BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING JULY 12, 2018

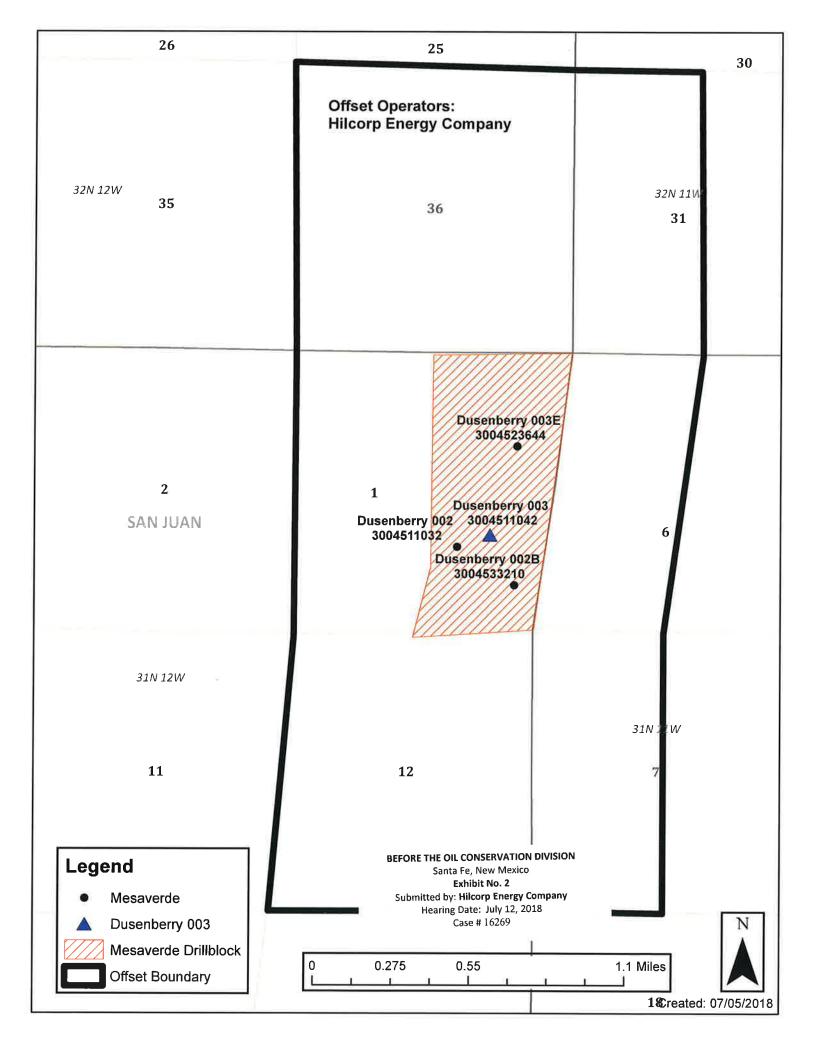
CASE No. 16269

Dusenberry 003 Dusenberry 002, 002B & 003E

SAN JUAN COUNTY, NEW MEXICO



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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. 16269

AFFIDAVIT

STATE OF NEW MEXICO)	
) s	SS
COUNTY OF SANTA FE)	

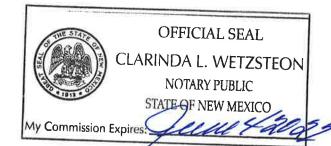
Adam Rankin, attorney in fact and authorized representative of Hilcorp Energy Company. the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.

Adam Rankin

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

Notary Public

My Commission Expires:





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

June 21, 2018

<u>VIA CERTIFIED MAIL</u> 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.

Adam G. Rankin

ATTORNEY FOR HILCORP ENERGY COMPANY



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

June 21, 2018

<u>VIA CERTIFIED MAIL</u> 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.

Adam G. Rankin

ATTORNEY FOR HILCORP ENERGY COMPANY



Shipment Confirmation Acceptance Notice

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 - Dusemberry

CM# 93904.0003 20180621 Notice LIst

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	1
Total	1

^{*}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

 2. Select Shipment Confirm

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- Scan or enter the barcode/label number from PS Form 5630
 Confirm the volume count message by selecting Yes or No
 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

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Special Handling

Signature Confirmation Restricted Delivery

Signature Confirmation

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Hilcorp is the only working interest owner for:

Dusenberry 001,
Davis 013E,
Newberry B 001 & B 001E,
and Moore 001E.

Santa Fe, New Mexico

Exhibit No. 4

pmitted by: Hilcorp Energy Cor

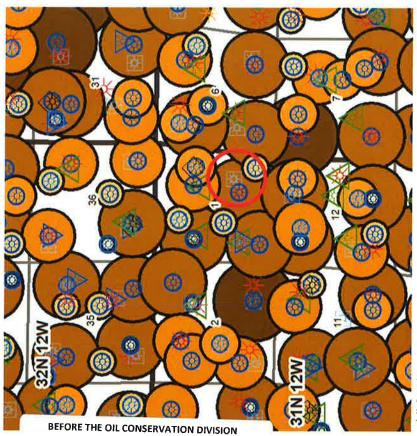
Submitted by: Hilcorp Energy Company Hearing Date: July 12, 2018 Case # 16269

Dusenberry 3



Well Specifics

- SE1 31-12 3004511042 1964 drill
- 3rd MV completion in 1/4 section 650' from the original parent
- Help drain area to northeast
- Complete entire MV in 3 stages

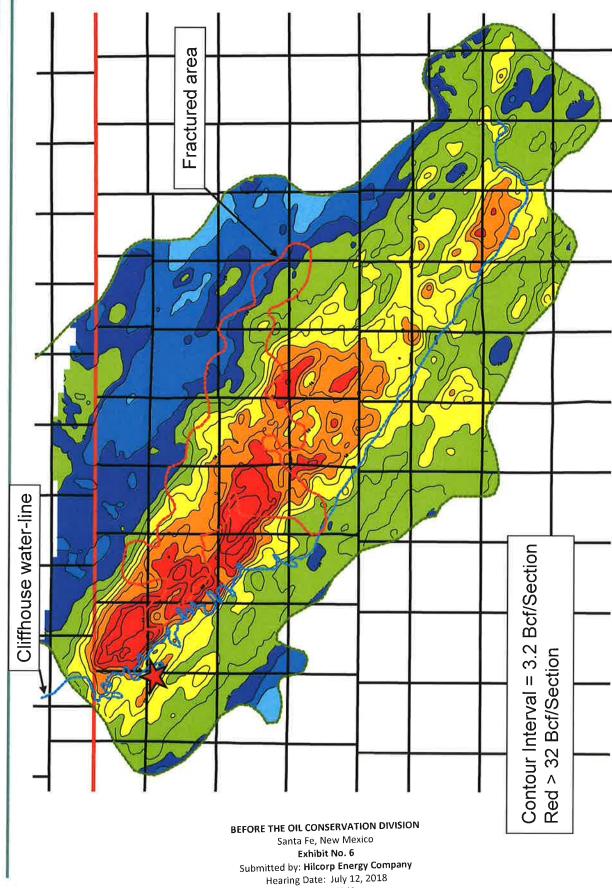


PICTURED CLIFFS

Santa Fe, New Mexico Exhibit No. 5 Submitted by: Hilcorp Energy Company Hearing Date: July 12, 2018 Case # 16269

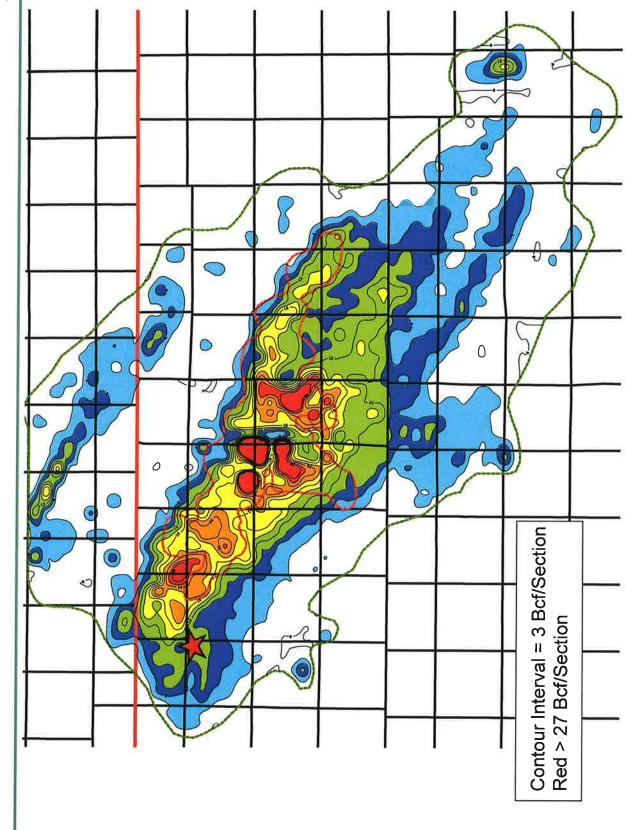


MV Original Gas-in-Place



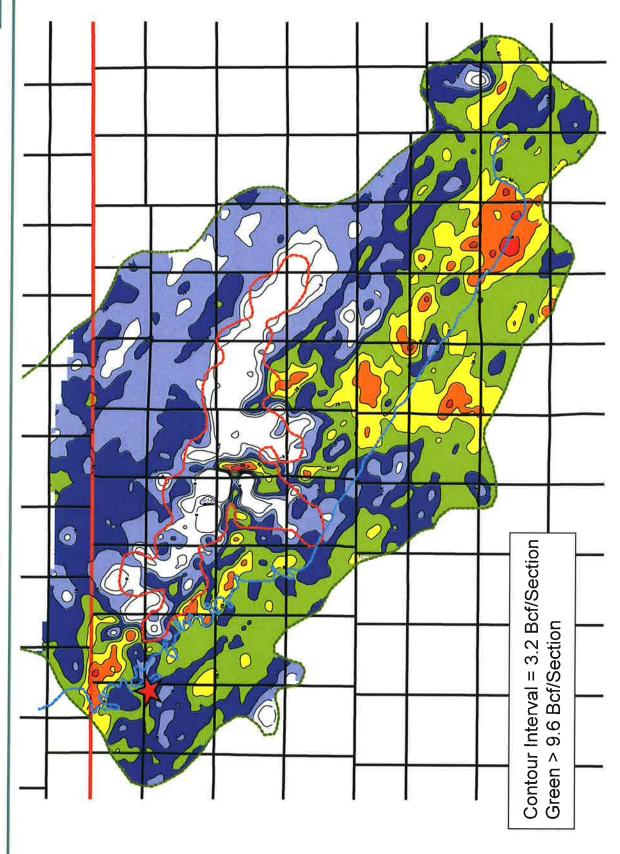
Case # 16269

MV Cumulative Gas Production





MV Remaining Gas





Dusenberry 3

Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	9.9 Bcf	39.6 Bcf	5.3 Bcf / 54%	4.6 Bcf	5.8 Bcf / 59%
Section	39.2 Bcf	39.2 Bcf	15.6 Bcf / 40%	23.6 Bcf	18.3 Bcf / 47%
9 Section	335 Bcf	37.2 Bcf	125 Bcf / 37%	210 Bcf	148 Bcf / 44%

Remaining Gas in Place in Quarter Section of 4.6 Bcf

Cumulative Recovery Factor to Date 54% and 40% in the Quarter Section and Section, respectively

Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore