

DHC- 5423

Revised March 23, 2017

ID NO. 363319

RECEIVED: <b>07/11/24</b>	REVIEWER:	TYPE:	APP NO: <b>pLEL2423952469</b>
---------------------------	-----------	-------	-------------------------------

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:** King 1A **API:** 30-045-23709  
**Pool:** Basin Fruitland Coal / Blanco Mesaverde **Pool Code:** 71629, 72319

**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

- 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

<u>FOR OCD ONLY</u>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

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.

Cherylene Weston

Print or Type Name

Cherylene Weston

Signature

7/11/2024  
Date

713-289-2614  
Phone Number

cweston@hilcorp.com  
e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised August 1, 2011

District II  
811 S. First St., Artesia, NM 88210

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

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 Rio Brazos Road, Aztec, NM 87410

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

**APPLICATION FOR DOWNHOLE COMMINGLING**

Hilcorp Energy Company 382 Road 3100, Aztec, NM 87410

Operator Address

King 1A P-22-T30N-R10W San Juan County, NM  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 372171 Property Code 318592 API No. 30-045-23709 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2612' - 2880'		4481' - 5501'
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)	55 psi		88 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1134 BTU		1249 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: 4/1/2024 Rates: Oil - 0 bbl Gas - 1,295 mcf Water - 6 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   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No

Are all produced fluids from all commingled zones compatible with each other? Yes  No

Will commingling decrease the value of production? Yes  No

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

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 7/11/2024

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 355303

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-23709	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 318592	5. Property Name KING	6. Well No. 001A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6272

**10. Surface Location**

UL - Lot P	Section 22	Township 30N	Range 10W	Lot Idn 16	Feet From 840	N/S Line S	Feet From 1045	E/W Line E	County 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 323.22	13. Joint or Infill			14. Consolidation Code			15. Order No.		

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

	<b>OPERATOR CERTIFICATION</b>
	<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <b>Cherylene Weston</b>              Title: Cherylene Weston              Date: 12/06/2023</p>
	<b>SURVEYOR CERTIFICATION</b>
	<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Fred B. Kerr, Jr.              Date of Survey: 6/12/1979              Certificate Number: 3950</p>

STATE OF NEW MEXICO

P. O. BOX 2088

ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-78

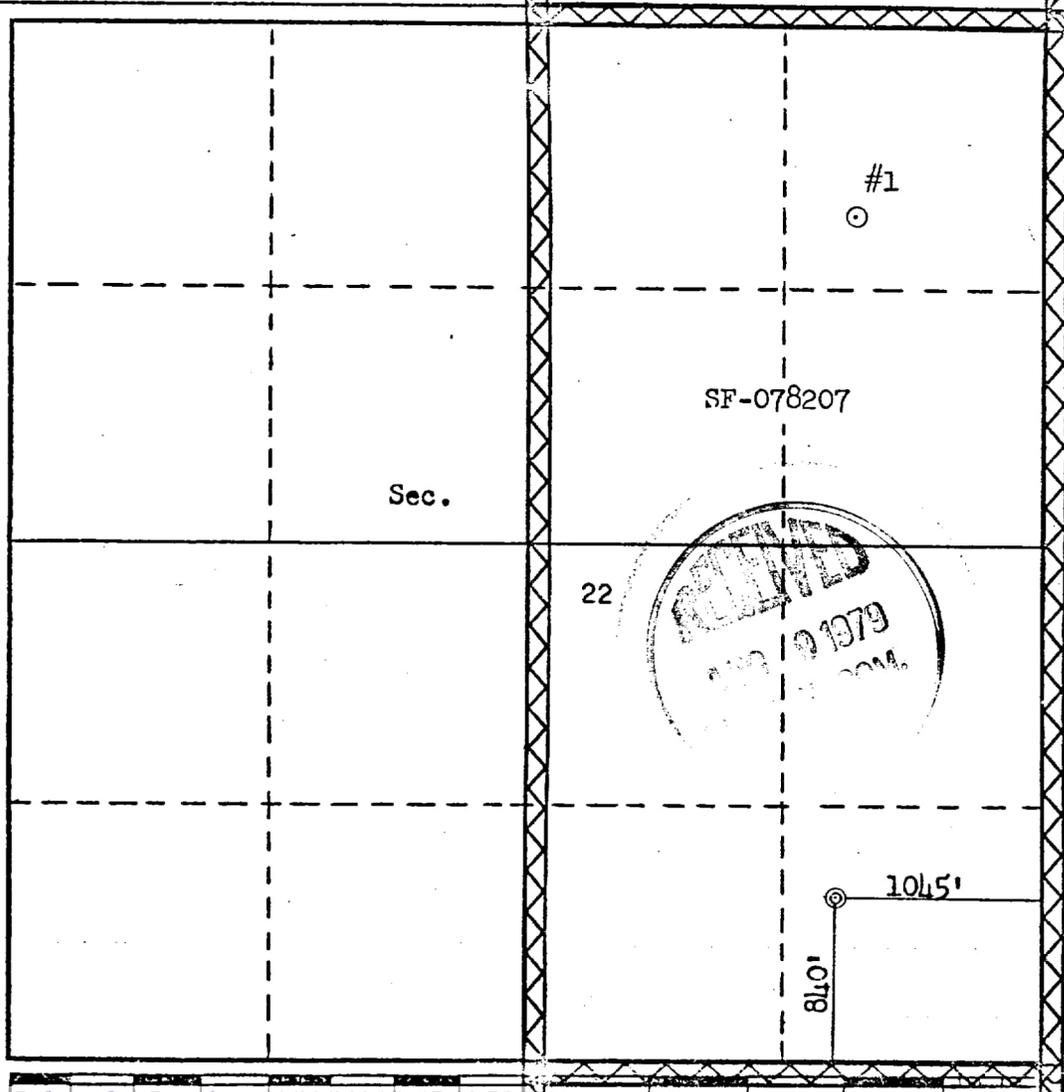
All distances must be from the outer boundaries of the Section.

Operator <b>EL PASO NATURAL GAS COMPANY</b>			Lease <b>KING (SF-078207)</b>		Well No. <b>1-A</b>
Unit Letter <b>P</b>	Section <b>22</b>	Township <b>30N</b>	Range <b>10W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>840</b> feet from the <b>South</b> line and <b>1045</b> feet from the <b>East</b> line					
Ground Level Elev. <b>6272</b>	Producing Formation <b>Mesa Verde</b>		Pool <b>Blanco Mesa Verde</b>	Dedicated Acreage: <b>323.22</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?  
 Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

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

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



**CERTIFICATION**

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

*[Signature]*  
Name  
Drilling Clerk  
Position  
El Paso Natural Gas Co.  
Company  
July 26, 1979  
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **June 12, 1979**  
Registered Professional Engineer and/or Land Surveyor  
*[Signature]*  
Fred B. Kern, Jr.  
Certificate No. **3950**

The near wellbore shut-in bottom hole pressures of the above reservoirs are much lower than the calculated far-field stabilized reservoir pressure 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.

### King 1A Production Allocation

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

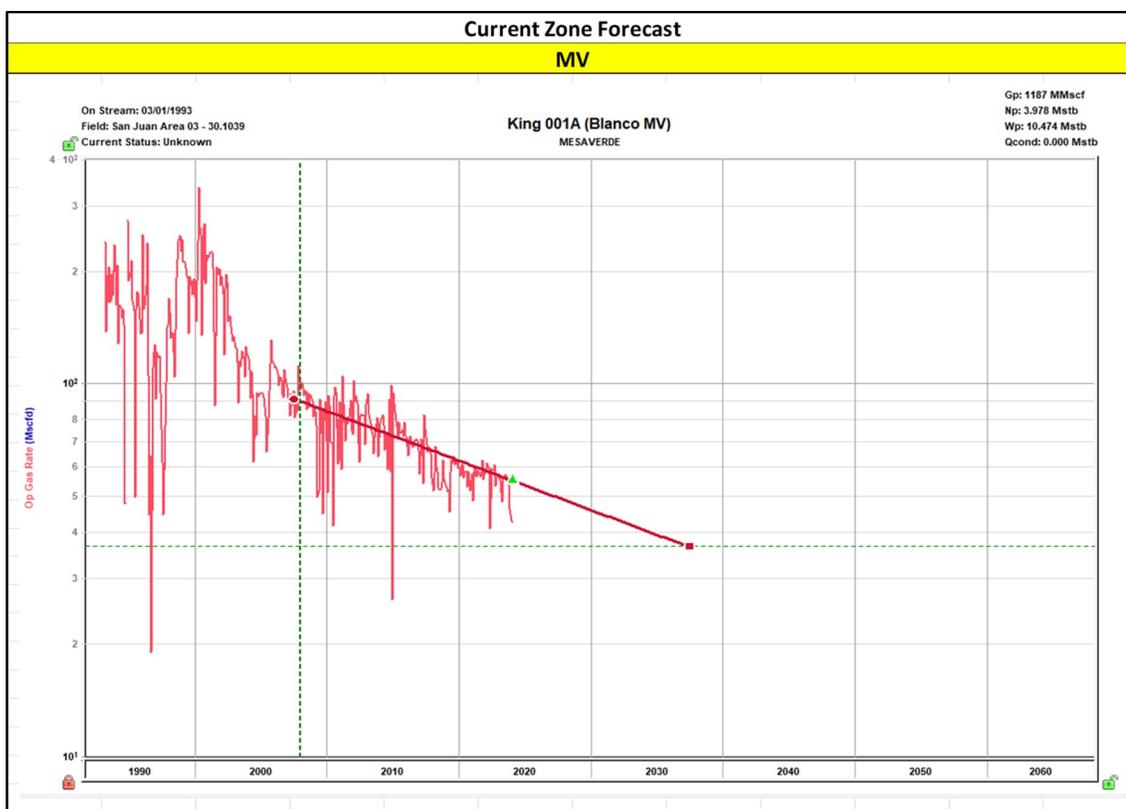
The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed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

