

Well Name: JICARILLA A	Well Location: T26N / R4W / SEC 14 / SWSW / 36.482001 / -107.227355	County or Parish/State: RIO ARRIBA / NM
Well Number: 2	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name: JICARILLA APACHE
Lease Number: JIC105	Unit or CA Name:	Unit or CA Number:
US Well Number: 3003906450	Operator: HILCORP ENERGY COMPANY	

Notice of Intent

Sundry ID: 2794065

Type of Submission: Notice of Intent

Type of Action: Deepen Well

Date Sundry Submitted: 06/06/2024

Time Sundry Submitted: 03:22

Date proposed operation will begin: 07/15/2024

Procedure Description: Hilcorp Energy Company requests permission to deepen the subject well into the Mesaverde/Mancos/Dakota formations and permanently abandon the existing Pictured Cliffs formation. The MV/MC/DK will be downhole commingled. Please see the attached procedure, current and proposed wellbore diagram, plat and natural gas management plan. A closed loop system will be used. A pre-reclamation site visit is not required as the surface is located on Jicarilla.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Jicarilla_A_2_Deepening_20240606152209.pdf

Well Name: JICARILLA A

Well Location: T26N / R4W / SEC 14 /
SWSW / 36.482001 / -107.227355

County or Parish/State: RIO
ARRIBA / NM

Well Number: 2

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:
JICARILLA APACHE

Lease Number: JIC105

Unit or CA Name:

Unit or CA Number:

US Well Number: 3003906450

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: JUN 06, 2024 03:19 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: KENNETH G RENNICK

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742

BLM POC Email Address: krennick@blm.gov

Disposition: Approved

Disposition Date: 06/06/2024

Signature: Kenneth Rennick

Rio Arriba County, New Mexico

Jicarilla A #2 Sidetrack

Hilcorp Energy Company

Technical Drilling Plan (Rev. 0)

Hilcorp Energy Company proposes to deepen and complete the referenced well targeting the Mesa Verde and Dakota formations.

Note: This technical drilling plan will be adjusted based upon actual conditions.

1. Location

Date:	May 21, 2024	Pool:	MVDK
Well Name:	Jicarilla A #2	Ground Elevation (ft. MSL):	6,903'
API	30-039-06450		
Surface Hole Location:	36.4819800° N, -107.2267300° W	Total Measured Depth (ft.)	7,996'
Bottom Hole Location:	36.4819800° N, -107.2267300° W	County, State:	Rio Arriba, NM

Note: All depths in the directional drilling plan are referenced from an estimated RKB datum of 15' above ground level.

2. Geological Markers

Anticipated formation tops with comments of any possible water, gas or oil shows are indicated below:

Formation	Depth (ft. TVD)	Remarks
Ojo Alamo	3,068'	Water (fresh/useable)
Kirtland	3,259'	None
Fruitland	3,368'	Gas, Water
Pictured Cliffs	3,561'	Gas
Chacra	4,502'	None
Upper Cliff House	5,226'	Gas
Menefee	5,336'	None
Pt. Lookout	5,731'	Gas
Mancos	6,409'	Gas
Gallup	6,835'	Gas
Greenhorn	7,666'	Gas
Graneros	7,718'	Gas
Paguate	7,859'	Gas
Upper Cubero	7,884'	Gas
Lower Cubero	7,923'	Gas
Encinal	7,996'	None

3. Pressure Control Equipment

See attached BOP equipment and choke manifold schematics for a diagram of pressure control equipment.

- BOP equipment will be nipped up on top of the wellhead after surface casing is set and cemented.
- Pressure control configurations will be designed to meet the minimum 2M standards.
- All equipment will have a minimum of 3M pressure rating and will be rated for 8,000' (TVD).
- A rotating head will be installed on top of the annular as seen in the attached diagram.
- BOP Testing: The BOPE will be tested to **250 psi (Low) for 5 minutes and 3,000 psi (High) for 10 minutes**. Utilize a BOPE Testing Unit with a recording chart and appropriate test plug for testing. BOP

Rio Arriba County, New Mexico

Jicarilla A #2 Sidetrack

Hilcorp Energy Company

equipment will be tested upon installation, every 30 days, and after any repairs are made to the BOP equipment. Annular preventors will be functionally tested at least once per week. Pipe and blind rams will be function tested each trip. **The New Mexico Oil & Gas Conservation Division and the BLM will be notified 24 hours in advance of testing BOPE.** All tests and inspections will be recorded and logged with time and results.

4. Casing & Cement Program

1. Proposed/Current Casing Program:

Proposed Casing Design					
Casing String	Hole Size	Casing Size	Weight/Grade	Top Depth (MD/TVD)	Shoe Depth (MD/TVD)
Surface (existing)	12-1/4"	9-5/8"	36# H40 (or equiv.) STC	0'	201' / 201'
Intermediate (existing)	8-3/4"	7"	23# J55 (or equiv.) LTC	0'	3,557' / 3,557'
Production Casing	6-1/4"	4-1/2"	11.6# J55 (or equiv.) LTC	0'	7,996' / 7,996'
Proposed Casing Design Safety Factors					
Casing String	Casing Description		Burst Design SF	Collapse Design SF	Joint Tensile Design SF
Surface (existing)	9-5/8" 32.3# H40 STC		27.2	23.5	56.7
Intermediate (existing)	7" 23# J55 LTC		2.0	1.8	4.5
Production	4-1/2" 11.6# J55 LTC		1.2	1.3	2.0

Notes:

- The 6-1/4" hole will be drilled to the top of the Encinal formation and TD will be called onsite by mud loggers.
- If the 6-1/4" hole is not drilled to the total planned measured depth, the production casing setting depth and length will be adjusted accordingly.
- Production casing will be run from surface to TD.
- The existing open hole section from 3,619' to 7" casing shoe will be squeezed off with LCM by a workover rig prior to the drilling rig being moved on.
- Casing Design Parameters – Designed for full evacuation. Mud Weights used for calculations: Surface = 9.0 ppg, Intermediate = 11.5 ppg, Production = 11.0 ppg. Burst: 1.15; Collapse: 1.125; Tensile: 1.6.
 - Burst: (Casing Burst Rating) / (Maximum Burst Load (Max MW x TVD x .052))
 - Collapse: (Full hydrostatic of MW in annulus) – (Hydrostatic of vacated casing, 0.1 psi/ft)
 - Tensile: (Tensile rating) / (measured depth x casing weight)

2. Proposed Centralizer Program:

Proposed Centralizer Program	
Interval	Centralizers & Placement
Production	1 centralizer 10' above the shoe with a lock collar. 1 centralizer every other joint on bottom 10 joints. 1 centralizer every 4 joints to inside 7" casing. (~25)

Rio Arriba County, New Mexico

Jicarilla A #2 Sidetrack

Hilcorp Energy Company

3. Proposed Cement Program:

Proposed Cement Design							
Interval	Depth (ft. MD)	Lead/Tail	Volume (ft ³)	Sacks	Slurry	Density	Planned TOC
Surface	201'				Existing		
Intermediate (Squeeze Open Hole)	3617' – 3457'	Tail	168 ft ³	122	Type III Cement 1% CaCl, 0.50 pps celloflake, 0.2% FL-52 1.38ft ³ /sk – 6.64 gal/sk	14.6 ppg	3,457'
Production	7,996'	Tail	740 ft ³	514	50/50 POZ: Class G cement + 0.25 lb/sx D029 Cellophane Flakes + 3% D020 Bentonite + 1.0 lb/sx D024 Gilsonite Extender + 0.25% D167 Fluid Loss + 0.25% D065 Dispersant + 0.1% D800 Retarder + 0.1% D046 Antifoamer + 3.5 lb/sx Phenoseal 1.44ft ³ /sk – 6.47 gal/sk	13.0 ppg	3,457'

Notes:

- A 2-stage cement job may be required depending on losses. Placement will be determined based from well conditions and zones where losses were incurred.

5. Drilling Fluids Program**1. Proposed Drilling Fluids Program:**

Proposed Drilling Fluids Program					
Interval	Fluid Type	Density	Fluid Loss	Max Chlorides	Depth
		(ppg)	(mL/30 min)	(mg/L)	(ft. MD)
Production	LSND / Gel System	8.4 – 9.2	6-16	1,000	3,557' – 7,996'

Notes:

- The well will be drilled utilizing a closed-loop circulating system. Drill cuttings will be transported to an approved disposal site.
- Estimated total volume of drill cuttings for disposal: 168.6 bbls (945 ft³).



Rio Arriba County, New Mexico

Jicarilla A #2 Sidetrack

Hilcorp Energy Company

6. Estimated Pressures & Drilling Hazards

A. Estimated Pressures

- The Mesa Verde and/or Dakota formations will be completed and commingled if both formations are completed.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:
 - Fruitland Coal 1,198 psi
 - Pictured Cliffs 668 psi
 - Mesa Verde 1,642 psi
 - Dakota 1,932 psi

B. Water Flows

- No water flows are expected.

C. Lost Circulation

- Lost circulation is possible in the Fruitland Coal & Mesa Verde. Losses will be mitigated by adding LCM to the mud system.

D. Hydrogen Sulfide

- No hydrogen sulfide is expected to be encountered based on nearby well production.

7. Testing, Logging, Coring

A. Mud Logging

- Mud loggers will collect formation samples every 60' from the intermediate casing shoe to TD of the production hole.

B. MWD

- Measurement while drilling tools will be utilized from the intermediate casing shoe to TD of the production hole to measure and record inclination.

C. LWD

- There are no planned LWD tools planned.

D. Open Hole Logging

- There are no planned open hole logs post drilling.

E. Coring



Rio Arriba County, New Mexico

Jicarilla A #2 Sidetrack

Hilcorp Energy Company

- There is no coring or formation testing planned.

8. Directional Drilling Plan

- Vertical well.

9. Pre-Drill Preparation Procedure

1. RU slickline, clear tubing to verify that it free of equipment that could become mobile while pulling. Set a 3-slip stop, if necessary
2. MIRU workover rig and associated equipment; NU and test BOP per HEC, State, and Federal guidelines.
3. TOOH with 2-3/8" tubing
4. TIH with 2-3/8" tubing and spot an LCM plug from TD to 3457'. Load hole with water-based drilling mud and squeeze LCM pill into formation.
5. P/U a 6-1/4" drill bit & clean to original TD @ 3617' using drilling fluid. Circulate hole clean and monitor for losses. If losses are seen, multiple LCM pills or cement plugs may be required to squeeze off zone. If no losses, continue to next step.
6. L/D tubing from well, Nipple down tubing head, Nipple up night cap, RDMO workover rig.

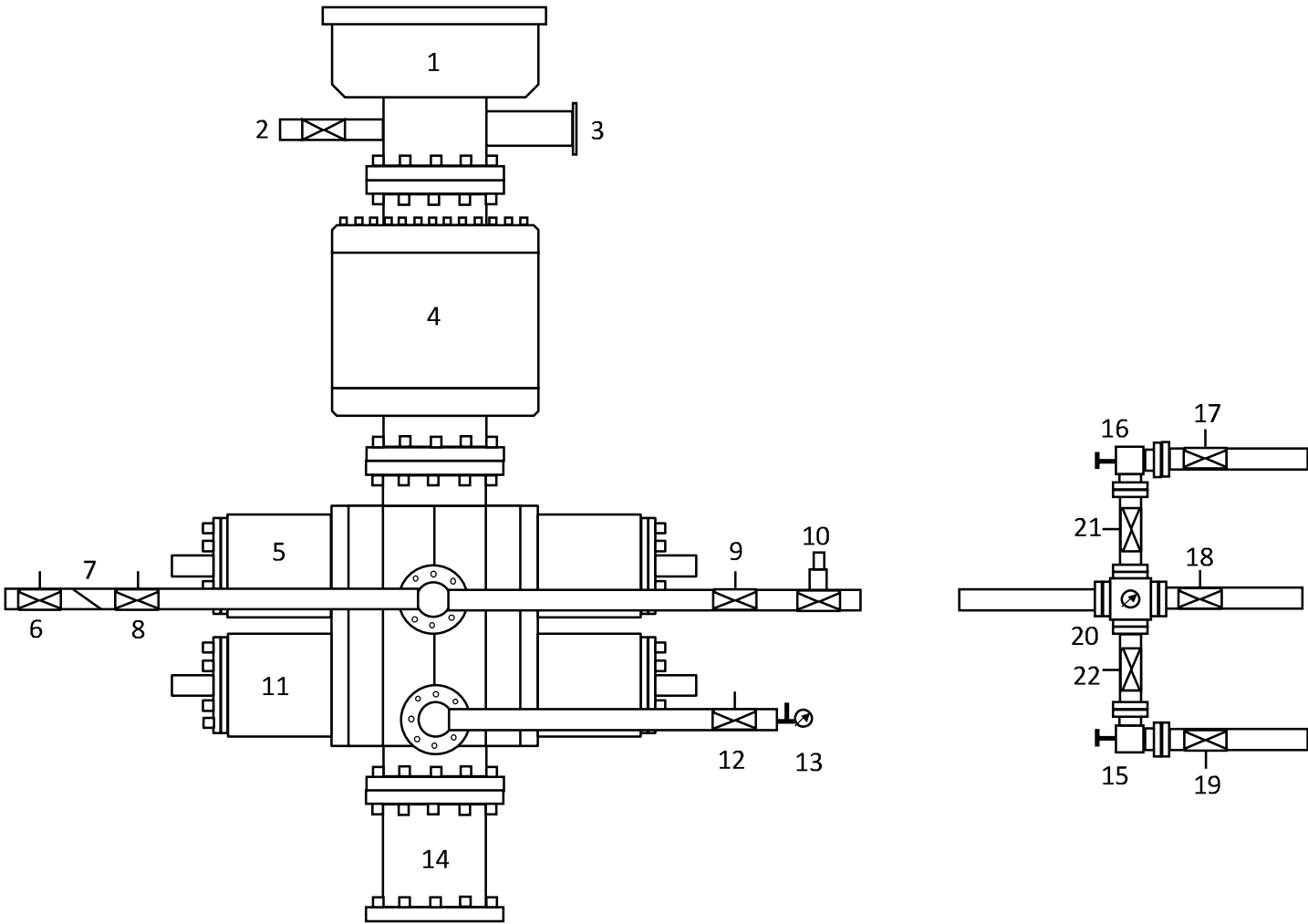
Rio Arriba County, New Mexico

Jicarilla A #2 Sidetrack



Appendix A

Pressure Control Equipment Configuration



1	Rotating Head	12	Manual Isolation Valve
2	Flow Line	13	Needle Valve & Pressure Gauge
3	Fill-Up Line	14	Spacer Spool (if needed)
4	3M Annular Preventer	15	Manual Choke
5	3M Pipe Rams	16	Manual Choke
6	Manual Isolation Valve	17	Manual Isolation Valve
7	Check Valve	18	Manual Isolation Valve
8	Manual Isolation Valve	19	Manual Isolation Valve
9	Manual Isolation Valve	20	Valve Block & Pressure Gauge
10	High Closing Ratio Valve	21	Manual Isolation Valve
11	3M Blind Rams	22	Manual Isolation Valve

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-06450		² Pool Code 97232 / 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 319687	⁵ Property Name JICARILLA A		⁶ Well Number 002
⁷ GRID No. 372171	⁸ Operator Name HILCORP ENERGY COMPANY		⁹ Elevation 6904'

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
M	14	26N	4W		998	SOUTH	720	WEST	RIO ARRIBA

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

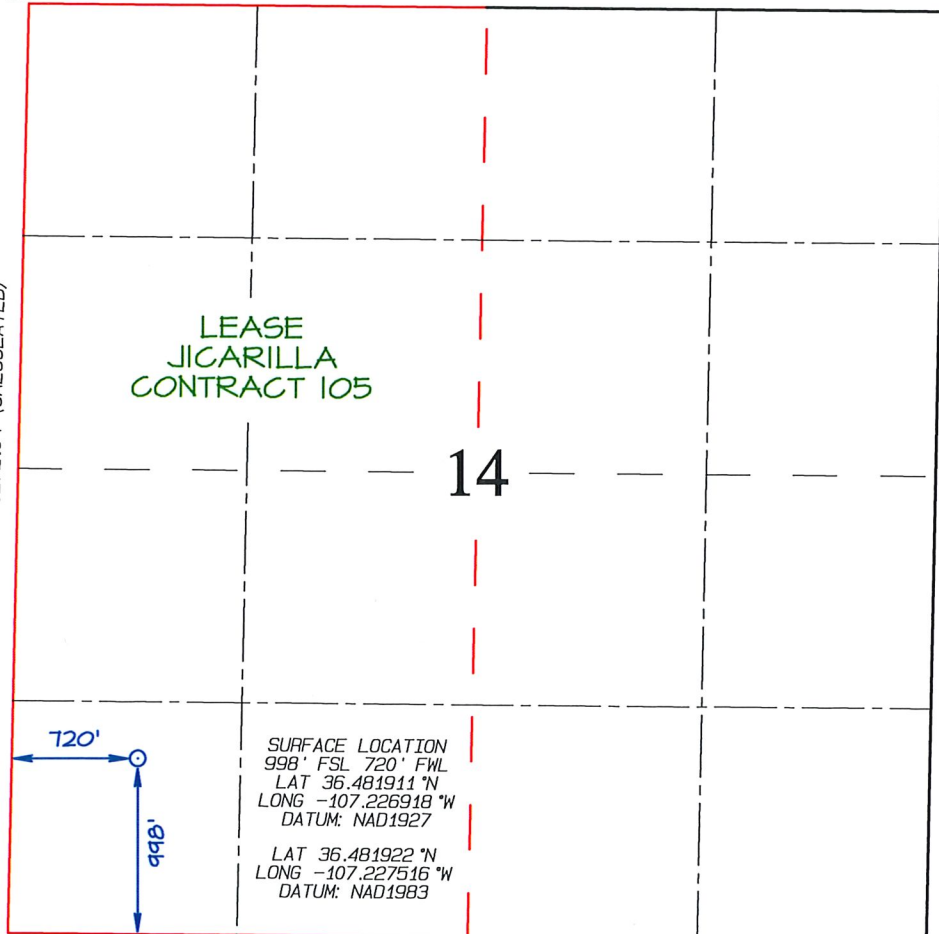
¹² Dedicated Acres 320.00	¹³ Joint or Infill W/2 - Section 14	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

WEST 5290.56' (RECORD)

N89°26'52"W 5225.88' (CALCULATED)

16



N89°27'40"W 5236.64' (CALCULATED)

WEST 5297.82' (RECORD)

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location 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.

Cherylene Weston 6/5/2024

Signature Date
Cherylene Weston, Ops/Regulatory Tech

Printed Name
cweston@hilcorp.com

E-mail Address

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 Revised: JUNE 3, 2024
Date of Survey: MAY 31, 2024

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos 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 370314

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-06450	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319687	5. Property Name JICARILLA A	6. Well No. 002
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6904

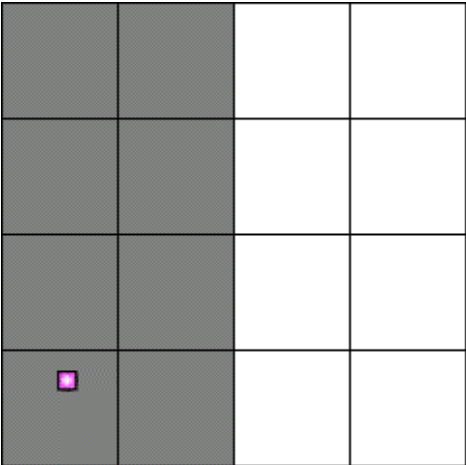
10. Surface Location

UL - Lot M	Section 14	Township 26N	Range 04W	Lot Idn	Feet From 998	N/S Line S	Feet From 720	E/W Line W	County RIO ARRIBA
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	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>OPERATOR CERTIFICATION</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: Cherylene Weston Title: Operations/Regulatory Tech-Sr. Date: 7/18/2024</p> <p>SURVEYOR CERTIFICATION</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: Jason C. Edwards Date of Survey: 5/31/2024 Certificate Number: 15269</p>
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District I

1625 N. French Dr., Hobbs, NM 88240
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**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 370314

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-06450	2. Pool Code 97232	3. Pool Name BASIN MANCOS
4. Property Code 319687	5. Property Name JICARILLA A	6. Well No. 002
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6904


10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	14	26N	04W		998	S	720	W	RIO ARRIBA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00			13. Joint or Infill		14. Consolidation Code			15. Order No.	

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OPERATOR CERTIFICATION

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E-Signed By: Cherylene Weston

Title: Operations/Regulatory Tech-Sr.

Date: 7/18/2024

SURVEYOR CERTIFICATION

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

Surveyed By: Jason C. Edwards

Date of Survey: 5/31/2024

Certificate Number: 15269

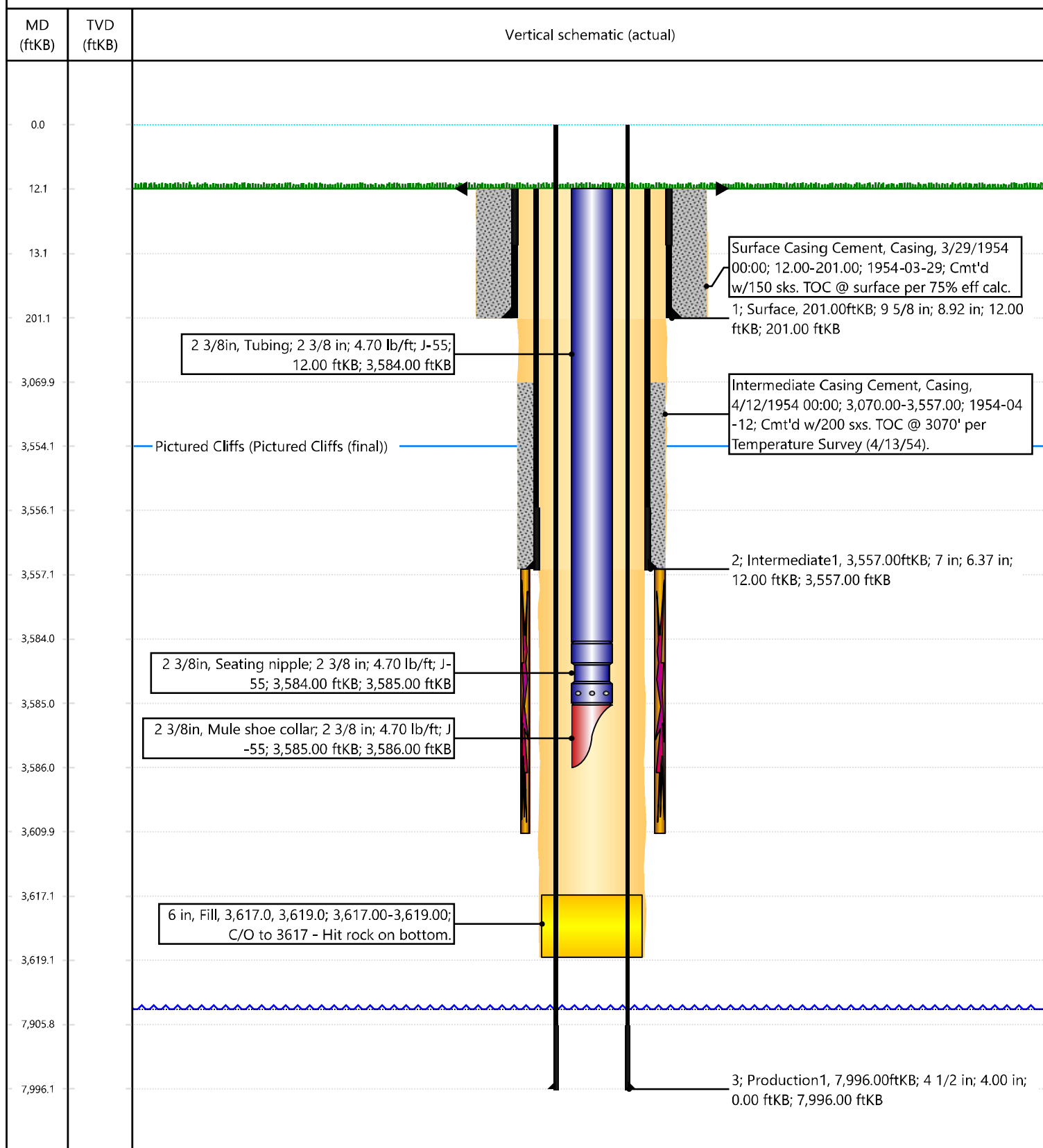


Current Schematic - Version 3

Well Name: JICARILLA A #2

API / UWI 3003906450	Surface Legal Location 014-026N-004W-M	Field Name PC	Route 1411	State/Province NEW MEXICO	Well Configuration Type Vertical
Ground Elevation (ft) 6,903.00	Original KB/RT Elevation (ft) 6,915.00	Tubing Hanger Elevation (ft)	RKB to GL (ft) 12.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)

Original Hole [Vertical]



