

RECEIVED: 05/01/2018	REVIEWER: MAM	TYPE: DHL	APP NO: PMAM1812-15770
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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

<b>Applicant:</b> Hilcorp Energy Company	<b>OGRID Number:</b> 372171
<b>Well Name:</b> San Juan 28-7 Unit 99F	<b>API:</b> 30-039-26897
<b>Pool:</b> Blanco P.C. South	<b>Pool Code:</b> 72439

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

DHL-3000-A

- 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

MAY 01 2018 10:01:18

- 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

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

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.**

Kandis Roland  
 Print or Type Name

Kandis Roland  
 Signature

4/26/2018  
 Date

505-324-5149  
 Phone Number

kroland@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  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company PO Box 4700, Farmington NM 87499  
Operator Address

SAN JUAN 28-7 UNIT 99F UNIT J-29-27N-07W Rio Arriba  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 372171 Property Code 318432 API No. 30-039-26897 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO P. C. SOUTH	OTERO CHACRA	BLANCO MESAVERDE	BASIN DAKOTA
Pool Code	72439	82329	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2923' - 3139' estimated	3842' - 4068'	5222' - 5472'	7264' - 7381'
Method of Production (Flowing or Artificial Lift)	New Zone	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)	737 psi	914 psi	1183 psi	2971 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1000	BTU 1000	BTU 1000	BTU 1000
Producing, Shut-In or New Zone	NEW ZONE	PRODUCING	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: N/A Rates: N/A	Date: Feb 2018 Rates: 962 mcf 0 bbls oil 0 bbls water	Date: Feb 2018 Rates: 709 mcf 13 bbls oil 6 bbls water	Date: Feb 2018 Rates: 861 mcf 25 bbls oil 7 bbls water
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  Will be supplied upon completion	Oil Gas  Will be supplied upon completion	Oil Gas  Will be supplied upon completion	Oil Gas  Will be supplied upon completion

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No

Are all produced fluids from all commingled zones compatible with each other? Yes  No

Will commingling decrease the value of production? Yes  No

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  No

NMOCD Reference Case No. applicable to this well: R-10476-B - DHC exemption to notify interest owners

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 Kandis Roland TITLE Operations/Regulatory Technician DATE 4/27/18

TYPE OR PRINT NAME Kandis Roland TELEPHONE NO. (505) 324-5149

E-MAIL ADDRESS kroland@hilcorp.com

**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:(505) 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**

Permit 251596

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-26897	2. Pool Code 72439	3. Pool Name BLANCO P. C. SOUTH (PRORATED GAS)
4. Property Code 372171	5. Property Name SAN JUAN 28 7 UNIT	6. Well No. 099F
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6649

10. Surface Location

UL - Lot J	Section 29	Township 27N	Range 07W	Lot Idn	Feet From 1590	N/S Line S	Feet From 2420	E/W Line E	County RIO ARRIBA
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00 E/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 NONSTANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b>	
	<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>	
	E-Signed By:	<i>Kandis Koland</i>
	Title:	Operations/Regulatory Technician
Date:	4/26/18	
<b>SURVEYOR CERTIFICATION</b>		
<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>		
Surveyed By:	Jason C. Edwards	
Date of Survey:	11/12/2001	
Certificate Number:	15269	

**District I**  
1525 N. French Dr., Hobbs, NM 88240  
**District II**  
811 South First, Artesia, NM 88210  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
**District IV**  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, NM 87505

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

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number 30-039-26897		2 Pool Code 72319		3 Pool Name Blanco Mesaverde	
4 Property Code 016608		5 Property Name SAN JUAN 28-7 UNIT			6 Well Number 99F
7 OGRID No. 005073		8 Operator Name CONOCO, INC.			9 Elevation 6649

**10 Surface Location**

11 L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	29	27N	7W		1590	south	2420	cast	Rio Arriba

**11 Bottom Hole Location If Different From Surface**

12 L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

13 Dedicated Acres	14 Joint or Infill	15 Consolidation Code	16 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>16</p>	<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Deborah Marberry</i> Signature DEBORAH MARBERRY Printed Name REGULATORY ANALYST Title 03/01/2002 Date</p>
	<p><b>18 SURVEYOR CERTIFICATION</b> 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.</p>
	<p>Date of Survey Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
811 South First, Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-26897		2 Pool Code 71599		3 Pool Name BASIN DAKOTA	
4 Property Code 016608		5 Property Name SAN JUAN 28-7 UNIT			6 Well Number 99F
7 OGRID No. 005073		8 Operator Name CONOCO, INC.			9 Elevation 6649

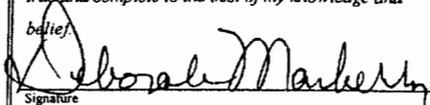
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	27N	7W		1590	south	2420	east	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									
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>16</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">             2007 MAY -6 AM 9:01              070 FARMINGTON, NM           </p>					<p>17 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.</i></p> <p></p> <p>Signature DEBORAH MARBERRY</p> <p>Printed Name REGULATORY ANALYST</p> <p>Title 03/01/2002</p> <p>Date</p>
	<p>18 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>				<p>Certificate Number</p>

District I  
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2040 South Pacheco  
Santa Fe, NM 87505

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Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-26897		2 Pool Code 82329		3 Pool Name OTERO CHACRA	
4 Property Code 016608		5 Property Name SAN JUAN 28-7 UNIT			6 Well Number 99F
7 OGRID No. 005073		8 Operator Name CONOCO, INC.			9 Elevation 6649

10 Surface Location

11L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	27N	7W		1590	south	2420	east	Rio Arriba

11 Bottom Hole Location If Different From Surface

11L 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.			

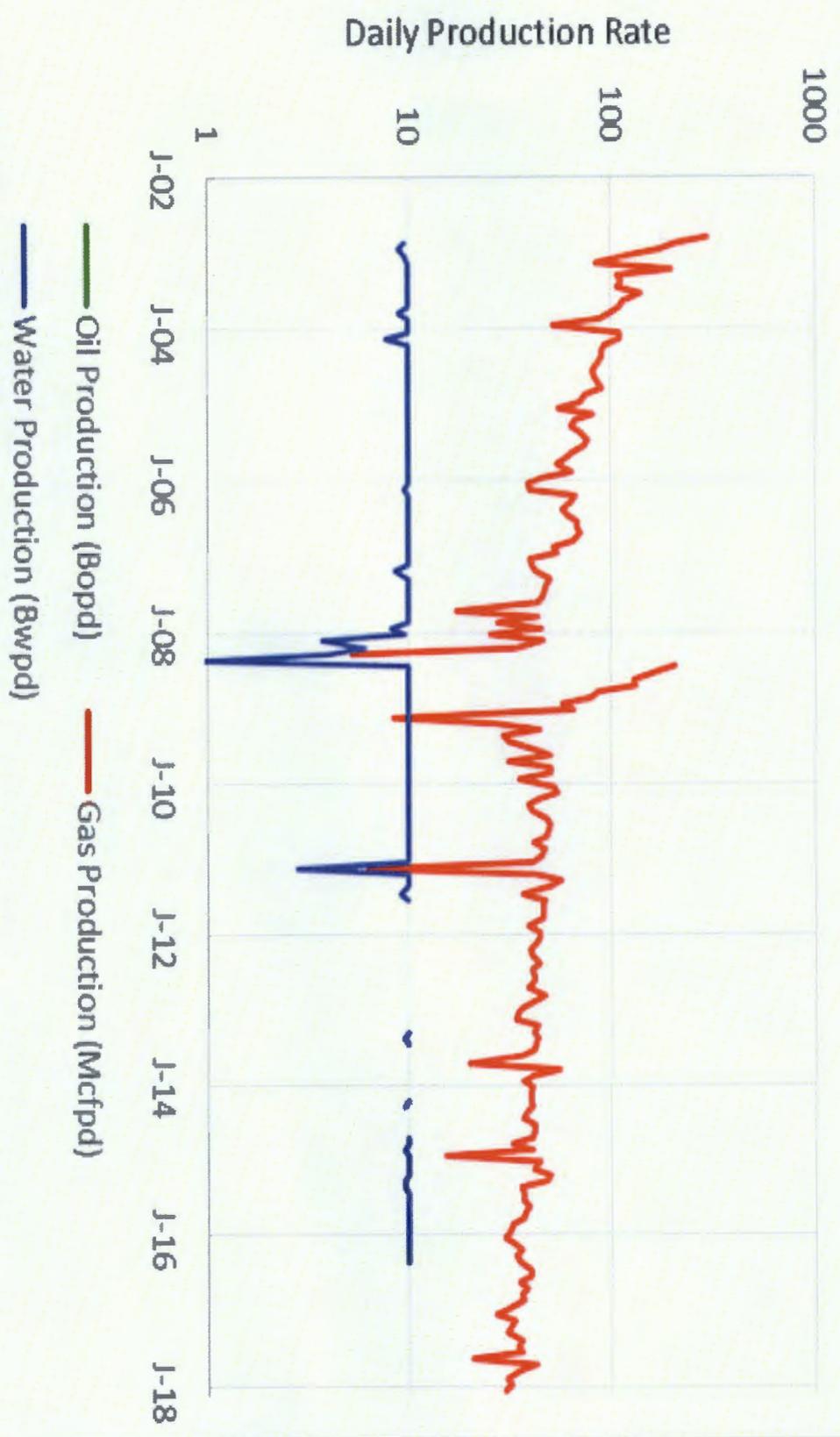
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>15</p> <p>2002 MAY -6 AM 9:01</p> <p>070 F. MARBERRY</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Deborah Marberry</i></p> <p>Signature</p> <p>DEBORAH MARBERRY</p> <p>Printed Name</p> <p>REGULATORY ANALYST</p> <p>Title</p> <p>03/01/2002</p> <p>Date</p>

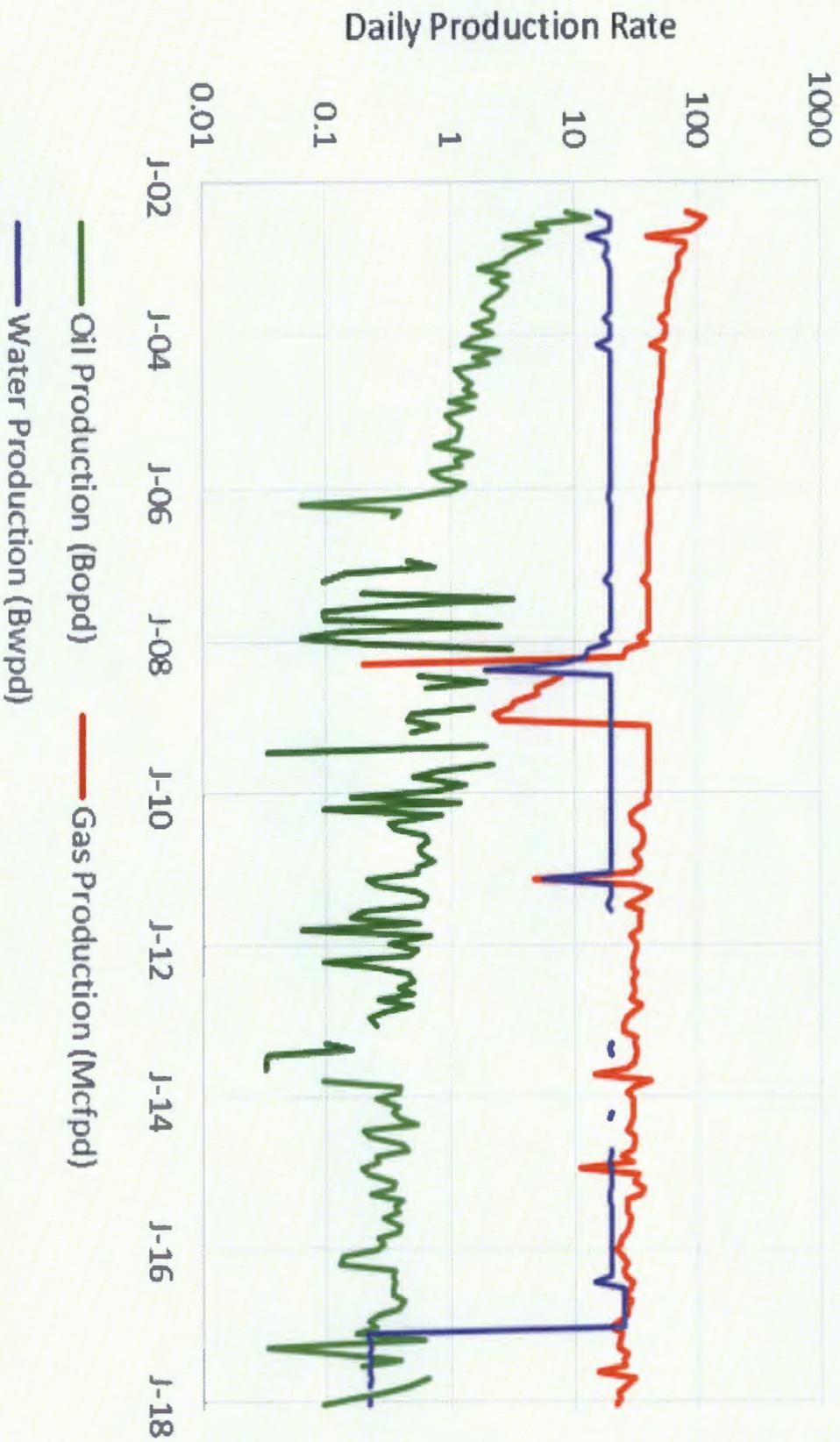
## San Juan 28-7 Unit 99F – Production Allocation Method

Production for the downhole commingle will be allocated using the subtraction method in agreement with the BLM. The base formations are the Mesaverde, Chacra and Dakota and the added formation to be commingled is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the forecast will be allocated to the new formation. After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation. Oil production will be allocated based on average formation yields from offset wells. All documentation will be submitted to the Aztec NMOCD office.

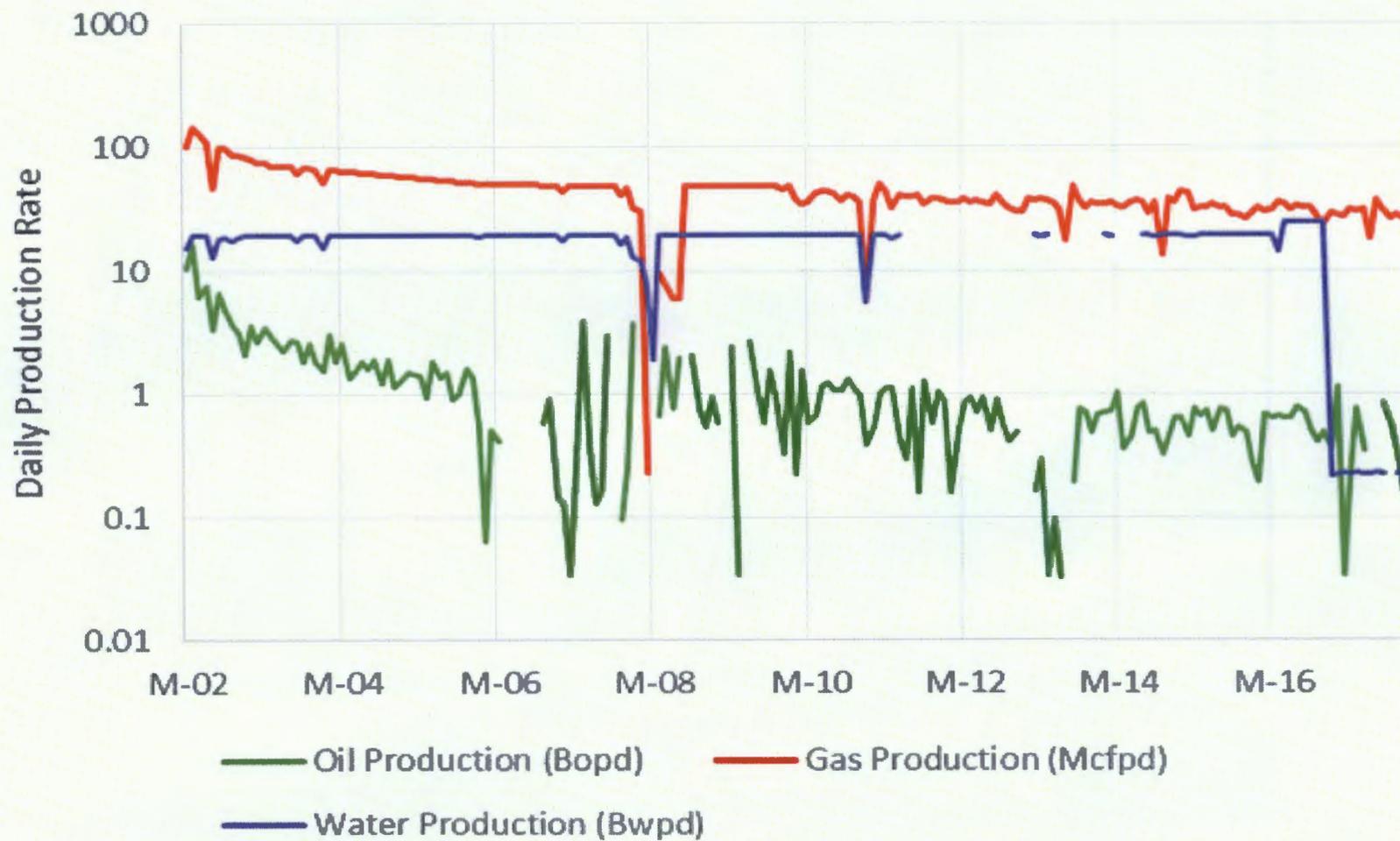
# San Juan 28-7 Un 99F (Chacra)



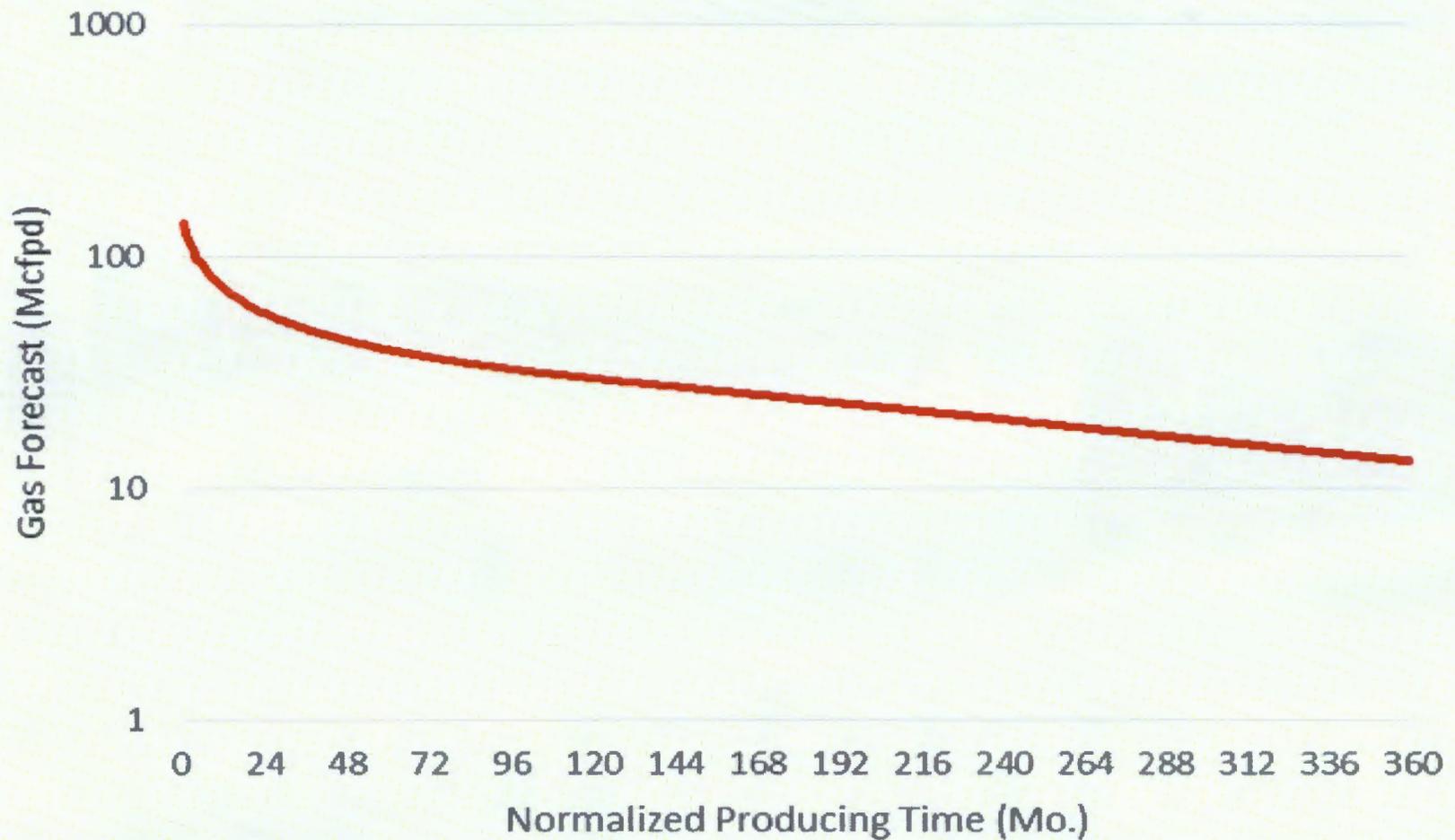
# San Juan 28-7 Un 99F (Mesaverde)



### San Juan 28-7 Un 99F (Dakota)



## San Juan 28-7 Un 99F (Pictured Cliffs)



The forecast for Pictured Cliffs production has been generated using a type curve of PC gas production in the surrounding production trend.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor  
Betty Rivera  
Cabinet Secretary

Lori Wrotenbery  
Director  
Oil Conservation Division

## ADMINISTRATIVE ORDER DHC-3000

Conoco, Inc.  
PO Box 2197  
Houston, Texas 77252

Attention: Ms. Deborah Marberry

*San Juan 28-7 Unit No. 99F  
API No. 30-039-26897  
Unit J, Section 29, Township 27 North, Range 7 West, NMPM,  
Rio Arriba County, New Mexico.  
Otero-Chacra (Gas - 82329),  
Basin-Dakota (Gas - 71599),  
Blanco-Mesaverde (Gas - 72319) Pools*

Dear Ms. Marberry:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Gas Proration Schedule.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Aztec District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

*Administrative Order DHC-3000*

*Conoco Inc.*

*April 12, 2002*

*Page 2*

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Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 12th day of April 2002.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



LORI WROTENBERY  
Director

SEAL

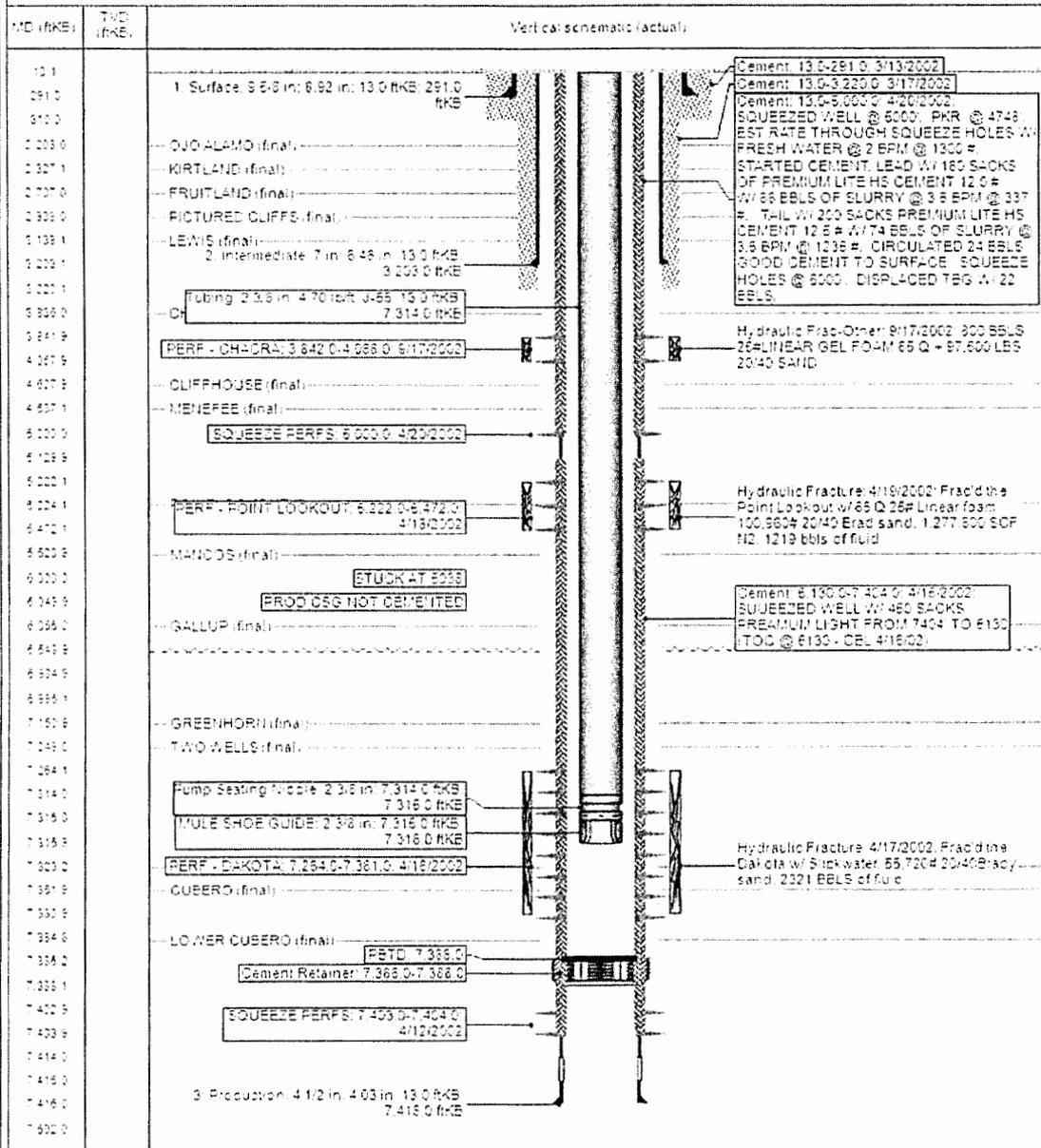
LW/WVJ

cc: Oil Conservation Division – Aztec  
Bureau of Land Management – Farmington

Well Name: SAN JUAN 28-7 UNIT 099F

APL Well 3503526897	Surface Location 029-027N-007W-1	Field Name CHIMMICK COM	County No	State Province NEW MEXICO	Well Completion Type Vertical
Surface Elevation, ft 8,649.00	Drilling Rig Elevation, ft 8,622.00	KB Ground Distance, ft 13.00	KB Rig Distance, ft 13.00	KB Rig - Angle Distance, ft 13.00	

Vertical Original Hole: 5/4/2016 9:30:29 AM



Proposed Schematic



Current Schematic

Well Name: SAN JUAN 28-7 UNIT 099F

API Well 3003926897	Surface Leg ID 029-02714-007W-1	Field Name CH/MV/DK COM	License No	State/Province NEW MEXICO	Well Configuration Type Vertical
Surface Elevation (ft) 6,649.00	Surface RT Elevation (ft) 6,662.00	IS-Ground Distance (ft) 13.00	IS-Casing Plug Distance (ft) 13.00	IS-Tubing Hanger Distance (ft) 13.00	

Vertical, Original Hole, 5/4/2018 9:30:29 AM