### Production Allocation Method – Subtraction

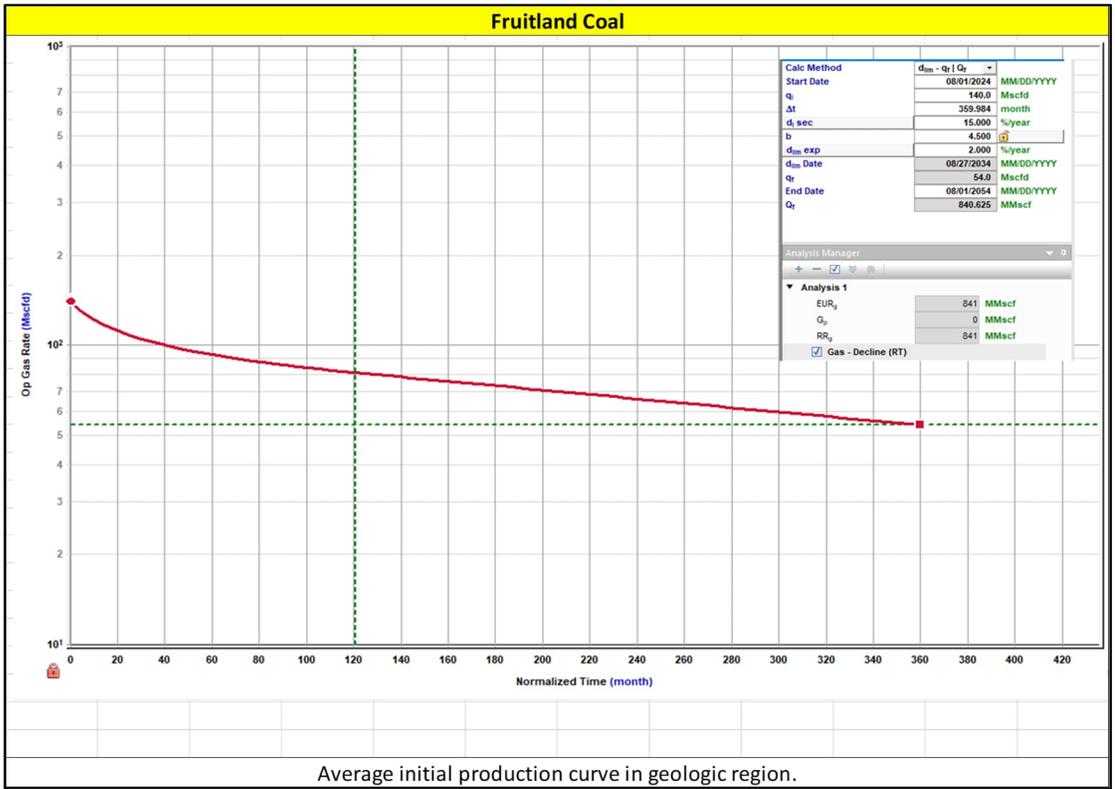
#### Gas Allocation:

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

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



**Proposed Zone Forecast**

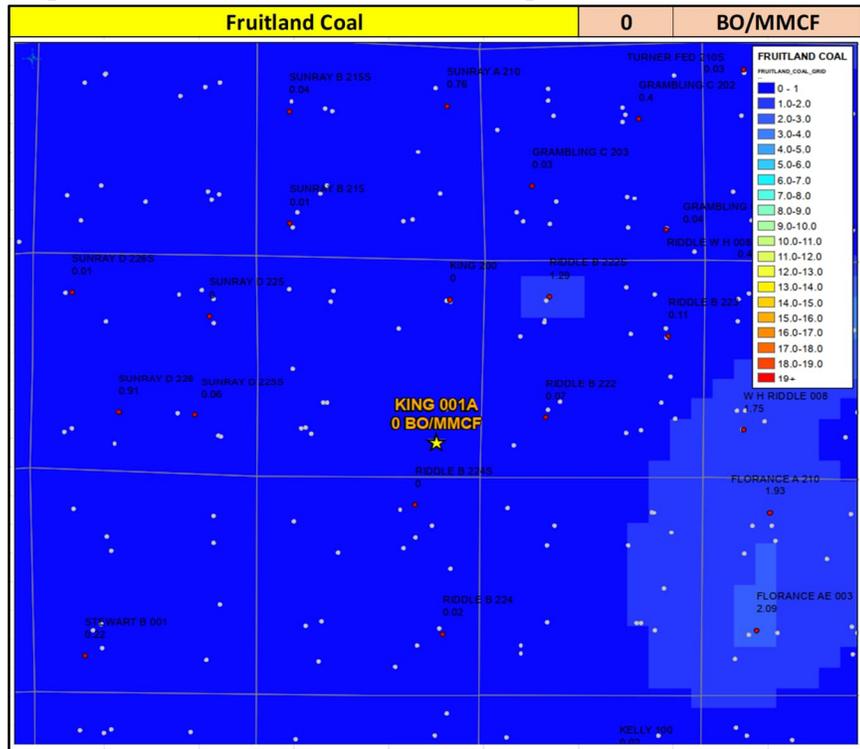


**Oil Allocation:**

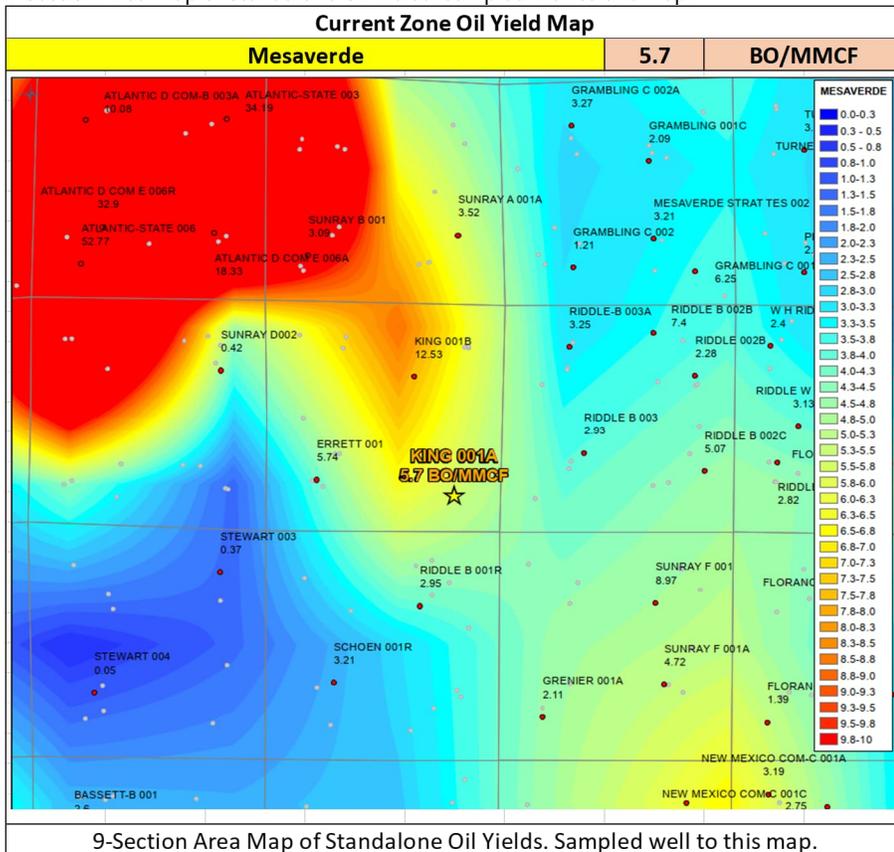
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	5.7	221	100%
FRC	0	841	0%

### Proposed Zone – Fruitland Coal Oil Yield Map



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.

**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:

3004509472	GRAMBLING C 1C	MV
3004527076	KING 200	FRC

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

Gas Compatibility in the San Juan Basin

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

Well Name	API
KING 1A	3004523709

FRC Offset (2.2 miles)		MV Offset (2.15 miles)	
AssetCode	3004528146	AssetCode	3004524194
AssetName	FC FEDERAL COM 11	AssetName	BASSETT B 1
N2	0	N2	0
CO2	0	CO2	0.01
C1	0.92	C1	0.8
C2	0.05	C2	0.1
C3	0.02	C3	0.05
ISOC4	0	ISOC4	0.01
NC4	0	NC4	0.01
ISOC5	0	ISOC5	0.01
NC5	0	NC5	0
C6_PLUS		C6_PLUS	
C7	0	C7	0
C8	0	C8	0
C9	0	C9	0
C10		C10	
AR		AR	
CO		CO	
H2		H2	
O2	0	O2	0
H2O		H2O	
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	

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
KING 1A	3004523709

FRC Offset (1.7 miles)		MV Offset (2.4 miles)	
API	3004533749	API	3004560206
Property	KELLY 100	Property	TURNER FEDERAL 2
CationBarium	0.5	CationBarium	0.17
CationBoron		CationBoron	-0.03
CationCalcium	62	CationCalcium	3.32
CationIron	98	CationIron	65.98
CationMagnesium	19	CationMagnesium	0.11
CationManganese	0.5	CationManganese	0.84
CationPhosphorus		CationPhosphorus	1.56
CationPotassium		CationPotassium	0.03
CationStrontium	0.5	CationStrontium	0
CationSodium	156.51	CationSodium	11.65
CationSilica		CationSilica	
CationZinc		CationZinc	-0.78
CationAluminum		CationAluminum	
CationCopper		CationCopper	
CationLead		CationLead	
CationLithium		CationLithium	
CationNickel		CationNickel	
CationCobalt		CationCobalt	
CationChromium		CationChromium	
CationSilicon		CationSilicon	
CationMolybdenum		CationMolybdenum	
AnionChloride	262	AnionChloride	599.81
AnionCarbonate	0	AnionCarbonate	
AnionBicarbonate	110	AnionBicarbonate	219.6
AnionBromide		AnionBromide	
AnionFluoride		AnionFluoride	
AnionHydroxyl	0	AnionHydroxyl	
AnionNitrate		AnionNitrate	
AnionPhosphate		AnionPhosphate	
AnionSulfate	110	AnionSulfate	30
phField	7.24	phField	5.5
phCalculated		phCalculated	6.1
TempField	60	TempField	27.9
TempLab		TempLab	
OtherFieldAlkalinity		OtherFieldAlkalinity	
OtherSpecificGravity	0	OtherSpecificGravity	
OtherTDS	819.01	OtherTDS	72
OtherCaCO3		OtherCaCO3	
OtherConductivity	1279.7	OtherConductivity	116.1
DissolvedCO2	8	DissolvedCO2	250
DissolvedO2		DissolvedO2	
DissolvedH2S	0	DissolvedH2S	8.5
GasPressure	100	GasPressure	
GasCO2	0	GasCO2	
GasCO2PP	0	GasCO2PP	
GasH2S	0	GasH2S	
GasH2SPP	0	GasH2SPP	
PitzerCaCO3_70	-0.66	PitzerCaCO3_70	
PitzerBaSO4_70	1.12	PitzerBaSO4_70	
PitzerCaSO4_70	-1.64	PitzerCaSO4_70	
PitzerSrSO4_70	-2.05	PitzerSrSO4_70	
PitzerFeCO3_70		PitzerFeCO3_70	
PitzerCaCO3_220	0.14	PitzerCaCO3_220	
PitzerBaSO4_220	0.56	PitzerBaSO4_220	
PitzerCaSO4_220	-1.52	PitzerCaSO4_220	
PitzerSrSO4_220	-1.86	PitzerSrSO4_220	
PitzerFeCO3_220		PitzerFeCO3_220	

<b>Well Name:</b> KING	<b>Well Location:</b> T30N / R10W / SEC 22 / SESE / 36.792633 / -107.865799	<b>County or Parish/State:</b> SAN JUAN / NM
<b>Well Number:</b> 1A	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF078207	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 3004523709	<b>Operator:</b> HILCORP ENERGY COMPANY	

### Notice of Intent

**Sundry ID:** 2789933

**Type of Submission:** Notice of Intent

**Type of Action:** Recompletion

**Date Sundry Submitted:** 05/14/2024

**Time Sundry Submitted:** 09:00

**Date proposed operation will begin:** 06/01/2024

**Procedure Description:** Revised NOI: Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal formation and downhole commingle with the existing Mesaverde formation. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit was held on 10/17/2023 with Roger Herrera/BLM. The reclamation plan is attached. \*\*Revised perf range.

### Surface Disturbance

**Is any additional surface disturbance proposed?:** No

### NOI Attachments

**Procedure Description**

King\_1A\_UPE\_Coal\_RC\_NOI\_20240514100034.pdf

**Well Name:** KING

**Well Location:** T30N / R10W / SEC 22 / SESE / 36.792633 / -107.865799

**County or Parish/State:** SAN JUAN / NM

**Well Number:** 1A

**Type of Well:** CONVENTIONAL GAS WELL

**Allottee or Tribe Name:**

**Lease Number:** NMSF078207

**Unit or CA Name:**

**Unit or CA Number:**

**US Well Number:** 3004523709

**Operator:** HILCORP ENERGY COMPANY

### Operator

*I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a*

**Operator Electronic Signature:** CHERYLENE WESTON

**Signed on:** MAY 15, 2024 01:49 PM

**Name:** HILCORP ENERGY COMPANY

**Title:** Operations/Regulatory Tech - Sr

**Street Address:** 1111 TRAVIS STREET

**City:** HOUSTON

**State:** TX

**Phone:** (713) 289-2615

**Email address:** CWESTON@HILCORP.COM

### Field

**Representative Name:**

**Street Address:**

**City:**

**State:**

**Zip:**

**Phone:**

**Email address:**

### BLM Point of Contact

**BLM POC Name:** MATTHEW H KADE

**BLM POC Title:** Petroleum Engineer

**BLM POC Phone:** 5055647736

**BLM POC Email Address:** MKADE@BLM.GOV

**Disposition:** Approved

**Disposition Date:** 05/15/2024

**Signature:** Matthew Kade

## King #1A

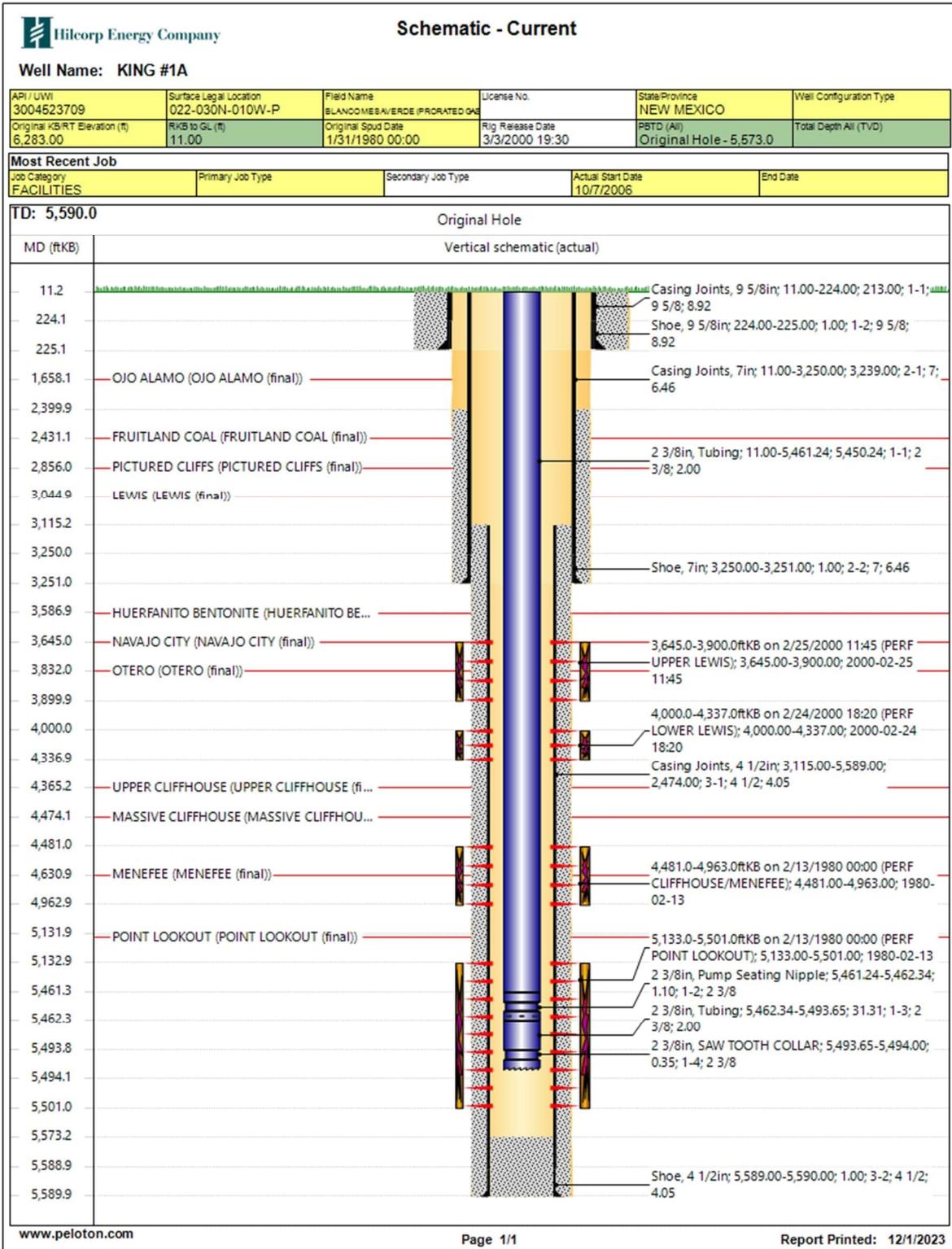
API#: 3004523709

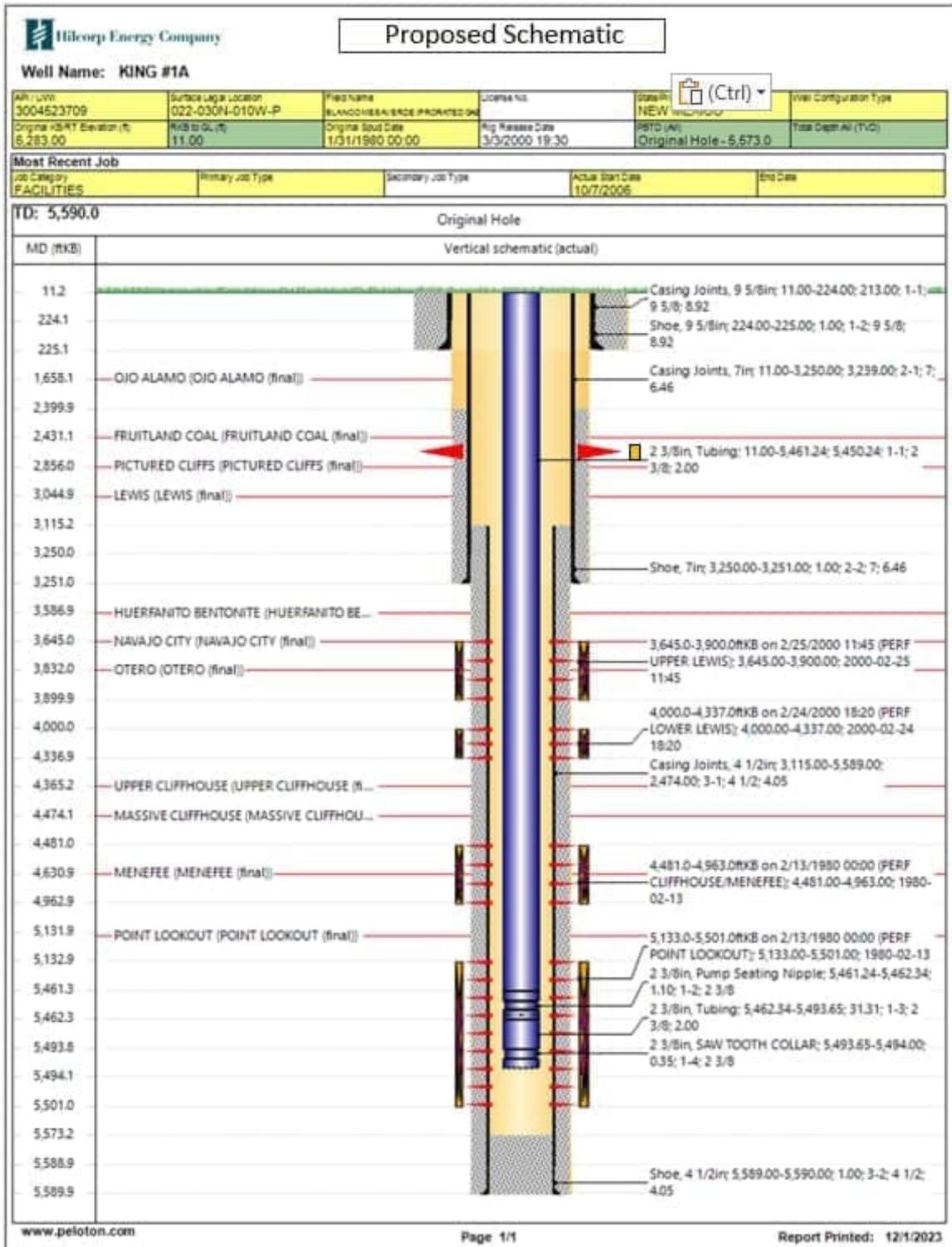
### Fruitland Coal Recompletion Procedure

12/1/2023

#### Procedure:

1. MIRU PU and associated equipment. Kill well and NDWH.
2. NUBOP and unseat tubing, tag for fill and lay down 2 3/8" string
3. Set 7" CIBP at +/-2856' to isolate existing MV completion
4. RU wellcheck and MIT wellbore to 500 PSI
5. Run CBL from CIBP to surface.
6. PU 7" frac packer and frac string, RIH and set packer at 2400'
7. Pressure test frac string to 5000 PSI
8. MIRU frac spread.
9. Perforate and frac the Fruitland Coal from **2612' to 2880'**.
10. MI flow back and flow well to relieve pressure if needed.
11. MIRU service rig.
12. Test BOP's.
13. POOH with frac string and packer.
14. When water and sand rates are acceptable, flow test the intervals.
15. Make up 7" mill and clean out to top of liner
16. Make up 3.75" Mill and clean out to PBTD
17. TIH and land 2-3/8" production tubing.
18. ND BOP's, NU production tree.
19. RDMO service rig & turn well over to production.





**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 355303

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-23709	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 318592	5. Property Name KING	6. Well No. 001A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6272

**10. Surface Location**

UL - Lot P	Section 22	Township 30N	Range 10W	Lot Idn 16	Feet From 840	N/S Line S	Feet From 1045	E/W Line E	County 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 323.22	13. Joint or Infill			14. Consolidation Code			15. Order No.		

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

	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>Cherylene Weston</i>              Title: Cherylene Weston              Date: 12/06/2023</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Fred B. Kerr, Jr.              Date of Survey: 6/12/1979              Certificate Number: 3950</p>

Hilcorp Energy  
Interim Reclamation Plan  
**King #1A**  
API: 30-045-23709  
P – Sec.22-T030N-R010W  
Lat: 36.79263, Long: -107.8658  
Footage: 840' FSL & 1045' FEL  
San Juan County, NM

**1. PRE- INTERIM RECLAMATION SITE INSPECTION**

- 1.1) A pre-interim reclamation site inspection was completed by Roger Herrera with the BLM and Chad Perkins construction Foreman for Hilcorp Energy on October 17, 2023.
- 1.2) Location surface will be brush hogged or mulched and bladed as required within original disturbance to acquire additional working surface for well recompletion activities.

**2. LOCATION INTERIM RECLAMATION PROCEDURE**

- 2.1) Interim reclamation work will only be completed after well recompletion.
- 2.2) The interim reclamation work will be completed during spring or fall months.
- 2.3) Location tear drop will be re-defined as applicable for the interim reclamation.
- 2.4) All diversion ditches and silt traps will be cleaned and re-established as applicable for the interim reclamation.
- 2.5) All disturbed areas will be seeded, any disturbed areas that are compacted will be ripped before seeding.
- 2.6) All trash and debris will be removed within 50' buffer outside of the location disturbance during reclamation.

**3. ACCESS ROAD RECLAMATION PROCEDURE:**

- 3.1) No lease access road issues were identified at the time of onsite.
- 3.2) Lease access road will be maintained as applicable before, during, and after, recompletion activities.

**4. SEEDING PROCEDURE**

- 4.1) A Pinion/Juniper seed mix will be used for all reclaimed and disturbed areas of the location.
- 4.2) Drill seeding will be done where applicable and all other disturbed areas will be broadcast seeded and harrowed, broadcast seeding will be applied at a double the rate of seed.
- 4.3) Timing of the seeding will take place when the ground is not frozen or saturated.

**5. WEED MANAGEMENT**

- 5.1) No action is required at this time for weed management, no noxious weeds were identified during the onsite.

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Submit Electronically  
 Via E-permitting

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

## NATURAL GAS MANAGEMENT PLAN

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

### Section 1 – Plan Description

Effective May 25, 2021

**I. Operator:** Hilcorp Energy Company **OGRID:** 372171 **Date:** 12 / 07 / 2023

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

If Other, please describe: \_\_\_\_\_

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

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
King 1A	3004523709	P-22-30N-10W	840 FSL, 1045 FEL	0 bbl/d	124 mcf/d	1 bbl/d

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

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

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
King 1A	3004523709					<u>2024</u>

**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:	<i>Cherylene Weston</i>
Printed Name:	Cherylene Weston
Title:	Operations/Regulatory Tech-Sr.
E-mail Address:	cweston@hilcorp.com
Date:	12/07/2023
Phone:	713-289-2615

**OIL CONSERVATION DIVISION**  
**(Only applicable when submitted as a standalone form)**

Approved By:
Title:
Approval Date:
Conditions of Approval:

## VI. Separation Equipment:

Hilcorp Energy Company (HEC or Operator) production facilities include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool of our recompleting project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recompleting 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 recompleting 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 recompleting
  - 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**

CONDITIONS

Action 344876

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 344876
	Action Type: [C-103] NOI Recompletion (C-103E)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	Notify NMOCD 24 Hours Prior to beginning operations.	6/28/2024
dmcclure	DHC required	6/28/2024
dmcclure	All conducted logs shall be submitted to the Division as a [UF-WL] EP Well Log Submission (WellLog).	6/28/2024
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.	6/28/2024



**July 11, 2024**

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

**Re: C-107A (Downhole Commingle)  
King 1A  
API No. 30-045-23709  
P-22, T30N-R10W  
San Juan County, NM**

Gentlemen:

Concerning Hilcorp Energy Company's C-107A application to downhole commingle production in the subject well, this letter serves to confirm the following:

All working, royalty and overriding royalty interests are identical between the Blanco Mesaverde (Pool Code: 72319) and Basin Fruitland Coal (Pool Code: 71629) in the spacing units dedicated to these formations. Therefore, no notice to interest owners is required.

If you have any questions or concerns, please contact the undersigned using the information provided below.

Sincerely,

By: HILCORP ENERGY COMPANY,  
Its General Partner

A handwritten signature in blue ink, appearing to read 'Carson Parker Rice', written over a light blue horizontal line.

Carson Parker Rice  
Landman – San Juan Basin  
Hilcorp Energy Company  
1111 Travis Street  
Houston, Texas 77002  
713-757-7108 Direct  
Email: carice@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**

CONDITIONS

Action 363319

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 363319
	Action Type: [C-107] Down Hole Commingle (C-107A)

**CONDITIONS**

Created By	Condition	Condition Date
llowe	None	8/26/2024