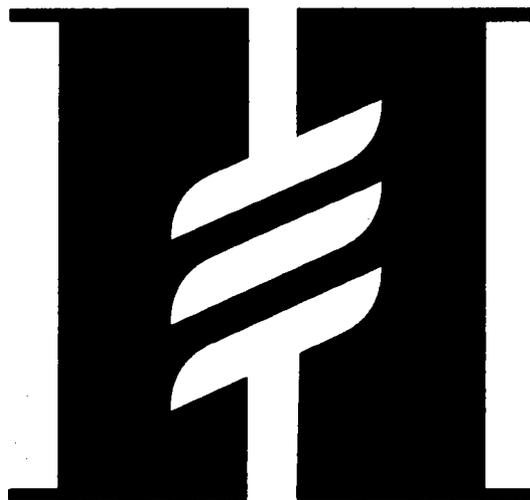


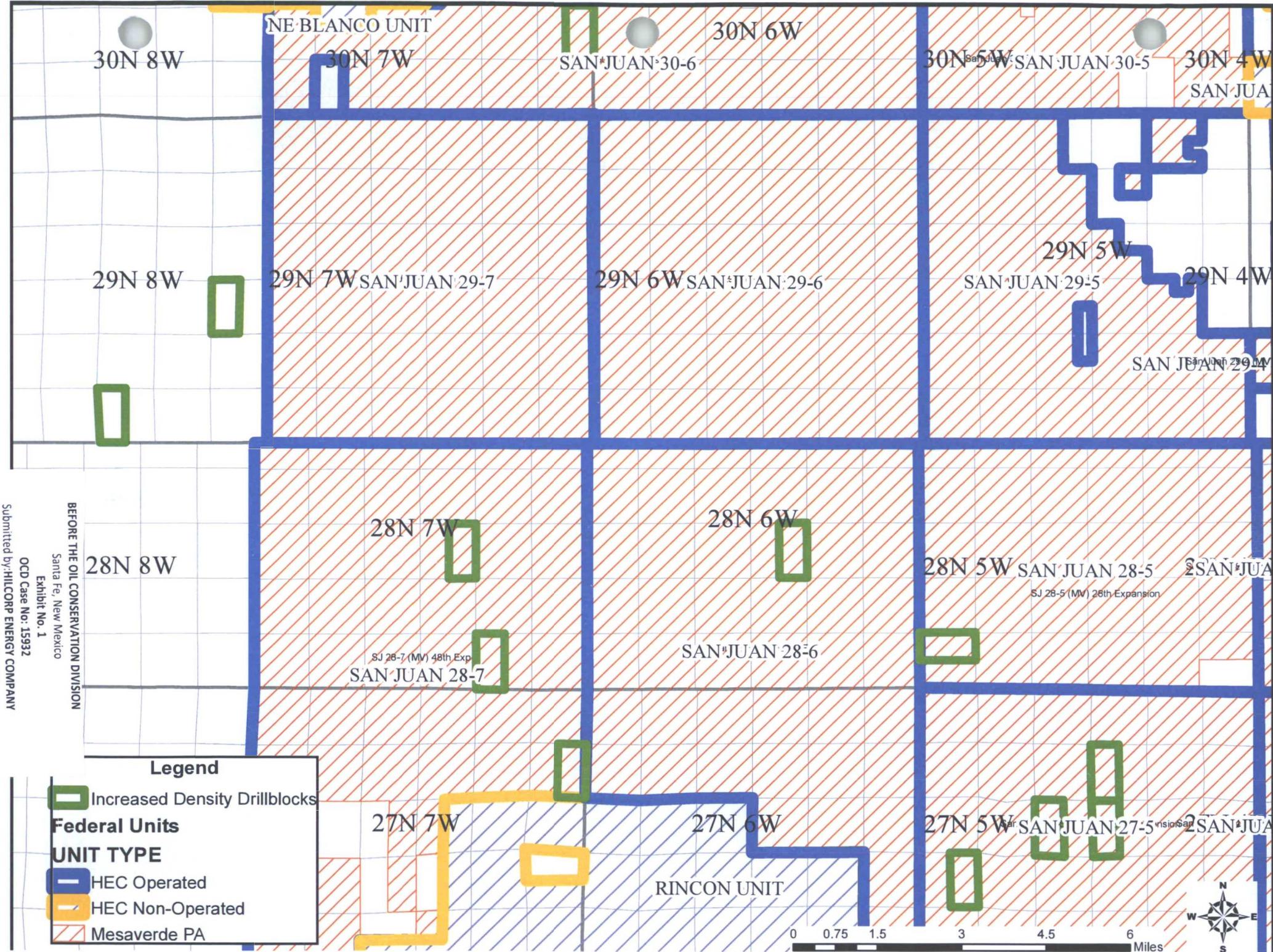
**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING FEBRUARY 8, 2018**

CASE No. 15932

HARDIE 4E WELL

RIO ARRIBA COUNTY, NEW MEXICO





30N 8W

NE BLANCO UNIT

30N 6W

30N 5W

30N 4W

30N 7W

SAN JUAN 30-6

SAN JUAN 30-5

SAN JUAN 30-4

29N 8W

29N 7W SAN JUAN 29-7

29N 6W SAN JUAN 29-6

29N 5W SAN JUAN 29-5

29N 4W

SAN JUAN 29-4

28N 8W

28N 7W

28N 6W

28N 5W

28N 4W

SJ 28-7 (MV) 48th Exp
SAN JUAN 28-7

SAN JUAN 28-6

SJ 28-5 (MV) 26th Expansion

SAN JUAN 28-5

27N 7W

27N 6W

27N 5W

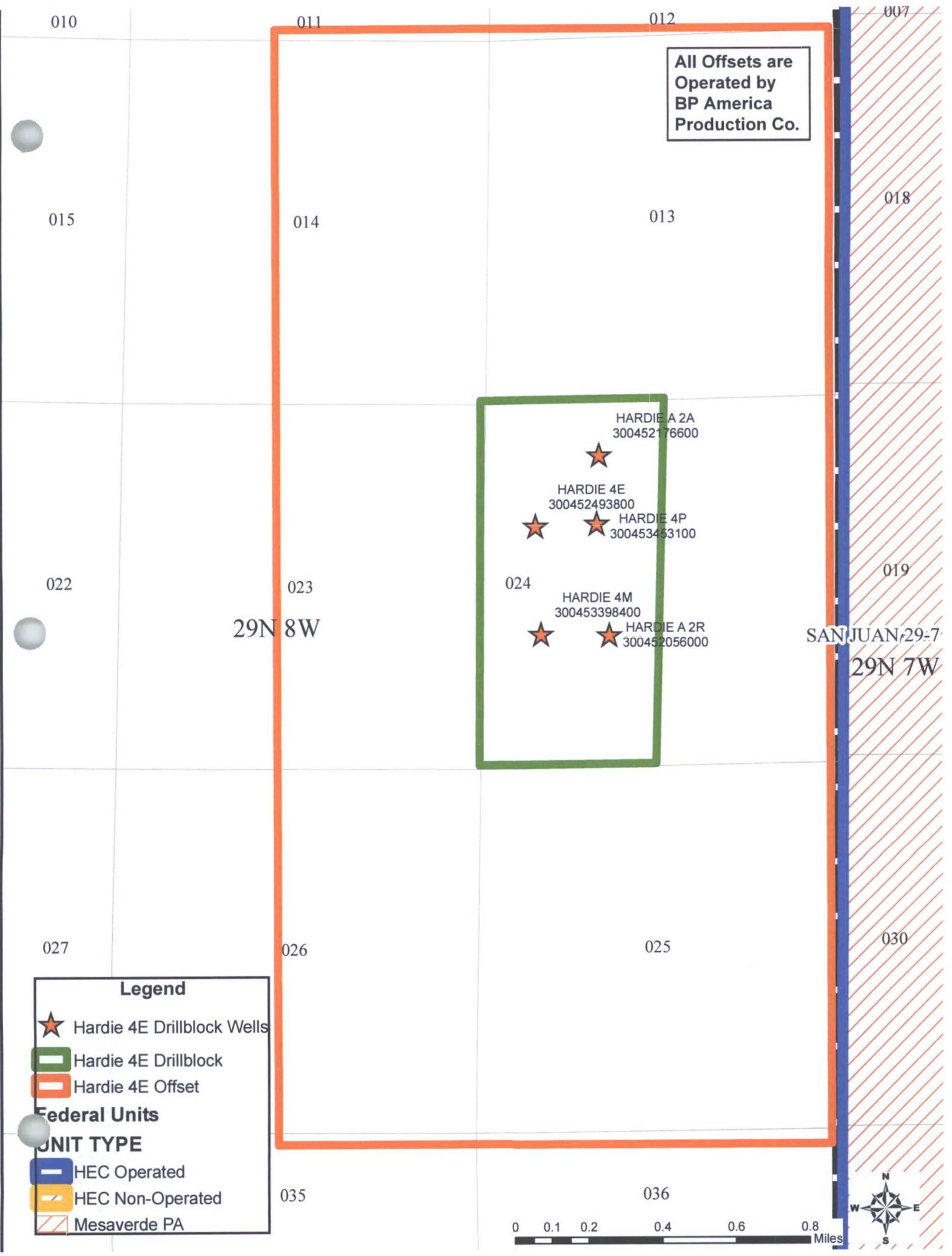
27N 4W

RINCON UNIT

SAN JUAN 27-5

SAN JUAN 27-4

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
OCD Case No: 15932
Exhibit No. 1
Submitted by: HILCORP ENERGY COMPANY
Hearing Date: February 8, 2018



All Offsets are
Operated by
BP America
Production Co.

29N 8W

SAN JUAN 29-7
29N 7W

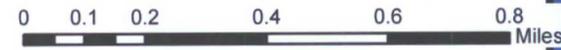
Legend

- ★ Hardie 4E Drillblock Wells
- ▭ Hardie 4E Drillblock
- ▭ Hardie 4E Offset

Federal Units

UNIT TYPE

- ▭ HEC Operated
- ▭ HEC Non-Operated
- ▨ Mesaverde PA



HARDIE A 2A
300452176600

HARDIE 4E
300452493800

HARDIE 4P
300453453100

HARDIE 4M
300453398400

HARDIE A 2R
300452056000

15932 Hardie 4E

BA	Name	Address	City	State	Zip Code	Type	Date Delivered
1066712	BP AMERICA PRODUCTION COMPANY	737 N ELDRIDGE PARKWAY	HOUSTON	TX	77079	Offset Operator	1/4/2018

15932 Hardie 4E

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 2
OCD Case No: 15932
Submitted by: HILCORP ENERGY COMPANY
Hearing Date: February 8, 2018

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Zip:	<input type="text"/>	AddresseeCode:	<input type="text"/>
AddresseeCode2:	<input type="text"/>	FileNumber:	<input type="text"/>
Certified Number:	<input type="text"/>	Sender Contact:	<input type="text" value="Brenda Guzman"/> <input type="button" value="v"/>
Delivery Result:	<input type="text" value="All Records - Mailed"/> <input type="button" value="v"/>	Sender Contact (Text):	<input type="text"/>
View Archives		Retrieve Certified Mail Article History	

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997901618866597 Request Signature via Email	Brenda Guzman	ATTN: CRAIG FERGUSON, BP AMERICA PRODUCTION COMPANY, 737 NORTH ELDRIDGE PKWY, HOUSTON, TX, 77079	1/2/2018	Delivered, PO Box January 4, 2018 Signature Pending



January 2, 2018

VIA CERTIFIED MAIL - CERTIFIED RECEIPT REQUESTED

TO: OFFSETTING OPERATORS

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 amended 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 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 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 Wyn McCubbin at (713) 757-7125 or wmccubbin@hilcorp.com.

Sincerely,

A handwritten signature in cursive script that reads 'Wyn McCubbin'.

Wyn McCubbin, CPL
Senior Landman – San Juan Basin Asset Team

**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 FOR THE BLANCO-
MESAVERDE GAS POOL, SAN JUAN
COUNTY, NEW MEXICO.**

CASE NO. 15932

AMENDED APPLICATION

Hilcorp Energy Company, ("Hilcorp") (OGRID No. 372171), through its undersigned counsel, hereby files this amended application with the Oil Conservation Division for an order for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico. Specifically, 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 spacing and proration unit, and three wells in the same quarter section. In support of this amended application, Hilcorp states:

1. 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 24, Township 29 North, Range 8 West, San Juan County, New Mexico, in which the following four wells are currently completed and producing:

- a. Hardie A 2R Well (API No. 30-045-20560), Sec. 24, T29N, R8W (Unit K);
- b. Hardie A 2A Well (API No. 30-045-21766), Sec. 24, T29N, R8W (Unit C);

Brenda Guzman

From: Wyn McCubbin
Sent: Monday, January 15, 2018 1:38 PM
To: 'Adam Rankin'
Cc: Brenda Guzman
Subject: FW: NMOCD Hearing No. 15932 covering the Hardie 4E

Adam,

BP's response for the Jan. 25th case No. 15932 for the Hardie 4E.

Wyn McCubbin, CPL
Senior Landman – San Juan Basin
Hilcorp Energy Company
1111 Travis St.
Houston, Texas 77002
713-757-7125 Direct
713-306-8822 Mobile
wmccubbin@hilcorp.com

From: Ferguson, Craig [mailto:Craig.Ferguson@bp.com]
Sent: Monday, January 15, 2018 1:16 PM
To: Wyn McCubbin <wmccubbin@hilcorp.com>
Cc: Brenda Guzman <bguzman@hilcorp.com>
Subject: RE: NMOCD Hearing No. 15932 covering the Hardie 4E

Yes. BP will not object.

Craig T. Ferguson
Sr. Land Negotiator
South San Juan
281.892.5743

Lower 48 Onshore
BP America Production Company
737 N. Eldridge Parkway, E3-12.173B
Houston, TX 77079

Nothing contained in this communication, or in any other written or oral communications with BP America Production Company or its affiliates (collectively "BP") concerning the matters addressed above, shall create an obligation on BP to conclude a transaction covering such matters. Unless and until a written agreement covering the matters addressed above is executed by BP's authorized representative having express authority to bind BP to a transaction of such size and nature, BP has no obligation (legal or otherwise) concerning such matters. YOU SHOULD NOT RELY ON THIS COMMUNICATION OR ANY OTHER WRITTEN OR ORAL COMMUNICATIONS WITH BP AS THE BASIS FOR TAKING ANY ACTION, FOREGOING ANY OPPORTUNITY OR INCURRING ANY COSTS, IN ANTICIPATION OF CONCLUDING A TRANSACTION WITH BP.

This email and any attachments are intended only for the addressee(s) listed above and may contain confidential, proprietary, and/or privileged information. If you are not an intended recipient, please immediately advise the sender by return email, delete this email and any attachments, and destroy any copies of same. Any unauthorized review, use, copying disclosure or distribution of this email and any attachments is prohibited.

From: Wyn McCubbin [<mailto:wmccubbin@hilcorp.com>]
Sent: Monday, January 15, 2018 11:50 AM
To: Ferguson, Craig
Cc: Brenda Guzman
Subject: NMOCD Hearing No. 15932 covering the Hardie 4E

Craig,

Did BP have a chance to review the NMOCD Case No. 15932 in regards to Hilcorp's application covering the Hardie 4E to add a fifth Mesaverde completion to the spacing unit? BP is the only offset operator that we had to notice for this hearing and we would like to have BP's blessing to show the NMOCD at hearing on January 25, 2017.

If you have any questions or concerns, please e-mail me or Brenda.

Thank you.

Wyn McCubbin, CPL
Senior Landman – San Juan Basin
Hilcorp Energy Company
1111 Travis St.
Houston, Texas 77002
713-757-7125 Direct
713-306-8822 Mobile
wmccubbin@hilcorp.com

Hilcorp Energy Company's new address is 1111 Travis, Houston, TX 77002.

AFFIDAVIT OF PUBLICATION

Ad No. 74643

STATE OF NEW MEXICO

County of San Juan:

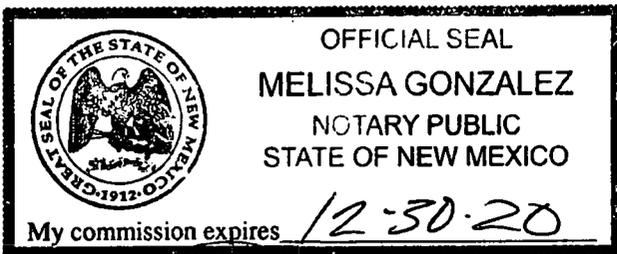
SAMMY LOPEZ, being duly sworn says: That He IS the PRESIDENT of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper 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 day(s):

Thursday, January 4, 2018

And the cost of the publication is \$137.76



SAMMY LOPEZ appeared before me, whom I know personally to be the person who signed the above document on the 5th of January, 2018.




[signature of Notary]
Melissa Gonzalez NOTARY PUBLIC

COPY OF PUBLICATION

**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 January 25, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by January 15, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

TO: ALL OFFSET OWNERS AND POOLED PARTIES, INCLUDING: BP AMERICA PRODUCTION COMPANY.

Case No. 15932: 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. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simulta-

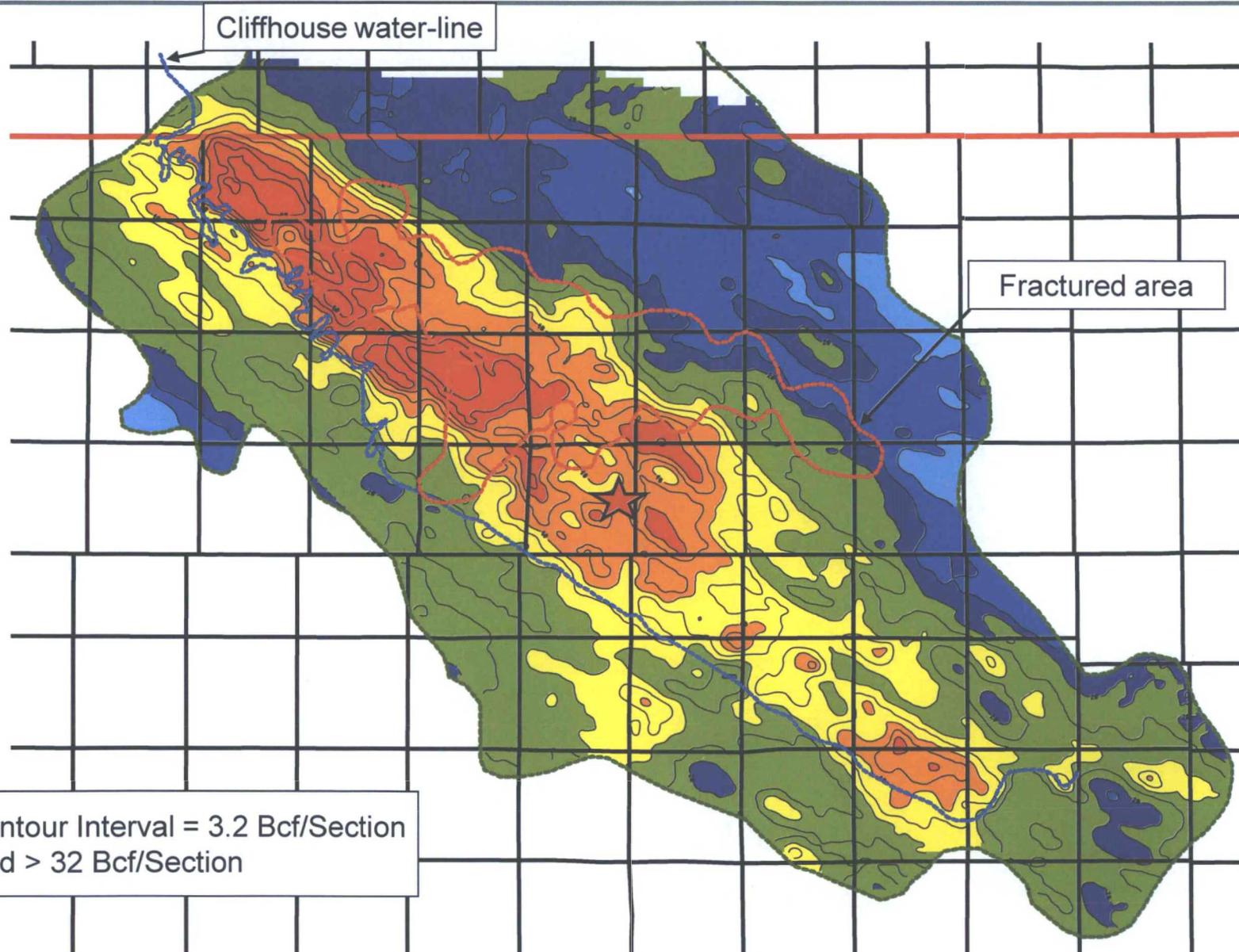
neously produce five Mesaverde gas wells in the same standard 320-acre spacing and proration unit, and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the Hardie 4E Well (API No. 30-045-24938) in the Mesaverde formation with a surface location in W/2 of Section 24, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Hardie 4E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 12 miles east of Blanco, NM.

Legal No. 74643 published in The Daily Times on January 4, 2018.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 3
OCD Case No: 15932
Submitted by: HILCORP ENERGY COMPANY
Hearing Date: February 8, 2018



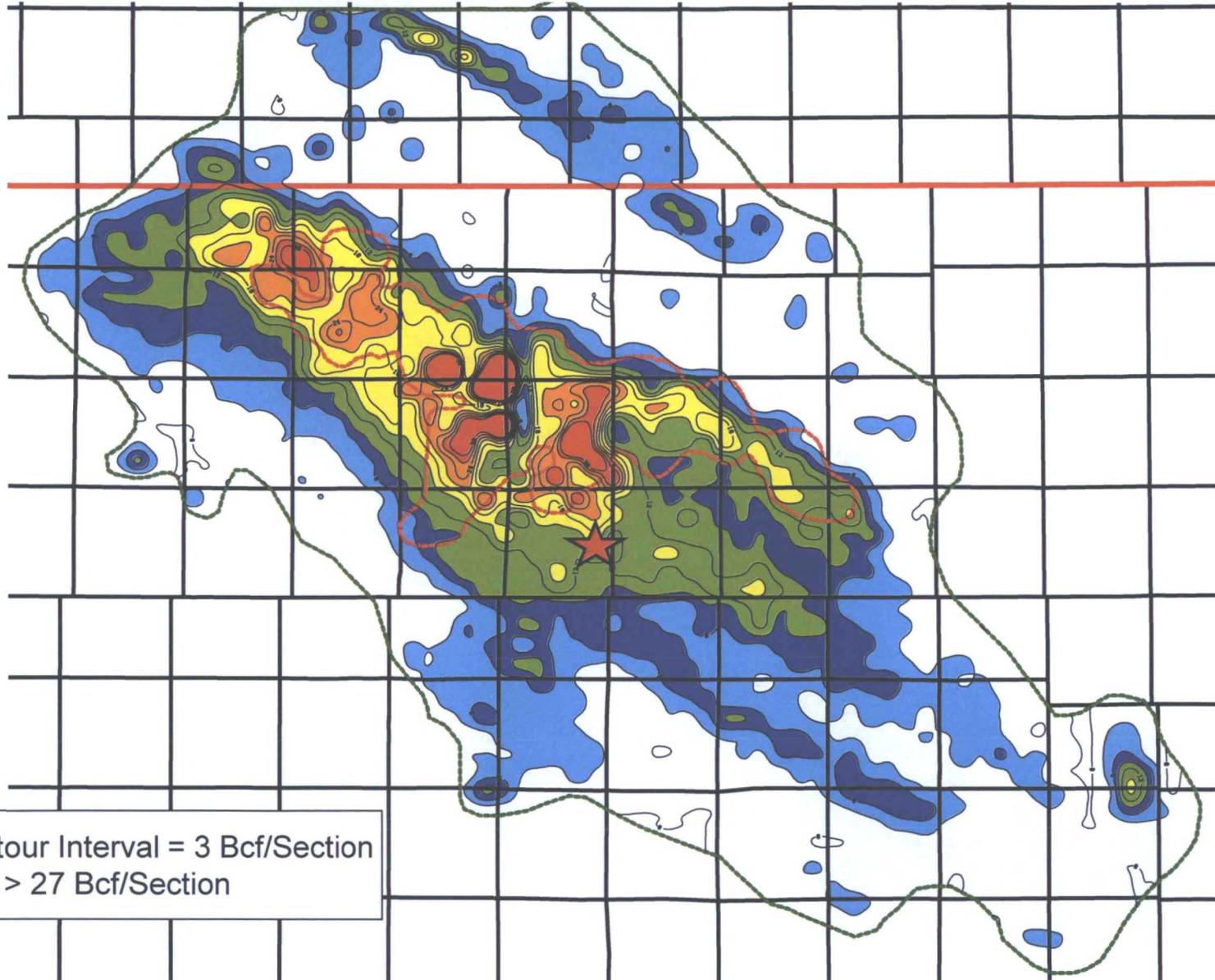
MV Original Gas-in-Place



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
OCD Case No.: 15932
Submitted by: HILCORP ENERGY COMPANY
Hearing Date: February 8, 2018



MV Cumulative Gas Production



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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 5

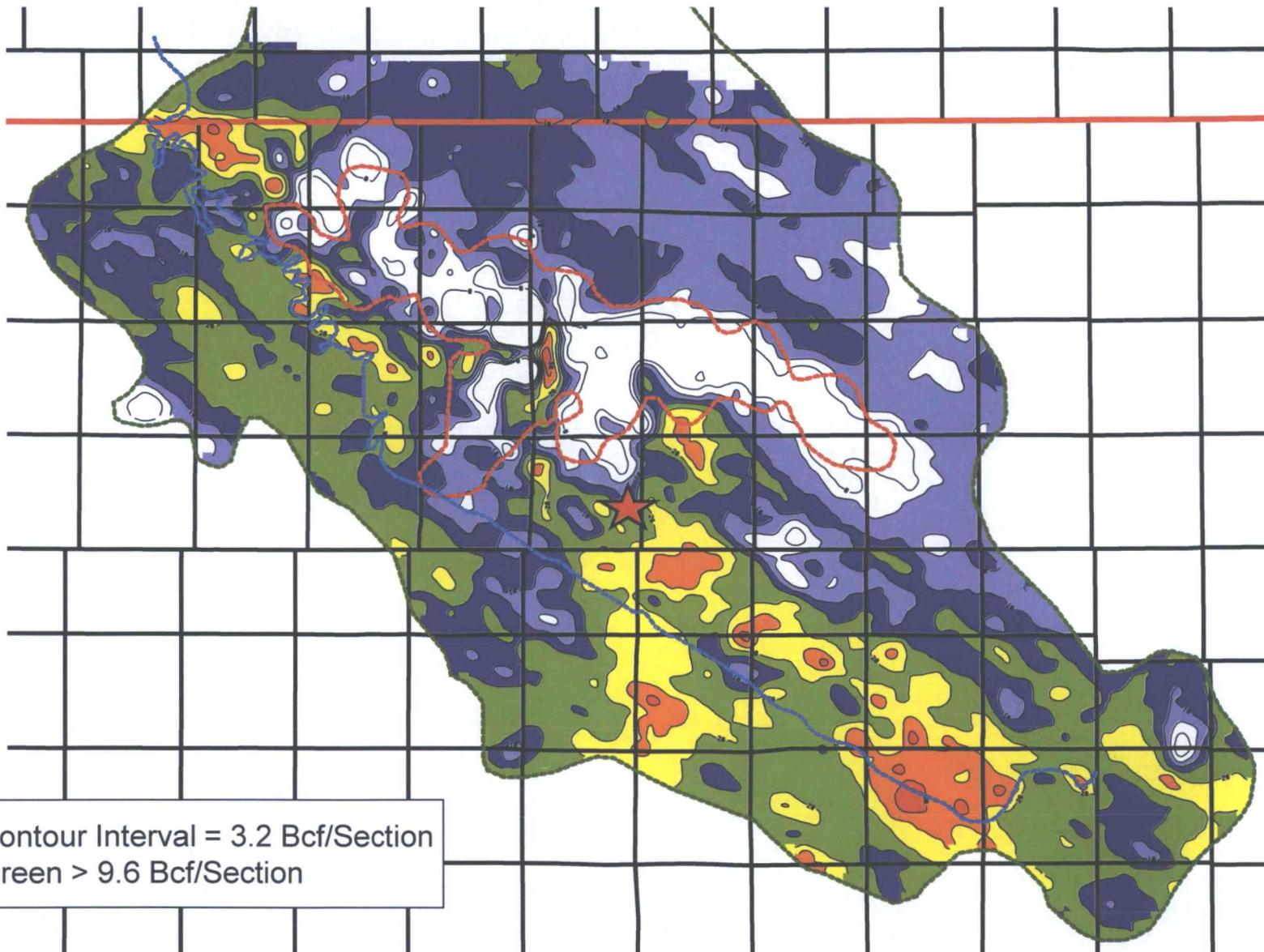
OCD Case No: 15932

Submitted by: HILCORP ENERGY COMPANY

Hearing Date: February 8, 2018



MV Remaining Gas



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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 6

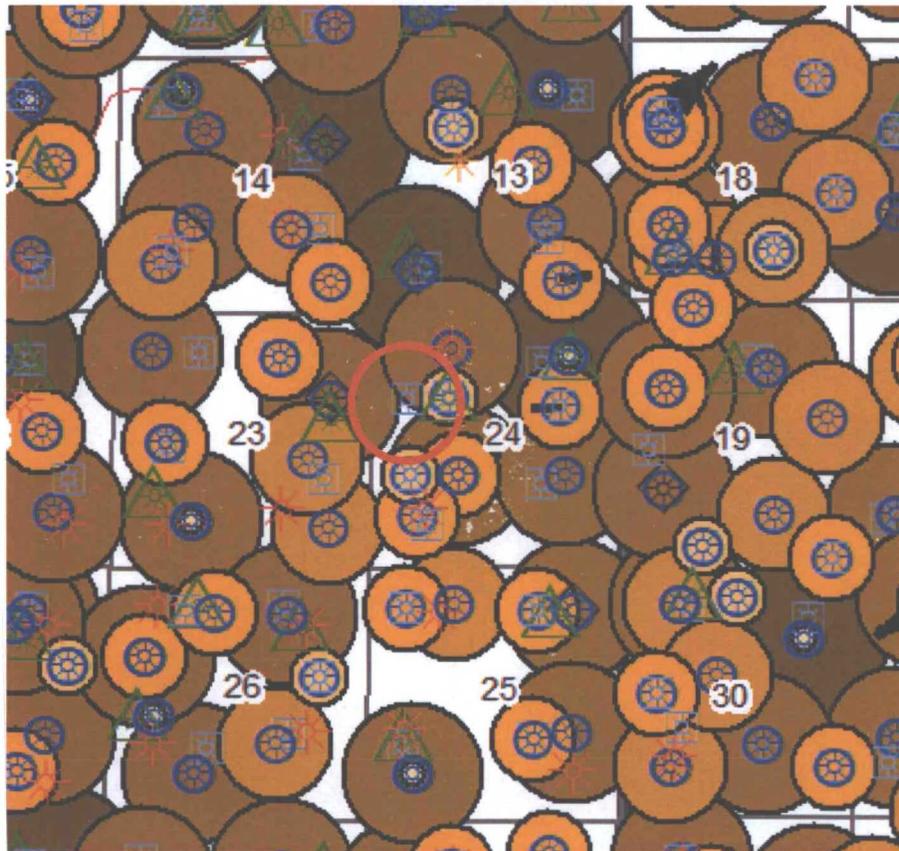
OCD Case No. 15932

Submitted by: HILCORP ENERGY COMPANY

Hearing Date: February 8, 2018



HARDIE 4E



▲ FRUITLAND COAL
◆ PICTURED CLIFFS
⊕ CHACRA
● MESAVERDE
⊕ MANCOS
■ DAKOTA

Well Specifics

- NW24 29-8 3004524938 1981 drill
- 3rd MV completion in ¼ section
- Less than 900' from east offset
- Help drain area to southwest
- 3 stage MV over entire section
- Well is 790' from west section line

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 7

OCD Case No: 15932

Submitted by: HILCORP ENERGY COMPANY

Hearing Date: February 8, 2018



Hardie-4-E

Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	10.8 Bcf	43.3 Bcf	3.2 Bcf / 30%	7.6 Bcf	4.3 Bcf / 39%
Section	39.4 Bcf	39.4 Bcf	18.1 Bcf / 46%	21.3 Bcf	22.9 Bcf / 58%
9 Section	348 Bcf	38.6 Bcf	147 Bcf / 42%	201 Bcf	194 Bcf / 56%

- Remaining Gas in Place in Quarter Section of 7.6 Bcf
- Cumulative Recovery Factor to Date 30% and 46% 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. 8

OCD Case No: 15932

Submitted by: HILCORP ENERGY COMPANY

Hearing Date: February 8, 2018