

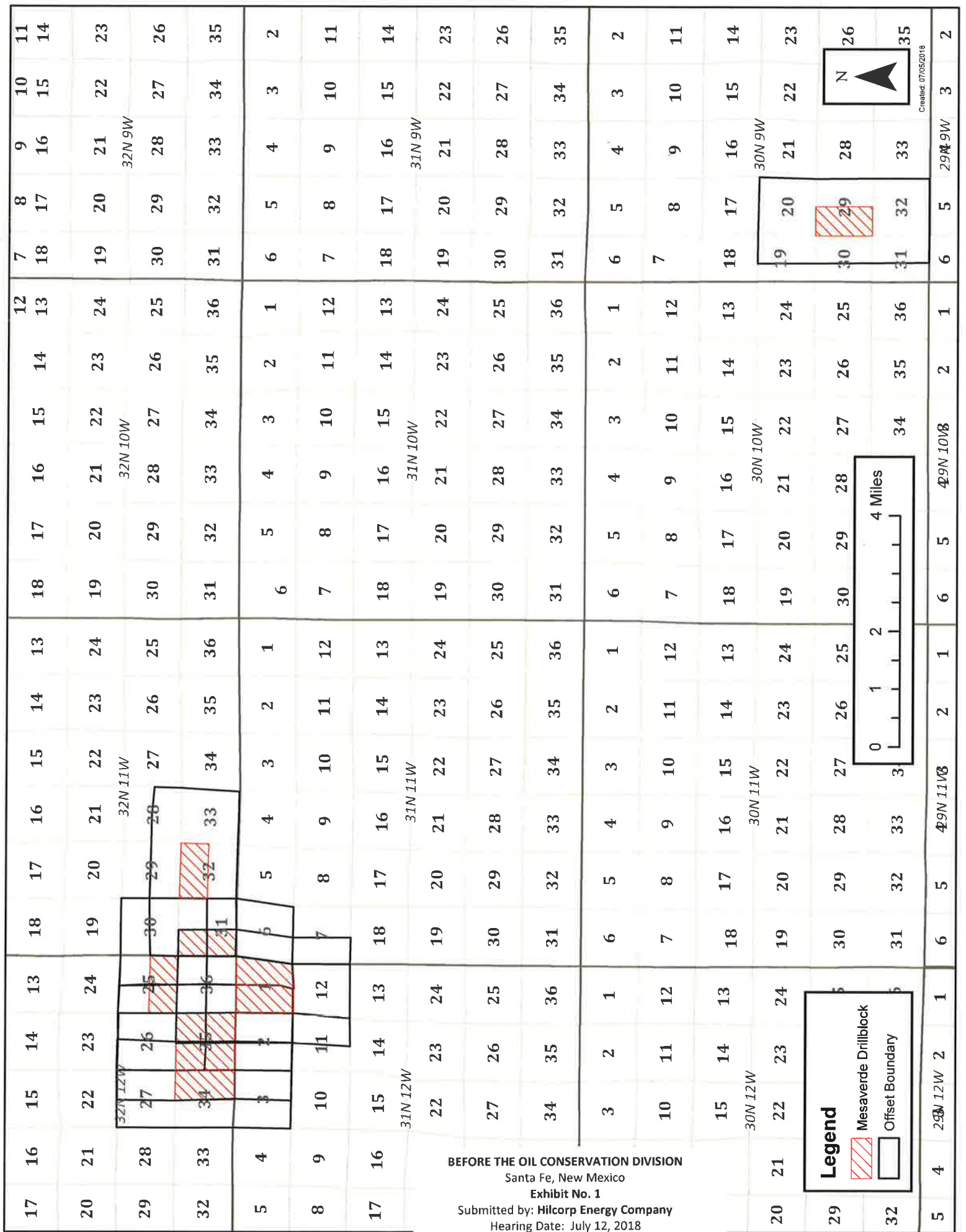
**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JULY 12, 2018**

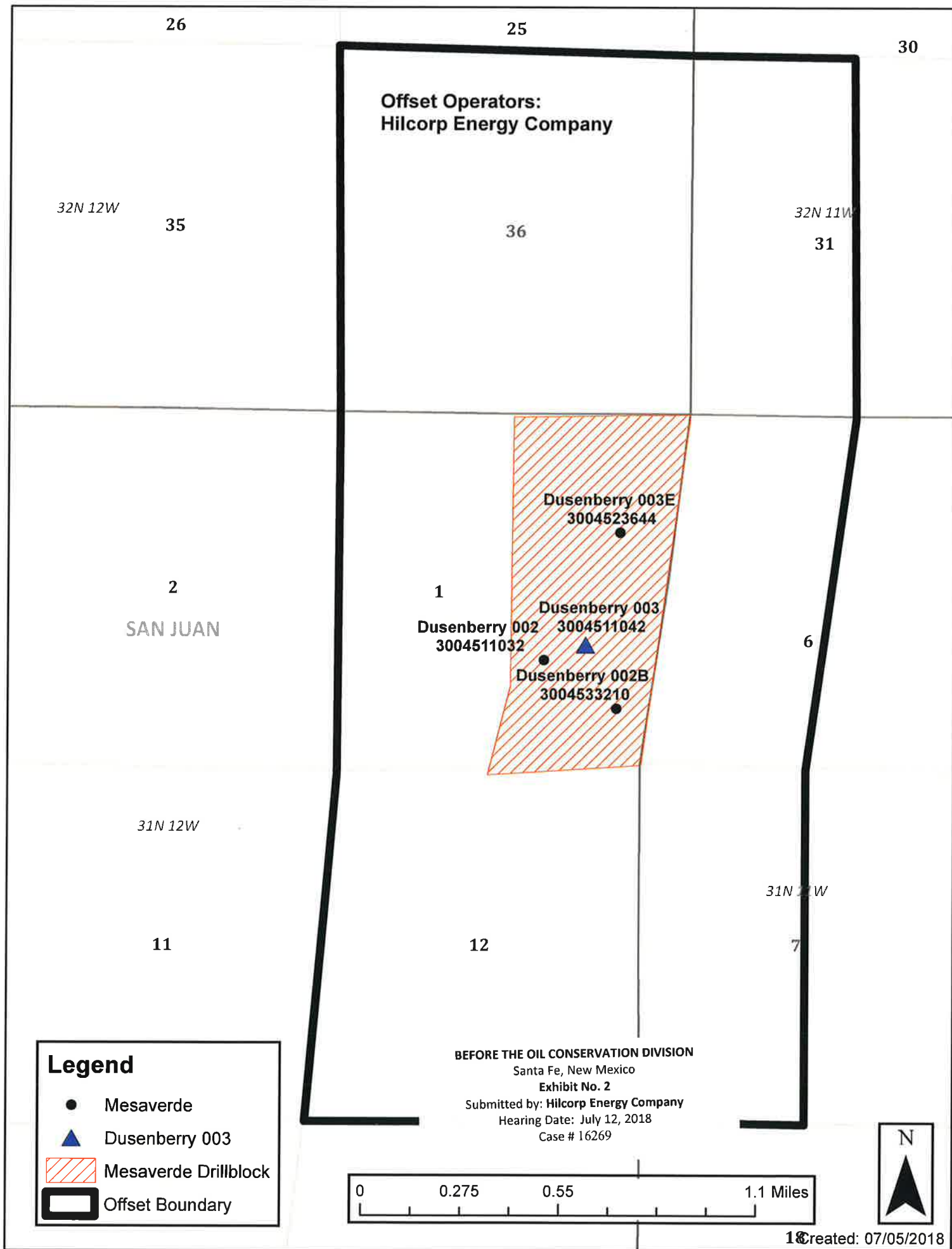
CASE No. 16269

*DUSENBERRY 003
DUSENBERRY 002, 002B & 003E*

SAN JUAN COUNTY, NEW MEXICO







Offset Operators:
Hilcorp Energy Company

32N 12W

32N 11W

SAN JUAN

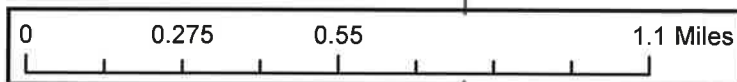
31N 12W

31N 11W

Legend

- Mesaverde
- ▲ Dusenberry 003
- ▨ Mesaverde Drillblock
- ▭ Offset Boundary

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 2
Submitted by: Hilcorp Energy Company
Hearing Date: July 12, 2018
Case # 16269



**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)
) ss.
COUNTY OF SANTA FE)

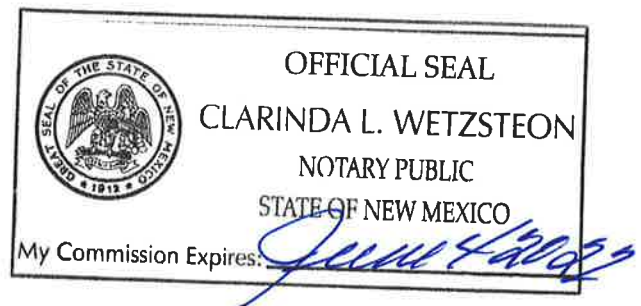
Adam Rankin, attorney in fact and authorized representative of Hilcorp Energy Company.
the Applicant herein, being first duly sworn, upon oath, states that the above-referenced
Applications have been provided under the notice letters and proof of receipts attached hereto.



Adam Rankin

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


Notary Public
My Commission Expires: June 4, 2023





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 - Dusemberry
003
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	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
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 9579 85



Firm Mailing Book For Accountable Mail

[illegible]



⚠ You are using an old version of e-Certify. [Click here](#) to update to the new version.

Welcome Clory Welzsteen, (Not [Clory Welzsteen?](#))

Company:

Holland & Hart LLP

Home My Queue Piece Search Support Logout

< History > [Mail Jobs](#) > [Mail Job Details](#)



My Tools

Mail Jobs
Mail Pieces
Manual Mailings
Reports
Setup
Account
Tools

Mail Pieces

Filter:

< No Filter >

Barcode	Recipient	Status	DL	Custom
9214 8901 9403 83070904 47	HEC 1111 TRAVIS ST HOUSTON TX 77002	Delivered Signature Received	No	

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Release: v4.12
[W1119K20P4JGf6H]

Hilcorp is the only working interest owner
for:

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

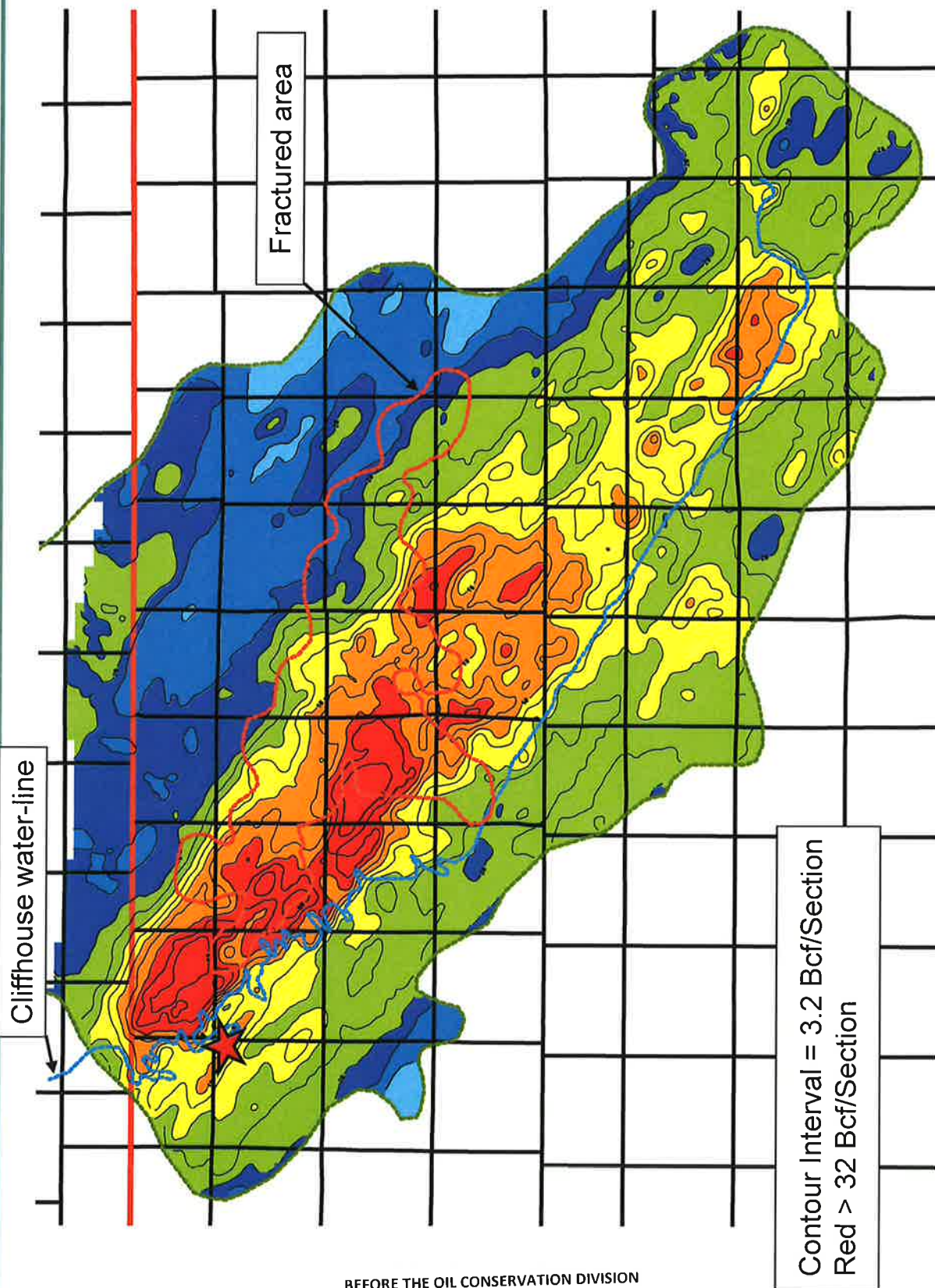
Dusenberry 3



Well Specifics

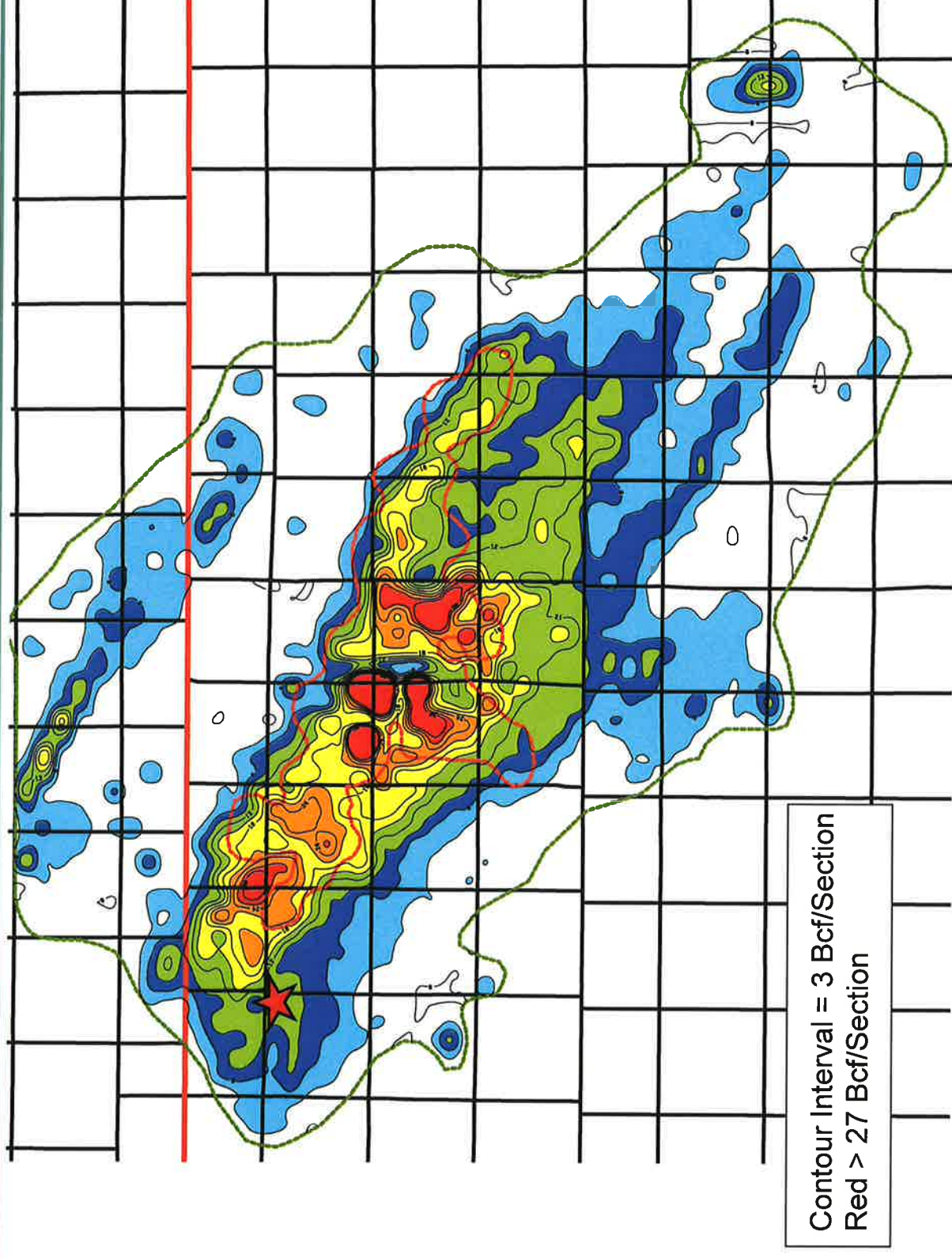
- SE1 31-12 3004511042 1964 drill
- 3rd MV completion in 1/4 section
- 650' from the original parent
- Help drain area to northeast
- Complete entire MV in 3 stages

MV Original Gas-in-Place

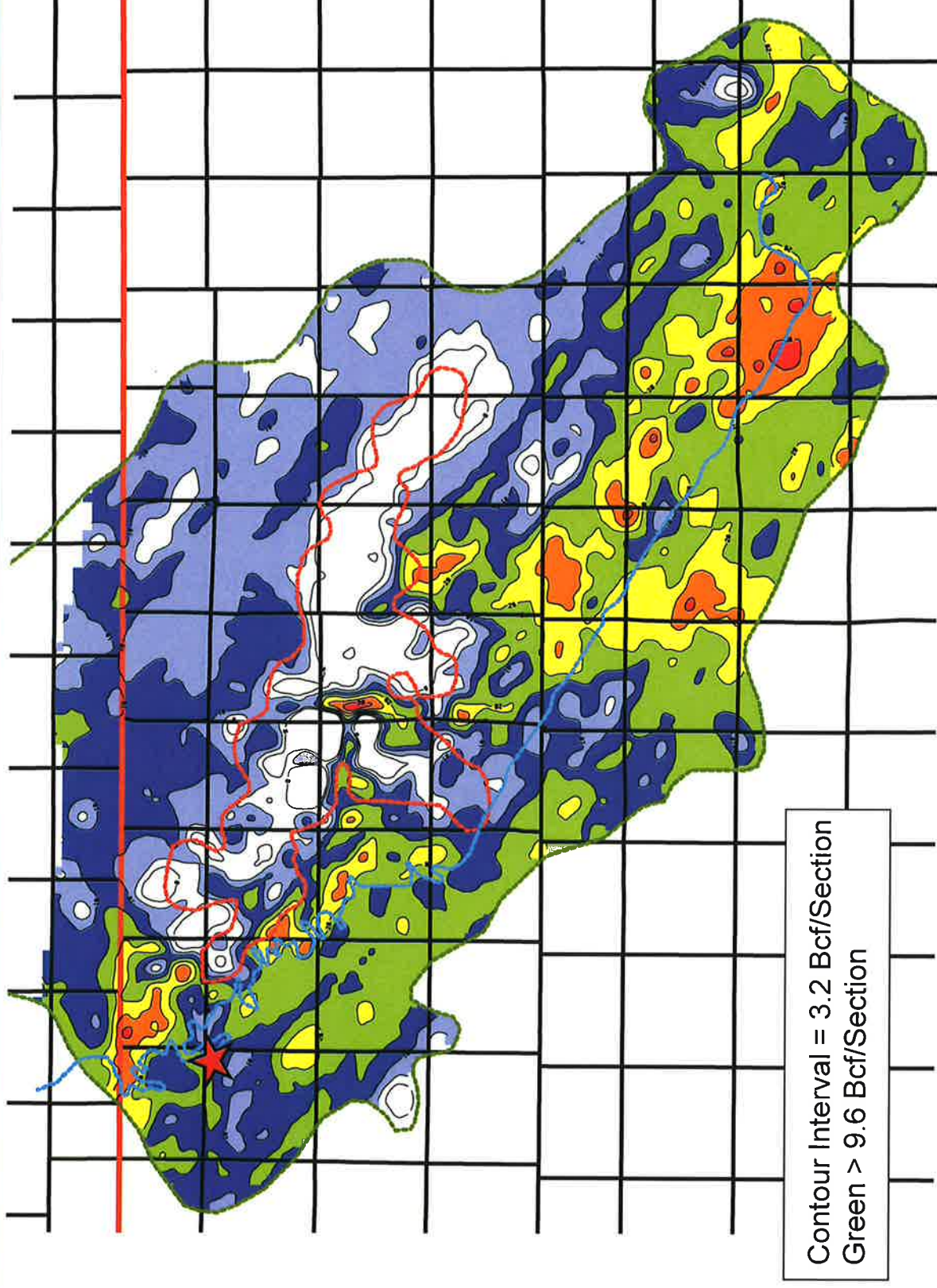


BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 6
Submitted by: Hilcorp Energy Company
Hearing Date: July 12, 2018
Case # 16269

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