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

**CASE No. 20097** 

BMV - MORRIS GAS COM C 1E SD 2

# 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. 20097

#### AFFIDAVIT OF BRAD PEARSON IN SUPPORT OF CASE NO. 20097

- 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.

Santa Fe, New Mexico
Exhibit No. A
Submitted by: Hilcorp Energy Company
Hearing Date: November 15, 2018
Case # 20097

- 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 29 North, Range 10 West, San Juan County, New Mexico, in which the following wells are currently completed and producing:
  - a. Morris Gas Com C 1 Y Well (API No. 30-045-34738), Sec. 26, T29N,R10W (Unit N);
  - b. Abrams L 1 Well (API No. 30-045-25670), Sec. 26, T29N, R10W (Unit M); and
  - c. Abrams L 1A Well (API No. 30-045-25616), Sec. 26, T29N, R10W (Unit I).
- 8. Hilcorp proposes to simultaneously dedicate and produce the following well within the same standard spacing and proration unit, at the following location:
  - a. Morris Gas Com C 1E Well (API No. 30-045-23567), Sec. 26, T29N,
     R10W (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 **Morris Gas Com**C 1E Well (API No. 30-045-23567) within the S/2 of Section 26, Township 29 North, Range 10

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

- 11. The proposed simultaneous dedication of the Morris 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 the S/2 of Section 26, Township 29 North, Range 10 West, to which the **Morris 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 Morris 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: EVKO Development Company, A Partnership, c/o Leslie Wiener.
- 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. Yearson
Brad Pearson

STATE OF TEXAS

COUNTY OF HARRIS

SUBSCRIBED and SWORN to before me this 14th day of November 4, 2018 by Brad Pearson.

NOTARY PUBLIC

My Commission Expires:

December 14,2014

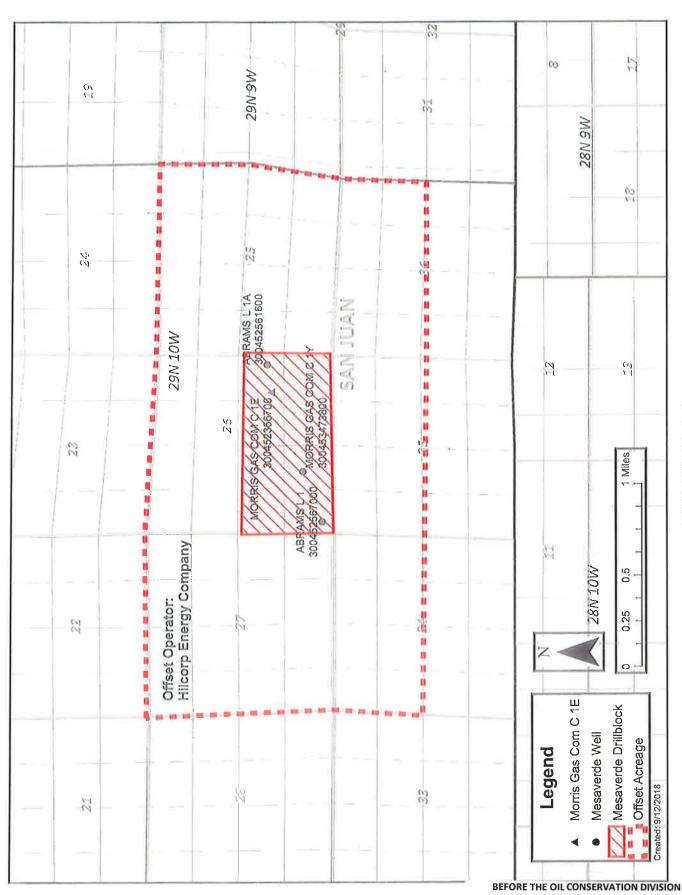
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BRENDA M GUZMAN

Notary Public, State of Texas

Comm. Expires 12-16-2018

Motary Public, State of Texas



Santa Fe, New Mexico
Exhibit No. A-1
Submitted by: Hilcorp Energy Company
Hearing Date: November 15, 2018
Case # 20097

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
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ol: BLANCO MI	SAVERDE		P	ool Code: <u>72319</u>
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			9.76- Date	2018
radley W. Pearson	- Landman	<del></del>	Date	
int or Type Name			713-289-279 Phone Num	
Budley W. gnature	Penson		bpearson@ e-mail Add	Chileorp.com ress

**EXHIBIT A-2** 

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-2
Submitted by: Hilcorp Energy Company
Hearing Date: November 15, 2018
Case # 20097



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

Morris Gas Com C 1E API: 30-045-<del>07998</del> 2356

SHL: T29N-R10W: Section 26 UL I BHL: T29N-R10W: Section 26 UL I San Juan County, New Mexico

Dear Ms. Riley:

Hilcorp Energy Company respectfully requests authorization to simultaneously dedicate the Morris Gas Com C 1E (API: 3004523567) 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 26, Township 29 North, Range 10 West, San Juan County, New Mexico. The GPU is currently dedicated to the following described wells:

MORRIS GAS COM C 1Y	API: 3004534738	UL N: T29N-R10W: Sec. 26
ABRAMS L 1	API: 3004525670	UL M: T29N-R10W: Sec. 26
ARRAMS L.1A	API: 3004525616	UL 1: T29N-R10W: Sec. 26

The Morris Gas Com C 1E has a surface location in Unit I of Section 26, 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 Morris Gas Com C 1E is currently completed in the Basin Dakota pool. The Morris Gas Com C 1Y is currently completed in the Armenta Gallup, Otero Chacra, Basin Dakota and Blanco Mesaverde pool as a commingled well. The Abrams L 1 is currently completed in the Armenta Gallup and Blanco Mesaverde pool as a commingled well. The Abrams L 1A is currently completed in the Armenta Gallup and Blanco Mesaverde pool as a commingled well. The Morris Gas Com C 1Y, Abrams L 1 and Abrams L 1A wells are all currently dedicated to to an existing 320 acre gas spacing unit comprising the S/2 of Section 26 in the Blanco Mesaverde Gas Pool.

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

PO Box 61229, Houston, TX 77208-1229 1111 Travis Street Houston, TX 77002 Phone: 713/209-2400 Fax 713/209-2420 hilcorp.com



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 36. 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,

**Brad Pearson** 

San Juan Basin Landman

Brudley W. Pearson

Hilcorp San Juan, L.P.

Hilcorp Energy Company its general partner

Enclosure(s)

District 1
1626 N. French Dr., Hobbs, NM 88240
Phone: (676) 393-6161 Fax: (676) 393-0720
District II
611 S. First St., Artesia, NM 88210
Phone: (676) 748-1283 Fax: (676) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (605) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santo Fc, NM 87605
Phone: (605) 470-3470 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 255734

	WELLIOUATIONAINDA	MEAGE DEDICATION FEAT
1. API Number 30 016-23507	2. Pool Gode 72319	3. Pool Namo BLANCO-MESAVERDE (PRORATED GAS)
4. Properly Code 321872	5. Property Name MORRIS GAS COM C	G. IVER FIG.
7. OGRID No. 372171	8. Operator Namo HILCORP ENERGY COMPANY	9. Elevation 5556

MELL LOCATION AND ACREAGE DEDICATION DLAT

10. Surface Location

UL. - Let | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | EW Line | County |

11. Bottom Hole Location If Different From Surface

UL. - Let | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | EW Line | County |

11. Bottom Hole Location | Feet From | N/S Line | Feet From | EW Line | County |

12. Let | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | EW Line | County |

UL - Lot Section Township Rango Lot kin Feet From N/S Line Feet From E/W Line County

12. Dedicated Acres 320.00 S/2

13. Joint or Infil 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

STANDARD	UNIT HAS BEEN APPROVED BY THE DIVISION
	OPERATOR CERTIFICATION  I hereby carlify 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 bollom hole location(s) or has a right to drift this we'll et this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agraement or a compulsory pooling order heretofore entered by the division.  E-Signed By.  AWALLY Local Contract of the contract with contract of the
, a	SURVEYOR CERTIFICATION  I horoby carify that the well location shown on this plattwes plotted from field notes of actual surveys made by me or under my supervision, and that the zame is true and correct to the best of my belief.
	Surveyed By: Fred B. Kerr Jr. Data of Survey: 3/7/1979 Certificate Number: 3950

#### OIL CONSERVATION DIVISION

#### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2080 3 SANTA FE, NEW MEXICO 87501

Form C-102 Revised 10-1-7

All distances must be from the outer houndaries of the Rection Obelatol Well Ho. MORRIS GAS COM "C" AMOCO PRODUCTION COMPANY 1E Township Honge County Unit Letter Section 26 10W San Juan I Actual l'aplage Location of Well: 1150 1740 feet from the South line and feet from the East line Producing Formation Dedicated Acreages Ground Level Llev. Basin Dakota 320 5556 Dakota 1. Outline the acreage dedicated to the subject well by colored pencil or bachure 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? If answer is "yes!" type of consolidation ... Yes No 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, climinating such interests, has been approved by the Division. CERTIFICATION I hereby certify that the Information contained herein is true and complete to the Nomo
B. E. FACKRELL Position DISTRICT ENGINEER AMOCO PRODUCTION COMPANY MAY 10, 1979 Sec. 26 I hereby certily that the well location shown on this plat was platted from field notes of actual surveys made by me or 11501 under my supervision, and that the same Is true and correct to the best of my knowledge and belief. TITLE 1370 1000 1880 3310 2000

District I 1625 N. French Dr., Hobbs, NM 89240 Phone:(505) 393-6161 Fex:(505) 393-0720 District II

1301 W. Grand Ave., Artaria, NM 68210 Phone: (505) 748-1283 Fex: (505) 748-9720

1000 Rio Branes Rd., Antec, NM 97410 Phone:(505) 334-6178 Fax:(505) 334-6170

Dinne IV 1220 S. St Francis Dr., Santa Fe, NIM 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

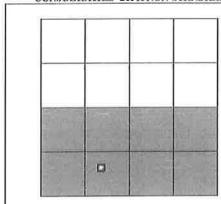
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10. Surface Location E/W Line Feet From M/S Line Feet From Township County UL - Lot Section Range 1785 w **NAUL NAS** 29N 100/ 850

11. Bottom Hole Location If Different From Surface

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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 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.

E-Signed By: Cheryl Moore

Title: Production Accounting Supervisor

Date: 6/6/2008

#### 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.

1625 H. French Dr., Hobbs, HIM 68240 Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Orand Ave., Artesia, 18M 88210 Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aziac, HM 67410 Phone:(505) 334-6170 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Sunda Fe, NAG 87505 Phone: (505) 476-3470 Fax: (505) 476-3462 State of New Mexico

Fonn C-102 Pennik 76460

#### Energy, Minerals and Natural Resources

Oll Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Humber	2. Pool Code		i Hum
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4. Property Code		nty Hune	6. Well Ho.
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7. OURID No.	•	dor Hune	9. Elevation
5380		ERGY, INC	5546

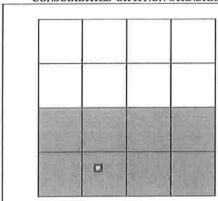
10. Surface Location

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11. Bottom Hole Location If Different From Surface

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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

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E-Signed By: Cheryl Moore

Title: Production Accounting Supervisor

Date: 6/6/2008

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UL - Lot

N

UL · Lot

1625 H. French Dr., Hobbs, HM 89240 Phone:(505) 393-6161 Fax:(505) 393-0720

1301 W. Grand Ave., Artesis, HIM 80210 Phone:(505) 748-1203 Fax (505) 748-9720 District III

1000 Rio Brasos Rd., Astac, 17M 07410 Phane:(505) 334-6178 Fax (505) 334-6170 District IV

1220 S. St. Francis Dr., Surta Fa, 1714 87505 Phone: (505) 476-3470 Fax (505) 476-3462

Section

26

Section 12. Dedicated Acres 40.00

Township

29N

State of New Mexico

Form C-102 Pennit 76460

#### Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

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5380	XTO ENER	RGY, INC	5546

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# 

#### OPERATOR CERTIFICATION

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E-Signed By: Cheryl Moore Title: Production Accounting Supervisor

Date: 6/6/2008

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District I

1625 N. French Dr., Hobbs, HM 00240 Phone:(505) 393-6161 Fex:(505) 393-0720 District II

1301 W. Grand Ave., Artesis, HM 80210 Photo: (505) 748-1283 Fax: (505) 748-9720

Direct III 1000 Rio Branos Rd., Antac, 17M 87410 Phone:(505) 334-6178 Fax (505) 334-6170

1220 S. St Francis Dr., Suda Fe, 1814 97505 Phone: (505) 476-3470 Fax: (505) 476-3462 State of New Mexico

Form C-102 Permit 76460

#### Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Humber 30-045-34738	2. Pool Code 82329	3, Pool Hum OTERO CHACRA (GAS)
4. Property Code 23074	5. Property 14 MORRIS GAS	
7. OURID Ho. 5380	8. Operator H XTO ENERG	

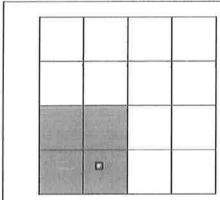
10. Surface Location

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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Ringe	Lot I	<b>I</b> n	Feet From	N/S Lin	4 Feet From	E/W Ltru	County
	eted Acres 00,0	13. :	John or Infill		14	. Consolidation (	Code		15. Order No.	

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E-Signed By: Cheryl Moore

Title: Production Accounting Supervisor

Date: 6/6/2008

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# (IL CONSERVATION DIVISIO

STATE OF NEW MEXICO EHERGY HIS MINERALS DEPARTMENT

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

form C-101 kerlied 10-1-18

All distances must be from the cuter houndaries of the Jection;

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	nan one lease is nd royalty).	dedicated to the we	II, outline each and ide	entify the ownership th	ereal (both as to working
3. If more the dated by c	an one lease of d communitization, u	ifferent ownership is mitization, force-pool	dedicated to the well, ing. etc?	have the interests of	nll owners been consoli-
Ycs	No II ar	nswer is "yes;" type	of consolidation		
	is "no," list the I necessary.)	owners and tract des	criptions which have a	ctually been consolida	ted. (Use reverse side of
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District | 1025 N. French Dr., Hobbs, NM 88240 Phone:(676) 303 6161 Fax:(676) 303-0720 District || 011 S. Filel St., Artesia, NM 88210 Phone:(676) 748-1203 Fax:(676) 748-9720 Phone:(6/05) 476-3470 Fax:(6/05) 476-3420

District III

1000 Rio Brazos Rd., Azioc, NM 67410

Phone:(605) 334-6170 Fax:(605) 334-6170

District IV

1220 S. 81 Francis Dr., Santa Fe, NM 87605

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 257255

	WELL LOCATION	AND ACREAGE DEDICATION PLAT
1. API Number 30-045-25670	2. Pool Codo 72319	3. Pool Neuno BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 321709	5. Properly Namo ABRAMS L	6. Well No. 001
a common.	9 Octobro Name	O Flavelle

10. Surface Location

HILCORP ENERGY COMPANY

Feet From 330 N/S Line EAVLing Section Township 330 29N SAN JUAN 11. Bottom Hole Location if Different From Surface Feet From E/V/ Line UL - Lot Section Township Range Lot Idn Fool From N/S Line County 12. Dedicated Acres 13. Joint or Infill 14. Consolidation Codo 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

O THE STATE OF THE	OPERATOR CERTIFICATION
	I hereby certify that the Information contained herein is true and complete to the best of my knowledge and boilef, and that this organization either owns a working interest or unlessed minaral interest in the land including the proposed bollom hole localize(s) or has a right to drist 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 heretolore entered by the division.  E-Signed By: Limistric Guide William Contract William Cont
	SURVEYOR CERTIFICATION  I hereby certify that the well location shown on this plat was plotted from field notes of actual survays made by me or under my supervision, and that the same is true and carrect to the best of my ballet.
	Surveyed By: Fred B. Kerr
N/	Date of Survey: 4/5/1983
	Certificate Number: 3950

STATE OF THEM IN MICH. CHOICE AND LOSS OF CARRIED E O HOR THE PARTE OF FEOT

tein 6-102 Feelied 10-

FORM 24 - 11

9.10

Che tes Well Do. A MODO PRODUCTION COMPANY ABRAMS " B' Uest Letter Section Township Hresje 26 298 10% San Juan Arrival Footuge Location of Well: 1350 East last from the line and feet from the line Grand Level Elev. Producing Formation Pool Dedicated Acreagn: 320 555h B lanco Mesaverde Mesaverde Actes 1. Outline the acronge dedicated to the aubject 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 us 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? If answer is "yes," type of consolidation .. Yes No 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 Commis-CERTIFICATION I hereby certify that the Information contained herein is true and complete to the DALE H. SHOEMAKER Lostina DISTRICT ENGINEER Company AMOCO PRODUCTION COMPARE Sec. MARCH 15, 1983 I hereby certify that the well location 3501 shown on this plat was platted from field 26 is true and correct to the best of my buentedge and belief. Pate Surveyed February 21, 1983 Prais. Centhem Goz, 11 ...

Scale: 1"=1000"

#### OIL CONSERVATION DIVISION

#### STATE OF NEW MEXICO

#### P. O. DOX 2088 EHERGY AND MINERALS DEPARTMENT SANTA FE, NEW MEXICO 87501

Form C-107 Revised 10-1-78

All distances must be from the cuter hounderles of the Section.

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# **EXHIBIT A-2**



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 Morris Gas Com C 1E, Morris Gas Com C 1Y, Abrams L 1 and Abrams L 1A to the South-half of Section 26, 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,

**Brad Pearson** 

San Juan Basin Landman

Hilcorp San Juan, L.P.

By: Hilcorp Energy Company

Brudley W. Pemson.

its general partner

Enclosure(s)

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901765667047	Brenda Guzman	, EVKO DEVELOPMENT COMPANY, A PARTNERSHIP C/O LESLIE WIENER 10 STARBOARD COURT, MILL VALLEY, CA, 94941 Code: Morris Gas Com C 1E 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. 20097** 

#### **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.

> OFFICIAL SEAL CLARINDA L. WETZSTEON **NOTARY PUBLIC** STATE OF NEW MEXICO

My Commission Expires:

REPORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. B Submitted by: Hilcorp Energy Company Hearing Date: November 15, 2018 Case # 20097



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

Adam G. Rankin

ATTORNEY FOR HILCORP ENERGY COMPANY

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m	3 Certified with Return Receipt (Signature)	9414810898765020659235 DBA LEE ANN OIL CO	DBA LEE ANN OIL CO	PATRICIA A ADAMS	11920 OAK BRANCH DR		AUSTIN	¥	78737
4	4 Certified with Retum Receipt (Signature)	9414810898765020659242		CANFIELD OIL & GAS PROPERTIES	PO BOX 69		DRIPPING SPRINGS	¥	78620
'n	5 Certified with Return Receipt (Signature)	9414810898765020659259	9414810898765020659259 WILLIAM HAROLD MOUNCE & EDUARDO SOTO POA'S	WILLIAM J MOUNCE	600 SUNLAND PARK DR STE 6-300		EL PASO	ዾ	79912
9	6 Certified with Return Receipt (Signature)	9414810898765020659266		HILCORP ENERGY COMPANY	1111 TRAVIS		HOUSTON	¥	77002
7	7 Certified with Return Receipt (Signature)	9414810898765020659273		DEANNA MIZEL	PO BOX 52553		TULSA	ŏ	74152
00	8 Certified with Return Receipt (Signature)	9414810898765020659280 LARRY & STEVEN MIZEL TTE	LARRY & STEVEN MIZEL TTE	MIZEL RESOURCES A TRUST	4350 S MONACO ST 5TH FL	CARRIE DELIMA & CHESTON MIZEL SPL TTES	DENVER	8	80237
თ	9 Certified with Return Receipt (Signature)	9414810898765020659297	9414810898765020659297 DANIEL & MYRNA RAFFKIND TRUSTEES	RAFFKIND REVOCABLE TRUST	3800 DANBURY		AMARILLO	¥	79109
9	10 Certified with Return Receipt (Signature)	9414810898765020659303		JUDY ZWEIBACK	8914 FARNAM CT		OMAHA	R	68114
11	11 Certified with Return Receipt (Signature)	9414810898765020659310		HILCORP ENERGY COMPANY	1111 TRAVIS		HOUSTON	¥	77002
12	12 Certified with Return Receipt (Signature)	9414810898765020659327 A PARTNERSHIP	A PARTNERSHIP	EVKO DEVELOPMENT COMPANY	10 STARBOARD COURT	C/O LESLIE WIENER	MILL VALLEY	ð	94941

	z	В	n
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2	10/26/2018	10/30/2018	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,
6	10/26/2018	10/30/2018	3 10/26/2018 10/30/2018 Vour 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	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.
Ŋ	10/26/2018	10/30/2018	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.
9	10/26/2018	11/02/2018	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	7 ]10/26/2018 10/30/2018 Vour item was delivered at 12:32 pm on October 29, 2018 in TULSA, OK 74114.
œ	10/26/2018	10/30/2018	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.
6	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	10 10/26/2018 11/01/2018 Vour 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	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	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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	- Geologi	CO OIL CONSERVA cal & Engineering rancis Drive, Santo	Bureau -
	ADMINISTI	RATIVE APPLICATION	ON CHECKLIST
THIS		LL ADMINISTRATIVE APPLICA EQUIRE PROCESSING AT THE I	TIONS FOR EXCEPTIONS TO DIVISION RULES AND DIVISION LEVEL IN SANTA FE
Applicant: IIILCO	RP ENERGY COMPANY		OGRID Number: 372171
Well Name: MOR	RIS GAS COM C TE		API: 30-045- <del>07998</del> 23567
Pool: BLANCO ME	SAVERDE		Pool Code: 72319
SUBMIT ACCUR	ATE AND COMPLETE IN	FORMATION REQUIR INDICATED BELO	RED TO PROCESS THE TYPE OF APPLICATION
A. Location	ICATION: Check those 1 – Spacing Unit – Simul NSL NSP <sub>(PI</sub>	taneous Dedication	
[   ] Com [ [    ] Injed	ne only for [1] or [1] mingling – Storage – M DHC  CTB  tion – Disposal – Pressu WFX  PMX  S'	LC □PC □0 µre Increase – Enha	inced Oil Recovery
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N	ote: Statement must be comple	eted by an individual with i	managerial and/or supervisory capacity,
			0 21 2010
Durallas W. Barrer	Landman		9-26-2018 Date
Bradley W. Pearson	Landman		
Print or Type Name			713-289-2793 Phone Number
Budley W.	Penson	<u>_</u>	_bpearson@hilcorp.com

e-mail Address

Signature



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

Morris Gas Com C 1E API: 30-045-<del>07998</del> 23567

SHL: T29N-R10W: Section 26 UL I BHL: T29N-R10W: Section 26 UL I San Juan County, New Mexico

Dear Ms. Riley:

Hilcorp Energy Company respectfully requests authorization to simultaneously dedicate the Morris Gas Com C 1E (API: 3004523567) 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 26, Township 29 North, Range 10 West, San Juan County, New Mexico. The GPU is currently dedicated to the following described wells:

MORRIS GAS COM C 1Y	API: 3004534738	UL N: T29N-R10W: Sec. 26
ABRAMS L 1	API: 3004525670	UL M: T29N-R10W: Sec. 26
ABRAMS L IA	API: 3004525616	UL I: T29N-R10W: Sec. 26

The Morris Gas Com C 1E has a surface location in Unit I of Section 26, 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 Morris Gas Com C 1E is currently completed in the Basin Dakota pool. The Morris Gas Com C 1Y is currently completed in the Armenta Gallup, Otero Chacra, Basin Dakota and Blanco Mesaverde pool as a commingled well. The Abrams L 1 is currently completed in the Armenta Gallup and Blanco Mesaverde pool as a commingled well. The Abrams L 1A is currently completed in the Armenta Gallup and Blanco Mesaverde pool as a commingled well. The Morris Gas Com C 1Y, Abrams L 1 and Abrams L 1A wells are all currently dedicated to to an existing 320 acre gas spacing unit comprising the S/2 of Section 26 in the Blanco Mesaverde Gas Pool.

The proposed completion of the Blanco Mesaverde pool within the Morris Gas Com C 1E 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 36. 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 <a href="mailto:bpearson@hilcorp.com">bpearson@hilcorp.com</a>.

Sincerely,

Brad Pearson

San Juan Basin Landman

Hilcorp San Juan, L.P.

By: Hilcorp Energy Company its general partner

Brudley W. Pearson

Enclosure(s)

UL - Lol

Section

# 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 255734

WELL LOCATION AND	ACREAGE DEDICATION PL	AT
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1. API Number 30 015-23507	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Properly Code 321872	5. Property Name MORRIS GAS COM C	6. Ven No. 001E
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elovason 5556

10. Surface Location

Township Range Lot Idn Feet From NS Line Feet From EAV Line County
1740 S 1150 E SAN JUAN

11. Bottom Hole Location If Different From Surface N/S Line Feet From E/W Line UL - Lot Section Township Range Lot Idn Feet From County 12. Dodicated Acres 13. Joint or Infil 14. Consolidation Code 15. Order No. 320.00 S/2

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

SJANDARD U	OPERATOR CERTIFICATION  I hereby certify that the information contained herein is true and complete to the best of my knowledge and befol, 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 drift this we'll 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 herelafore entered by the division.  E. Signed By: Awalia Edward  Title: Operations/Regulatory Technician  Date: 6/8/2018
in the second se	SURVEYOR CERTIFICATION  I hereby certify that the well location shown on this plat was piolited 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.
	Survoyed By: Fred B. Kerr Jr.
1	Date of Survey: 3/7/1979
	Certificato Number: 3950

#### 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 houndaries of the Rection.

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District I

1625 H. French Dr., Hobbs, NM 68240 Phone:(505) 393-6161 Fax:(505) 393-0720

1301 W. Orand Ave., Arteria, 17M 88210 Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

Digda IV

1220 S. St Francis Dr., Surta Fe, HM 87505 Phone: (505) 476-3470 Fex: (505) 476-3462

#### State of New Mexico

Pennit 76460

#### **Energy, Minerals and Natural Resources**

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API 1hamber	2. Pool Code	3. Pool	Rune
30-045-34738	71599	71599 BASIN DAKOTA (PRORATED G.	
4. Proputy Code	5. Property		6. Well No.
23074	MORRIS GA		001Y
7. OURID No.	8. Operato		9. Elevation
5380	XTO ENER		5546

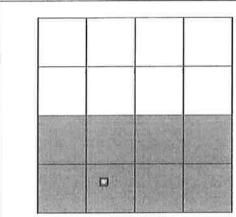
10 Surface Location

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UL - Lot	Section	Township	Ruige	Lot Idn	Feet From	H/S Line	Feet From	E/W Ltne	County	l
N	26	29N	10W		850	S	1785	W	SAN JUAN	l

11. Rottom Hole Location If Different From Surface

UL · Lot	Section	Township	Range	Lot Id	/d	Feet From	WS Line	Fest From	E/W Line	Courty
12. Dedicated Acres 320.00		13. 3	obe or hall		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 hereby certify that the hyformation 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.

E-Signed By: Cheryl Moore

Title: Production Accounting Supervisor

Date: 6/6/2008

#### 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.

1625 N. French Dr., Hobbs, NM 68240 Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Arteria, NBA 98210 Phone:(505) 748-1283 Fex:(505) 748-9720

District III 1000 Rlo Brazos Rd., Azac, HM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

<u>District IV</u> 1220 S. St Francis Dr., Surda Fe, NM 87805 Phone:(505) 476-3470 Fex:(505) 476-3462

#### State of New Mexico

Form C-102 Permit 76460

#### Energy, Minerals and Natural Resources

Oll Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-34738 4. Proputy Code 23074 7. OURID No.	2. Pool Code 72319	3. Pool Hune BLANCO-MESAVERDE (PRORATED GA				
~ '	72319 5. Pro MORRIS 6. Op	orty Huma BAS COM C	6. Well Ho. 001 Y			
30-045-34738 4. Property Code 23074		6. Operator Name XTO ENERGY, INC				

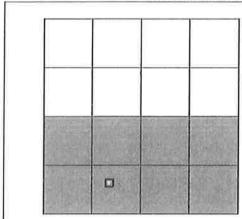
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot	ldn	Feet From	M/S Lin	Feet From	E/W Ltva	County
12. Dedicated Acres 320.00		13.	John or Mill		14	. Consolidation	Code		15. Order No.	

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1625 H. French Dr., Hobbs, HM 09240 Phone:(505) 393-6161 Fex:(505) 393-0720

#### District II

District I

1301 W. Grand Ave., Artesia, NM 88210 Phone: (505) 748-1283 Fax: (505) 748-9720

#### District III

1000 Rio Brezos Rd., Aziec, NM 67410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Surta Fe, HB4 67505 Phone:(505) 476-3470 Fax:(505) 476-3462

#### State of New Mexico

Form C-102 Pennit 76460

#### Energy, Minerals and Natural Resources

Oli Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

11.	EDIT HOUSE TO CHILL THE STORE	MICE DEDICITION			
1. API Manber	2. Pool Code	3. Poo	l Nune		
30-045-34738	2290	ARMENTA-	GALLUP (O)		
4. Property Code 23074	- •	5. Proputy Name MORRIS CAS COM C			
7. OURID No. 5380	8. Optidor XTO ENERO		9. Elivation 5546		

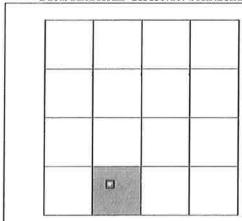
#### 10. Surface Location

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#### 11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Ruge	Lot	lda	Feet From	M/S Lb	ne Feet From	E/W Ltna	County
12. Dedicated Acres 40.00		13. J	opa er hæll		14	Consolidation (	ode		15. Order No.	

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#### 1625 H. Fruich Dr., Hobbs, NM 89240 Phore:(505) 393-6161 Fax:(505) 393-0720

1301 W. Grend Ave., Artesis, HM 88210 Phone:(505) 748-1283 Fex:(505) 748-9720

District III 1000 Rio Brazos Rd., Azec, NM 87410 Phone:(505) 334-6178 Fax.(505) 334-6170

<u>District IV</u> 1220 S. St Francis Dr., Surda Fe, HM 07505 Phone:(505) 476-3470 Fax:(505) 476-3462

#### State of New Mexico

Fonn C-102 Pennit 76460

#### Energy, Minerals and Natural Resources

Oll Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

11.	LUL HOCKITON AND MONE	TEGE DEDICETED TO	**	
1. API Humber	2. Pool Code	ol Hune		
30-045-34738	82329	OTERO CHA	TERO CHACRA (GAS)	
4. Property Code 23074	5. Proputy 1 MORRIS GAS		6. Well Ho. 001Y	
7. OURID No.	8. Operator 1		9. Elevation	
5380	XTO ENERG	Y, INC	5546	

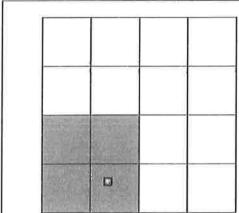
10. Surface Location

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11. Bottom Hole Location If Different From Surface

UL · Lot	Section	Township	Range	Lot ldn		Feet From	H/S Line		Feet From	E/W Line	County
12. Dedicated Acres 160,00		13.	Joint or Infill		14	Consolidation (	Code			15. Order No.	

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Date: 6/6/2008

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# STATE OF NEW MEXICO EHERGY HIS MINERALS DEPARTMENT

# P. O. DOX 2088 SANTA FE, NEW MEXICO 87501

form C-107 keylied 10-1-18

All distances must be from the cuter handerles of the Section,

O; erator			Leann			Well No.
	JCTION COMPANY		ABRAMS	117	H	1
Unit Letter	Section	Township	Range		County	
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	is "no," list the f necessary.)	owners and tract de	scriptions which h	ave ac	tually been conso	lidated. (Use reverse side of
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	ting, or otherwise)	or until a non-stand	aid unit, cilininati	iig suc	ii titterests, iids be	el approved by the dominis.
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1 220/					Centition	ne Noti,

District 1
1625 N. Franch Dr., Hobbs, NM 88240
Phone:(675) 393-6161 Fax:(675) 393-0720
District II
811 S. First St., Artasia, NM 88210
Phone:(675) 746-1283 Fax:(575) 740-9720
District III
1000 Rio Brazos Rd., Aztac, NM 87410
Phone:(605) 334-6176 Fax:(605) 334-6170
District IV
1220 S. St Francis Dr., Sante 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 257255

1, API NU	mbar	2. Po	ol Code				3. Pool N						
30-045			72319						)-MESAVEF	IDE (PR	ORATE	D GAS	)
l. Proper	ly Code 321709	5. Pro	perty'Name ABRAMS	ı			6. Well N	lo. 001					
, ogric		8. Oo	erator Namo				9, Eloval						
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### STATE OF TRIVE MEXICO.

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FORM 24×11

All distances must be from the correspondence of the Section.

AMOOD PRODUCTION COMPANY  Township  26  29N  10N  San Juan  Actual Posture Location of Well:  2350  Institute from the South line and 350  Grand Level Elev: Producing Formation  555h  Mesaverde  1. Outline the acronge dedicated to the subject well by colored pencil or hachure marks on  2. If more than one lease is dedicated to the well, outline each and identify the ownership interest and royalty).  3. If more than one lease of different ownership is dedicated to the well, have the interests of dated by communitization, unitization, force-pooling, etc?	thereof (both us to working
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Actual Pooluge Location of Well:  2350  Institute the South line and 350  Grand Level Elev: Producing Formation Pool  555h Mesaverde Blanco Mesaverde  1. Outline the acrenge dedicated to the subject well by colored pencil or hachure marks on  2. If more than one lease is dedicated to the well, outline each and identify the ownership interest and royalty).  3. If more than one lease of different ownership is dedicated to the well, have the interests of	Dedicated Actrogn: 320 Actor the plat below. thereof (both as to working
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Yes No If answer is "yes," type of consolidation  If answer is "no," list the owners and tract descriptions which have actually been consolidation this form if necessary.)	dated. (Use reverse side of
No allowable will be assigned to the well until all interests have been consolidated (by conforced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been sion.	
	CERTIFICATION
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1 hereby	certify that the Information con-
tained h	erein is true and complete to the
bestold	ny knowledge and bellef.
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shown on notes of under my is true	certify that the well location this plat was platted from field actual surveys made by me or supervision, and that the same and correct to the best of my e and belief.
( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )	Professional Englised

### OIL CONSERVATION DIVISION

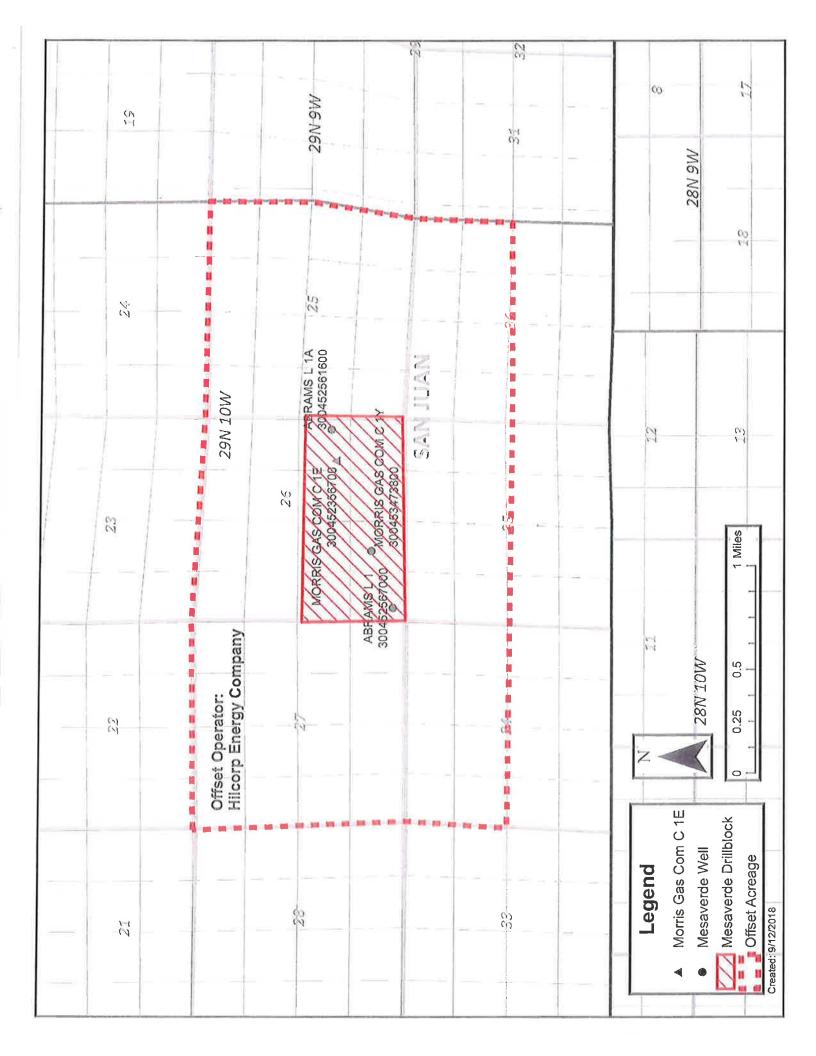
### STATE OF NEW MEXICO ENERGY AIR MINERALS DEPARTMENT

### P. O. DOX 2088 SANTA FE, NEW MEXICO 87501

Form C-107 herised 10-1-72

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

Operator			Leaso					Well No.
A MOCO PRODU	CTION COMPANY		AE	BRAMS "K"				1
Unit Letter	Section	Township	R	ange	County			
I	26	29N		10//	San	Juan		
Actual Footage Loc	ation of Well:							
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						I hereby	cerllfy	that the well location
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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 Morris Gas Com C 1E, Morris Gas Com C 1Y, Abrams L 1 and Abrams L 1A to the South-half of Section 26, 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,

Brad Pearson

San Juan Basin Landman

Hilcorp San Juan, L.P.

Hilcorp Energy Company

its general partner

Brudley W. Pemson

Enclosure(s)

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901765667047	Brenda Guzman	, EVKO DEVELOPMENT COMPANY, A PARTNERSHIP C/O LESLIE WIENER 10 STARBOARD COURT, MILL VALLEY, CA, 94941 Code: Morris Gas Com C 1E SD Application	9/26/2018	Signature Pending



### AFFIDAVIT OF PUBLICATION

Ad No. 0001266650

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

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 appoint for the hearing. If you are an Individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by November 5, 2018. Public documents, including the agendand 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

To: ALL WORKING INTEREST OWNERS IN THE SUBJECT SPACING UNIT AND OFFSETTING OPERATORS OR LEASED MINERAL INTEREST OWNERS, INCLUDING: EVKO DEVELOPMENT COMPANY, A PARTNERSHIP, C/O LESLIE WIENER.

CASE 20097: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce the Morris Gas Com C 1E Well (API No. 30-045-23567) In the same quarter-quarter section as the Abrams L 1A well (API No. 30-045-25616) and within the same 320-acre, more or less, spacing and proration unit as the Morris Gas Com C 1Y (API No. 30-045-34738) and the Abrams L 1 Well (API No. 30-045-34738) and the Abrams L 1 Well (API No. 30-045-25670). Hilcorp further seeks approval for the proposed location of the Morris Gas Com C 1E Well (API No. 30-045-23567) in the Mesaverde formation with a surface location in Unit I of the S/2 of Section 26, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Morris Gas Com C 1E Well from the Blanco-Mesaverde Gas Pool. Sald area is located approximately 7 miles east of Bloomfield, NM.

Legal No. 1266647 published in The Daily Times on October 30, 2018



### 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. 20097

### AFFIDAVIT OF KEVIN LAFFERTY IN SUPPORT OF CASE NO. 20097

- 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.
- 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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Hilcorp Energy Company
Hearing Date: November 15, 2018
Case # 20097

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 Morris Gas Com C 1E Well (API No. 30-045-23567), Sec. 26, T29N, R10W (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.

- 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.

STATE OF TEXAS

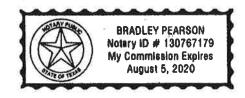
COUNTY OF Harris

SUBSCRIBED and SWORN to before me this \_\_!!\text{!\text{!\text{!\text{!\text{!\text{!\text{ }}}}}} day of November 14, 2018 by Kevin Lafferty.

NOTARY PUBLIC

My Commission Expires:

August 5, 2020



### 6223 Yarwell Dr Houston, TX 77096

### **Kevin Lafferty**

kdlafferty10@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
Field Intern I – Terrebonne Bay Asset Team

Summer 2012

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
- Gus Archie Memorial Scholarship

- Summa Cum Laude
- 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 # 20097

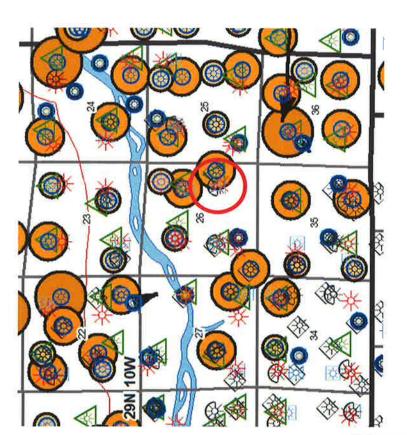


## Morris Gas Com C 1E



## Well Specifics

- SE26 29-10 3004523567 1979 drill
- 2nd MV completion in Unit 800' from parent well
- Help drain area to the southwest
- Original locations pushed due to valuable Hammond Ditch area
- Complete MV in 1-2 stages

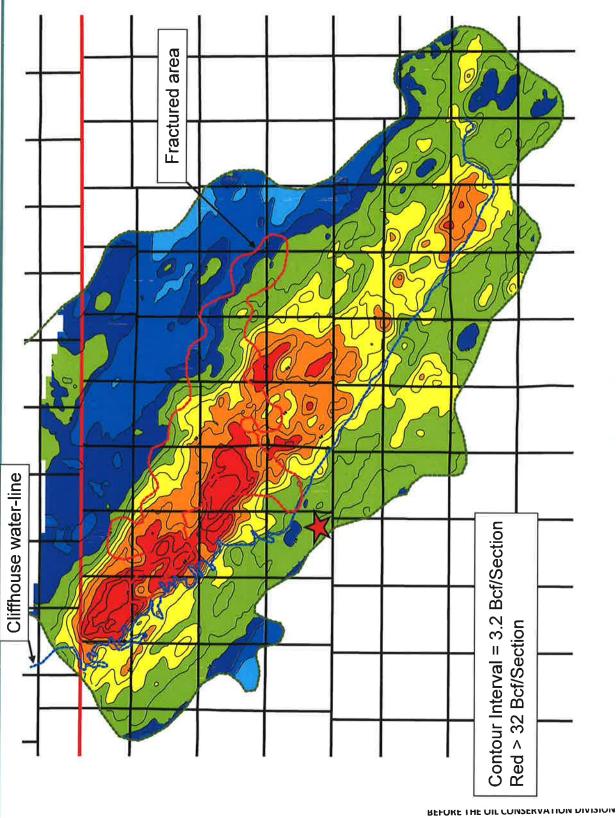


PRUTLAND COAL
PICTURED CLIFES
CHACRA
MESAFENDE
A MARANCES
PARCES
A MARANCES

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-2
Submitted by: Hilcorp Energy Company



# MV Original Gas-in-Place



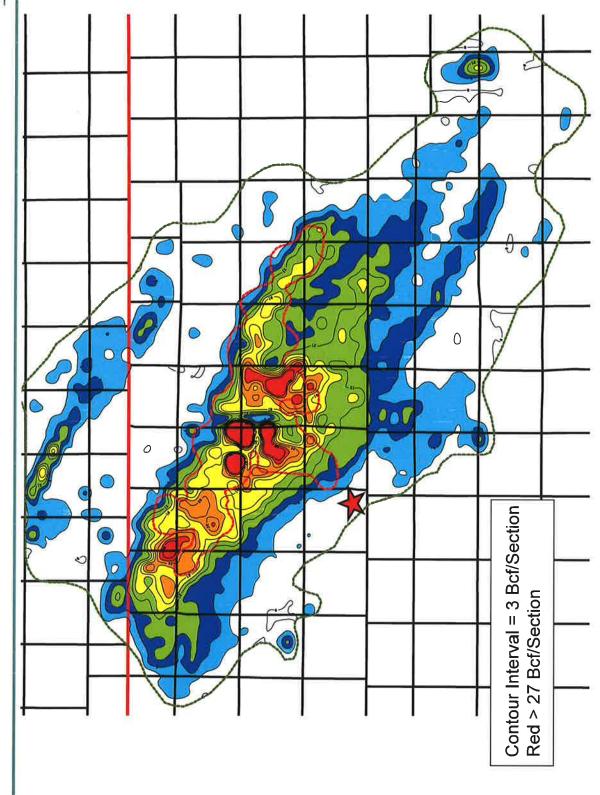
Santa Fe, New Mexico
Exhibit No. C-3

Submitted by: Hilcorp Energy Company Hearing Date: November 15, 2018

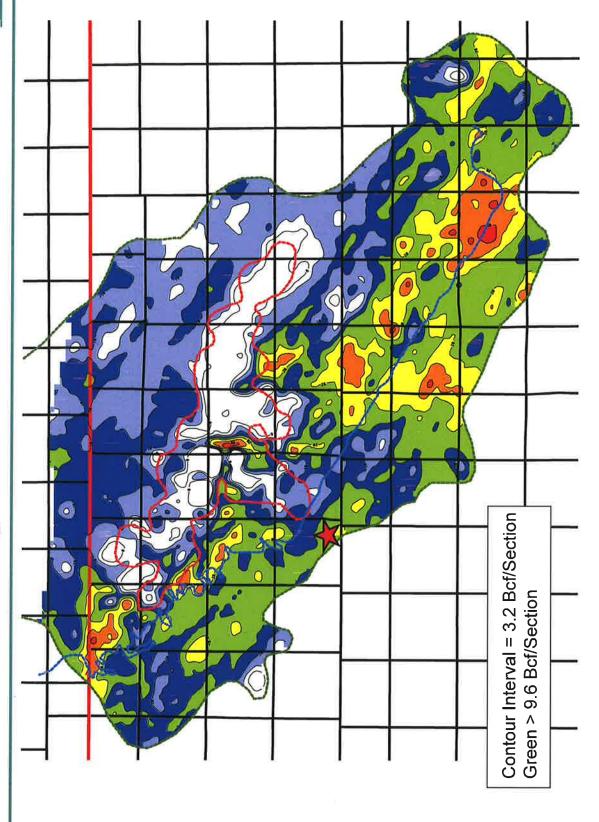
Case # 20097

STEAR THE OIL CONCERNATION DIVICION

# **MV Cumulative Gas Production**



## **MV Remaining Gas**



## **Morris Gas Com C 1E**



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD/RF%	Remaining GIP	EUR / RF%
Qtr Section	7.3 Bcf	29.2 Bcf	1.0 Bcf / 13.4%	6.3 Bcf	1.3 Bcf / 17.1%
Section	30.0 Bcf	30.0 Bcf	3.1 Bcf / 10.3%	26.9 Bcf	4.1 Bcf / 13.8%
9 Section	255 Bcf	28.3 Bcf	27 Bcf / 10.8%	228 Bcf	42 Bcf / 16.3%

Remaining Gas in Place in Quarter Section of 6.3 Bcf

Cumulative Recovery Factor to Date 13.4% and 10.3% in the Quarter Section and Section, respectively Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore