**STATE OF NEW MEXICO**
**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**
**OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING**
**SUBMITTED BY HILCORP ENERGY COMPANY** **ORDER NO. DHC-5503**

## ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

## FINDINGS OF FACT

1. Hilcorp Energy Company ("Applicant") submitted a complete application ("Application") to downhole commingle the pools described in Exhibit A ("the Pools") within the well bore of the well identified in Exhibit A ("the Well").
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
6. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.

## CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
8. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
9. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.

11. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.

12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

**ORDER**

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.

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

    a. zero percent (0.0%) shall be allocated to the Basin Fruitland Coal pool (pool ID: 71629);
    b. ninety - one percent (91%) shall be allocated to the Blanco Mesaverde pool (pool ID: 72319); and
    c. nine percent (9.0%) shall be allocated to the Basin Dakota pool (pool ID: 71599).

    Applicant shall allocate gas production to the new pool(s) equal to the total gas production from the Well minus the projected gas production from the current pool(s) until a different plan to allocate gas production is approved by OCD. The new pool(s) are:
    a. the Basin Fruitland Coal pool (pool ID: 71629)

    The current pool(s) are:
    a. the Blanco Mesaverde pool (pool ID: 72319); and
    b. the Basin Dakota pool (pool ID: 71599).

    Until a different plan to allocate gas production is approved by OCD, of the projected gas production allocated to the current pools:
    a. seventy five percent (75%) shall be allocated to the Blanco Mesaverde pool (pool ID: 72319); and
    b. twenty five percent (25%) shall be allocated to the Basin Dakota pool (pool ID: 71599).

    Applicant shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall

terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

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

**STATE OF NEW MEXICO**
**OIL CONSERVATION DIVISION**

Albert Chang

**DATE:** 7/10/2025

**ALBERT CHANG**
**DIRECTOR**
Order No. DHC-5503

State of New Mexico
Energy, Minerals and Natural Resources Department

# Exhibit A

| | | | | | |
|---|---|---|---|---|---|
| | Order: | DHC-5503 | | | |
| | Operator: | Hilcorp Energy Company | | | |
| | Well Name: | Culpepper Martin Well No. 16R | | | |
| | Well API: | 30-045-31036 | | | |
| Upper Zone | Pool Name: | Basin Fruitland Coal | | | |
| | Pool ID: | 71629 | Current: | | New: X |
| | Allocation: | Subtraction | Oil: | 0.0% | Gas: SUBT |
| | | | Top: | 2,105 | Bottom: 2,451 |
| Intermediate Zone | Pool Name: | Blanco Mesaverde | | | |
| | Pool ID: | 72319 | Current: | X | New: |
| | Allocation: | Fixed Percent | Oil: | 91.0% | Gas: 25.0% |
| | | | Top: | 4,511 | Bottom: 5,131 |
| Bottom of Interval within 150% of Upper Zone's Top of Interval: | | NO | | | |
| Lower Zone | Pool Name: | Basin Dakota | | | |
| | Pool ID: | 71599 | Current: | X | New: |
| | Allocation: | Fixed Percent | Oil: | 9.0% | Gas: 75.0% |
| | | | Top: | 6,981 | Bottom: 7,106 |
| Bottom of Interval within 150% of Upper Zone's Top of Interval: | | NO | | | |
| Top of Queen Formation: | | | | | |

Revised March 23, 2017

ID NO. 389292

DHC - 5503

| RECEIVED: | REVIEWER: | TYPE: | APP NO: |
|---|---|---|---|
| 10/02/24 | | | |

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:** Culpepper Martin 16R **API:** 30-045-31036
**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

10/1/2024
Date

346-237-2177
Phone Number

Signature

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

| **Culpepper Martin** | **16R** | **N Sec 4, T31N, R12W** | **San Juan** |
|---|---|---|---|
| Lease | Well No. | Unit Letter-Section-Township-Range | County |

OGRID No. 372171 Property Code 318880 API No. 30-045-31036 Lease Type: X Federal ____State ____Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|---|---|---|
| Pool Name | 71629 | 72319 | 71599 |
| Pool Code | Basin Fruitland Coal | Blanco Mesaverde | Basin Dakota |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | Est 2105' – 2451' | 4511' – 5131' | 6981' – 7106' |
| 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) | 125 psi | 160 psi | 196 psi |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 1049 BTU | 1310 BTU | 1217 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:<br>Rates:<br>Oil:<br>Gas:<br>Water: | Date: 7/1/2024<br>Rates:<br>Oil: 0 bbl<br>Gas: 809 mcf<br>Water: 0 bbl | Date: 7/1/2024<br>Rates:<br>Oil: 0 bbl<br>Gas: 270 mcf<br>Water: 0 bbl |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil % Gas % | Oil % Gas % | Oil % Gas % |

## ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_____ No__X__
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes__X__ No_____

Are all produced fluids from all commingled zones compatible with each other? Yes__X__ No_____

Will commingling decrease the value of production? Yes_____ No__X__

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes__X__ No_____

NMOCD Reference Case No. applicable to this well: _____

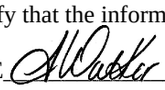
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

## PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE  TITLE Operations/Regulatory Technician DATE 10/1/02024

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

E-MAIL ADDRESS mwalker@hilcorp.com

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

| [1] API Number | [2] Pool Code | [3] Pool Name |
|---|---|---|
| 30-045 31036 | 72319/71599 | Blanco MV/Basin DK |

| [4] Property Code | [5] Property Name | [6] Well Number |
|---|---|---|
| 6935 | CULPEPPER MARTIN | 16R |

| [7] OGRID No. | [8] Operator Name | [9] Elevation |
|---|---|---|
| 14538 | BURLINGTON RESOURCES OIL & GAS, INC. | 6052' |

## [10] Surface Location

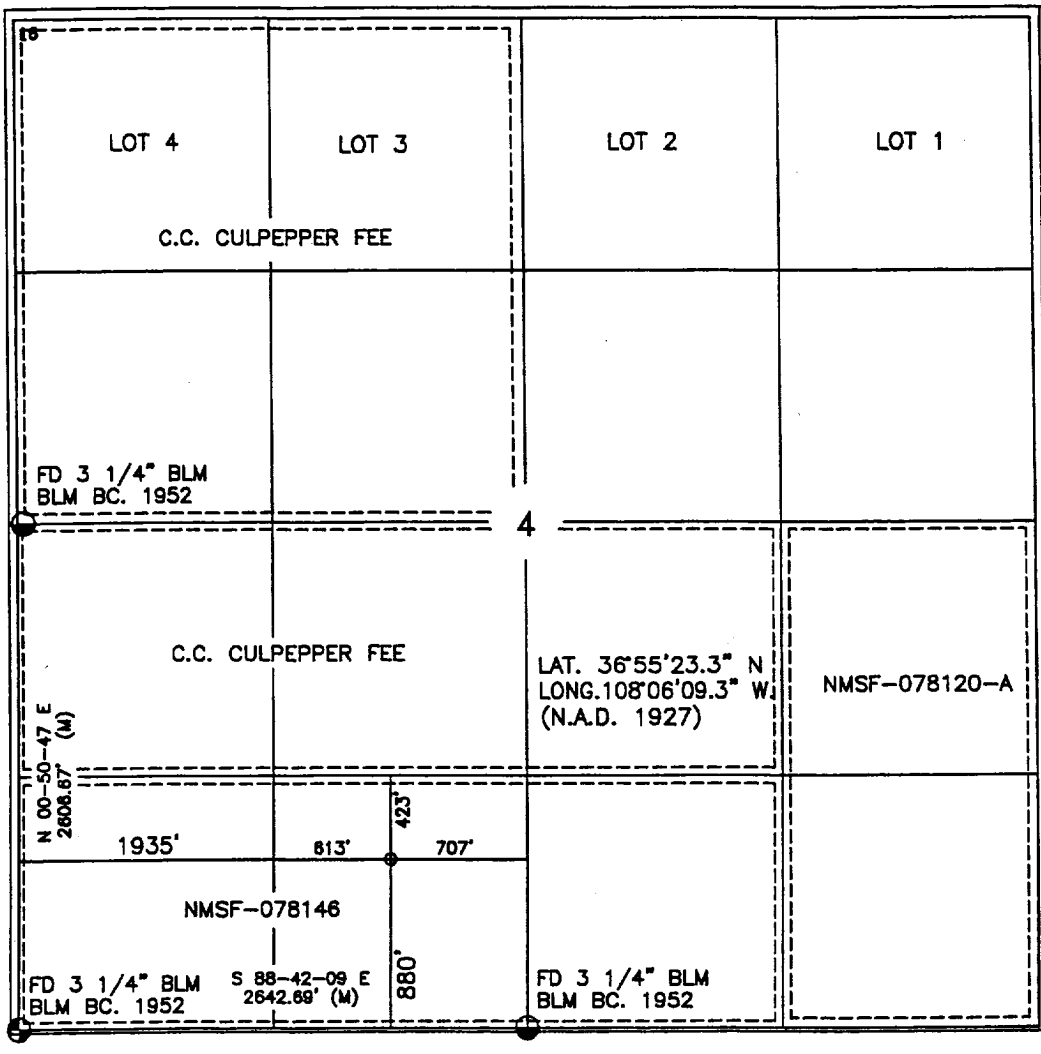
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| N | 4 | 31-N | 12-W | | 880 | SOUTH | 1935 | WEST | SAN JUAN |

