Revised March 23, 2017

ID NO. 330054

DHC - 5419

RECEIVED:	REVIEWER:	TYPE:	APP NO:
04/04/24			pLEL2420639470

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: Hilcorp Energy Company **OGRID Number:** 372171
Well Name: San Juan 30-5 Unit 78N **API:** 30-039-30255
Pool: Basin Fruitland Coal **Pool Code:** 71629

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.

Amanda Walker
Print or Type Name

Signature

4/4/2024
Date

346-237-2177
Phone Number

mwalker@hilcorp.com
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

San Juan 30-5 Unit	**78N**	**O 07, 30N, 05W**	**Rio Arriba**
Lease	Well No.	Unit Letter-Section-Township-Range	County

OGRID No. 372171 Property Code 318433 API No. 30-039-30255 Lease Type: ___ Federal ____State __X__Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal	Blanco Mesaverde	Basin Dakota
Pool Code	71629	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est 2831' - 3082'	5157' – 5563'	7630' - 7715
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)	45 psi	81 psi	102 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	821 BTU	1029 BTU	990 BTU
Producing, Shut-In or New Zone	New Zone	Producing	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates: Oil: Gas: Water:	Date: 01/01/2024 Rates: Oil: 0 bbls Gas: 1944 mcf Water: 52 bbls	Date: 01/01/2024 Rates: Oil: 0 bbls Gas: 581 mcf Water: 52 bbls
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil % Gas %	Oil % Gas %	Oil % Gas %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_____ No__x__
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes_____ No x- See Below

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_____ No x - FEE

NMOCD Reference Case No. applicable to this well: By Order R-10771 interest owners were not re-notified.

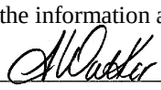
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation 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  TITLE Operations/Regulatory Technician Sr. DATE 8/13/2024

TYPE OR PRINT NAME Amanda Walker TELEPHONE NO. (346) 237-2177

E-MAIL ADDRESS mwalker@hilcorp.com

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.

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

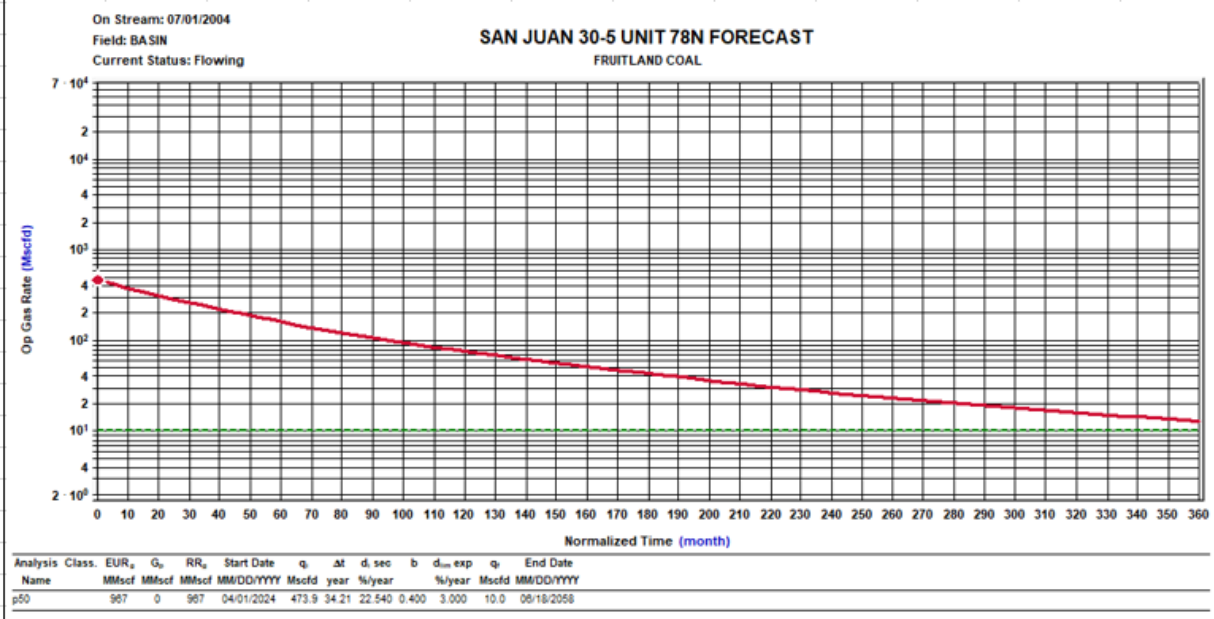
List of wells used to calculate BHPs for the Project:		
3003927765	SAN JUAN 30-5 UNIT 202A	FRC
3003925607	SAN JUAN 30-6 UNIT 29A	MV
3003922159	SAN JUAN 30-5 UNIT 38	DK

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.

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 ananlysis.

Proposed Zone 1 Forecast

Fruitland Coal



Analysis Name	Class.	EUR_p MMscf	G_p MMscf	RR_p MMscf	Start Date MM/DD/YYYY	q_i Mscfd	Δt year	d_i sec %/year	b	d_{lim} exp %/year	q_f Mscfd	End Date MM/DD/YYYY
p50		967	0	967	04/01/2024	473.9	34.21	22.540	0.400	3.000	10.0	08/18/2058

Average initial production curve in geologic region.

HEC Comments

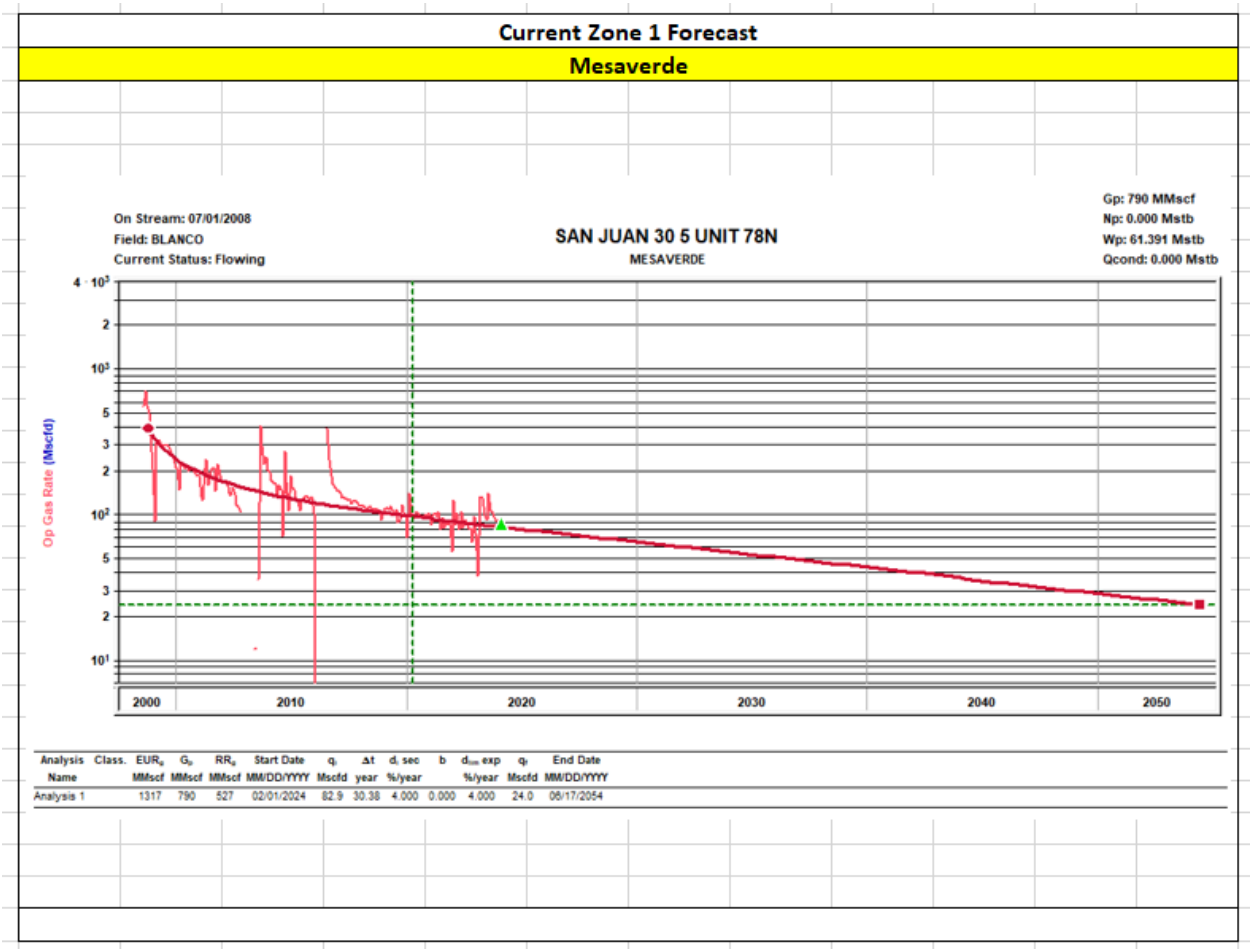
These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and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

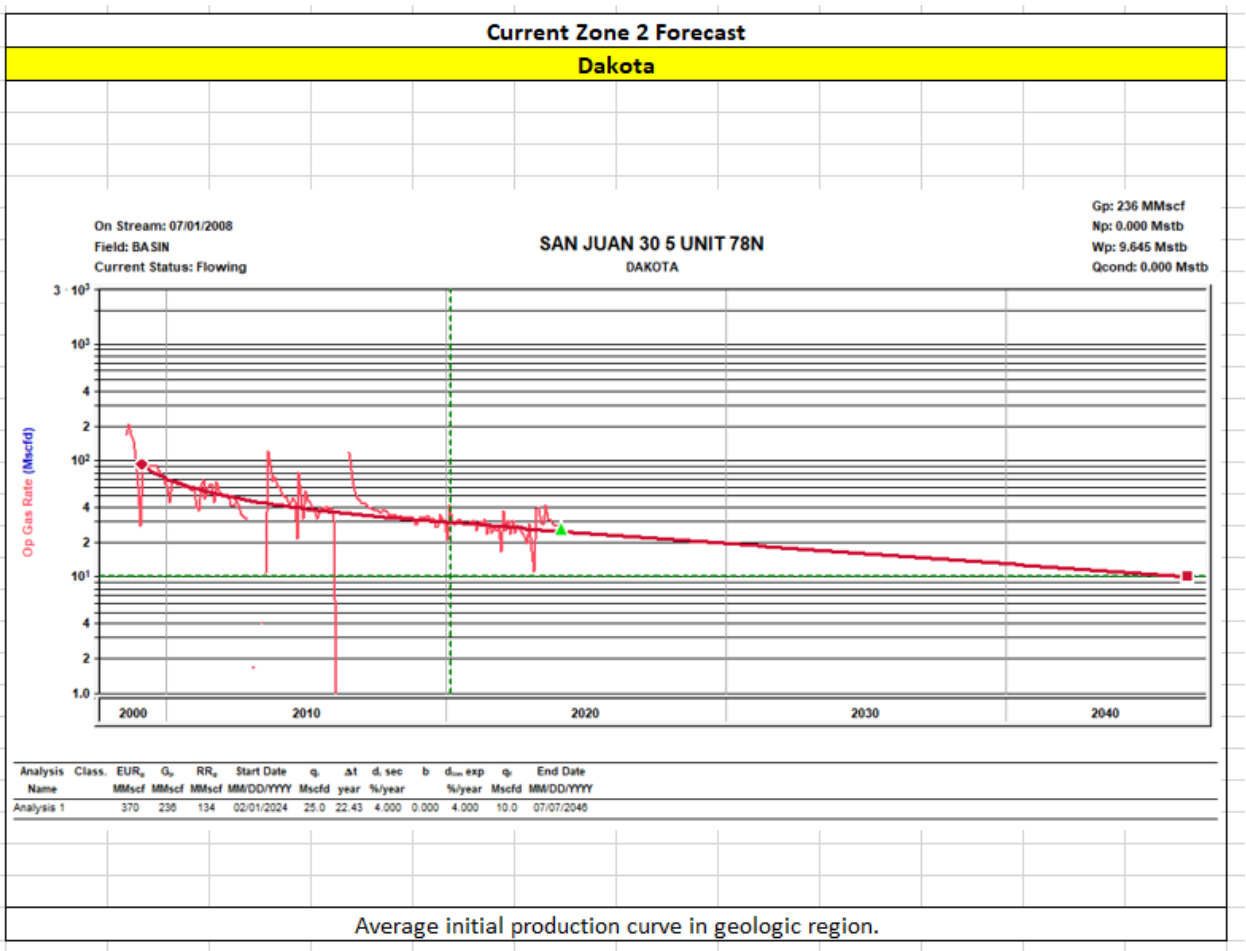
The BHPs of all zones, producing and non-producing, were estimated based upon basinwide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin. These models were constructed incorporating reservoir dynamics and physics,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

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/Dakota and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation.
After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.

Hilcorp intends to continue to allocate the projected base production on the same fixed percentages to the following pools 77% (Mesaverde) 23% (Dakota) while the subtraction method is being used to determine the allocation to the new zone.





Average initial production curve in geologic region.

Oil Allocation:
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

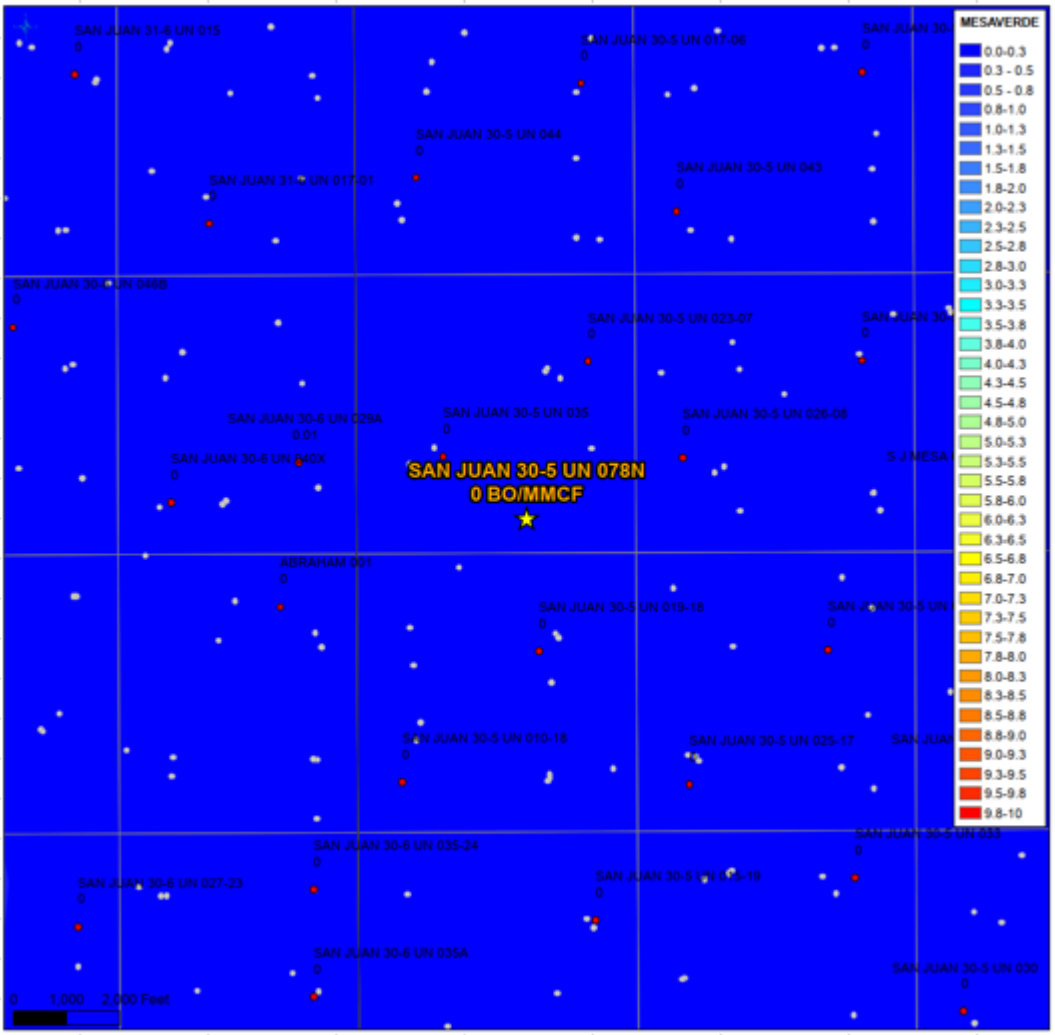
After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	0	527	0%
DK	0	134	0%
FRC	0	967	0%
			0%

