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March 1, 2019

Bureau of Land Management  
Farmington Resource Area  
6251 College Blvd., Suite A  
Farmington, NM 87402

Commissioner of Public Lands  
State of New Mexico  
P. O. Box 1148  
Santa Fe, NM 87501-1148

Oil Conservation Division  
State of New Mexico  
1220 S. Saint Francis Drive  
Santa Fe, NM 87505

36-039-20700

**2019 PLAN OF DEVELOPMENT  
FOR THE VALENCIA CANYON UNIT  
RIO ARRIBA COUNTY, NEW MEXICO**

Pursuant to Section 10 of the San Juan Valencia Canyon Unit Agreement, Hilcorp Energy Company ("Hilcorp"), as Unit Operator, hereby submits the proposed 2019 Plan of Development and Operations ("POD").

**I. PERIOD**

This plan will be effective from April 1, 2019 through March 31, 2020. The 2020 Plan will be submitted on or before March 1, 2020.

**II. 2018 PLAN REVIEW OF OPERATIONS**

A summary of key activities undertaken after August 1, 2018 include:

**A. Production History:** During 2018, cumulative production from the San Juan Valencia Canyon Unit was .18 BCF gas; .87 MBO oil; and 0 MBW produced water. Refer to the attached Exhibit A for the wells in the Valencia Canyon Unit.

**B. Participating Areas:** The Participating Areas currently established in the Valencia Canyon Unit are as follows:

FORMATION	EXPANSION	EFFECTIVE DATE
GALLUP	000	01-JAN-86
DAKOTA	004	01-NOV-84

**C. Drilling Program:** The 2018 POD, as approved, provided for no drilling activity. No

additional drilling projects were undertaken by Hilcorp during the 2018 period.

- D. Workovers/Recompletion Program:** The 2018 POD, as approved, provided for no workover or recompletion activity.
- E. Facility Program:** The 2018 POD, as approved, provided for no activity.
- F. Plugging & Abandonment Program:** The 2018 POD, as approved, provided for no activity.
- G. Facility Program:** The 2018 POD, as approved, provided for no additional facilities. No additional facility projects were undertaken by Hilcorp during this period.
- H. Plugging & Abandonment Program:** The 2018 POD, as approved, provided for no planned P&A activity. No additional projects were undertaken by Hilcorp during this period.

### **III. 2019 PLAN OF DEVELOPMENT AND OPERATIONS**

A summary of key activities planned for 2019 includes:

- A. Drilling Program:** Hilcorp does not anticipate drilling any new wells in the San Juan Unit during 2019. However, new drill opportunities will be evaluated and executed as they arise.
- B. Workovers/Recompletion Program:** Hilcorp does not anticipate recompletion projects in the Unit during 2019, summarized in the table below. Additional workovers, rate adds and optimization projects will be evaluated and executed as they arise.
- C. Facility Program:** Throughout 2019, Hilcorp will conduct routine repairs and replacement of facilities required to maintain and increase field production, including construction of additional gas lift lines and/or gas flow lines, expansion of production facilities (including electrical and piping upgrades), and construction of additional water disposal, injection or processing equipment.
- D. Plugging & Abandonment Program:** Hilcorp does not anticipate plugging/abandoning any wells in the Unit at this time. Hilcorp will evaluate and implement additional P&A projects as they arise.

In accordance to Section 10 of the Unit Agreement, please provide your approvals by executing and returning a copy of this letter to the undersigned.

Please contact me at (832) 839-4601 if there are any questions regarding this letter.

Sincerely,  
HILCORP ENERGY COMPANY

A handwritten signature in blue ink that reads "Chuck Creekmore". The signature is written in a cursive, flowing style.

Chuck Creekmore,  
Division Landman

*cc: Working Interest Owners*

*HILCORP SAN JUAN, LP*

**VALENCIA CANYON UNIT  
2019 PLAN OF DEVELOPMENT APPROVALS**

\_\_\_\_\_  
**Bureau of Land Management**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**New Mexico Oil Conservation Division**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**New Mexico Commissioner of Public Lands**

\_\_\_\_\_  
**Date**





## Valencia Canyon Unit Exhibit "A"

API #	WELL NAME	POOL/FORMATION	STATUS	ST	COUNTY	SEC	TWP	RGE	QTR	OPERATOR
3003920700	Valencia Canyon Unit 001	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	23	028N	004W	SW/SW	Hilcorp Energy Company
3003921350	Valencia Canyon Unit 003	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	22	028N	004W	SW/NE	Hilcorp Energy Company
3003921478	Valencia Canyon Unit 007	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	36	028N	004W	SW/NW	Hilcorp Energy Company
3003921471	Valencia Canyon Unit 008	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	25	028N	004W	SW/NW	Hilcorp Energy Company
3003921488	Valencia Canyon Unit 009	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	15	028N	004W	SE/SE	Hilcorp Energy Company
3003921476	Valencia Canyon Unit 010	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	34	028N	004W	SE/NE	Hilcorp Energy Company
3003921472	Valencia Canyon Unit 011	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	26	028N	004W	NW/NW	Hilcorp Energy Company
3003921473	Valencia Canyon Unit 012	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	26	028N	004W	SE/NE	Hilcorp Energy Company
3003921469	Valencia Canyon Unit 013	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	22	028N	004W	SW/SE	Hilcorp Energy Company
3003921470	Valencia Canyon Unit 016	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	23	028N	004W	SE/SE	Hilcorp Energy Company
3003921598	Valencia Canyon Unit 017	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	26	028N	004W	SE/SW	Hilcorp Energy Company
3003921597	Valencia Canyon Unit 019	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	25	028N	004W	SE/SE	Hilcorp Energy Company
3003921593	Valencia Canyon Unit 025	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	15	028N	004W	SE/SW	Hilcorp Energy Company
3003921595	Valencia Canyon Unit 027	Basin Fruitland Coal	Flowing	NM	Rio Arriba	22	028N	004W	SW/SW	Hilcorp Energy Company
3003921595	Valencia Canyon Unit 027	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	22	028N	004W	SW/SW	Hilcorp Energy Company
3003921612	Valencia Canyon Unit 035	Blanco-Mesaverde	Flowing	NM	Rio Arriba	34	028N	004W	SW/SW	Hilcorp Energy Company
3003921647	Valencia Canyon Unit 037	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	14	028N	014W	SWSW	Hilcorp Energy Company
3003922082	Valencia Canyon Unit 040	Blanco-Mesaverde	Flowing	NM	Rio Arriba	35	028N	004W	SW/SW	Hilcorp Energy Company
3003929604	Valencia Canyon Unit 040B	Blanco-Mesaverde	Flowing	NM	Rio Arriba	35	028N	004W	NE/SW	Hilcorp Energy Company
3003922442	Valencia Canyon Unit 043	Blanco-Mesaverde	Flowing	NM	Rio Arriba	27	028N	004W	SW/SW	Hilcorp Energy Company
3003926504	Valencia Canyon Unit 043A	Blanco-Mesaverde	Flowing	NM	Rio Arriba	27	028N	004W	SE/SE	Hilcorp Energy Company
3003926924	Valencia Canyon Unit 043C	Basin Mancos	Flowing	NM	Rio Arriba	27	028N	004W	SE/NW	Hilcorp Energy Company
3003923811	Valencia Canyon Unit 045A	Blanco-Mesaverde	Flowing	NM	Rio Arriba	34	028N	004W	SW/SE	Hilcorp Energy Company
3003926908	Valencia Canyon Unit 045B	Blanco-Mesaverde	Flowing	NM	Rio Arriba	34	028N	004W	NE/SE	Hilcorp Energy Company
3003929697	Valencia Canyon Unit 045C	Chosa Mesa Pictured Cliffs	Flowing	NM	Rio Arriba	34	028N	004W	SW/SE	Hilcorp Energy Company
3003929697	Valencia Canyon Unit 045C	Basin Fruitland Coal	Flowing	NM	Rio Arriba	34	028N	004W	SW/SE	Hilcorp Energy Company
3003926921	Valencia Canyon Unit 046	Blanco-Mesaverde	Flowing	NM	Rio Arriba	35	028N	004W	SW/NW	Hilcorp Energy Company





**Valencia Canyon Unit  
Rio Arriba County, NM**

-  Valencia Canyon Unit
-  Oil and Gas Well

0 0.15 0.3 0.6 0.9 1.2 Miles