

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING JUNE 13, 2019**

**CASE NO. 20535**

*SAN JUAN 28-6 UNIT 115 WELL*

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

**CASE NO. 20535**

**AFFIDAVIT OF CHARLES CREEKMORE IN SUPPORT OF CASE NO. 20535**

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, with two Mesaverde gas wells in the same quarter-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 W/2 of Section 3, Township 27 North, Range 6 West, Rio Arriba County, New Mexico, in which the following five wells are currently completed and producing:

- a. San Juan 28-6 Unit 75 Well (API No. 30-039-07153) Sec. 3, T27N, R6W (Unit N);
- b. San Juan 28-6 Unit 98M Well (API No. 30-039-25740) Sec. 3, T27N, R6W (Unit D);
- c. San Juan 28-6 Unit 115P Well (API No. 30-039-29478) Sec. 3, T27N, R6W (Unit K); and
- d. San Juan 28-6 Unit 98P Well (API No. 30-039-30567) Sec. 3, T27N, R6W (Unit F).

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

- a. **San Juan 28-6 Unit 115 Well** (API No. 30-039-07169), Sec. 3, T27N, R6W (Unit N).

9. This will be the fifth well within the same spacing unit with three wells in the same quarter section, and two wells in the same quarter-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 28-6 Unit 115 Well** (API No. 30-039-07169), within the W/2 of Section 3, Township 27 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 in the same quarter-quarter section (Unit N).

11. The proposed simultaneous dedication of the **San Juan 28-6 Unit 115 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 may own 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 W/2 of Section 3, Township 27 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 dark blue circles, as well as the **San Juan 28-6 Unit 115 Well** as a dark blue triangle.

16. Exhibit A-1 also depicts the notice area comprised of the offsetting spacing units, which is the shaded area within the dark blue hashed line surrounding the subject spacing unit outlined in green. Hilcorp has provided notice of this application to the operators within the notice area. In some instances, Hilcorp may be the operator of offsetting spacing units within the notice area, in which case notice of the application was provided to all the working interest owners 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  
Charles Creekmore

STATE OF TEXAS )

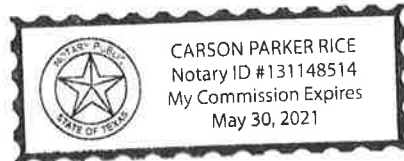
COUNTY OF Harris )

SUBSCRIBED and SWORN to before me this 4<sup>th</sup> day of June, 2019 by  
Charles Creekmore.

Carson Parker Rice  
NOTARY PUBLIC

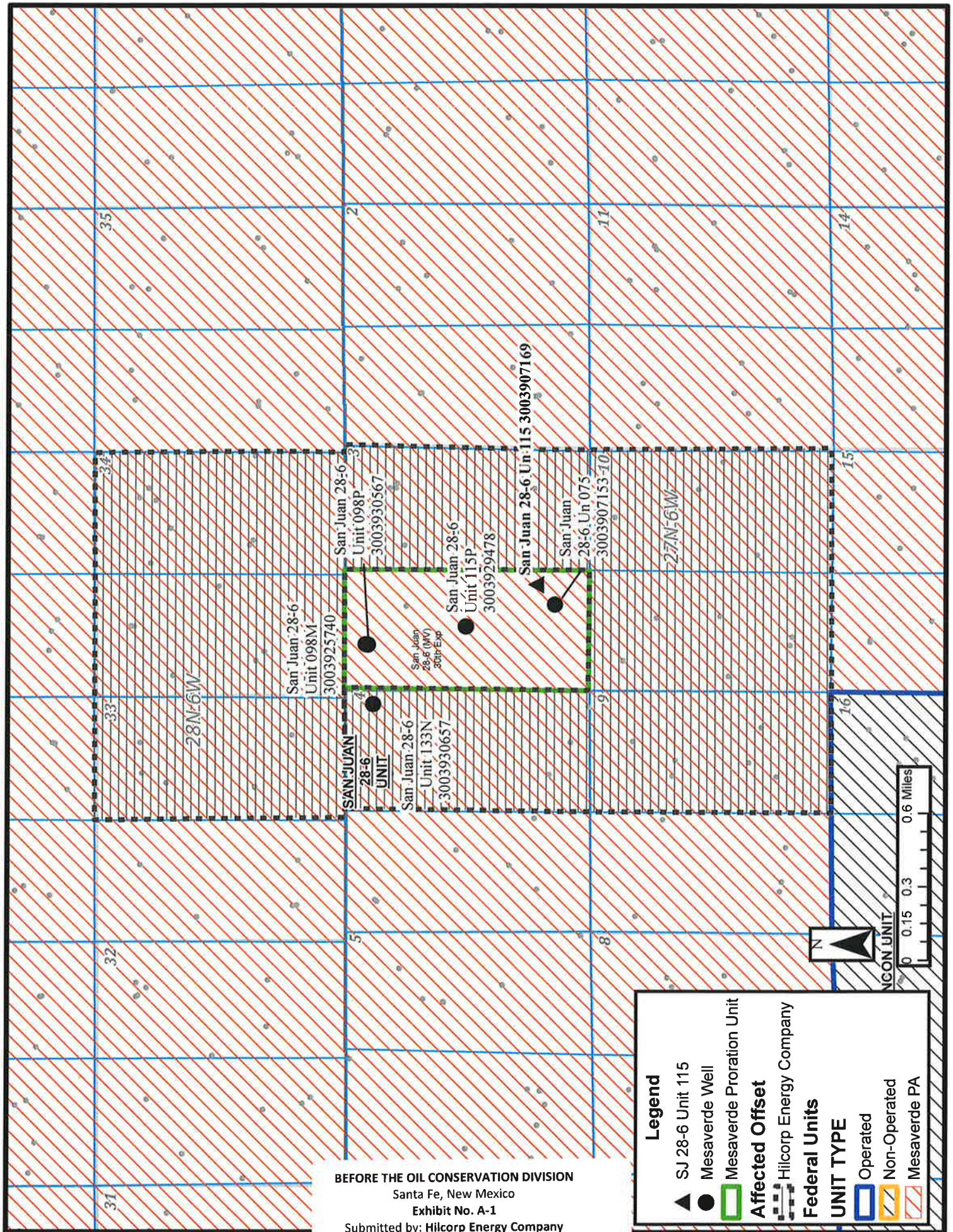
My Commission Expires:

May 30, 2021



12707390\_v1





BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. A-1  
 Submitted by: Hilcorp Energy Company  
 Hearing Date: June 13, 2019  
 Case # 20535



BA	Name	Address	City	State	Zip Code	Remarks
1066712	BP AMERICA PRODUCTION COMPANY	PO BOX 848103	DALLAS	TX	75284-8103	WIO
1142889	CAROLYN BEAMON TILLEY	4 LAWRESTON PLACE	DALLAS	TX	75225	WIO
1146418	CB LIFELINE PARTNERSHIP	4 LAWRESTON PLACE	DALLAS	TX	75225	WIO
1139541	CLAUDIA MARCIA LUNDELL GILMER	723 W UNIVERSITY AVE STE 300-371	GEORGETOWN	TX	78626	WIO
1139406	HARRINGTON ENERGY RESOURCES LP	A NM LP HARRINGTON SAN JUAN LLC GPPO BOX 219119	KANSAS CITY	MO	64121	WIO
1139407	HARRINGTON SOUTHWEST ENERGY LP	A NM LP HARRINGTON SAN JUAN LLC GPPO BOX 219119	KANSAS CITY	MO	64121	WIO
300	Hilcorp San Juan, LP	1111 TRAVIS	HOUSTON	TX	77002	WIO
1125552	JAMES R BEAMON	6140 HWY 6 SUITE 154	MISSOURI CITY	TX	77459	WIO
1139409	LINDA JEANNE LUNDELL LINDSEY	PO BOX 631565	NACOGDOCHES	TX	75963	WIO
1138962	OMIMEX PETROLEUM	7950 JOHN T WHITE ROAD	FORT WORTH	TX	76120	WIO
1041017	PIONEER NATURAL RES USA INC	KATHY NAVARRETEP O BOX 3178	MIDLAND	TX	79702	NETPR
1147116	ROBERT E BEAMON III	C/O JAMES R BEAMON 6140 HWY 6, SUITE 154	MISSOURI CITY	TX	77459	WIO
1126167	ROBERT WALTER LUNDELL	2450 FONDREN STE 304	HOUSTON	TX	77063-2318	WIO
1126258	SHARON BEAMON BURNS	200 BISCAYNE BOULEVARD WAY APT 3411	MIAMI	FL	33131	WIO
1038523	SILVERADO OIL & GAS LLP	P O BOX 52308	TULSA	OK	74152-0308	NETPR
1126294	SUSAN BEAMON PORTER	319 KNIPP FOREST	HOUSTON	TX	77024-5030	WIO



**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. 20535**

**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 Application has 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 June, 2019 by Adam G. Rankin.

  
Notary Public

My Commission Expires:

  
August 26, 2021

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. B**  
Submitted by: **Hilcorp Energy Company**  
Hearing Date: June 13, 2019  
Case # 20535



May 24, 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 &amp; 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 June 13, 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 Chuck Creekmore at (832) 839-4601.

Sincerely,

Adam G. Rankin

**ATTORNEY FOR HILCORP ENERGY COMPANY****BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

**Exhibit No. B-1**Submitted by: **Hilcorp Energy Company**

Hearing Date: June 13, 2019

Case # 20535



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

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

Hilcorp Energy Co. 93904.0003  
San Juan 28-6 Unit 115 Well  
Case No. 20535

Shipment Date: 05/23/2019

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	17
Total	17

\*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 0014 6759 89

MAY 24 2019

USPS



## Firm Mailing Book For Accountable Mail

Name and Address of Sender		Check type of mail or service		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 8383 7404 27	BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284-8103		0.65	3.50	Handling Charge - if Registered and over \$50.00 in value							1.60				
2.	9214 8901 9403 8383 7404 34	CAROLYN BEAMON TILLEY 4 LAWRESTON PLACE DALLAS TX 75225		0.65	3.50									1.60			
3.	9214 8901 9403 8383 7404 41	CB LIFELINE PARTNERSHIP 4 LAWRESTON PLACE DALLAS TX 75225		0.65	3.50									1.60			
4.	9214 8901 9403 8383 7404 58	CLAUDIA MARCIA LUNDELL GILMER 723 W UNIVERSITY AVE STE 300-371 GEORGETOWN TX 78626		0.65	3.50									1.60			
5.	9214 8901 9403 8383 7404 65	HARRINGTON ENERGY RESOURCES LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121		0.65	3.50									1.60			
6.	9214 8901 9403 8383 7404 72	HARRINGTON SOUTHWEST ENERGY LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121		0.65	3.50									1.60			
7.	9214 8901 9403 8383 7404 89	JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459		0.65	3.50									1.60			
8.	9214 8901 9403 8383 7404 96	LINDA JEANNE LUNDELL LINDSEY PO BOX 631565 NACOGDOCHES TX 75963		0.65	3.50									1.60			
Total Number of Pieces Listed by Sender 17		Total Number of Pieces Received at Post Office		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

- ☐ Adult Signature Required  
☐ Adult Signature Restricted Delivery  
☒ Certified Mail  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery (COD)  
☐ Insured Mail  
☐ Priority Mail
- ☐ Priority Mail Express  
☐ Registered Mail  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation  
☐ 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
9. 9214 8901 9403 8383 7405 02	OMIMEX PETROLEUM 7950 JOHN T WHITE ROAD FORT WORTH TX 76120	0.65	3.50								1.60			
10. 9214 8901 9403 8383 7405 19	KATHY NAVARRETE, PIONEER NATURAL RES USA INC PO BOX 3178 MIDLAND TX 79702	0.65	3.50								1.60			
11. 9214 8901 9403 8383 7405 26	ROBERT E BEAMON III C/O JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459	0.65	3.50								1.60			
12. 9214 8901 9403 8383 7405 33	ROBERT WALTER LUNDELL 2450 FONDREN STE 304 HOUSTON TX 77063-2318	0.65	3.50								1.60			
13. 9214 8901 9403 8383 7405 40	SHARON BEAMON BURNS 200 BISCAYNE BOULEVARD WAY APT 3411 MIAMI FL 33131	0.65	3.50								1.60			
14. 9214 8901 9403 8383 7405 57	SILVERADO OIL & GAS LLP PO BOX 52308 TULSA OK 74152-0308	0.65	3.50								1.60			
15. 9214 8901 9403 8383 7405 64	SUSAN BEAMON PORTER 319 KNIPP FOREST HOUSTON TX 77024-5030	0.65	3.50								1.60			
16. 9214 8901 9403 8383 7405 71	BUREAU OF LAND MANAGEMENT 6251 College Blvd FARMINGTON NM 87402	0.65	3.50								1.60			
Total Number of Pieces Listed by Sender 17	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)												



Name and Address of Sender		Check type of mail or service		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			
Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		<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															
17. 9214 8901 9403 8383 7405 88		NEW MEXICO LAND OFFICE 310 Old Santa Fe Trail Santa Fe NM 87501		0.65	3.50	Handling Charge - if Registered and over \$50.00 in value							1.60						
Total Number of Pieces Listed by Sender 17		Total Number of Pieces Received at Post Office		Postmaster, Per (Name of receiving employee)															

**POSTAL DELIVERY REPORT**  
**SAN JUAN 28-6 UNIT 115**  
**Case No. 20535**

Recipient	Status	Custom
BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284-8103	Delivered Signature Received	Ref#: C1400742.7864856 RetRef#:
CAROLYN BEAMON TILLEY 4 LAWRESTON PLACE DALLAS TX 75225	Delivered&nbsp;Signature Received	Ref#: C1400742.7864857 RetRef#:
CB LIFELINE PARTNERSHIP 4 LAWRESTON PLACE DALLAS TX 75225	Delivered&nbsp;Signature Received	Ref#: C1400742.7864858 RetRef#:
CLAUDIA MARCIA LUNDELL GILMER 723 W UNIVERSITY AVE STE 300-371 GEORGETOWN TX 78626	Delivered Signature Received	Ref#: C1400742.7864859 RetRef#:
HARRINGTON ENERGY RESOURCES LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121	Delivered Signature Received	Ref#: C1400742.7864860 RetRef#:
HARRINGTON SOUTHWEST ENERGY LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121	Delivered Signature Received	Ref#: C1400742.7864861 RetRef#:
JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459	Delivered Signature Received	Ref#: C1400742.7864862 RetRef#:
LINDA JEANNE LUNDELL LINDSEY PO BOX 631565 NACOGDOCHES TX 75963	Delivered Signature Received	Ref#: C1400742.7864863 RetRef#:
OMIMEX PETROLEUM 7950 JOHN T WHITE ROAD FORT WORTH TX 76120	Delivered Signature Received	Ref#: C1400742.7864864 RetRef#:
KATHY NAVARRETE PIONEER NATURAL RES USA INC PO BOX 3178 MIDLAND TX 79702	Delivered Signature Received	Ref#: C1400742.7864865 RetRef#:
ROBERT E BEAMON III C/O JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459	Delivered Signature Received	Ref#: C1400742.7864866 RetRef#:

Recipient	Status	Custom
ROBERT WALTER LUNDELL 2450 FONDREN STE 304 HOUSTON TX 77063- 2318	Delivered Signature Received	Ref#: C1400742.7864867 RetRef#:
SHARON BEAMON BURNS 200 BISCAYNE BOULEVARD WAY APT 3411 MIAMI FL 33131	Delivered Signature Received	Ref#: C1400742.7864868 RetRef#:
SILVERADO OIL & GAS LLP PO BOX 52308 TULSA OK 74152-0308	Delivered Signature Received	Ref#: C1400742.7864869 RetRef#:
SUSAN BEAMON PORTER 319 KNIPP FOREST HOUSTON TX 77024-5030	Delivered Signature Received	Ref#: C1400742.7864870 RetRef#:
BUREAU OF LAND MANAGEMENT 6251 College Blvd FARMINGTON NM 87402	Delivered Signature Received	Ref#: C1400742.7864871 RetRef#:
NEW MEXICO LAND OFFICE 310 Old Santa Fe Trail Santa Fe NM 87501	Delivered Signature Received	Ref#: C1400742.7864872 RetRef#:



# 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

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 30 day of May, 2019 and the last publication on the 30 day of May, 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.

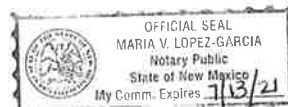
Total \$ 125.00

Robert Trapp

Publisher

Subscribed and sworn to before me this 30 day of May A.D. 2019

Maria V. Lopez-Garcia  
Maria V. Lopez-Garcia/Notary Public  
My commission expires 13 July 2021



## 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 June 13, 2019, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-7779 by June 3, 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.

Payme to Rio Grande SUN

Date

By

(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: BP AMERICA PRODUCTION COMPANY; CAROLYN BEAMON TILLEY, HER HEIRS AND DEVISEES; CB LIFELINE PARTNERSHIP; CLAUDIA MARCIA LUNDELL GILMER; HER HEIRS AND DEVISEES; HARRINGTON ENERGY RESOURCES LP, A NM LP HARRINGTON SAN JUAN LLC GP; HARRINGTON SOUTHWEST ENERGY LP, A NM LP HARRINGTON SAN JUAN LLC GP; JAMES R. BEAMON; HIS HEIRS AND DEVISEES; LINDA JEANNE LUNDELL LINDSEY, HER HEIRS AND DEVISEES; OMIMEX PETROLEUM; PIONEER NATURAL RES USA INC, C/O KATHY NAVARRETE; ROBERT E. BEAMON, III, HIS HEIRS AND DEVISEES; ROBERT WALTER LUNDELL, HIS HEIRS AND DEVISEES; SHARON BEAMON BURNS, HER HEIRS AND DEVISEES; SILVERADO OIL & GAS LLP; SUSAN BEAMON PORTER, HER HEIRS AND DEVISEES.  
CASE 20536: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Reg-

**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. 20535**

**AFFIDAVIT OF MICHELLE SIVADON IN SUPPORT OF CASE NO. 20535**

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 **San Juan 28-6 Unit 115 Well** (API No. 30-039-07169), within the W/2 of Section 3, Township 27 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 within the spacing unit. I anticipate that it will help drain the area to the north.

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 relatively low recovery factors in Exhibit C-5 indicate that this 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. **Exhibit C-6** is a well bore diagram for the subject well. It provides the most current information known regarding the status and construction of the well, as well as the location and condition of cement within the wellbore. Hilcorp will separately seek administrative approval from the Division’s Aztec District Office for authorization to recompleting this well in advance of undertaking any recompletion operations.



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-6 were prepared by me or under my direction and supervision.

FURTHER AFFIANT SAYETH NAUGHT.

*Michelle Sivadon*

Michelle Sivadon

STATE OF TEXAS                     )  
                                                           )  
COUNTY OF Harris                     )

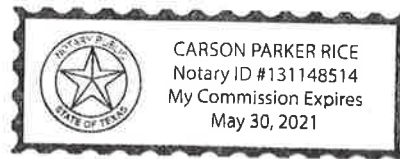
SUBSCRIBED and SWORN to before me this 5<sup>th</sup> day of June, 2019 by  
Michelle Sivadon.

*Carson Parker Rice*

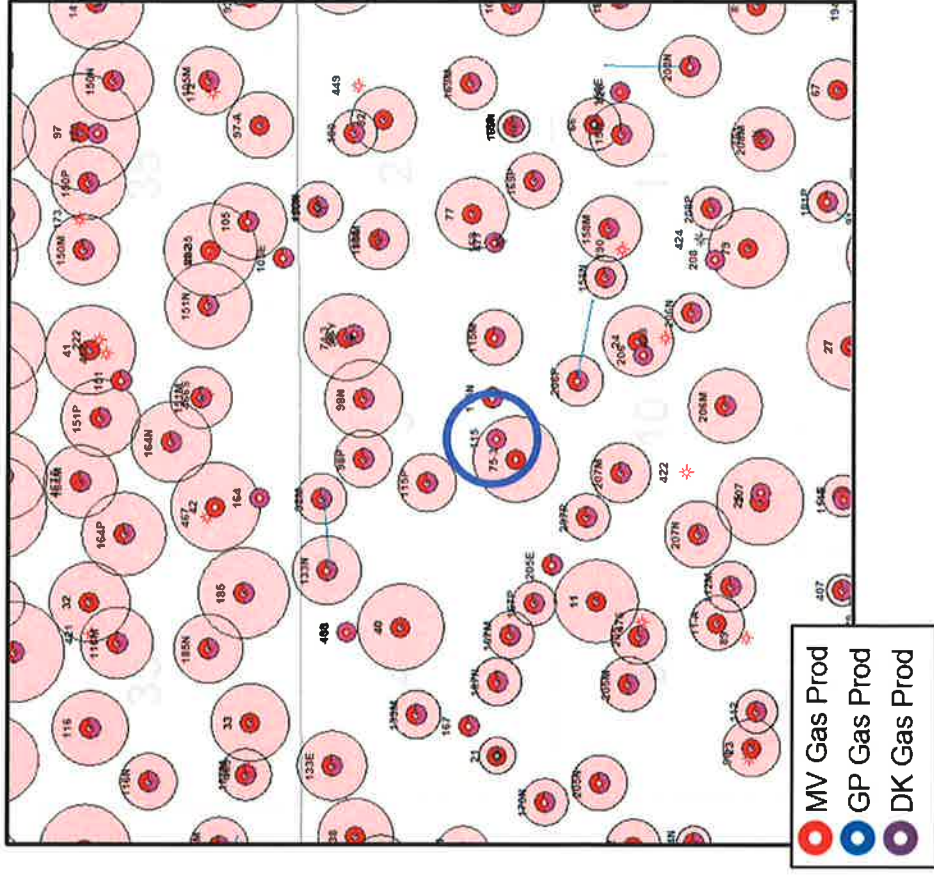
NOTARY PUBLIC

My Commission Expires:

May 30, 2021.



# San Juan 28-6 Unit 115

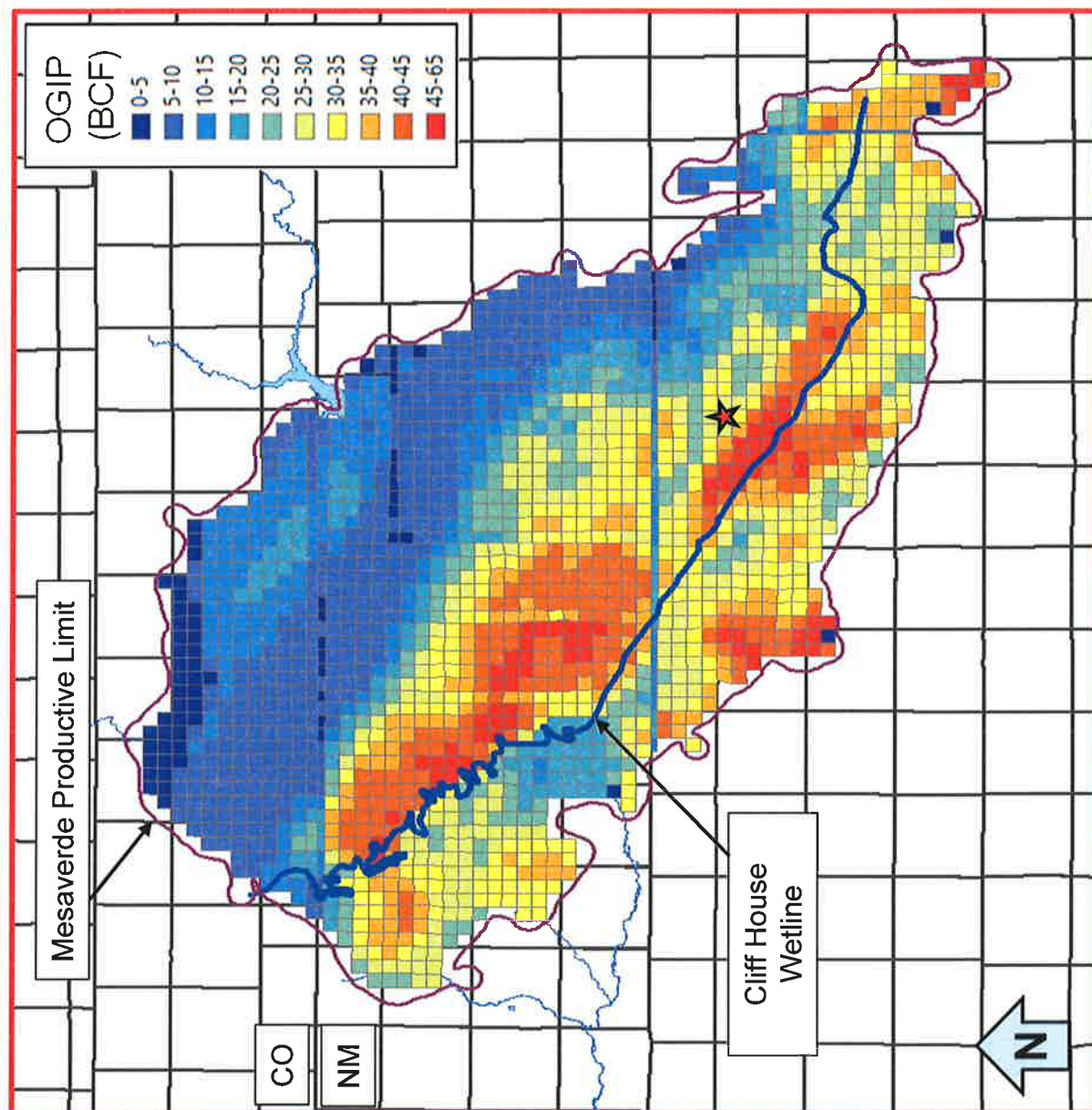


## Well Specifics

- SW3 27-6 3003907169 1965 drill
- 3rd MV completion in 1/4 section
- 595' from nearest MV producer
- Help drain area to the north
- Complete MV in 1-2 stages



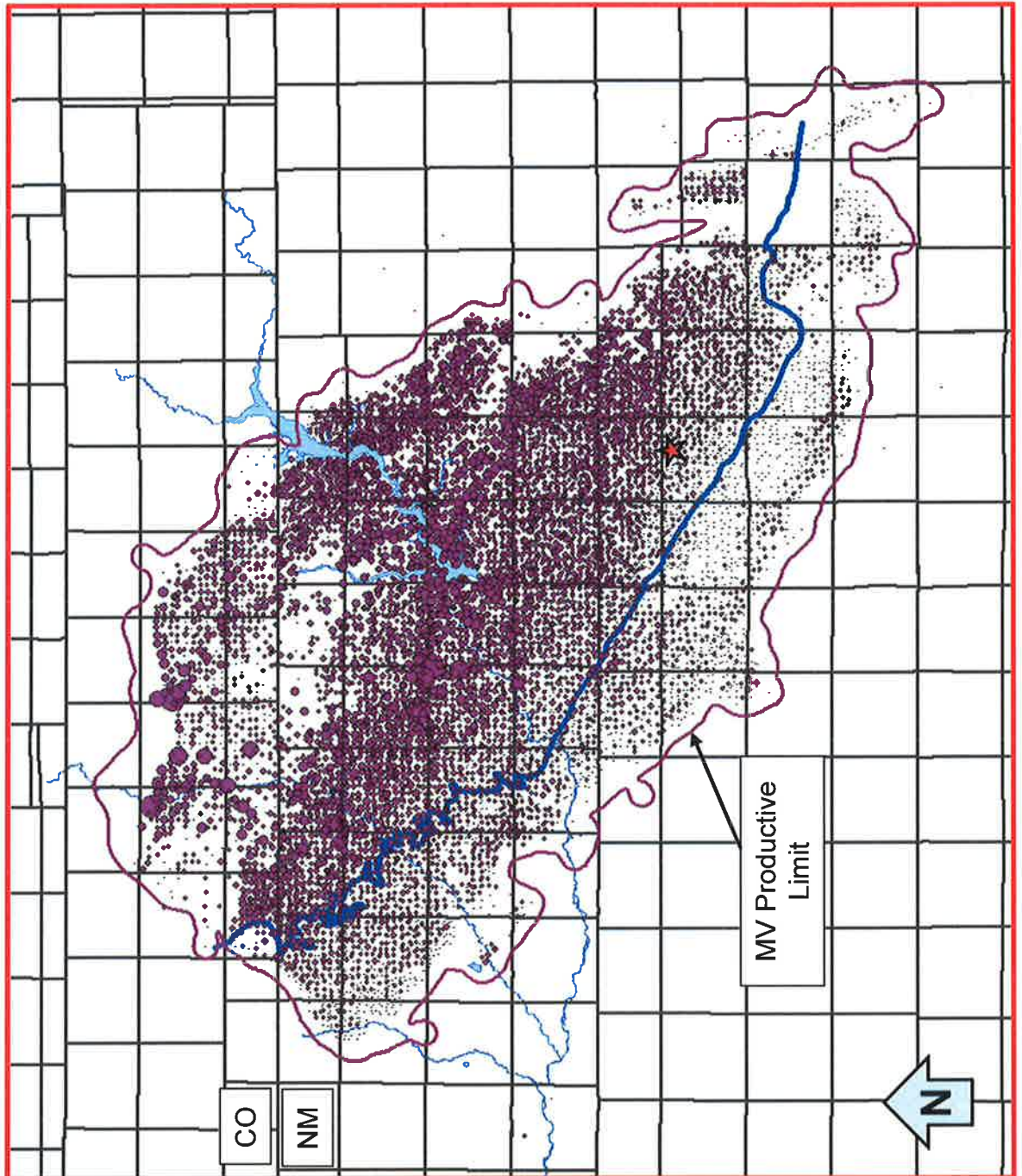
# MV Original Gas In Place





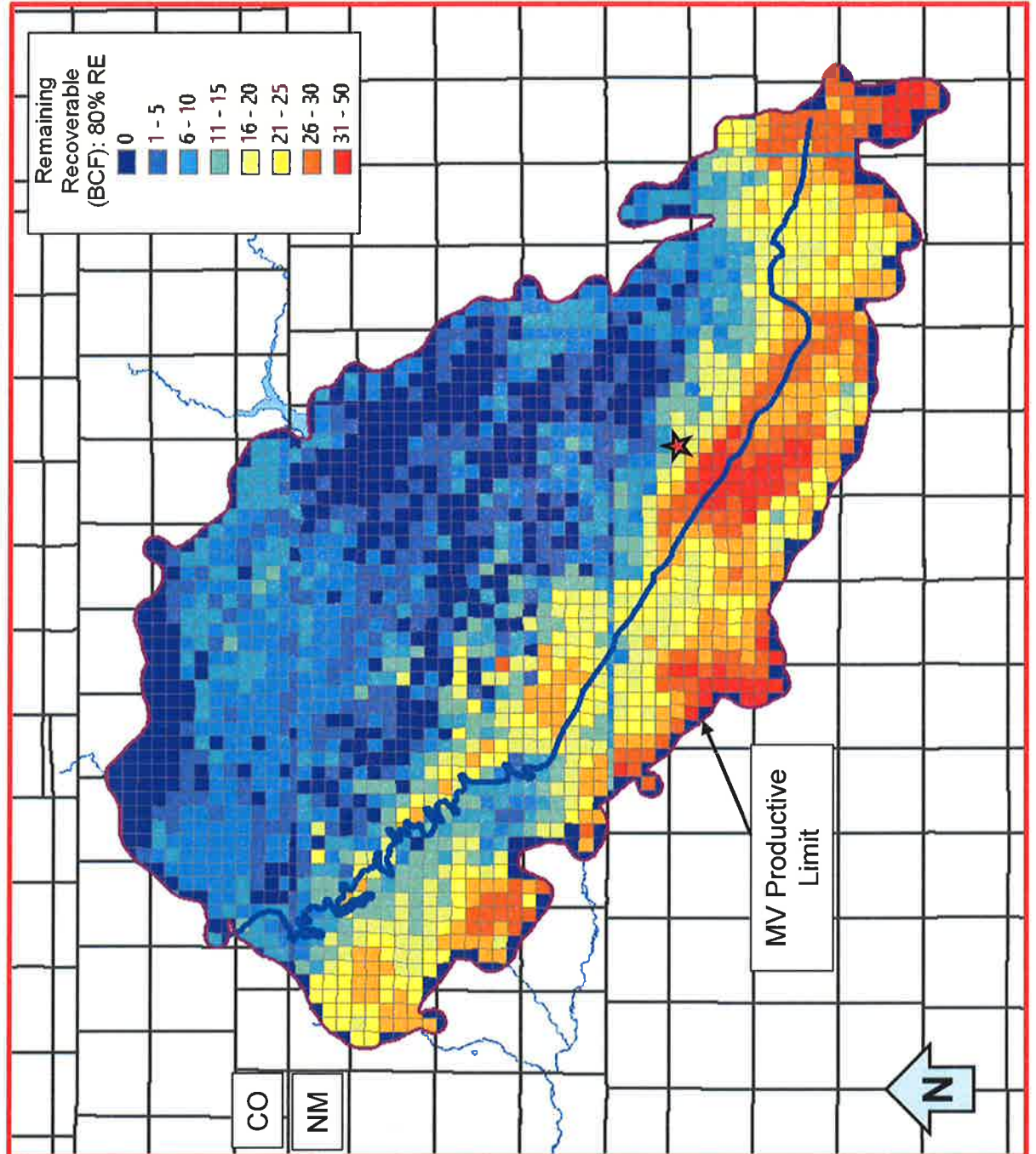


# MV EUR and Drainage Radius





# MV Remaining Recoverable Gas



# San Juan 28-6 Unit 115



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	7.9 Bcf	31.6 Bcf	2.4 Bcf / 30%	5.5 Bcf	3.5 Bcf / 44%
Section	30.4 Bcf	30.4 Bcf	6.7 Bcf / 22%	23.7 Bcf	10.3 Bcf / 34%
9 Section	305.0 Bcf	33.9 Bcf	64.0 Bcf / 21%	241.0 Bcf	96.0 Bcf / 32%

- Remaining Gas in Place in Quarter Section of 5.5 Bcf
- Cumulative Recovery Factor to Date 30% and 22% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore



