

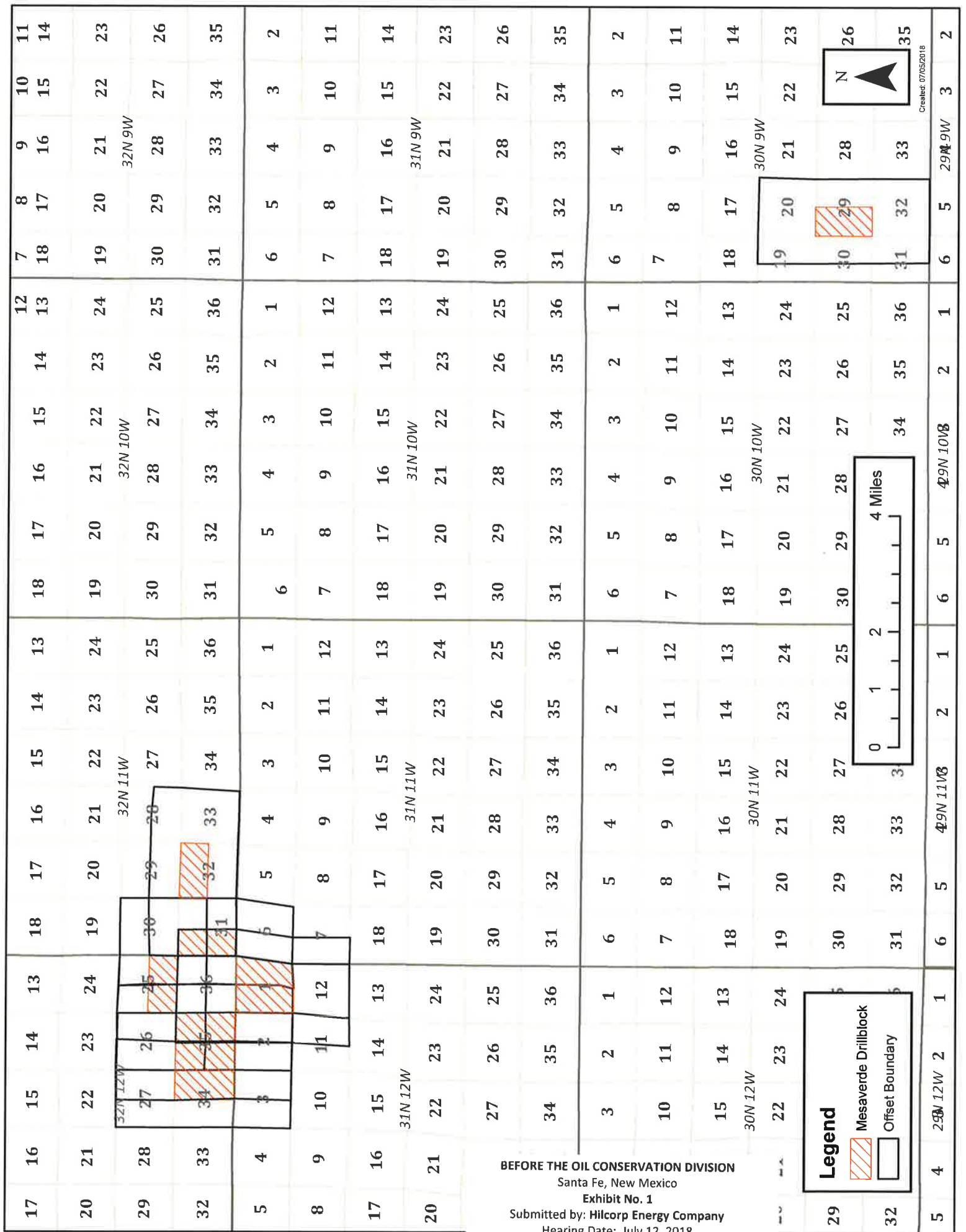
**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING JULY 12, 2018**

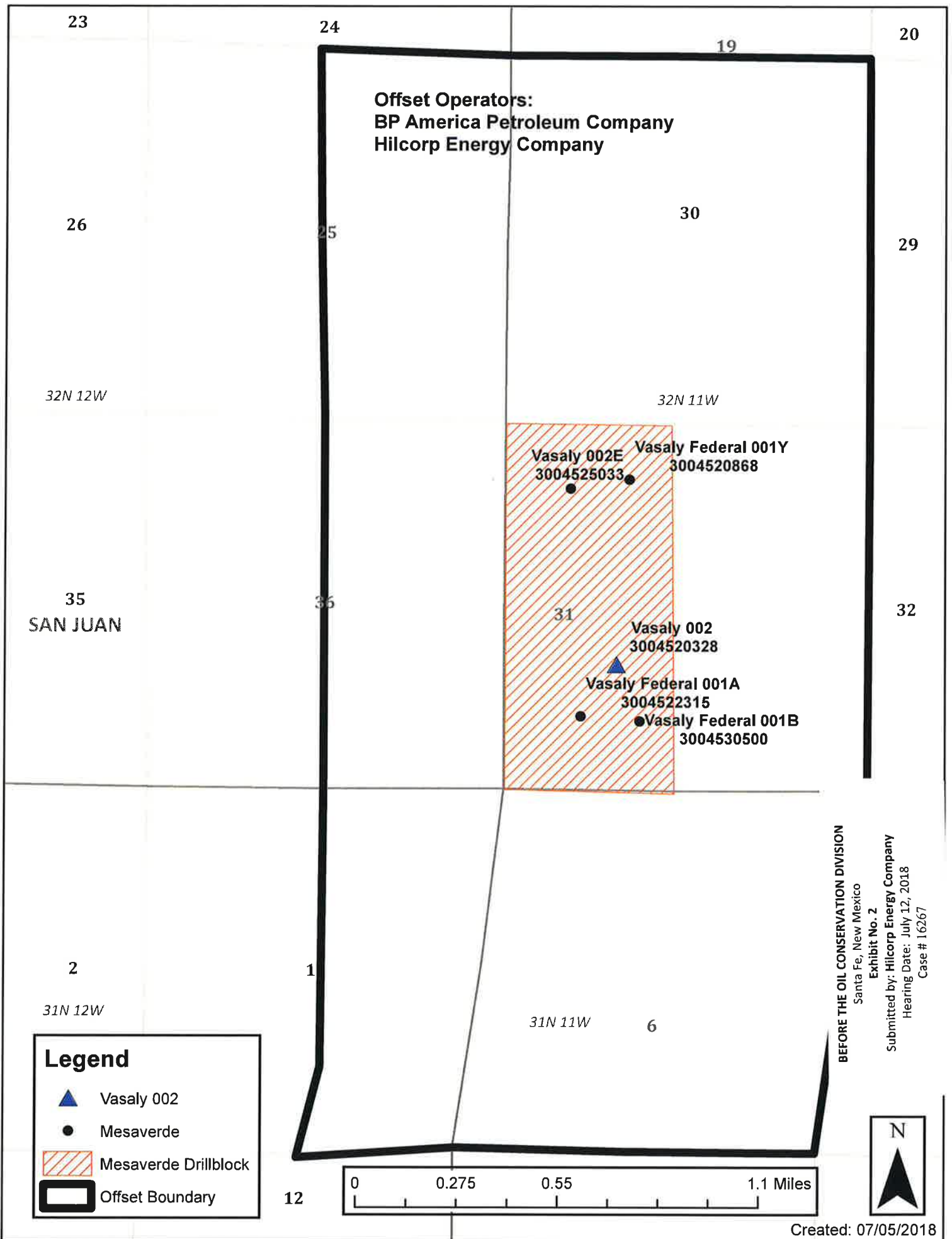
**CASE No. 16267**

*VISALY 002*

**SAN JUAN COUNTY, NEW MEXICO**







**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**


**AMENDED APPLICATION OF HILCORP ENERGY  
COMPANY FOR AN EXCEPTION TO THE WELL  
DENSITY REQUIREMENTS OF THE BLANCO-PICTURED  
CLIFFS POOL, SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO. 16267**


**AFFIDAVIT**

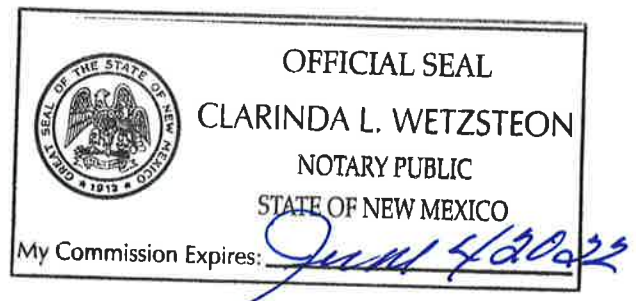
STATE OF NEW MEXICO    )  
                                          ) ss.  
COUNTY OF SANTA FE    )

Adam Rankin, attorney in fact and authorized representative of Hilcorp Energy Company.  
the Applicant herein, being first duly sworn, upon oath, states that the above-referenced  
Applications have been provided under the notice letters and proof of receipts attached hereto.

  
Adam Rankin

SUBSCRIBED AND SWORN to before me this 11th day of June, 2018 by Adam Rankin.

  
Notary Public  
My Commission Expires: June 4 2022





**Adam G. Rankin**  
**Associate**  
**Phone** (505) 988-4421  
**Fax** (505) 983-6043  
agrarkin@hollandhart.com

June 21, 2018

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL WORKING INTEREST OWNERS**

**Re: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.**

Ladies & Gentlemen:

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on July 12, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Rob Carlson at (832) 839-4596.

Sincerely,

Adam G. Rankin

**ATTORNEY FOR HILCORP ENERGY COMPANY**



**Adam G. Rankin**

**Associate**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

agrarkin@hollandhart.com

June 21, 2018

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: OFFSETTING OPERATORS**

**Re: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.**

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division. As a Division-designated operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on July 12, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Rob Carlson at (832) 839-4596.

Sincerely,

Adam G. Rankin

**ATTORNEY FOR HILCORP ENERGY COMPANY**



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Hilcorp Energy Co - Vasaly 002  
CM# 93904.0003 20180621  
Notice L1st

Shipment Date: 06/19/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	5
Total	5

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0008 9584 49





Holland & Hart LLP  
110 N Guadalupe St # 1  
Santa Fe NM 87501

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**Postmark with Date of Receipt.**

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<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail
<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation
<input type="checkbox"/> Collect on Delivery (COD)	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Insured Mail	
<input type="checkbox"/> Priority Mail	

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1. 9214 8901 9403 8307 0909 66

LANIER FAMILY MINERAL CONTROL AGENCY MA 076 FROST NATL BANK PO  
BOX 1600 SAN ANTONIO TX 78295

2. 9214 8901 9403 8307 0909 73

V F NEUHAUS PROPERTIES INC 3503 N TAYLOR RD MISSION TX 78573

3. 9214 8901 9403 8307 0909 80

DONA LISA JOHNSON TRUST DONA LISA JOHNSON TRUSTEE 3100 OAK RD  
STE 300 WALNUT CREEK CA 94597

4. 9214 8901 9403 8307 0909 97

BP AMERICA PRODUCTION CO ATTN: SAN JUAN BASIN - LAND 737 N  
ELDRIDGE PKWY HOUSTON TX 77079

5. 9214 8901 9403 8307 0910 00

HFC 1111 TRAVIS ST HOUSTON TX 77002

Total Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office
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Postmaster, Per (Name of receiving employee)

PS Form 3877, April 2015 (Page 1 of 1)

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### Mail Pieces

Filter: <input type="text" value="&lt; No Filter &gt;"/>				
Barcode	Recipient	Status	DL	Custom
9214 8901 9403 83070910 00	HEC 1111 TRAVIS ST HOUSTON TX 77002	Delivered Signature Received	No	
9214 8901 9403 83070909 97	BP AMERICA PRODUCTION CO ATTN: SAN JUAN BASIN - LAND 737 N ELDRIDGE PKWY HOUSTON TX 77079	In-Transit	No	
9214 8901 9403 83070909 80	DONA LISA JOHNSON TRUST DONA LISA JOHNSON TRUSTEE 3100 OAK RD STE 300 WALNUT CREEK CA 94597	Delivered Signature Received	No	
9214 8901 9403 83070909 73	V F NEUHAUS PROPERTIES INC 3503 N TAYLOR RD MISSION TX 78573	In-Transit	No	
9214 8901 9403 83070909 66	LANIER FAMILY MINERAL CONTROL AGENCY MA 076 FROST NATL BANK PO BOX 1600 SAN ANTONIO TX 78296	Delivered Signature Received	No	

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## Recipient

BP AMERICA PRODUCTION CO  
ATTN: SAN JUAN BASIN - LAND 737 N ELDRIDGE PKWY  
HOUSTON TX 77079

Date & Time	Event	Event Location
06/24/2018 13:10	PROCESSED THROUGH USPS FACILITY	NORTH HOUSTON,TX, 77315
06/21/2018 16:06	DEPART POST OFFICE	SANTA FE,NM, 87501
06/21/2018 15:16	USPS IN POSSESSION OF ITEM	SANTA FE,NM, 87501
06/21/2018 15:01	SHIPMENT RECEIVED ACCEPTANCE PENDING	SANTA FE,NM, 87501
06/19/2018 11:05	PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM, 87501

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Mail Piece Tracking Number: **9214 8901 9403 8307 0909 73**

### Recipient

V F NEUHAUS PROPERTIES INC  
3503 N TAYLOR RD  
MISSION TX 78573

Date & Time	Event	Event Location
07/03/2018 11:29	AVAILABLE FOR PICKUP	SANTA FE,NM, 87501
07/03/2018 09:49	ARRIVAL AT UNIT	SANTA FE,NM, 87501
06/29/2018 20:36	DEPART USPS FACILITY	ALBUQUERQUE,NM, 87101
06/29/2018 12:51	PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101
06/27/2018 21:54	DEPART USPS FACILITY	SAN ANTONIO,TX, 78284
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06/25/2018 21:33	DELIVERY STATUS NOT UPDATED	MISSION,TX, 78573
06/25/2018 07:33	OUT FOR DELIVERY	MISSION,TX, 78573
06/25/2018 07:23	SORTING/PROCESSING COMPLETE	MISSION,TX, 78573
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06/21/2018 15:01		SANTA FE,NM, 87501

06/19/2018 11:05

SHIPMENT RECEIVED  
ACCEPTANCE PENDING

PRE-SHIPMENT INFO SENT  
USPS AWAITS ITEM

SANTA FE,NM, 87501

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AFFIDAVIT OF PUBLICATION

Ad No.  
0001252007

HOLLAND AND HART  
PO BOX 2208


SANTA FE NM 87504

I, being duly sworn say: THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the State of New Mexico for publication and appeared in the internet at The Daily Times web site on the following day(s):

06/23/18

  
Legal Clerk

Subscribed and sworn before me this  
25th of June 2018.

  
State of WI, County of Brown  
NOTARY PUBLIC

  
My Commission Expires

Ad#:0001252007  
P O :  
# of Affidavits :0.00

TARA MONDLOCH  
Notary Public  
State of Wisconsin

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL  
RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **July 12, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **July 2, 2018**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO TO:**  
All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: **ALL WORKING INTEREST OWNERS IN THE SUBJECT SPACING UNIT AND OFFSETTING OPERATORS OR LEASED MINERAL INTEREST OWNERS, INCLUDING: LANIER FAMILY MINERAL CONTROL; V F NEUHAUS PROPERTIES INC; DONA LISA JOHNSON TRUST U/A DTD 10/29/91; BP AMERICA PRODUCTION CC**

**Case No. 16267: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 306.40-acre, more or less, spacing and proration unit, and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Vasaly 002** (API No. 30-045-20328) in the Mesaverde formation with a surface location in Unit K of the W/2 of Section 31, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Vasaly 002 Well from the

Blanco-Mesaverde Gas Pool. Said area is located approximately 16 miles northwest of Bloomfield, NM.

Legal No. 1252007 published in The Daily Times on June 23, 2018.



# Vasaly 2

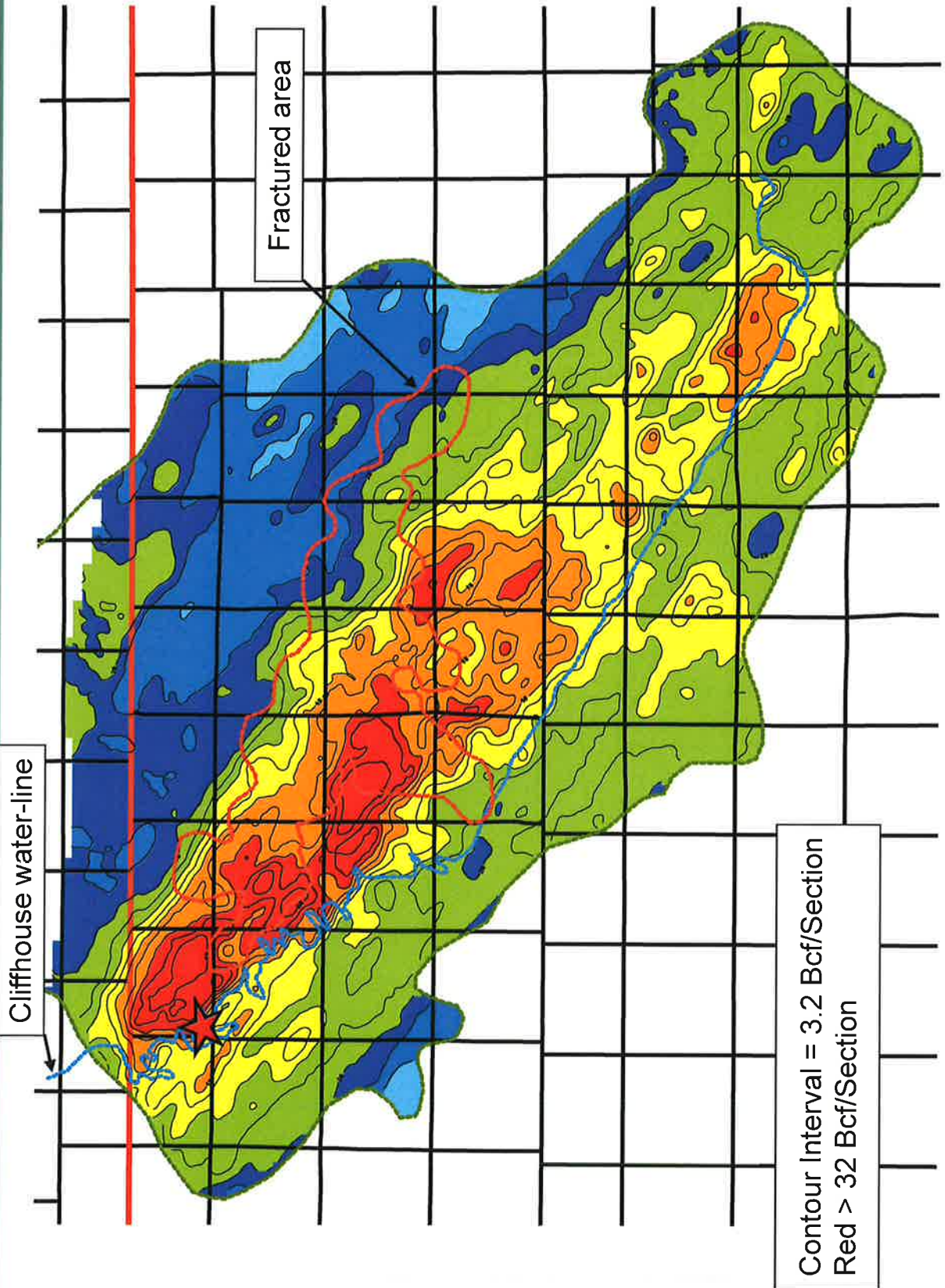


BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. 5  
 Submitted by: Hilcorp Energy Company  
 Hearing Date: July 12, 2018  
 Case # 16267

