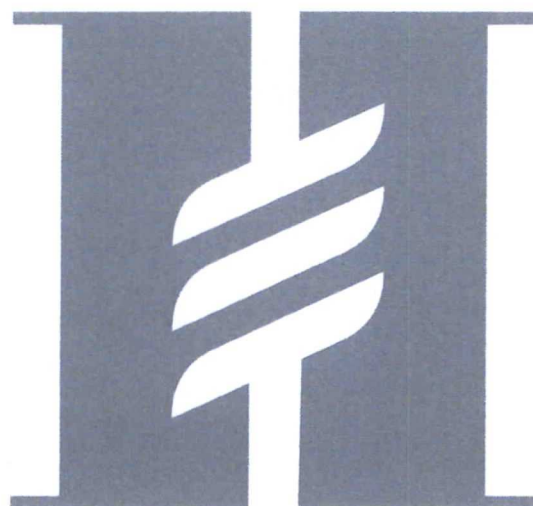


**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JANUARY 11, 2018**

CASE No. 15936

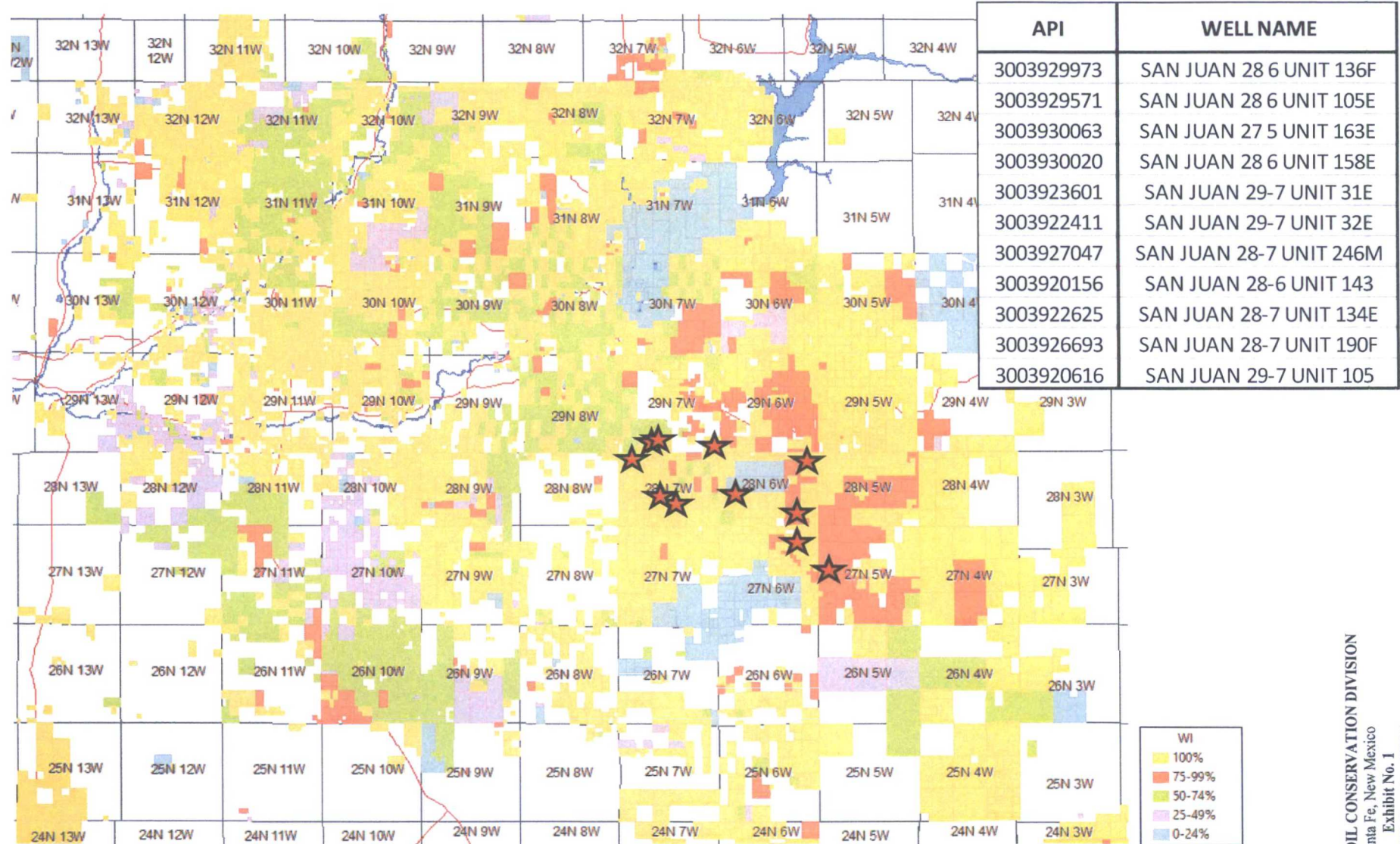
SAN JUAN 28-6 UNIT 105E WELL

RIO ARRIBA COUNTY, NEW MEXICO





Hilcorp Mesaverde Acreage



Prior OCD Blanco-Mesaverde Orders Approving Well Density
Exceptions to the Special Pool Rules
in the Same Townships as HEC
Case Nos. 15934, 15936-15945

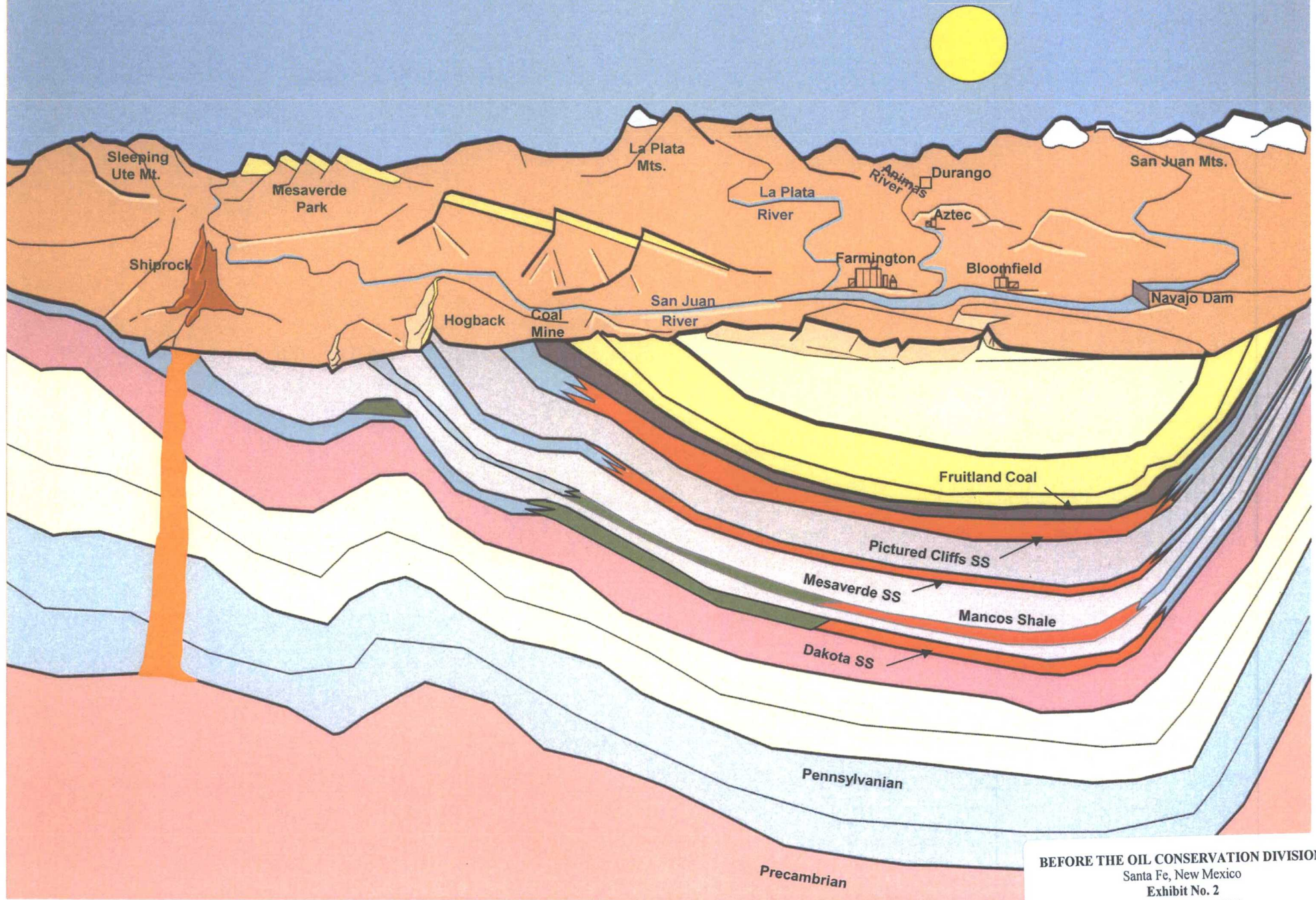
CASE NO. 13668 ORDER NO. R-12582	320-acre Mesaverde spacing and proration unit ("GPU") consisting of the W/2 of Section 11, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico
CASE NO. 13669 ORDER NO. R-12583	320-acre Mesaverde spacing and proration unit ("GPU") consisting of the E/2 of Section 19, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico
CASE NO. 13671 ORDER NO. R-12585	320-acre Mesaverde spacing and proration unit ("GPU") consisting of the W/2 of Section 33, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico
CASE NO. 13672 ORDER NO. R-12586	268.99-acre, more or less, Mesaverde gas spacing and proration unit ("GPU") consisting of the W/2 equivalent of irregular Section 31, Township 28 North, Range 6 West, NMPM, Rio Arriba County, New Mexico
CASE NO. 13673 ORDER NO. R-12587	320-acre Mesaverde spacing and proration unit ("GPU") consisting of the E/2 of Section 5, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico

CASE NO. 14016 ORDER NO. R-12883	320-acre Dakota spacing and proration unit ("GPU") consisting of the W/2 of Section 24, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico
CASE NO. 14018 ORDER NO. R-12885	320-acre Mesaverde spacing and proration unit ("GPU") consisting of the E/2 of Section 34, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico
CASE NO. 13888 ORDER NO. R-12864	A pilot infill well project within Section 8, of Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico within the San Juan 27-5 Unit

WEST

San Juan Basin Schematic Cross Section

EAST



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 2
OCD Case No: 15936
Submitted by: HILCORP ENERGY COMPANY
Hearing Date: January 11, 2018



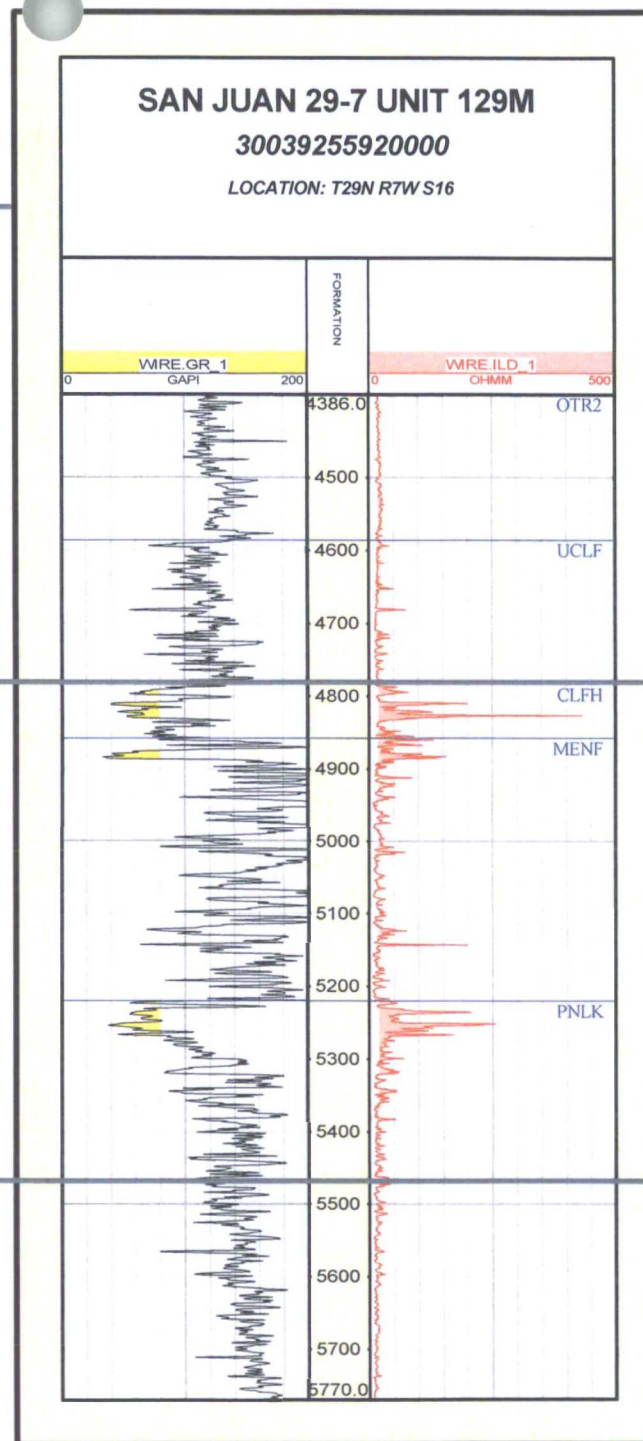
Mesaverde Type Log

Lewis FM

Mesa Verde Group

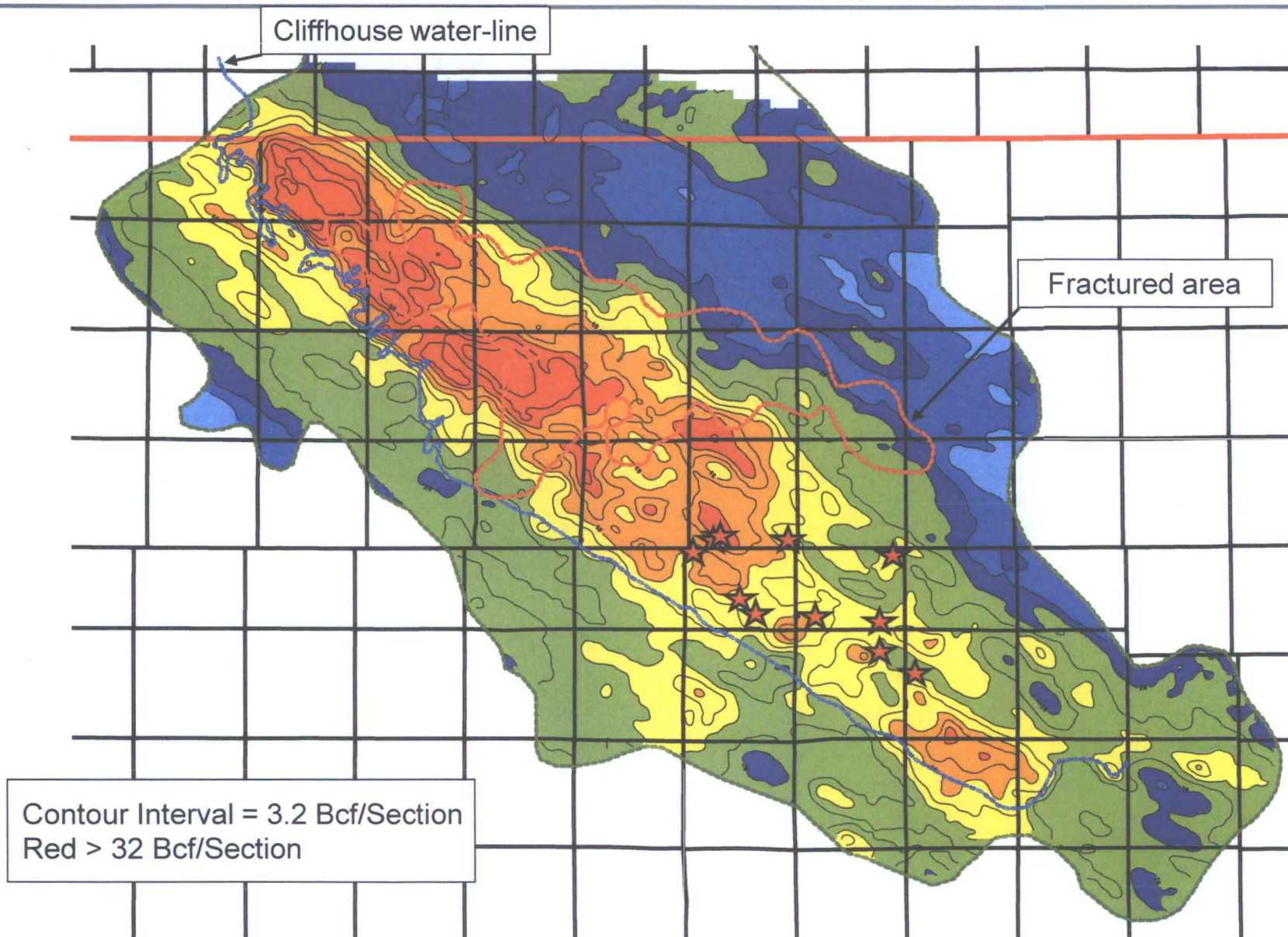
- Cliff House FM
- Menefee FM
- Point Lookout FM

Mancos FM

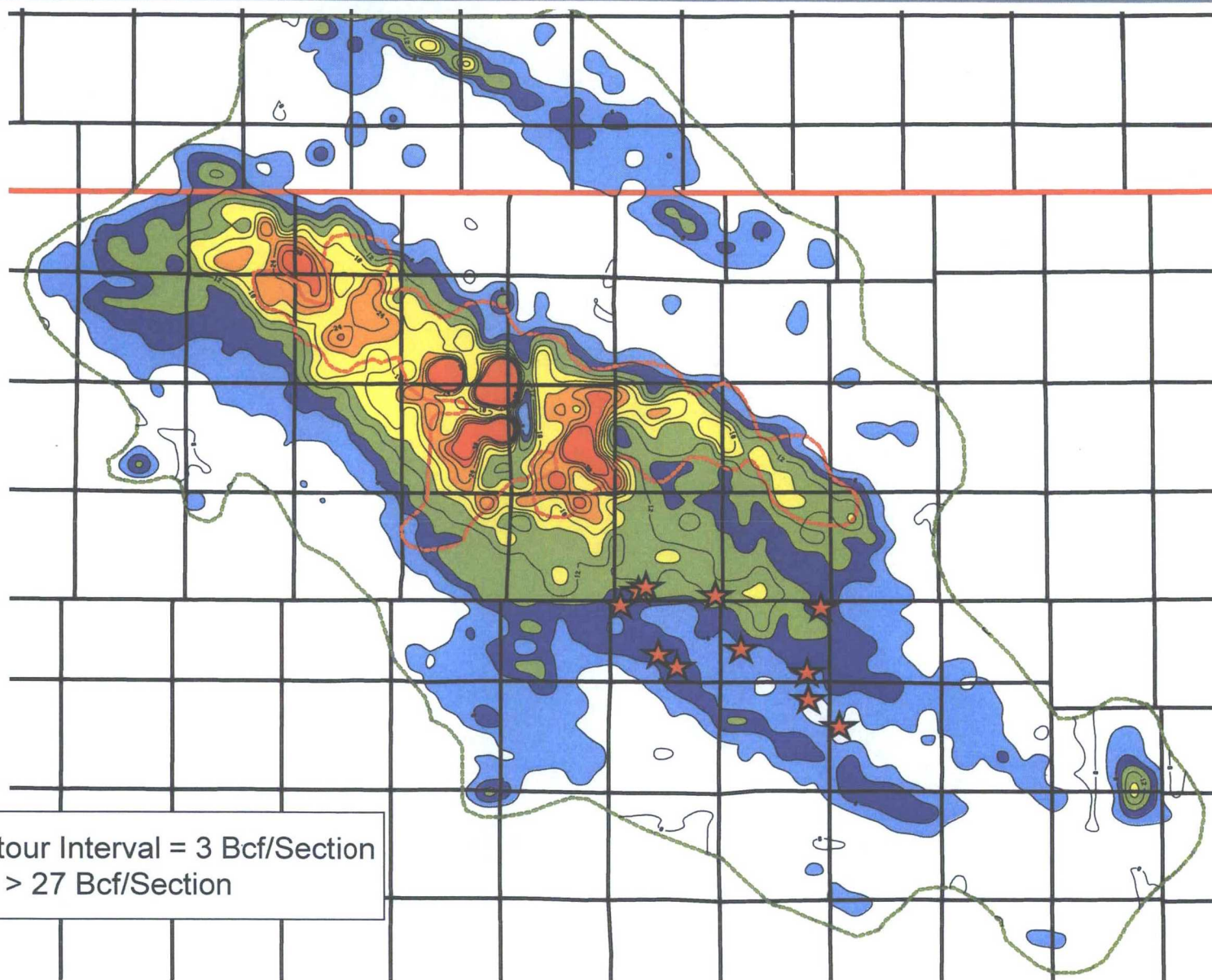




MV Original Gas-in-Place



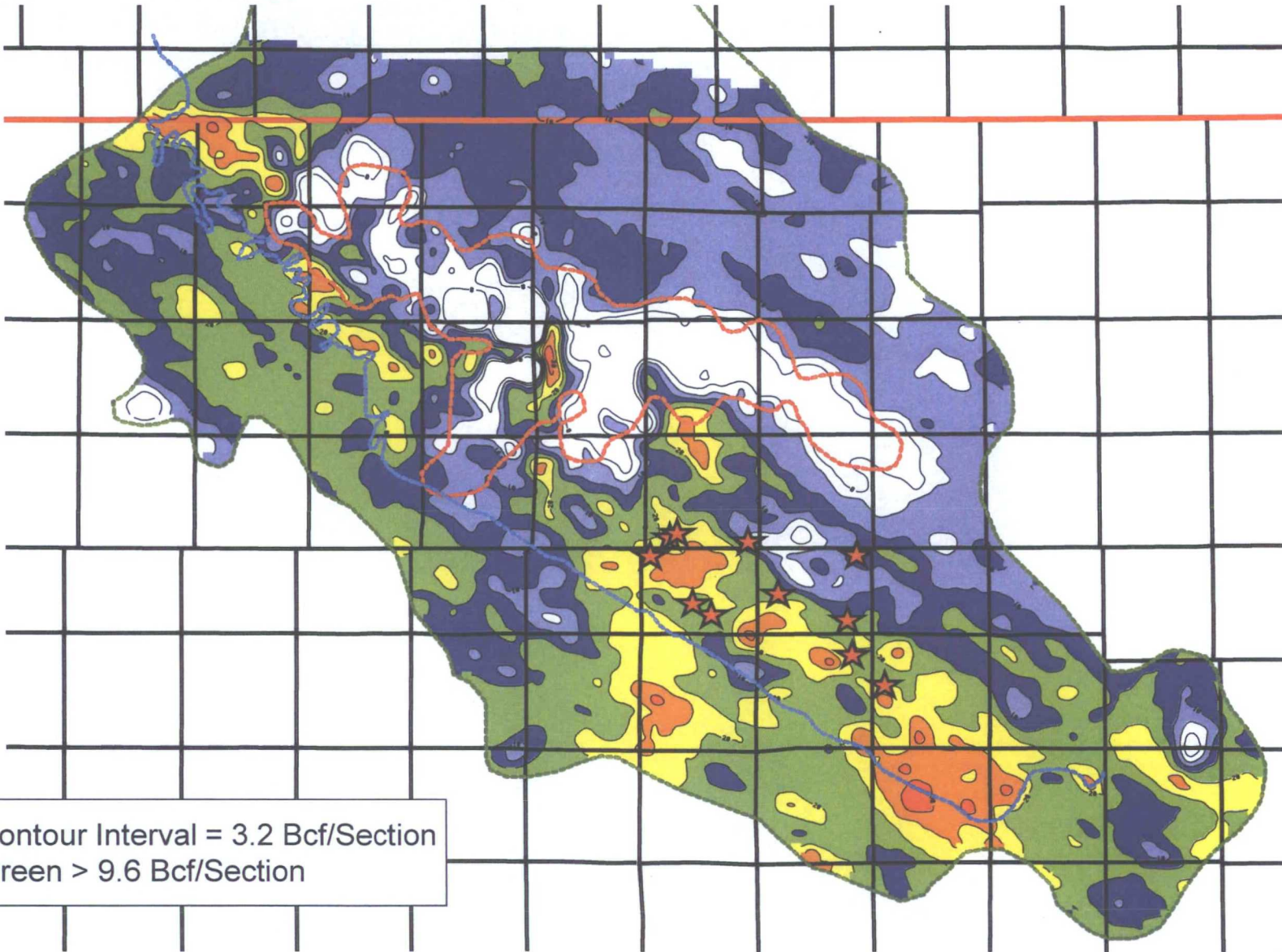
MV Cumulative Gas Production



Contour Interval = 3 Bcf/Section
Red > 27 Bcf/Section



MV Remaining Gas

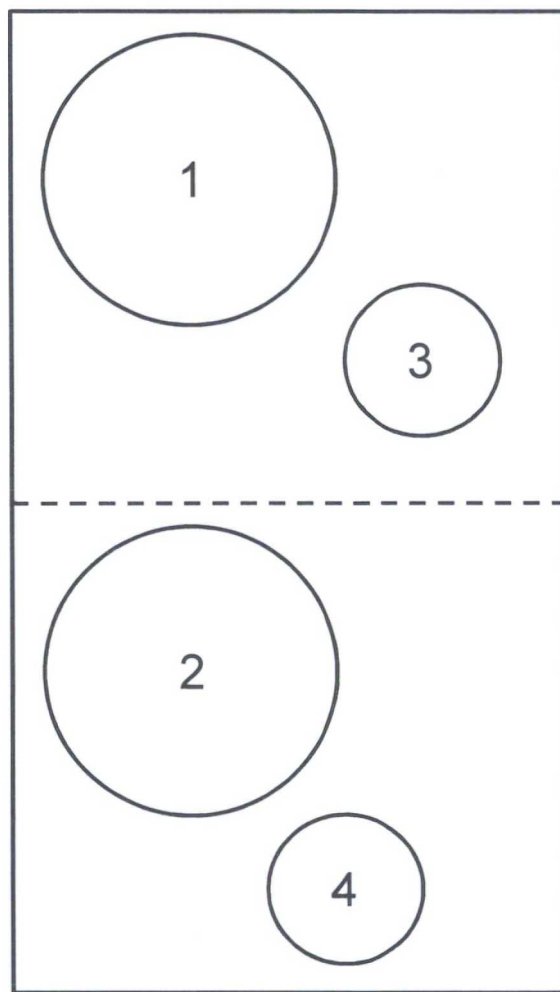


Contour Interval = 3.2 Bcf/Section
Green > 9.6 Bcf/Section



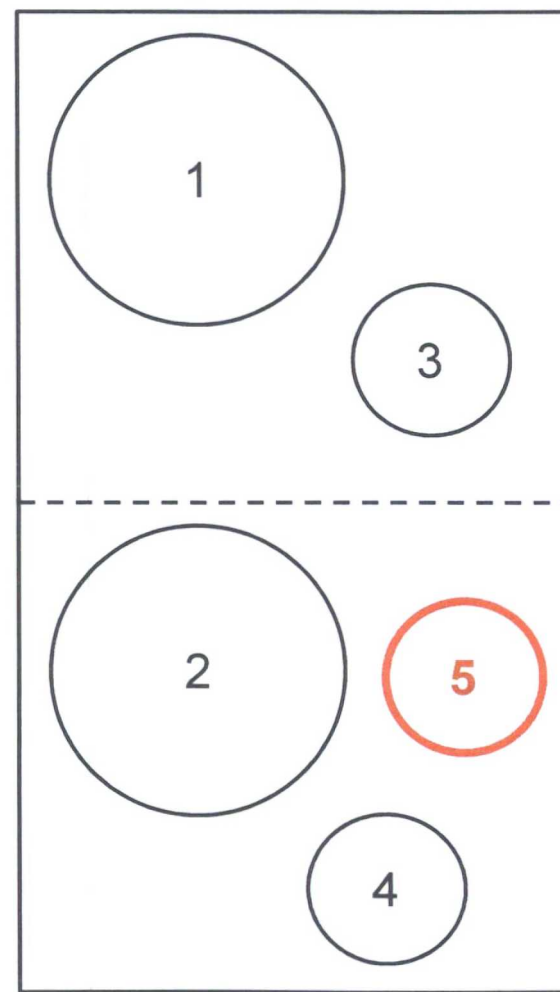
Mesaverde Spacing Rule Exception

Current 80 Acre Rules



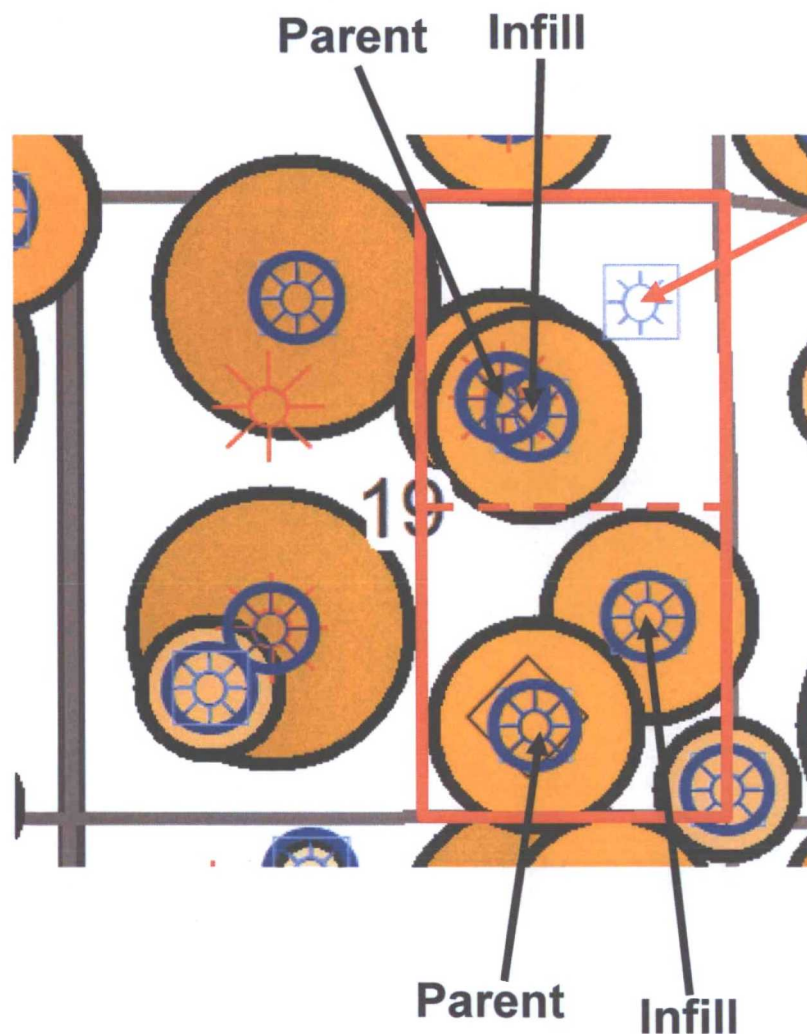
**Standard
320 acre
drill blocks**

Requested Exception





Additional MV Completions

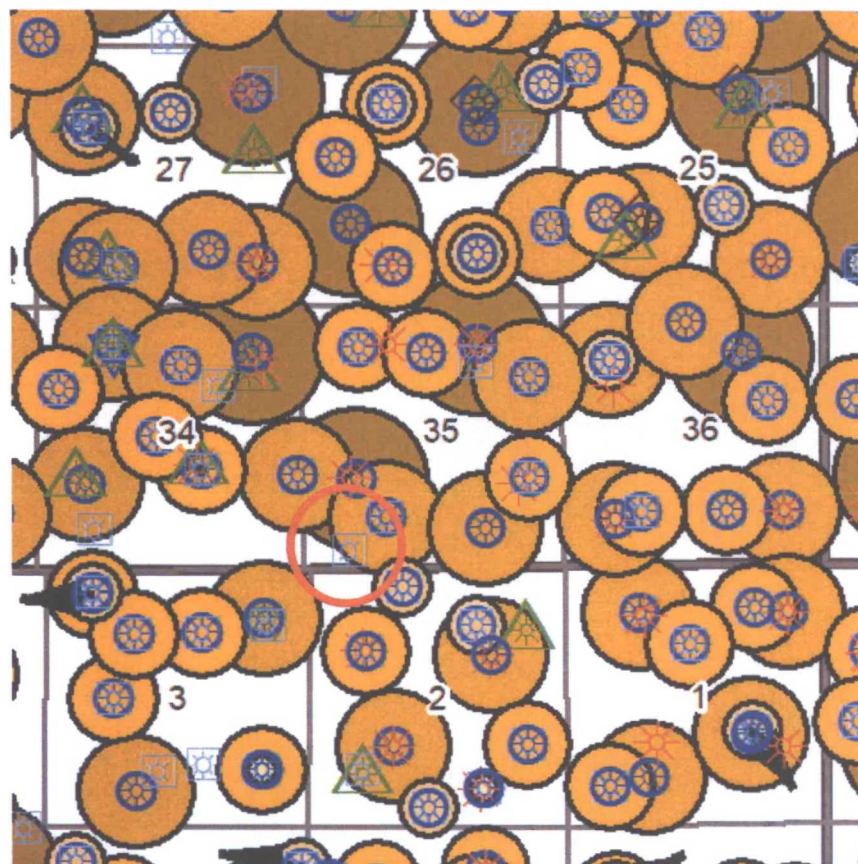


27-5 138F Exception Completion

- Standup 320 acre drill block
 - 2 parent wells
 - 2 infill wells
 - Parent & Infill drilled on 20 acre
 - Inefficient drainage pattern
 - DK wellbore at ideal location
-
- 36 total potential exceptions
 - Could lead to rule change



San Juan 28-6 Unit 105E



▲ FRUITLAND COAL
+ PICTURED CLIFFS
○ CHACRA
● MESAVERDE
* MANCOS
■ DAKOTA

Well Specifics

- SW35 28-6 3003929571 2006 drill
- 3rd MV completion in SW/4
- 1000' to nearest MV completion
- Help drain southwestern area
- 2-3 stages over entire MV
- Interior to 28-6 Unit boundaries
 - Unit extends into 28-5 township



San Juan 28-6 Unit 105E

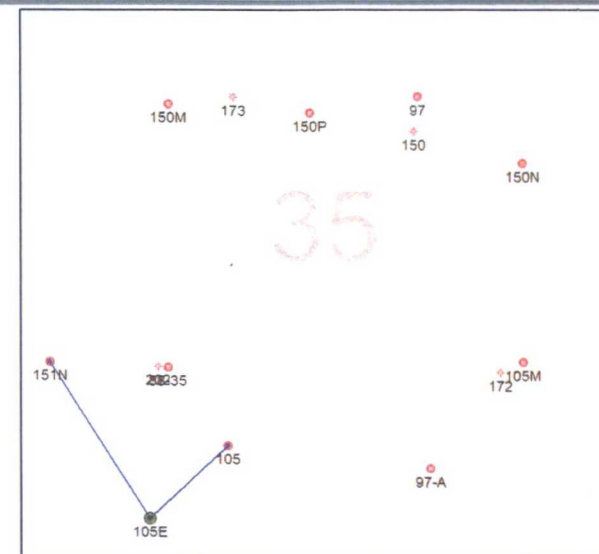
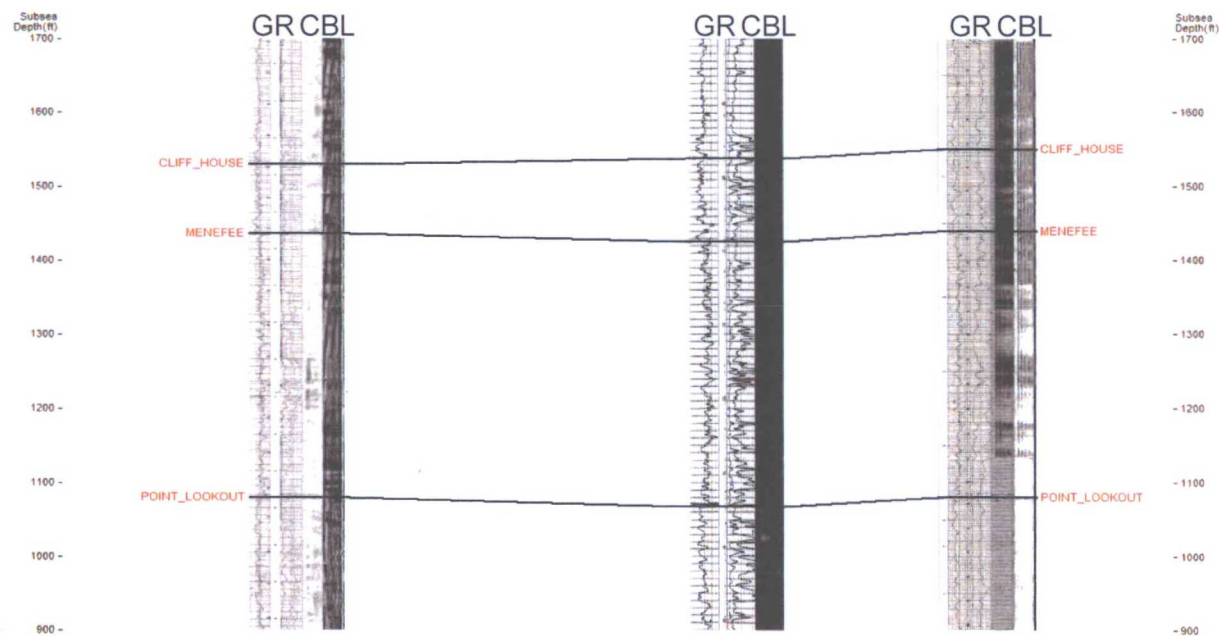
W

300392761200
SAN JUAN 28-6 UN 151N

★
300392957100
SAN JUAN 28-6 UN 105E

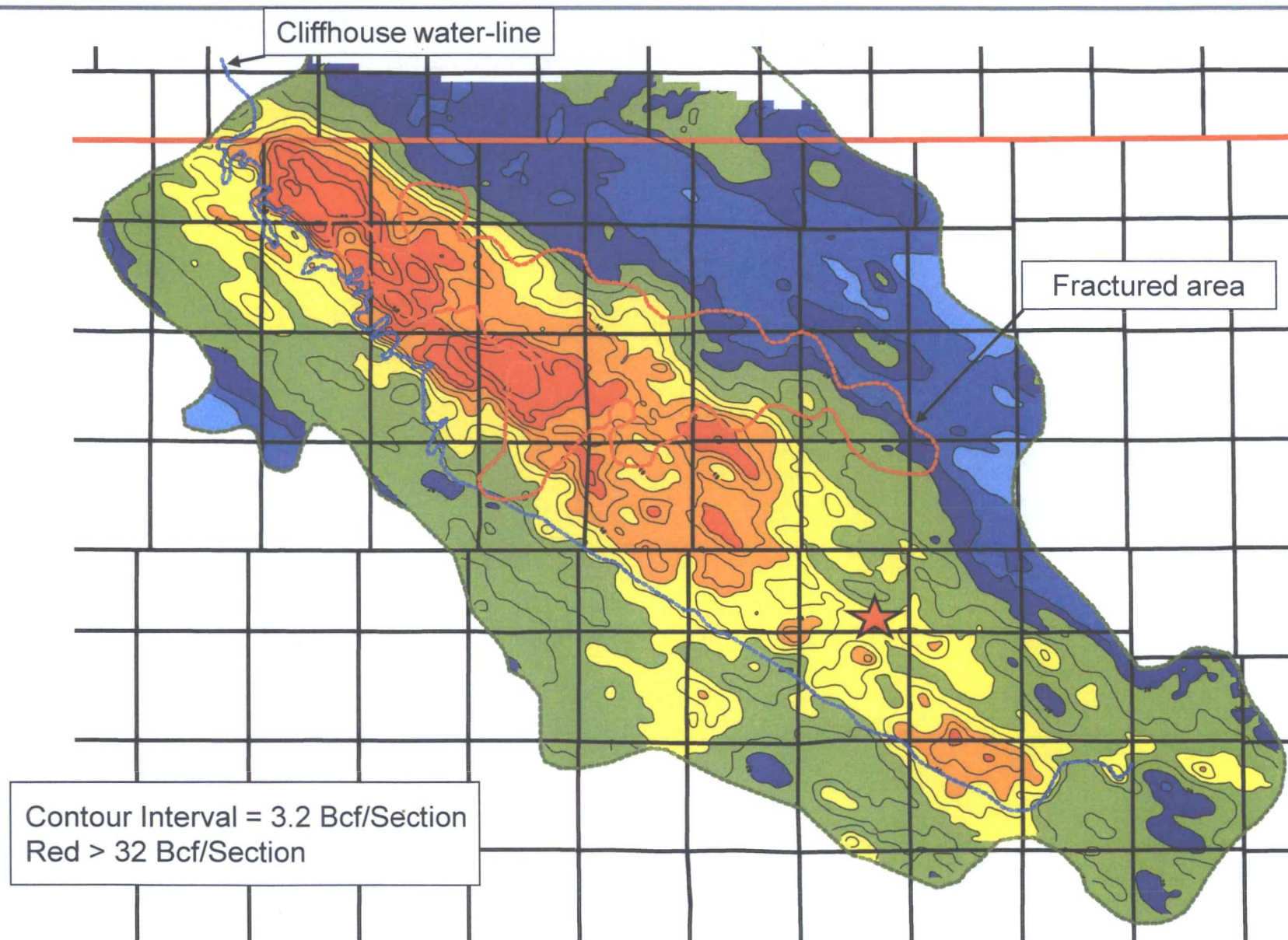
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E



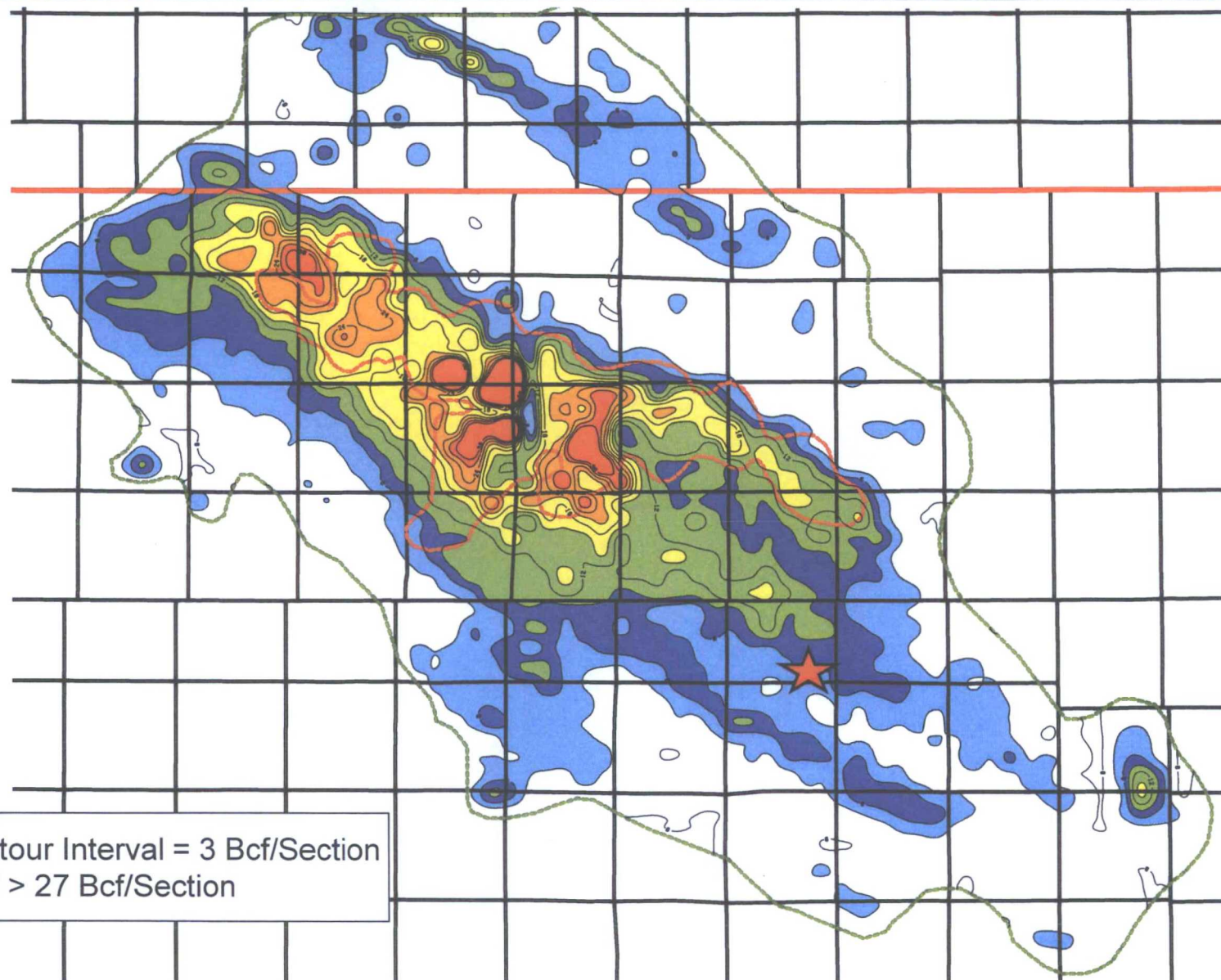


MV Original Gas-in-Place





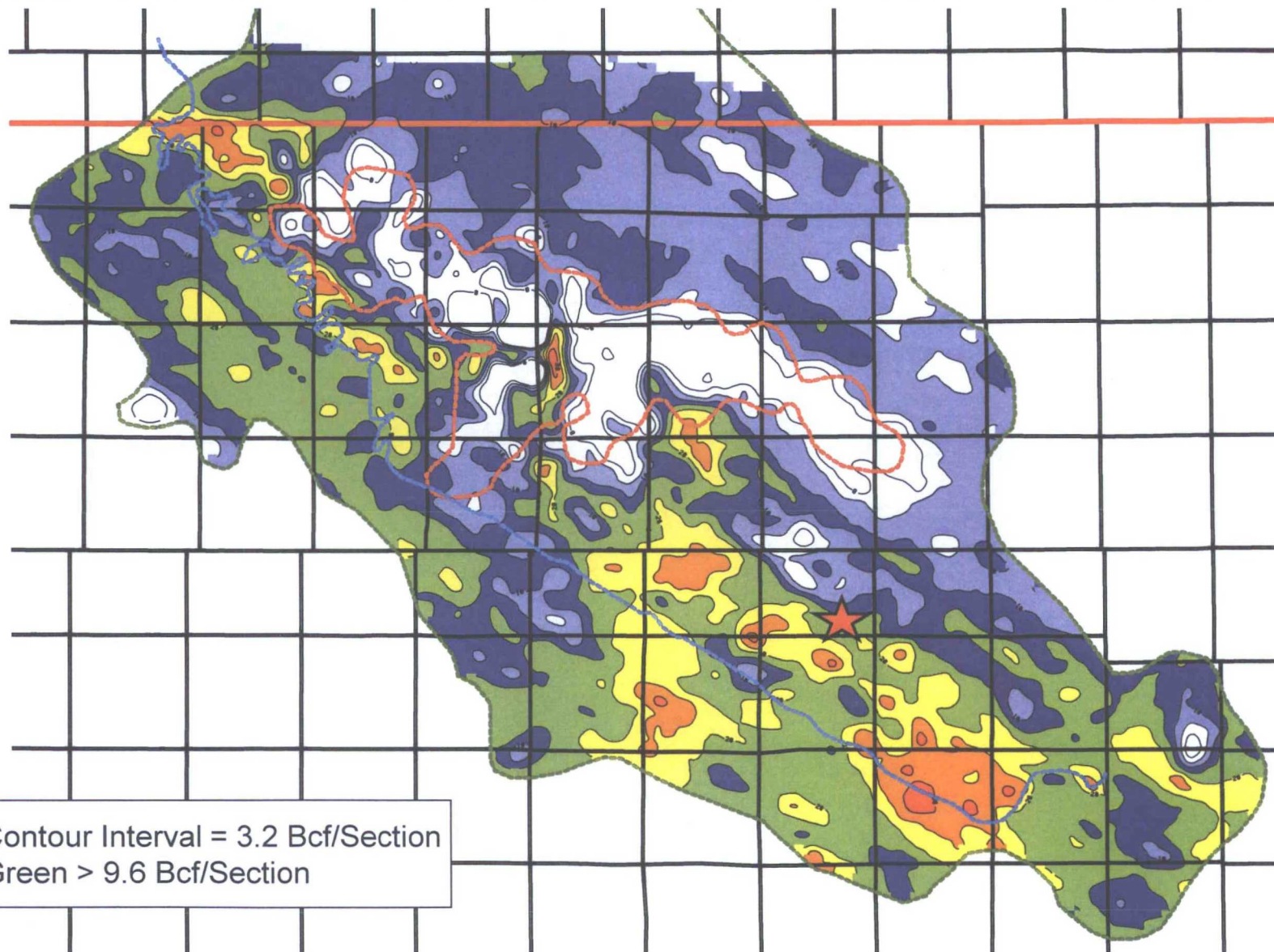
MV Cumulative Gas Production



Contour Interval = 3 Bcf/Section
Red > 27 Bcf/Section



MV Remaining Gas



Contour Interval = 3.2 Bcf/Section
Green > 9.6 Bcf/Section

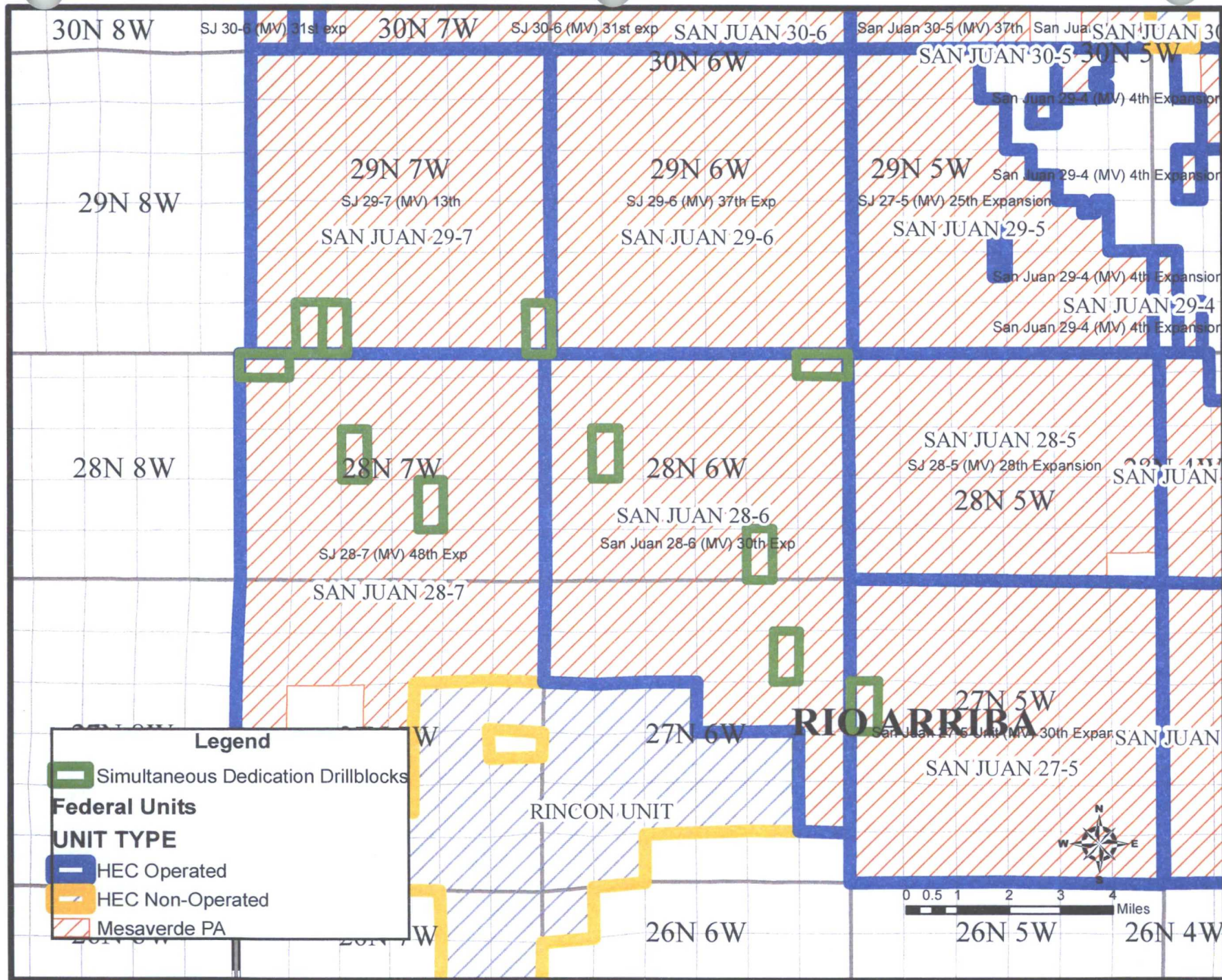


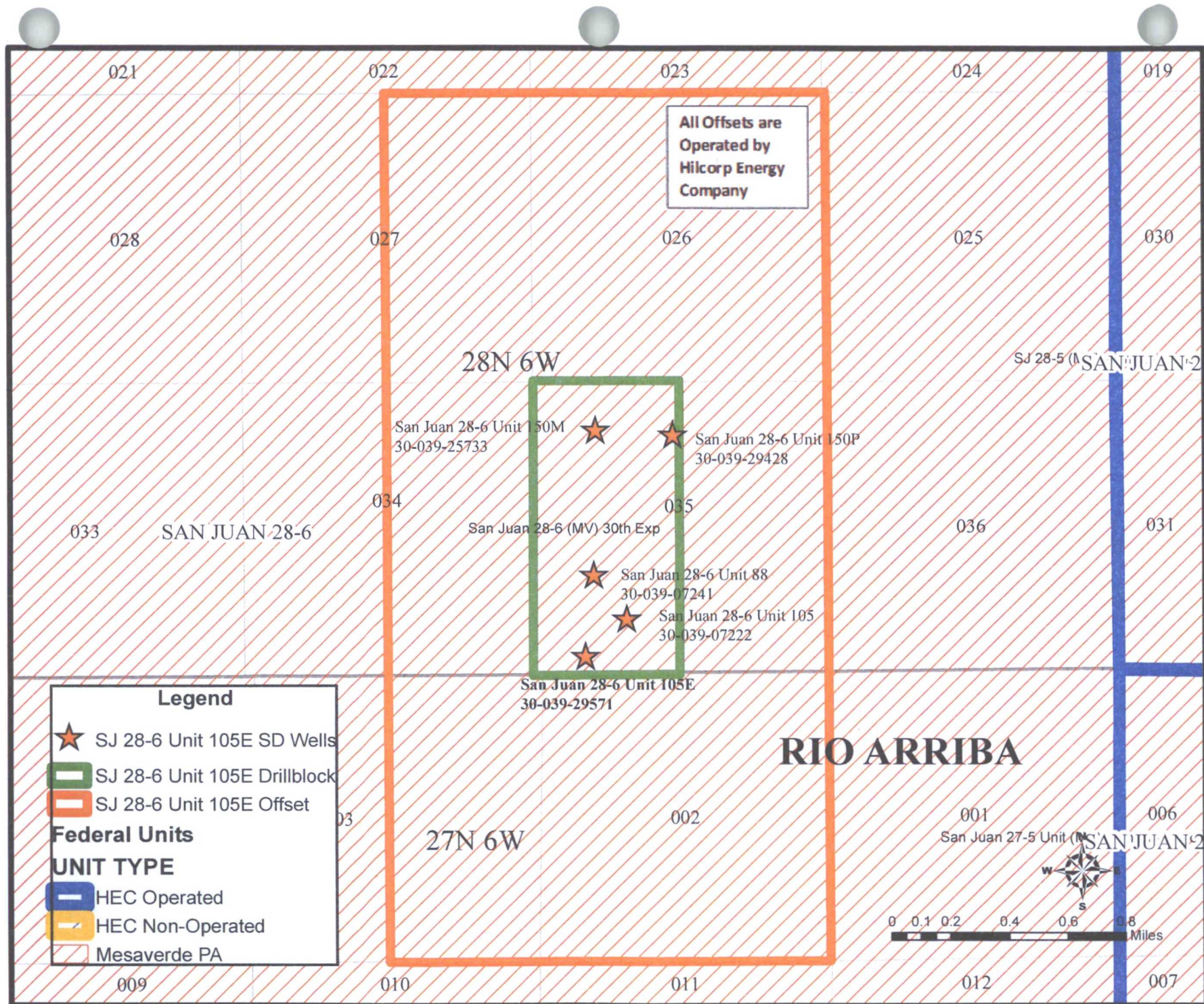
San Juan 28-6 Unit 136F

Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	7.2 Bcf	28.8 Bcf	2.6 Bcf / 36%	4.6 Bcf	4.6 Bcf / 64%
Section	15 Bcf	15 Bcf	5.3 Bcf / 35%	9.7 Bcf	8.1 Bcf / 54%
9 Section	220.6 Bcf	24.5 Bcf	100.1 Bcf / 45%	120.5 Bcf	144 Bcf / 65%

- Remaining Gas in Place in Quarter Section of 4.6 Bcf
- Cumulative Recovery Factor to Date 36% and 35% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

(1) Full section is not 640 acres





San Juan 28-6 Unit 105E Simultaneous Dedication Notice List

Owner	Exp Property	Name	Address	Address2	City	State	Zip Code
1068249	36237039	BP AMERICA PRODUCTION COMPANY	PO BOX 696518		SAN ANTONIO	TX	78269
29605609	36237039	CROSS TIMBERS ENERGY LLC	400 W 7TH STREET		FT WORTH	TX	76102
36016130	36237039	JAMES R BEAMON	2603 AUGUSTA STE 1050		HOUSTON	TX	77057-5640
36016745	36237039	ROBERT WALTER LUNDELL	2450 FONDREN STE 304		HOUSTON	TX	77063-2318
36016836	36237039	SHARON BEAMON BURNS	122 ESTRADA REDONDA		SANTA FE	NM	87506-7933
36016872	36237039	SUSAN BEAMON PORTER	319 KNIPP FOREST		HOUSTON	TX	77024-5030
36038488	36237039	FOUR STAR OIL & GAS COMPANY	1400 SMITH ST		HOUSTON	TX	77002
36091889	36237039	OMIMEX PETROLEUM	7950 JOHN T WHITE ROAD		FORT WORTH	TX	76120
36094097	36237039	T H MCELVAIN OIL & GAS LLLP	1050 17TH ST SUITE 2500		DENVER	CO	80265-2080
36094098	36237039	HARRINGTON ENERGY RESOURCES LP	A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119		KANSAS CITY	MO	64131
36094101	36237039	LINDA JEANNE LUNDELL LINDSEY	PO BOX 631565		NACOGDOCHES	TX	75963
36094107	36237039	TAMACAM LLC	JAMES M RAYMOND AFENT & AIF PO BOX 291445		KERRVILLE	TX	78029-1445
36094173	36237039	LORRAYN GAY HACKER	PO BOX 291445		KERRVILLE	TX	78029-1445
36094188	36237039	J&M RAYMOND LTD	RAYMOND & SONS I LLC GEN PARTNER PO BOX 291445		KERRVILLE	TX	78029-1445
36094233	36237039	CLAUDIA MARCIA LUNDELL GILMER	1102 S AUSTIN AVE		GEORGETOWN	TX	78628
36094283	36237039	CHARLES W GAY	PO BOX 291445		KERRVILLE	TX	78029-1445
36097693	36237039	CAROLYN BEAMON TILLEY	5225 PRESTON HAVEN		DALLAS	TX	75229
36101222	36237039	CB LIFELINE PARTNERSHIP	5225 PRESTON HAVEN DR		DALLAS	TX	75229
36137279	36237039	ROBERT E BEAMON III	2603 AUGUSTA DR STE 1050		HOUSTON	TX	77057-5797



December 21, 2017

VIA CERTIFIED MAIL - CERTIFIED RECEIPT REQUESTED

TO: ALL WORKING INTEREST OWNERS AND OFFSET WORKING INTEREST OWNERS

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. This application will be set for hearing before a Division Examiner at 8:15 a.m. on January 11, 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 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 or Brad Pearson at (713) 289-2793.

Sincerely,

A handwritten signature in cursive script that reads 'Charles E. Creekmore'.

Chuck Creekmore
Division Landman – San Juan Basin
Hilcorp Energy Company
1111 Travis
Houston, TX 77002
ccreekmore@hilcorp.com

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From Date:	12/20/2017	To Date:	12/20/2017
Contact:		Company:	
Address:		Address 2:	
City:		State:	
Zip:		AddresseeCode:	
AddresseeCode2:		FileNumber:	
Certified Number:		Sender Contact:	Brad Pearson
Delivery Result:	All Records - Mailed	Sender Contact (Text):	
View Archives		Retrieve Certified Mail Article History	

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901753037135 Request Signature via Email	Brad Pearson	, BP AMERICA PRODUCTION COMPANY, PO BOX 696518, SAN ANTONIO, TX, 78269	12/20/2017	Delivered, Individual Picked Up at Postal Facility December 23, 2017 Signature Pending
92148969009997901753037142 Request Signature via Email	Brad Pearson	, CROSS TIMBERS ENERGY LLC, 400 W 7TH STREET, FT WORTH, TX, 76102	12/20/2017	Delivered, To Agent December 26, 2017 Signature Pending
92148969009997901753037159 Request Signature via Email	Brad Pearson	, JAMES R BEAMON, 2603 AUGUSTA STE 1050, HOUSTON, TX, 77057-5640	12/20/2017	Delivered, Front Desk/Reception December 28, 2017 Signature Pending
92148969009997901753037166 Request Signature via Email	Brad Pearson	, ROBERT WALTER LUNDELL, 2450 FONDREN STE 304, HOUSTON, TX, 77063-2318	12/20/2017	Delivered, Left with Individual December 23, 2017 Signature Pending
92148969009997901753037173	Brad Pearson	, SHARON BEAMON BURNS, 122 ESTRADA REDONDA, SANTA FE, NM, 87506-7933	12/20/2017	In Transit to Destination December 27, 2017 Signature Pending
92148969009997901753037180 Request Signature via Email	Brad Pearson	, SUSAN BEAMON PORTER, 319 KNIPP FOREST, HOUSTON, TX, 77024-5030	12/20/2017	Delivered, Left with Individual December 22, 2017 Signature Pending
92148969009997901753037197	Brad Pearson	, FOUR STAR OIL and GAS COMPANY, 1400 SMITH ST, HOUSTON, TX, 77002	12/20/2017	Delivery status not updated December 26, 2017 Signature Pending
92148969009997901753037203 Request Signature via Email	Brad Pearson	, OMIMEX PETROLEUM, 7950 JOHN T WHITE ROAD, FORT WORTH, TX, 76120	12/20/2017	Delivered, Left with Individual December 27, 2017 Signature Pending
92148969009997901753037210 Request Signature via Email	Brad Pearson	, T H MCELVAIN OIL and GAS LLLP, 1050 17TH ST SUITE 2500, DENVER, CO, 80265-2080	12/20/2017	Delivered, Left with Individual December 27, 2017 Signature Pending
92148969009997901753037227 Request Signature via Email	Brad Pearson	, HARRINGTON ENERGY RESOURCES LP, PO BOX 219119, KANSAS CITY, MO, 64131	12/20/2017	Delivered December 26, 2017 Signature Pending
92148969009997901753037234 Request Signature via Email	Brad Pearson	, HARRINGTON SOUTHWEST ENERGY LP, PO BOX 219119, KANSAS CITY, MO, 64131	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037241 Request Signature via Email	Brad Pearson	, LINDA JEANNE LUNDELL LINDSEY, PO BOX 631565, NACOGDOCHES, TX, 75963	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037258	Brad Pearson	, TAMACAM LLC, JAMES M RAYMOND AFENT and AIF PO BOX 291445, KERRVILLE, TX, 78029-1445	12/20/2017	Reminder to Schedule Redelivery of your item Signature Pending
92148969009997901753037265	Brad Pearson	, LORRAYN GAY HACKER, PO BOX 291445, KERRVILLE, TX, 78029-1445	12/20/2017	Reminder to Schedule Redelivery of your item Signature Pending

92148969009997901753037272	Brad Pearson	JandM RAYMOND LTD, RAYMOND and SONS I LLC GEN PARTNER PO BOX 291445, KERRVILLE, TX, 78029-1445	12/20/2017	Reminder to Schedule Redelivery of your item Signature Pending
92148969009997901753037289 Request Signature via Email	Brad Pearson	CLAUDIA MARCIA LUNDELL GILMER, 1102 S AUSTIN AVE, GEORGETOWN, TX, 78628	12/20/2017	Delivered, Front Desk/Reception December 23, 2017 Signature Pending
92148969009997901753037296	Brad Pearson	CHARLES W GAY, PO BOX 291445, KERRVILLE, TX, 78029-1445	12/20/2017	Reminder to Schedule Redelivery of your item Signature Pending
92148969009997901753037302 Request Signature via Email	Brad Pearson	CAROLYN BEAMON TILLEY, 5225 PRESTON HAVEN, DALLAS, TX, 75229	12/20/2017	Delivered, Left with Individual December 23, 2017 Signature Pending
92148969009997901753037319 Request Signature via Email	Brad Pearson	CB LIFELINE PARTNERSHIP, 5225 PRESTON HAVEN DR, DALLAS, TX, 75229	12/20/2017	Delivered, Left with Individual December 23, 2017 Signature Pending
92148969009997901753037326 Request Signature via Email	Brad Pearson	ROBERT E BEAMON III, 2603 AUGUSTA DR STE 1050, HOUSTON, TX, 77057-5797	12/20/2017	Delivered, Front Desk/Reception December 28, 2017 Signature Pending
92148969009997901753037333 Request Signature via Email	Brad Pearson	PGC GAS COMPANY, 8150 NORTH CENTRAL EXPWY, DALLAS, TX, 75206	12/20/2017	Delivered, To Mail Room December 26, 2017 Signature Pending
92148969009997901753037340 Request Signature via Email	Brad Pearson	FRANK N GIBBARD JR, 14 PLUMER ROAD, EPPING, NH, 30420	12/20/2017	Delivered January 6, 2018 Signature Pending
92148969009997901753037357 Request Signature via Email	Brad Pearson	RKC INC, 7500 E ARAPAHOE RD, CENTENNIAL, CO, 80112	12/20/2017	Delivered, To Mail Room December 27, 2017 Signature Pending
92148969009997901753037364 Request Signature via Email	Brad Pearson	WPX ENERGY INC, PO BOX 3102, TULSA, OK, 74101	12/20/2017	Delivered December 28, 2017 Signature Pending
92148969009997901753037371 Request Signature via Email	Brad Pearson	ELAINE G HOWE, PO BOX 624, SULPHUR, OK, 73086-0624	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037388 Request Signature via Email	Brad Pearson	GRAYFORE PARTNERS LP, PO BOX 98670, LUBBOCK, TX, 79499-8670	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037395	Brad Pearson	BETTY T JOHNSTON MARITAL TRUST, BETTY T JOHNSTON W GRANT MATHEWS and TOM N AUNE COTRUSTEES 2424 WILC, HOUSTON, TX, 77042	12/20/2017	In Transit to Destination December 26, 2017 Signature Pending
92148969009997901753037401 Request Signature via Email	Brad Pearson	V A JOHNSTON LTD, PO BOX 303247, AUSTIN, TX, 78703	12/20/2017	Delivered December 23, 2017 Signature Pending
92148969009997901753037418 Request Signature via Email	Brad Pearson	VAUGHAN-MCELVAIN ENERGY INC, PO BOX 970, KENNETT SQUARE, PA, 19348	12/20/2017	Delivered January 3, 2018 Signature Pending
92148969009997901753037425 Request Signature via Email	Brad Pearson	RESOURCE DEVELOPMENT TECHNOLOGY LLC, PO BOX 1020, MORRISON, CO, 80465	12/20/2017	Delivered December 28, 2017 Signature Pending
92148969009997901753037432	Brad Pearson	BIG SNOWY EXPLORATION LIMITED, PARTNERSHIP 1050 17TH ST, DENVER, CO, 80265	12/20/2017	Departed USPS Regional Origin Facility January 8, 2018 Signature Pending
92148969009997901753037449	Brad Pearson	EULA MAY JOHNSTON TRUST 661, BANK OF AMERICA N A PO BOX 840738, DALLAS, TX, 75284-0738	12/20/2017	In Transit to Destination December 26, 2017 Signature Pending
92148969009997901753037456 Request Signature via Email	Brad Pearson	ROY G and OPAL BARTON SR REV TR, ROY G BARTON JR TRUSTEE 1919 NORTH TURNER, HOBBS, NM, 88240-2712	12/20/2017	Delivered, Left with Individual December 27, 2017 Signature Pending
92148969009997901753037463 Request Signature via Email	Brad Pearson	PROVIDENCE MINERALS LLC, 16400 NORTH DALLAS PKWY STE 400, DALLAS, TX, 75248	12/20/2017	Delivered, Left with Individual December 27, 2017 Signature Pending
92148969009997901753037470	Brad Pearson	JABCO LLP, PO BOX 840738, DALLAS, TX, 75284-0738	12/20/2017	In Transit to Destination December 26, 2017 Signature Pending
92148969009997901753037487 Request Signature via Email	Brad Pearson	DUGAN PRODUCTION CORP, PO BOX 420, FARMINGTON, NM, 87499	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037494 Request Signature via Email	Brad Pearson	RUTH ZIMMERMAN TRUST, XAN WILLIAMS TRUSTEE 1513 HERITAGE PL, MCPHERSON, KS, 67460	12/20/2017	Delivered December 29, 2017 Signature Pending
92148969009997901753037500	Brad Pearson	TINMIL A NM LLC, 500 MARQUETTE NW STE 1300, ALBUQUERQUE, NM, 87102	12/20/2017	Unable to deliver item, problem with address January 4, 2018 Signature Pending
92148969009997901753037517 Request Signature via Email	Brad Pearson	THOMAS P TINNIN, 2303 CANDELARIA RD NW, ALBUQUERQUE, NM, 87107	12/20/2017	Delivered December 27, 2017 Signature Pending




92148969009997901753037524 Request Signature via Email	Brad Pearson	, MAR OIL and GAS CORPORATION, PO BOX 5155, SANTA FE, NM, 87502	12/20/2017	Delivered December 26, 2017 Signature Pending
92148969009997901753037531 Request Signature via Email	Brad Pearson	, NAVATEX ENERGY LP, PO DRAWER 2188, ROSWELL, NM, 88202	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037548 Request Signature via Email	Brad Pearson	, LANGDON D HARRISON REVOC TRUST B, JACQUELINE M HARRISON SUCC TRUSTEE PO DRAWER 2188, ROSWELL, NM, 88202	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037555	Brad Pearson	, MCELVAIN OIL COMPANY, DAVID P MCELVAIN PO BOX 801888, DALLAS, TX, 75380-1888	12/20/2017	Reminder to Schedule Redelivery of your item Signature Pending
92148969009997901753037562 Request Signature via Email	Brad Pearson	, RIO ARIBAGAS LTD, 4925 GREENVILLE AVE STE 900, DALLAS, TX, 75206	12/20/2017	Delivered, Front Desk/Reception December 26, 2017 Signature Pending
92148969009997901753037579 Request Signature via Email	Brad Pearson	, RIO ARRIBA LIMITED PARTNERSHIP, 3270 N COLORADO ST SUITE 101, CHANDLER, AZ, 85225- 1165	12/20/2017	Delivered, Front Desk/Reception December 26, 2017 Signature Pending
92148969009997901753037586 Request Signature via Email	Brad Pearson	, HARCO LIMITED PARTNERSHIP, PO BOX 3716, ROSWELL, NM, 88202-3716	12/20/2017	Delivered December 27, 2017 Signature Pending
92148969009997901753037593 Request Signature via Email	Brad Pearson	, TEMPE LIMITED PARTNERSHIP, 101 EAST WESTFIELD BLVD, INDIANAPOLIS, IN, 46220	12/20/2017	Delivered, Front Desk/Reception December 29, 2017 Signature Pending
92148969009997901753037609 Request Signature via Email	Brad Pearson	, CHAPPELL FAMILY TR UTA JUNE 4 98, BUDDIE G CHAPPELL SURVIVING TTEE PO BOX 71579, PHOENIX, AZ, 85050-1010	12/20/2017	Delivered December 30, 2017 Signature Pending
92148969009997901753037616 Request Signature via Email	Brad Pearson	, TIERRA POBRE LLC, PO BOX 1847, CORRALES, NM, 87048	12/20/2017	Delivered December 27, 2017 Signature Pending