

<b>Well Name:</b> NAVAJO INDIAN B	<b>Well Location:</b> T27N / R8W / SEC 19 / NWNW / 36.56632 / -107.72867	<b>County or Parish/State:</b> SAN JUAN / NM
<b>Well Number:</b> 7	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b> EASTERN NAVAJO
<b>Lease Number:</b> I149IND8468	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 3004526185	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> HILCORP ENERGY COMPANY

### Notice of Intent

**Sundry ID:** 2771298

**Type of Submission:** Notice of Intent

**Type of Action:** Recompletion

**Date Sundry Submitted:** 01/23/2024

**Time Sundry Submitted:** 01:13

**Date proposed operation will begin:** 04/01/2024

**Procedure Description:** REVISED Recomplete NOI: Hilcorp Energy Company requests permission to recomplete the subject well in the Mesaverde formation and downhole commingle with the existing Gallup formation. Please see the attached revised procedure (MV top perf @ 3605'), 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**

Navajo\_Indian\_B\_7\_NOI\_Rev\_20240123131029.pdf

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NWNW / 36.56632 / -107.72867

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**Well Number:** 7

**Type of Well:** CONVENTIONAL GAS  
WELL

**Allottee or Tribe Name:**  
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**Lease Number:** I149IND8468

**Unit or CA Name:**

**Unit or CA Number:**

**US Well Number:** 3004526185

**Well Status:** Producing Gas Well

**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:** JAN 23, 2024 01:10 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:** 01/24/2024

**Signature:** Matthew Kade



**HILCORP ENERGY COMPANY**  
**NAVAJO INDIAN B 007**  
**RECOMPLETION SUNDRY**

Prepared by:	Matthew Esz
Preparation Date:	January 23, 2024

WELL INFORMATION			
Well Name:	NAVAJO INDIAN B 007	State:	NM
API #:	3004526185	County:	
Area:	9	Location:	
Route:	904	Latitude:	
Spud Date:	December 17, 1984	Longitude:	

PROJECT DESCRIPTION
Perforate, fracture, and comingle Mesa Verde with the existing Gallup zone.

CONTACTS			
Title	Name	Office Phone #	Cell Phone #
Engineer	Matthew Esz	#N/A	770-843-9226
Area Foreman	Clayton Hamilton	#N/A	505-419-3455
Lead	#N/A	#N/A	#N/A
Artificial Lift Tech	#N/A	#N/A	#N/A
Operator	#N/A	#N/A	#N/A



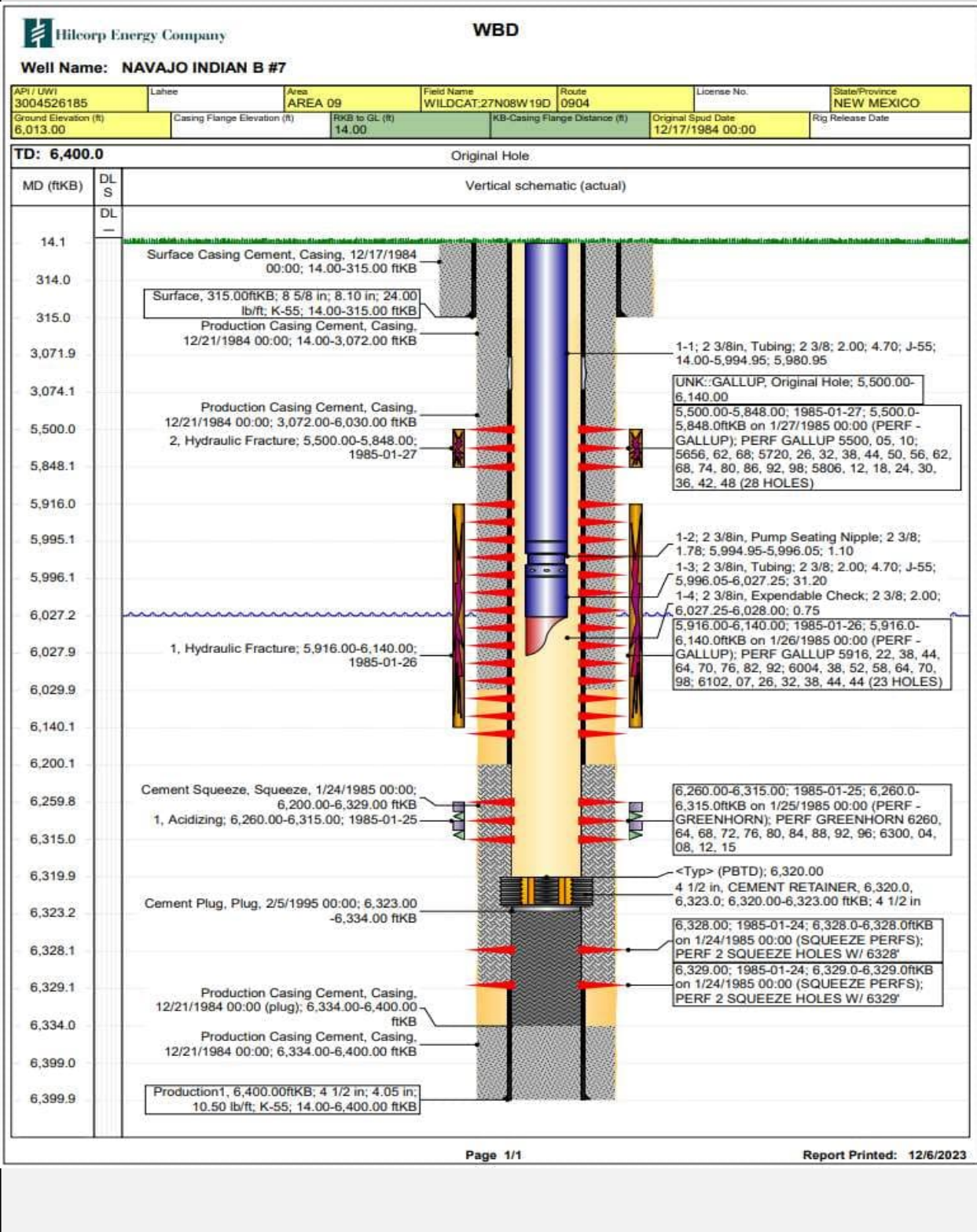
**HILCORP ENERGY COMPANY**  
**NAVAJO INDIAN B 007**  
**RECOMPLETION SUNDRY**

JOB PROCEDURES
<ol style="list-style-type: none"> <li>MIRU service rig and associated equipment; test BOP.</li> <li>TOOH with <b>2-3/8"</b> tubing set at <b>6,028"</b>.</li> <li>Set a <b>4-1/2"</b> plug at +/- <b>5,475'</b> to isolate the <b>Gallup</b>.</li> <li>RU Wireline. Run CBL. Record Top of Cement.</li> <li>Load the hole and pressure test the casing.</li> <li>N/D BOP, N/U frac stack and pressure test frac stack.</li> <li>Perforate and frac the <b>Mesa Verde</b> formation (Top Perforation @ <b>3605'</b>; Bottom Perforation @ <b>4810'</b>).</li> <li>Nipple down frac stack, nipple up BOP and test.</li> <li>TIH with a mill and drill out top isolation plug and <b>Mesa Verde</b> frac plug.</li> <li>Clean out to <b>Gallup</b> isolation plug.</li> <li>Drill out <b>Gallup</b> isolation plug and cleanout to PBTD of <b>6,320'</b>. TOOH.</li> <li>TIH and land production tubing. Get a commingled <b>Gallup/Mesa Verde</b> flow rate.</li> </ol>



**HILCORP ENERGY COMPANY**  
**NAVAJO INDIAN B 007**  
**RECOMPLETION SUNDRY**

**NAVAJO INDIAN B 007 - CURRENT WELLBORE SCHEMATIC**

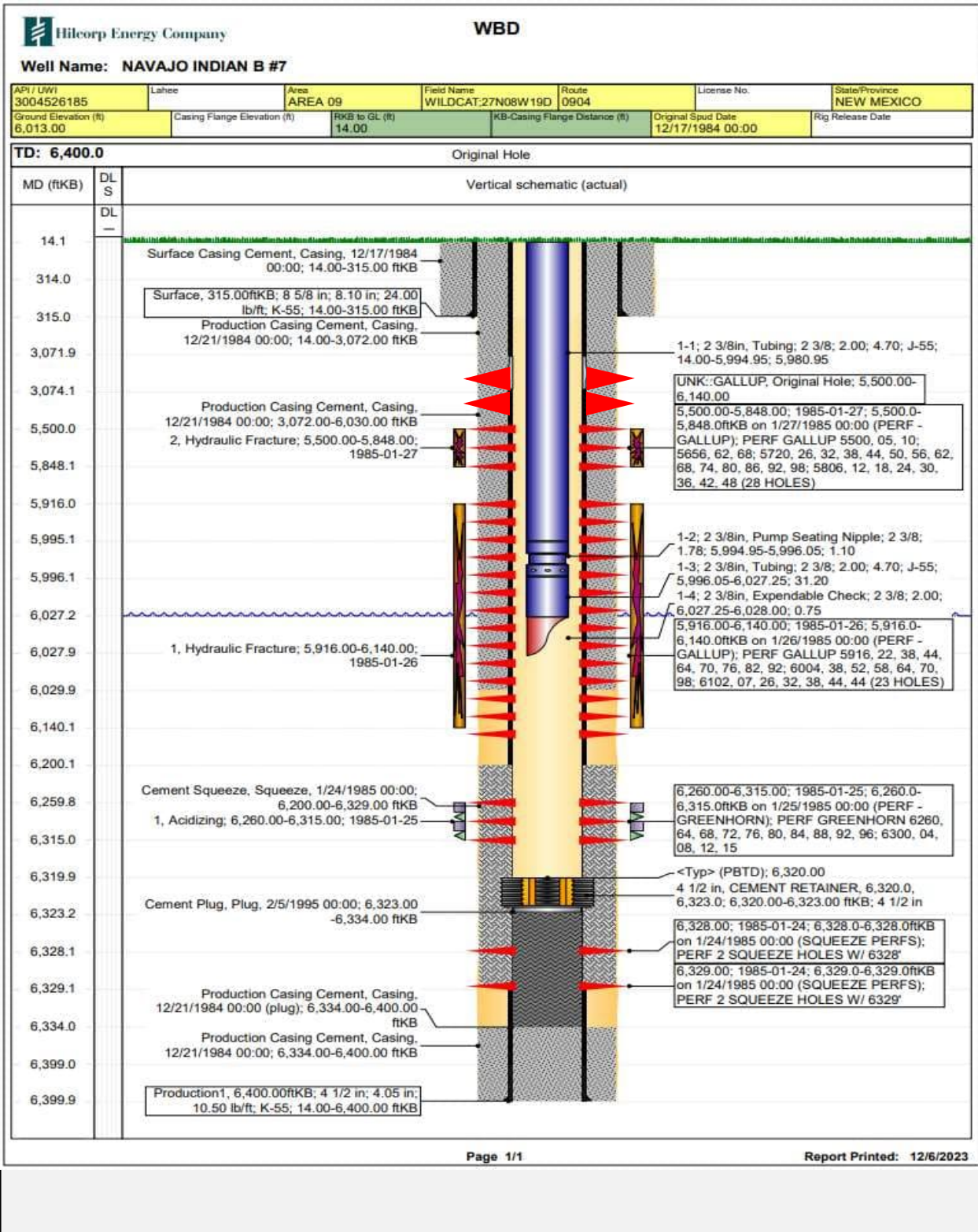






**HILCORP ENERGY COMPANY**  
**NAVAJO INDIAN B 007**  
**RECOMPLETION SUNDRY**

**NAVAJO INDIAN B 007 - Proposed Schematic**



**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 356863

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-045-26185	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319491	5. Property Name NAVAJO INDIAN B	6. Well No. 007
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6013

