Well Name: PAYNE

Well Location: T30N / R11W / SEC 35 / SWSE / 36.76448 / -107.95706

County or Parish/State: SAN JUAN / NM

Well Number: 2

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF079962

Unit or CA Name: PAYNE

Unit or CA Number: NMNM133450, NMNM73515

US Well Number: 3004508943

Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2826004

Type of Submission: Notice of Intent

Type of Action: Cement Remediation

Date Sundry Submitted: 12/06/2024

Time Sundry Submitted: 07:03

Date proposed operation will begin: 12/06/2024

Procedure Description: Hilcorp Energy requests permission to perform cement remediation to isolate a casing leak. See attached procedure and wellbore diagram.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Payne_2_Cement_Remediation_NOI_20241206070254.pdf

Well Name: PAYNE	**Well Location:** T30N / R11W / SEC 35 / SWSE / 36.76448 / -107.95706	**County or Parish/State:** SAN JUAN / NM
Well Number: 2	**Type of Well:** CONVENTIONAL GAS WELL	**Allottee or Tribe Name:**
Lease Number: NMSF079962	**Unit or CA Name:** PAYNE	**Unit or CA Number:** NMNM133450, NMNM73515
US Well Number: 3004508943	**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: DEC 06, 2024 07:02 AM

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: 12/06/2024

Signature: Matthew Kade

Proposed Cement Remediation Procedure - NOI

Payne 2

API # - 3004508943

Procedure:

Hold PJSM prior to beginning any and all operations. Properly document all operations via the JSA process. Ensure that all personnel onsite abide by HEC safety protocol, including PPE, housekeeping, and standard guidelines.

Verify cathodic protection is off and wellhead instrumentation is properly disconnected from the wellhead. Comply with all NMOCD, BLM, and HEC safety and environmental regulations.

Verify there is no H2S present prior to beginning operations. If any H2S is present, take the necessary actions to ensure that the location is safe prior to beginning operations.

Observe and record pressures across all string daily, prior to beginning operations. **Remember to notify NMOCD 24 hours prior to starting operations on location.**

1. Verify all wellhead valves are operatable.
2. Move onto well location with rig. Check well pressures on all casing strings and record (daily).
3. Check well for H2S and blow down well as necessary.
4. RD wellhead and RU BOPs. Function test BOP pipe rams and blind rams.
5. PU Work String. RIH with 2-3/8” work string to 650’. RU Cement crew and spot balanced cement plug from 250’-650’. TOOH with Work string.
6. WOC.
7. PU drill out assembly and drill out cement.
8. RU wireline and run CBL from existing RBP at 1,890’ to surface. Perform witnessed MIT
9. Upon passing MIT, RIH with work string and retrieve RBP. Run w/ Production tubing and land @ 2,170’

Hilcorp Energy Company

Current Schematic - Version 3

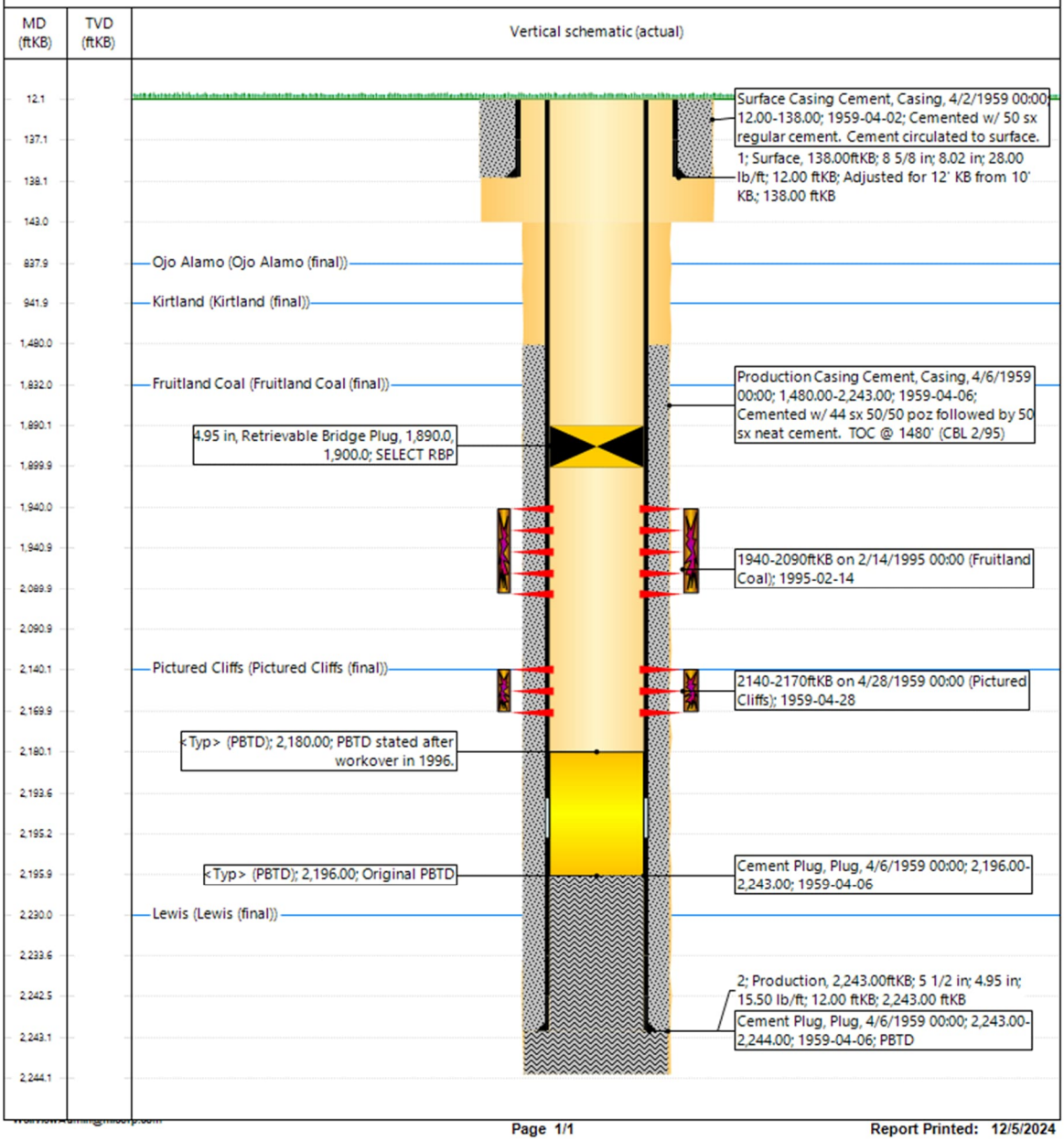
Well Name: PAYNE #2

API / UWI	Surface Legal Location	Field Name	Route	State/Province	Well Configuration Type
3004508943	035-030N-011W-O	BSN (FTLD COAL) #3046	0701	NEW MEXICO	Vertical
Ground Elevation (ft)	**Original KB/RT Elevation (ft)**	**Tubing Hanger Elevation (ft)**	**RKB to GL (ft)**	**KB-Casing Flange Distance (ft)**	**KB-Tubing Hanger Distance (ft)**
5,806.00	5,818.00		12.00		

Tubing Strings

Run Date	Set Depth (ftKB)	String Max Nominal OD (in)	String Min Nominal ID (in)	Weight/Length (lb/ft)	Original Spud Date
10/30/2018 15:30	2,155.23	2 3/8	2.00	4.70	4/2/1959 00:00

Original Hole [Vertical]



Page 1/1 Report Printed: 12/5/2024

Cheryl Weston

From: Kuehling, Monica, EMNRD <monica.kuehling@emnrd.nm.gov>
Sent: Thursday, December 5, 2024 4:42 PM
To: Rennick, Kenneth G; Trey Misuraca; Kade, Matthew H
Cc: Farmington Regulatory Techs; Lisa Helper; Austin Harrison; Hayden Moser; Cameron Skelton; Jose Morales; Cheryl Weston; Griffin Selby; Sikandar Khan; Glory Kamat; Jackson Lancaster
Subject: RE: [EXTERNAL] Payne 2 - API: 3004508943 - Casing Leak Identified - Proposed Path Forward

NMOCD approves below to continue on with the proposal below.

However, Please submit a NOI as soon as possible with a subsequent once work is complete. Let me know the action ID once NOI is approved by BLM and submitted through our system.

Thank you

Monica Kuehling
Compliance Officer Supervisor
Deputy Oil and Gas Inspector
New Mexico Oil Conservation Division
North District
Cell Phone: 505-320-0243
Email - monica.kuehling@emnrd.nm.gov

From: Rennick, Kenneth G <krennick@blm.gov>
Sent: Thursday, December 5, 2024 3:36 PM
To: Trey Misuraca <Trey.Misuraca@hilcorp.com>; Kuehling, Monica, EMNRD <monica.kuehling@emnrd.nm.gov>; Kade, Matthew H <mkade@blm.gov>
Cc: Farmington Regulatory Techs <FarmingtonRegulatoryTechs@hilcorp.com>; Lisa Helper <lhelper@hilcorp.com>; Austin Harrison <aharrison@hilcorp.com>; Hayden Moser <Hayden.Moser@hilcorp.com>; Cameron Skelton <Cameron.Skelton@hilcorp.com>; Jose Morales <jomorales@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>; Griffin Selby <Griffin.Selby@hilcorp.com>; Sikandar Khan <Sikandar.Khan@hilcorp.com>; Glory Kamat <Glory.Kamat@hilcorp.com>; Jackson Lancaster <Jackson.Lancaster@hilcorp.com>
Subject: Re: [EXTERNAL] Payne 2 - API: 3004508943 - Casing Leak Identified - Proposed Path Forward

The BLM finds the proposed procedure appropriate. A subsequent of work completed is required, unless NM OCD requires an approval of approval of work from the BLM.

From: Trey Misuraca <Trey.Misuraca@hilcorp.com>
Sent: Thursday, December 5, 2024 3:25 PM
To: Monica.Kuehling@emnrd.nm.gov <Monica.Kuehling@emnrd.nm.gov>; Kade, Matthew H <mkade@blm.gov>; Rennick,

Kenneth G <krennick@blm.gov>
Cc: Farmington Regulatory Techs <FarmingtonRegulatoryTechs@hilcorp.com>; Lisa Helper <lhelper@hilcorp.com>; Austin Harrison <aharrison@hilcorp.com>; Hayden Moser <Hayden.Moser@hilcorp.com>; Cameron Skelton <Cameron.Skelton@hilcorp.com>; Jose Morales <jomorales@hilcorp.com>; Cheryl Weston <cweston@hilcorp.com>; Griffin Selby <Griffin.Selby@hilcorp.com>; Sikandar Khan <Sikandar.Khan@hilcorp.com>; Glory Kamat <Glory.Kamat@hilcorp.com>; Jackson Lancaster <Jackson.Lancaster@hilcorp.com>
Subject: [EXTERNAL] Payne 2 - API: 3004508943 - Casing Leak Identified - Proposed Path Forward

Monica, Kenny, Matthew,

Upon rigging up on the Payne 2 (API: 3004508943), we discovered casing leak(s) from 628' – 462' in the 5-1/2" production casing. Casing tested from 628' to an RBP set at 1890' and from 462' to surface. We were able to establish an injection rate of 0.5bpm at 450psi. No bradenhead pressure has been observed at any point on this well during operations. Attached is the CBL for the production casing run during the primary cement job showing top of cement at 1500ft. To remediate this casing issue, we propose the following operations:

- Trip in hole with 2-3/8" tubing to 650'
- Spot balanced cement plug from 650' – 250'
- Wait on cement
- Pick up DO assembly and DO cement
- Rig up Wireline and run CBL from RBP to surface
- Perform witnessed MIT to 500psi
- Upon passing MIT, run in hole, retrieve RBP.
- Run production tubing

Notable formation tops in this well:
- Kirtland: 942'
- Ojo Alamo: 838'

Please let me know if you approve with moving forward with these remediation operations or if you have any questions.

Kind Regards,

Trey Misuraca
Operations Engineer | San Juan North
Hilcorp Energy Company | 1111 Travis Street | Houston, TX 77002
M: 225.610.7136
Trey.Misuraca@hilcorp.com

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: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 409280
	Action Type: [C-103] NOI Workover (C-103G)

CONDITIONS

Created By	Condition	Condition Date
mkuehling	No reported bradenhead problems in past or while rig has been on - Kirtland and surface shoe are remaining uncemented due to no bradenhead pressure.	12/6/2024