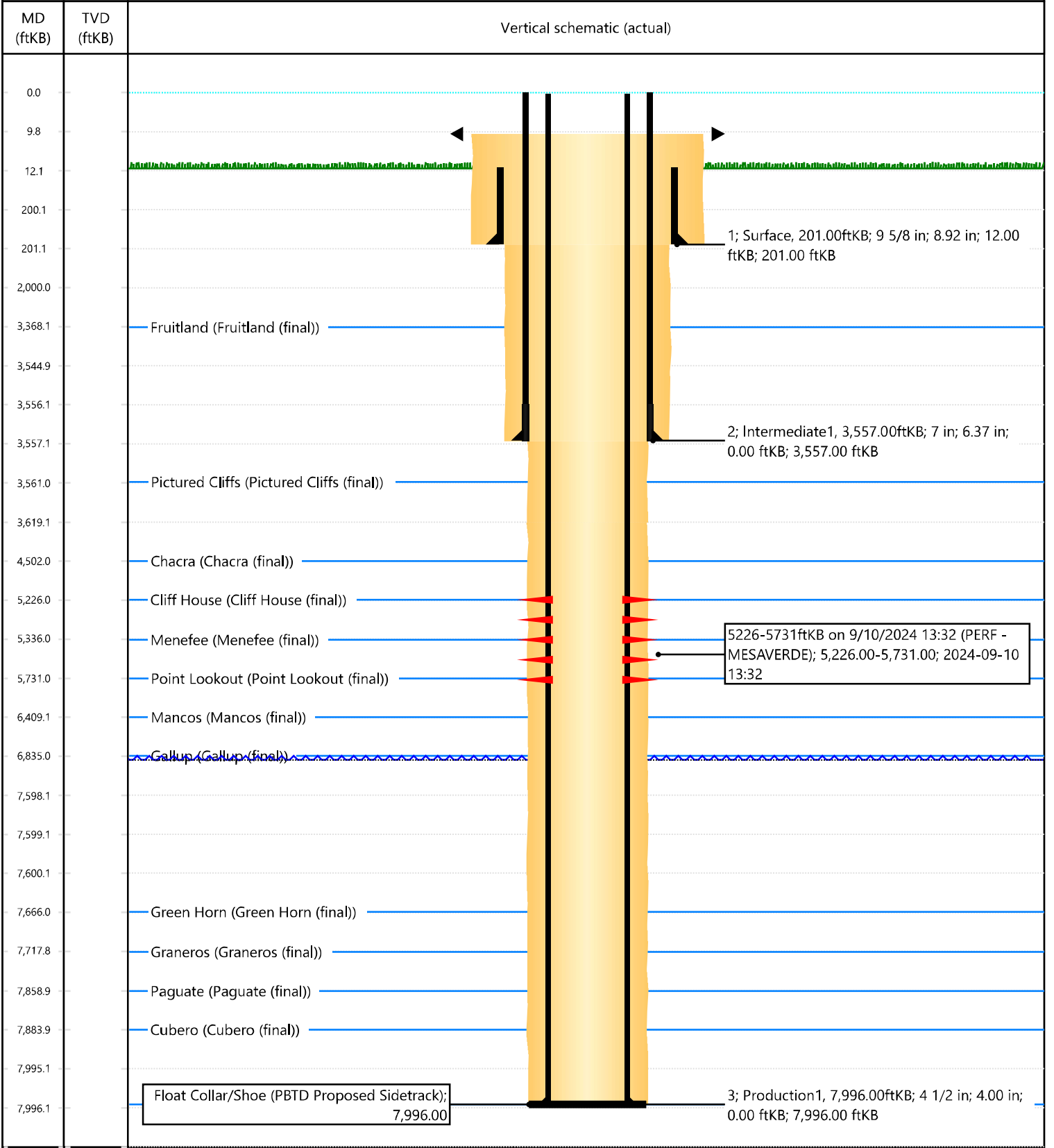


Current Schematic - Version 3

Well Name: JICARILLA A #2

API / UWI 3003906450	Surface Legal Location 014-026N-004W-M	Field Name PC	Route 14 11	State/Province NEW MEXICO	Well Configuration Type Vertical
Ground Elevation (ft) 6,903.00	Original KB/RT Elevation (ft) 6,915.00	Tubing Hanger Elevation (ft)	RKB to GL (ft) 12.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)

Proposed Sidetrack [Vertical]



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:** 6/5/2024**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
Jicarilla A 2	3003906450	M-14-26N-04W	998' FSL & 720' FWL	6.1	610	1.5

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

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
<u>Jicarilla A 2</u>	<u>3003906450</u>	<u>2024-2025</u>				<u>2024-2025</u>

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

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

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

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

IX. Anticipated Natural Gas Production:

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

X. Natural Gas Gathering System (NGGS):

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

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

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

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

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

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

Section 3 - Certifications

Effective May 25, 2021

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

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

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

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

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

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

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

Section 4 - Notices

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

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

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

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

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

Signature: <i>Cherylene Weston</i>
Printed Name: Cherylene Weston
Title: Operations Regulatory Tech-Sr.
E-mail Address: cweston@hilcorp.com
Date: 6/5/2024
Phone: 713-289-2615
OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)
Approved By:
Title:
Approval Date:
Conditions of Approval:

Hilcorp Energy Natural Gas Management Plan Attachments

VI. Separation Equipment

The operator will select separation equipment for the maximum anticipated throughput and pressure to optimize gas capture. Separation equipment is sized according to manufacturer's design specifications. Separation vessels are built following the A.S.M.E. section VIII division 1 codes for pressure vessel design, fabrication, inspection, testing and certification. Anticipated well pressures and production rates are evaluated to select separation equipment according to the equipment's designed operating pressure and throughput.

After completion, the operator utilizes flowback equipment, including separators, to manage wellbore fluids and solids during the initial separation period. After the initial flowback period is complete the operator utilizes iterative facility separation equipment to ensure that optimal separation is achieved.

VII. Operational Practices 19.15.27.8 NMAC A through F

- A. The operator will maximize the recovery of natural gas and minimize the amount of gas vented or flared when technically and safely feasible as further described and detailed within the following subsections (B-F of 19.15.27.8). In all cases where natural gas venting and flaring requires regulatory reporting, reporting will be submitted accurately and within the required time frames.
- B. Venting and flaring during drilling operations:
 - a. New Drill HZ Gas Wells: The operator drills wells in the area by utilizing a balanced mud to safely drill the wellbore. This technique prevents gas from coming to surface during the drilling process. If there is an emergency or malfunction and natural gas does come to surface the natural gas will be captured and routed to sales if technically and safely feasible.
- C. Venting and flaring during completion or recompletion operations:
 - a. New Drill HZ Gas Wells: The operator's facilities are designed to handle the maximum throughput and pressures from the newly drilled and completed wellbores. The amount of gas vented and flared will be minimized when technically and safely feasible. During initial flowback and initial separation flowback the operator will utilize contracted flowback equipment, including separators, to manage wellbore fluids and solids. The initial flowback period will be minimized and flow will be sent to separation equipment as soon as possible to reduce the amount of gas that is vented to atmosphere. The natural gas will be utilized on site as needed for fuel gas and natural gas will be sold.
- D. Venting and flaring during production operations:
 - a. New Drill HZ Gas Wells: The operator's facilities are designed to handle the maximum throughput and pressures from producing wellbores. The amount of gas vented and flared will be minimized when technically and safely feasible.

Operations will effectively manage the following scenarios to minimize the quantity of natural gas that is vented or flared:

- (a) If there is an emergency or malfunction vented or flared natural gas will be reported, if required, and the emergency or malfunction will be resolved as soon as technically and safely feasible.
- (b) If the wellbore needs to be unloaded to atmosphere the operator will not vent the well after the well has achieved a stabilized rate and pressure. The operator will remain on site during unloading. Plunger lift systems will be optimized to reduce the amount of natural gas venting. Downhole maintenance, such as workovers, swabbing, etc. will only be conducted as needed and best management practices will be utilized to reduce venting of natural gas.
- (c) The operator will minimize the amount of time that natural gas is vented to atmosphere from gauging and sampling a storage tank or low pressure vessel. The formation is only anticipated to produce water and therefore tank emissions are anticipated to be negligible.
- (d) The operator will reduce the amount of time needed for loading out liquids from a storage tanks or other low-pressure vessels whenever feasible. Operations will always utilize the water transfer systems when available. Water loading emissions are anticipated to be negligible.
- (e) Equipment will be repaired and maintained routinely to minimize the venting or flaring of natural gas. Repairs and maintenance will be conducted in a manner that minimizes the amount of natural gas vented to atmosphere through the isolation of the equipment that is being repaired or maintained.
- (f) Electric controllers and pumps will be installed to replace pneumatic controllers whenever feasible. Pneumatic controllers and pumps will be inspected frequently to ensure that no excess gas is vented to atmosphere.
- (g) No dehydration or amine units are anticipated to be set on location.
- (h) Compressors, compressor engines, turbines, flanges, connectors, valves, storage tanks, and other low-pressure vessels and flanges will be routinely inspected to ensure that no excess venting occurs outside of normal operations.
- (i) Regulatory required testing, such as bradenhead and packer testing will be performed in a manner that minimizes the amount of natural gas vented to atmosphere.
- (j) If natural gas does not meet gathering pipeline specifications gas samples will be collected twice per week to determine when pipeline specification gas content has been achieved. During this time frame gas will be flared and not vented to atmosphere. Natural gas that meets pipeline specifications will be sold via pipeline and natural gas that can be utilized for fuel gas will be used during this time.
- (k) If pipeline, equipment, or facilities need purged of impurities gas losses will be minimized as much as technically and safely feasible.

E. Performance standards:

- a. The production facilities are designed to handle the maximum throughput and pressures from producing wellbores and will be designed to minimize waste. The amount of gas vented and flared will be minimized when technically and safely feasible.
 - b. All tanks that are routed to a control device that is installed after 5/25/2021 will have an automatic gauging system to minimize the amount of vented natural gas.
 - c. If a flare stack is installed or replaced after 5/25/2021 it will be equipped with an automatic ignitor or continuous pilot. The flare stack will be properly sized and designed to ensure proper combustion efficiency. The flare stack will be located 100 feet away from the nearest wellhead or storage tank.
 - d. AVO inspections will be conducted weekly for the year after completion and for all wells producing greater than 60,000 cubic feet of natural gas daily. The AVO inspection will include all components, including flare stacks, thief hatches, closed vent systems, pumps, compressors, pressure relief devices, valves, lines, flanges, connectors, and associated pipeline to identify any leaks and releases by comprehensive auditory, visual, and olfactory inspection. The AVO inspection records will be maintained for 5 years which will be available at the department's request. Identified leaks will be repaired as soon as feasible to minimize the amount of vented natural gas.
- F. Measurement or estimation of vented and flared natural gas.
- a. The volume of natural gas that is vented, flared or consumed for beneficial use will be measured when possible, or estimated, during drilling, completions, or production operations.
 - b. Equipment will be installed to measure the volume of natural gas flared for all APD's issued after 5/25/2021 on facilities that will have an average daily gas rate greater than 60,000 cubic feet of natural gas. Measurement equipment will conform to API MPMS Chapter 14.10 regulations. The measurement equipment will not have a manifold that allows the diversion of natural gas around the metering element except for the sole purpose of inspecting and servicing the measurement equipment. If metering is not practical then the volume of gas will be estimated.

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

CONDITIONS

Action 365523

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 365523
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
dmcclosure	ACCEPTED FOR RECORD ONLY	7/19/2024