

ID NO. 222248

SD - 201810

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO: pLEL2322152888
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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

Applicant: Hilcorp Energy Company **OGRID Number:** 372171
Well Name: San Juan 32 7 Unit #019A **API:** 30-045-34475
Pool: Los Pinos; Frt Snd PC, South **Pool Code:** 80690

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

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☒ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**

☐ Notice Complete
☐ 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.

Robert Carlson

Print or Type Name

8/9/2023

Date

832-839-4596

Phone Number

rcarlson@hilcorp.com

e-mail Address

Signature



Paula M. Vance
Associate
Phone (505) 954-7286
PMVance@hollandhart.com

May 31, 2023

VIA ONLINE FILING

Dylan Fuge, Division Director
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

**Re: Hilcorp Energy Company
Request for Administrative Approval of Exception to Well Density Requirements**

San Juan 32-7 Unit #19A well
Lot 6, NW/4 SE/4, and the E/2 SW/4 of Section 4, Township 31 North, Range 7 West, San
Juan County, New Mexico
Los Pinos; Frt Snd PC, South [80690]
API No. 30-045-34475

Dear Mr. Fuge:

Hilcorp Energy Company ("Hilcorp") (OGRID No. 372165), pursuant to Division Rule 19.15.15.11.C NMAC seeks an exception to the well density requirements under 19.15.15.10.C NMAC, requiring 160-acre spacing per gas well, to simultaneously produce two wells in the same standard 148.89-acre, more or less, gas spacing and proration unit in the Los Pinos; Fruitland Sand Pictures Cliffs, South pool [Pool Code 80690].

Hilcorp is the operator of a 148.89-acre, more or less, standard spacing and proration unit in the Los Pinos; Fruitland Sand Pictured Cliffs [Pool Code 80690] comprised of Lot 6, NW/4 SE/4, and the E/2 SW/4 of Section 4, Township 31 North, Range 7 West, San Juan County, New Mexico. The spacing and proration unit is currently dedicated to the San Juan 32-7 Unit #19 well (API No. 30-045-60030). Hilcorp now proposes to simultaneously dedicate and produce the **San Juan 32-7 Unit #19A** well (API No. 30-045-34475) within the same standard spacing and proration unit.

The **San Juan 32-7 Unit #19A** well will be the second gas well in the same spacing unit producing in this pool; thus, exceeding the well density limits imposed under the statewide rules. Therefore, Hilcorp respectfully requests that the Oil Conservation Division ("Division") enter an

T 505.988.4421 F 505.983.6043
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Utah
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Wyoming

order granting an exception to the well density requirements under 19.15.15.10.C NMAC and provides the following justification and exhibits.

The proposed simultaneous dedication of the **San Juan 32-7 Unit #19A** well, which is currently producing from both the Basin Dakota [71599] and Blanco-Mesaverde [72319] pools, is part of Hilcorp's strategy to use existing wells completed in other zones to economically target development of incremental gas reserves in areas where there is not adequate gas drainage.

Exhibit A is an overview map identifying the location of the subject spacing and proration unit, the proposed producer and existing producer in the target spacing, the surrounding offsetting units and non-producing acreage, and the Pictured Cliffs Participating Area.

Exhibit B is a C-102 for the **San Juan 32-7 Unit #19A** well.

Exhibit C identifies the affected persons within the offsetting spacing units. Hilcorp owns 100% of the working interest in all but two of the offsetting spacing units where Epic Energy, LLC is the operator and subject to notice. In the other offsetting spacing units where Hilcorp is the 100% working interest owner the only affected party subject to notice is the Bureau of Land Management ("BLM") because these are federal leases.

Exhibit D contains Hilcorp's reservoir engineering analysis, which include the following:

- **Exhibit D-1** provides well-specific information as it relates to the subject area and includes a bubble map with drainage radius information showing that recompletion of the San Juan 32-7 Unit #19A well within the Pictured Cliffs pool will help drain the acreage to the north.
- **Exhibit D-2** is a basin-wide map reflecting Hilcorp's calculations for original gas in place in the Los Pinos; Fruitland Sand Pictured Cliffs gas pool. The warmer colors represent areas where there is more original gas in place. The cooler colors indicate areas where there is less original gas in place. The yellow star indicates the location of the subject well is in an area where the calculations demonstrate moderately high volumes of original gas in place.
- **Exhibit D-3** is a map depicting the calculated estimated ultimate recovery ("EUR") from the Los Pinos; Fruitland Sand Pictures Cliffs gas pool and drainage radius. The larger radius circles reflect wells with higher EURs and larger drainage areas. The yellow star indicates the location of the subject well where there is relatively low EURs and the drainage radii are smaller, indicating that tighter well spacing is appropriate.
- **Exhibit D-4** is a map depicting calculated remaining recoverable gas. The cooler colors indicate areas where there is relatively less remaining recoverable gas. The

warmer colors reflect areas where there is relatively more remaining recoverable gas. The yellow star identifies the location of the subject well in an area where the calculations demonstrate that there is relatively considerable remaining recoverable gas and relatively low EURs under the existing well density.

- **Exhibit D-5** is a table that supports this volumetric analysis. The first column titled “Volumetric OGIP” reflects the calculated volumetric original gas in place on a quarter section, section, and nine-section area around the subject spacing unit. The column titled “Section Equivalent OGIP” shows the estimated gas currently in place, which demonstrates that the estimates are consistent across the area. The column titled “CTD/RF%” shows the cumulative gas production to date on a quarter section, section, and nine-section area basis and the calculated recovery factor. The column titled “Remaining GIP” shows the estimated remaining gas in place on a quarter section, section, and nine-section area basis. The last column titled “EUR/RF%” shows the estimated ultimate gas recover and recovery factor calculated on a quarter section, section, and nine-section area basis without further development under Hilcorp’s proposed plan. Hilcorp expects recovery factors of approximately 36.1% in a gas pool of this type under the proposed two-well plan compared to approximately 14.7% with one well, assuming 1.17 BCF EUR for the recompletion. The relatively low recovery factors in Exhibit D-5 reflected at the section and nine-section scale indicate that this area is not being sufficiently drained by the existing wells in the subject spacing unit under the existing well density and that additional well bores, or completions, are necessary to adequately drain the Los Pinos; Fruitland Sand Pictures Cliffs gas pool in this area. Approval of this application will prevent waste and protect correlative rights.
- **Exhibit D-6** is a well bore diagram for the subject well. It provides the most current information known regarding the status and construction of the well, as well as the location and condition of cement within the wellbore. Hilcorp will separately seek administrative approval from the Division’s Aztec District Office for authorization to recomplete this well in advance of undertaking any completion operations.

Exhibit E is a spreadsheet listing all affected persons and includes tracking information demonstrating that each of the affected persons requiring notice was sent a copy of this application with all attachments by certified mail advising that any objections must be filed in writing with the Division within 20 days from the date the Division receives the application.

Your attention to this matter is appreciated.

Sincerely,



Paula M. Vance
ATTORNEY FOR HILCORP ENERGY COMPANY










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Increased Density Plat:
San Juan 32-7 Unit #19A
Los Pinos FS/PC South

-  Proposed Producer in Target Spacing
-  Existing Producer in Target Spacing
-  Offset Producer
-  San Juan 32-7 Unit Area
-  PicturedCliffs_Participating Area
-  Target Spacing
-  Offset_East
-  Offset_Northwest
-  Offset_Northeast
-  Offset_Non-Producing

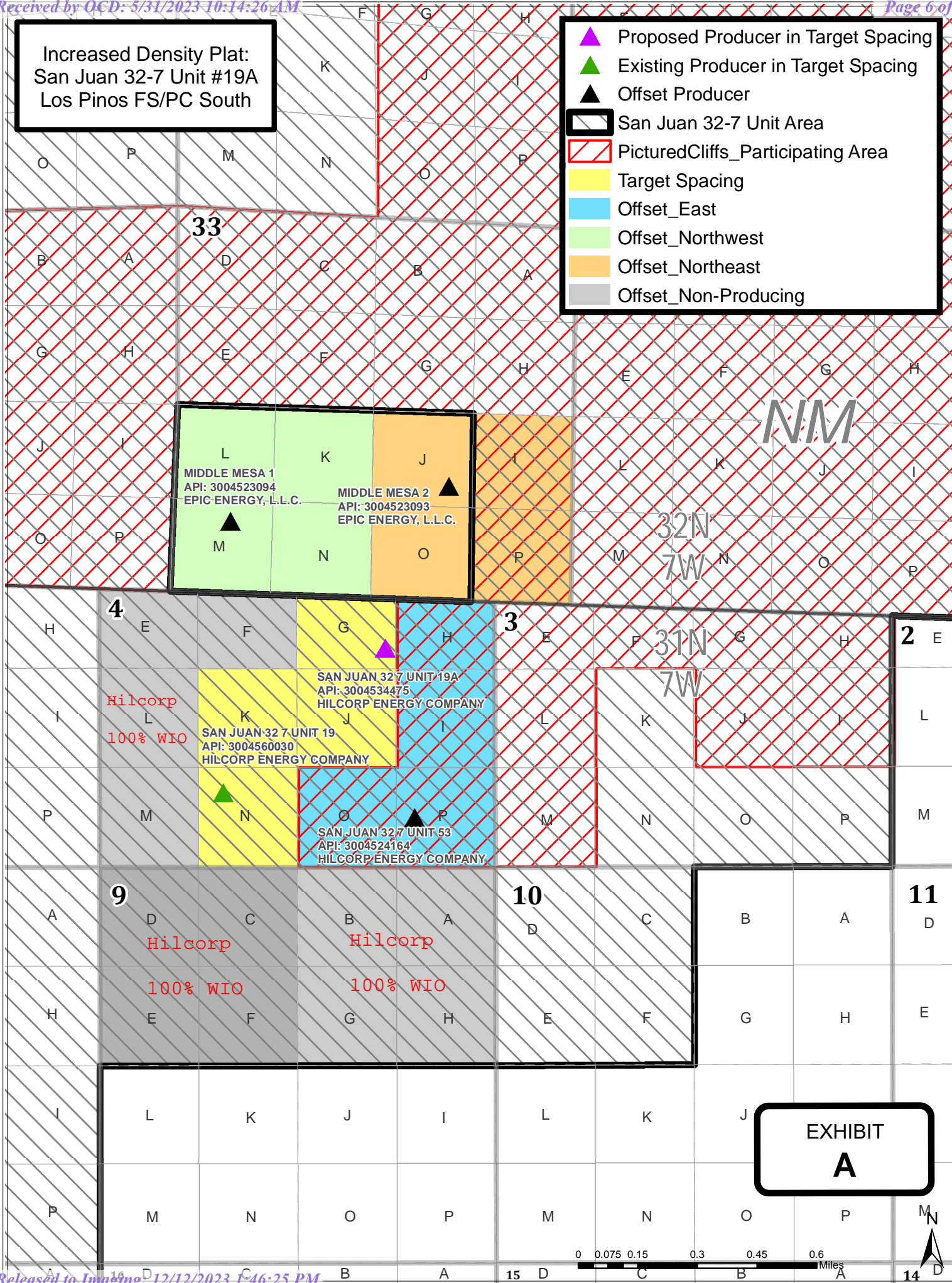


EXHIBIT
A

Form C-102
August 1, 2011

Permit 331789

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-34475	2. Pool Code 80690	3. Pool Name LOS PINOS;FRT SND PC,SOUTH (G)
4. Property Code 318434	5. Property Name San Juan 32-7 Unit	6. Well No. 019A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6679

10. Surface Location

UL - Lot G	Section 4	Township 31N	Range 07W	Lot Idn 6	Feet From 661	N/S Line N	Feet From 1450	E/W Line E	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 148.89				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>DEDICATED ACREAGE SF-078996</p> <p>SECTION 4 T-31-N, R-7-W</p> <p>NAD 83 DATUM LAT: 38°52'25.0" N LONG: 107°57'28.1" W NAD 27 DATUM LAT: 38°55'54.7" N LONG: 107°54'30.5" W</p>	<p align="center">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: <i>[Signature]</i> Title: Operations Regulatory Tech Sr. Date: 1/6/2023</p> <p align="center">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: Henry P Broadhurst Date of Survey: 10/19/2006 Certificate Number: 11393</p>
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EXHIBIT
B

SAN JUAN 32-7 UNIT 19A (30-045-34475)								
Operator	Well Name	Ownership Type	Location	Owner Name	Address 1	City	State	Zip
Epic Energy, L.L.C.	Middle Mesa 1 (30-045-23094)	OPERATOR	T32N-R7W-33: SW/4	Epic Energy, L.L.C.	332 Road 3100	Aztec	NM	87410
Epic Energy, L.L.C.	Middle Mesa 2 (30-045-23093)	OPERATOR	T32N-R7W-33: SE/4	Epic Energy, L.L.C.	332 Road 3100	Aztec	NM	87410
Hilcorp Energy Company	San Juan 32-7 Unit 53 (30-045-24164)	OPERATOR	T31N-R7W-4: Units H,I,P,O	<i>Hilcorp is 100% WIO</i>				
N/A	None	OFFSET WIO	T31N-R7W-4: Units E,F,L,M	<i>Hilcorp is 100% WIO</i>				
N/A	None	OFFSET WIO	T31N-R7W-9: Units A,B,G,H	<i>Hilcorp is 100% WIO</i>				
N/A	None	OFFSET WIO	T31N-R7W-9: Units C,D,E,F	<i>Hilcorp is 100% WIO</i>				

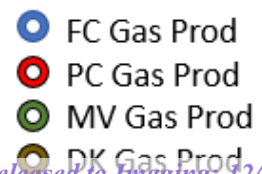
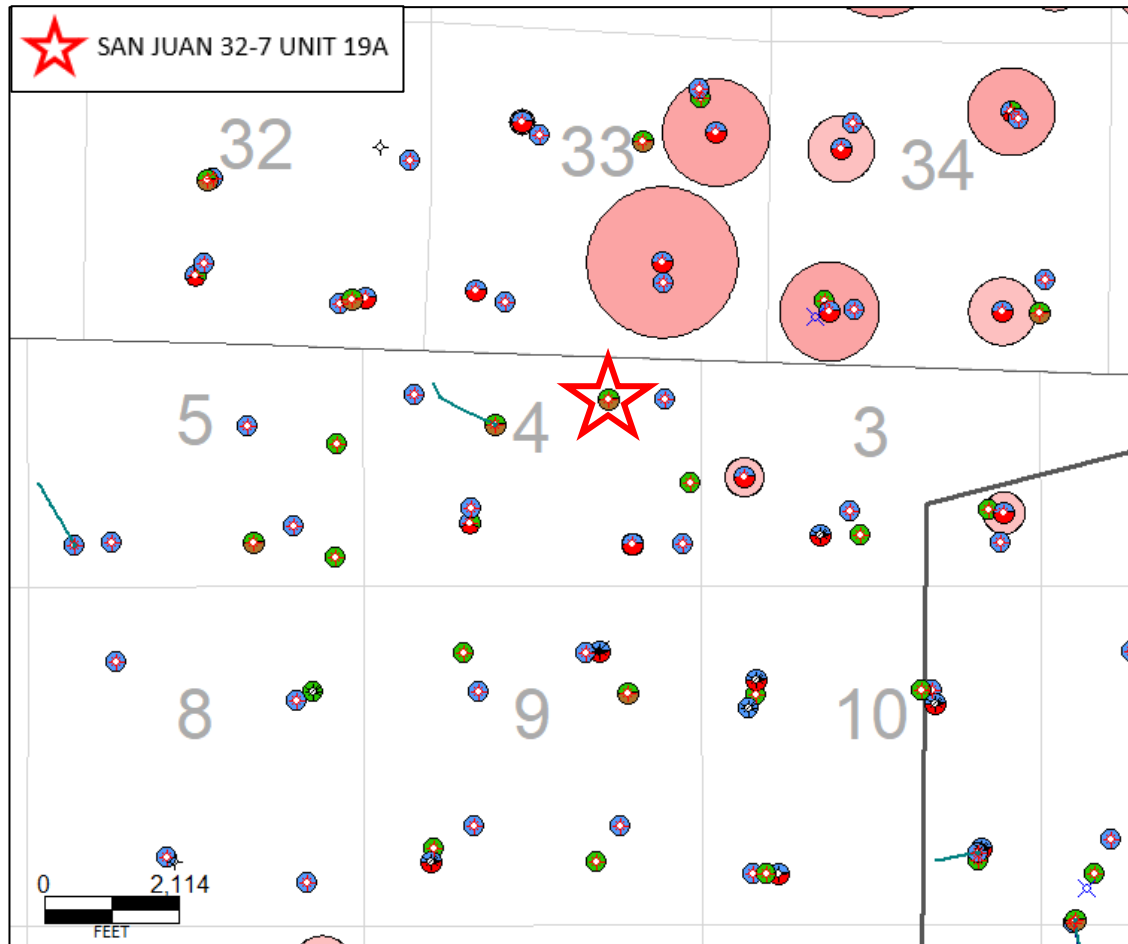
EXHIBIT
C



Hilcorp Energy Company

San Juan 32-7 19A Density “Hearing” Support

Exhibit D-1 Well Specifics & Bubble Map + Drainage Radius



Well Specifics

- NE04-32N-07W 3004534475 2008 drill
- 1st PC completion in quarter section
- 2,300' from nearest MV producer
- Help drain area to the north
- Complete PC in single stage
- Bubbles sized by cumulative PC production

EXHIBIT
D-1

Exhibit D-2 Basin Wide OGIP Map

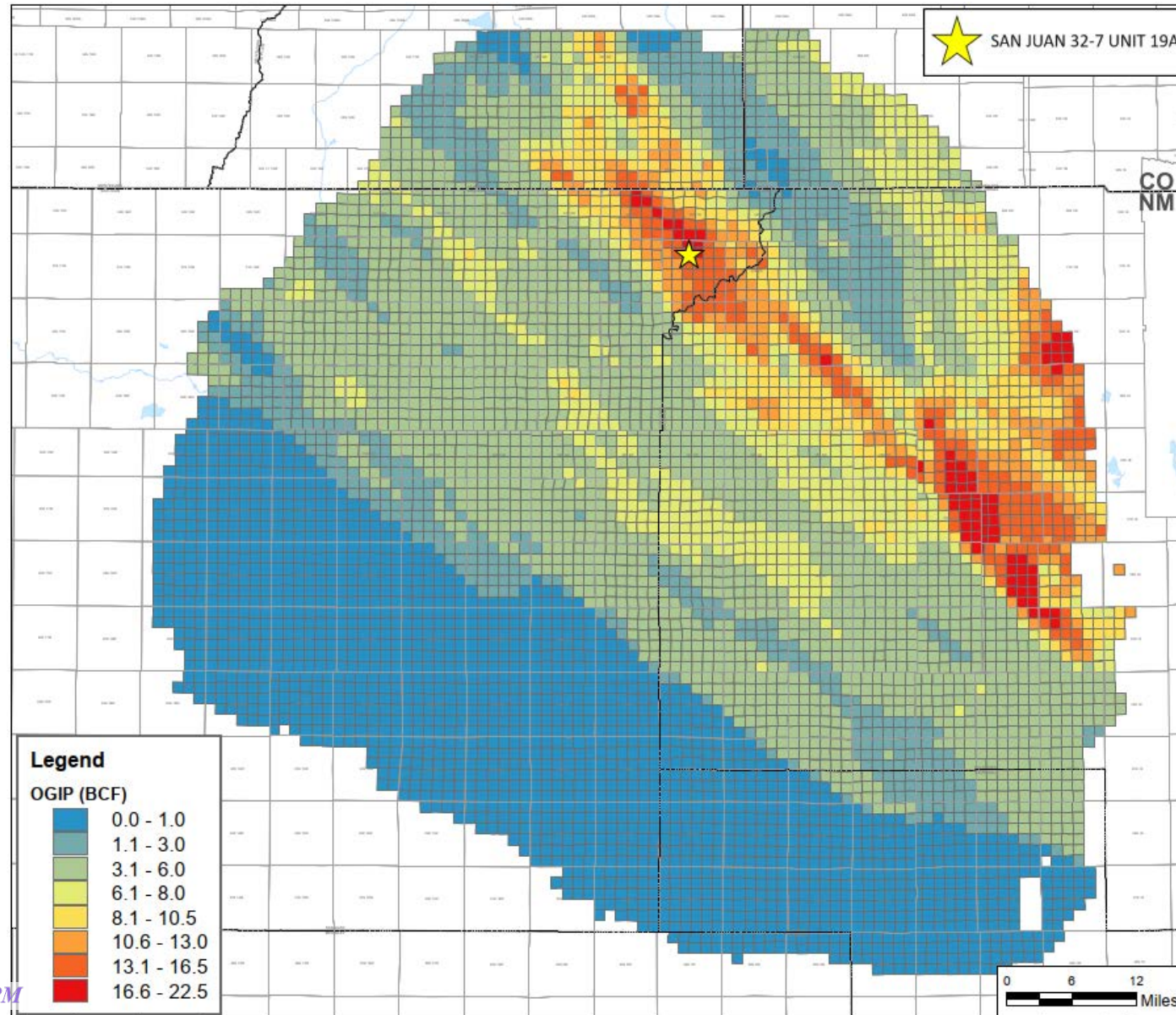




Exhibit D-3 EUR Estimation & Drainage Radius for Proposed Recomplete

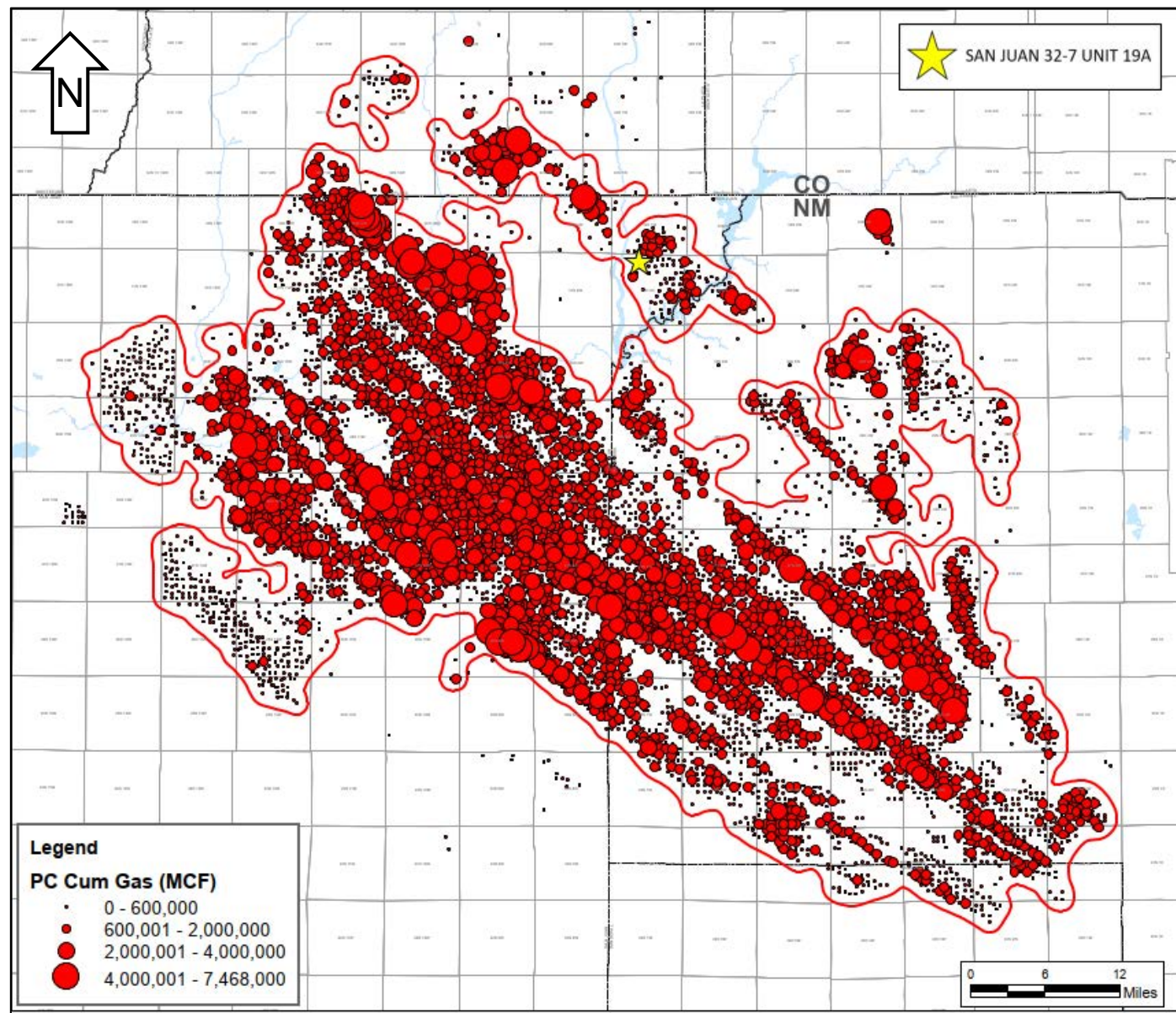


EXHIBIT
D-3



Exhibit D-4 Map Showing Calculated Remaining Recoverable Gas

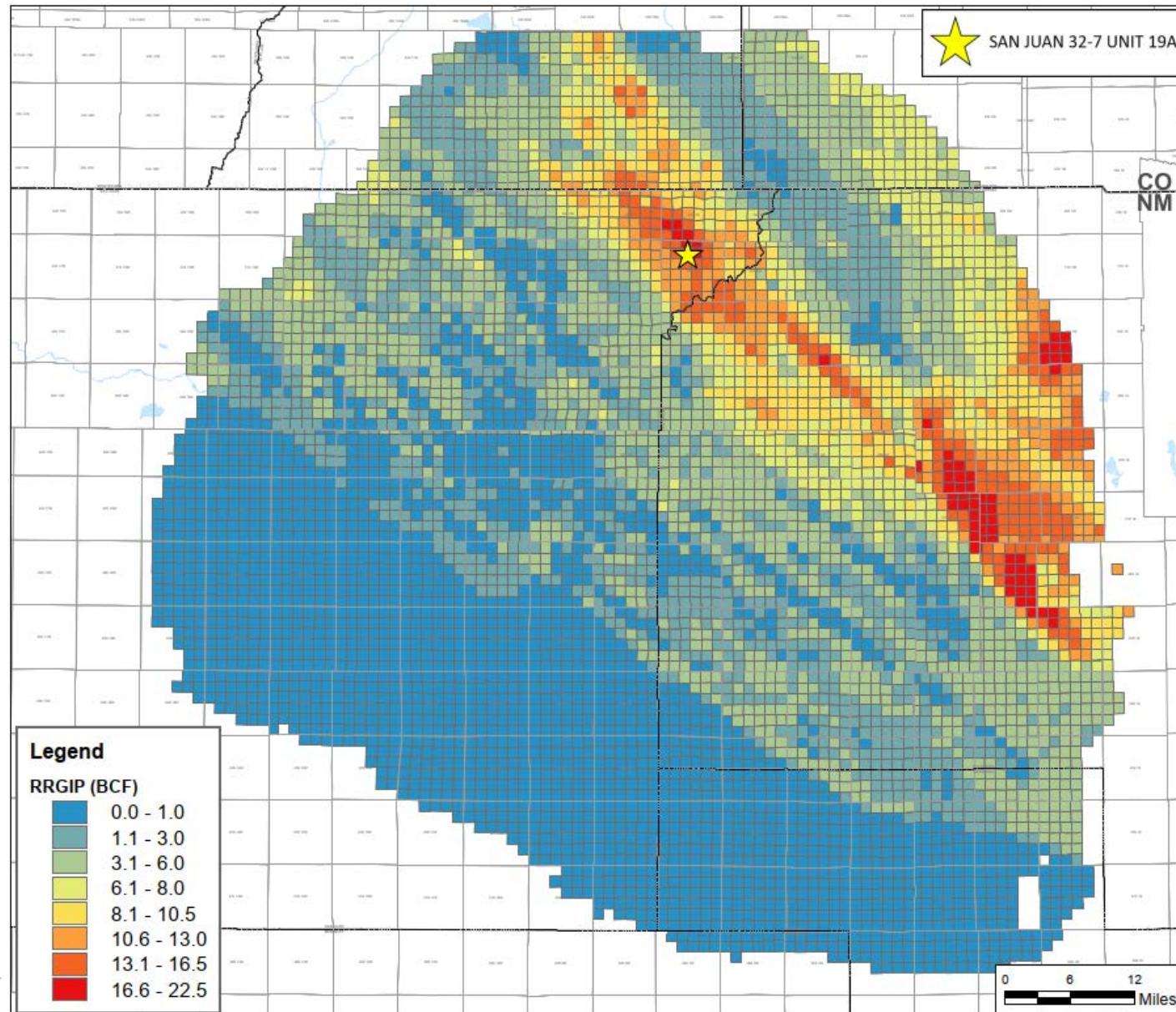




Exhibit D-5 Table Showing Volumetric Analysis Supporting Recovery

Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	1.51	6.04	0 / 0%	1.51	0 / 0%
Section	5.45	5.45	0.42 / 7.7%	5.03	0.80 / 14.7%
9 Section	37.22	4.13	8.93 / 24.0%	28.29	19.95 / 53.6%

- **Remaining Gas in Place in Quarter Section of 1.51 BCF**
 - Currently no PC producers in quarter section
- **Cumulative Recovery Factor to Date 0% and 7.7% in the Quarter Section and Section, respectively**
- **Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore**

Exhibit D-6 Wellbore Diagram Showing Current Well Status

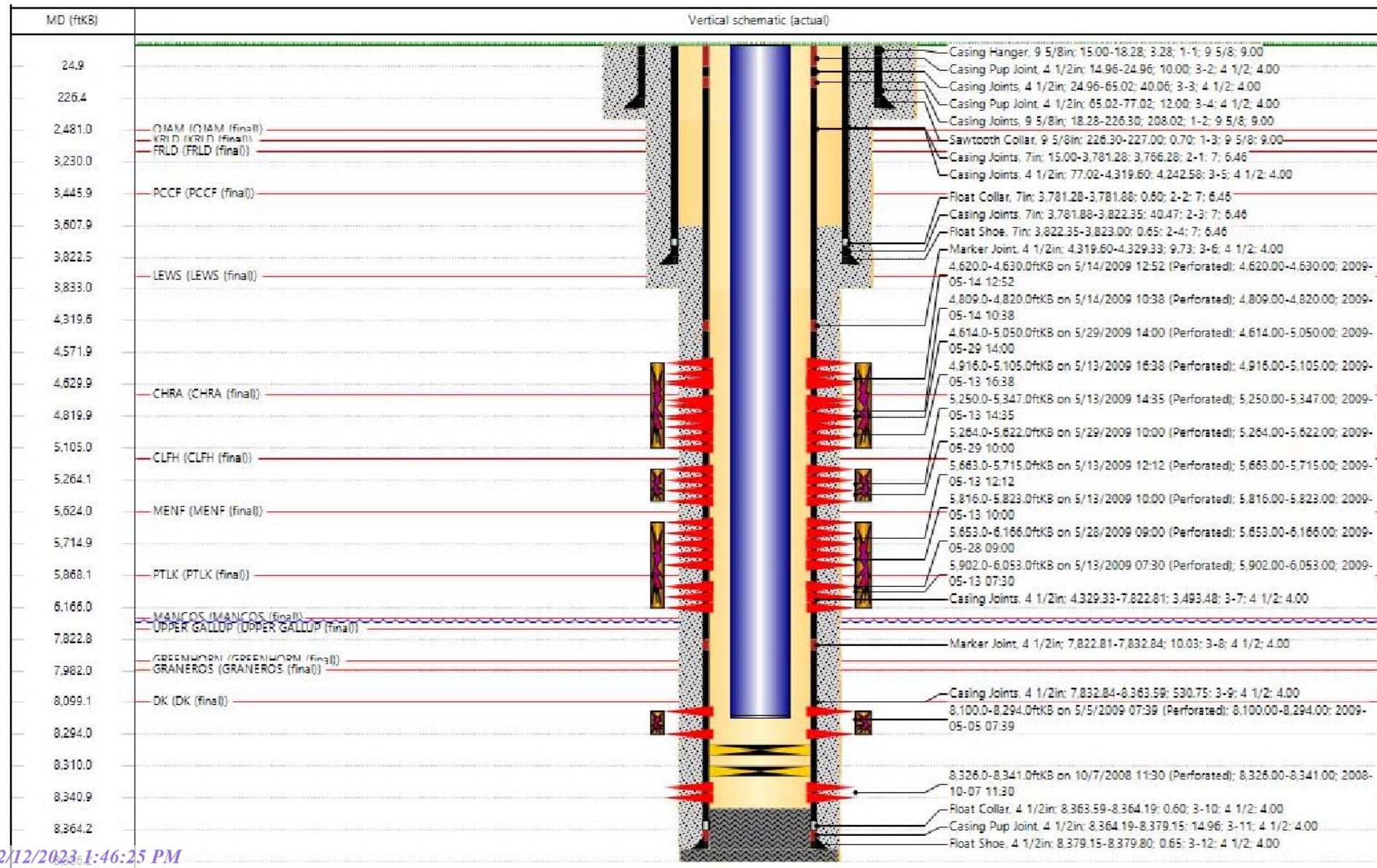


EXHIBIT
D-6

ADDR1	ADDR2	ADDR3	ADDR4	ADDR5	ADDR6	ADDR7	ADDR8	WEIGHT
Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508				
Epic Energy, L.L.C.	332 Road 3100	Aztec	NM	87410				

EXHIBIT
E



Paula M. Vance
Associate
Phone (505) 954-7286
PMVance@hollandhart.com

May 25, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PERSONS

Re: Hilcorp Energy Company
Request for Administrative Approval of Exception to Well Density Requirements

San Juan 32-7 Unit #19A well
Lot 6, NW/4 SE/4, and the E/2 SW/4 of Section 4, Township 31 North, Range 7 West, San
Juan County, New Mexico
Los Pinos; Fruitland Sand Pictured Cliffs [Pool Code 80690]
API No. 30-045-34475

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from the date this application is received by the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Rob Carlson
Hilcorp Energy Company
Office: (832) 839-4596
rcarlson@hilcorp.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. Vance".

Paula M. Vance
ATTORNEY FOR HILCORP ENERGY COMPANY

Hilcorp - San Juan 32-7 Unit 19A - Increased Well Density
Postal Delivery Report 5/31/23

Tracking Number	Recipient	Status
9214890194038316630993	Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	Delivered; Signature Received
9214890194038316631006	Epic Energy L L C 332 Road 3100 Aztec NM 87410	Delivered; Signature Received



Mailer: Holland & Hart LLP (1)

Date Produced: 05/31/2023

ConnectSuite Inc.:

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Signature of Recipient :

A handwritten signature in black ink, consisting of a series of connected loops and a final horizontal stroke.

Address of Recipient :

A single line of handwritten text in black ink, likely representing the recipient's address.

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

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United States Postal Service

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BUREAU OF LAND MANAGEMENT
301 DINOSAUR TRAIL
SANTA FE NM 87508

Customer Reference Number: C4220277.25203797



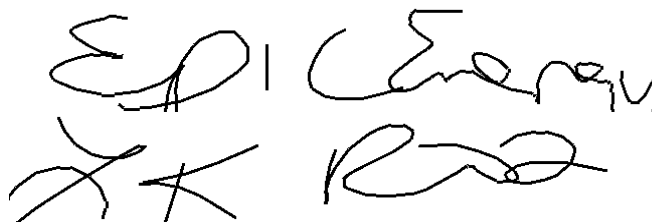
Mailer: Holland & Hart LLP (1)

Date Produced: 05/31/2023

ConnectSuite Inc.:

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EPIC ENERGY L L C
332 ROAD 3100
AZTEC NM 87410

Customer Reference Number: C4220277.25203798

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

CONDITIONS

Action 222248

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 222248
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	8/9/2023