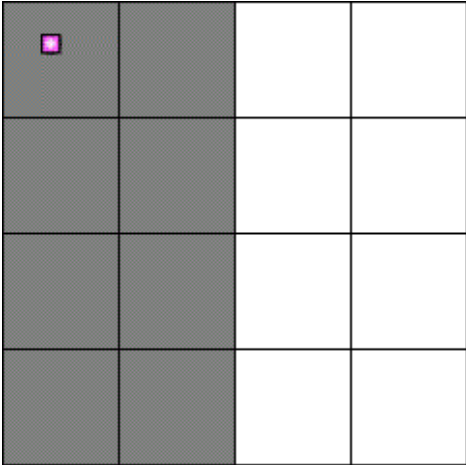
**10. Surface Location**

UL - Lot D	Section 19	Township 27N	Range 08W	Lot Idn	Feet From 459	N/S Line N	Feet From 529	E/W Line W	County SAN JUAN
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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 321.44 - W/2	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 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: <i>Cherylene Weston</i>  Title: Operations/RegulatoryTech-Sr.  Date: 01/04/2024</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: Michael Daly  Date of Survey: 8/4/1983  Certificate Number: 5992</p>
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State of New Mexico  
Energy, Minerals and Natural Resources DepartmentSubmit Electronically  
Via E-permittingOil 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:** 01 / 04 / 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
Navajo Indian B 7	3004526185	D-19-27N-8W	459 FNL, 529 FWL	6.9 bbl/d	400 mcf/d	0.5 bbl/d

**IV. Central Delivery Point Name:** Chaco-Blanco Plant [See 19.15.27.9(D)(1) NMAC]**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Navajo Indian B 7	3004526185					2024

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

**Section 2 – Enhanced Plan****EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

**IX. Anticipated Natural Gas Production:**

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

**X. Natural Gas Gathering System (NGGS):**

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.



### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	<i>Cherylene Weston</i>
Printed Name:	Cherylene Weston
Title:	Operations/Regulatory Tech-Sr.
E-mail Address:	cweston@hilcorp.com
Date:	01/04/2024
Phone:	713-289-2615
<b>OIL CONSERVATION DIVISION</b> <b>(Only applicable when submitted as a standalone form)</b>	
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 recomple project. HEC will utilize flowback separation equipment and production separation equipment designed and built to industry specifications after the recomple 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 recomple 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.

Form 5-154h  
(May 1946)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF INDIAN AFFAIRS

NM 744  
NM 02122  
Contract No.  
I-149-Ind-0468

OIL AND GAS MINING LEASE—ALLOTTED INDIAN LANDS

Navajo TRIBE, STATE OF New Mexico

THIS INDENTURE OF LEASE, made and entered into in quintuplicate this 9th day of

June, 1950 by and between Allot. No. 011416-Not-di-yazsa; Allot. No. 011417-Heirs of Jen-nes-pah; Allot. No. 011418-Not-ti-et-so-sa; Allot. No. 011419-Heirs of Koon-la-pye, or their heirs as the case may be.

of San Juan County, State of New Mexico, allottee Nav

(Col. Nav), of the Navajo Tribe of Indians, designated herein as

lessor, and E. D. Jernigan

4548 Belolairs Avenue,

of Dallas, State of Texas, herein designated as the lessee:

WITNESSETH

1. Lessor, in consideration of a cash bonus of \$4,566.33 paid to the Superintendent of the Indian Agency having jurisdiction, hereinafter called the superintendent, receipt of which is hereby acknowledged, and in consideration of rents and royalties to be paid, and the covenants to be observed as herein set forth, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and natural gas deposits in or under the following-

described tracts of land situated in the county of San Juan State of New Mexico, and more particularly described as follows:

Unit No. 7:

Allot. No. 011416-Not-di-yazsa, Lots 1, 2, E/2 NW/4, Sec. 19, T. 27N., R. 8 W. 160.68 ac.  
Allot. No. 011417-Heirs of Jen-nes-pah, Lots 3, 4, E/2 SW/4, Sec. 19, T. 27N., R. 8 W. 160.76 ac.  
Allot. No. 011418-Not-ti-et-so-sa, Lots 1, 2, E/2 NW/4, Sec. 30, T. 27N., R. 8 W. 160.60 ac.  
Allot. No. 011419-Heirs of Koon-la-pye, Lots 3, 4, E/2 SW/4, Sec. 30, T. 27N., R. 8 W. 160.20 ac.

containing .642, 24 acres more or less, together with the right to construct and maintain thereupon all works, buildings, plants, waterways, roads, telegraph and telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment hereof for the term of 10 years from and after the approval hereof by the Secretary of the Interior and as much longer thereafter as oil and/or gas is produced in paying quantities from said land.

2. The term "oil and gas supervisor" as employed herein shall refer to such officer or officers as the Secretary of the Interior may designate to supervise oil and gas operations on Indian lands. The term "superintendent" as used herein shall refer to the superintendent or other official in charge of the Indian Agency having jurisdiction over the lands leased.

3. In consideration of the foregoing, the lessee hereby agrees:

(a) Bond.—To furnish such bond as may be required by the regulations of the Secretary of the Interior, with satisfactory surety, or United States bonds as surety therefor, conditioned upon compliance with the terms of this lease.

(b) Wells.—(1) To drill and produce all wells necessary to offset or protect the leased land from drainage by wells on adjoining lands not the property of the lessor, or in lieu thereof, to compensate the lessor in full each month for the estimated loss of royalty through drainage: Provided, That during the period of supervision by the Secretary of the Interior, the necessity for offset wells shall be determined by the oil and gas supervisor and payment in lieu of drilling and production shall be with the consent of, and in an amount determined by the Secretary of the Interior; (2) at the election of the lessee to drill and produce other wells: Provided, That the right to drill and produce such other wells shall be subject to any system of well spacing or production allotments authorized and approved under applicable law or regulations, approved by the Secretary of the Interior and affecting the field or area in which the leased lands are situated; and (3) if the lessee elects not to drill and produce such other wells for any period the Secretary of the Interior may, within 10 days after due notice in writing, either require the drilling and production of such wells to the number necessary, in his opinion, to insure reasonable diligence in the development and operation of the property, or may in lieu of such additional diligent drilling and production require the payment on and after the first anniversary date of this lease of not to exceed \$1 per acre per annum, which sum shall be in addition to any rental or royalty hereinafter specified.

16-17809-3

(1)



[illegible]

(c) Royalty in kind.—The right to elect on 30 days' written notice to take lessor's royalty in kind.

Use of gas.—The right to use underground gas free of charge for all stores and inside the high in the principal dwelling houses is sold by making connection at his own expense with the well or wall thereon, the use of such gas to be of no value to the lessor.

(a) Disposition of surface.—A grantor has the right to lease, sell, or otherwise dispose of the surface of the land and the minerals and rights in the land and the right to the use of so much of said surface as is necessary in the extraction and removal of the oil and gas from the land and herein described.

4. The lessor expressly reserves:

(b) Assignment of lease.—Not to assign this lease or any interest therein without the written consent of the parties to this lease. No assignment or sublease of all or any portion of the leased premises before restrictions are removed, except with the approval of the Secretary of the Interior. If this lease is divided by the assignment of an entire interest in any part of it, each part shall be considered a separate lease under all the terms and conditions of the original lease.

(g) Regulations.—To abide by and conform to any and all regulations of the Secretary of the Interior now or hereafter in force relative to such leases: *Provided*, That no regulations hereafter approved shall effect a change in rate of royalty or annual

[illegible]

the oil and gas supervisor.