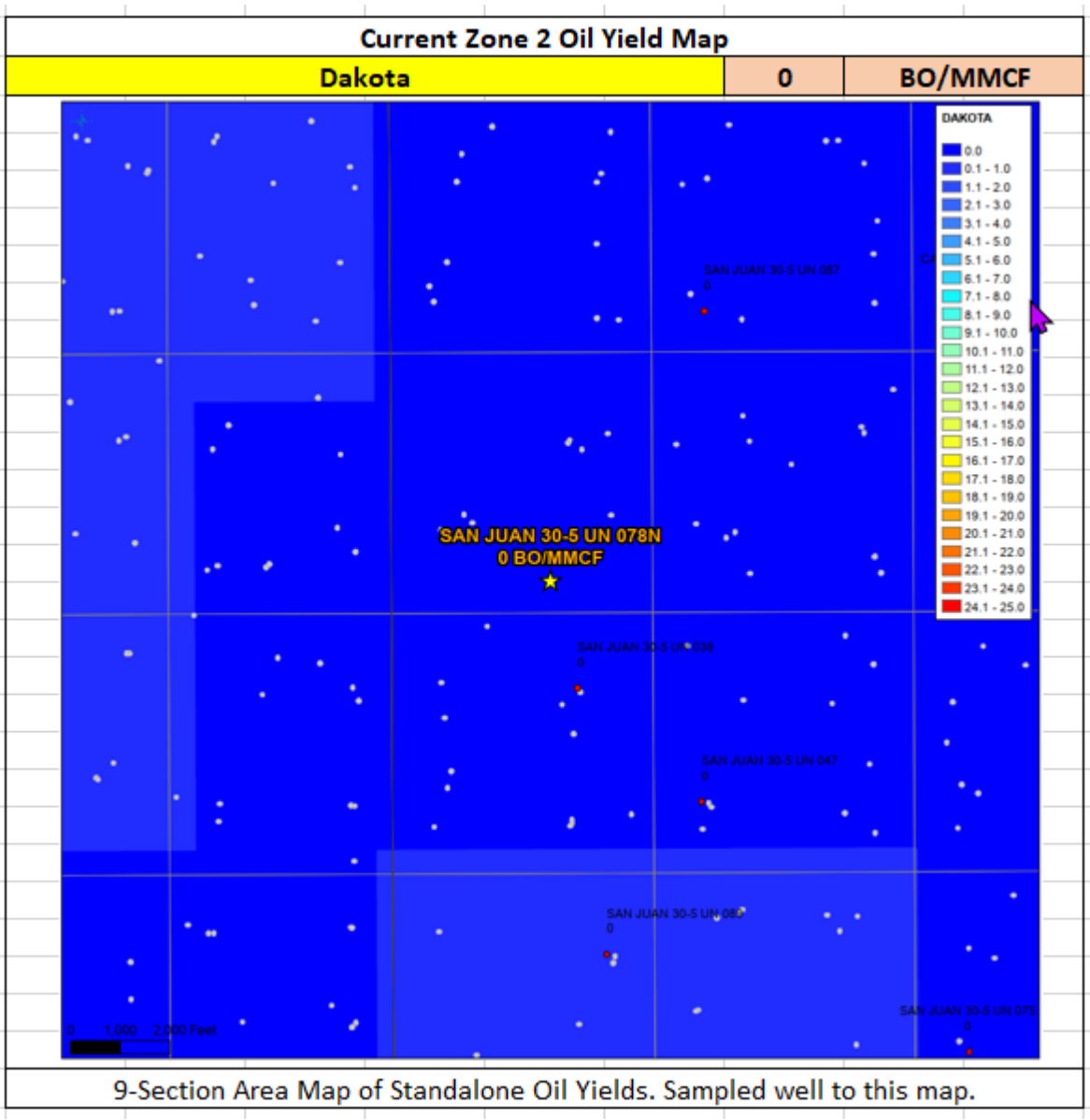
There has been no oil production from the existing zones and no oil production is anticipated in the recompleted zone (FRC). Therefore, oil allocation percentage is 0% for all three zones.

All documentation will be submitted to NMOCD.

Current Zone 1 Oil Yield Map		
Mesaverde	0	BO/MMCF

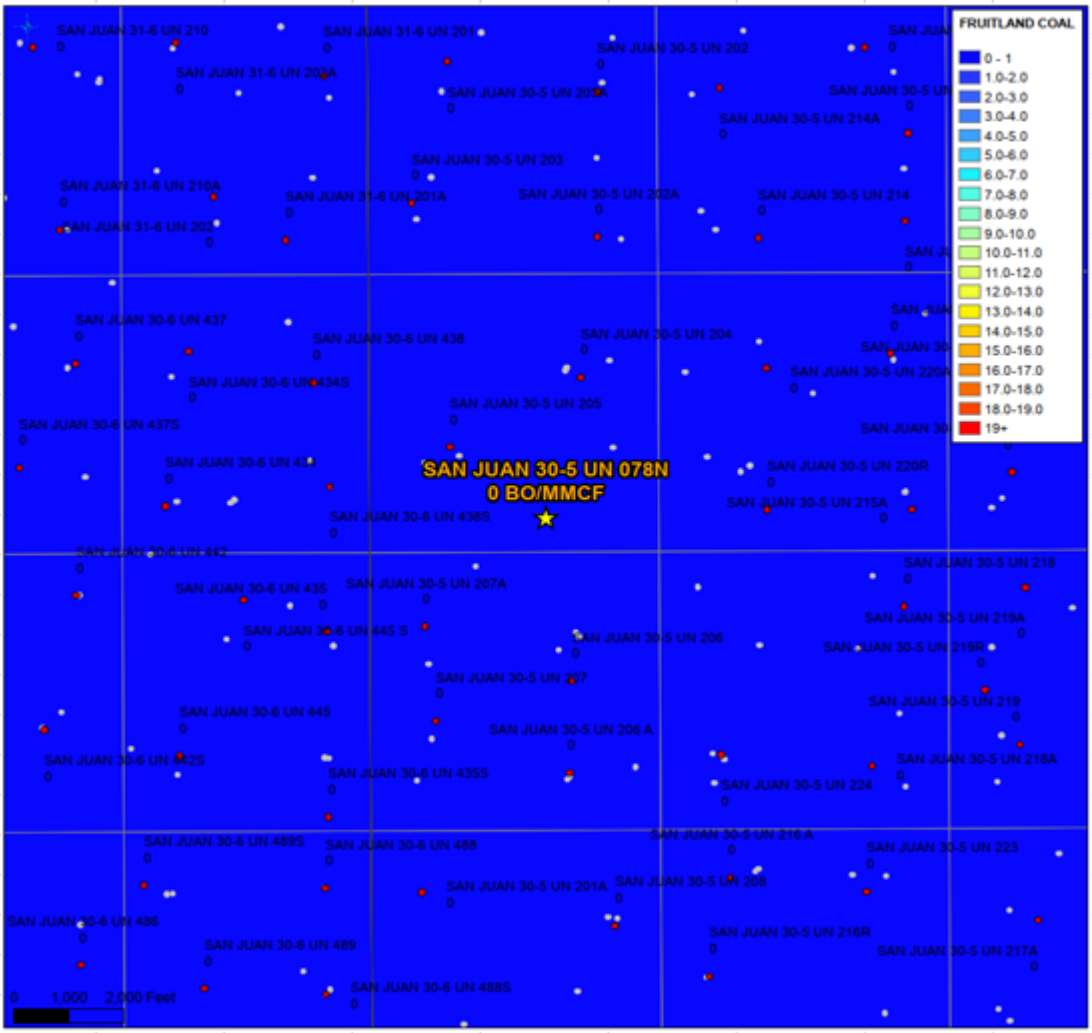


9-Section Area Map of Standalone Oil Yields. Sampled well to this map.



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

Proposed Zone 1 Oil Yield Map		
Fruitland Coal	0	BO/MMCF



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

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
SAN JUAN 30-5 UNIT 78N	3003930255

FRC Offset 0.83 miles		MV Offset 1.58 miles		DK Offset 1.88 miles	
API	3003924790	API	3003918201	API	3003921070
Property	SAN JUAN 30-5 UNIT 207	Property	SAN JUAN 30-6 UNIT 41	Property	SAN JUAN 30-5 UNIT 47
CationBarium	25.9	CationBarium	2.63	CationBarium	
CationBoron		CationBoron		CationBoron	
CationCalcium	24.6	CationCalcium	303	CationCalcium	2.16
CationIron	4.45	CationIron	55	CationIron	12.1
CationMagnesium	13.7	CationMagnesium	41.6	CationMagnesium	28.6
CationManganese	0.4	CationManganese	8.76	CationManganese	
CationPhosphorus	6.73	CationPhosphorus		CationPhosphorus	
CationPotassium	1200	CationPotassium	85.6	CationPotassium	
CationStrontium	7.46	CationStrontium	2.03	CationStrontium	
CationSodium	4020	CationSodium	415	CationSodium	2190
CationSilica	5.96	CationSilica	270	CationSilica	
CationZinc	2	CationZinc	2	CationZinc	
CationAluminum		CationAluminum		CationAluminum	
CationCopper		CationCopper		CationCopper	
CationLead	2	CationLead	2	CationLead	
CationLithium		CationLithium		CationLithium	
CationNickel		CationNickel		CationNickel	
CationCobalt		CationCobalt		CationCobalt	
CationChromium		CationChromium		CationChromium	
CationSilicon	10	CationSilicon	126	CationSilicon	
CationMolybdenum		CationMolybdenum		CationMolybdenum	
AnionChloride	4190	AnionChloride	81.4	AnionChloride	865
AnionCarbonate	920	AnionCarbonate	680	AnionCarbonate	10
AnionBicarbonate	5380	AnionBicarbonate	1000	AnionBicarbonate	545
AnionBromide		AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride		AnionFluoride	
AnionHydroxyl	10	AnionHydroxyl	10	AnionHydroxyl	
AnionNitrate		AnionNitrate		AnionNitrate	
AnionPhosphate	20.6	AnionPhosphate		AnionPhosphate	
AnionSulfate	68.4	AnionSulfate	96	AnionSulfate	3610
phField	8.22	phField		phField	
phCalculated	8.34	phCalculated	9.39	phCalculated	
TempField	82	TempField		TempField	
TempLab		TempLab		TempLab	
OtherFieldAlkalinity	5620	OtherFieldAlkalinity		OtherFieldAlkalinity	
OtherSpecificGravity	1.01	OtherSpecificGravity	1	OtherSpecificGravity	
OtherTDS	6220	OtherTDS	15600	OtherTDS	7510
OtherCaCO3	118	OtherCaCO3	928	OtherCaCO3	
OtherConductivity	14400	OtherConductivity	1790	OtherConductivity	
DissolvedCO2	36	DissolvedCO2		DissolvedCO2	
DissolvedO2		DissolvedO2		DissolvedO2	
DissolvedH2S		DissolvedH2S		DissolvedH2S	
GasPressure		GasPressure		GasPressure	
GasCO2		GasCO2		GasCO2	
GasCO2PP		GasCO2PP		GasCO2PP	
GasH2S		GasH2S		GasH2S	
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
SAN JUAN 30-5 UNIT 78N	3003930255

FRC Offset		MV Offset		DK Offset	
AssetCode	3003924691	AssetCode	3003907908	AssetCode	3003923157
AssetName	SAN JUAN 30-5 UNIT 206	AssetName	SAN JUAN 31-6 UNIT 17	AssetName	SAN JUAN 30-5 UNIT 87
CO2	0.20	CO2	0.02	CO2	0.03
N2	0	N2	0	N2	0
C1	0.80	C1	0.95	C1	0.96
C2	0	C2	0.02	C2	0
C3	0	C3	0.01	C3	0
ISOC4	0	ISOC4	0	ISOC4	0
NC4	0	NC4	0	NC4	0
ISOC5	0	ISOC5	0	ISOC5	0
NC5	0	NC5	0	NC5	0
NEOC5		NEOC5		NEOC5	
C6	0	C6	0	C6	0
C6_PLUS		C6_PLUS		C6_PLUS	
C7	0	C7		C7	
C8	0	C8		C8	
C9	0	C9		C9	
C10		C10		C10	
AR		AR		AR	
CO		CO		CO	
H2		H2		H2	
O2	0	O2		O2	
H20		H20		H20	
H2S	0	H2S	0	H2S	0
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	
N2GPM		N2GPM		N2GPM	
C1GPM		C1GPM		C1GPM	
C2GPM		C2GPM		C2GPM	
C3GPM		C3GPM		C3GPM	
ISOC4GPM		ISOC4GPM		ISOC4GPM	
NC4GPM		NC4GPM		NC4GPM	
ISOC5GPM		ISOC5GPM		ISOC5GPM	
NC5GPM		NC5GPM		NC5GPM	
C6_PLUSGPM		C6_PLUSGPM		C6_PLUSGPM	

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720
District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 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
Permit 62923

'AS DRILLED'

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2 Pool Code	3. Pool Name
30-039-30255	72319	BLANCO-MESAVERDE (PRORATED GAS)

4. Property Code	5 Property Name	6. Well No.
31327	SAN JUAN 30 5 UNIT	078N

7. OGRID No.	8. Operator Name	9 Elevation
217817	CONOCOPHILLIPS COMPANY	6244

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	7	30N	05W		675	S	2075	E	RIO ARRIBA

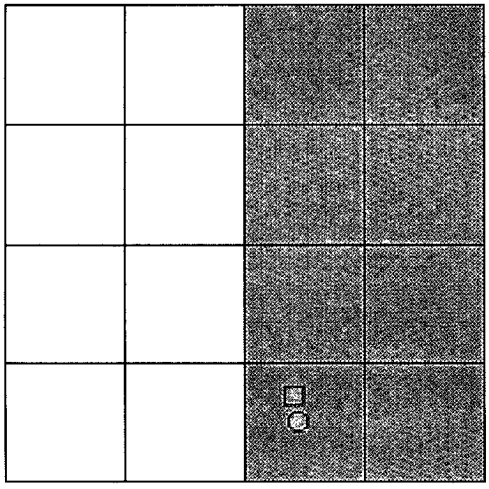
M
11-1-07

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
O	7	30N	05W	O	959	S	2121	E	RIO ARRIBA

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: Tamra Sessions
Title: Regulatory Technician
Date: 10/17/07

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: Jason Edwards
Date of Survey: 8/9/2006
Certificate Number: 15269

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 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 30-039-30255

4. Property Code	5. Property Name	6. Well No.
318433	San Juan 30-5 Unit	78N

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
O	07	30N	05W		675	S	2075	E	Rio Arriba

8. Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
O	07	30N	05W		959	S	2121	E	Rio Arriba

9. Pool Information

Pool Name	Pool Code
Basin Fruitland Coal	71629

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
Recomplete	Commingle		Private	6244' GR
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
Commingle		Basin Fruitland Coal		

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: AWalker	OIL CONSERVATION DIVISION Approved By:
Printed name: Amanda Walker	Title:
Title: Operations Regulatory Tech Sr.	Approved Date: / Expiration Date:
E-mail Address: mwalker@hilcorp.com	
Date: 4/26/2024 / Phone: 346-237-2177	Conditions of Approval Attached

HILCORP ENERGY COMPANY
SAN JUAN 30-5 UNIT 78N
FRUITLAND COAL - RECOMPLETION SUNDRY
API: 3003930255

JOB PROCEDURES

☑ NMOCD
☑ BLM

Contact OCD and BLM (where applicable) 24 hrs prior to MIRU or running MITs. Record and document all casing pressures daily, including BH, IC (if present) and PC. Comply with all NMOCD, BLM (where applicable), and HEC safety and environmental regulations.

1. Hold pre-job safety meeting. MIRU service rig and associated equipment. NU and test BOP per HEC, State, and Federal guidelines.
2. TOOH with **2-3/8"** tubing.
3. Set a **4-1/2"** plug within 50' of the top **Mesaverde** perforation (+/-**5,107'**) for zonal isolation.
4. Load hole with fluid, PT the csg to 560 psi. Note: TOC is at 2,670' per CBL.
5. Perform a witnessed MIT test on the csg with the appropriate regulatory agencies (Notify NMOCD 24 hours prior to test).
6. **If frac will be pumped down the casing:** ND BOP, NU frac stack and test frac stack and casing to frac pressure.
7. RU WL. Perforate the **Fruitland Coal**. (Top perforation @ **2,831'**, Bottom perforation @ **3,082'**).
8. **If frac will be pumped down a frac string:** RIH w/ frac string and packer. Set packer within 50' of top perforation. ND BOP, NU frac stack. Pressure test frac string and frac stack to frac pressure.
9. RDMO service rig. RU stimulation crew. Frac the **Fruitland Coal** in one or more stages. Set plugs in between stages, if necessary.
10. MIRU service rig and associated equipment. ND frac stack, NU BOP and test.
11. If frac was performed down frac string: POOH w/ frac string and packer.
12. TIH with a bit and drill out top isolation plug and any stage plugs (if necessary). Clean out to the top of the **Mesaverde** isolation plug.
13. Pending commingle approval, drill out **Mesaverde** isolation plug. Cleanout to PBTD at **7,782'**. TOOH w/ cleanout assembly.
14. Run and land production tubing. RDMO service rig and associated equipment. Return well to production.

