

Office  
 District I – (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II – (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III – (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV – (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM  
 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

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

DHC-5440

Form C-103  
 Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-039-22989
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Hilcorp Energy Company		6. State Oil & Gas Lease No. E-347-26
3. Address of Operator 382 Road 3100, Aztec NM 87410		7. Lease Name or Unit Agreement Name San Juan 31-6 Unit
4. Well Location Unit Letter B: 790' feet from the North line and 1020' feet from the East line Section 36 Township 31N Range 06W NMPM County Rio Arriba		8. Well Number 42
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6511' GL		9. OGRID Number 372171
		10. Pool name or Wildcat Blanco Mesaverde

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to recomplete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. See the attached allocation methodology. Commingling will not reduce the value of the production. The State Land Office has been notified in writing of this application.

Proposed perforations are: MV - 5213' – 6207'; DK - 7982' - 8004' **These perforations are in TVD.**

As referenced in Order # R- 11188 interest owners were not re-notified.

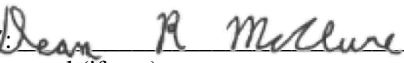
Spud Date:  Rig Release Date:

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

SIGNATURE  TITLE Operations/Regulatory Technician Sr. DATE 7/29/2024

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177

**For State Use Only**

APPROVED BY:  TITLE Petroleum Engineer DATE 11/26/2024  
 Conditions of Approval (if any):

## CONDITIONS OF APPROVAL

If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.

If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

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

The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

**District I**1625 N. French Dr., Hobbs, NM 88240  
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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) 476-3462Form C-102  
August 1, 2011

Permit 365916

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-22989	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318839	5. Property Name SAN JUAN 31 6 UNIT	6. Well No. 042
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6511

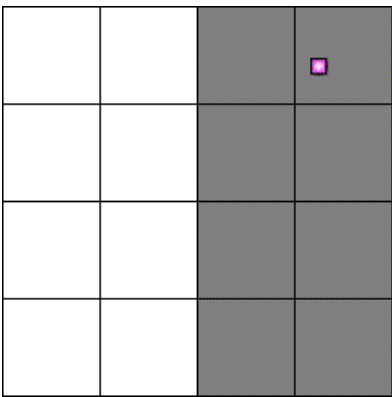

**10. Surface Location**

UL - Lot B	Section 36	Township 31N	Range 06W	Lot Idn	Feet From 790	N/S Line N	Feet From 1020	E/W Line E	County RIO ARRIBA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 225.44	13. Joint or Infill			14. Consolidation Code				15. Order No. R-10987-A(6)	

**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 style="text-align: center;"><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:   Title: Operations Regulatory Tech Sr.  Date: 5/21/2024</p> <hr/> <p style="text-align: center;"><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: 2/4/1981  Certificate Number: 3950</p>
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August 1, 2011

Permit 365916

**State of New Mexico  
Energy, Minerals and Natural  
Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
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# WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-22989	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318839	5. Property Name SAN JUAN 31 6 UNIT	6. Well No. 042
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## 10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	36	31N	06W		790	N	1020	E	RIO ARRIBA

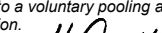
### 11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 225.44			13. Joint or Infill		14. Consolidation Code			15. Order No. R-10987-A(6)	

**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: 5/21/2024

**SURVEYOR CERTIFICATION**

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

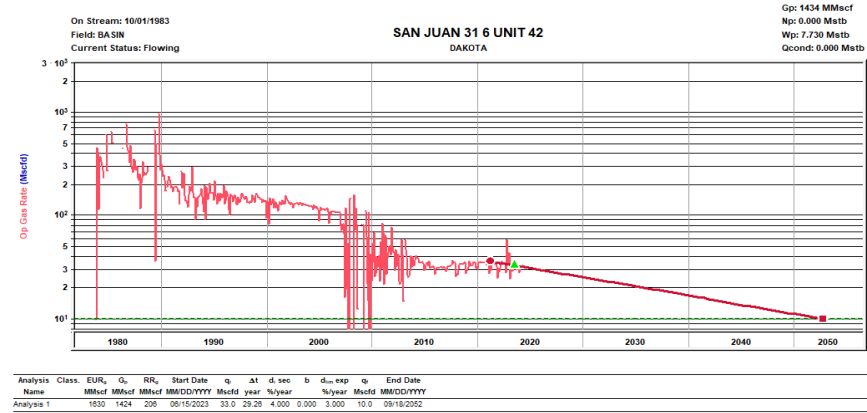
Surveyed By: Fred B Kerr Jr  
 Date of Survey: 2/4/1981  
 Certificate Number: 3950

San Juan 31-6 Unit 042 Subtraction Allocation	3003922989
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Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the **Dakota** and the added formation to be commingled is the **Mesaverde**. The subtraction method applies an average monthly production forecast to the base 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 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation.

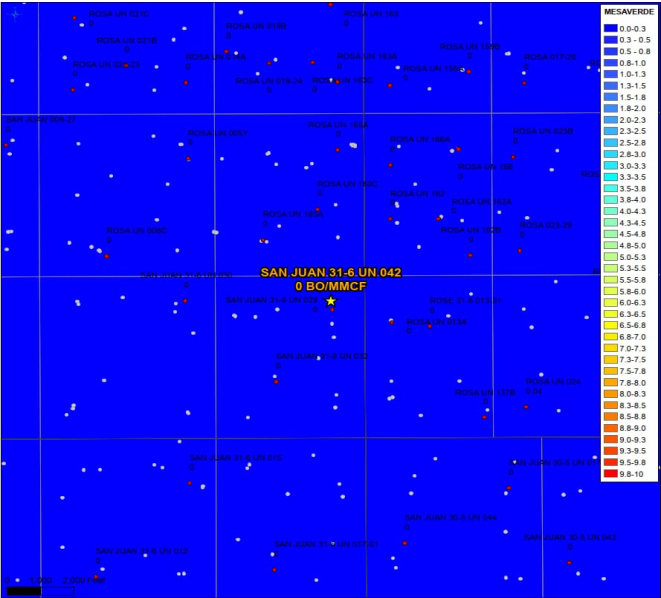
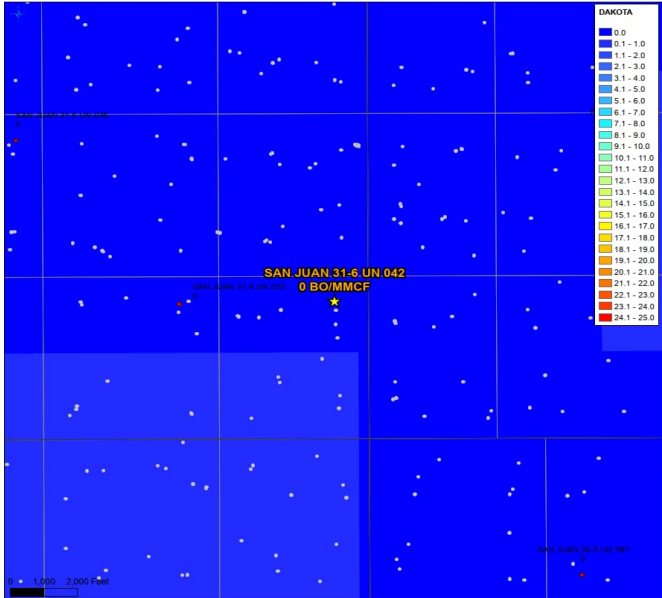


Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. The Dakota formation has historically never produced oil. If the well produces any oil, it will be 100% allocated to the Mesaverde formation.

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
DK	0	206	0%
MV	0	842	100%



Via Fed Ex:740203005113



**APPLICATION FOR  
COMMINGLING AND OFF-LEASE STORAGE  
ON STATE TRUST LANDS**



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

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

**Well Name:** San Juan 31-6 Unit 42 **API #:** 30-039-22989

**Pool:** Blanco Mesaverde

**OPERATOR NAME:** Hilcorp Energy Company Attn: Mandi Walker / 12.215

**OPERATOR ADDRESS:** 1111 Travis St. Houston, TX 77002

**APPLICATION REQUIREMENTS – SUBMIT:**

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

**CERTIFICATION:** To the best of my knowledge,

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

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

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

Mandi Walker  
Print or Type Name

  
Signature

7/29/2024  
Date

346-237-2177  
Phone Number

mwalker@hilcorp.com  
e-mail Address

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

Questions?  
Contact the Commingling Manager:  
505.827.6628

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

**From:** [Mandi Walker](#)  
**To:** [McClure, Dean, EMNRD](#); [Cheryl Weston](#)  
**Cc:** [Lowe, Leonard, EMNRD](#)  
**Subject:** RE: [EXTERNAL] Action ID: 368305; DHC-5440  
**Date:** Friday, November 22, 2024 7:13:27 PM  
**Attachments:** [SJ 31-6 Unit 42 DHC Packet.pdf](#)

Dean, please see the attached signed packet.

Thank you,

*Mandi Walker*  
*SJE Regulatory Technician Sr.*  
*Office: 346.237.2177*  
*[mwalker@hilcorp.com](mailto:mwalker@hilcorp.com)*

**From:** McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>  
**Sent:** Friday, November 22, 2024 3:56 PM  
**To:** Mandi Walker <mwalker@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>  
**Cc:** Lowe, Leonard, EMNRD <Leonard.Lowe@emnrd.nm.gov>  
**Subject:** [EXTERNAL] Action ID: 368305; DHC-5440

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

To whom it may concern (c/o Mandi Walker for Hilcorp Energy Company),

The Division is reviewing the following application:

Action ID	368305
Admin No.	DHC-5440
Applicant	Hilcorp Energy Company (372171)
Title	San Juan 31 6 Unit #42
Sub. Date	7/30/2024

Please provide the following additional supplemental documents:

- 

Please provide additional information regarding the following:

- Please sign the sundry and provide to me.

Additional notes:

-

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

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

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

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Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/oed/contact-us>

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

CONDITIONS

Action 368305

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 368305
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please email us at <a href="mailto:OCD.Engineer@emnrd.nm.gov">OCD.Engineer@emnrd.nm.gov</a> .	11/26/2024