,

Here is the draft C-107A after removing the Pictured Cliffs. The C-101 would also need to be revised and submitted.

Please let me know if this is an acceptable replacement.

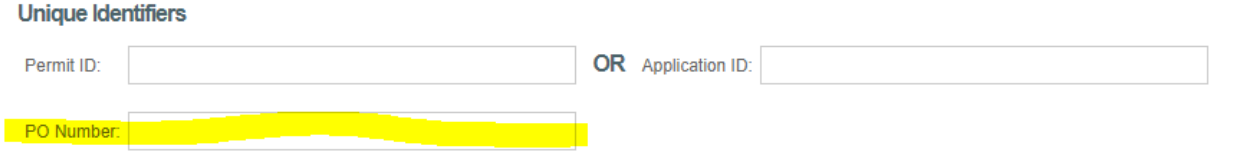
Thanks,
Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, May 15, 2024 4:13 PM
To: Cheryl Weston <cweston@hilcorp.com>; Roberts, Kelly, EMNRD <Kelly.Roberts@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

Cheryl,

It is definitely a grey area then. In general, the removal of a piece of a project is considered a minor modification and minor modifications do not require new notice to be conducted. However, the question here is whether the alteration to allocation between the remaining pools will be considered a major modification requiring new notice to be conducted. In this specific case, I believe that we can consider it to be a minor modification; however, this should not be construed that other cases may have the same resolution. Please provide me with a supplemental document with a summary of the requested modification to the application. Included in this supplemental document should be an amended C-107A and associated documents with the PC removed.

Additionally, the action ID for this application is Application ID: 340691. For future reference, it should be pulled up from Action Status if you enter the purchase order number within its own unique identifier box in the search.



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

From: Cheryl Weston <cweston@hilcorp.com>

Sent: Wednesday, May 15, 2024 2:07 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Roberts, Kelly, EMNRD <Kelly.Roberts@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

Dean,

The ownership is different between the two formations.

Cheryl

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Wednesday, May 15, 2024 2:04 PM
To: Cheryl Weston <cweston@hilcorp.com>; Roberts, Kelly, EMNRD <Kelly.Roberts@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: RE: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

With consideration for the different spacing, does the FLC and PC have a difference in ownership?

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

From: Cheryl Weston <cweston@hilcorp.com>
Sent: Tuesday, May 14, 2024 3:38 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>; Roberts, Kelly, EMNRD <Kelly.Roberts@emnrd.nm.gov>; Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Subject: [EXTERNAL] Three States Com 1A RC NOI & DHC (API 30-045-27534)

Dean,

The Fruitland Coal/Pictured Cliffs Recomplete NOI has been approved and the DHC is pending. After further review by the Engineers, Hilcorp has decided not to complete the Pictured Cliffs.

The DHC required 40+ notices to interest owners. **Would we have to re-send the DHC to the interest owners, or may we just revise the DHC by dropping the PC forecast?**

For some odd reason, I didn't record the Action ID for the DHC. The PO# is ABBWC-240503-C-107A. I tried searching for the DHC in Permitting and couldn't pull it up.

Thanks,

Cheryl Weston
San Juan Operations/Regulatory Tech-Sr.
1111 Travis Street | Houston, TX 77002
Ofc: 713.289.2615 |cweston@hilcorp.com

considers appropriate.

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

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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

Three States Com — Lease
1A — Well No.
C-16-T29N-R08W — Unit Letter-Section-Township-Range
San Juan County, NM — County

OGRID No. 372171 Property Code 319116 API No. 30-045-27534 Lease Type: ____Federal __X__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)	2850' - 3132'		4756' - 5360'
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)	115 psi		325 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1121 BTU		1320 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: 2/1/2024 Rates: Oil - 0 bbl Gas - 2,220 mcf Water - 0 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__X___ 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 5/15/2024

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 355583

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-27534	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
319116	THREE STATES COM	001A
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6482

10. Surface Location

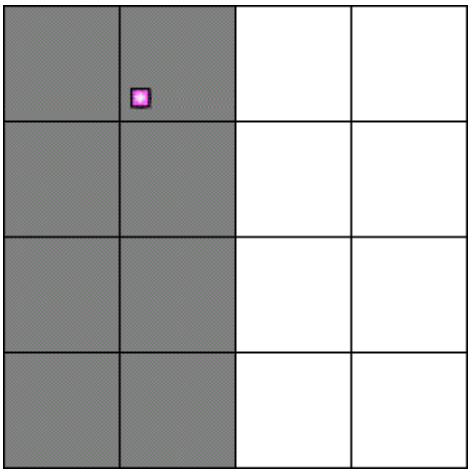
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	16	29N	08W		1030	N	1550	W	SAN JUAN

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			

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: 12/12/2023

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: Gary D. Vann
Date of Survey: 10/9/1989
Certificate Number: 7016

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
AMOCO PRODUCTION COMPANY	Tomlinson S STATES COM LS	# 1A

Unit Letter	Section	Township	Range	County
C	16	29 NORTH	8 WEST NMPM	SAN JUAN

Actual Footage Location of Well:
1030 feet from the NORTH line and 1550 feet from the WEST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
6482	Mesaverde	Blanco/Mesaverde	W/2 320 Acres

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

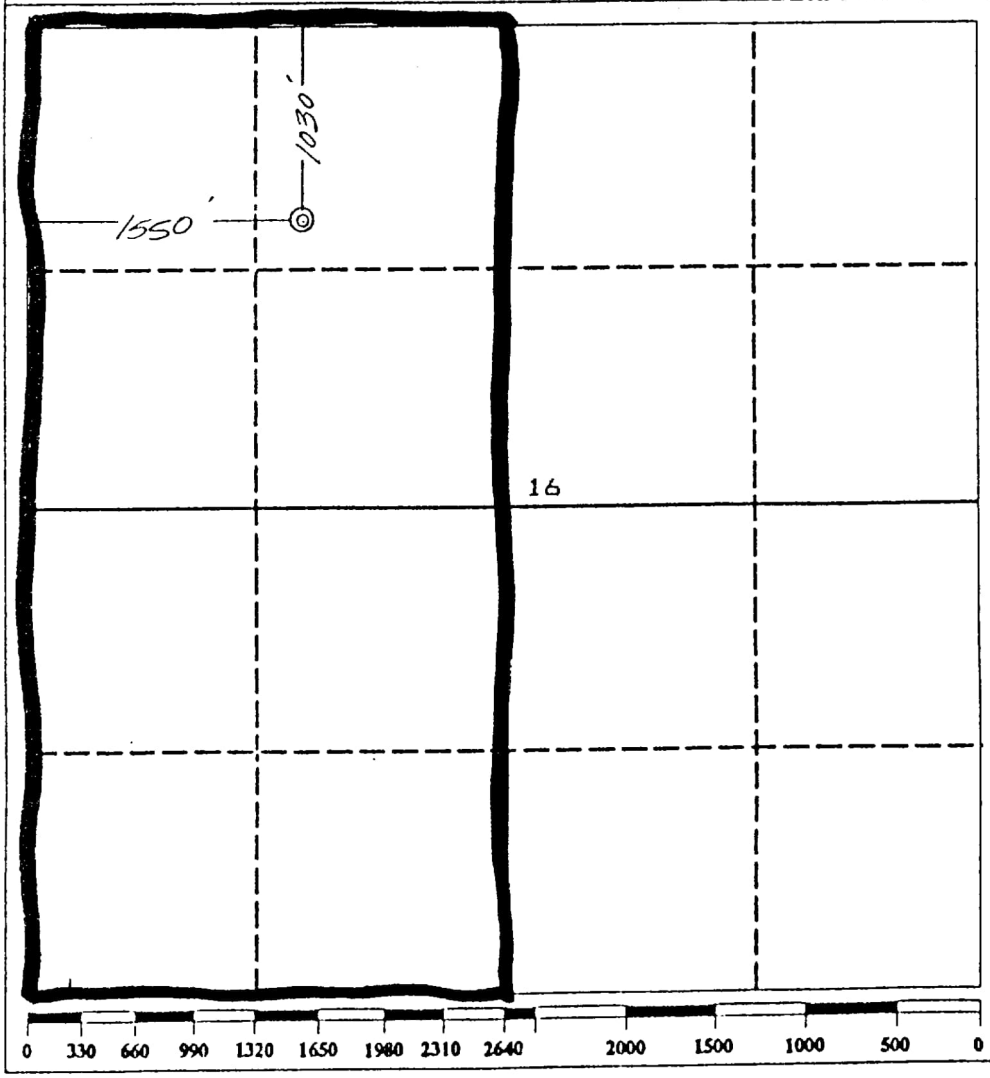
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest 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 neccessary. _____

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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature: J L Hampton/cwr

Printed Name: J L Hampton

Position: SR Staff Admin. Supv.

Company: Amoco Prod. Co.

Date: 11/17/89

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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: October 9, 1989

Signature & Seal of Professional Surveyor: GARY D. VANN NEW MEXICO 7016 REGISTERED PROFESSIONAL LAND SURVEYOR

Gary L. Vann

Certificate No. 7016

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.

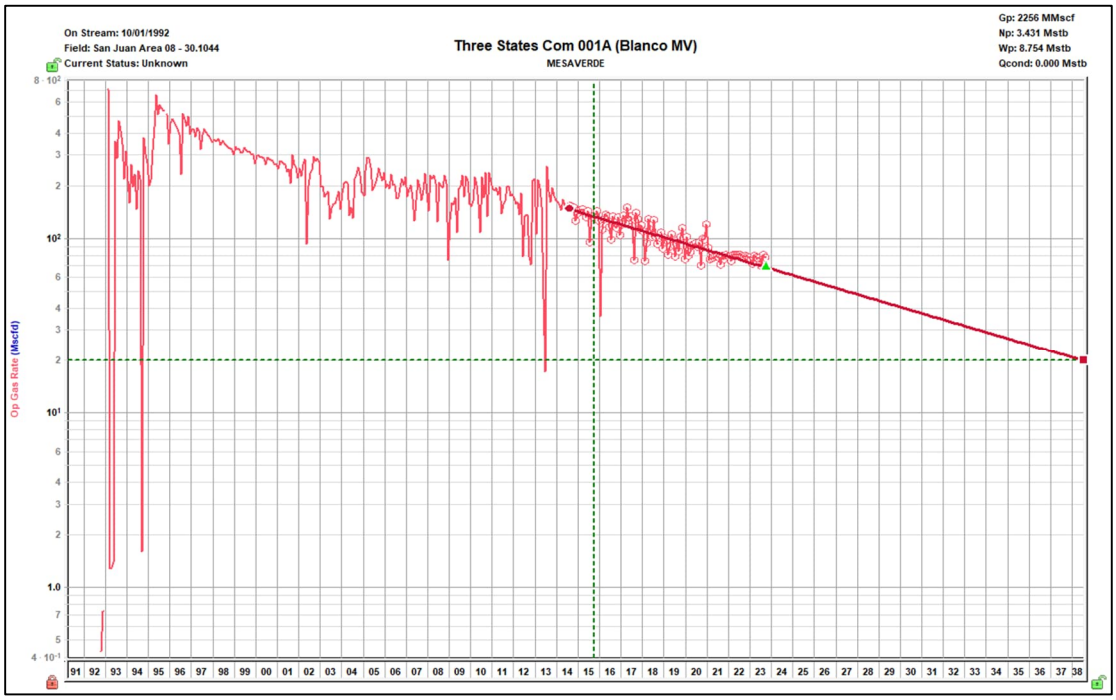
A farther radius is used if there is not enough data for a proper statistical analysis.

Three States Com 1A Production Allocation Method - Subtraction

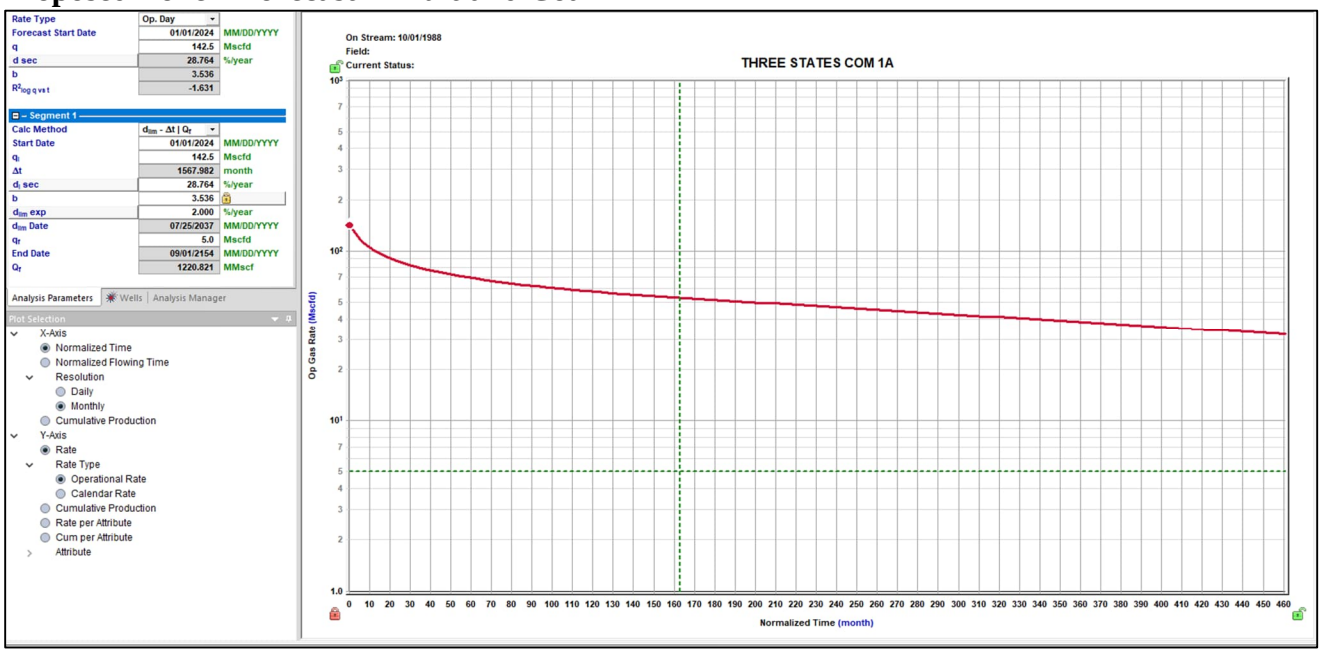
Gas Allocation:
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast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

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 1 Forecast – Fruitland Coal



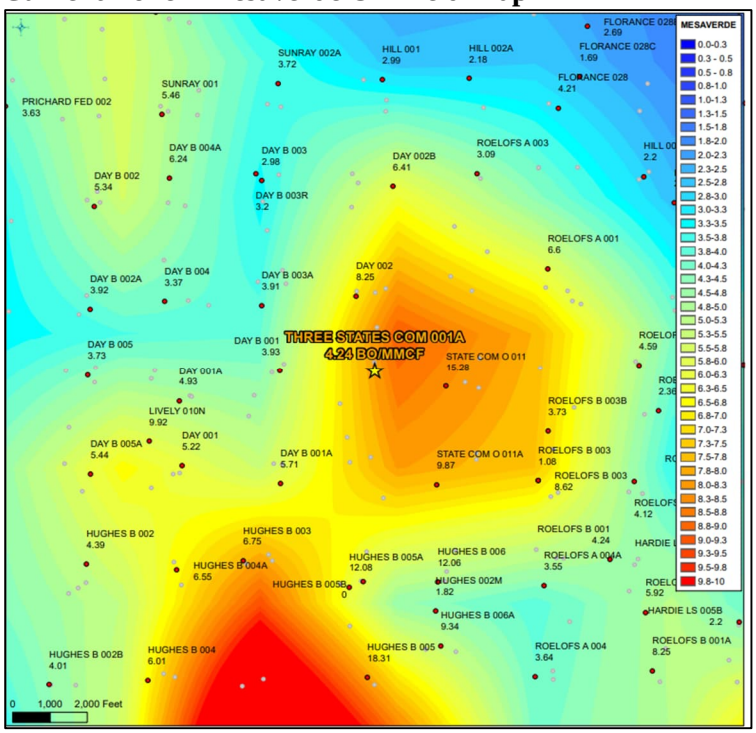
Average initial production curve in geologic region.

Oil Allocation:

Oil production will be allocated 100% to the Mesaverde. The Fruitland Coal has not historically produced oil in this area.

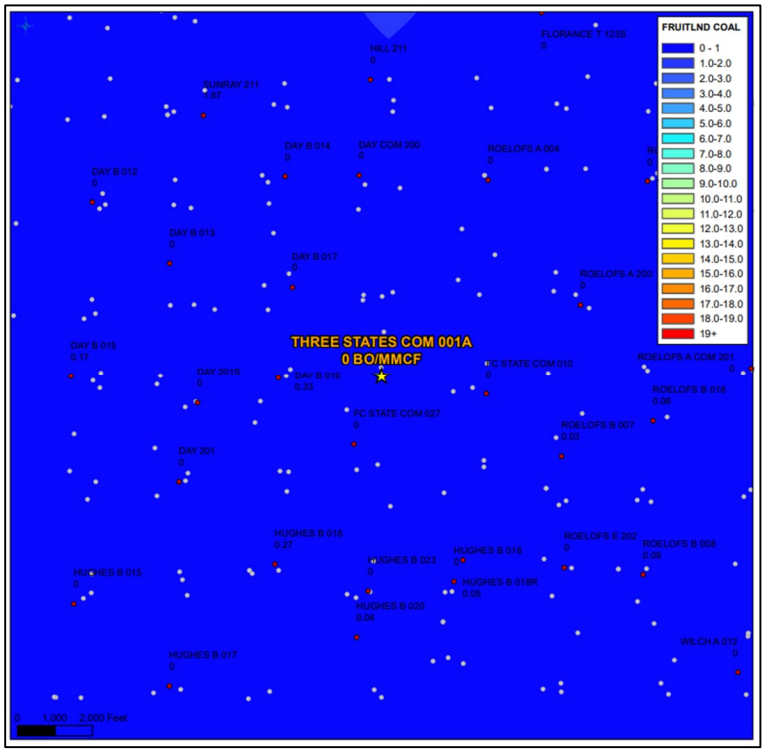
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	4.24	213	100%
FRC	0	2002	0%

Current Zone – Mesaverde Oil Yield Map



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

Proposed Zone 1 – Fruitland Coal Oil Yield Map



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:

3004522797	SUNRAY 2A	MV
3004533838	SUNRAY 211	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.

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
THREE STATES COM 1A	3004527534

FRC Offset		MV Offset	
API	3004534087	API	3004535193
Property	HUGHES B 23	Property	ROELOFS A 2B
CationBarium	0	CationBarium	0.27
CationBoron		CationBoron	
CationCalcium	0.22	CationCalcium	2.36
CationIron	5.6	CationIron	49.2
CationMagnesium	0.05	CationMagnesium	0.32
CationManganese	0.01	CationManganese	0.85
CationPhosphorus		CationPhosphorus	0.09
CationPotassium		CationPotassium	10
CationStrontium	0	CationStrontium	1
CationSodium	370.8	CationSodium	10
CationSilica		CationSilica	5.34
CationZinc		CationZinc	0.5
CationAluminum		CationAluminum	
CationCopper		CationCopper	
CationLead		CationLead	1
CationLithium		CationLithium	
CationNickel		CationNickel	
CationCobalt		CationCobalt	
CationChromium		CationChromium	
CationSilicon		CationSilicon	5
CationMolybdenum		CationMolybdenum	
AnionChloride	500	AnionChloride	35
AnionCarbonate	0	AnionCarbonate	10
AnionBicarbonate	73.2	AnionBicarbonate	31
AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride	
AnionHydroxyl		AnionHydroxyl	10
AnionNitrate		AnionNitrate	
AnionPhosphate	2.5	AnionPhosphate	0.28
AnionSulfate	50	AnionSulfate	3.2
phField	7.04	phField	6.6
phCalculated	6.25	phCalculated	5.97
TempField		TempField	64.1
TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity	98
OtherSpecificGravity	1	OtherSpecificGravity	1
OtherTDS	956	OtherTDS	100
OtherCaCO3	2238.46	OtherCaCO3	5.88
OtherConductivity		OtherConductivity	112
DissolvedCO2	80	DissolvedCO2	128
DissolvedO2		DissolvedO2	
DissolvedH2S	7.5	DissolvedH2S	
GasPressure		GasPressure	
GasCO2	8	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	

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
THREE STATES COM 1A	3004527534

FRC Offset		MV Offset	
AssetCode	3004507566	AssetCode	3004527534
AssetName	ZACHRY 1	AssetName	THREE STATES COM 1A
N2	0.0918	N2	0.2173
CO2	1.8362	CO2	1.2523
C1	86.2371	C1	75.9601
C2	8.3178	C2	10.9683
C3	2.3993	C3	6.046
IC4	0.4171	IC4	1.1215
NC4	0.3712	NC4	1.9075
IC5	0.1189	IC5	0.6827
NC5	0.0657	NC5	0.5444
C6+	0.1449	C6+	1.2999
C7		C7	
C8		C8	
C9		C9	
C10		C10	
AR		AR	
CO		CO	
H2		H2	
O2		O2	
H20		H20	
H2S	0	H2S	0
HE		HE	
C_O_S		C_O_S	
CH3SH		CH3SH	
C2H5SH		C2H5SH	
CH2S3_2CH3S		CH2S3_2CH3S	
CH2S		CH2S	
C6HV		C6HV	
CO2GPM		CO2GPM	
N2GPM		N2GPM	
C1GPM		C1GPM	
C2GPM		C2GPM	
C3GPM		C3GPM	
ISOC4GPM		ISOC4GPM	
NC4GPM		NC4GPM	
ISOC5GPM		ISOC5GPM	
NC5GPM		NC5GPM	
C6_PLUSGPM		C6_PLUSGPM	

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:

05/03/2024

and that the fees charged are legal.
Sworn to and subscribed before on 05/03/2024

Notice by Hilcorp Energy Company for Downhole Commingling, San Juan County, New Mexico. Pursuant to 19.15.12.11 NMAC, Hilcorp Energy Company, 1111 Travis St., Houston, Tx, 77002, 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) and Blanco Pictured Cliffs Gas Pool (72359) with existing production from the Blanco-Mesaverde Gas Pool (72319) in the THREE STATES COM 1A well (API No. 30-045-27534) located in Unit C, Section 16, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico. This publication serves to notify certain unlocatable interest owner(s) in the aforementioned well of this filing, as required. Should you (the interest owner(s) for which this notice is intended) wish to file an objection or request for hearing, such must occur in writing and be received by the NMOCD Santa Fe office within twenty (20) days from the date of this publication. Commingling will not reduce the value of production. The allocation of production between zones will occur via subtraction method. Hilcorp Owner Relations is available at (713) 209-2457 to update your physical address and field inquiries.
May 3,2024 10144618

Legal Clerk

Notary, State of WI, County of Brown

1-7-25

My commission expires

Publication Cost:	$87.30		
Order No:	10144618	# of Copies:	
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THIS IS NOT AN INVOICE!

Please do not use this form for payment remittance.

KATHLEEN ALLEN
Notary Public
State of Wisconsin

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

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-5395**

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. This Order supersedes Order DHC-444.

3. Applicant shall allocate a fixed percentage of the oil production from the Well to each of the Pools until a different plan to allocate oil production is approved by OCD. Of the oil production from the Well:
   a. 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.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DATE: 7/17/2024

GERASIMOS RAZATOS
DIRECTOR (ACTING)

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

	Order:	DHC-5395		
	Operator:	Hilcorp Energy Company (372171)		
	Well Name:	Three States Com #1A		
	Well API:	30-045-27534		
Upper Zone	Pool Name:	BASIN FRUITLAND COAL (GAS)		
	Pool ID:	71629	Current:	New: X
	Allocation:		Oil: 0.0%	Gas: subt
			Top: 2,850	Bottom: 3,132
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: curve
			Top: 4,756	Bottom: 5,360
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:	OGRID:
HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	372171
	Action Number: 340691
	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.	7/18/2024