HILCORP ENERGY COMPANY
SAN JUAN 30-5 UNIT 78N
FRUITLAND COAL - RECOMPLETION SUNDRY

SAN JUAN 30-5 UNIT 78N - CURRENT WELLBORE SCHEMATIC

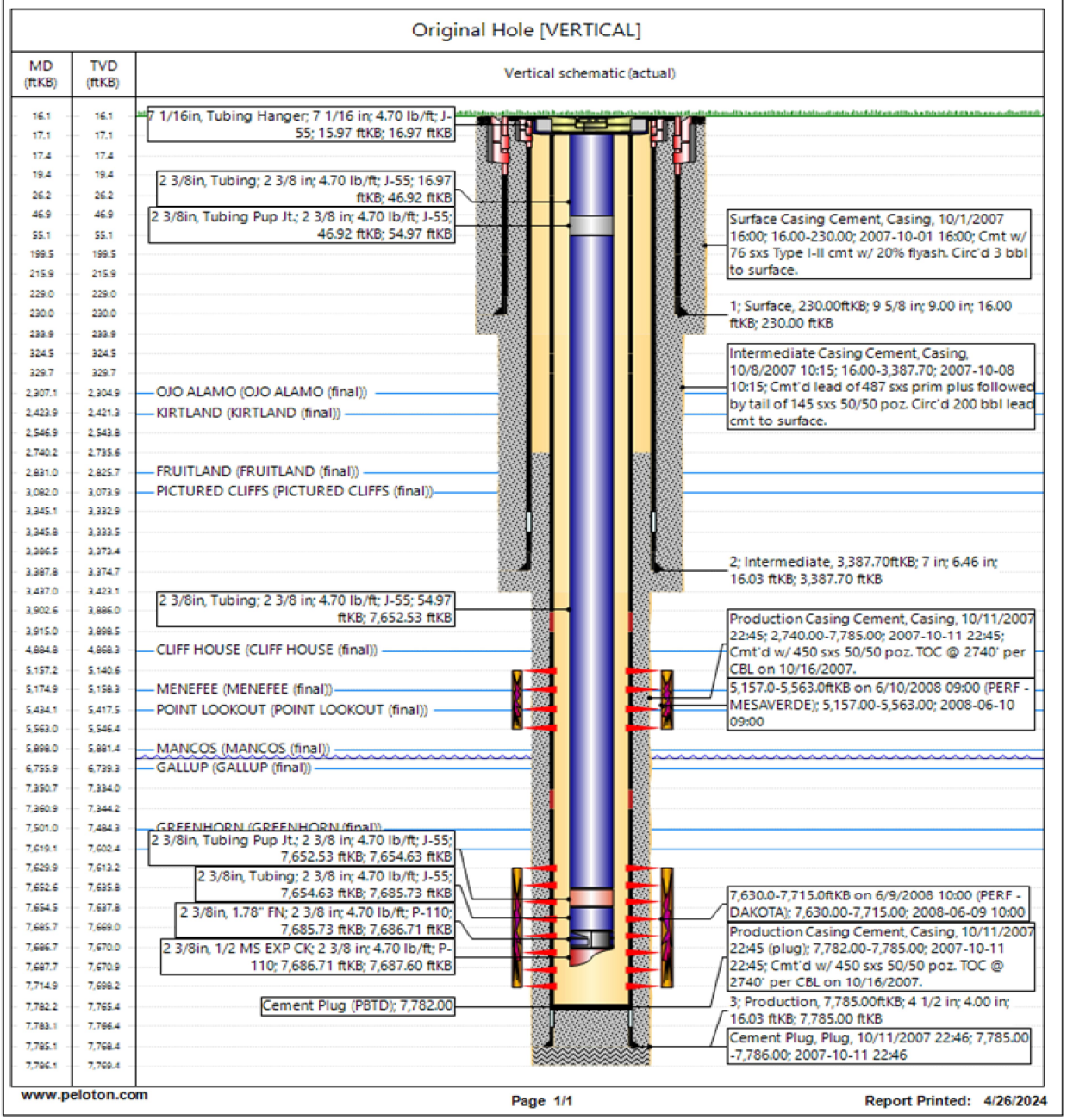
Hilcorp Energy Company

Current Schematic - Version 3

Well Name: SAN JUAN 30-5 UNIT #78N

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3003930255	007-030N-005W-O	MV/DK COM	1201	NEW MEXICO	VERTICAL
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
6,246.00	6,262.00		16.00		

Original Hole [VERTICAL]