## Well Specifics

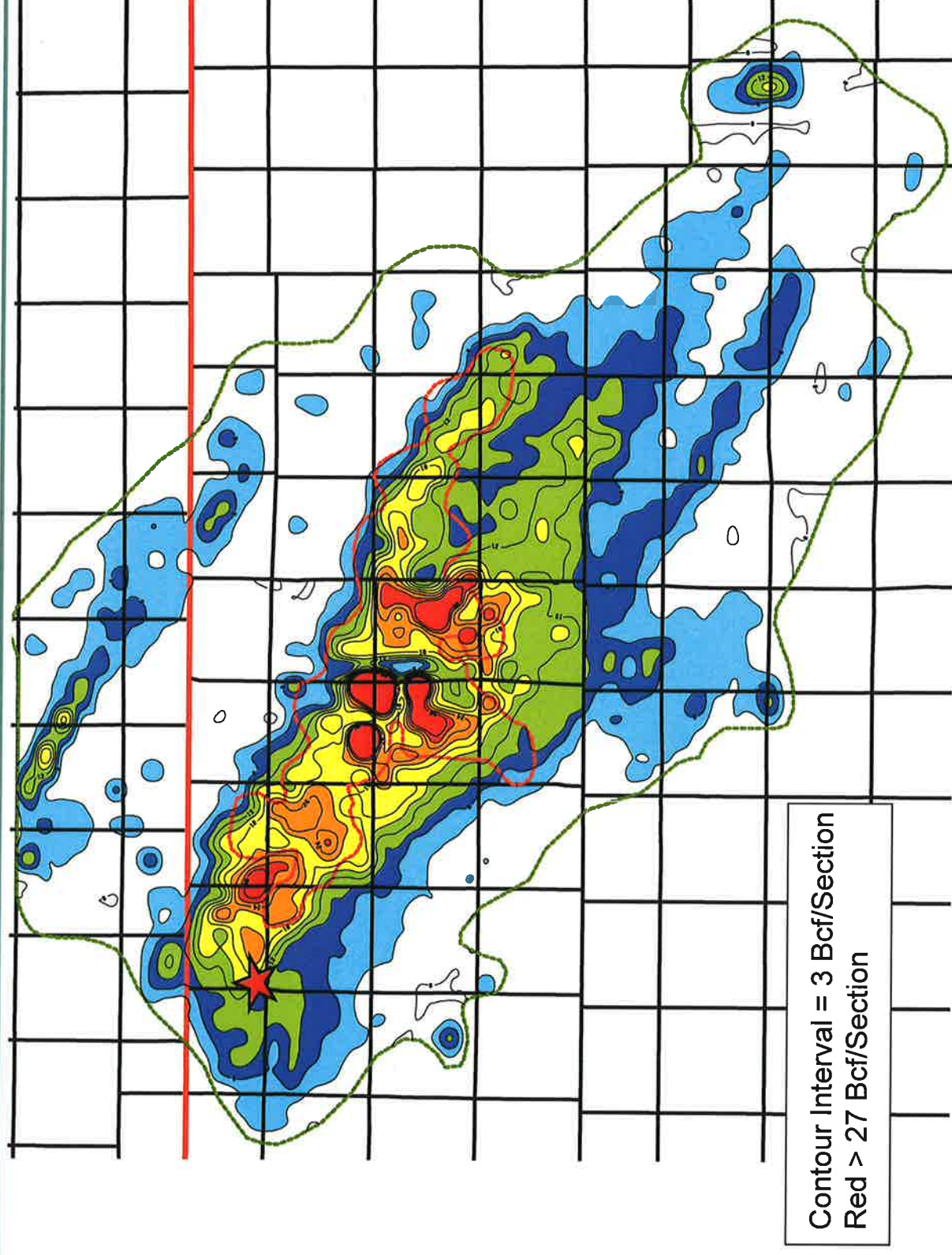
- SW31 32-11 3004520328 1968 drill
- 3rd MV completion in 1/4 section
- ~900' from nearest offsets
- Help drain area east and west
- Complete entire MV in 2-3 stages

# MV Original Gas-in-Place

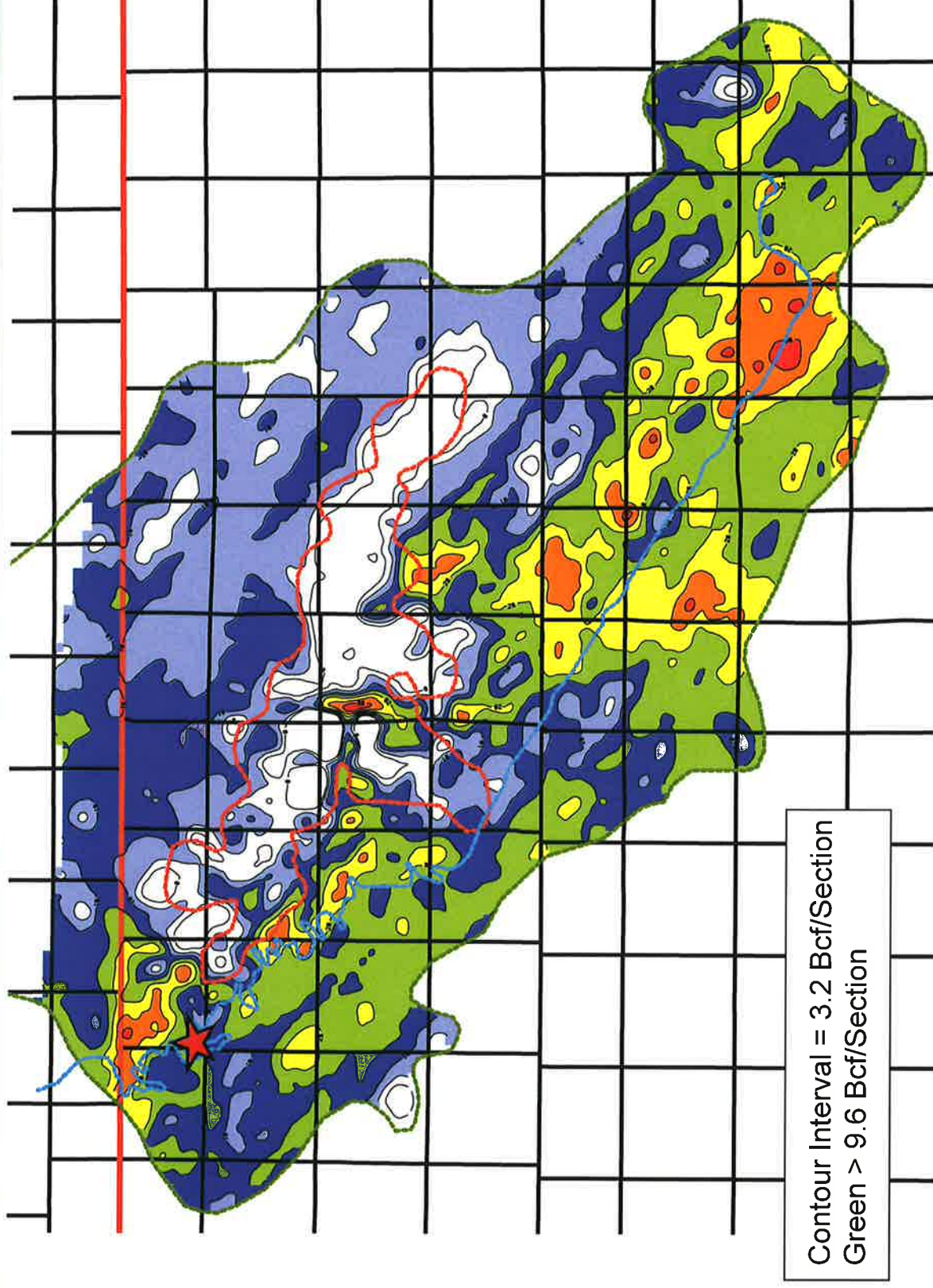




# MV Cumulative Gas Production



# MV Remaining Gas



# Vasaly 2



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	10.2 Bcf	40.8 Bcf	2.3 Bcf / 22%	7.9 Bcf	3.5 Bcf / 34%
Section	45.1 Bcf	45.1 Bcf	17.7 Bcf / 39%	27.4 Bcf	21.1 Bcf / 47%
9 Section	371 Bcf	41.2 Bcf	150 Bcf / 41%	221 Bcf	182 Bcf / 49%

- Remaining Gas in Place in Quarter Section of 7.9 Bcf
- Cumulative Recovery Factor to Date 22% and 39% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore