

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 8, 2025**

CASE NO. 25342

*SJ 29-8 SEC 36 INCREASED DENSITY - 012N & 012P -
(W2) WELLS*

SAN JUAN COUNTY, NEW MEXICO



**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 25342

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CASE NO. 25342

APPLICATION

Hilcorp Energy Company, (“Hilcorp”) (OGRID No. 372171), through its undersigned counsel, hereby files this 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 drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit. In support of this application, Hilcorp states:

1. Hilcorp is the operator of a standard 320-acre, more or less, spacing and proration units in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 36, Township 29 North, Range 8 West, San Juan County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. State Com P 012F Well (API No. 30-045-30426), which is vertically drilled with a surface location in NE/4 NW/4 (Unit C) of said Section 36;
- b. State Com P 012A Well (API No. 30-045-21707), which is vertically drilled with a surface hole location in the SW/4 NW/4 (Unit E) of said Section 36;

- c. State Com P 012M Well (API No. 30-045-30427), which is vertically drilled with a surface location in NE/4 SW/4 (Unit K) of said Section 36; and
- d. State Com P 012 Well (API No. 30-045-07603), which is vertically drilled with a surface location in SW/4 SW/4 (Unit M) of said Section 36.

2. 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. See Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A (6), effective Sept. 25, 2019. These Special Pool Rules and Regulations provide:

I. ACREAGE AND WELL LOCATION REQUIREMENTS

A. Standard GPU (Gas Proration Unit): *A standard GPU in the Blanco-Mesaverde Pool shall be 320 acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.*

B. Well density:

- (1) Up to four (4) vertical or directional wells may be drilled and completed in the Blanco-Mesaverde Pool underlying a standard GPU;*
- (2) In addition to the four (4) wells authorized to be drilled and completed under B (1), an operator may conduct operations to recomplete up to four (4) vertical or directional wells in the Blanco-Mesaverde Pool within a standard GPU;*
- (3) No more than four (4) wells producing from the Blanco-Mesaverde Pool shall be located within either quarter section in a GPU; and*
- (4) Any deviation from the above-described well density requirements shall be authorized only after hearing.*

3. The objective formation in each of the above-described wells in Paragraph 1 is the Blanco-Mesaverde Gas Pool, and each well was permitted and drilled with a Mesaverde completion.

4. Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- a. **State Com P 012N Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit N) and bottom-hole location in the SE/4 SW/4 (Unit N);
- b. **State Com P 012P Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit H) and bottom-hole location in the NW/4 SW/4 (Unit B); and

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **State Com P 012N Well** (API No. 30-045-PENDING) and the **State Com P 012P Well** (API No. 30-045-PENDING), within the W/2 of Section 36, Township 29 North, Range 8 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

6. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Hilcorp the opportunity to produce incremental reserves from this spacing unit, avoiding waste.

7. Approval of this application will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Hilcorp Energy Company requests that this application be set before an Examiner of the Oil Conservation Division on May 8, 2025, and, after notice and hearing as required by law, that the Division enter an order:

- Granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool (72319) permitting the total number of vertical and/or directional wells dedicated and producing within this spacing and proration unit to six; and
- Authorizing Hilcorp to simultaneously complete and produce the **State Com P 012N Well** (API No. 30-045-PENDING) and the **State Com P 012P Well** (API No. 30-045-PENDING) from the Blanco-Mesaverde Gas Pool.

Respectfully submitted,

HOLLAND & HART LLP

B:



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ATTORNEYS FOR HILCORP ENERGY COMPANY

CASE _____: **Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit. Hilcorp further seeks approval for the proposed locations of the **State Com P 012N Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit N) and bottom-hole location in the SE/4 SW/4 (Unit N), and the **State Com P 012P Well (API No. 30-045-PENDING)**, to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit H) and bottom-hole location in the NW/4 SW/4 (Unit B), within the W/2 of Section 36, Township 29 North, Range 8 West, San Juan County, New Mexico, and authorization to simultaneously complete and produce both wells from the Blanco-Mesaverde Gas Pool. Said area is located approximately 16 miles east of Bloomfield, NM.

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CASE NO. 25342

SELF-AFFIRMED STATEMENT OF GATEWOOD BROWN

1. My name is Gatewood Brown. I work for Hilcorp Energy Company (“Hilcorp”) as a Landman.
2. I have not previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters; therefore, my resume is attached as **Exhibit B-1**. I believe my credentials as a petroleum landman qualify me to testify as an expert in petroleum land matters before the Division. I ask that my qualifications as a petroleum landman be 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 (72319) to permit it to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of

six vertical and/or directional 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. *See* Order No. R-8170, as superseded by Order No. R-10987-A, and amended by Order No. R-10987-A(6), effective Sept. 25, 2019. 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 units in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 36, Township 29 North, Range 8 West, San Juan County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. State Com P 012F Well (API No. 30-045-30426), which is vertically drilled with a surface location in NE/4 NW/4 (Unit C) of said Section 36;
- b. State Com P 012A Well (API No. 30-045-21707), which is vertically drilled with a surface hole location in the SW/4 NW/4 (Unit E) of said Section 36;
- c. State Com P 012M Well (API No. 30-045-30427), which is vertically drilled with a surface location in NE/4 SW/4 (Unit K) of said Section 36;
and
- d. State Com P 012 Well (API No. 30-045-07603), which is vertically drilled with a surface location in SW/4 SW/4 (Unit M) of said Section 36.

8. Hilcorp now proposes to simultaneously dedicate and produce the following additional wells within the same standard spacing and proration unit, at the following locations:

- a. **State Com P 012N Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit N) and bottom-hole location in the SE/4 SW/4 (Unit N); and
- b. **State Com P 012P Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit H) and bottom-hole location in the NW/4 SW/4 (Unit B).

9. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **State Com P 012N Well** (API No. 30-045-PENDING) and the **State Com P 012P Well** (API No. 30-045-PENDING), within the W/2 of Section 36, Township 29 North, Range 8 West, permitting the total number of vertical and/or directionally drilled wells dedicated and producing within this spacing and proration unit to six.

10. The proposed simultaneous dedication of the proposed well will target development of incremental Mesaverde gas reserves in areas where there is not adequate gas drainage.

11. 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.

12. **Exhibit B-2** is an overview map identifying the location of the subject Blanco-Mesaverde Gas Pool spacing unit to which the proposed wells will be dedicated.

13. Exhibit B-2 also identifies the locations of the existing Mesaverde wells as black circles. Lines attached to the circle represent wells with a directional wellbore. Also depicted are the proposed wells with red lines to indicate directionally drilled well locations.

14. Exhibit B-2 also depicts the notice area, which is the area within the dotted line surrounding the subject spacing unit outlined comprised of offsetting spacing units. 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.

15. **Exhibit B-3** 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.

16. 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.

17. **Exhibits B-1 through B-3** were prepared by me or under my direction and supervision.

18. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

Gatewood Brown

4/29/2025

Date

GATEWOOD D. BROWN

Office 17.229 ■ 713-289-2767 ■ gabrown@hilcorp.com

PROFESSIONAL EXPERIENCE**Hilcorp Energy Company, Senior Landman – Houston, Texas** *June 2014 – Present*

- Negotiate, draft, review, and amend operational agreements (ROW, farmout/in, joint-operating, participation, surface, unit, real estate, deeds), conveyances, and other contracts
- Develop business relationships with field personnel, landowners, and Attorneys that represent lessor's interests
- Communicate with and manage various projects with cross functional operations team (operations and reservoir engineers, geologist, geophysicist, management, accounting, regulatory and environmental)
- Verify and route Authorization for Expenditure's to partners for all well activities pursuant to the governing JOA
- Advise and coordinate with other departments as to development and daily operations of producing properties
- Investigate and approve titles for operation of company assets and potential small acquisitions/divestitures
- Evaluate and assimilate newly acquired properties for future operations
- Prepare prospects for drilling by the New Ventures and Asset Teams
- Delegate to and lead direct reports (Land Tech/Associate Landman)
- Coordinate with field Landmen on acquisition of leases and agreements from landowners
- Analyze monthly land rental calendar to identify obligations/payments no longer pertinent to operations
- Assist Senior Vice President – Land, and Area Land Manager with delegated tasks

Historical Asset Teams and Selected Experiences:

- San Juan South: Senior Landman *January 2025 to Present*
 - Managing 5,000+ wells in Rio Arriba and San Juan Counties, New Mexico
- Rocky Mountain Region: Senior Landman *January 2023 to December 2024*
 - Managed 3,120 wells covering 355,770 net acres
 - Project lead to secure 2 approved Federal and State APD's for RMR drilling
 - \$404k positive impact to Hilcorp from 2023 land research projects and negotiations with partners
- East Texas: Senior Landman *January 2021 to December 2022*
 - Managed 136,660 net acres across 16 counties
 - Worked complex surface and subsurface drilling/recomplete projects in fields with extensive conveyances
 - Mentored Associate Landman as my direct report and worked with summer interns to generate real value
- West Louisiana: Landman III *January 2018 to December 2020*
 - Managed 790 wells covering 90,340 net acres across 9 parishes
 - Prepared 7 NVEN wildcat prospects to be drill ready
 - Mentored by tenured Louisiana land staff at Hilcorp to develop as a Landman
- South Texas: Landman II *August 2016 to January 2018*
 - Managed 2,615 wells covering 298,000 net acres
 - Secured agreements for post-acquisition surface consolidation projects to assist ops in saving \$785k/yr
 - Integrated recent acquisitions (COP/CVX/CHK/NFX/LINN) and identified cost savings measures
- Central Texas: Associate Landman *June 2014 to July 2016*
 - Mentored by tenured Texas land staff at Hilcorp to develop as a Landman
 - Performed all Senior Land Tech functions and developed a deep understanding of department processes

Equinor, Summer Land Intern – Bakken, Austin, Texas *Summer 2013***EnerVest Ltd, Summer Land Intern, Houston, Texas** *Summer 2011 & 2012***EDUCATION****Rawls College of Business, Texas Tech University, Lubbock, Texas** *May 2014*Bachelor of Business Administration with Honors, *Energy Commerce* (Cumulative GPA: 3.6)

3x SGA Senator; Top 7.5% of Class; 7x Rawls Scholarship Recipient; IFC Junior & Senior of the Year

LEADERSHIP AND ACTIVITIES

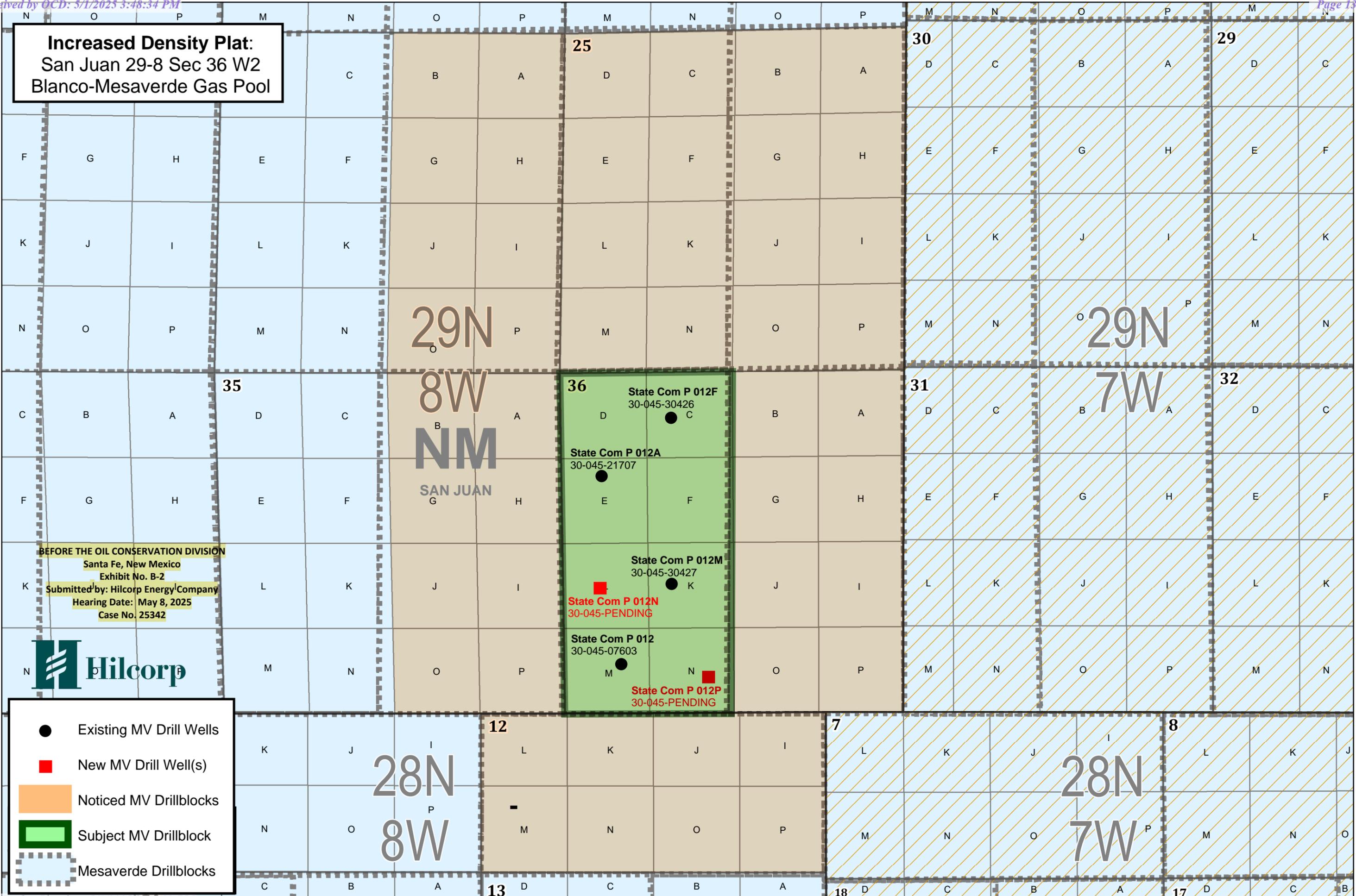
Hilcorp – Mentored 4 direct report Associate Landmen that have all been promoted to Landman roles

Hilcorp – Presented to, interviewed and mentored 9 classes of land interns from Texas Tech University

Hilcorp – Completed 2024 Texas MS150 Bike Ride with Team Hilcorp Harvest

IRONMAN Texas 2017 Finisher (2.4mi swim / 112mi bike / 26.2mi run)

Increased Density Plat:
 San Juan 29-8 Sec 36 W2
 Blanco-Mesaverde Gas Pool



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B-2
 Submitted by: Hilcorp Energy Company
 Hearing Date: May 8, 2025
 Case No. 25342



- Existing MV Drill Wells
- New MV Drill Well(s)
- Noticed MV Drillblocks
- Subject MV Drillblock
- Mesaverde Drillblocks

Hilcorp - SJ 29-8 Sec 36 (W2)

Case no. 25342

SILVERADO OIL & GAS LLP	PO BOX 52308, TULSA, OKLAHOMA 74152-0308
ENDURING RESOURCES IV LLC	6300 S Syracuse Way, Suite 525 Centennial, Colorado 80111
HAL AND JEAN RIDDLE TRUST	PO BOX 9938, AMARILLO, TEXAS 79105-5938
PIONEER NATURAL RES USA INC	ATTN: SAN JUAN LAND, PO Box 3178, MIDLAND, TEXAS 79702

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-3
Submitted by: Hilcorp Energy Company
Hearing Date: May 8, 2025
Case No. 25342

**STATE OF NEW MEXICO
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CASE NO. 25342

SELF-AFFIRMED STATEMENT OF WILLIAM (MARCUS) HILL

1. My name is William (Marcus) Hill. I work for Hilcorp Energy Company (“Hilcorp”) as a reservoir engineer.
2. I have not previously testified before the New Mexico Oil Conservation Division as an expert in reservoir engineering. Attached as **Exhibit C-1** is my resume, which summarizes my education and work experience as a reservoir engineer. I ask that my credentials as an expert in reservoir engineering be 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 (e.g., Case No. 20643), I used a decline curve analysis on 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.
5. 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.

6. **Exhibit C-2** contains information relating to the subject spacing unit and the general location of the additional wells proposed to be drilled and simultaneously dedicated within the subject spacing unit:

- a. **State Com P 012N Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit N) and bottom-hole location in the SE/4 SW/4 (Unit N); and
- b. **State Com P 012P Well** (API No. 30-045-PENDING), to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit H) and bottom-hole location in the NW/4 SW/4 (Unit B).

7. These will be the fifth and sixth Mesaverde completions within the spacing unit. I anticipate that they will help drain the southern portion of the spacing unit.

8. **Exhibit C-3** is a basin-wide map reflecting Hilcorp's calculations for original gas in place across the Blanco-Mesaverde Gas Pool. The warmer colors represent areas where there is more original gas in place. The cooler colors indicate areas where there is less original gas in place. The red star indicates the location of the subject well in an area where we calculate moderately high volumes of original gas in place.

9. **Exhibit C-4** is a map depicting the calculated cumulative gas production from the Blanco-Mesaverde Gas Pool. The red star identifies the location of the subject well where there is relatively low cumulative gas production.

10. **Exhibit C-5** 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 remaining recoverable gas and relatively low cumulative production under the existing well density.

11. **Exhibit C-6** is a table that supports this volumetric analysis. The first column titled "Volumetric OGIP" reflects the calculated volumetric original gas in place on a section basis around the subject spacing unit. The column titled "CTD/RF%" shows the cumulative gas production to date on a section basis and the calculated recovery factor. The column titled "EUR/RF%" shows the estimated ultimate gas recovery and recovery factor calculated on a section basis. And the last column tabulates the total recoverable gas remaining on a section basis. I calculated the recoverable gas remaining within the subject spacing unit is approximately 3.35 Bcf.

12. I would expect recovery factors of approximately 70-80% in a gas pool of this type. The relatively low recovery factors in Exhibit C-6 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.

13. Approval of Hilcorp's application is therefore necessary to drain the unrecovered gas reserves that will otherwise be left in place under the existing well density within the subject spacing unit.

14. 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.

15. Exhibits C-1 through C-6 were prepared by me or under my direction and supervision.

16. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

William (Marcus) Hill
William (Marcus) Hill

4-30-2025
Date

34741486_v1

WILLIAM (MARCUS) HILL, P.E.

Houston, TX • (214) 534.8727 • williamhill2034@gmail.com • linkedin.com/in/williammarchilljr/

SENIOR RESERVOIR ENGINEER | OIL, GAS & ENERGY

- ❑ **Subsurface Asset Optimization:** As Senior Reservoir Engineer at Daylight Petroleum, identified 110 new recompletions, return to production, and uplift projects in the Central Texas / Gulf Coast areas, leading to an optimized asset portfolio and improved operational efficiency.
- ❑ **Reservoir Evaluation:** As Reservoir Engineering Manager at Dunn Exploration, recognized behind pipe reserves in the deeper Wilcox sands of existing wells, leading to the acquisition of new leases and a strategy for exploiting remaining opportunities.
- ❑ **Field Development and Depletion Planning:** As Sable Permian Resources' / Fleur de Lis Energy's Reservoir Engineer, implemented the use of Rate Transient Analysis (RTA), identified 23 wells for GAPL conversion adding an incremental economic NPV (10%) of \$5MM and planned the development of 47 Tier 1 wells over 2 years.

KEY SKILLS & AREA EXPERIENCE

Technical Reservoir Engineering

- Reservoir Characterization & Modeling
- Decline Curve & Rate Transient Analysis
- Field Development & Depletion Planning

Business Development

- Commercial Asset Evaluation
- Acquisitions & Divestitures (A&D)
- Technical & Economic Evaluation

Leadership

- Management Support
- Mentorship & Coaching
- Engineering Teams

Formations & Basins: Led conventional and unconventional asset optimization in Midland Basin, Delaware Basin & Eagle Ford Shale (Texas); Gulf Coast (Louisiana); Tuscaloosa Marine Shale (Mississippi)

PROFESSIONAL WORK HISTORY

HILCORP ENERGY COMPANY, Houston, TX

1/2024 to Present

A private oil and gas company focused on developing legacy oil and gas assets across the Lower 48 and Alaska.

Reservoir Engineer – San Juan Basin

Lead reservoir engineering efforts for a portfolio of 5,000+ wells producing over 40,000 net BOE/d across multiple productive reservoirs in the San Juan Basin.

DAYLIGHT PETROLEUM, Houston, TX

8/2022 to 1/2024

A private oil and gas company focused on optimizing conventional assets in Oklahoma, Texas, Kansas, and Louisiana.

Senior Reservoir Engineer – Central Texas & Gulf Coast

Oversee a diverse portfolio of 772 oil and gas wells, ensuring optimal production in Central Texas and Gulf Coast.

Commercial Acumen / A&D

- Accelerate inventory documentation for Central Texas and Gulf Coast asset areas, resulting in the strategic identification of 110 new recompletions, return to production, and uplift projects
- Present findings and actionable insights for the divestiture of multiple Central Texas and Gulf Coast asset areas, facilitating informed decision-making for the company's top-level management.
- Identify and evaluate 26 high-potential projects encompassing recompletions, return to production, new drills, and uplift initiatives for the 2023 budget cycle

Technical Reservoir Engineering

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C-1

Submitted by: Hilcorp Energy Company

Hearing Date: May 8, 2025

WILLIAM (MARCUS) HILL, P.E. • Houston, TX • (214) 534.8727 • williamhill2034@gmail.com

- Leverage volumetrics, decline curve analysis, material balance, and log analysis to generate comprehensive economic and reserve evaluations for AFE packages
- Build comprehensive wellbore utility charts and well histories, leveraging data analysis techniques to evaluate future development prospects, collaborate with stakeholders, and optimize drilling / recompletion operations.

Team & Project Leadership

- Spearhead strategic initiatives in prospecting / documentation, driving the discovery of 110 new uplift projects.
- Conduct lookback analysis on the 2022 capital budget program, enabling data-driven recommendations for the 2023 budget to mitigate risk, achieve economic success thresholds, and optimize production.

DUNN EXPLORATION COMPANY, Houston, TX

11/2021 to 8/2022

A private exploration and development focused on the development of onshore assets in the Gulf Coast of Louisiana.

Reservoir Engineering Manager – Gulf Coast (Louisiana) & Wilcox

Led reservoir engineering and business development for Gulf Coast Louisiana's conventional assets by preparing reserve evaluations and financial planning, notably identifying unexploited reserves and new lease acquisitions.

Commercial Acumen / A&D

- Unearthed behind pipe reserves in deeper Wilcox sands, prompting Dunn to secure new leases, expanding A&D opportunities through focused analysis and strategic decision-making.

Technical Reservoir Engineering

- Analyzed reservoir and log data, preparing reserve evaluations for over 3,000 bopd, enabling efficient asset management and maximization of existing resources.

Team & Project Leadership

- Onboarded AEGIS as a hedging advisory to Dunn, establishing robust counterparties for hedging transactions, thereby ensuring streamlined financial planning and risk management in 2022.

SABLE PERMIAN RESOURCES / FLEUR DE LIS ENERGY, Houston, TX

12/2019 to 11/2021

A private exploration and development focused on oil and natural gas properties in the Permian Basin, specifically the Wolfcamp Shale.

Reservoir Engineer – Midland Basin

Maximized the value of JP Morgan's Southern Midland Basin assets after Sable Permian Resources' emergence from bankruptcy, overseeing 664 wells and improving production through reservoir management techniques.

Commercial Acumen / A&D

- Secured transition of operatorship post-Sable bankruptcy while ensuring continued production.
- Implemented a Spotfire project for the Permian team used for identifying trends and analytical studies across the asset.
- Through strategic analysis and proactive measures, successfully reduced LOE by over 33% in the 2021 board-approved budget and financials.

Technical Reservoir Engineering

- Identified 23 wells for GAPL conversion, resulting in an incremental economic NPV(10%) add of \$5MM.
- Enhanced recovery by monitoring offset operator well performance and creating probabilistic type curves.
- Through Rate Transient Analysis (RTA) on 7 key DSUs across 3 core asset areas, planned a 47 tier 1 well development program over the next two years.

Team & Project Leadership

- Led a production boost by identifying over 80 workover / optimization opportunities via well surveillance and quantified potential uplift through Nodal and Decline Curve Analysis (DCA).
- Applied RTA company-wide, mentoring staff on software use and applying competencies across asset areas.

WILLIAM (MARCUS) HILL, P.E. • Houston, TX • (214) 534.8727 • williamhill2034@gmail.com

- Optimized field development by recommending data gathering to characterize reservoir property variations.

AUSTRALIS OIL & GAS, Houston, TX

11/2017 to 12/2019

The largest acreage holder in the core area of the Tuscaloosa Marine Shale (TMS), onshore Louisiana and Mississippi.

Reservoir Engineer – Tuscaloosa Marine Shale

Managed company reserves, performed economic analysis for future development and daily operations, and spearheaded significant infrastructure and procedural improvements in the Tuscaloosa Marine Shale.

Commercial Acumen / A&D

- Generated over \$1MM of NPV (10%) per well by implementing an effective depletion plan.
- Conducted reserve and economic evaluations on drilling, recompletion, workover, and acquisition opportunities.

Technical Reservoir Engineering

- Completed annual year-end reserve evaluations and reporting by working closely with Ryder Scott.
- Utilized nodal analysis to maximize production by refining artificial lift design over time.

Team & Project Leadership

- Led the coordination and production of the 2019 budget, strengthening the company's financial outlook.
- Developed and enacted a company flowback procedure for new wells, enhancing recovery and preserving stimulated rock volume.

NOBLE ENERGY / ROSETTA RESOURCES, Houston, TX

3/2014 to 11/2017

Formerly a public company that operated a high-quality portfolio of assets onshore in the DJ Basin, the Eagle Ford Shale and the Permian Basin, and offshore in the Eastern Mediterranean and off the west coast of Africa; acquired by Chevron in October 2020.

Completions Engineer – Permian Basin (4/2017 to 11/2017)

Developed and coordinated completion plans for assigned wells, encompassing stimulation, drillouts, tubing installation, and flowback, by creating effective procedures and AFE plans, ensuring budget and development plan adherence, and managing well design and cost throughout development planning to production handover.

Production Engineer – Permian Basin (9/2015 to 4/2017)

Optimized Permian Business Unit's production, reducing LOE and CAPEX through improved well designs and production techniques, while pioneering new field rotation programs and addressing P&A challenges.

Commercial Acumen / A&D

- Increased potential value uplift by \$4.5MM NPV (10%) per well through strategic decisions regarding tubing and artificial lift installation as well as artificial lift strategies throughout the well's production life.
- Saved \$1/bo by overseeing the Oryx Trans Permian pipeline tie-in process, facilitating installation of LACT units.

Technical Reservoir Engineering

- Reduced failure rate and maximized run times by optimizing designs of rod pump wells.
- Enhanced production and cut LOE by converting high-failure rod pump wells into other forms of artificial lift.

Team & Project Leadership

- Pioneered a ~5-month engineering field rotation program in the Permian and South Texas Eagle Ford assets.
- Overcame critical environmental, health, and safety (EHS) challenges by managing the plug and abandonment (P&A) of several special consideration problem wells.

Senior Reservoir Engineering Analyst – Permian Basin & Eagle Ford Shale (3/2014 to 9/2015)

Reservoir Engineering Analyst – Permian Basin & Eagle Ford Shale (10/2013 to 3/2014)

Streamlined and automated manual procedures across all assets by designing and implementing a company-wide flowback template, while also creating and maintaining a centralized Permian production and completion database.

WILLIAM (MARCUS) HILL, P.E. • Houston, TX • (214) 534.8727 • williamhill2034@gmail.com

EARLY CAREER: 2011 to 2013

Reservoir Engineer / Geology Tech, Blackbrush Oil & Gas, L.P.

10/2011 to 10/2013

EDUCATION | TECHNOLOGY

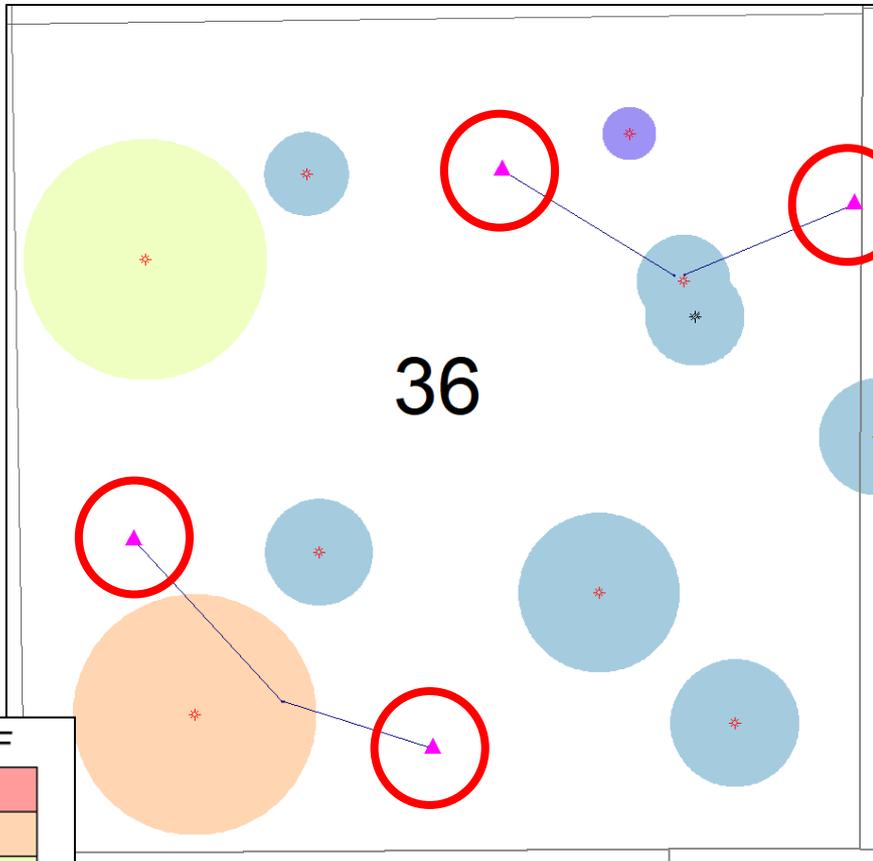
Bachelor of Science degree Geosystems Engineering & Hydrogeology, The University of Texas

Technology: ARIES; Microsoft Suite (Advanced Excel, Word, Access, Outlook & PowerPoint); Adobe; MATLAB; PHDWin; Drilling Info; Enverus Prism/RSEG; IHS Enerdeg; Carte; Production Explorer; IHS Harmony Enterprise; Spotfire; Tableau; Well View; Prod View; Rodstar; SNAP; Petroleum Experts PROSPER; ROSE suite

Functional in Visual Basic; SQL; PHDRMS; Python

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29-8 36



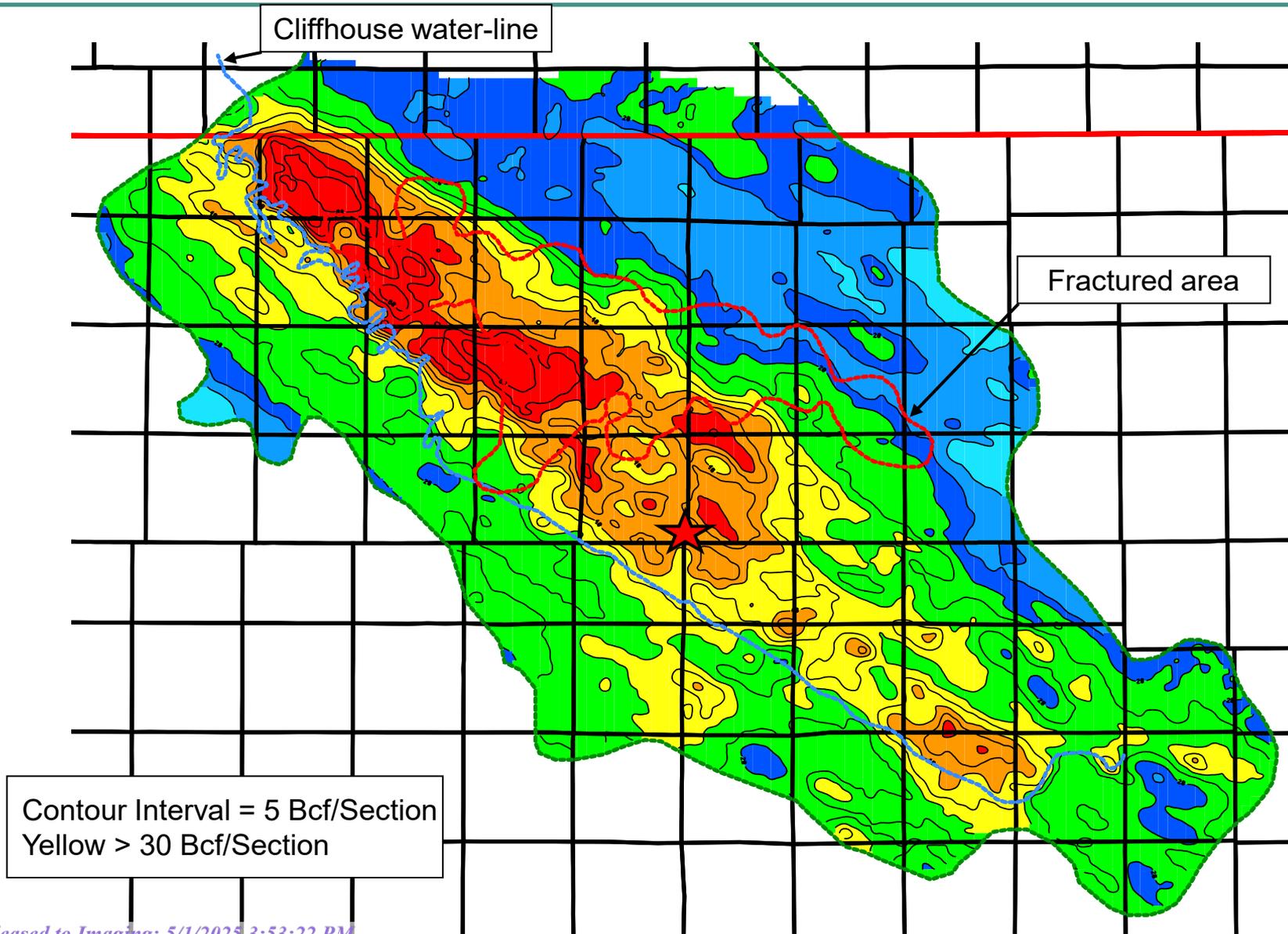
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Overview

- Mesaverde developed at eight wells per section
- Proposing four additional infill wells to fully deplete the reservoir
- Drilling from existing disturbances
- Will commingle Mesaverde with Dakota and Gallup reservoirs

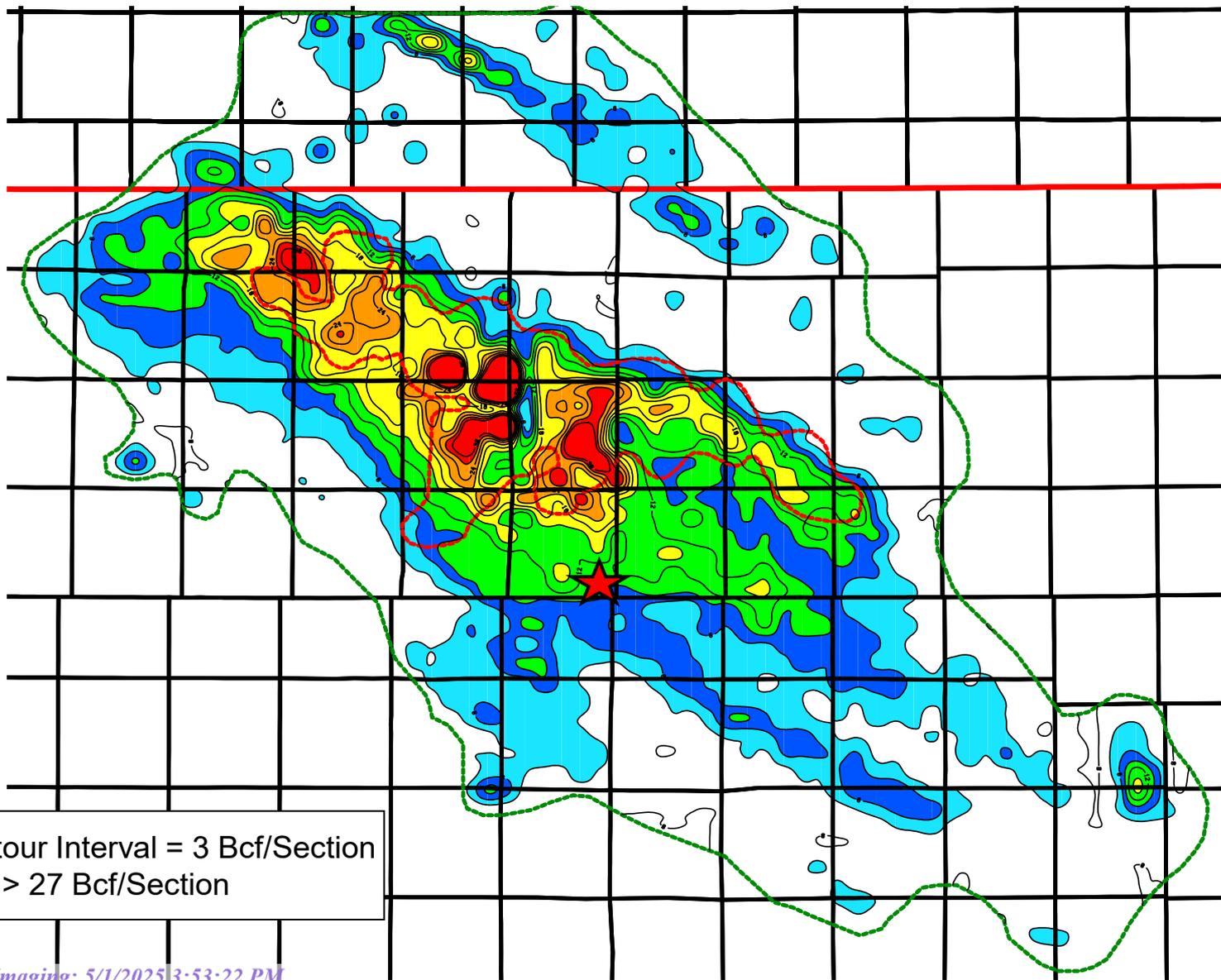
BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-2
 Submitted by: Hilcorp Energy Company
 Hearing Date: May 8, 2025
 Case No. 25342

MV Original Gas-in-Place



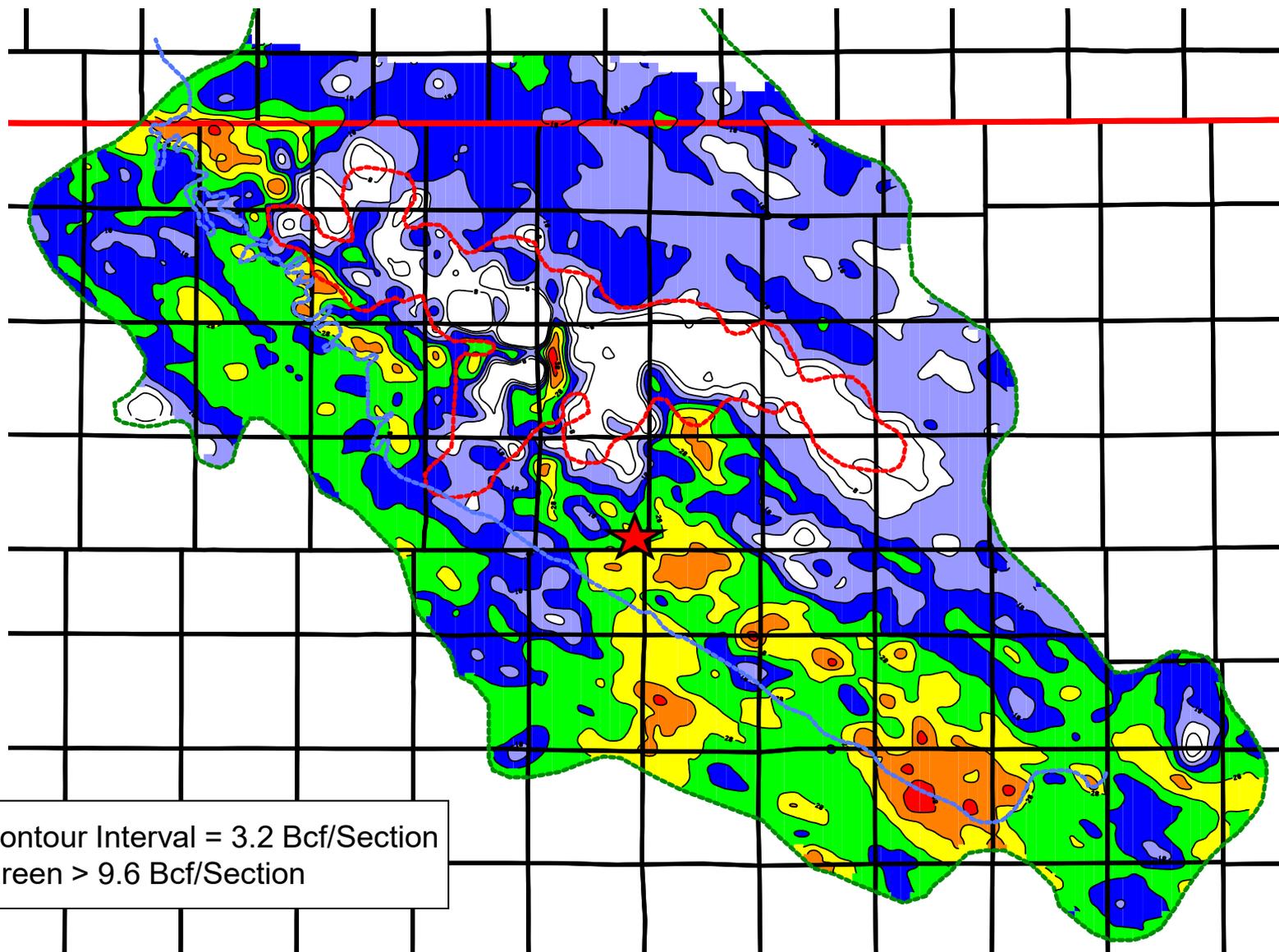


MV Cumulative Gas Production



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

MV Remaining Gas





Section Reserve Summary

Reference Area	Volumetric OGIP	CTD / RF%	EUR / RF%	Recoverable Gas Remaining
29-8 Section 36	36.4 Bcf	16.2 Bcf / 44%	22.4 Bcf / 62%	6.7 Bcf
29-7 Section 16	55 Bcf	21.2 Bcf / 39%	32.1 Bcf / 58%	11.9 Bcf
29-7 Section 32	33 Bcf	15.3 Bcf / 46%	20 Bcf / 60%	6.5 Bcf

- CTD= Cumulative Production to Date
- EUR= Estimated Ultimate Recovery and is based of Decline Curve Analysis
- Recoverable Gas Remaining assumes an 80% Recovery Factor

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-6
 Submitted by: Hilcorp Energy Company
 Hearing Date: May 8, 2025
 Case No. 25342

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE
WELL DENSITY REQUIREMENTS OF THE
SPECIAL RULES AND REGULATIONS FOR
THE BLANCO-MESAVERDE GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 25342

**SELF-AFFIRMED STATEMENT OF
ADAM G. RANKIN**

1. I am attorney in fact and authorized representative of Hilcorp Energy Company (“Hilcorp”) the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of April 28, 2025.

5. I caused a notice to be published to all parties subject to this proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice publication is attached herein.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: Hilcorp Energy Company
Hearing Date: May 8, 2025
Case No. 25342**



Adam G. Rankin

May 1, 2025

Date



Adam G. Rankin
Partner
Phone (505) 988-4421
agrarkin@hollandhart.com

April 18, 2025

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, San Juan County, New Mexico.
State Com P 012P and 012N Wells

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 May 8, 2025, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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 to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Gatewood D. Brown at (713) 289-2767 or gabrown@hilcorp.com.

Sincerely,

Adam G. Rankin
ATTORNEY FOR HILCORP ENERGY COMPANY

Location
110 North Guadalupe, Suite 1
Santa Fe, NM 87501-1849

Mailing Address
P.O. Box 2208
Santa Fe, NM 87504-2208

Contact
p: 505.988.4421 | f: 505.983.6043
www.hollandhart.com

Holland & Hart LLP Anchorage Aspen Billings Boise Boulder Cheyenne Denver Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

Postal Delivery Report

9414811898765449829964	Pioneer Natural Res Usa Inc	Attn San Juan Land, PO Box 3178	Midland	TX	79702	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765449829957	Hal And Jean Riddle Trust	PO Box 9938	Amarillo	TX	79105-5938	Your item was picked up at a postal facility at 11:40 am on April 24, 2025 in AMARILLO, TX 79105.
9414811898765449829919	Enduring Resources Iv Llc	6300 S Syracuse Way Ste 525	Centennial	CO	80111-6743	Your item was delivered to the front desk, reception area, or mail room at 11:52 am on April 21, 2025 in ENGLEWOOD, CO 80111.
9414811898765449829773	Silverado Oil & Gas Llp	PO Box 52308	Tulsa	OK	74152-0308	Your item has been delivered and is available at a PO Box at 9:37 am on April 22, 2025 in TULSA, OK 74114.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Hilcorp Energy Company
Hearing Date: May 8, 2025
Case No. 25342

BALLANTINE COMMUNICATIONS

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of San Juan

Tamara Desrosiers, the undersigned, authorized Representative of the Tri-City Record, on oath states that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 187, Session Law of 1937, that payment therefore has been made of assessed as court cost; and that the notice, copy of which is hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

4/23/2025

Sworn and subscribed before me, a notary public in and for the county of La Plata and the State of Colorado, 30 April 2025

Gail Lynn Vitarius
Notary Public

PRICE: \$145.43

Statement to come at the end of the month.

ACCOUNT NUMBER: 110454

GAIL LYNN VITARIUS
Notary Public
State of Colorado
Notary ID # 20254005989
My Commission Expires 02-12-2029

COPY OF ADVERTISEMENT

28038
Case No. 25342: 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. Notice to all affected interest owners, including all heirs, devisees and successors of: Silverado Oil & Gas LLP; Enduring Resources IV LLC; Hal And Jean Riddle Trust; and Pioneer Natural Res USA Inc. The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearing 8:30 a.m. on May 8, 2025, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the hearings electronically, see the instructions posted on the docket for the hearing date:

<https://www.emnrd.nm.gov/ocd/hearing-info/> or contact Freya Tschantz, at Freya.Tschantz@emnrd.nm.gov. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to drill and complete two additional Mesaverde vertical and/or directional gas wells, making a total of six vertical and/or directional gas wells within the same standard 320-acre, more or less, spacing and proration unit. Hilcorp further seeks approval for the proposed locations of the **State Com P 012N Well (API No. 30-045-PENDING)**, to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit N) and bottom-hole location in the SE/4 SW/4 (Unit N), and the **State Com P 012P Well (API No. 30-045-PENDING)**, to be directionally drilled with a surface hole location in the SE/4 SW/4 (Unit H) and bottom-hole location in the NW/4 SW/4 (Unit B), within the W/2 of Section 36, Township 29 North, Range 8 West, San Juan County, New Mexico, and authorization to simultaneously complete and produce both wells from the Blanco-Mesaverde Gas Pool. Said area is located approximately 16 miles east of Bloomfield, NM.

Published in Tri-City Record
April 23, 2025