www.peloton.com Page 1/1 Report Printed: 4/26/2024

HILCORP ENERGY COMPANY
SAN JUAN 30-5 UNIT 78N
FRUITLAND COAL - RECOMPLETION SUNDRY

SAN JUAN 30-5 UNIT 78N - PROPOSED WELLBORE SCHEMATIC

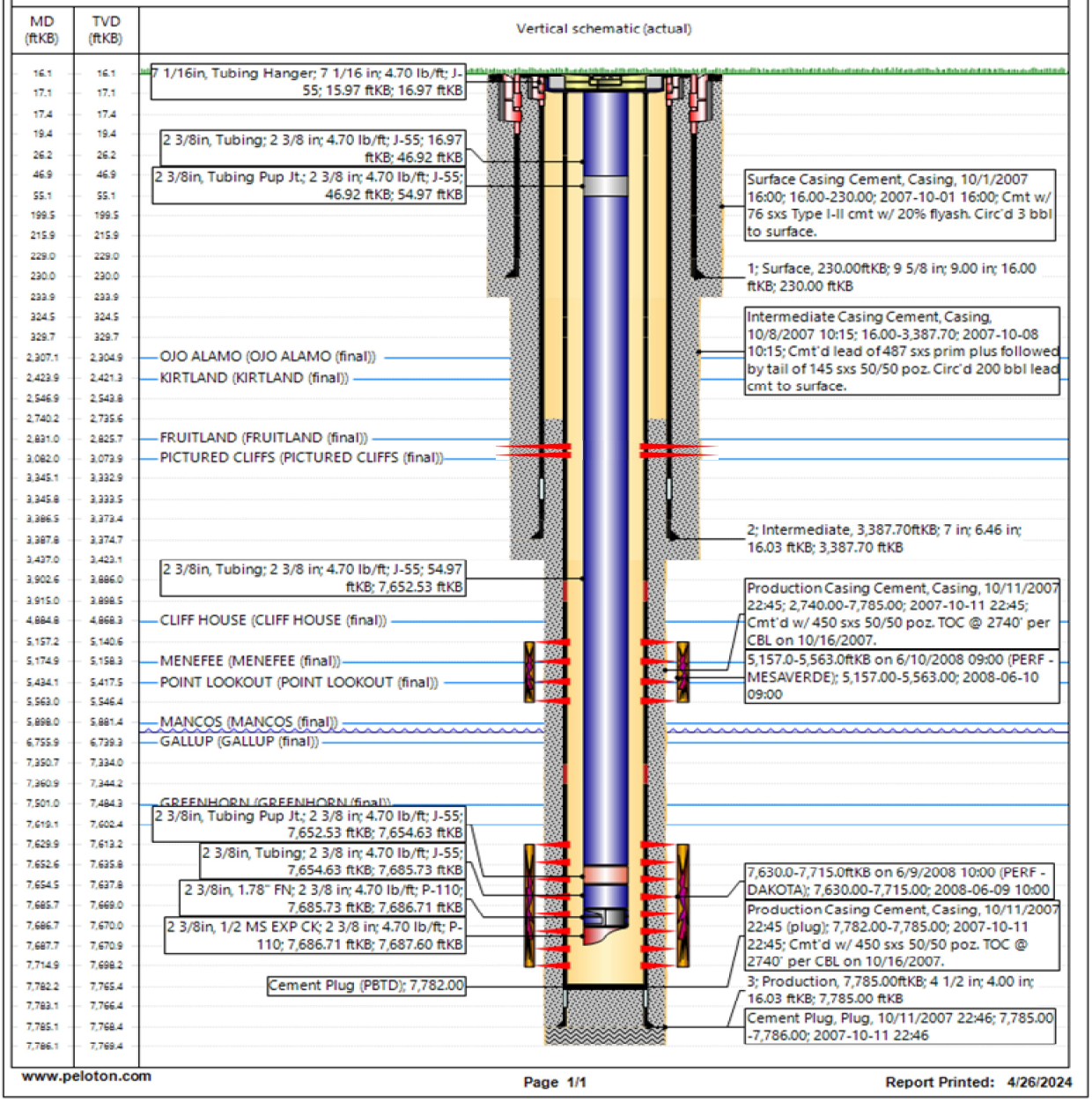
Hilcorp Energy Company

Proposed Schematic

Well Name: SAN JUAN 30-5 UNIT #78N

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3003930255	007-030N-005W-O	MV/DK COM	1201	NEW MEXICO	VERTICAL
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
6,246.00	6,262.00		16.00		

Original Hole [VERTICAL]



www.peloton.com

Page 1/1

Report Printed: 4/26/2024

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 362579

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-30255	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318433	SAN JUAN 30 5 UNIT	078N
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6244

10. Surface Location

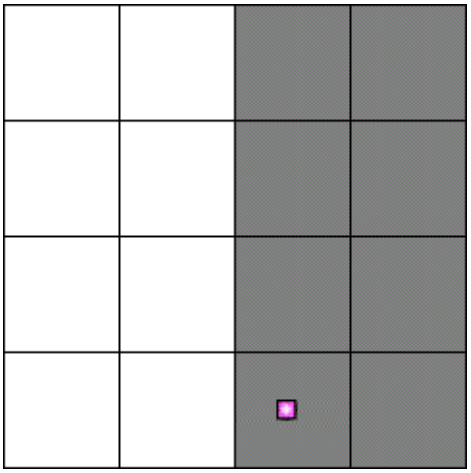
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	7	30N	05W		675	S	2075	E	RIO ARRIBA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	7	30N	05W		959	S	2121	E	RIO ARRIBA

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:
Title: Operations Regulatory Tech Sr.
Date: 4/1/2024

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: Jason Edwards
Date of Survey: 8/9/2006
Certificate Number: 15269

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:** 4/1/2024

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
SJ 30-5 Unit 78N	30-039-30255	O-07-30N-05W	675 FSL 2075 FEL	0	100	5

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

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

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
SJ 30-5 Unit 78N	**30-039-30255**					

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:
Printed Name: Amanda Walker
Title: Operations Regulatory Tech Sr.
E-mail Address: mwalker@hilcorp.com
Date: 4/3/2024
Phone: 346.237.2177

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.

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 362579

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-039-30255	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
318433	SAN JUAN 30 5 UNIT	078N
7. OGRID No.	**8. Operator Name**	**9. Elevation**
372171	HILCORP ENERGY COMPANY	6244

10. Surface Location

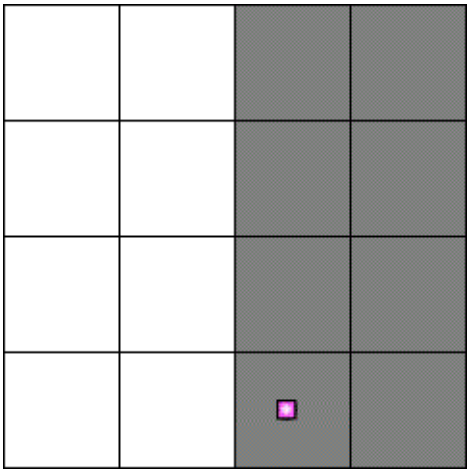
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	7	30N	05W		675	S	2075	E	RIO ARRIBA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	7	30N	05W		959	S	2121	E	RIO ARRIBA

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:
Title: Operations Regulatory Tech Sr.
Date: 4/1/2024

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: Jason Edwards
Date of Survey: 8/9/2006
Certificate Number: 15269

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:** 4/1/2024

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
SJ 30-5 Unit 78N	30-039-30255	O-07-30N-05W	675 FSL 2075 FEL	0	100	5

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

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

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
SJ 30-5 Unit 78N	**30-039-30255**					

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:
Printed Name: Amanda Walker
Title: Operations Regulatory Tech Sr.
E-mail Address: mwalker@hilcorp.com
Date: 4/3/2024
Phone: 346.237.2177

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.

From: Mandi Walker
To: Lowe, Leonard, EMNRD
Cc: McClure, Dean, EMNRD
Subject: RE: [EXTERNAL] OIL ALLOCATION - DHC - S J. 30 5 Unit Well No. 78N
Date: Thursday, August 1, 2024 10:43:26 AM
Attachments: image001.png

Good morning Leonard,

The RE sent me a quick note to say: The MV and DK have historically not produced any oil. Any oil the well makes will be allocated to the FRC. I double checked my paperwork to make sure there was a box with that information listed.

Let me know if you need anything from me.

Thank you,

Mandi Walker
SJE/SJN (1,2,7) Regulatory Technician Sr.
Office: 346.237.2177
mwalker@hilcorp.com

From: Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>
Sent: Thursday, August 1, 2024 11:01 AM
To: Mandi Walker <mwalker@hilcorp.com>
Cc: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Subject: [EXTERNAL] OIL ALLOCATION - DHC - S J. 30 5 Unit Well No. 78N
Importance: High

Ms. Amanda Walker,

In review of your DHC application for the above subject well, I have a question.

Your application states 0% Oil Allocation for oil within the commingling application, how does Hilcorp intend to move forward if this well receives Oil?

Oil Allocation:
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	0	527	0%
DK	0	134	0%
FRC	0	967	0%
			0%

Leonard R. Lowe
Engineering Bureau
OCD - EMNRD
8801 Horizon Blvd NE
Albuquerque, N.M. 87113
CELL NUMBER: 505-584-8351
http://www.emnrd.state.nm.us/ocd/

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 330054

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 330054
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	7/24/2024