## [11] Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

| [12] Dedicated Acres | [13] Joint or Infill | [14] Consolidation Code | [15] Order No. |
|---|---|---|---|
| MV-S/320<br>DK-W/318.79 | | | |

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




## [17] OPERATOR CERTIFICATION

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

Peggy Cole
Signature

Peggy Cole
Printed Name

Regulatory Supervisor
Title

12-20-01
Date

## [18] 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.*

Date of Survey

Signature and Seal of Professional Surveyor:

ROY A. PUSH
NEW MEXICO
8894
REGISTERED PROFESSIONAL LAND SURVEYOR

8894
Certificate Number

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

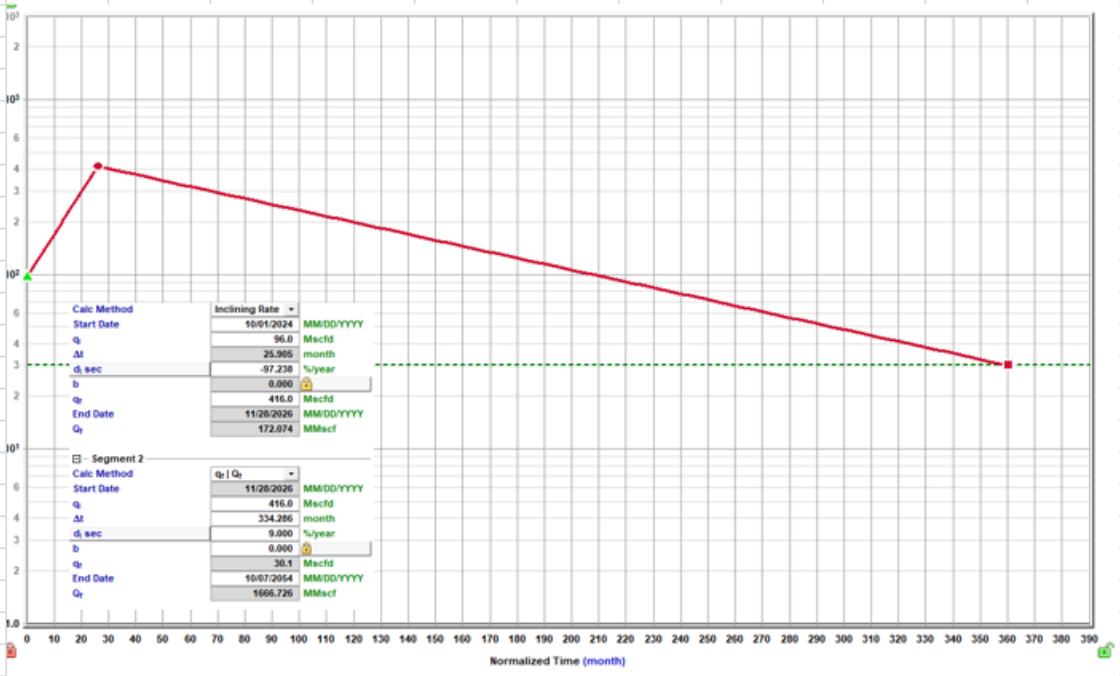
| | | | |
|---|---|---|---|
| List of wells used to calculate BHPs for the Project: | | | |
| 3004527865 | RICHARDSON 102 | | FRC |
| 3004511071 | NEWBERRY LS 5 | | MV |
| 3004510950 | RICHARDSON 10 | | DK |
| | | | |

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 analysis."

**Proposed Zone 1 Forecast**

**Fruitland Coal**




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.<br><br>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. |

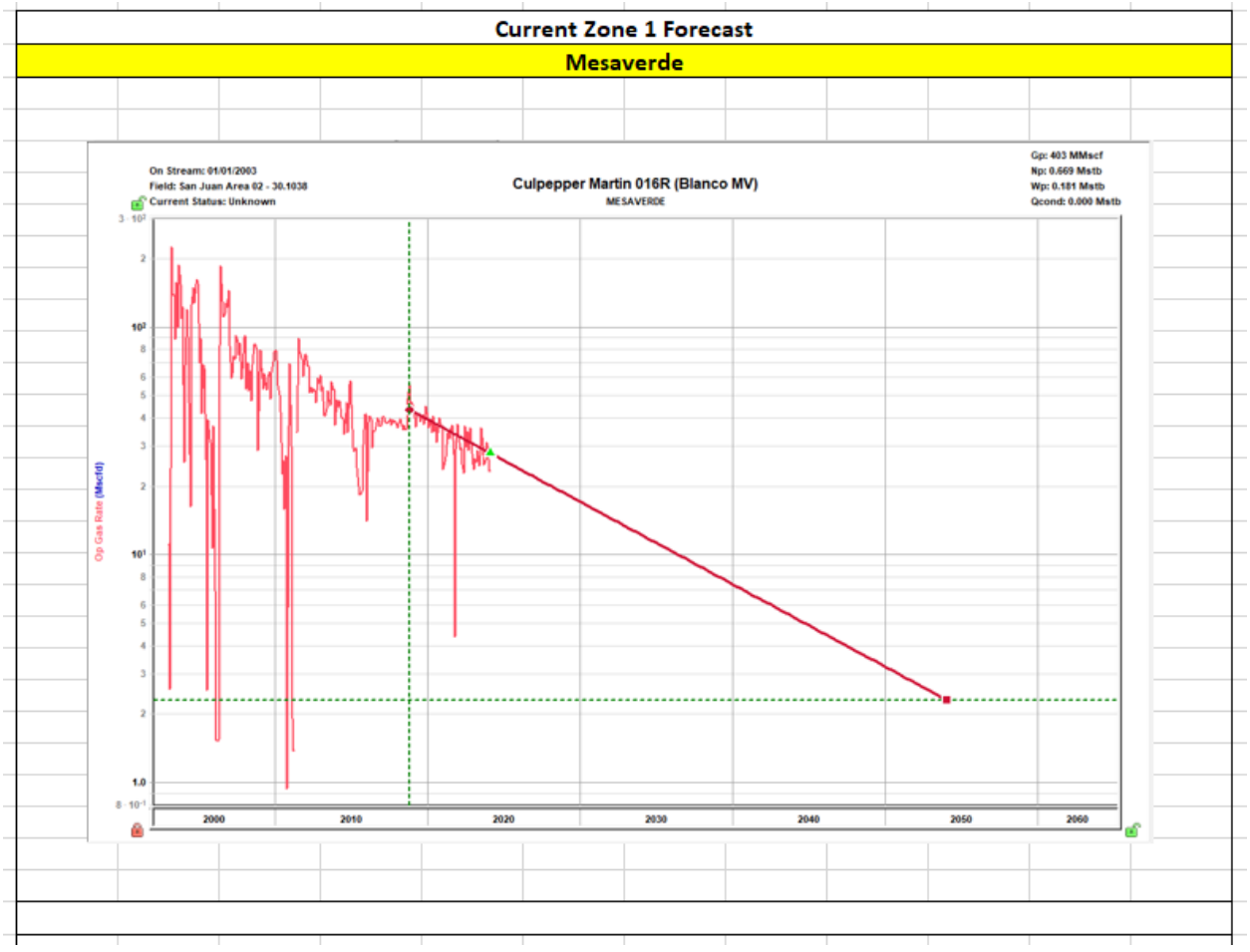
Production Allocation Method - Subtraction

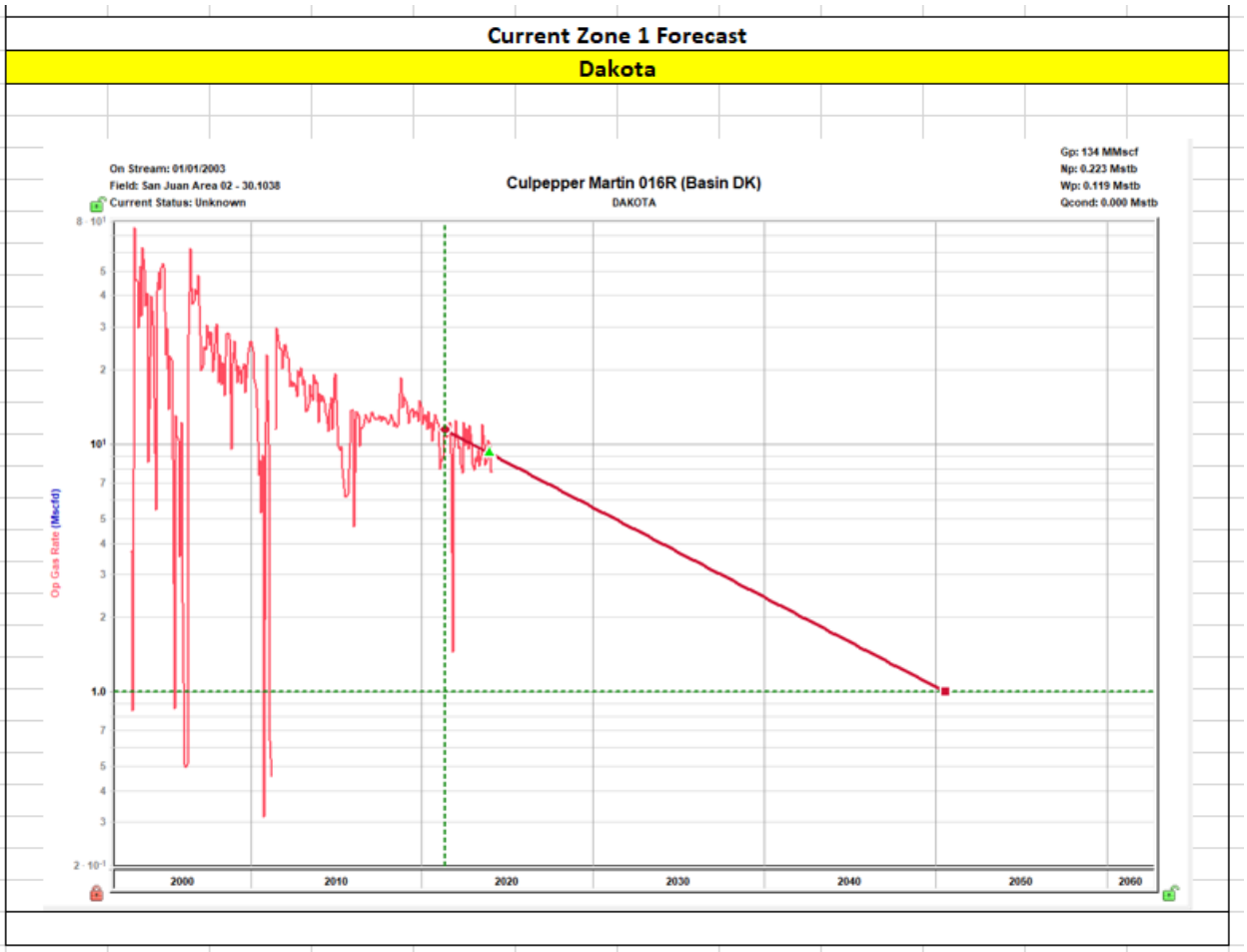
**Gas Allocation:**

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota & Mesaverde 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 25%DK 75%MV while the subtraction method is being used to determine the allocation to the new zone.






**Oil Allocation:**

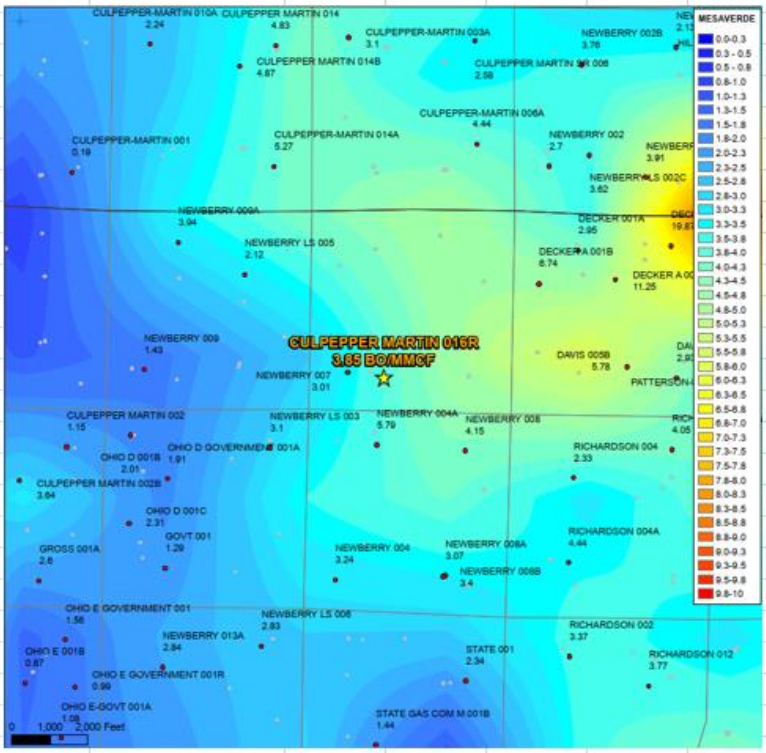
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

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 | 3.85 | 108 | 91% |
| FRC | 0 | 1838 | 0% |
| DK | 1.17 | 36 | 9% |
| | | | 100% |

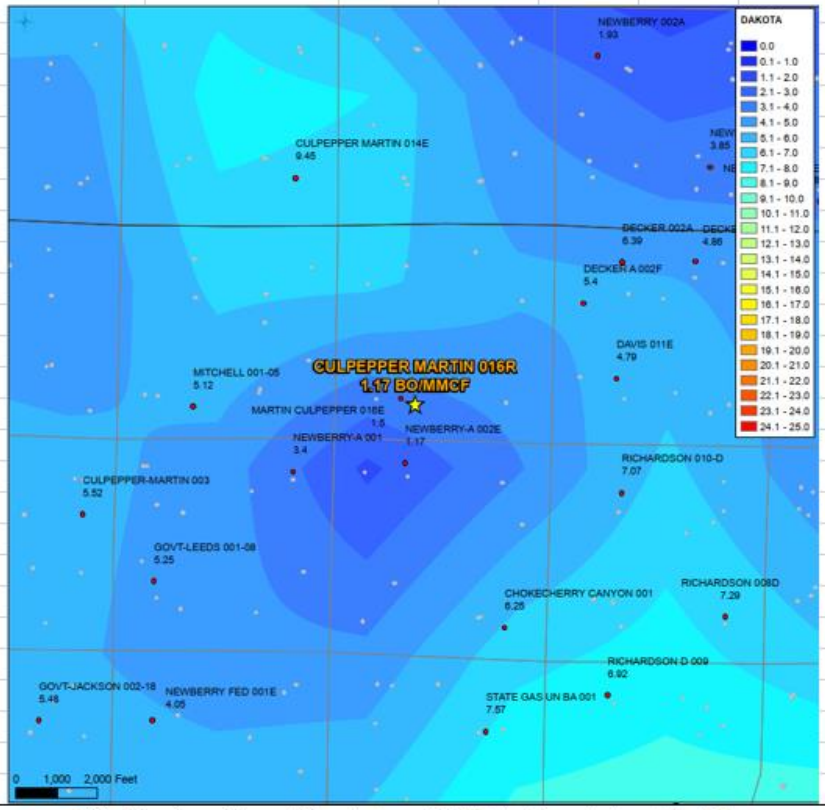
All documentation will be submitted to NMOCD.

| Current Zone 1 Oil Yield Map | | |
|---|---|---|
| Mesaverde | 3.85 | BO/MMCF |



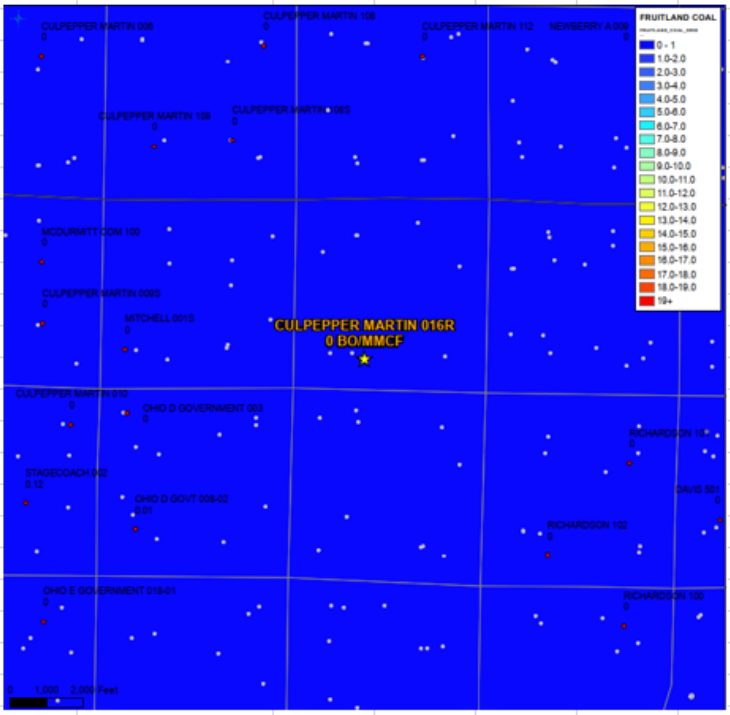

9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

| Current Zone 1 Oil Yield Map | | |
|---|---|---|
| Dakota | 1.17 | BO/MMCF |




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.
- Data taken from standalone completions in the zone of interest within a 2 Mile raduis of the well. A farther radius is used if there is not enough data for a proper statistical analysis.

| Well Name | API |
|---|---|
| CULPEPPER MARTIN 016R | 3004531036 |

| FRC Offset (2 miles) | | MV Offset (1.4 miles) | | DK Offset (2 miles) | |
|---|---|---|---|---|---|
| -- | 3004534830 | -- | 3004510933 | -- | 3004510868 |
| -- | CULPEPPER MARTIN 112 | -- | RICHARDSON 4 | -- | RICHARDSON 8-D |
| Avg(CationBarium) | 2.59 | Avg(CationBarium) | 2 | Avg(CationBarium) | 0.3 |
| Avg(CationBoron) | | Avg(CationBoron) | | Avg(CationBoron) | |
| Avg(CationCalcium) | 5.27 | Avg(CationCalcium) | 48 | Avg(CationCalcium) | 17.45 |
| Avg(CationIron) | 4.94 | Avg(CationIron) | 9.9 | Avg(CationIron) | 13.12 |
| Avg(CationMagnesium) | 2.2 | Avg(CationMagnesium) | 9.8 | Avg(CationMagnesium) | 1.02 |
| Avg(CationManganese) | 1.69 | Avg(CationManganese) | 0.62 | Avg(CationManganese) | 1.35 |
| Avg(CationPhosphorus) | | Avg(CationPhosphorus) | | Avg(CationPhosphorus) | |
| Avg(CationPotassium) | | Avg(CationPotassium) | | Avg(CationPotassium) | |
| Avg(CationStrontium) | 0.62 | Avg(CationStrontium) | 0 | Avg(CationStrontium) | 1.02 |
| Avg(CationSodium) | 1267.27 | Avg(CationSodium) | 2439 | Avg(CationSodium) | 637.93 |
| Avg(CationSilica) | | Avg(CationSilica) | | Avg(CationSilica) | |
| Avg(CationZinc) | | Avg(CationZinc) | | Avg(CationZinc) | |
| Avg(CationAluminum) | | Avg(CationAluminum) | | Avg(CationAluminum) | |
| Avg(CationCopper) | | Avg(CationCopper) | | Avg(CationCopper) | |
| Avg(CationLead) | | Avg(CationLead) | | Avg(CationLead) | |
| Avg(CationLithium) | | Avg(CationLithium) | | Avg(CationLithium) | |
| Avg(CationNickel) | | Avg(CationNickel) | | Avg(CationNickel) | |
| Avg(CationCobalt) | | Avg(CationCobalt) | | Avg(CationCobalt) | |
| Avg(CationChromium) | | Avg(CationChromium) | | Avg(CationChromium) | |
| Avg(CationSilicon) | | Avg(CationSilicon) | | Avg(CationSilicon) | |
| Avg(CationMolybdenum) | | Avg(CationMolybdenum) | | Avg(CationMolybdenum) | |
| Avg(AnionChloride) | 1249.38 | Avg(AnionChloride) | 1900 | Avg(AnionChloride) | 119.13 |
| Avg(AnionCarbonate) | 0 | Avg(AnionCarbonate) | 0 | Avg(AnionCarbonate) | 0 |
| Avg(AnionBicarbonate) | 1735.24 | Avg(AnionBicarbonate) | 1549.4 | Avg(AnionBicarbonate) | 427.7 |
| Avg(AnionBromide) | | Avg(AnionBromide) | | Avg(AnionBromide) | |
| Avg(AnionFluoride) | | Avg(AnionFluoride) | | Avg(AnionFluoride) | |
| Avg(AnionHydroxyl) | 0 | Avg(AnionHydroxyl) | | Avg(AnionHydroxyl) | |
| Avg(AnionNitrate) | | Avg(AnionNitrate) | | Avg(AnionNitrate) | |
| Avg(AnionPhosphate) | | Avg(AnionPhosphate) | 22.7 | Avg(AnionPhosphate) | |
| Avg(AnionSulfate) | 12.5 | Avg(AnionSulfate) | 1560 | Avg(AnionSulfate) | 0 |
| Avg(phField) | 7.75 | Avg(phField) | 8.51 | Avg(phField) | |
| Avg(phCalculated) | | Avg(phCalculated) | 7.94 | Avg(phCalculated) | 8.87 |
| Avg(TempField) | 91.5 | Avg(TempField) | | Avg(TempField) | |
| Avg(TempLab) | | Avg(TempLab) | | Avg(TempLab) | |
| Avg(OtherFieldAlkalinity) | | Avg(OtherFieldAlkalinity) | 3274.96 | Avg(OtherFieldAlkalinity) | 391.04 |
| Avg(OtherSpecificGravity) | 1 | Avg(OtherSpecificGravity) | | Avg(OtherSpecificGravity) | 1.01 |
| Avg(OtherTDS) | 3553.98 | Avg(OtherTDS) | 6658 | Avg(OtherTDS) | 1638 |
| Avg(OtherCaCO3) | | Avg(OtherCaCO3) | | Avg(OtherCaCO3) | 8209.02 |
| Avg(OtherConductivity) | 524.97 | Avg(OtherConductivity) | | Avg(OtherConductivity) | |
| Avg(DissolvedCO2) | 133 | Avg(DissolvedCO2) | 480 | Avg(DissolvedCO2) | 420 |
| Avg(DissolvedO2) | | Avg(DissolvedO2) | | Avg(DissolvedO2) | |
| Avg(DissolvedH2S) | 0.43 | Avg(DissolvedH2S) | 3.5 | Avg(DissolvedH2S) | 0 |
| Avg(GasPressure) | 100 | Avg(GasPressure) | | Avg(GasPressure) | |
| Avg(GasCO2) | 3.5 | Avg(GasCO2) | 6 | Avg(GasCO2) | |
| Avg(GasCO2PP) | 1 | Avg(GasCO2PP) | | Avg(GasCO2PP) | |
| Avg(GasH2S) | 0 | Avg(GasH2S) | 0 | Avg(GasH2S) | 0 |
| Avg(GasH2SPP) | 0 | Avg(GasH2SPP) | | Avg(GasH2SPP) | |
| Avg(PitzerCaCO3_70) | -2.01 | Avg(PitzerCaCO3_70) | | Avg(PitzerCaCO3_70) | |
| Avg(PitzerBaSO4_70) | | Avg(PitzerBaSO4_70) | | Avg(PitzerBaSO4_70) | |
| Avg(PitzerCaSO4_70) | | Avg(PitzerCaSO4_70) | | Avg(PitzerCaSO4_70) | |
| Avg(PitzerSrSO4_70) | | Avg(PitzerSrSO4_70) | | Avg(PitzerSrSO4_70) | |
| Avg(PitzerFeCO3_70) | | Avg(PitzerFeCO3_70) | | Avg(PitzerFeCO3_70) | |
| Avg(PitzerCaCO3_220) | -0.94 | Avg(PitzerCaCO3_220) | | Avg(PitzerCaCO3_220) | |
| Avg(PitzerBaSO4_220) | | Avg(PitzerBaSO4_220) | | Avg(PitzerBaSO4_220) | |
| Avg(PitzerCaSO4_220) | | Avg(PitzerCaSO4_220) | | Avg(PitzerCaSO4_220) | |
| Avg(PitzerSrSO4_220) | | Avg(PitzerSrSO4_220) | | Avg(PitzerSrSO4_220) | |
| Avg(PitzerFeCO3_220) | | Avg(PitzerFeCO3_220) | | Avg(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.
- Data taken from standalone completions in the zone of interest within a 2 nile raduis of the well. A farther radius is used if there is not enough data for a proper statistical analysis.

| Well Name | API |
|---|---|
| CULPEPPER MARTIN 016R | 3004531036 |

| FRC Offset (2 miles) | | MV Offset (1.4 miles) | | DK Offset (2 miles) | |
|---|---|---|---|---|---|
| -- | 3004534830 | -- | 3004510933 | -- | 3004510868 |
| -- | CULPEPPER MARTIN 112 | -- | RICHARDSON SRC 4 | -- | RICHARDSON 8 |
| N2 | 0.85 | N2 | 0.6 | N2 | 0.3 |
| CO2 | 1.78 | CO2 | 0.94 | CO2 | 2.4 |
| C1 | 92.19 | C1 | 78.61 | C1 | 78.24 |
| C2 | 2.62 | C2 | 10.5 | C2 | 9.58 |
| C3 | 1.71 | C3 | 5.6 | C3 | 5.38 |
| IC4 | 0.27 | IC4 | 0.75 | IC4 | 0.83 |
| NC4 | 0.25 | NC4 | 1.18 | NC4 | 1.23 |
| IC5 | 0.09 | IC5 | 0.36 | IC5 | 0.54 |
| NC5 | 0.06 | NC5 | 0.3 | NC5 | 0.39 |
| C6_PLUS | 0 | C6_PLUS | 0 | C6_PLUS | 0 |
| C7 | 0 | C7 | 0 | C7 | 0 |
| C8 | 0 | C8 | 0 | C8 | 0 |
| C9 | 0 | C9 | 0 | C9 | 0 |
| C10 | 0 | C10 | 0 | C10 | 0 |
| AR | | AR | | AR | |
| CO | | CO | | CO | |
| H2 | | H2 | | H2 | |
| O2 | | O2 | | O2 | |
| H2O | | H2O | | H2O | |
| 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 | |
| | | | | | |
| | | | | | |

**Well Name:** CULPEPPER MARTIN

**Well Location:** T31N / R12W / SEC 4 / SESW / 36.923152 / -108.103229

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

**Well Number:** 16R

**Type of Well:** CONVENTIONAL GAS WELL

**Allottee or Tribe Name:**

**Lease Number:** NMSF078146

**Unit or CA Name:** CULPEPPER/MARTIN, NEWBERRY

**Unit or CA Number:** NMNM73419, NMNM73971

**US Well Number:** 3004531036

**Operator:** HILCORP ENERGY COMPANY

## Notice of Intent

**Sundry ID:** 2814087

**Type of Submission:** Notice of Intent

**Type of Action:** Recompletion

**Date Sundry Submitted:** 09/27/2024

**Time Sundry Submitted:** 05:50

**Date proposed operation will begin:** 11/01/2024

**Procedure Description:** Hilcorp Energy Company requests permission to recomplete the subject well in the Fruitland Coal and downhole commingle with the existing MV/DK. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. Hilcorp will contact the FFO Surface group within 90 days after the well has been recompleted, before any interim reclamation work, to conduct the onsite. A reclamation plan will be submitted after the onsite.

## Surface Disturbance

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

## NOI Attachments

**Procedure Description**

CULPEPPER_MARTIN_16R_PC_FRC_NOI_20240927131206.pdf

| | | |
|---|---|---|
| **Well Name:** CULPEPPER MARTIN | **Well Location:** T31N / R12W / SEC 4 / SESW / 36.923152 / -108.103229 | **County or Parish/State:** SAN JUAN / NM |
| **Well Number:** 16R | **Type of Well:** CONVENTIONAL GAS WELL | **Allottee or Tribe Name:** |
| **Lease Number:** NMSF078146 | **Unit or CA Name:** CULPEPPER/MARTIN, NEWBERRY | **Unit or CA Number:** NMNM73419, NMNM73971 |
| **US Well Number:** 3004531036 | **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:** AMANDA WALKER

**Signed on:** SEP 27, 2024 01:12 PM

**Name:** HILCORP ENERGY COMPANY

**Title:** Operations/Regulatory Technician

**Street Address:** 1111 TRAVIS ST

**City:** HOUSTON **State:** TX

**Phone:** (346) 237-2177

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

## Field

**Representative Name:**

**Street Address:**

**City:** **State:** **Zip:**

**Phone:**

**Email address:**

## BLM Point of Contact

**BLM POC Name:** KENNETH G RENNICK

**BLM POC Title:** Petroleum Engineer

**BLM POC Phone:** 5055647742

**BLM POC Email Address:** krennick@blm.gov

**Disposition:** Approved

**Disposition Date:** 09/27/2024

**Signature:** Kenneth Rennick

# HILCORP ENERGY COMPANY
## CULPEPPER MARTIN #16R
## FRUITLAND COAL RECOMPLETE SUNDRY
## API 3004531036

**JOB PROCEDURES**

1. MIRU workover rig and associated equipment; NU and test BOP.
2. TOOH with tubing.
3. Set a plug within 50' of the top **Mesaverde** perforation **(4,511')** for zonal isolation.
4. Load hole with fluid. RU WL and run CBL to verify TOC. Review results with operations engineer and regulatory agencies.
5. **Perform MIT on casing with NMOCD witness** (notify NMOCD 24+ hours before test) and submit results to regulatory group.
6. **If frac'ing down casing:** pressure test casing to frac pressure.
7. RU WL. Perforate the **Fruitland Coal.** Top perforation @ **2,105',** bottom perforation @ **2,451'.**
8. **If frac'ing down frac string:** RIH w/ frac string and packer.
9. ND BOP, NU frac stack. Pressure test frac stack to frac pressure. Pressure test frac string (if applicable) to frac pressure. RDMO.
10. RU stimulation crew. Frac the **Fruitland Coal** in one or more stages. Set plugs in between stages, if necessary.
11. MIRU workover rig and associated equipment; NU and test BOP.
12. **If frac was performed down frac string:** POOH w/ frac string and packer.
13. TIH with mill and clean out to isolation plug.
14. Mill out isolation plug. Cleanout to PBTD. TOOH with cleanout assembly.
15. TIH and land production tubing. Flowback the well. Return well to production as a **Fruitland Coal/Mesaverde/Dakota Producer.**

**HILCORP ENERGY COMPANY**
**CULPEPPER MARTIN #16R**
**FRUITLAND COAL RECOMPLETE SUNDRY**

**CULPEPPER MARTIN #16R - CURRENT WELLBORE SCHEMATIC**

Hilcorp Energy Company

## Schematic - Current

**Well Name: CULPEPPER MARTIN #16R**

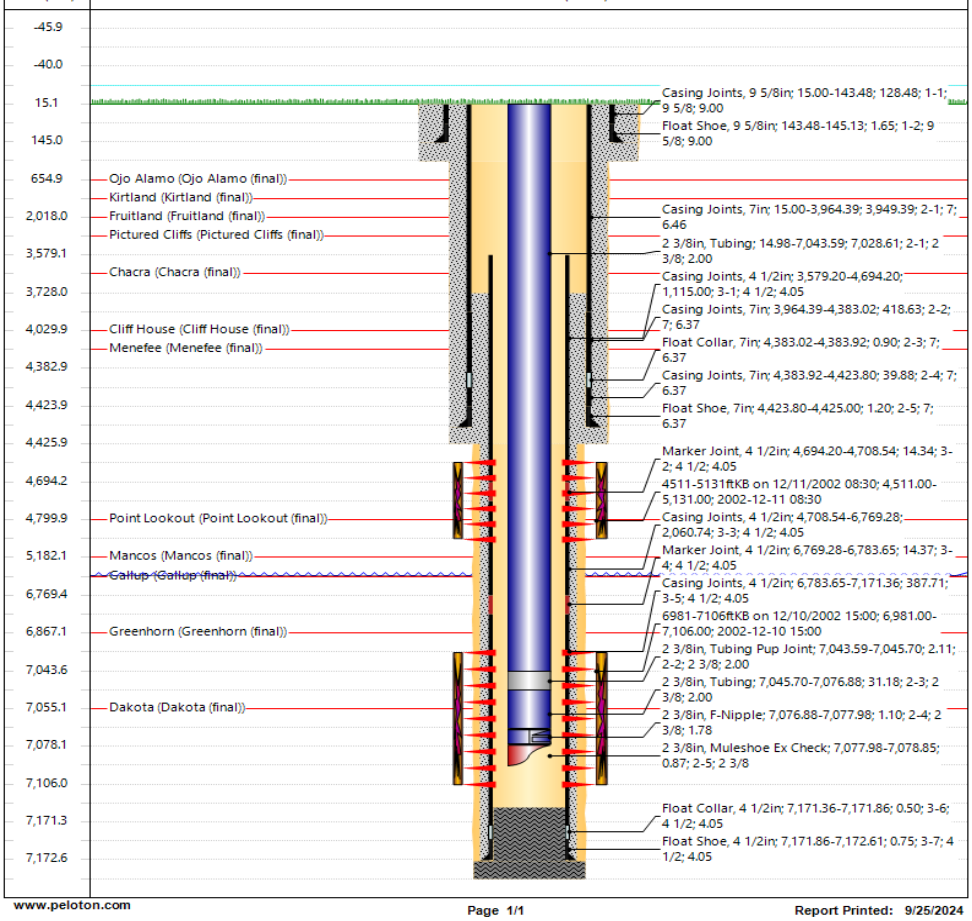
| API / UWI | Surface Legal Location | Field Name | License No. | State/Province | Well Configuration Type |
|---|---|---|---|---|---|
| 3004531036 | 004-031N-012W-N | BLANCO MESAVERDE (PRORATED GAS | | NEW MEXICO | Vertical |
| **Original KB/RT Elevation (ft)** | **RKB to GL (ft)** | **Original Spud Date** | **Rig Release Date** | **PBTD (All)** | **Total Depth All (TVD)** |
| 6,067.00 | 15.00 | 9/3/2002 10:30 | 1/4/2003 11:00 | Original Hole - 7,174.0 | |

**Most Recent Job**

| Job Category | Primary Job Type | Secondary Job Type | Actual Start Date | End Date |
|---|---|---|---|---|
| WELL INTERVENTION | TUBING REPAIR | | 11/12/2008 | 11/14/2008 |

**TD: 7,174.0**

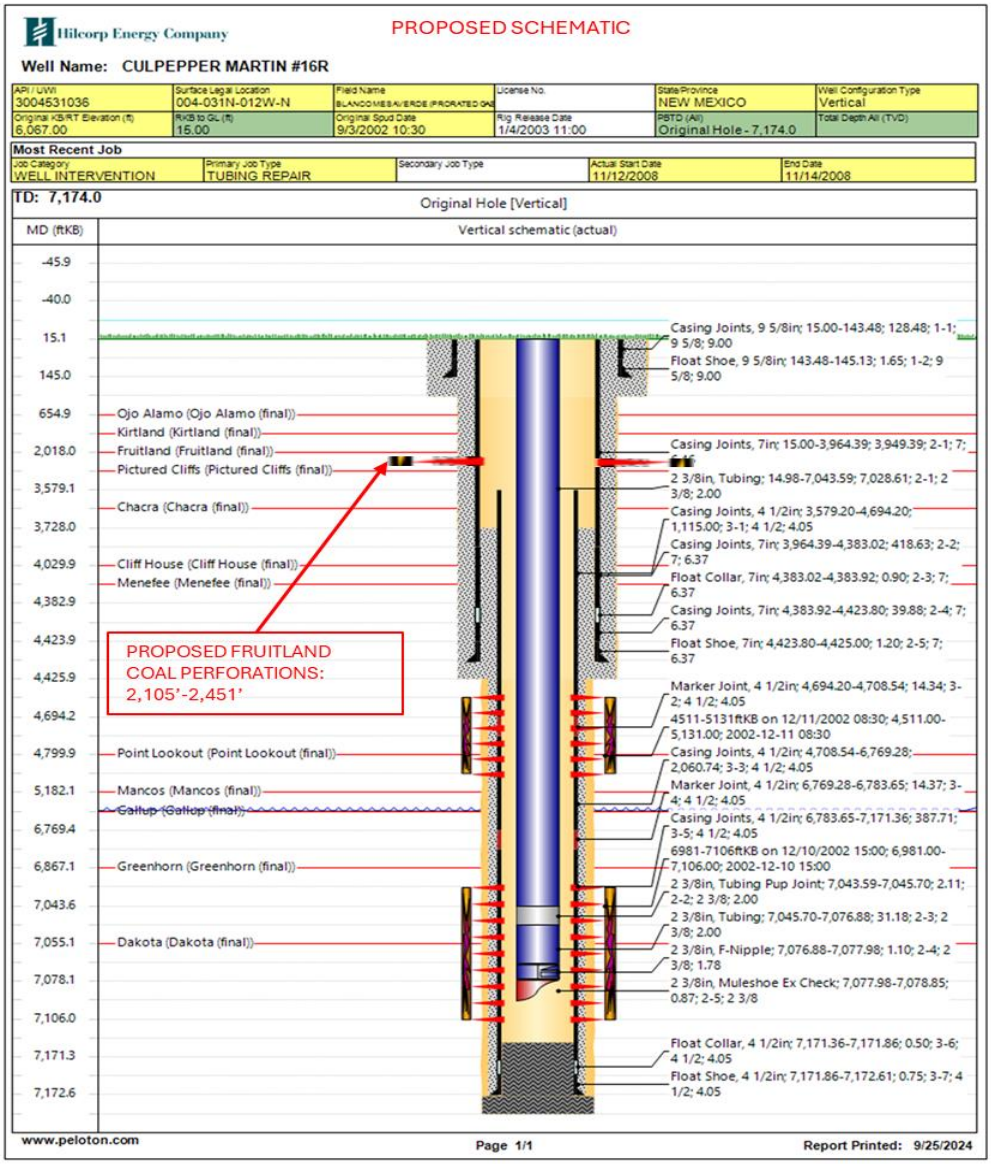
Original Hole [Vertical]




www.peloton.com Page 1/1 Report Printed: 9/25/2024

**HILCORP ENERGY COMPANY**
**CULPEPPER MARTIN #16R**
**FRUITLAND COAL RECOMPLETE SUNDRY**

**CULPEPPER MARTIN #16R - PROPOSED WELLBORE SCHEMATIC**



Santa Fe Main Office
Phone: (505) 476-3441 Fax: (55) 476-3462
General Information
Phone: (505) 629-6116

Online Phone Directory Visit:
https://www.emnrd.nm.gov/ocd/contact-us/

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

C-102
Revised July 9, 2024
Submit Electronically via OCD Permitting

| Submittal Type: | ☐ Initial Submittal |
|---|---|
| | ☐ Amended Report |
| | ☐ As Drilled |

**WELL LOCATION INFORMATION**

| API Number | Pool Code | Pool Name | |
|---|---|---|---|
| 30-045-31036 | 71629 | Basin Fruitland Coal | |
| Property Code | Property Name | | Well Number |
| 318880 | Culpepper Martin | | 16R |
| OGRID No. | Operator Name | | Ground Level Elevation |
| 372171 | Hilcorp Energy Company | | 6052’ |
| Surface Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal | | Mineral Owner: ☐ State ☐ Fee ☐ Tribal ☒ Federal | |

**Surface Location**

| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
|---|---|---|---|---|---|---|---|---|---|
| N | 04 | 31N | 12W | | 880’ S | 1935’ W | 36.9231491 | -108.1032639 | San Juan |

**Bottom Hole Location**

| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

| Dedicated Acres | Infill or Defining Well | Defining Well API | Overlapping Spacing Unit (Y/N) | Consolidation Code |
|---|---|---|---|---|
| 318.79 | Infill | | | |
| Order Numbers. | | | Well setbacks are under Common Ownership: ☐Yes ☐No | |

**Kick Off Point (KOP)**

| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

**First Take Point (FTP)**

| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

**Last Take Point (LTP)**

| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

| Unitized Area or Area of Uniform Interest | Spacing Unit Type ☐ Horizontal ☐ Vertical | Ground Floor Elevation: |
|---|---|---|
| | | |

OPERATOR CERTIFICATIONS

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

*If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well’s completed interval will be located or obtained a compulsory pooling order from the division.*

Signature — Date: 9/26/2024

Amanda Walker
Printed Name

mwalker@hilcorp.com
Email Address

SURVEYOR CERTIFICATIONS

*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.*

Roy A. Rush
Signature and Seal of Professional Surveyor

8894
Certificate Number

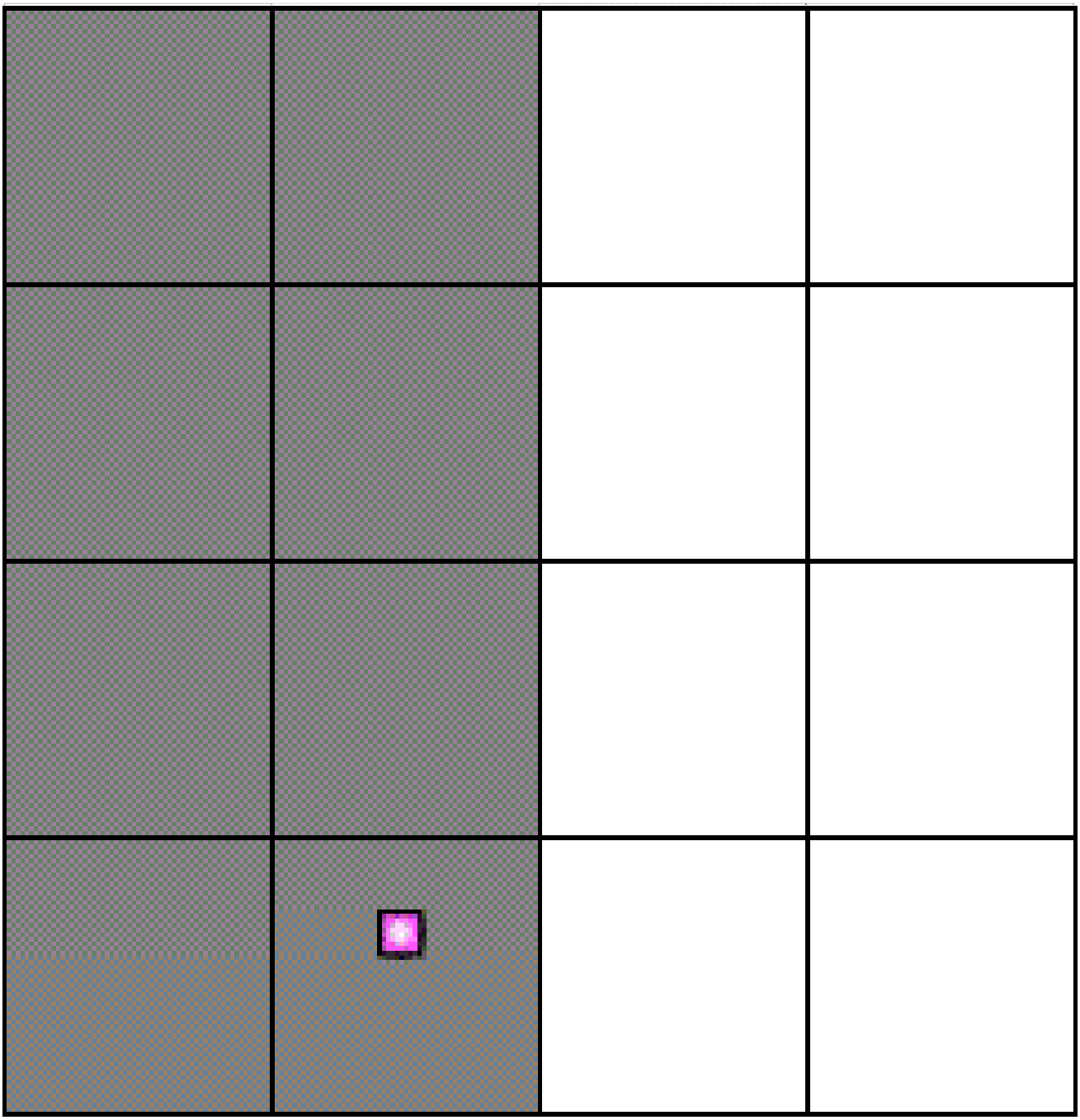
10/17/2001
Date of Survey

*Note: 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.*

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



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:** 9/26/2024

**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 |
|---|---|---|---|---|---|---|
| Culpepper Martin 16R | 30-045-31036 | N-04-31N-12W | 880 FSL 1935 FWL | 0 | 115 | 12 |
| | | | | | | |

**IV. Central Delivery Point Name:** Chaco Blanco 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 |
|---|---|---|---|---|---|---|
| **Culpepper Martin 16R** | **30-045-31036** | | | | | |
| | | | | | | |

**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: 9/26/2024 |
| Phone: 346.237.2177 |

| **OIL CONSERVATION DIVISION**<br>**(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.

Hilcorp

October 2, 2024 *Mailed Certified with Electronic Return Receipt*

To: All Interest Owners

RE: Application to Downhole Commingle Production
Well: Culpepper Martin 016R
API: 30-045-31036
Section 04, Township 31 North, Range 12 West
San Juan County, New Mexico

Ladies and Gentlemen:

Hilcorp Energy Company ("Hilcorp"), as Operator of the subject well, has filed application with the New Mexico Oil Conservation Division ("NMOCD") for approval to downhole trimingle production from the **Basin Fruitland Coal**, a formation Hilcorp soon intends to perforate, with existing production from the **Blanco Mesaverde** and **Basin Dakota** formations. This letter and the application copy enclosed serve to provide you, an owner in one or more of the aforementioned formations, with written notice as prescribed by Subsection C of 19.15.12.11 New Mexico Administrative Code.

**No action is required by you** unless you wish to pursue a formal protest.

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

Sincerely,

Carson Parker Rice
Landman
713.757.7108
carice@hilcorp.com

CPR:dpk
Enclosures

| Certified Number | Sender | Recipient | Date Mailed | Delivery Status |
|---|---|---|---|---|
| 9214896900999790184008960 3 | Dani Kuzma | , XTO ENERGY INC, , DALLAS, TX, 75284-0791<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008961 0 | Dani Kuzma | , OFFICE OF NATURAL RESOURCES REVENUE, LAKEWOOD ACCTG CENT ONSHORE, DENVER, CO, 80225-0627<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008962 7 | Dani Kuzma | , LARRY AMSDEN, , PATONG KATU PHUKET, 48, 83150<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008963 4 | Dani Kuzma | , MITZI ANN HENDERSON EASLEY, , AUSTIN, TX, 78727<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008964 1 | Dani Kuzma | , SUSAN H RITTER, , AUSTIN, TX, 78746<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008965 8 | Dani Kuzma | , BETSY H BRYANT, , GEORGETOWN, TX, 78628<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008966 5 | Dani Kuzma | , WARREN AMERICAN OIL COMPANY, , TULSA, OK, 74147-0372<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008967 2 | Dani Kuzma | , CHARLES W AMSDEN, , PAK CHONG NAKHON RAT, 29, 30130<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008968 9 | Dani Kuzma | , FRANCES R CUSACK, , AUSTIN, TX, 78732<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008969 6 | Dani Kuzma | , SYLVESTER FRANCIS CUSACK II, , DALLAS, TX, 75382-2984<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008970 2 | Dani Kuzma | , RAYMOND JOHN CUSACK JR, , DALLAS, TX, 75382<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008971 9 | Dani Kuzma | , C ANN C LLC, , FARMINGTON, NM, 87401-7003<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008972 6 | Dani Kuzma | , ELLIOTT-HALL COMPANY, , OGDEN, UT, 84415<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |

| | | | | |
|---|---|---|---|---|
| 9214896900999790184008973 3 | Dani Kuzma | , ELLIOTT INDUSTRIES, , SANTA FE, NM, 87504<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008974 0 | Dani Kuzma | , JAMES T BUCHENAU LIV TR UNDER REVOC, TRUST AGMT 9 13 1994, PLANO, TX, 75025-2810<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008975 7 | Dani Kuzma | , PATRICIA A CLARK LIVING TRUST, DTD 09-25-2008, FRUITA, CO, 81521<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008976 4 | Dani Kuzma | , SDH 2009 INVESTMENTS LP, , DALLAS, TX, 75225<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008977 1 | Dani Kuzma | , VIRGINIA WHITMIRE TRUST, US BANK NA TRUSTEE, TULSA, OK, 74101-1588<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008978 8 | Dani Kuzma | , ANTHONY and DOROTHY AMSDEN TRUST, 5/29/07 ANTHONY A AMSDEN and, LOS ALAMOS, NM, 87544-2931<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008979 5 | Dani Kuzma | , CULPEPPER MINERALS LLC, WELLS FARGO BANK NA AGENT, AUSTIN, TX, 78704<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008980 1 | Dani Kuzma | , CHARLES H CULPEPPER IRREVOC TR, , RIO RANCHO, NM, 87124<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008981 8 | Dani Kuzma | , FRANCIS MARTIN and ROSELYN MARTIN TR, FRANK KEVIN MARTIN and, CASTLE ROCK, CO, 80108<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008982 5 | Dani Kuzma | , PAUL F and MARIE MARTIN TRUST 7-6-06, PAUL F MARTIN TRUSTEE, FARMINGTON, NM, 87401<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008983 2 | Dani Kuzma | , VICTORIA ZIMMERMAN REV LIV TR DTD, 6 1 2011 and VICTORIA ZIMMERMAN TTEE, PLANO, TX, 75025-2829<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008984 9 | Dani Kuzma | , GREGORY FAMILY TRUST, RAYMOND DALE GREGORY and, SUMNER, WA, 98390<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008985 6 | Dani Kuzma | , W A HALL MINERALS LLC, WELLS FARGO BANK NA AGENT, AUSTIN, TX, 78704<br>Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |

| | | | | |
|---|---|---|---|---|
| 9214896900999790184008986 3 | Dani Kuzma | , GLADYS WATFORD TRUST, ANNE V POGSON TRUSTEE, DALLAS, TX, 75230 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008987 0 | Dani Kuzma | , ENDURING RESOURCES IV, LLC, , CENTENNIAL, CO, 80111 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008988 7 | Dani Kuzma | , SAN JUAN BASIN TRUST, , BARTLESVILLE, OK, 74006-7500 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008989 4 | Dani Kuzma | , ROBERT WALTER LUNDELL, , HOUSTON, TX, 77063-2318 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008990 0 | Dani Kuzma | , LINDA JEANNE LUNDELL LINDSEY, , NACOGDOCHES, TX, 75963 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008991 7 | Dani Kuzma | , CLAUDIA MARCIA LUNDELL GILMER, , GEORGETOWN, TX, 78628 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008992 4 | Dani Kuzma | , GB SAFEWAY PROPERTY LTD, , KERRVILLE, TX, 78028 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |
| 9214896900999790184008993 1 | Dani Kuzma | , HENRIETTA SCHULTZ INHERITANCE, PARTNERSHIP LP, DALLAS, TX, 75229 Code: CULPEPPER MARTIN 16R DHC | 10/2/2024 | **Signature Pending** |

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

General Information
Phone: (505) 629-6116

Online Phone Directory
https://www.emnrd.nm.gov/ocd/contact-us

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



## CONDITIONS

| | |
|---|---|
| Operator:<br>HILCORP ENERGY COMPANY<br>1111 Travis Street<br>Houston, TX 77002 | OGRID:<br>372171 |
| | Action Number:<br>389292 |
| | Action Type:<br>[C-107] Down Hole Commingle (C-107A) |

**CONDITIONS**

| Created By | Condition | Condition Date |
|---|---|---|
| llowe | None | 5/21/2025 |