(e) Log of well—To keep a log in the form prescribed by the Secretary of the Interior of the formation passed through by the drill, which log or a copy thereof shall be furnished to the lessee showing the strata and character of the formations passed through by the drill, which log or a copy thereof shall be furnished to the lessee

[illegible][illegible]

7. Removal of buildings, improvements, and equipment.—Lessee shall be the owner of and shall have the right to remove from the leased premises, within 90 days after termination of this lease, any and all buildings, structures, casing, material, and/or equipment placed thereon for the purpose of development and operation hereunder, save and except casing in wells and other material, equipment, and structures necessary for the continued operation of wells producing or capable of being produced in paying quantities as determined by the Secretary of the Interior, on said leased land at the time of surrender of this lease or termination thereof; and except as otherwise provided herein, all casing in wells, material, structures, and equipment shall be and become the property of the lessor.

8. Relinquishment of supervision by the Secretary of the Interior.—Should the Secretary of the Interior, at any time during the life of this instrument, relinquish supervision as to all or part of the acreage covered hereby, such relinquishment shall not bind lessee until said Secretary shall have given 30 days written notice. Until said requirements are fulfilled, lessee shall continue to make all payments due hereunder as provided in section 3 (c). After notice of relinquishment has been received by lessee, as herein provided, this lease shall be subject to the following further conditions:

(a) All rentals and royalties thereafter accruing shall be paid in the following manner: Rentals and royalties shall be paid directly to lessor or his successors in title, or to a trustee appointed under the provision of section 9 hereof.

(b) If, at the time supervision is relinquished by the Secretary of the Interior, lessee shall have made all payments then due hereunder, and shall have fully performed all obligations on its part to be performed up to the time of such relinquishment, then the bond given to secure the performance hereof, on file in the Indian Office, shall be of no further force or effect.

(c) Should such relinquishment affect only part of the acreage, then lessee may continue to drill and operate the land covered hereby as an entirety. Provided, That lessee shall pay in the manner prescribed by section 3 (c), for the benefit of lessor or his successors in title or said trustee as the case may be, as provided in subdivision (a) of this section.

9. Division of fee.—It is covenanted and agreed that should the fee of said land now or hereafter be divided into separate parcels, held by different owners, or should the rental or royalty interests hereunder be so divided in ownership, the obligations of lessee hereunder shall not be added to or changed in any manner whatsoever save as specifically provided by the terms of this lease. Notwithstanding such separate ownership, lessee may continue to drill and operate said premises as an entirety. Provided, That each separate owner shall receive such proportion of all rentals and royalties accruing after the vesting of his title as the acreage of the fee, or rental or royalty interest, bears to the entire acreage covered by the lease; or to the entire rental and royalty interest as the case may be. Provided further, That if, at any time after departmental supervision hereof is relinquished, in whole or in part, there shall be four or more parties entitled to rentals or royalties hereunder, whether said parties are so entitled by virtue of undivided interests or by virtue of ownership of separate parcels of the land covered hereby, lessee, at the election of the lessor, may withhold the payment of further rentals or royalties (except the portion due the Indian lessor while under restriction), until all of said parties shall agree upon and designate in writing and in a recordable instrument a trustee to receive all payments due hereunder on behalf of said parties and their respective successors in title. Payments to said trustee shall constitute lawful payments hereunder, and the sole risk of an improper or unlawful distribution of said funds by said trustee shall rest upon the parties naming said trustee and their respective successors in title.

10. Drilling and producing restrictions.—It is covenanted and agreed that the Secretary of the Interior may impose restrictions as to times or times for the drilling of wells and as to the production from any well or wells drilled when in his judgment such action may be necessary or proper for the protection of the natural resources of the leased land and the interests of the Indian lessor, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State law, or regulations by competent Federal or State authorities or lawful agreements among operators regulating either drilling or production, or both.

11. Unit operation.—The parties hereto agree to subscribe to and abide by any agreement for the cooperative or unit development of the field or area, affecting the leased lands, or any pool thereof, it and when collectively adopted by a majority operating interest therein and approved by the Secretary of the Interior, during the period of supervision.

12. Helium—public emergency.—It is covenanted and agreed that helium gas, carbon dioxide gas, and all other natural gases are included under the term "gas" as used in this lease, and in the event gas is discovered containing helium the United States Government shall have the right to purchase, at reasonable prices, all or any part of the production and to regulate the amount and manner of production; and in time of war or other public emergency, the United States Government shall have the option to purchase all or any part of the product produced under this lease.

13. Conservation.—The lessee in consideration of the rights herein granted agrees to abide by the provisions of any act of Congress, or any order or regulation prescribed pursuant thereto, relating to the conservation, production, or marketing of oil, gas, or other hydrocarbon substances.

14. Heirs and successors in interest.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above mentioned.

Two witnesses to execution by lessor:

\_\_\_\_\_  
[Name]

\_\_\_\_\_  
P. O.

\_\_\_\_\_  
P. O.

\_\_\_\_\_  
[Name]  
10-17603-2

U. S. GOVERNMENT PRINTING OFFICE 16-17500-2

Rental received, \$ 802.50

By \_\_\_\_\_

Filed for record this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ at \_\_\_\_\_ o'clock in \_\_\_\_\_

Act. Asst. Commissioner of Indian Affairs

The within lease is hereby approved.

Washington, D. C. JUN 2 8 1951

DEPARTMENT OF THE INTERIOR  
UNITED STATES

Commission Expires June 1, 1957



My Commission Expires \_\_\_\_\_

*Eva E. Mantorpe*

executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.

to me known to be the identical person who executed the within and foregoing lease, and acknowledged to me that \_\_\_\_\_

\_\_\_\_\_ F. D. Jernigan

Before me, a notary public, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ personally appeared \_\_\_\_\_

COUNTY OF \_\_\_\_\_ STATE OF \_\_\_\_\_  
DALLAS TEXAS

P. O. 3213 Walnut, Dallas, Tex.  
P. O. 605 N. Gray, Dallas, Tex.

Attest: \_\_\_\_\_

Two witnesses to execution by lessee:  
*Arnold E. Jernigan*  
*Frank M. Jernigan*  
F. D. Jernigan

**From:** [Cheryl Weston](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Cc:** [Mandi Walker](#)  
**Subject:** RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007  
**Date:** Thursday, February 15, 2024 9:14:54 AM  
**Attachments:** [image001.png](#)  
[Allottee Lease.pdf](#)

---

Dean,

Please see attached Allotted Lease that covers the W/2 Section 19, T27N, R8W, as to the Navajo Indian B 7 well.

Thanks,  
Cheryl

---

**From:** McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>  
**Sent:** Wednesday, February 14, 2024 5:09 PM  
**To:** Cheryl Weston <cweston@hilcorp.com>  
**Cc:** Mandi Walker <mwalker@hilcorp.com>  
**Subject:** RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

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Cheryl,

I've reviewed the BLM GIS data and do not see anything contradictory to Hilcorp's position. As such, Hilcorp's assertion that the minerals in the W/2 of section 19 of Township 27 North, Range 8 West are 100% Indian will be fine. Understanding that my verbiage here is different than what you have below; please confirm for me that Hilcorp is in agreement that this is its assertion.

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

---

**From:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Sent:** Wednesday, February 14, 2024 7:32 AM  
**To:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Cc:** Mandi Walker <[mwalker@hilcorp.com](mailto:mwalker@hilcorp.com)>  
**Subject:** FW: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Dean,

Our Landman has determined that all of the minerals in the above well are in a Navajo Allotted Lease. Therefore, it should be processed similarly to the Navajo B 6.

Thanks,  
Cheryl

---

**From:** Chuck Creekmore <[ccreekmore@hilcorp.com](mailto:ccreekmore@hilcorp.com)>  
**Sent:** Wednesday, February 14, 2024 7:42 AM  
**To:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Subject:** RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Cheryl:

All of the minerals are in a Navajo Allottee lease # I-149-IND-8468.

Chuck Creekmore  
Division Landman  
Hilcorp Energy Company  
C: 505/320-9910

---

**From:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Sent:** Tuesday, February 13, 2024 4:36 PM  
**To:** Chuck Creekmore <[ccreekmore@hilcorp.com](mailto:ccreekmore@hilcorp.com)>; Angela Martinez <[Angela.Martinez@hilcorp.com](mailto:Angela.Martinez@hilcorp.com)>  
**Subject:** FW: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Chuck,

Is the Navajo Indian B 7 All Tribal Minerals? See below. Dean wants us to file the DHC on a C-107A for rather than a Sundry NOI like the Navajo B 6.

Thanks,  
Cheryl

---

**From:** McClure, Dean, EMNRD <[Dean.McClure@emnrn.dnm.gov](mailto:Dean.McClure@emnrn.dnm.gov)>  
**Sent:** Tuesday, February 13, 2024 4:31 PM  
**To:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>; Mandi Walker <[mwalker@hilcorp.com](mailto:mwalker@hilcorp.com)>  
**Subject:** RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

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Cheryl,



This is very similar to the Navajo B #6 in that the Division's land search function had returned a result of federal interests. However for the Navajo B #6, Mr. Rankin had conveyed to me that Hilcorp is attesting that the mineral interest was 100% Indian despite the Division's land search function and the GIS data from the BLM had seemed to support Hilcorp's position. As such, that C-103E and the following DHC application were accepted for record rather than reviewed and approved.

It could be that the Division's land search function is incorrect for the Navajo Indian B #7 as well if your landman believes 100% of the W/2 to be Indian interest. If so, then I will look closer at it from the BLM's data to see if that seems to agree. However, if Hilcorp is now in agreement that the W/2 includes federal interest, then we will need to follow the normal procedure for DHC applications as the Division will need to review and Approve/Reject it.

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

---

**From:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>  
**Sent:** Tuesday, February 13, 2024 3:11 PM  
**To:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>; Mandi Walker <[mwalker@hilcorp.com](mailto:mwalker@hilcorp.com)>  
**Subject:** RE: [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

Dean,

I thought this was very similar to the Navajo B 6 that was a NOI DHC. I re-looked at it and you are right! I will file it first thing tomorrow morning. FYI: This is a Round 1 SJS frac.

Thank you,  
Cheryl

---

**From:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Sent:** Tuesday, February 13, 2024 3:59 PM  
**To:** Cheryl Weston <[cweston@hilcorp.com](mailto:cweston@hilcorp.com)>; Mandi Walker <[mwalker@hilcorp.com](mailto:mwalker@hilcorp.com)>  
**Subject:** [EXTERNAL] Application ID: 313620; 30-045-26185 NAVAJO INDIAN B #007

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Cheryl,

I am reviewing the sundry referenced in the subject line of this email. It appears to be a DHC application which was submitted as a C-103X. The OCD's land search function is returning a determination that the well's spacing unit contains federal minerals in addition to the Indian minerals. If correct, then this application will need to be submitted and approved by the Division per the normal requirements of a DHC. Please review the mineral ownership in the W/2 of section 19, Township 27 North, Range 8 West.

## Section : 19-27N-08W

Type: Normal

Total Acres: 641.44

County: San Juan (45)

<b>D (1)</b>  Federal <sup>1</sup> Indian <sup>2</sup> (45) 40.33	<b>C (C)</b>  Indian <sup>1</sup> Indian <sup>2</sup> (45) 40	<b>B (B)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40	<b>A (A)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40
<b>E (2)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40.35	<b>F (F)</b>  Indian <sup>1</sup> Indian <sup>2</sup> (45) 40	<b>G (G)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40	<b>H (H)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40
<b>L (3)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40.37	<b>K (K)</b>  Indian <sup>1</sup> Indian <sup>2</sup> (45) 40	<b>J (J)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40	<b>I (I)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40
<b>M (4)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40.39	<b>N (N)</b>  Indian <sup>1</sup> Indian <sup>2</sup> (45) 40	<b>O (O)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40	<b>P (P)</b>  Federal <sup>1</sup> Federal <sup>2</sup> (45) 40

Note <sup>1</sup> = Surface Owner Rights

Note <sup>2</sup> = Sub-Surface Mineral Rights

Dean McClure  
Petroleum Engineer, Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

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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 307216

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 307216
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
dmcclosure	ACCEPTED FOR RECORD ONLY	2/15/2024