

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

CASE No. 20096

BMV - MADDOX GAS COM C 1E 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. 20096

AFFIDAVIT OF BRAD PEARSON IN SUPPORT OF CASE NO. 20096

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 27, Township 29 North, Range 10 West, San Juan County, New Mexico, in which the following wells are currently completed and producing:

- a. Romero Gas Com A 1A (API No. 30-045-26213), Sec. 27, T29N, R10W (Unit P); and
- b. Romero Gas Com A 1 (API No. 30-045-25509), Sec. 27, T29N, R10W (Unit K).

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

- a. **Maddox Gas Com C 1E Well** (API No. 30-045-23728), Sec. 27, T29N, R10W (Unit P).

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 **Maddox Gas Com C 1E Well** (API No. 30-045-23728) within the S/2 of Section 27, Township 29 North,

Range 10 West, permitting the total number of wells dedicated and producing within the same quarter-quarter section (Unit P) to two wells in the same spacing unit.

11. The proposed simultaneous dedication of the **Maddox Gas Com C 1E 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 27, Township 29 North, Range 10 West, to which the **Maddox Gas Com C 1E 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 **Maddox Gas Com C 1E 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 interest owners requiring notice are: Deanna Mizel, Mizel Resources A Trust, Raffkind Revocable Trust, and Judy Zweiback.

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)

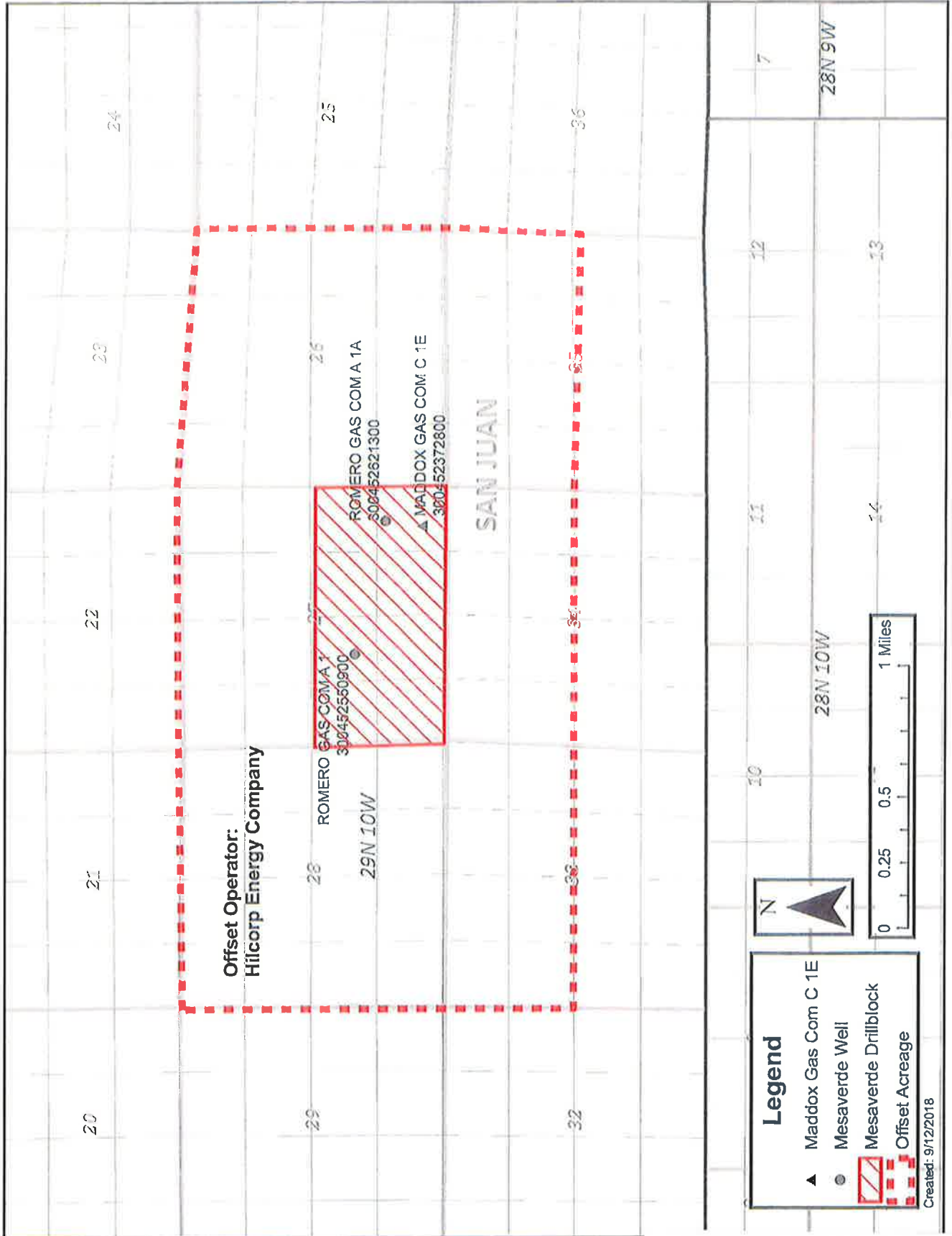
SUBSCRIBED and SWORN to before me this 14th day of November ~~14~~,
2018 by Brad Pearson.

[Signature]
NOTARY PUBLIC

My Commission Expires:

December 16, 2018





BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-1

Submitted by: Hilcorp Energy Company

Hearing Date: November 15, 2018

Case # 20096

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: MADDOX GAS COM C 1E	API: 30-045-23728
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 holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	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
 BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico

Exhibit No. A-2
 Submitted by: Hilcorp Energy Company
 Hearing Date: November 15, 2018
 Case # 20096



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
Maddox Gas Com C 1E
API: 30-045-23728
SHL: T29N-R10W: Section 27 UL P
BHL: T29N-R10W: Section 27 UL P
San Juan County, New Mexico

Dear Ms. Riley:

Hilcorp Energy Company respectfully requests authorization to simultaneously dedicate the Maddox Gas Com C 1E (API: 3004523728) well to an existing standard 320 acre gas spacing and proration unit ("GPU") in the Blanco Mesaverde Gas Pool (72319) comprising the S/2 of Section 27, Township 29 North, Range 10 West, San Juan County, New Mexico. The GPU is currently dedicated to the following described wells:

ROMERO GAS COM A 1A	API: 3004526213	UL P: T29N-R10W: Sec. 27
ROMERO GAS COM A 1	API: 3004525509	UL K: T29N-R10W: Sec. 27

The Maddox Gas Com C 1E has a surface location in Unit P of Section 27, Township 29 North, Range 10 West, San Juan County, New Mexico. Completion of this well at that location within the GPU conflicts with the prescribed well location requirements provided in the applicable Blanco Mesaverde Gas Pool Special Pool Rules 1.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 Maddox Gas Com C 1E is currently completed in the Basin Dakota pool. The Romero Gas Com 1A is currently completed in the Otero Chacra and Blanco Mesaverde pool as a commingled well. The Romero Gas Com 1 is currently completed in the Otero Chacra and Blanco Mesaverde pool as a commingled well. The Romero Gas Com 1A and Romero Gas Com 1 wells are all currently dedicated in the Blanco Mesaverde pool to an existing 320 acre gas spacing unit comprising the S/2 of Section 27.

The proposed completion of the Blanco Mesaverde pool within the Maddox Gas Com C 1E will increase the gas recovery from the Mesaverde formation within the S/2 of Section 27, 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 28.



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 27 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 I
 1626 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720
District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(605) 476-3470 Fax:(605) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 August 1, 2011
 Permit 255730

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-23728	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321800	5. Property Name MADDOX GAS COM C	6. Well No. 001E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5535

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	27	29N	10W		500	S	820	E	SAN JUAN

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 320.00 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 NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><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></p> <p>E-Signed By: <i>Kanahio Roland</i> Title: Operations/Regulatory Technician Date: 8/8/2018</p>
	<p>SURVEYOR CERTIFICATION</p> <p><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></p> <p>Surveyed By: Fred B. Kerr Jr Date of Survey: 9/25/1979 Certificate Number: 3950</p>

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

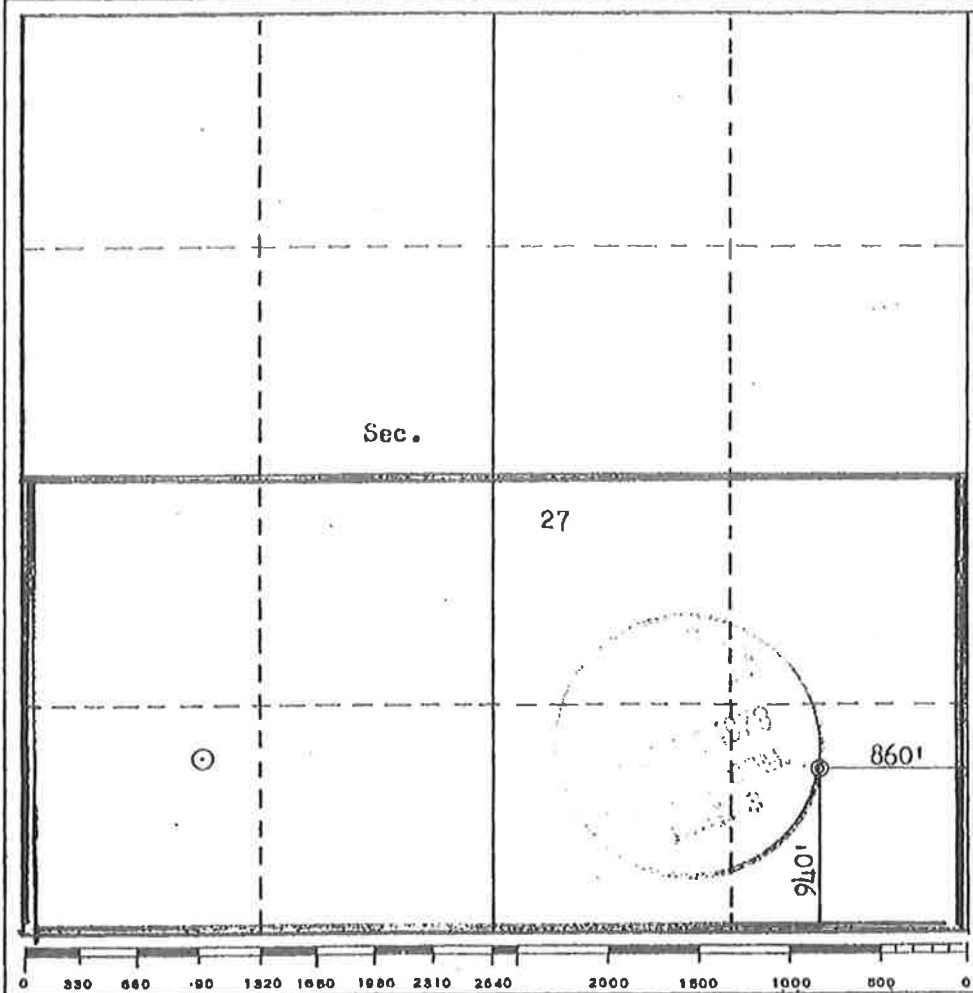
Operator AMOCO PRODUCTION COMPANY			Lease MADDOX GAS COM "C"		Well No. 1 E
Unit Letter P	Section 27	Township 29N	Range 10W	County San Juan	
Actual Footage Location of Well: 940 feet from the South line and 860 feet from the East line					
Ground Level Elev. 5529	Producing Formation Dakota		Pool Basin Dakota	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

B. E. Fackrell
Name
B. E. FACKRELL

Position
DISTRICT ENGINEER

Company
AMOCO PRODUCTION COMPANY

Date
AUGUST 7, 1979

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 knowledge and belief.

Date Surveyed
AUGUST 12, 1979

Registered Professional Engineer
in Oil and Gas
Arred Binkert Jr.
Arred Binkert Jr.

Certificate No. **3950**

All distances must be from the outer boundaries of the Section.

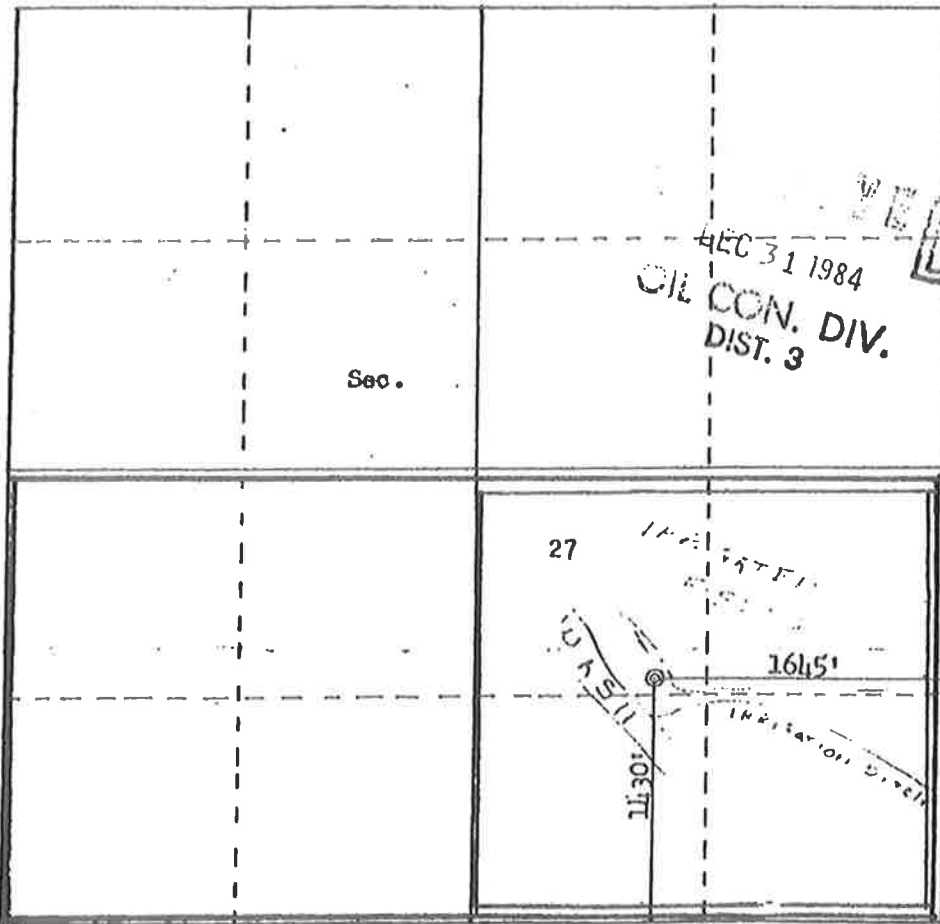
Operator AMOCO PRODUCTION COMPANY			Lease <i>Romero Gas Com "A"</i>		Well No. 1A
Unit Letter J	Section 27	Township 29N	Range 10W	County San Juan	
Actual Footage Location of Well: 1430 feet from the South line and 1645 feet from the East line					
Ground Level Elev: 5521	Producing Formation		Pool Otero Chacra & Blanco MV	Dedicated Acreage: 160/320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Original Signed By

Name **B. D. Shaw**
B. D. Shaw

Position
Adm. Supervisor

Company
Amoco Production Company

Date
12-21-84

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 knowledge and belief.

Date Surveyed
December 11, 1984

Registered Professional Engineer and Land Surveyor

Fred H. Kerr Jr.
Fred H. Kerr Jr.

Certificate No. **3950**

3950

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

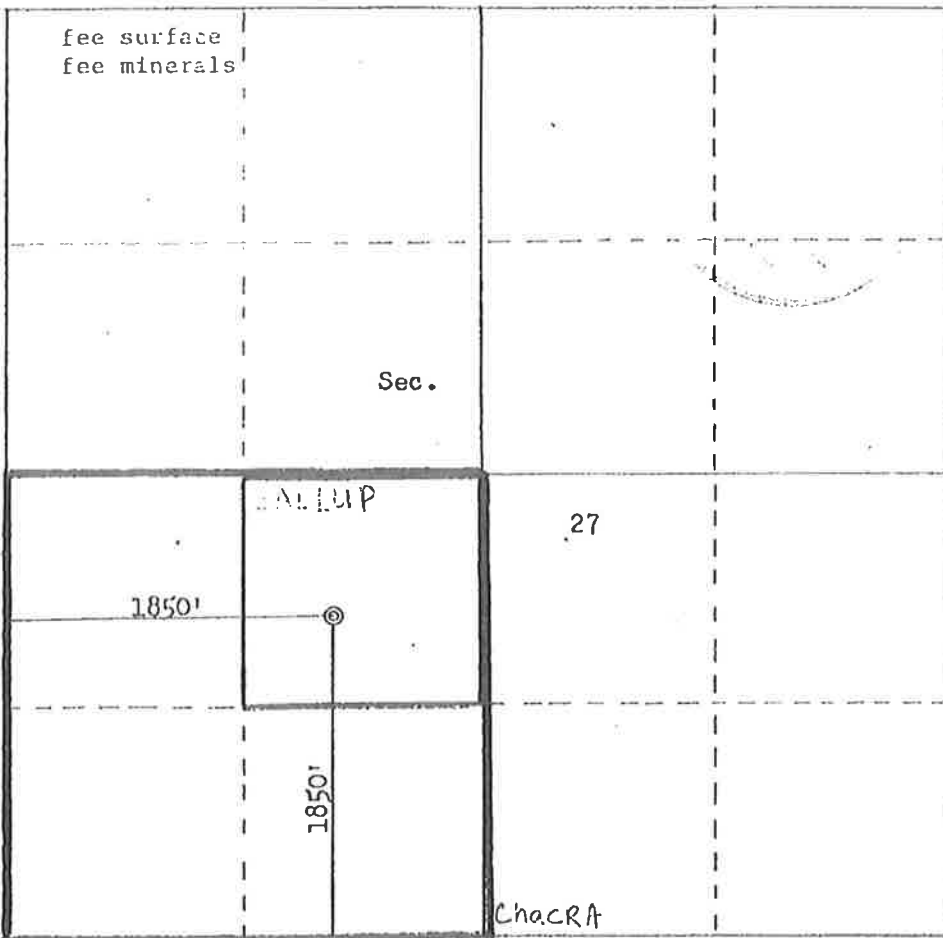
Operator AMOCO PRODUCTION COMPANY			Lease ROMERO GAS COM "A"		Well No. 1
Unit Letter K	Section 27	Township 29N	Range 10W	County San Juan	
Actual Footage Location of Well:					
1850 feet from the South line and		1850 feet from the West line			
Ground Level Elev: 5496	Producing Formation Gallup / Chacra	Pool Armenta Gallup/Bloomfield Chacra	Ext	Dedicated Acreage: 40/160	Acre

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>D. H. Shoemaker</i>	
Name	
D. H. SHOEMAKER	
Position	
DISTRICT ENGINEER	
Company	
AMOCO PRODUCTION COMPANY	
Date	
NOVEMBER 10, 1982	
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 knowledge and belief.	
Date Surveyed	
November 5, 1982	
Registered Professional Engineer and Land Surveyor	
<i>Fred B. Kern Jr.</i>	
Fred B. Kern Jr.	
Certificate No. 4220	
3950	

District I
 1626 N. French Dr., Hobbs, NM 88240
 Phone:(576) 393-6161 Fax:(576) 393-0720
District II
 011 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6170 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 478-3470 Fax:(505) 478-3482

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 August 1, 2011
 Permit 257219

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-25509	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321B31	5. Property Name ROMERO GAS COM A	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5496

10. Surface Location

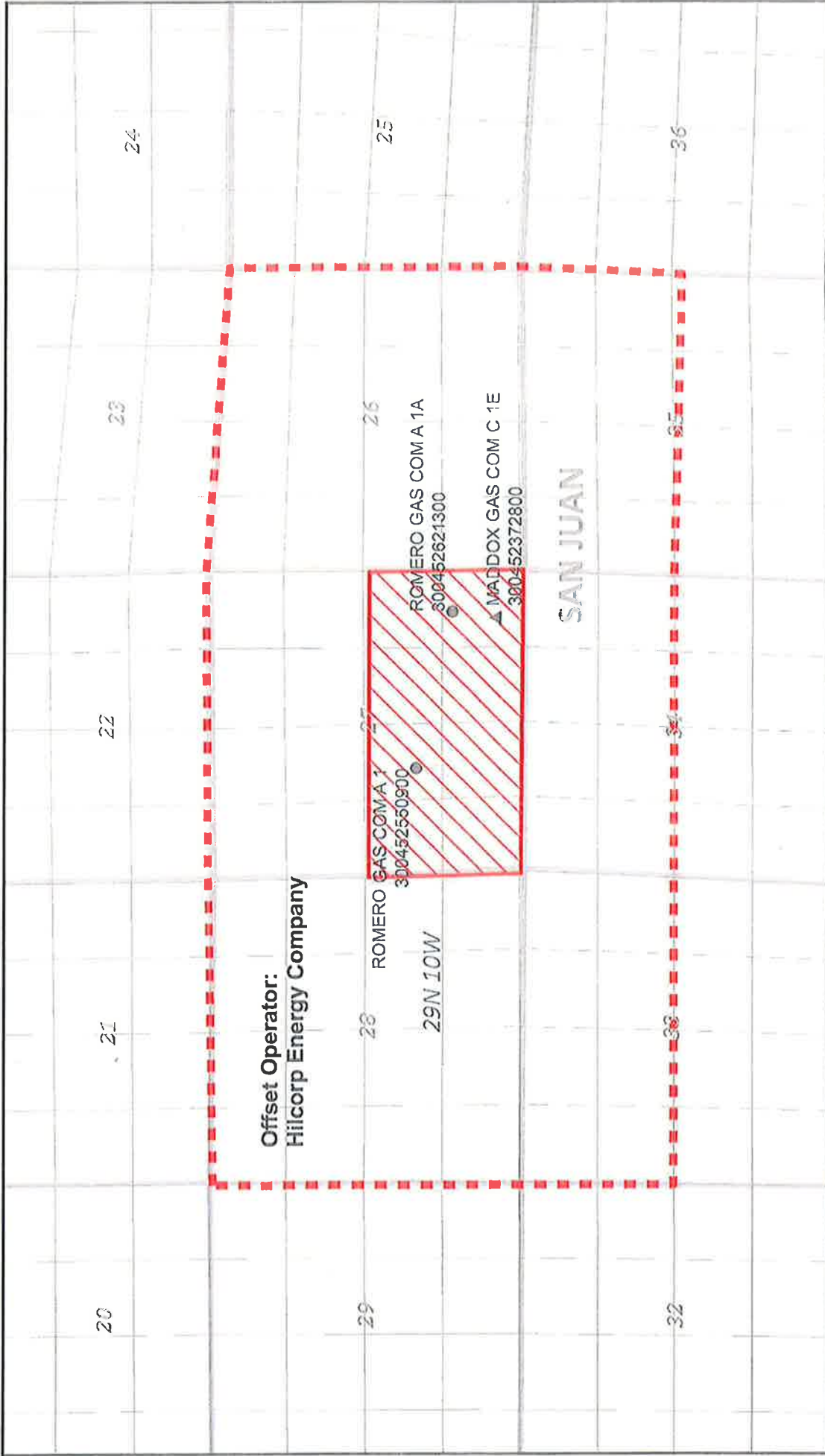
UL - Lot K	Section 27	Township 29N	Range 10W	Lot Idn	Feet From 1850	N/S Line S	Feet From 1850	E/W Line W	County JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00 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 NON-STANDARD 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>Lehistan Beck</i> Title: Operations / Regulatory Tech Date: 9/12/2018
	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: Fred B. Kerr Date of Survey: 11/5/1982 Certificate Number: 3950



7

12

11

10

28N 10W

28N 9W

13

14

1 Miles

0 0.25 0.5 1 Miles

Legend

- ▲ Maddox Gas Com C 1E
- Mesaverde Well
- ▨ Mesaverde Drilblock
- - - Offset Acreage

Created: 9/12/2018



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 Maddox Gas Com C 1E, Romero Gas Com A 1A and Romero Gas Com A 1 to the South-half of Section 27, Township 29 North, Range 10 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
92148969009997901765668927	Brenda Guzman	, DEANNA MIZEL, PO BOX 52553, TULSA, OK, 74152 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending
92148969009997901765668934	Brenda Guzman	, MIZEL RESOURCES A TRUST, LARRY and STEVEN MIZEL TTE CARRIE DELIMA and CHESTON MIZEL SPL TTES, DENVER, CO, 80237 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending
92148969009997901765668941	Brenda Guzman	, RAFFKIND REVOCABLE TRUST, DANIEL and MYRNA RAFFKIND TRUSTEES 3800 DANBURY, AMARILLO, TX, 79109 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending
92148969009997901765668958	Brenda Guzman	, JUDY ZWEIBACK, 8914 FARNAM CT, OMAHA, NE, 68114 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending



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

	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	10/30/2018	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 94941.

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: MADDOX GAS COM C 1E **API:** 30-045-23728
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 holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	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



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
Maddox Gas Com C 1E
API: 30-045-23728
SHL: T29N-R10W: Section 27 UL P
BHL: T29N-R10W: Section 27 UL P
San Juan County, New Mexico

Dear Ms. Riley:

Hilcorp Energy Company respectfully requests authorization to simultaneously dedicate the Maddox Gas Com C 1E (API: 3004523728) well to an existing standard 320 acre gas spacing and proration unit ("GPU") in the Blanco Mesaverde Gas Pool (72319) comprising the S/2 of Section 27, Township 29 North, Range 10 West, San Juan County, New Mexico. The GPU is currently dedicated to the following described wells:

ROMERO GAS COM A 1A	API: 3004526213	UL P: T29N-R10W: Sec. 27
ROMERO GAS COM A 1	API: 3004525509	UL K: T29N-R10W: Sec. 27

The Maddox Gas Com C 1E has a surface location in Unit P of Section 27, Township 29 North, Range 10 West, San Juan County, New Mexico. Completion of this well at that location within the 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 Maddox Gas Com C 1E is currently completed in the Basin Dakota pool. The Romero Gas Com 1A is currently completed in the Otero Chacra and Blanco Mesaverde pool as a commingled well. The Romero Gas Com 1 is currently completed in the Otero Chacra and Blanco Mesaverde pool as a commingled well. The Romero Gas Com 1A and Romero Gas Com 1 wells are all currently dedicated in the Blanco Mesaverde pool to an existing 320 acre gas spacing unit comprising the S/2 of Section 27.

The proposed completion of the Blanco Mesaverde pool within the Maddox Gas Com C 1E will increase the gas recovery from the Mesaverde formation within the S/2 of Section 27, 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 28.



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 27 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 I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720
District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 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**

Form C-102
 August 1, 2011
 Permit 255730

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-23728	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321800	5. Property Name MADDOX GAS COM C	6. Well No. 001E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5535

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	27	29N	10W		500	S	820	E	SAN JUAN

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 320.00 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 NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><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></p> <p>E-Signed By: <i>Kandice Roland</i> Title: Operations/Regulatory Technician Date: 8/8/2018</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><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></p> <p>Surveyed By: Fred B. Kerr Jr Date of Survey: 9/25/1978 Certificate Number: 3950</p>
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OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

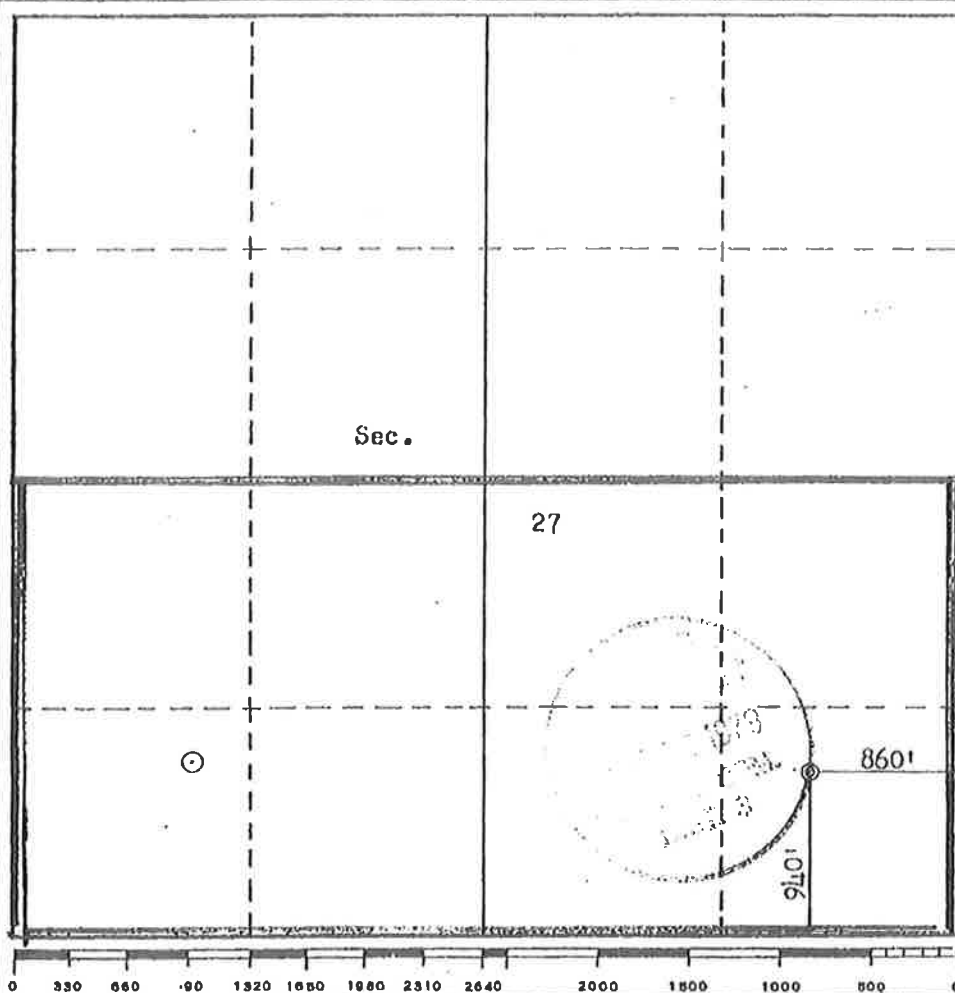
Operator AMOCO PRODUCTION COMPANY			Lease MADDOX GAS COM "C"		Well No. 1 E
Unit Letter P	Section 27	Township 29N	Range 10W	County San Juan	
Actual Footage Location of Well: 940 feet from the South line and 860 feet from the East line					
Ground Level Elev. 5529	Producing Formation Dakota		Pool Basin Dakota		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

B. E. Fackrell

Name
B. E. FACKRELL

Position
DISTRICT ENGINEER

Company
AMOCO PRODUCTION COMPANY

Date
AUGUST 7, 1979

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 knowledge and belief.

Date Surveyed
August 7, 1979
Registered Professional Engineer
and/or Land Surveyor

Arvid Beckert Jr.

Certificate No. **3950**
ERR. JR.

All distances must be from the outer boundaries of the Section.

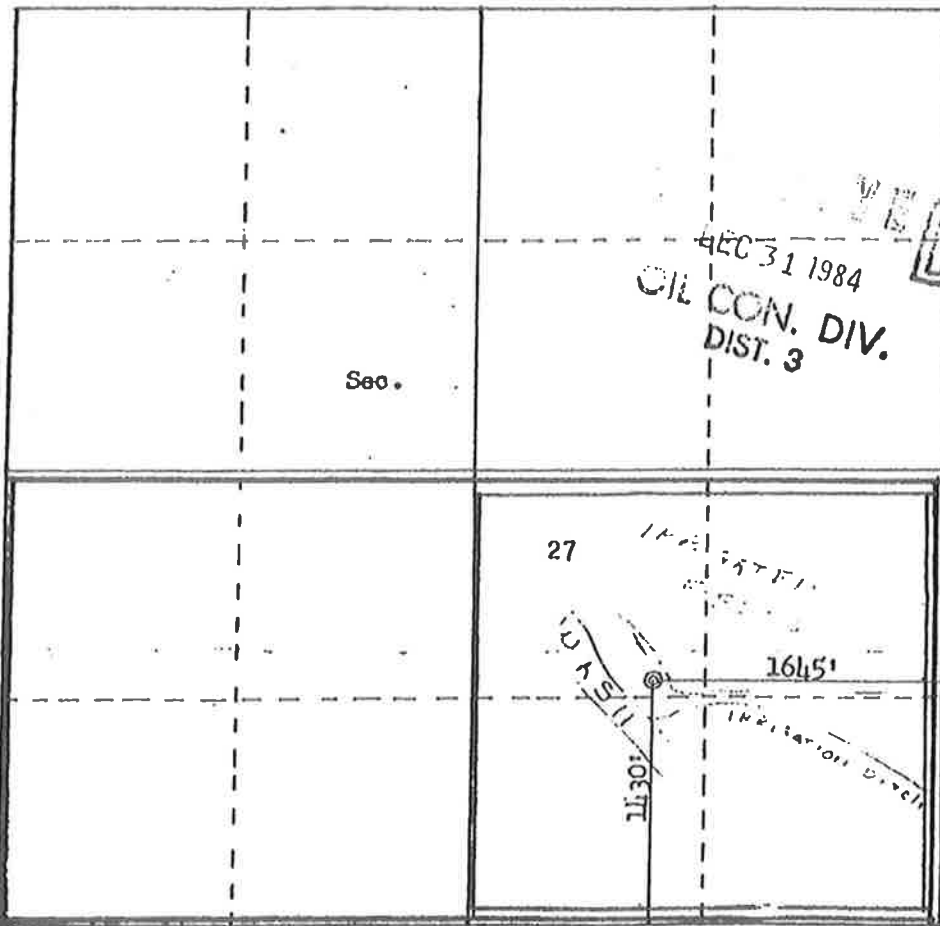
Operator AMOCO PRODUCTION COMPANY			Lease Romero Gas Com "A"		Well No. 1A
Unit Letter J	Section 27	Township 29N	Range 10W	County San Juan	
Actual Footage Location of Well: 1430 feet from the South line and 1645 feet from the East line					
Ground Level Elev: 5521	Producing Formation		Pool Otero Chacra & Blanco MV	Dedicated Acreage: 160/320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Original Signed By

Name **B. D. Shaw**

B. D. Shaw

Position

Adm. Supervisor

Company

Amoco Production Company

Date

12-21-84

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 knowledge and belief.

Date Surveyed

December 11, 1984

Registered Professional Engineer and Land Surveyor

Fred B. Kern, Jr.

Certificate No. **3950**

3950

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2044
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

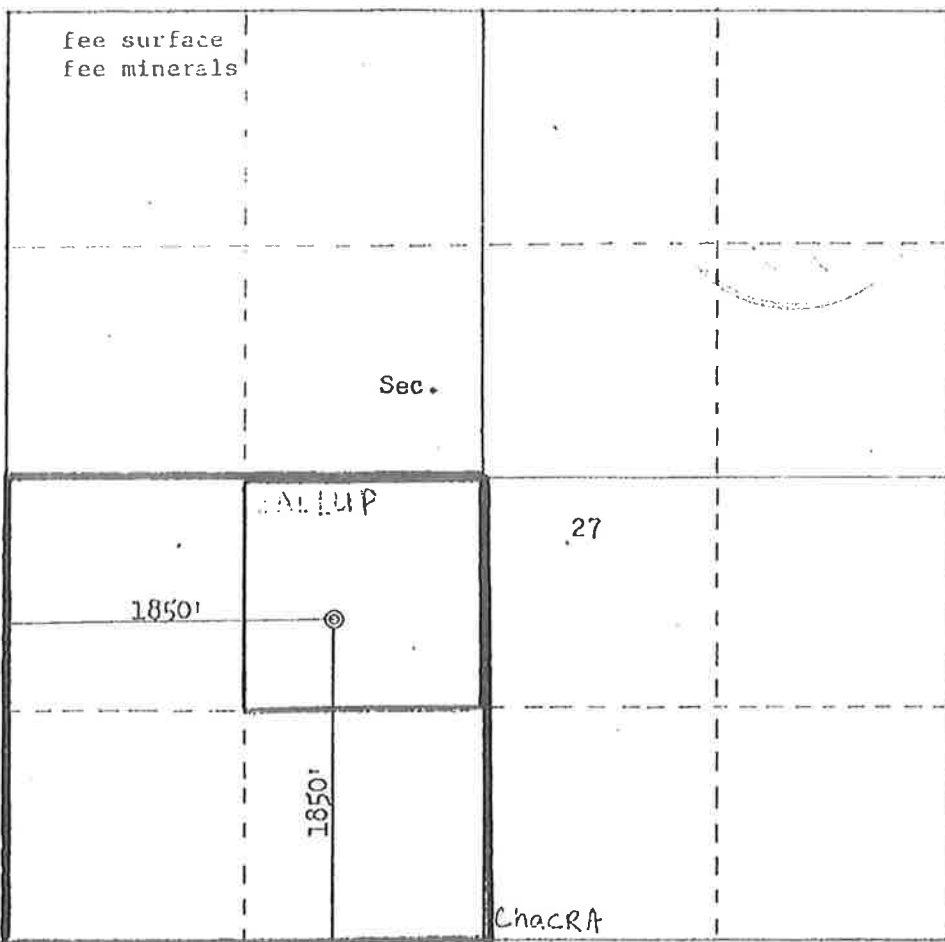
Operator AMOCO PRODUCTION COMPANY			Lease ROMERO GAS COM "A"		Well No. 1
Unit Letter K	Section 27	Township 29N	Range 10W	County San Juan	
Actual Footage Location of Well:					
1850 feet from the South line and		1850 feet from the West line			
Ground Level Elev. 5496	Producing Formation Gallup / Chacra	Pool Armenta Gallup/Bloomfield Chacra	Ext. 40/160	Dedicated Acreage: 40/160	Acreage

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>D. H. Shoemaker</i>	
Name	
D. H. SHOEMAKER	
Position	
DISTRICT ENGINEER	
Company	
AMOCO PRODUCTION COMPANY	
Date	
NOVEMBER 10, 1982	
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 knowledge and belief.	
Date Surveyed	
November 5, 1982	
Registered Professional Engineer and Land Surveyor	
<i>Fred B. Kern Jr.</i>	
Certificate No. 3950	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(576) 393-6161 Fax:(576) 393-0720
District II
 811 S. First St., Artesia, NM 88210
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 Phone:(505) 476-3470 Fax:(505) 476-3482

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 August 1, 2011
 Form# 257210

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-25509	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321831	5. Property Name ROMERO GAS COM A	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 6496

10. Surface Location

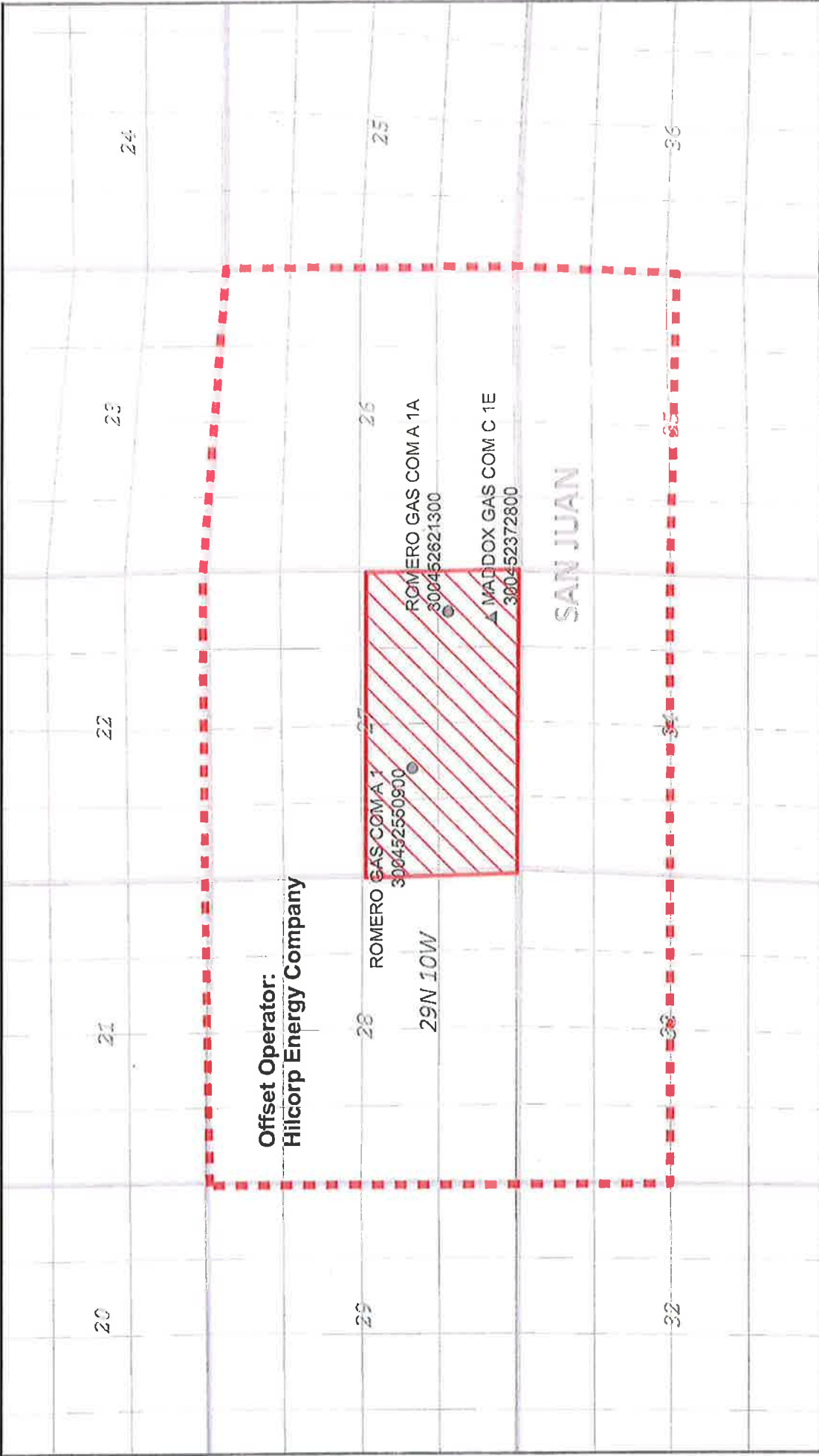
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	EW Line	County
K	27	29N	10W		1850	S	1850	W	SAN JUAN

11. Bottom Hole Location if Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	EW Line	County
12. Dedicated Acres 320.00 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 NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION
	<p><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></p> <p>E-Signed By: <i>Lewis Buck</i> Title: Operations / Regulatory Tech Date: 9/12/2018</p>
	SURVEYOR CERTIFICATION
	<p><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></p> <p>Surveyed By: Fred B. Kerr Date of Survey: 11/5/1982 Certificate Number: 3950</p>



7 12 13 14 18

28N 9W

10 11 12 13 14 18

28N 10W

0 0.25 0.5 1 Miles

Legend

- ▲ Maddox Gas Com C 1E
- Mesaverde Well
- ▨ Mesaverde Drillblock
- ⋮ Offset Acreage

Created: 9/12/2018



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 Maddox Gas Com C 1E, Romero Gas Com A 1A and Romero Gas Com A 1 to the South-half of Section 27, Township 29 North, Range 10 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
92148969009997901765666927	Brenda Guzman	, DEANNA MIZEL, PO BOX 52553, TULSA, OK, 74152 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending
92148969009997901765666934	Brenda Guzman	, MIZEL RESOURCES A TRUST, LARRY and STEVEN MIZEL TTE CARRIE DELIMA and CHESTON MIZEL SPL TTES , DENVER, CO, 80237 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending
92148969009997901765666941	Brenda Guzman	, RAFFKIND REVOCABLE TRUST, DANIEL and MYRNA RAFFKIND TRUSTEES 3800 DANBURY, AMARILLO, TX, 79109 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending
92148969009997901765666958	Brenda Guzman	, JUDY ZWEIBACK, 8914 FARNAM CT, OMAHA, NE, 68114 Code: Maddox Gas Com C 1E SD Application	9/26/2018	Signature Pending

THE
DAILY TIMES

AFFIDAVIT OF PUBLICATION

**Ad No.
0001266647**

**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

Kevin King

Legal Clerk

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

Kazoua Yang
State of WI, County of Brown
NOTARY PUBLIC

11/9/22

My Commission Expires



**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: DEANNA MIZEL, HER HEIRS AND DEVISEES; MIZEL RESOURCES A TRUST, LARRY & STEVEN MIZEL TTE; CARRIE DELIMA & CHESTON MIZEL SPL TTES; RAFFKIND REVOCABLE TRUST, DANIEL & MYRNA RAFFKIND TRUSTEES; JUDY ZWEIBACK, HER HEIRS AND DEVISEES.

CASE 20096: 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 Maddox Gas Com C 1E Well (API No. 30-045-23728) in the same quarter-quarter section as the Romero Gas Com A 1A well (API No. 30-045-26213) and within the same 320-acre, more or less, spacing and proration unit as the Romero Gas Com A1 Well (API No. 30-045-25509). Hilcorp further seeks approval for the proposed location of the Maddox Gas Com C 1E Well (API No. 30-045-23728) in the Mesaverde formation with a surface location in Unit P of the S/2 of Section 27, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Maddox Gas Com C 1E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 7 miles east of Bloomfield, NM.



Kazoua Yang
11/9/22

Legal No. 1266647 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. 20096

AFFIDAVIT OF KEVIN LAFFERTY IN SUPPORT OF CASE NO. 20096

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 **Maddox Gas Com C 1E Well** (API No. 30-045-23728), Sec. 27, T29N, R10W (Unit P), 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.

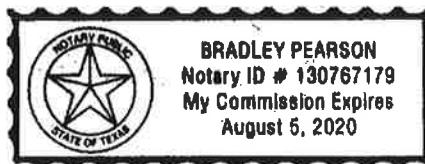


NOTARY PUBLIC

My Commission Expires:

August 5, 2020

11646383_1



6223 Yarwell Dr
Houston, TX 77096

Kevin Lafferty

kdlaftery10@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 recomplete opportunities throughout the San Juan Basin with potential reserves of 90 NBCFE
- Enabled San Juan reservoir engineers to quickly evaluate recomplete opportunities by creating excel based models to analyze infill and vintaging 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 recomplete 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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C-1

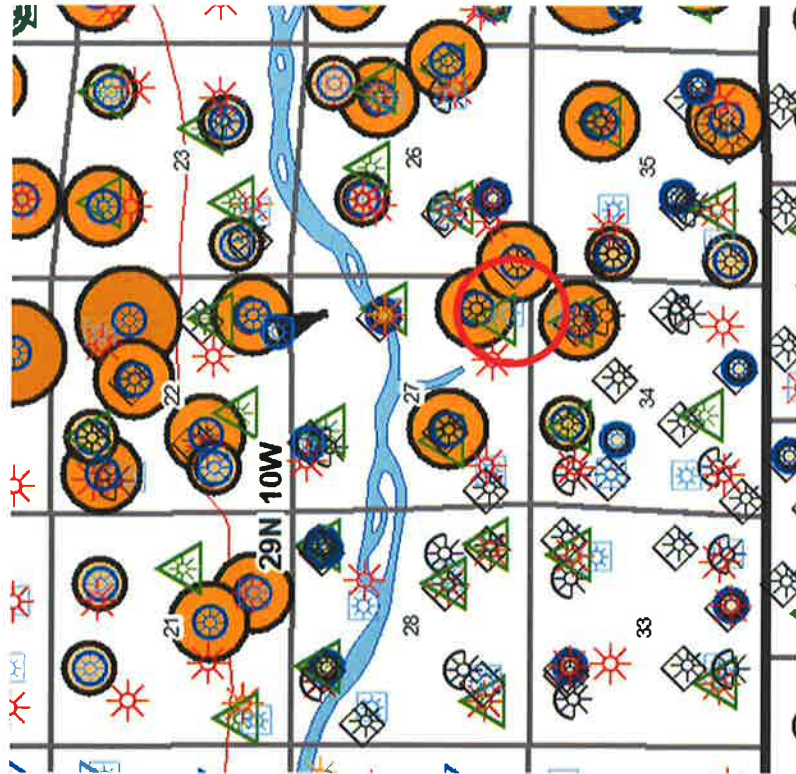
Submitted by: Hilcorp Energy Company

Hearing Date: November 15, 2018

Case # 20096

EXHIBIT C-1

Maddox Gas Com C 1E

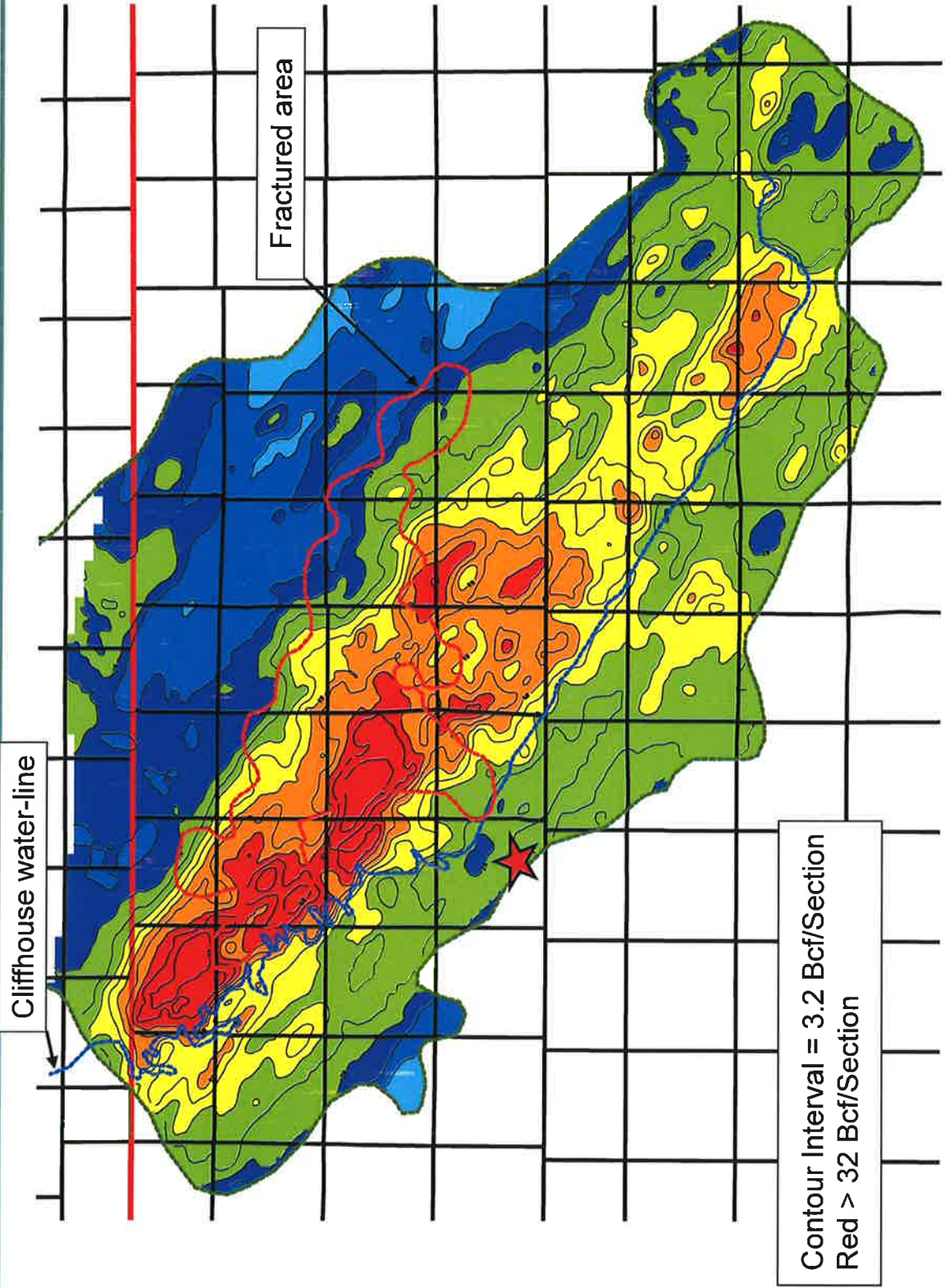


Well Specifics

- SE27 29-10 3004523728 1980 drill
- 2nd MV completion in Unit P
- 750' from parent well
- Further drain reserves in SE/4 along edge of productive limit
- Complete MV in 1-2 stages

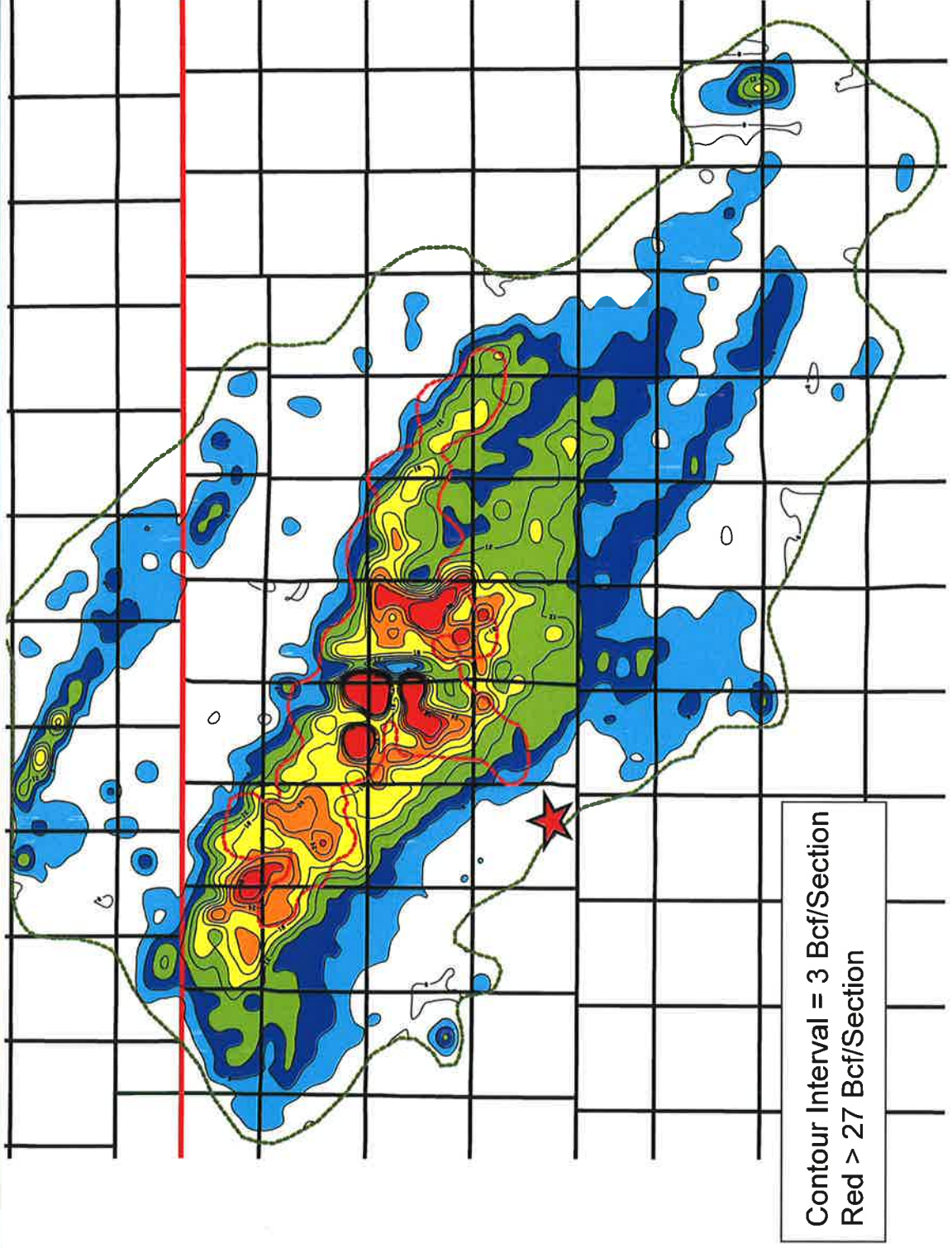


MV Original Gas-in-Place



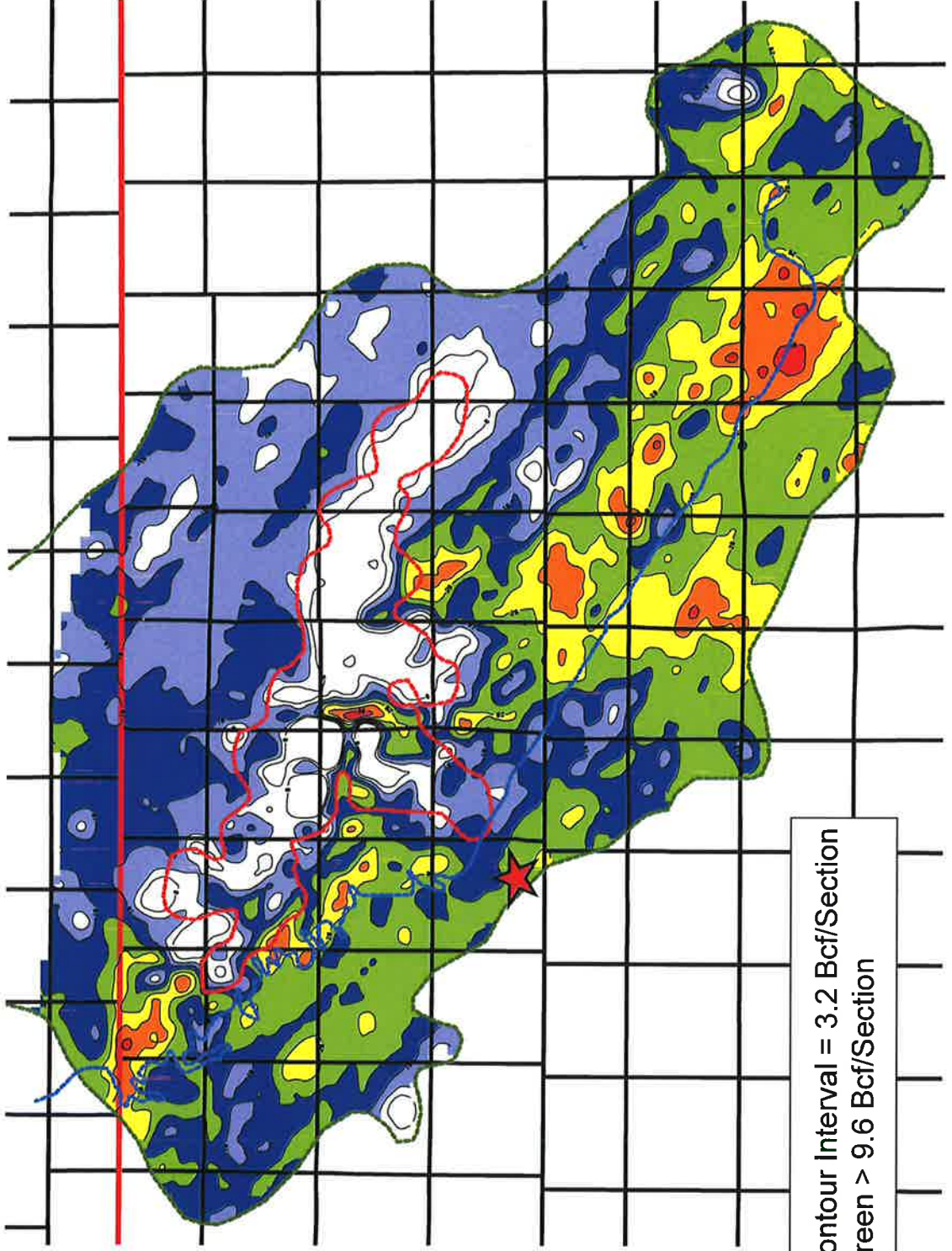


MV Cumulative Gas Production





MV Remaining Gas



Maddox Gas Com C 1E



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	9.0 Bcf	36.0 Bcf	0.75 Bcf / 8.3%	8.25 Bcf	1.09 Bcf / 12%
Section	34.1 Bcf	34.1 Bcf	1.9 Bcf / 5.6%	32.2 Bcf	3.1 Bcf / 9%
9 Section	289 Bcf	32.1 Bcf	21 Bcf / 7.3%	268 Bcf	33 Bcf / 11%

- Remaining Gas in Place in Quarter Section of 8.3 Bcf
- Cumulative Recovery Factor to Date 8.3% and 5.6% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore