

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 15, 2018**

CASE No. 20095

BMV - FOGELSON GAS COM 1R SD

SAN JUAN COUNTY, NEW MEXICO



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

**APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 20095

AFFIDAVIT OF BRAD PEARSON IN SUPPORT OF CASE NO. 20095

I, Brad Pearson, being of lawful age and duly sworn, declare as follows:

1. My name is Brad Pearson. I work for Hilcorp Energy Company ("Hilcorp") as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Hilcorp in this case, and I am familiar with the status of the lands in the subject areas.
4. None of the affected parties in this case has indicated opposition, and therefore I do not expect any opposition at the hearing.
5. Hilcorp seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 320-acre, more or less, spacing and proration unit.

6. The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. The Special Rules therefore limit the number of wells in a spacing unit to four and the number of wells in a half section within a spacing unit to two. The Special Rules also provide that well density exceptions can be approved only after notice and hearing.

7. Hilcorp is the operator of a standard 320-acre spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the S/2 of Section 26, Township 30 North, Range 11 West, San Juan County, New Mexico, in which the following wells are currently completed and producing:

- a. Payne Com 1A Well (API No. 30-045-29912), Sec. 26, T30N, R11W (Unit I); and
- b. Payne Com 1 (API No. 30-045-09149), Sec. 26, T30N, R11W (Unit L).

8. Hilcorp proposes to simultaneously dedicate and produce the following well within the same standard spacing and proration unit, at the following location:

- a. **Fogleson Gas Com 1R Well** (API No. 30-045-30275), Sec. 26, T30N, R11W (Unit I).

9. This will be the second well within the same quarter-quarter section within the same spacing unit, exceeding well density limits imposed by the Special Rules.

10. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **Fogleson Gas Com 1R Well** (API No. 30-045-30275) within the S/2 of Section 26, Township 30 North, Range

11 West, permitting the total number of wells dedicated and producing within the same quarter-quarter section (Unit I) to two wells in the same spacing unit.

11. The proposed simultaneous dedication of the **Fogleson Gas Com 1R Well**, which is currently producing in the Dakota formation, within the Blanco-Mesaverde is part of Hilcorp's strategy to use existing wells completed in other zones to economically target development of incremental Mesaverde gas reserves in areas where there is not adequate gas drainage.

12. The Division has pre-approved downhole commingling the Dakota formation with the Blanco-Mesaverde Gas Pool.

13. Pursuant to the Special Rules and Division precedent, Hilcorp provided notice to all Division-designated operators in offsetting 320-acre spacing units. Where Hilcorp is the operator, Hilcorp identified all working interest owners in offsetting spacing units as affected parties requiring notice. In some offsetting spacing units, Hilcorp owns 100% of the working interest, in which case there are no affected parties to notice. I provided a list of all affected parties requiring notice to Holland & Hart LLP.

14. Exhibit A-1 is an overview map identifying the location of the subject Blanco-Mesaverde Gas Pool spacing unit, identified by the red cross-hatching, within S/2 of Section 26, Township 30 North, Range 11 West, to which the **Fogleson Gas Com 1R Well** will be simultaneously dedicated.

15. Exhibit A-1 also identifies the locations of the existing Mesaverde wells as gray circles, as well as the **Fogleson Gas Com 1R Well** as a gray triangle.

16. Exhibit A-1 also depicts the notice area, depicted in a red dashed line surrounding the subject spacing unit, comprised of the offsetting spacing units. In this case, Hilcorp is the operator of the offsetting spacing units within the notice area. The only working interest owners

requiring notice are: Patricia A. Adams, DBA Lee Ann Oil Co.; Canfield Oil and Gas Properties, and William J. Mounce.

17. To the best of my knowledge, the addresses used to provide notice are valid and correct addresses which have been recently used by Hilcorp and at which mail has been received by the notice parties.

18. Exhibit A-2 is a copy of the administrative application that was filed with the Division seeking the requested approvals. The Division notified Hilcorp that the requested exceptions required a hearing under the Special Rules. Accordingly, Hilcorp is requesting this exception after notice and hearing.

19. Exhibits A-1 and A-2 were prepared by me or under my direction and supervision.

FURTHER AFFIANT SAYETH NAUGHT.

Bradley W. Pearson
Brad Pearson

STATE OF TEXAS)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 14th day of November ~~14~~,
2018 by Brad Pearson.

[Signature]
NOTARY PUBLIC

My Commission Expires:

December 16, 2018



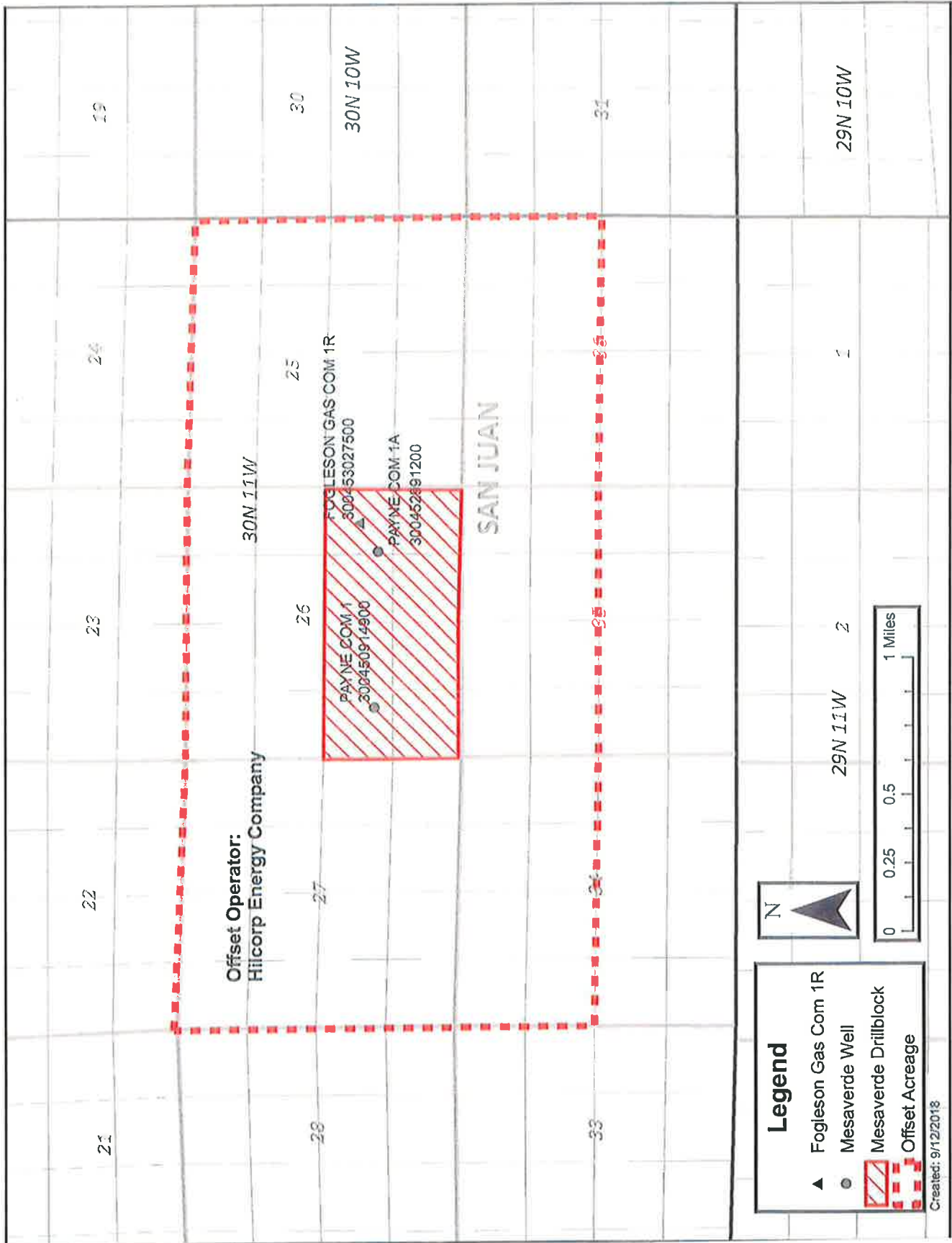


EXHIBIT A-1

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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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:** FOGLESON GAS COM 1R**API:** 30-045-30275**Pool:** BLANCO MESAVERDE**Pool Code:** 72319

**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.

Bradley W. Pearson - Landman

Print or Type Name

Bradley W. Pearson
 Signature

9-26-2018
 Date

713-289-2793

Phone Number

bpearson@hilcorp.com

e-mail Address

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: **Hilcorp Energy Company**

Hearing Date: November 15, 2018

Case # 20095



September 25, 2018

New Mexico Oil Conservation Division
Attn: Heather Riley
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Simultaneous Dedication
Fogleson Gas Com 1R
API: 30-045-30275
SHL: T30N-R11W: Section 26 UL I
BHL: T30N-R11W: Section 26 UL I
San Juan County, New Mexico

Dear Ms. Riley:

Hilcorp Energy Company respectfully requests authorization to simultaneously dedicate the Fogleson Gas Com 1R to an existing standard 318.44 acre gas spacing and proration unit ("GPU") in the Blanco Mesaverde pool (72319) comprising the S/2 of Section 26, Township 30 North, Range 11 West, San Juan County, New Mexico. The GPU is currently dedicated to the following described wells:

PAYNE COM 1A	API: 3004529912	UL I: T30N-R11W: Sec. 26
PAYNE COM 1	API: 3004509149	UL L: T30N-R11W: Sec. 26

Completion of the Fogleson Gas Com 1R within Unit I of this GPU conflicts with the prescribed well location requirements provided in the applicable Blanco Mesaverde Gas Pool Special Pool Rules I.B, which governs the locations of infill wells. The special rules provide, however, that the Division Director may administratively grant exceptions to infill well locations upon application with the Division and notice, by certified mail-return receipt requested, to affected parties.

The Fogleson Gas Com 1R is currently completed in the Basin Dakota pool. The Payne Com 1A is currently completed in the Blanco Mesaverde pool as a single completion. The Payne Com 1 is currently completed in the Blanco Mesaverde pool as a single completion. Completion of the Fogleson Gas Com 1R well in this GPU will constitute the second well in the same quarter-quarter section in violation of the well location requirements of the special rules.

The proposed completion of the Blanco Mesaverde pool within the Fogleson Gas Com 1R will increase the gas recovery from the Mesaverde formation within the S/2 of Section 26, thereby preventing waste.

Attached hereto for each well is a copy of Division Form C-102 for these wells that show the surface and bottom hole locations of each well. In addition, also enclosed is a map of the offset operators of all offsetting spacing units. Hilcorp Energy Company is the operator of all offsetting spacing units and owns 100% working interest in all offsetting spacing units with the exception of the W/2 of Section 26. Hilcorp has mailed, via USPS Certified Mail, Notice to the Affected Parties that this application has been submitted. A copy of the Notice to the Affected Parties is also attached.



In summary, administrative approval of the application is permitted under the special rules for the Blanco Mesaverde Gas Pool and will afford Hilcorp Energy Company the opportunity to recover additional gas reserves from the pool in the S/2 of Section 26 that may otherwise not be recovered by the existing wells, thereby preventing waste, and not violating correlative rights. Hilcorp's proposed simultaneous dedication of these wells does not exceed the well density requirements imposed by the special rules.

If you have any questions or need additional information, please contact me at 713-289-2793 or bpearson@hilcorp.com.

Sincerely,

A handwritten signature in cursive script that reads 'Bradley W. Pearson'.

Brad Pearson
San Juan Basin Landman
Hilcorp San Juan, L.P.
By: Hilcorp Energy Company
its general partner

Enclosure(s)

District I1825 N. French Dr., Hobbs, NM 88240
Phone:(576) 393-6161 Fax:(575) 393-0720District II811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-0720District III1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170District IV1220 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

Permit 255725

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-30275	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321756	5. Property Name FOGLESON GAS COM	6. Well No. 001R
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5933

10. Surface Location

UL - Lot I	Section 26	Township 30N	Range 11W	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	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 318.44 S/2	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 NONSTANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION	
	<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>	
	E-Signed By: Title: Operations/Regulatory Technician Date: 8/8/18	
	SURVEYOR CERTIFICATION	
<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>		
Surveyed By: Neale C. Edwards Date of Survey: 3/20/2000 Certificate Number: 6857		

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-2275	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 22712	⁵ Property Name FOGELSON GAS COM	⁶ Well Number 1R
⁷ OSRI No. 167067	⁸ Operator Name CROSS TIMBERS OPERATING COMPANY	⁹ Elevation 5933

¹⁰ Surface Location

LL or lot no.	Section	Township	Range	Lot 10	Feet from the	North/South line	Feet from the	East/West line	County
I	26	30N	11W		1980	SOUTH	660	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

LL or lot no.	Section	Township	Range	Lot 10	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 3/2 318.44		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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief. Signature: <i>Ray Martin</i> Printed Name: Ray Martin Title: Production Engineer Date: 6/4/00
	¹⁸ SURVEYOR CERTIFICATION 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. MARCH 20, 2000 Date of Survey Signature and Seal of Professional Surveyor: <i>Neale C. Edwards</i> Certificate Number: 6857

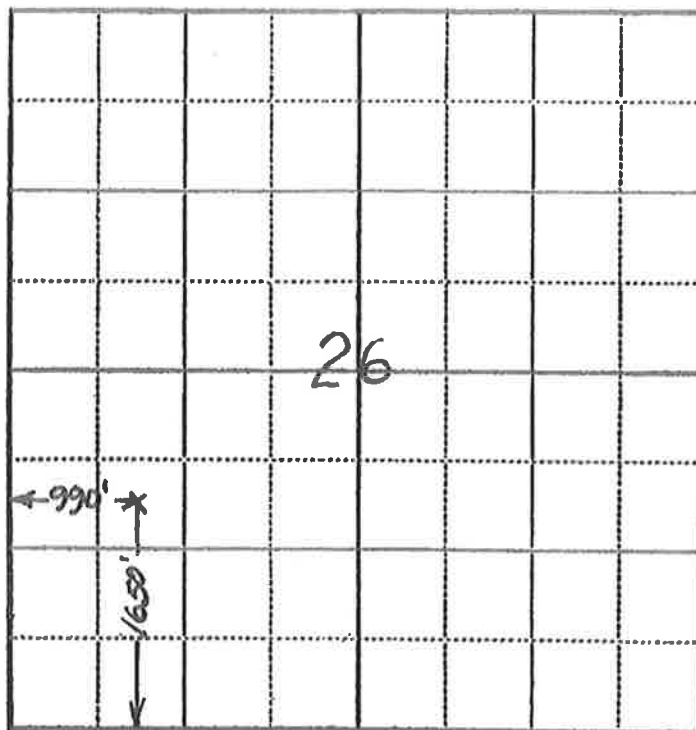
Company Holson and Edward Morris, Ltd and A. H. Lloyd

Lease Payne Well No. 1

Sec. 26 T. 30 N., R. 11 W., N.M.P.M.

Location 1680' from the S. line & 990' from the W. line

San Juan County New Mexico



N

Scale—4 inches equals 1 mile.

REMARKS:

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal:

John H. Payne
Registered Professional
Engineer and Land Surveyor.

Farmington, New Mexico

Surveyed on the day of October 14th of 1960

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DO, Artesia, NM 88211-0719

District III
3000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico.
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APJ Number 30-045 29912		Pool Code 72319	Pool Name Blanco Mesaverde
Property Code 7379 23506		Property Name PAYNE COM	
GRID No. 14538		Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY	Well Number 1A
		Elevation 5919'	


10 Surface Location

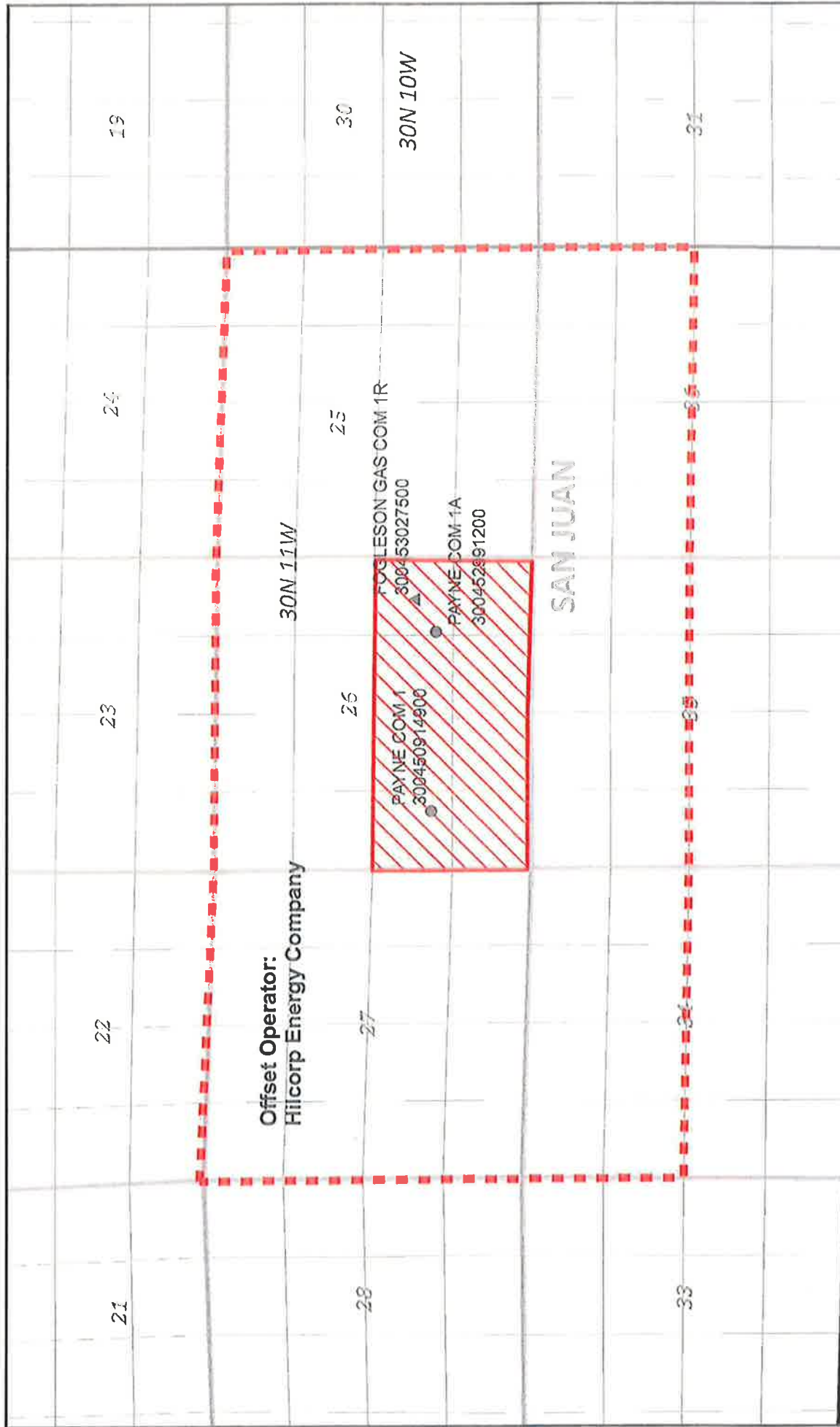
UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
J	26	30N	11W		1860	SOUTH	1430	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres S/320.00		Joint or Int'l		Consolidation Code		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

<div>16</div> <div>5265.48'</div> <div>RECEIVED MAY 27 1999 OIL CON. DIV. DIST. 2</div> <div>26</div> <div>NMSF-079962</div> <div>NMSF-078144</div> <div>1430'</div> <div>1860'</div> <div>2603.70'</div> <div>2604.36'</div> <div>5324.88'</div> <div>2630.76'</div> <div>2655.84'</div> <div>3</div> <div>4</div> <div>5</div> <div>6</div> <div>7</div>		<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.</div> <div>Signature Peggy Bradfield</div> <div>Printed Name Regulatory Administrator</div> <div>Title</div> <div>Date</div>	
		<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div>FEBRUARY 23, 1999</div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor </div> <div>Certificate Number 6857</div>	



Legend

- ▲ Fogleson Gas Com 1R
- Mesaverde Well
- Mesaverde Drillblock
- Offset Acreage





September 26, 2018

Transmitted Via
Certified Mail - Return Receipt Requested

TO: AFFECTED INTEREST OWNERS

Re: Application of Hilcorp Energy Company for simultaneous dedication
San Juan County, New Mexico

Ladies and Gentlemen,

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the simultaneous dedication of the Fogleson Gas Com 1R, Payne Com 1A and Payne Com 1 to the South-half of Section 26, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

As the owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty (20) days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application for a simultaneous dedication may be approved.

Sincerely,

A handwritten signature in cursive script that reads 'Bradley W. Pearson'.

Brad Pearson
San Juan Basin Landman
Hilcorp San Juan, L.P.
By: Hilcorp Energy Company
its general partner

Enclosure(s)

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901765669270	Brenda Guzman	, PATRICIA A ADAMS, DBA LEE ANN OIL CO 11820 OAK BRANCH DR, AUSTIN, TX, 78737 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending
92148969009997901765669287	Brenda Guzman	, CANFIELD OIL and GAS PROPERTIES INC, PO BOX 69, DRIPPING SPRINGS, TX, 78620 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending
92148969009997901765669294	Brenda Guzman	WILLIAM J MOUNCE , WILLIAM HAROLD MOUNCE and EDUARDO SOTO POAS, 600 SUNLAND PARK DR STE 6-300, EL PASO, TX, 79912 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending
92148969009997901765669300	Brenda Guzman	, BUREAU OF LAND MANAGEMENT, 6251 COLLEGE BLVD SUITE A, FARMINGTON, NM, 87402 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending

**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 SPECIAL RULES
AND REGULATIONS OF THE BLANCO-MESAVERDE GAS POOL, SAN JUAN
COUNTY, NEW MEXICO.**

CASE NO. 20095

AFFIDAVIT

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

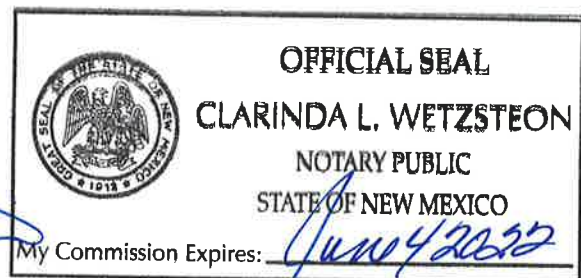
Adam G. Rankin, attorney in fact and authorized representative of **HILCORP
ENERGY COMPANY** the Applicant herein, being first duly sworn, upon oath, states that the
above-referenced Applications have been provided under the notice letters and proof of receipts
attached hereto.



Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 12th day of November, 2018 by Adam G.
Rankin.


Notary Public



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: **Hilcorp Energy Company**
Hearing Date: November 15, 2018
Case # 20095

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

agrarkin@hollandhart.com

October 26, 2018

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**TO: AFFECTED PARTIES**

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 November 15, 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 Brad Pearson at (713) 289-2793.

Sincerely,

Adam G. Rankin

ATTORNEY FOR HILCORP ENERGY COMPANY

	A	B	E	F	G	H	I	J	K
1	MailClass	TrackingNo	ToCompanyName	ToName	DeliveryAddress	AddressLine2	City	State	Zip
2	Certified with Return Receipt (Signature)	9414810898765020659228		HILCORP ENERGY COMPANY	1111 TRAVIS		HOUSTON	TX	77002
3	Certified with Return Receipt (Signature)	9414810898765020659235	DBA LEE ANN OIL CO	PATRICIA A ADAMS	11920 OAK BRANCH DR		AUSTIN	TX	78737
4	Certified with Return Receipt (Signature)	9414810898765020659242		CANFIELD OIL & GAS PROPERTIES	PO BOX 69		DRIPPING SPRINGS	TX	78620
5	Certified with Return Receipt (Signature)	9414810898765020659259	WILLIAM HAROLD MOUNCE & EDUARDO SOTO POA'S	WILLIAM J MOUNCE	600 SUNLAND PARK DR STE 6-300		EL PASO	TX	79912
6	Certified with Return Receipt (Signature)	9414810898765020659266		HILCORP ENERGY COMPANY	1111 TRAVIS		HOUSTON	TX	77002
7	Certified with Return Receipt (Signature)	9414810898765020659273		DEANNA MIZEL	PO BOX 52553		TULSA	OK	74152
8	Certified with Return Receipt (Signature)	9414810898765020659280	LARRY & STEVEN MIZEL TTE	MIZEL RESOURCES A TRUST	4350 S MONACO ST 5TH FL	CARRIE DELIMA & CHESTON MIZEL SPL TTES	DENVER	CO	80237
9	Certified with Return Receipt (Signature)	9414810898765020659297	DANIEL & MYRNA RAFFKIND TRUSTEES	RAFFKIND REVOCABLE TRUST	3800 DANBURY		AMARILLO	TX	79109
10	Certified with Return Receipt (Signature)	9414810898765020659303		JUDY ZWEIBACK	8914 FARNAM CT		OMAHA	NE	68114
11	Certified with Return Receipt (Signature)	9414810898765020659310		HILCORP ENERGY COMPANY	1111 TRAVIS		HOUSTON	TX	77002
12	Certified with Return Receipt (Signature)	9414810898765020659327	A PARTNERSHIP	EVKO DEVELOPMENT COMPANY	10 STARBOARD COURT	C/O LESLIE WIENER	MILL VALLEY	CA	94941

	N	R	U
1	MailDate	ERR_SigDate	USPS_Status
2	10/26/2018	10/30/2018	Your item was delivered to an individual at the address at 12:32 pm on October 29, 2018 in HOUSTON, TX 77002.
3	10/26/2018	10/30/2018	Your item was delivered to an individual at the address at 1:24 pm on October 29, 2018 in AUSTIN, TX 78737.
4	10/26/2018	11/07/2018	Your item was delivered to the front desk, reception area, or mail room at 8:46 am on November 5, 2018 in DRIPPING SPRINGS, TX 78620.
5	10/26/2018	10/30/2018	Your item was delivered to the front desk, reception area, or mail room at 1:23 pm on October 29, 2018 in EL PASO, TX 79912.
6	10/26/2018	11/02/2018	Your item was delivered to an individual at the address at 12:05 pm on November 1, 2018 in HOUSTON, TX 77002.
7	10/26/2018	10/30/2018	Your item was delivered at 12:32 pm on October 29, 2018 in TULSA, OK 74114.
8	10/26/2018	10/30/2018	Your item was delivered to the front desk, reception area, or mail room at 12:23 pm on October 29, 2018 in DENVER, CO 80237.
9	10/26/2018		Your item is being held at the AMARILLO, TX 79109 post office at 8:28 am on November 1, 2018. This is at the request of the customer.
10	10/26/2018	11/01/2018	Your item was delivered to an individual at the address at 11:57 am on October 31, 2018 in OMAHA, NE 68114.
11	10/26/2018	11/02/2018	Your item was delivered to an individual at the address at 12:05 pm on November 1, 2018 in HOUSTON, TX 77002.
12	10/26/2018	10/31/2018	Your item was delivered to an individual at the address at 12:31 pm on October 30, 2018 in MILL VALLEY, CA 94541.

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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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:** FOGLESON GAS COM 1R**API:** 30-045-30275**Pool:** BLANCO MESAVERDE**Pool Code:** 72319

**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.

Bradley W. Pearson - Landman

Print or Type Name

Signature

9-26-2018
 Date

713-289-2793

Phone Number

bpearson@hilcorp.com

e-mail Address



September 25, 2018

New Mexico Oil Conservation Division
Attn: Heather Riley
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Simultaneous Dedication
Fogleson Gas Com 1R
API: 30-045-30275
SHL: T30N-R11W: Section 26 UL I
BHL: T30N-R11W: Section 26 UL I
San Juan County, New Mexico

Dear Ms. Riley:

Hilcorp Energy Company respectfully requests authorization to simultaneously dedicate the Fogleson Gas Com 1R to an existing standard 318.44 acre gas spacing and proration unit ("GPU") in the Blanco Mesaverde pool (72319) comprising the S/2 of Section 26, Township 30 North, Range 11 West, San Juan County, New Mexico. The GPU is currently dedicated to the following described wells:

PAYNE COM 1A	API: 3004529912	UL I: T30N-R11W: Sec. 26
PAYNE COM 1	API: 3004509149	UL L: T30N-R11W: Sec. 26

Completion of the Fogleson Gas Com 1R within Unit I of this GPU conflicts with the prescribed well location requirements provided in the applicable Blanco Mesaverde Gas Pool Special Pool Rules I.B, which governs the locations of infill wells. The special rules provide, however, that the Division Director may administratively grant exceptions to infill well locations upon application with the Division and notice, by certified mail-return receipt requested, to affected parties.

The Fogleson Gas Com 1R is currently completed in the Basin Dakota pool. The Payne Com 1A is currently completed in the Blanco Mesaverde pool as a single completion. The Payne Com 1 is currently completed in the Blanco Mesaverde pool as a single completion. Completion of the Fogleson Gas Com 1R well in this GPU will constitute the second well in the same quarter-quarter section in violation of the well location requirements of the special rules.

The proposed completion of the Blanco Mesaverde pool within the Fogleson Gas Com 1R will increase the gas recovery from the Mesaverde formation within the S/2 of Section 26, thereby preventing waste.

Attached hereto for each well is a copy of Division Form C-102 for these wells that show the surface and bottom hole locations of each well. In addition, also enclosed is a map of the offset operators of all offsetting spacing units. Hilcorp Energy Company is the operator of all offsetting spacing units and owns 100% working interest in all offsetting spacing units with the exception of the W/2 of Section 26. Hilcorp has mailed, via USPS Certified Mail, Notice to the Affected Parties that this application has been submitted. A copy of the Notice to the Affected Parties is also attached.



In summary, administrative approval of the application is permitted under the special rules for the Blanco Mesaverde Gas Pool and will afford Hilcorp Energy Company the opportunity to recover additional gas reserves from the pool in the S/2 of Section 26 that may otherwise not be recovered by the existing wells, thereby preventing waste, and not violating correlative rights. Hilcorp's proposed simultaneous dedication of these wells does not exceed the well density requirements imposed by the special rules.

If you have any questions or need additional information, please contact me at 713-289-2793 or bpearson@hilcorp.com.

Sincerely,

A handwritten signature in cursive script that reads 'Bradley W. Pearson'.

Brad Pearson
San Juan Basin Landman
Hilcorp San Juan, L.P.
By: Hilcorp Energy Company
its general partner

Enclosure(s)

District I1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720District II811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-0720District III1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170District IV1220 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

Permit 255725

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-30275	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321756	5. Property Name FOGLESON GAS COM	6. Well No. 001R
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5933

10. Surface Location

UL - Lot I	Section 26	Township 30N	Range 11W	Lot Idn	Feet From 1980	N/S Line S	Feet From 660	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 318.44 S/2	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 NONSTANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION		
	<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>		
	E-Signed By: <i>Kandis Bland</i> Title: Operations/Regulatory Technician Date: 8/8/18		
	SURVEYOR CERTIFICATION		
<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>			
Surveyed By: Neale C. Edwards Date of Survey: 3/20/2000 Certificate Number: 6857			

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-2275	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 22712	⁵ Property Name FOGELSON GAS COM	⁶ Well Number 1R
⁷ OSRID No. 167067	⁸ Operator Name CROSS TIMBERS OPERATING COMPANY	⁹ Elevation 5933

¹⁰ Surface Location

LL or 1st no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
I	26	30N	11W		1980	SOUTH	660	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

LL or 1st no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 3/2 318.44	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

	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief. Signature: <u>Roy Martin</u> Printed Name: <u>Roy Martin</u> Title: <u>Production Engineer</u> Date: <u>6/4/00</u>
	¹⁸ SURVEYOR CERTIFICATION 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. MARCH 20, 2000 Date of Survey Signature and Seal of Professional Surveyor: <u>NEALE C. EDWARDS</u> Certificate Number: <u>6857</u>

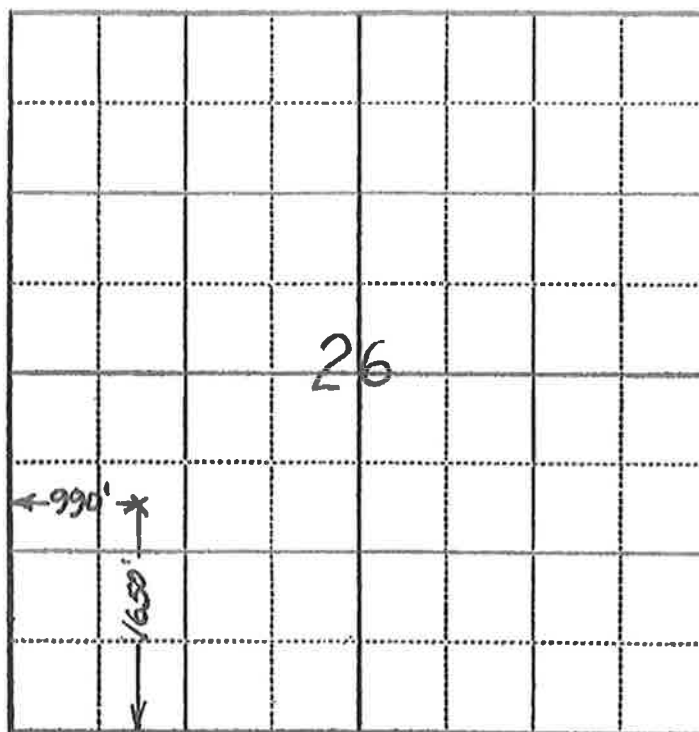
Company Holson and Edward Morris, Ltd and A. H. Lloyd

Lease Payne Well No. 1

Sec. 26 T. 30 N. R. 11 W., N.M.P.M.

Location 1650' from the S. line & 990' from the W. line

San Juan County New Mexico



N

Scale—4 inches equals 1 mile.

REMARKS:

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal:

John Payne
Registered Professional
Engineer and Land Surveyor.

Farmington, New Mexico

Surveyed on the day of October 14th of, 1950

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 80, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045 29912		*Pool Code 72319	*Pool Name Blanco Mesaverde
*Property Code 7379 23506		*Property Name PAYNE COM	
*OGRIJ No. 14538		*Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY	
		*Well Number 1A	
		*Elevation 5919'	

10 Surface Location

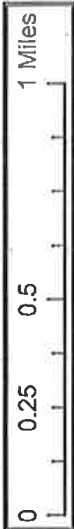
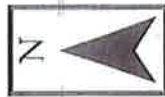
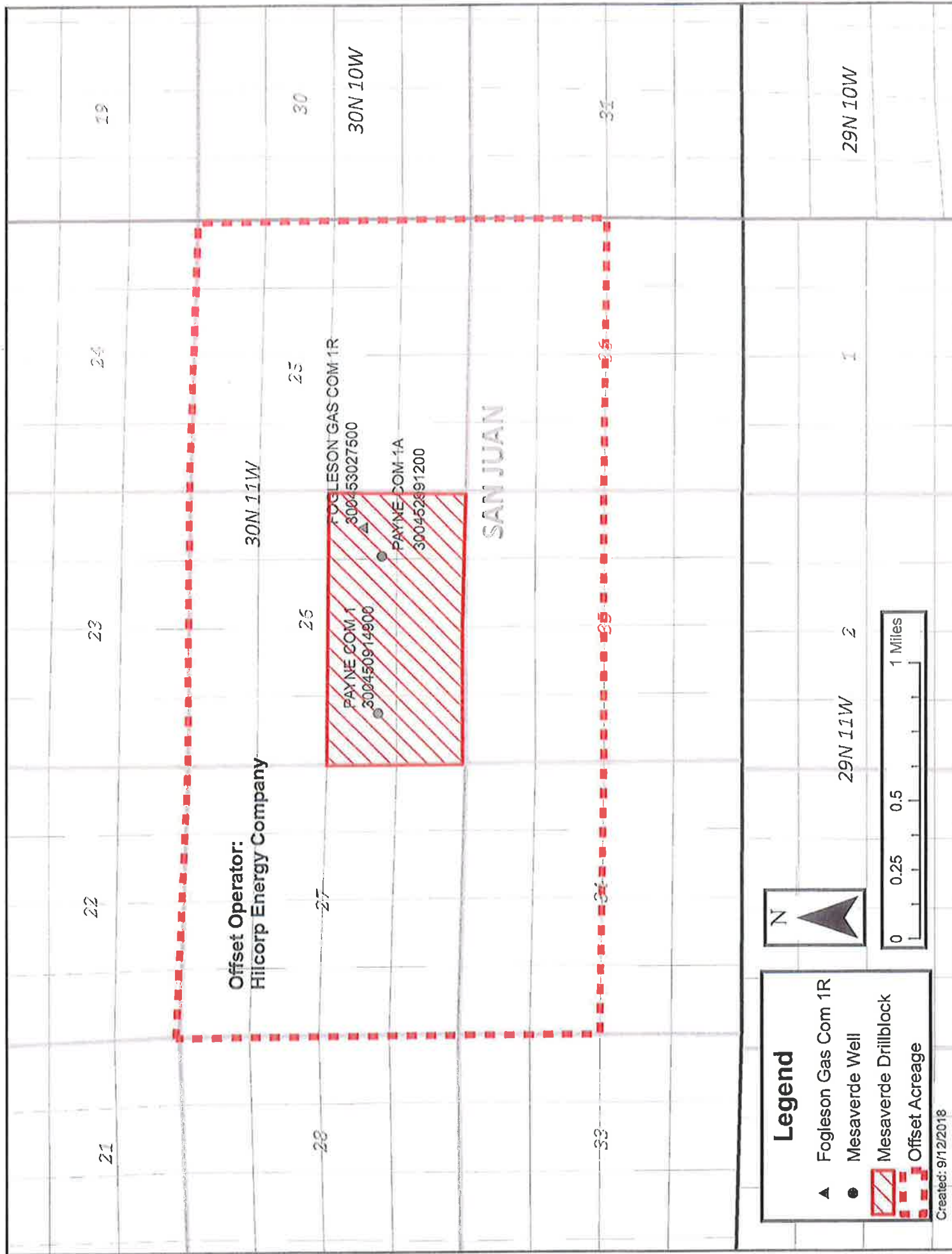
UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
J	26	30N	11W		1860	SOUTH	1430	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres S/320.00		*Joint or Initial		*Consolidation Code		*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

5265.48'		1		*OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.	
RECEIVED MAY 27 1999 OIL CON. DIV. DIST. 8		2		Signature Peggy Bradfield Printed Name Regulatory Administrator Title	
5324.88'		26		Date	
NMSF-079962		1430'		*SURVEYOR CERTIFICATION 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.	
NMSF-078144		1860'		FEBRUARY 23, 1999 Date of Survey	
2603.70'		2604.36'		Signature and Seal of Professional Surveyor NEALE C. EDWARDS NEW MEXICO 6857 Certificate Number 6857	



Legend

Fogleson Gas Com 1R

Mesaverde Well

Mesaverde Drillblock

Offset Acreage



September 26, 2018

Transmitted Via
Certified Mail - Return Receipt Requested

TO: **AFFECTED INTEREST OWNERS**

Re: Application of Hilcorp Energy Company for simultaneous dedication
San Juan County, New Mexico

Ladies and Gentlemen,

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the simultaneous dedication of the Fogleson Gas Com 1R, Payne Com 1A and Payne Com 1 to the South-half of Section 26, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

As the owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty (20) days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application for a simultaneous dedication may be approved.

Sincerely,

A handwritten signature in cursive script that reads 'Bradley W. Pearson'.

Brad Pearson
San Juan Basin Landman
Hilcorp San Juan, L.P.
By: Hilcorp Energy Company
its general partner

Enclosure(s)

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901765669270	Brenda Guzman	, PATRICIA A ADAMS, DBA LEE ANN OIL CO 11920 OAK BRANCH DR, AUSTIN, TX, 78737 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending
92148969009997901765669287	Brenda Guzman	, CANFIELD OIL and GAS PROPERTIES INC, PO BOX 69, DRIPPING SPRINGS, TX, 78620 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending
92148969009997901765669294	Brenda Guzman	WILLIAM J MOUNCE , WILLIAM HAROLD MOUNCE and EDUARDO SOTO POAS, 600 SUNLAND PARK DR STE 6-300, EL PASO, TX, 79912 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending
92148969009997901765669300	Brenda Guzman	, BUREAU OF LAND MANAGEMENT, 6251 COLLEGE BLVD SUITE A, FARMINGTON, NM, 87402 Code: Fogleson Gas Com 1R SD Application	9/26/2018	Signature Pending

THE
DAILY TIMES

AFFIDAVIT OF PUBLICATION

Ad No.
0001266645

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 days(s):

10/30/18



Legal Clerk

Subscribed and sworn before me this
15th of November 2018.



State of WI, County of Brown
NOTARY PUBLIC

11/9/22

My Commission Expires



Ad#:0001266645
P O :
of Affidavits :0.00

**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 November 15, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed 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 November 5, 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 case
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: PATRICIA A. ADAMS, HER HEIRS AND DEVISEES, DBA LEE ANN OIL CO; CANFIELD OIL & GAS PROPERTIES; WILLIAM J. MOUNCE, WILLIAM HAROLD MOUNCE & EDUARDO SOTO POWER OF ATTORNEYS.

CASE 20095: 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 1.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 the Fogleson Gas Com 1R Well (API No. 30-045-30275) in the same quarter-quarter section as the Payne Com 1A well (API No. 30-045-29912) and within the same 320-acre, more or less, spacing and proration unit as the Payne Com 1 Well (API No. 30-045-09149). Hilcorp further seeks approval for the proposed location of the Fogleson Gas Com 1R Well (API No. 30-045-30275) in the Mesaverde formation with a surface location in Unit I of the S/2 of Section 26, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Fogleson Gas Com 1R Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 5 miles north of Bloomfield, NM.

Legal No. 1266645 published in The Daily Times on October 30, 2018



Kazoua Yang
11/9/22

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

**APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 20095

AFFIDAVIT OF KEVIN LAFFERTY IN SUPPORT OF CASE NO. 20095

I, Kevin Lafferty, being of lawful age and duly sworn, declare as follows:

1. My name is Kevin Lafferty. I work for Hilcorp Energy Company ("Hilcorp") as a reservoir engineer.
2. I have not previously testified before the New Mexico Oil Conservation Division.
3. I graduated from Texas A&M University in 2014 with a Bachelor of Science degree in petroleum engineering. While in school, I interned for Hilcorp Energy Company in 2011 and 2012. In the summer of 2013, I worked for ExxonMobil Development Company implementing a multiple downhole hydraulic model in extended reach wells to evaluate the effects on simulated production profiles and to determine the magnitude of error of a single node approximation. In 2014, I started work at Hilcorp as an operations engineer working in east Louisiana managing operations and logistics for workovers, recompletions, initial completions and monitoring daily production for optimization. In 2016, I began work for Hilcorp as a reservoir engineer, also in Louisiana, identifying through volumetric analyses and other methods development and recompletion opportunities. In August 2017, I moved over to Hilcorp's South San Juan Basin asset team where I have identified more than 120 recomplete opportunities. I also

help design Hilcorp's nitrogen foam frac jobs for recompletions, and work with our operations engineer to optimize daily production, as well as manage workover operations. My curriculum vitae is attached as Exhibit C-1.

4. I am familiar with the application filed by Hilcorp in this case and have conducted an engineering study of the subject area and of the Blanco-Mesaverde Gas Pool.

5. As with Hilcorp's prior applications for well density exceptions in the Blanco-Mesaverde Gas Pool, I used a decline curve analysis of existing wells to estimate ultimate recoveries for the subject spacing unit under the existing well density. I then compared the estimated ultimate gas recoveries against log-derived volumetric calculations for the original gas in place with the cumulative gas production in the spacing unit. Using this approach, we identified areas, including the subject spacing unit, that have substantial remaining gas in place and lower-than-expected gas recoveries where additional well bores or well completions are necessary to adequately drain remaining gas reserves.

6. Exhibit C-2 contains information relating to the subject spacing unit and the **Fogleson Gas Com 1R Well** (API No. 30-045-30275), Sec. 26, T30N, R11W (Unit I), which is the well Hilcorp proposes for simultaneous dedication within the Blanco-Mesaverde Gas Pool in this application. It is currently producing within the Dakota formation. It will be the second Mesaverde completion in the quarter-quarter section in the spacing unit. I anticipate that it will help drain the southeast-quarter section along the edge of spacing unit.

7. The first page of Exhibit C-3 is a basin-wide map reflecting Hilcorp's calculations for original gas in place across the Blanco-Mesaverde 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 red star indicates the location of the subject well in an area where we calculate moderately high volumes of original gas in place.

8. The second page of Exhibit C-3 is a map of cumulative gas production to date from the Blanco-Mesaverde Gas Pool. Warmer colors indicate areas of higher volumes of gas production. Cooler colors indicate areas where there has been less gas production. The red star reflects the location of the subject well where there is relatively low cumulative gas production to date.

9. The third page of Exhibit C-3 is a map depicting calculated remaining gas in place, which is determined by subtracting cumulative production from the original gas in place. The cooler colors indicate areas where there is relatively less remaining gas in place. The warmer colors reflect areas where there is relatively more remaining gas in place. The red star identifies the location of the subject well in an area where we calculate that there is relatively considerable remaining gas in place and relatively low gas recoveries under the existing well density.

10. Exhibit C-4 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 basis around the subject spacing unit. The column titled "Section Equivalent OGIP" shows the estimated gas in place to show 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 recovery and recovery factor calculated on a quarter section, section, and nine-section area basis.

11. I would expect recovery factors of approximately 70-80% in a gas pool of this type. The low recovery factors in Exhibit C-4 indicate that that is 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 Blanco-Mesaverde Gas Pool in this area.

12. Approval of Hilcorp's application is therefore necessary to drain unrecovered gas reserves that will otherwise be left in place under the existing well density.

13. In my opinion, granting this application will not impair the Blanco-Mesaverde Gas Pool, and will be in the interest of conservation, the prevention of waste and will protect correlative rights.

14. Exhibits C-1 through C-4 were prepared by me or under my direction and supervision.

FURTHER AFFIANT SAYETH NAUGHT.


Kevin Lafferty

STATE OF TEXAS)
)
COUNTY OF Harris)

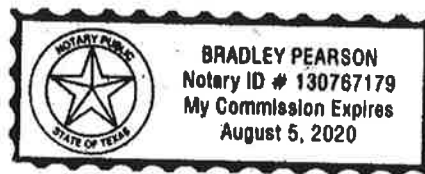
SUBSCRIBED and SWORN to before me this 14th day of November 14, 2018 by Kevin Lafferty.


NOTARY PUBLIC

My Commission Expires:

August 5, 2020

11382711_1



6223 Yarwell Dr
Houston, TX 77096

Kevin Lafferty

kdlafterty10@gmail.com
(281) 795 7880

Education:

Texas A&M University, College Station, Texas
Bachelor of Science in Petroleum Engineering

May 2014
GPA: 4.00

Experience:

Hilcorp Energy Company

Reservoir Engineer II – San Juan South Asset Team

August 2017 – Present

- Identified 127 recompletable opportunities throughout the San Juan Basin with potential reserves of 90 NBCFE
- Enabled San Juan reservoir engineers to quickly evaluate recompletable opportunities by creating excel based models to analyze infill and vintage effects on EUR's, perform type well analysis on offset producers, and run economic sensitivities on multiple decline profiles and other economic inputs
- Executed 4 recompletes since Hilcorp's acquisition in August with an additional 25 scheduled for 2018
- Helped design 2 to 3 stage nitrogen foam frac jobs for each of these recompletes and currently working to improve frac performance by testing different fluid systems, proppant types, and concentrations
- Simultaneously assisted as an operations engineer to monitor and optimize daily production of 51 MMcfpd and manage workover operations including tubing replacements, rod and pump repairs, and fishing

Reservoir Engineer II – East Louisiana Asset Team

January 2016 – August 2017

- Worked with geologist to analyze 2 large, legacy, highly faulted salt dome oil fields. Reservoirs consisted primarily of highly permeable sandstones with varying drive mechanisms
- Added 2.3 NMMBOE of reserves in those fields which were originally discovered in the 1940s
- Identified, evaluated, and executed 7 development drill wells and 24 recompletable opportunities with initial production rates of 5,900 NBOEPD by completing well histories, economic evaluations, volumetric analysis, material balance, and log analysis

Operations Engineer I – East Louisiana Asset Team

July 2014 – January 2016

- Managed operations and logistics for workovers, recompletions, initial completions, and P&As including various slick line work, electric line logging, perforating and through tubing recompletes, coiled tubing cleanouts and acidizing, fishing operations, tubing conveyed perforating, gravel pack operations
- Monitored daily production and well tests totaling 15,000 NBOEPD across 6 main fields and identified uplift through gas lift optimization and workover potential
- Reduced operating cost by 15% by negotiating with vendors, closely monitoring invoices, identifying efficiencies between fields, right-sizing compression, and enabling operators to easily track their PO costs

ExxonMobil Development Company

Reservoir Engineering Intern – Sakhalin Group

Summer 2013

- Implemented a multiple downhole node hydraulic model in extended reach wells to evaluate the effects on simulated production profiles and determine the magnitude of error of a single node approximation

Hilcorp Energy Company

Field Intern II – Central Texas Asset Team

Summer 2012

Field Intern I – Terrebonne Bay Asset Team

Summer 2011

Skills/Training:

Aries, OFM, PROSPER, MBAL, Petra, Harmony, Completion/Workover Training, Interactive Petrophysics Training, Cobb Waterflood Training, Rose Risk Analysis Software, Integration of Rocks Logs and Test Data

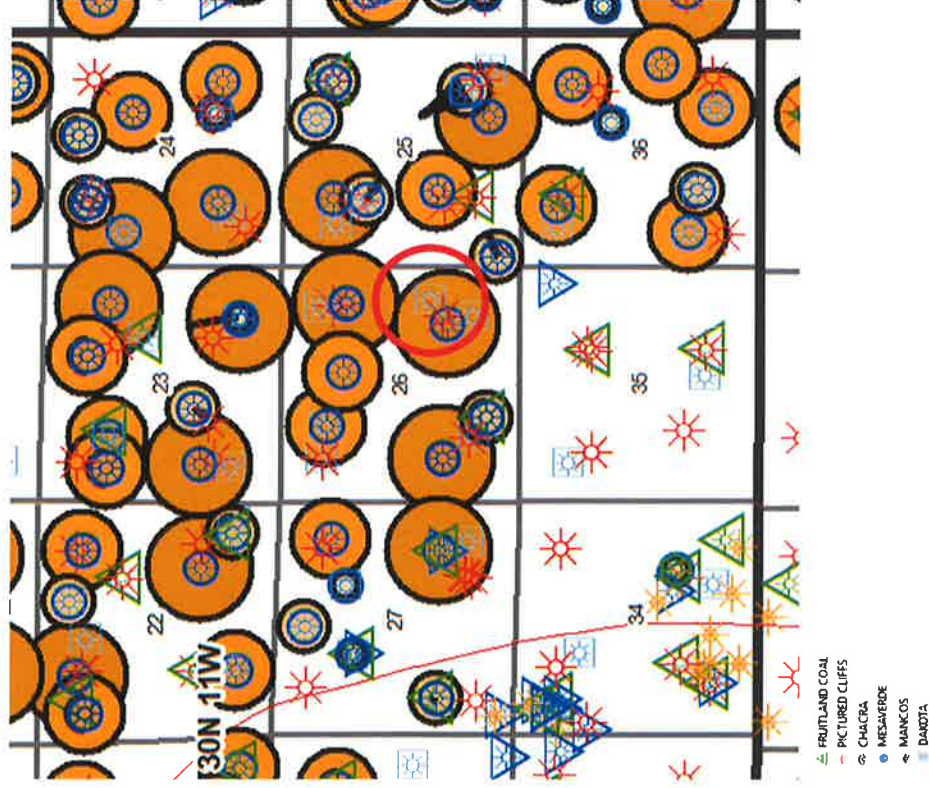
Organizations/Awards:

- Society of Petroleum Engineers
- Summa Cum Laude
- Gus Archie Memorial Scholarship
- Eagle Scout

EXHIBIT C-1

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-1
Submitted by: Hilcorp Energy Company
Hearing Date: November 15, 2018
Case # 20095

Fogelson Gas Com 1R

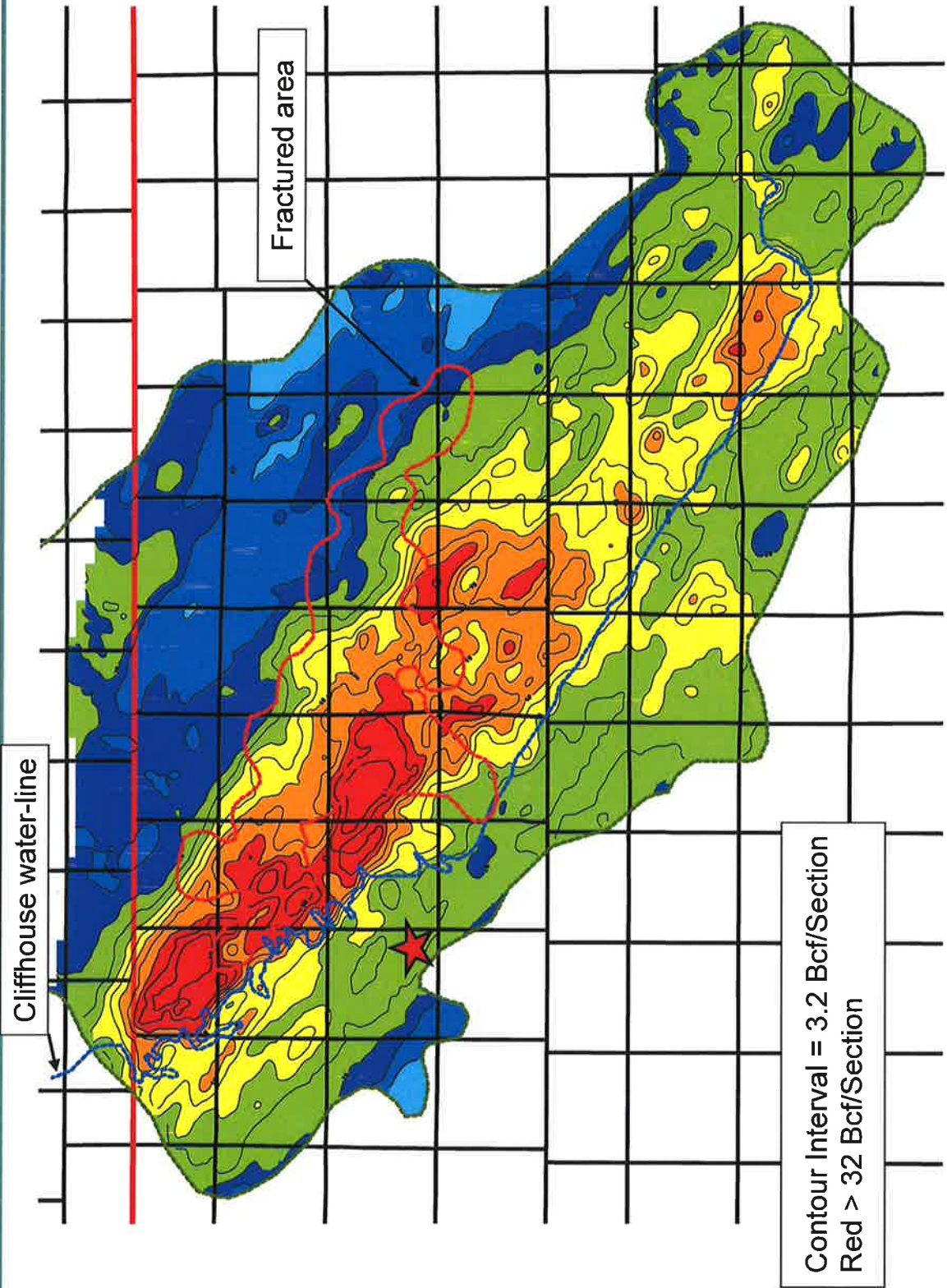


Well Specifics

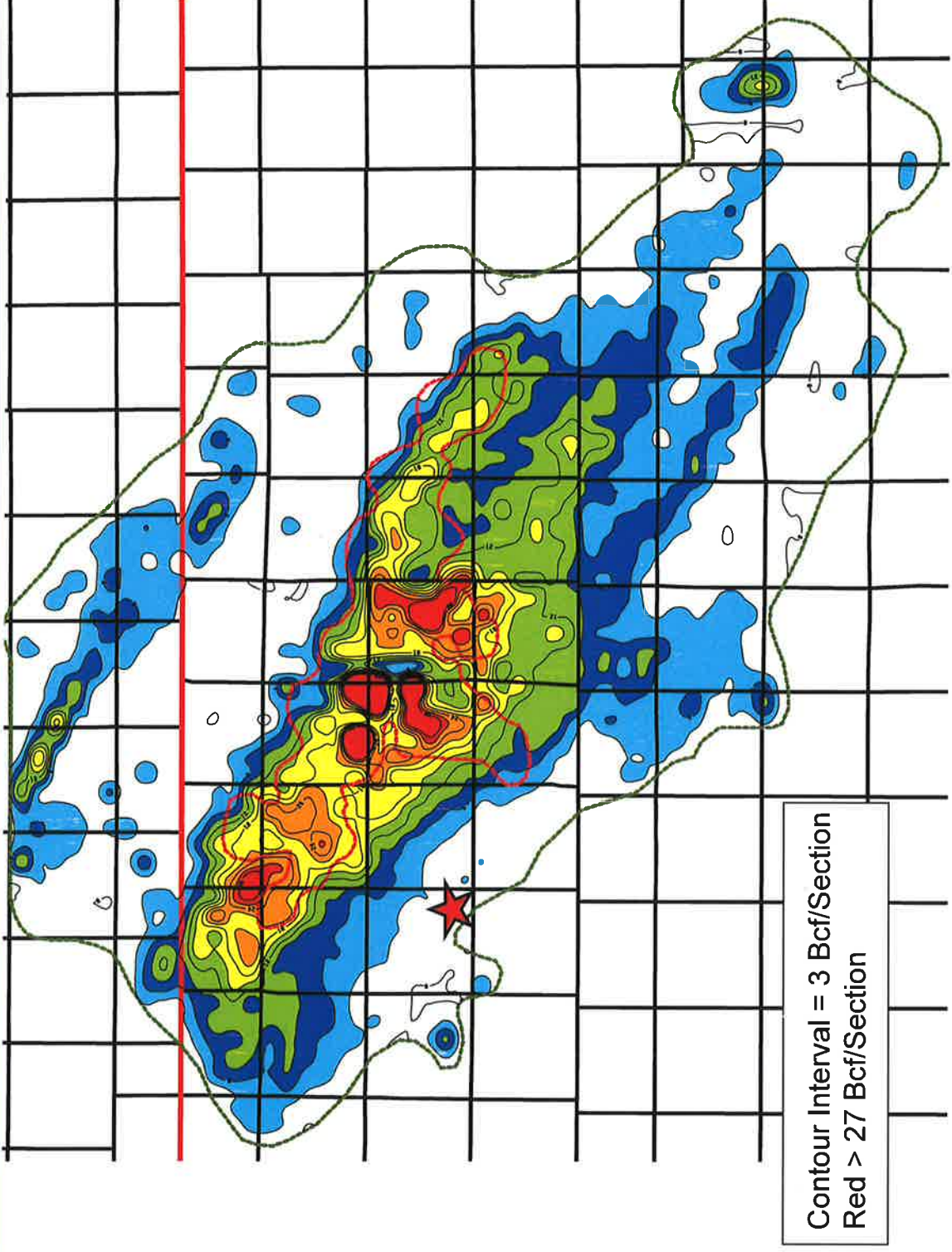
- SE26 30-11 3004530275 2000 drill
- 2nd MV completion in Unit I
- 650' from parent well
- Help further drain reserves in SE/4
- Complete MV in 1-2 stages



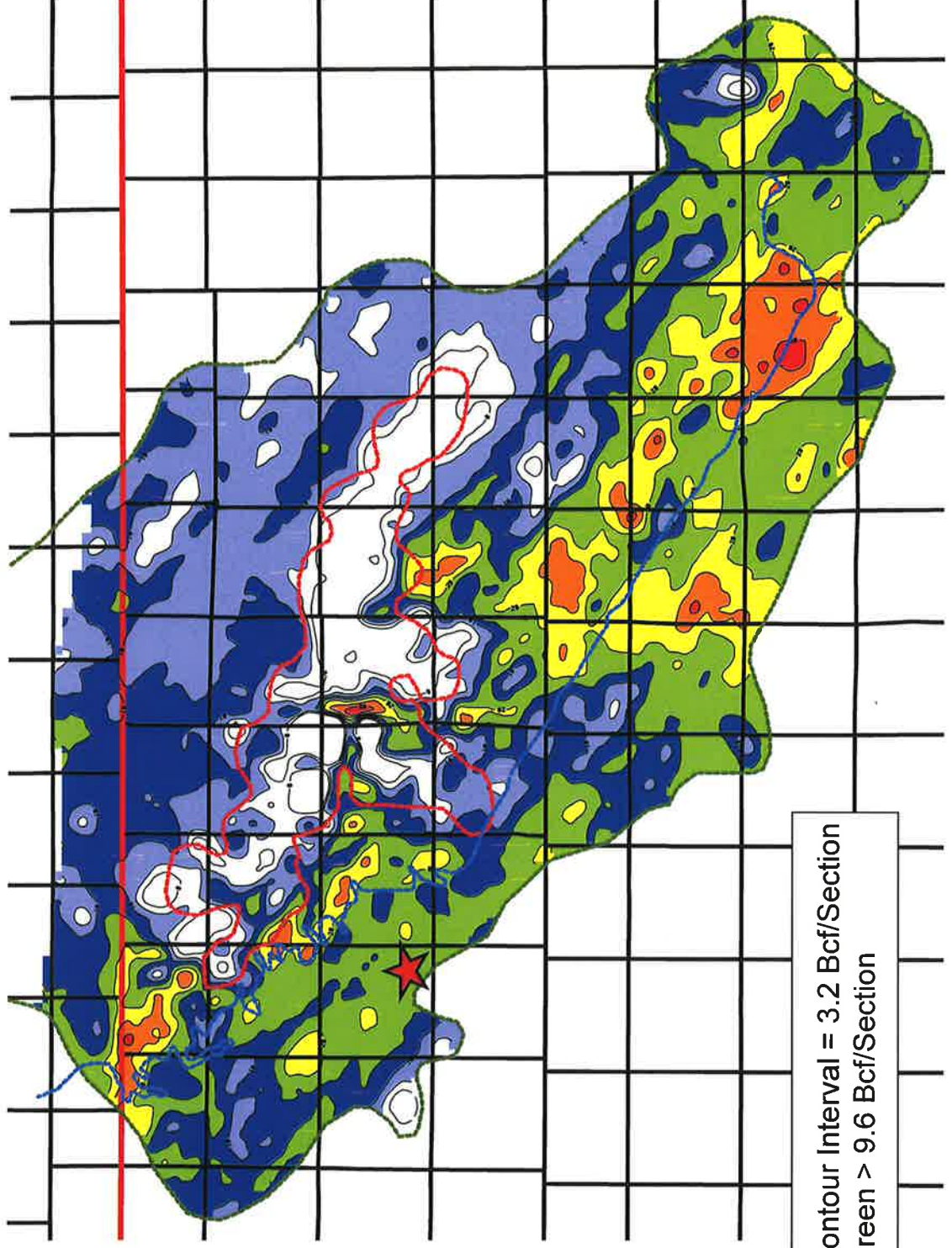
MV Original Gas-in-Place



MV Cumulative Gas Production



MV Remaining Gas



Fogelson Gas Com 1R



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	6.6 Bcf	26.4 Bcf	1.14 Bcf / 17%	5.46 Bcf	2.0 Bcf / 30%
Section	27.1 Bcf	27.1 Bcf	6.2 Bcf / 23%	20.9 Bcf	10.1 Bcf / 37%
9 Section	230 Bcf	25.6 Bcf	46.4 Bcf / 20%	183 Bcf	78.7 Bcf / 34%

- Remaining Gas in Place in Quarter Section of 5.5 Bcf
- Cumulative Recovery Factor to Date 17% and 23% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore