

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING APRIL 4, 2019**

CASE No. 20362

SAN JUAN 29-6 UNIT 75

SAN JUAN & RIO ARRIBA COUNTIES, 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,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NO. 20362

AFFIDAVIT OF CHARLES CREEKMORE IN SUPPORT OF CASE NO. 20362

I, Charles Creekmore, being of lawful age and duly sworn, declare as follows:

1. My name is Charles Creekmore. 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 three Mesaverde gas wells in the same quarter section for a total of five Mesaverde gas wells within 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, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 23, Township 29 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four wells are currently completed and producing:

- a. San Juan 29-6 Unit 40 Well (API No. 30-039-07585) Sec. 23, T29N, R6W (Unit H);
- b. San Juan 29-6 Unit 40A Well (API No. 30-039-21573), Sec. 23, T29N, R6W (Unit O);
- c. San Juan 29-6 Unit 75M Well (API No. 30-039-27553), Sec. 23, T29N, R6W (Unit P); and
- d. San Juan 29-6 Unit 75F Well (API No. 30-039-29749), Sec. 23, T29N, R6W (Unit A).

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

- a. **San Juan 29-6 Unit 75 Well** (API No. 30-039-07579), Sec. 23, T29N, R6W (Unit H).

9. This will be the fifth well within the same spacing unit with three wells in the same quarter section, 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 **San Juan 29-6 Unit 75 Well** (API No. 30-039-07579) within the E/2 of Section 23, Township 29 North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section and two wells within the same quarter-quarter section.

11. The proposed simultaneous dedication of the **San Juan 29-6 Unit 75 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.

14. **Exhibit A-1** is an overview map identifying the location of the subject Blanco-Mesaverde Gas Pool spacing unit, in the green outline, within the E/2 of Section 23, Township 29 North, Range 6 West, to which the 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 **San Juan 29-6 Unit 75 Well** as a gray triangle.

16. Exhibit A-1 also depicts the notice area comprised of the offsetting spacing units, which is the area within the red dashed line surrounding the subject spacing unit outlined in green. In this case, Hilcorp is the operator of the offsetting spacing units within the notice area.

17. **Exhibit A-2** identifies the affected parties within the offsetting spacing units who are required to be noticed. I provided a list of all affected parties requiring notice to Holland & Hart LLP. All parties were locatable.

18. 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.


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

FURTHER AFFIANT SAYETH NAUGHT.


Charles Creekmore

STATE OF TEXAS)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 2nd day of April, 2019 by
Charles Creekmore.


NOTARY PUBLIC

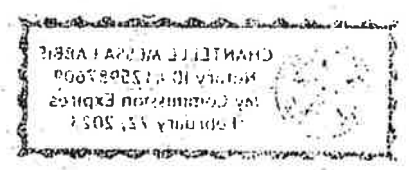
My Commission Expires:

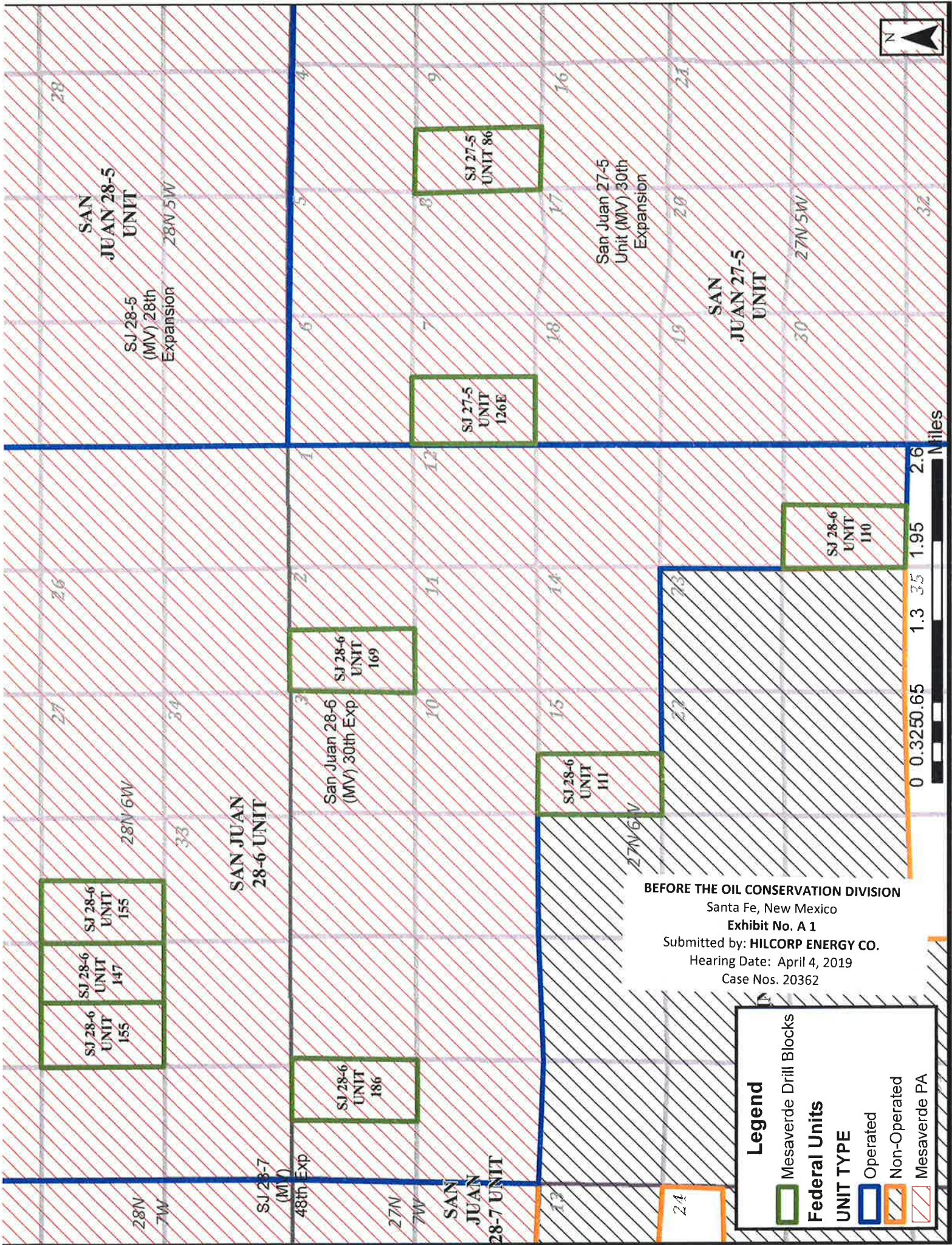


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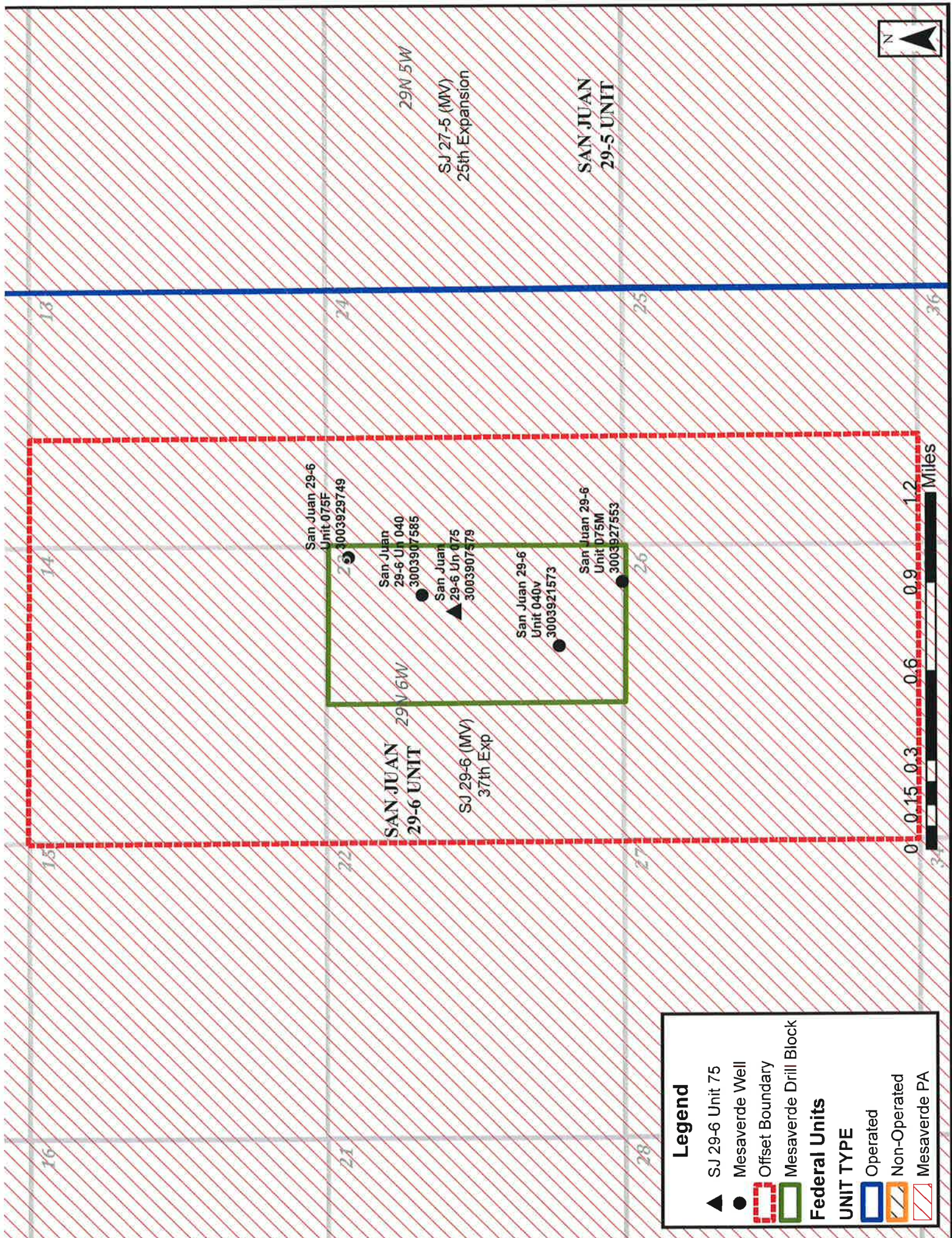
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BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. A 1
 Submitted by: HILCORP ENERGY CO.
 Hearing Date: April 4, 2019
 Case Nos. 20362



Legend

- ▲ SJ 29-6 Unit 75
- Mesaverde Well
- Offset Boundary
- Mesaverde Drill Block

Federal Units

UNIT TYPE

- Operated
- Non-Operated
- Mesaverde PA

OFFICIAL SEAL
CLARINDA L. WETZSTEON
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: June 4 2022



March 15, 2019

VIA CERTIFIED MAIL
CERTIFIED 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, Rio Arriba County, New Mexico.

Ladies & Gentlemen:

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on April 4, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Brad Pearson at (713) 289-2793.

Sincerely,

Adam G. Rankin

ATTORNEY FOR HILCORP ENERGY COMPANY



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

HEC 29-6 75
CM# 93904.0003
Notices for 20190404 Docket

Shipment Date: 03/14/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	28
Total	28

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0013 2819 45





Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collected on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.												
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8380 1383 33		BETTY T. JOHNSTON MARITAL TRUST TOM N ALINE PATRICIA E ALINE CO-TRUSTEES 17347 VILLAGE GREEN DR STE #101 HOUSTON TX 77040		0.65	3.50								1.60			
2. 9214 8901 9403 8380 1383 40		BIG SNOWY EXPLORATION LLP 511 16TH STREET SUITE 700 DENVER CO 80202		0.65	3.50								1.60			
3. 9214 8901 9403 8380 1383 57		BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284		0.65	3.50								1.60			
4. 9214 8901 9403 8380 1383 64		CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029		0.65	3.50								1.60			
5. 9214 8901 9403 8380 1383 71		ELAINE G HOWE PO BOX 624 SULPHUR OK 73086		0.65	3.50								1.60			
6. 9214 8901 9403 8380 1383 88		EULA MAY JOHNSTON TRUST 661 PO BOX 840738 DALLAS TX 75284		0.65	3.50								1.60			
7. 9214 8901 9403 8380 1383 95		Federal Indian Minerals Office Attn: Maureen Joe 6251 College Blvd Suite B Farmington NM 87402		0.65	3.50								1.60			
8. 9214 8901 9403 8380 1384 01		FRANK N GIBBARD JR 14 PLUMER ROAD EPPING NH 30420		0.65	3.50								1.60			
Total Number of Pieces Listed by Sender 28		Postmaster, Per (Name of receiving employee)														



Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery										Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.									
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9. 9214 8901 9403 8380 1384 18		FRANK N GIBBARD JR 14 PLUMER ROAD EPPING NH 30420		0.65	3.50								1.60								
10. 9214 8901 9403 8380 1384 25		GRAYFORE PARTNERS LP PO BOX 98670 LUBBOCK TX 79499		0.65	3.50								1.60								
11. 9214 8901 9403 8380 1384 32		Huerfano Chapter House Attn: Larry Bonney 536 CR7150 Bloomfield NM 87413		0.65	3.50								1.60								
12. 9214 8901 9403 8380 1384 49		J&M RAYMOND LTD PO BOX 291445 KERRVILLE TX 78029		0.65	3.50								1.60								
13. 9214 8901 9403 8380 1384 56		Jicarilla Agency BIA Attn: Kurt Sandoval PO BOX 167 Dulce NM 87528		0.65	3.50								1.60								
14. 9214 8901 9403 8380 1384 63		Jicarilla Oil & Gas Administration Attn: Dir Guillermo DelHerrera Dulce Rock Road #6 Dulce NM 87528		0.65	3.50								1.60								
15. 9214 8901 9403 8380 1384 70		LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029		0.65	3.50								1.60								
16. 9214 8901 9403 8380 1384 87		MCELVAIN OIL COMPANY PO BOX 801888 DALLAS TX 75380		0.65	3.50								1.60								
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USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee	
17. 9214 8901 9403 8380 1384 94		Navajo Nation PO BOX 9000 Window Rock AZ 86515		0.65	3.50	Handling Charge - if Registered and over \$50,000 in value							1.60				
18. 9214 8901 9403 8380 1385 00		New Mexico Bureau Of Land Management 6251 College Blvd Farmington NM 87402		0.65	3.50								1.60				
19. 9214 8901 9403 8380 1385 17		New Mexico State Land Office PO BOX 1148 Santa Fe NM 87504		0.65	3.50								1.60				
20. 9214 8901 9403 8380 1385 24		PGC GAS COMPANY 6150 NORTH CENTRAL EXPWY SUITE 1475 DALLAS TX 75206		0.65	3.50						Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling
21. 9214 8901 9403 8380 1385 31		PINTAIL PRODUCTION CO INC 6467 SOUTHWEST BLVD BENBROOK TX 76132		0.65	3.50								1.60				
22. 9214 8901 9403 8380 1385 48		RESOURCE DEVELOPMENT TECHNOLOGY LLC PO BOX 1020 MORRISON CO 80465		0.65	3.50								1.60				
23. 9214 8901 9403 8380 1385 55		RKC INC 7500 E ARAPAHOE RD CENTENNIAL CO 80112		0.65	3.50								1.60				
24. 9214 8901 9403 8380 1385 62		SABLE ENERGY LTD 1801 EAST 71ST STREET TULSA OK 74136		0.65	3.50								1.60				
Total Number of Pieces Listed by Sender 28		Total Number of Pieces Received at Post Office		Postmaster, Per (Name of receiving employee)													



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25. Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501	9214 8901 9403 8380 1385 79	T H MCELVAIN OIL & GAS LLP 511 16TH STREET SUITE 700 DENVER CO 80202	Postage 0.65 (Extra Service) Fee 3.50 Handling Charge - if Registered and over \$50,000 in value Actual Value if Registered Insured Value Due Sender if COD ASR Fee ASRD Fee RD Fee RR Fee 1.60 SC Fee SCRD Fee SH Fee
26.	9214 8901 9403 8380 1385 86	TAMACAN LLC PO BOX 291445 KERRVILLE TX 76029	Postage 0.65 (Extra Service) Fee 3.50 Handling Charge - if Registered and over \$50,000 in value Actual Value if Registered Insured Value Due Sender if COD ASR Fee ASRD Fee RD Fee RR Fee 1.60 SC Fee SCRD Fee SH Fee
27.	9214 8901 9403 8380 1385 93	V A JOHNSTON LTD PO BOX 303247 AUSTIN TX 78703	Postage 0.65 (Extra Service) Fee 3.50 Handling Charge - if Registered and over \$50,000 in value Actual Value if Registered Insured Value Due Sender if COD ASR Fee ASRD Fee RD Fee RR Fee 1.60 SC Fee SCRD Fee SH Fee
28.	9214 8901 9403 8380 1386 09	VAUGHANMCELVAIN ENERGY INC PO BOX 970 KENNETT SQUARE PA 19348	Postage 0.65 (Extra Service) Fee 3.50 Handling Charge - if Registered and over \$50,000 in value Actual Value if Registered Insured Value Due Sender if COD ASR Fee ASRD Fee RD Fee RR Fee 1.60 SC Fee SCRD Fee SH Fee
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PS Form 3877, April 2015 (Page 4 of 4)
 PSN 7530-02-000-9098

Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy

HEC 29-6 75 POSTAL STATUS REPORT

Recipient	Status
Jicarilla Agency BIA Attn: Kurt Sandoval PO BOX 167 Dulce NM 87528	Delivered Signature Received
Jicarilla Oil & Gas Administration Attn Dir Guillermo DeHerrera Dulce Rock Road #6 Dulce NM 87528	Delivered Signature Received
LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
MCELVAIN OIL COMPANY PO BOX 801888 DALLAS TX 75380	Delivered
Navajo Nation PO BOX 9000 Window Rock AZ 86515	Delivered Signature Received
New Mexico Bureau Of Land Management 6251 College Blvd Farmington NM 87402	Delivered Signature Received
New Mexico State Land Office PO BOX 1148 Santa Fe NM 87504	Delivered Signature Received
PGC GAS COMPANY 8150 NORTH CENTRAL EXPWY SUITE 1475 DALLAS TX 75206	Delivered Signature Received
PINTAIL PRODUCTION CO INC 6467 SOUTHWEST BLVD BENBROOK TX 76132	Delivered
RESOURCE DEVELOPMENT TECHNOLOGY LLC PO BOX 1020 MORRISON CO 80465	Delivered Signature Received
RKC INC 7500 E ARAPAHOE RD CENTENNIAL CO 80112	Delivered Signature Received
SABLE ENERGY LTD 1801 EAST 71ST STREET TULSA OK 74136	Delivered Signature Received
T H MCELVAIN OIL & GAS LLLP 511 16TH STREET SUITE 700 DENVER CO 80202	Delivered Signature Received
TAMACAM LLC PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
V A JOHNSTON LTD PO BOX 303247 AUSTIN TX 78703	Delivered Signature Received
VAUGHAN-MCELVAIN ENERGY INC PO BOX 970 KENNETT SQUARE PA 19348	Delivered Signature Received
BETTY T JOHNSTON MARITAL TRUST TOM N AUNE PATRICIA E AUNE CO-TRUSTEES 17347 VILLAGE GREEN DR STE #101 HOUSTON TX 77040	Delivered Signature Received
BIG SNOWY EXPLORATION LLLP 511 16TH STREET SUITE 700 DENVER CO 80202	Delivered Signature Received
BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284	Delivered Signature Received
CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
ELAINE G HOWE PO BOX 624 SULPHUR OK 73086	Delivered Signature Received
EULA MAY JOHNSTON TRUST 661 PO BOX 840738 DALLAS TX 75284	Delivered Signature Received
Federal Indian Minerals Office Attn: Maureen Joe 6251 College Blvd Suite B Farmington NM 87402	Delivered Signature Received
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FRANK N GIBBARD JR 14 PLUMER ROAD EPPING NH 30420	In-Transit
GRAYFORE PARTNERS LP PO BOX 98670 LUBBOCK TX 79499	Delivered Signature Received
Huerfano Chapter House Attn: Lary Bonney 536 CR7150 Bloomfield NM 87413	In-Transit
J&M RAYMOND LTD PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received

20342

Affidavit of Publication

State of New Mexico

County of Rio Arriba

I, Robert Trapp, being first duly sworn, declare and say I am the publisher of the Rio Grande SUN, a weekly newspaper published in the English language and having a general circulation in the County of Rio Arriba, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937. The publication, a copy of which is hereto attached, was published in said paper once each week for

Publisher's Bill

170 lines one time at \$119.00

 lines times at

Affidavit \$5.00

Subtotal \$124.00

Tax \$11.08

Total \$135.08

1 consecutive weeks and on the same day of each week in the regular issue of the paper during the time of publication and the notice was published in the newspaper proper, and not in any supplement. The first publication being on the

21 day of March, 2019

and the last publication on the 21 day of

March, 2019 payment for said advertisement has been duly made, or assessed as court costs. The undersigned has personal knowledge of the matters and things set forth in this affidavit.

Maria V Lopez
Publisher

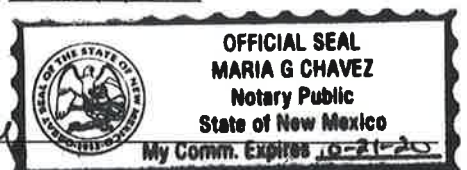
Payment received at Rio Grande SUN

Date March 18, 2019

By [Signature]

Subscribed and sworn to before me this 21 day of March A.D. 2019

[Signature]
Maria G. Chavez/Notary Public
My commission expires 21 October 2020



**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 April 4, 2019, 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 March 25, 2019. 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: FRANK N. GIBBARD JR., HIS HEIRS AND DEVISEES; BP AMERICA PRODUCTION COMPANY; PINTAIL PRODUCTION CO INC; T. H. MCELVAIN OIL & GAS LLLP; TAMACAM LLC c/o JAMES M. RAYMOND AFENT & AIF; LORRAYN GAY HACKER, HER HEIRS AND DEVISEES; J&M RAYMOND LTD, RAYMOND & SONS I LLC GEN PARTNER; CHARLES W. GAY, HIS HEIRS AND DEVISEES; ELAINE G. HOWE, HER HEIRS AND DEVISEES; SABLE ENERGY LTD; GRAYFORE PARTNERS LP; BETTY T. JOHNSTON MARITAL TRUST, BETTY T. JOHNSTON, TOM N. AUNE, PATRICIA E. AUNE, CO-TRUSTEES; V. A. JOHNSTON LTD; VAUGHAN-MCELVAIN

**ENERGY INC;
MCELVAIN OIL COMPANY; EULA MAY JOHNSTON TRUST 661 c/o BANK OF AMERICA N. A.; PGC GAS COMPANY; RKC INC; RESOURCE DEVELOPMENT TECHNOLOGY LLC; BIG SNOWY EXPLORATION LLLP; NEW MEXICO BUREAU OF LAND MANAGEMENT; NAVAJO NATION; NEW MEXICO STATE LAND OFFICE; HUERFANO CHAPTER HOUSE; JICARILLA OIL & GAS ADMINISTRATION; FEDERAL INDIAN MINERALS OFFICE; JICARILLA AGENCY BIA.**
CASE 20362: 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, Rio Arriba 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), Rio Arriba County, New Mexico, 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, with three wells in the same quarter section and two wells in the same quarter-quarter. Hilcorp further seeks approval for the proposed location of the **San Juan 29-6 Unit 75 Well** (API No. 30-039-07579) in the Mesaverde formation with a surface location in Unit H of the E/2 of Section 23, Township 29 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the **San Juan 29-6 Unit 75 Well** from the Blanco-Mesaverde Gas Pool. Said area is located approximately 28 miles east of Bloomfield, NM. (Published March 21, 2019)

**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,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NO. 20362

AFFIDAVIT OF MICHELLE SIVADON IN SUPPORT OF CASE NO. 20362

Michelle Sivadon, being of lawful age and duly sworn, declare as follows:

1. My name is Michelle Sivadon. I work for Hilcorp Energy Company ("Hilcorp") as a reservoir engineer.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert in reservoir engineering. My credentials as a reservoir engineer 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 have conducted an engineering study of the subject area and of the Blanco-Mesaverde Gas Pool.
4. 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 recoverable

gas and lower-than-expected gas recoveries where additional well bores or well completions are necessary to adequately drain remaining gas reserves.

5. Exhibit C-1 contains information relating to the subject spacing unit and the **San Juan 29-6 Unit 75 Well** (API No. 30-039-07579) in Unit H of the E/2 of Section 23, Township 29 North, Range 6 West, 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 third Mesaverde completion in the quarter section in the spacing unit. I anticipate that it will help drain the area to the center.

6. Exhibit C-2 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.

7. Exhibit C-3 is a map depicting the calculated estimated ultimate recovery (EUR) from the Blanco-Mesaverde Gas Pool and drainage radius. The larger radius circles reflect wells with higher EURs and larger drainage areas. The red star identifies the location of the subject well where there is relatively low EURs and the drainage radii are smaller.

8. Exhibit C-4 is a map depicting calculated remaining recoverable gas. The cooler colors indicate areas where there is relatively less remaining recoverable gas. The warmer colors reflect areas where there is relatively more remaining recoverable gas. The red star identifies the location of the subject well in an area where we calculate that there is relatively considerable remaining recoverable gas and relatively low EURs under the existing well density.

9. Exhibit C-5 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.

10. I would expect recovery factors of approximately 70-80% in a gas pool of this type. The low recovery factors in Exhibit C-5 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.

11. 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.

12. 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.

13. Exhibits C-1 through C-5 were prepared by me or under my direction and supervision.

FURTHER AFFIANT SAYETH NAUGHT.

Michelle Sivadon
Michelle Sivadon

STATE OF TEXAS)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 2nd day of April, 2019 by
Michelle Sivadon.

Chantelle Messa Labbie
NOTARY PUBLIC

My Commission Expires:



12244211_1

2-10-00

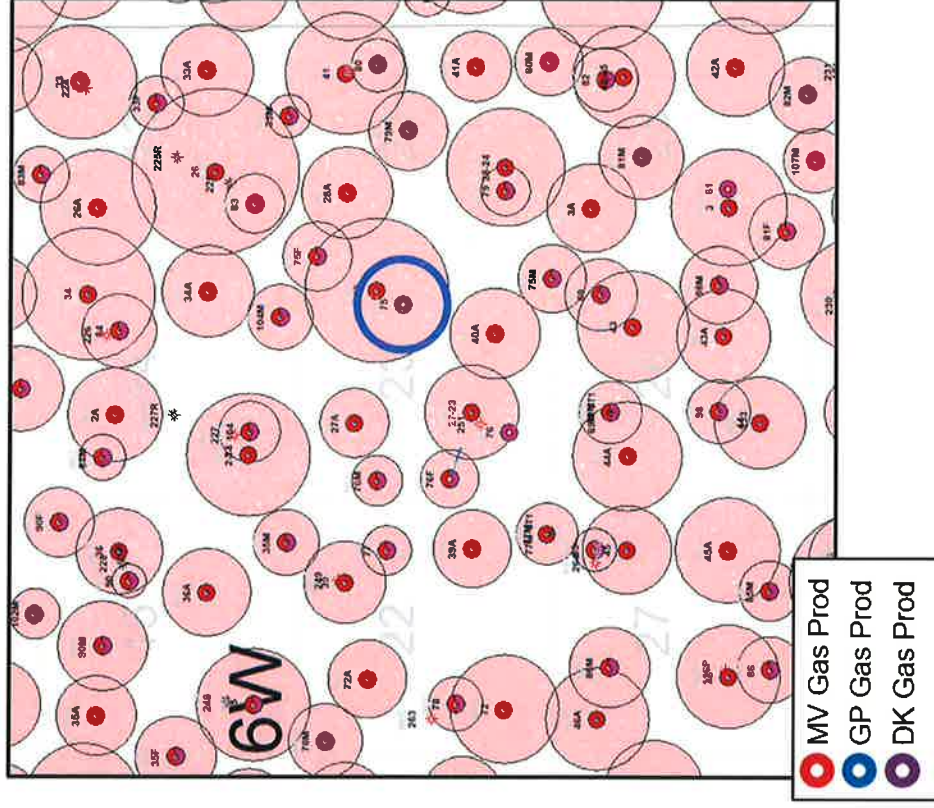
1-10-00

1-10-00

1-10-00

February 25, 2003
My Commission Expires
Notary ID #15287200
CHANTLIE WESSA LABRE

San Juan 29-6 Unit 75

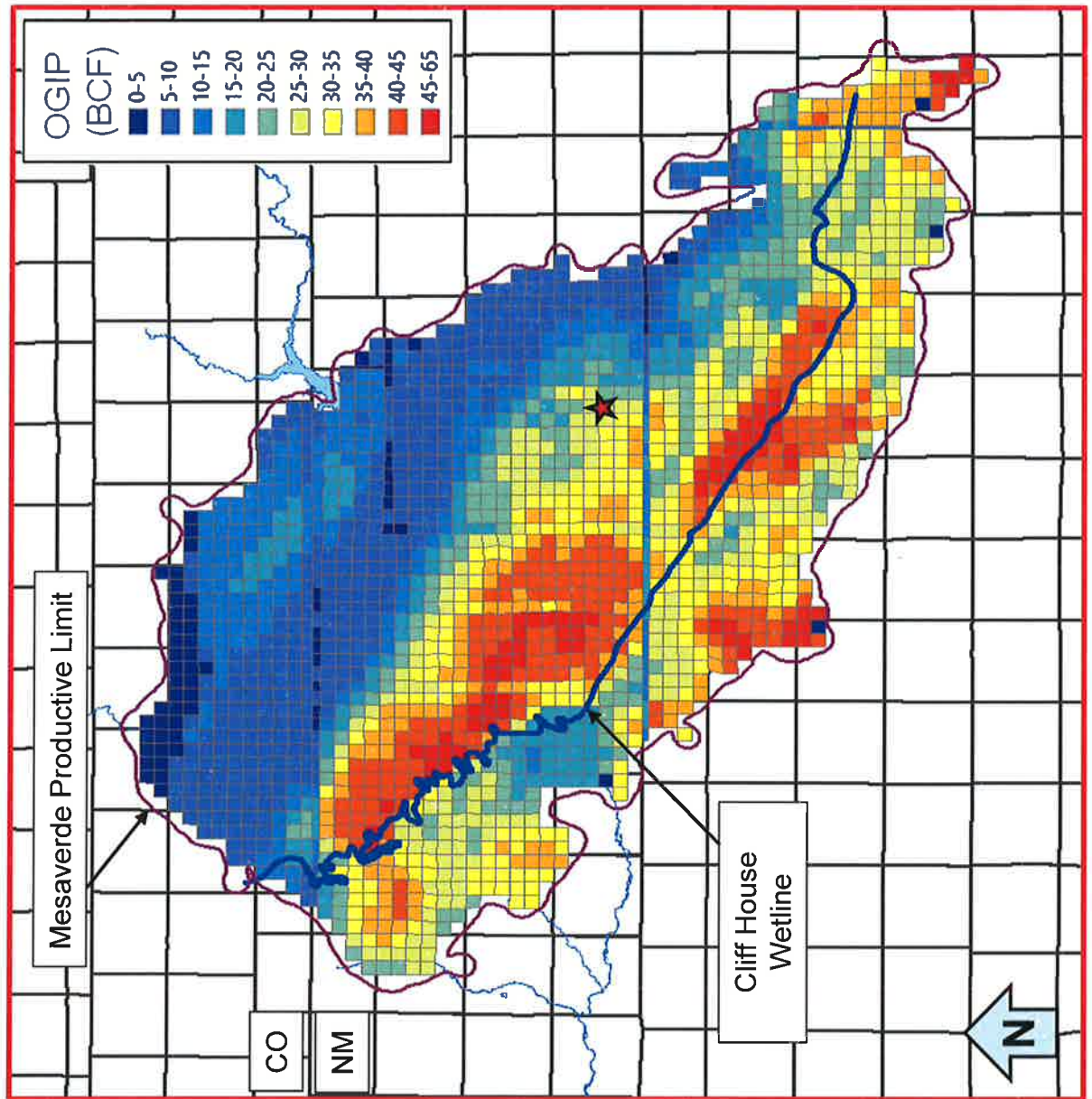


Well Specifics

- NE23 29-6 3003907579 1964 drill
- 3rd MV completion in 1/4 section
- 630' from nearest MV producer
- Help drain area to section center
- Complete MV in 1-2 stages

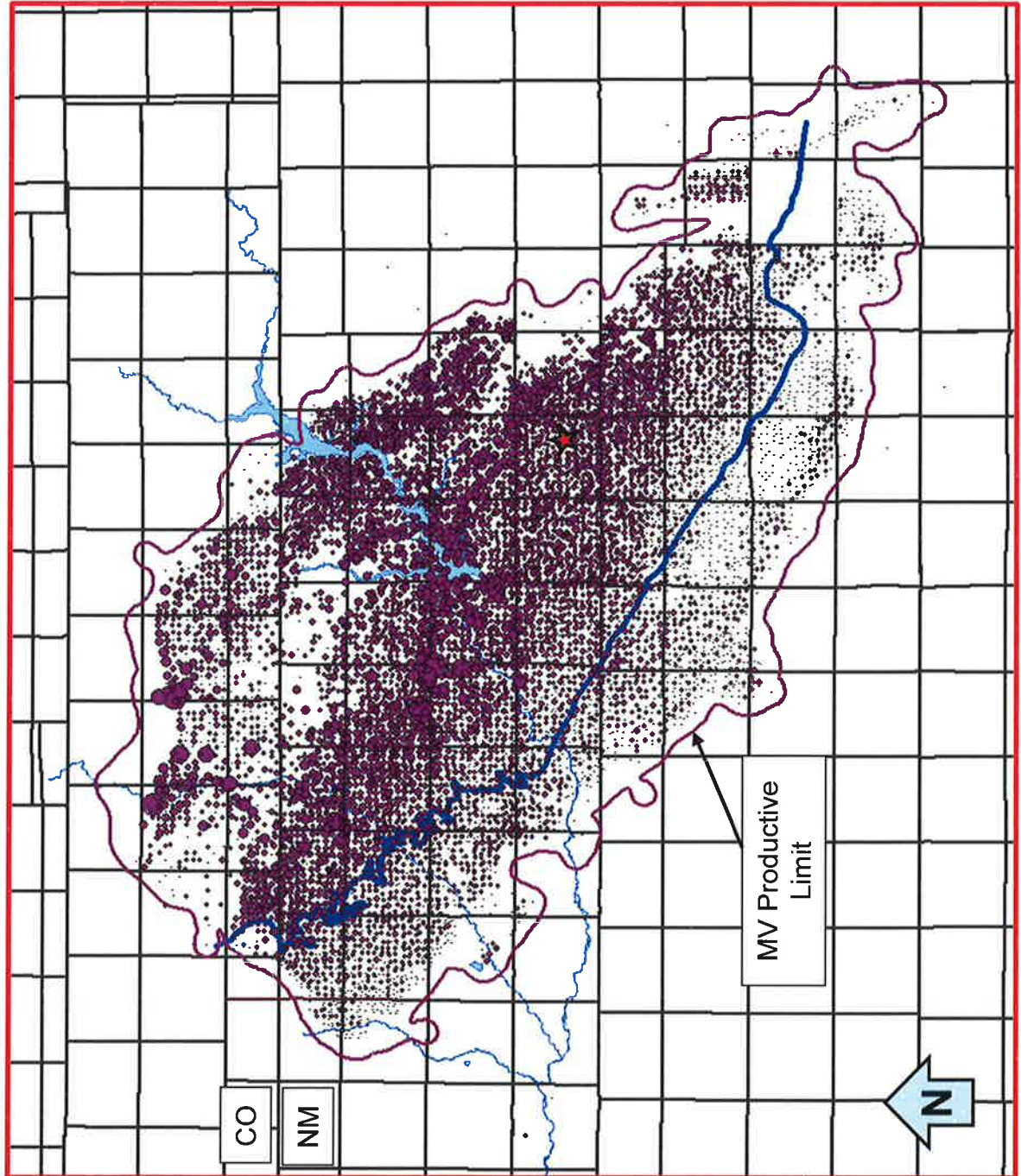


MV Original Gas In Place



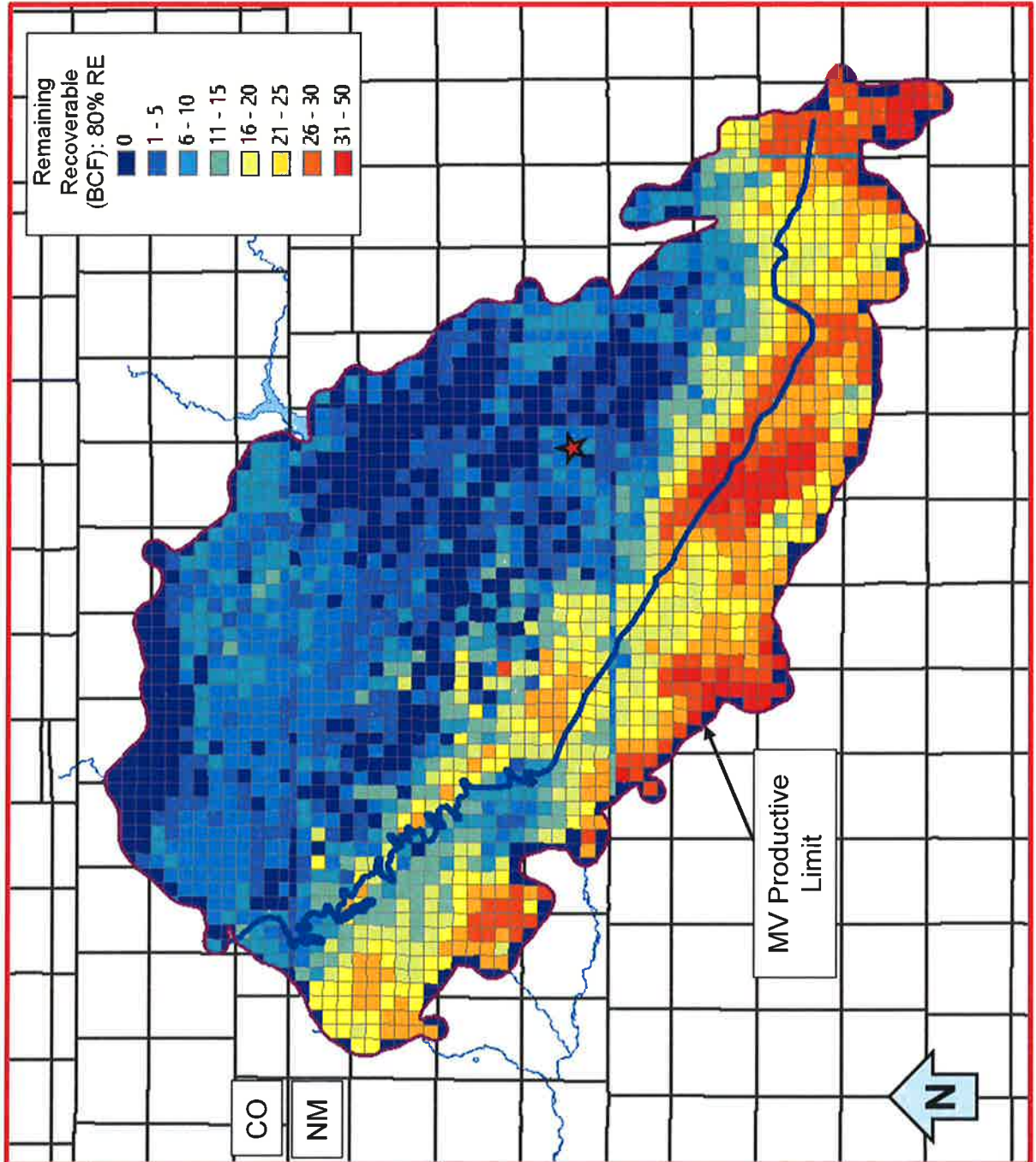


MV EUR and Drainage Radius



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C3
Submitted by: **HILCORP ENERGY CO.**
Hearing Date: April 4, 2019
Case Nos. 20362

MV Remaining Recoverable Gas



San Juan 29-6 Unit 75



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	6.9 Bcf	27.6 Bcf	5.7 Bcf / 83%	1.2 Bcf	6.9 Bcf / 100%
Section	26.8 Bcf	26.8 Bcf	11.5 Bcf / 43%	15.3 Bcf	15.3 Bcf / 57%
9 Section	226 Bcf	25.1 Bcf	111.0 Bcf / 49%	115 Bcf	145.0 Bcf / 64%

- Remaining Gas in Place in Quarter Section of 1.2 Bcf
- Cumulative Recovery Factor to Date 83% and 43% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C5

Submitted by: HILCORP ENERGY CO.

Hearing Date: April 4, 2019

Case Nos. 20362