

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MARCH 21, 2024**

CASE NO. 24261

SAN JUAN 29-6 Unit 109N & 109P wells

RIO ARRIBA COUNTY, NEW MEXICO



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

**APPLICATION OF HILCORP ENERGY
COMPANY FOR 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. 24261

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

CASE NO. 24261

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), Rio Arriba 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 unit in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 32, Township 29 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

- a. San Juan 29-6 Unit 16A Well (API No. 30-039-21090), which is vertically drilled with a surface location in NW/4 NW/4 (Unit D) of said Section 32;
- b. San Juan 29-6 Unit 16 Well (API No. 30-039-07471), which is vertically drilled with a surface location in SE/4 SW/4 (Unit N) of said Section 32;

- c. San Juan 29-6 Unit 109 Well (API No. 30-039- 27529), which is vertically drilled with a surface location in SE/4 NW/4 (Unit F) in said Section 32; and
- d. San Juan 29-6 Unit 109M Well (API No. 30-039-30233), which is directionally drilled with a surface hole location in the SW/4 NW/4 (Unit E) and bottom-hole location in the NW/4 SW/4 (Unit L).

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. **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D); and
- b. **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C).

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 **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING) and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), within the W/2 of Section 32, Township 29 North, Range 6 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 March 7, 2024, 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
- **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING) and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING) from the Blanco-Mesaverde Gas Pool.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Post Office Box 2208
Santa Fe, NM 87504
505-988-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
pmvance@hollandhart.com

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, Rio Arriba County, New Mexico.** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), Rio Arriba County, New Mexico, to permit it to 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 **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D), and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C), within the W/2 of Section 32, Township 29 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce both wells from the Blanco-Mesaverde Gas Pool. Said area is located approximately 18 miles east of Blanco, NM.

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CASE NO. 24261

SELF-AFFIRMED STATEMENT OF CHARLES CREEKMORE

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 (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 unit in the Blanco-Mesaverde Gas Pool comprised of the W/2 of Section 32, Township 29 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four vertical and/or directional wells were drilled and completed, and are currently producing:

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- c. **San Juan 29-6 Unit 109 Well** (API No. 30-039- 27529), which is vertically drilled with a surface location in SE/4 NW/4 (Unit F) in said Section 32;
and
- d. **San Juan 29-6 Unit 109M Well** (API No. 30-039-30233), which is directionally drilled with a surface hole location in the SW/4 NW/4 (Unit E) and bottom-hole location in the NW/4 SW/4 (Unit L).

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. **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D); and
- b. **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C).

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 **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING) and the **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), within the W/2 of Section 32, Township 29 North, Range 6 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 wells 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 A-1** 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 A-1 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 A-1 also depicts the notice area, which is the area within 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 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.

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

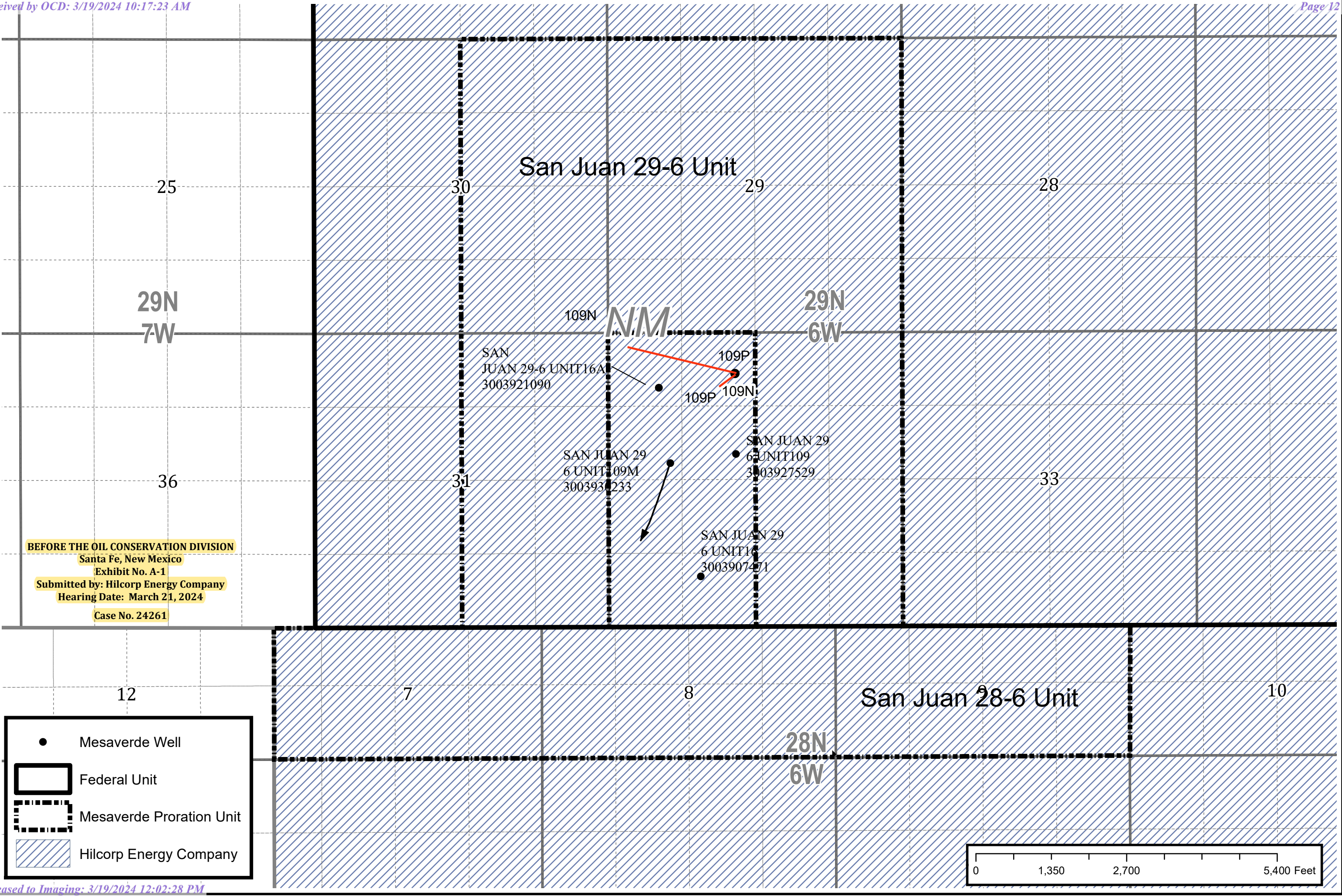
18. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



Charles Creekmore



Date



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-1

Submitted by: Hilcorp Energy Company

Hearing Date: March 21, 2024

Case No. 24261

ADDR1	ADDR2	ADDR3	ADDR4	ADDR5	ADDR6
Betty T Johnston Marital Trust		17347 Village Green Dr Ste #101	Houston	TX	77040
Carolyn Beamon Tilley	Betty T Johnston Tom N Aune	4 Lawreston Place	Dallas	TX	75225
CB Lifeline Partnership		4 Laureston Place	Dallas	TX	75225
Claudia Marcia Lundell Gilmer		723 W University Ave Ste 300-371	Georgetown	TX	78626
Cross Timbers Energy LLC		400 W 17Th St	Fort Worth	TX	76102
Elaine G Howe	C/O Drillinginfo Mail	PO Box 624	Sulphur	OK	73086-0624
Enduring Resources IV, LLC		6300 S Syracuse Way Ste 525	Centennial	CO	80111
Eula May Johnston Trust 661		Po Box 840738	Dallas	TX	75284-0738
Frank N Gibbard Jr	Bank Of America N A	346 Pleasant St Ste 349	Portsmouth	NH	3801
GB Safeway Property Ltd		317 S Sidney Baker St Suite 400 #10	Kerville	TX	78028
Grayfore Partners Lp		PO Box 98670	Lubbock	TX	79499-8670
Harrington Southwest Energy Lp		7545 Ashworth Rd Ste 100	West Des Moines	IA	50266
J&M Raymond Ltd	Merrill Lynch Attn: Grant Clark	Po Box 291445	Kerrville	TX	78029-1445
James R Beamon	Raymond & Sons I Llc Gen Partner	317 S Sidney Baker St Suite 400 #10	Kerrville	TX	78028
Linda Jeanne Lundell Lindsey		PO Box 631565	Nacogdoches	TX	75963
Mcelvain Oil Company		PO Box 801888	Dallas	TX	75380-1888
Omimex Petroleum		PO Box 80169	Fort Worth	TX	76244
PGC Gas Company		8150 North Central Expwy Suite 1475	Dallas	TX	75206
Pioneer Natural Res Usa Inc		P O Box 3178	Midland	TX	79702
RKC Inc	Kathy Navarrete	7500 E Arapahoe Rd Suite 380	Centennial	CO	80112
Robert Walter Lundell		2450 Fondren Ste 304	Houston	TX	77063-2318
Sharon Beamon Burns		1512 Maryland	Houston	TX	77006
Silverado Oil & Gas Llp		P O Box 52308	Tulsa	OK	74152-0308
Simcoe, LLC		1201 Louisiana St Ste 3400	Houston	TX	77002-5632
Susan Beamon Porter		319 Knipp Forest	Houston	TX	77024-5030
T H Mcelvain Oil & Gas Llp		1819 Denver West Drive Suite 260	Lakewood	CO	80401
Vaughan-Mcelvain Energy Inc		PO Box 970	Kennett Square	PA	19348
New Mexico State Land Office		P.O. Box 1148	Santa Fe	NM	87504
New Mexico State Land Office		310 Old Santa Fe Trail	Santa Fe	NM	87501
Bureau of Land Management		301 Dinosaur Trail	Santa Fe	NM	87508
Bureau of Land Management		620 E Greene St.	Carlsbad	NM	88220
Charles A Bannester		7771 12th St.	Wesminster	CA	92683-4433

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: Hilcorp Energy Company

Hearing Date: March 21, 2024

Case No. 24261

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CASE NO. 24261

SELF-AFFIRMED STATEMENT OF RAY BRANDHURST

1. My name is Ray Brandhurst. 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 B-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 B-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 W/2 spacing unit:

- a. **San Juan 29-6 Unit 109N Well** (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D); and
- b. **San Juan 29-6 Unit 109P Well** (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C).

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

8. **Exhibit B-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 B-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 B-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 B-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 2.0 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 B-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.

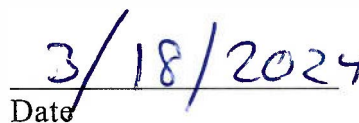
13. Approval of Hilcorp's application is therefore necessary to drain the unrecovered gas reserves that will otherwise be left in place under the existing well density within the subject spacing unit.

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 B-1 through B-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.


Ray Brandhurst


Date

31650494_v1

Ray Brandhurst Jr., P.E.

rbrandhurstjr@gmail.com ♦ PO BOX 131805, Houston, Texas 77219 ♦ (713) 476-2843

Hardworking and innovative Professional Engineer and Realtor that comes from a blue-collar commercial fishing family spanning multiple generations. Proven track record of wise investments and sound engineering since 2010.

PROFESSIONAL EXPERIENCE

Hilcorp Energy Company, Houston, TX

Reservoir Engineer

August 2019 – Present

- High-graded, evaluated and executed 34 Mesaverde Recompletions in 2023. This was the most wells ever done in a year by an Asset Team in San Juan since the 2017 acquisition and contributed 10.5 MMcfpd gross in Q4-2023.
- Led company two consecutive years in reserve bookings with 28.6 MMboes in 2023 and 31.4 MMboes in 2022.
- Reinterpreted pressure, fluid windows, OGIP and recovery factors of Mancos basin-wide in a field study that identified hundreds of economic new drills with a multi-decade development.
- Sole RE for West Ranch CO2 flood in Victoria, TX getting CO2 from WA Parish Power Plant and performed day to day well, pattern, and WAG surveillance, optimization, and remediation. This required expert knowledge of facility constraints, compression, production systems, nodal and artificial lift.
- Transformed field outlook by evaluating and negotiating a new CO2 purchase contract with partners NRG and JX Nippon increasing the PV-10 of the field by over \$500MM.
- Created a full field CO2 EOR reserves and economic model by pattern for seven reservoirs from scratch that was instrumental for sensitivities, negotiations and decision making.
- Performed tubing failure studies that led team away from deficient IPC coatings and vetted multiple superior solutions that saved over 40% per workover.

Denbury Resources, Plano, TX

Reservoir Engineer

January 2018 – August 2019

- Sole reservoir engineer for the Delhi CO2 EOR flood which was Denbury's highest gross producing field at ~8,000 boepd. Responsible for flood management, surveillance, optimization, budgeting, forecasting, and reserves.
- Optimized and executed \$15MM net Tusc Infill Development on the fly adding >1,250 bopd.
- Created, presented, and received approval for 17 conformance projects, completed at a cost of \$3.3MM and providing >900 bopd and >100% ROR.
- Evaluated and optimized economics on future CO2 development plans for other phases and horizons. Applied my operation background to optimize reservoir pressure and artificial lift. Discovered viable P&A wells to reenter which saved upfront capital on new drills. Performed year end reserves and long-range planning forecasts.

Wells/Operations Engineer

June 2015 – January 2018

- Executed 356 successful workovers costing a total of \$50MM, with an active rig count as high as twelve at times.
- Optimized and installed all forms of artificial lift including CO2 Gas Lift, Natural Gas Lift, ESP, Rod Pump, and jet pumps.
- Conceived, developed, and integrated Nitrogen Mechanical Integrity Tests on inhibited oil wells to save \$MM's.
- Championed SWD well management in multiple 1-2% oil cut fields, including clean outs, stimulations, permitting, plugbacks, liners, isolation assemblies, isolating pumps, and making water loop systems.
- Performed multiple sand control techniques including gravel packs, resin consolidations, and limited entry perfs.

Reservoir Engineer Intern

Summer 2014

Field Engineer Intern

Summer 2012

Superior Energy Completion Services, Houston, TX

Completion Engineering Intern

Summer 2013

Bass Enterprises Production Company, Pointe à la Hache, LA

Production Roustabout

December 2011 – January 2012

British Petroleum- Vessels of Opportunity, St. Bernard, LA

Roustabout

May 2010 – November 2010

EDUCATION

Louisiana State University- Baton Rouge

Bachelor of Science in Petroleum Engineering, May 2015

GPA Last 97 Hours: **3.814**

Minors in Business Administration and Leadership Development

LICENSES

- Texas Board of Professional Engineers and Land Surveyors- Professional Engineer 136876

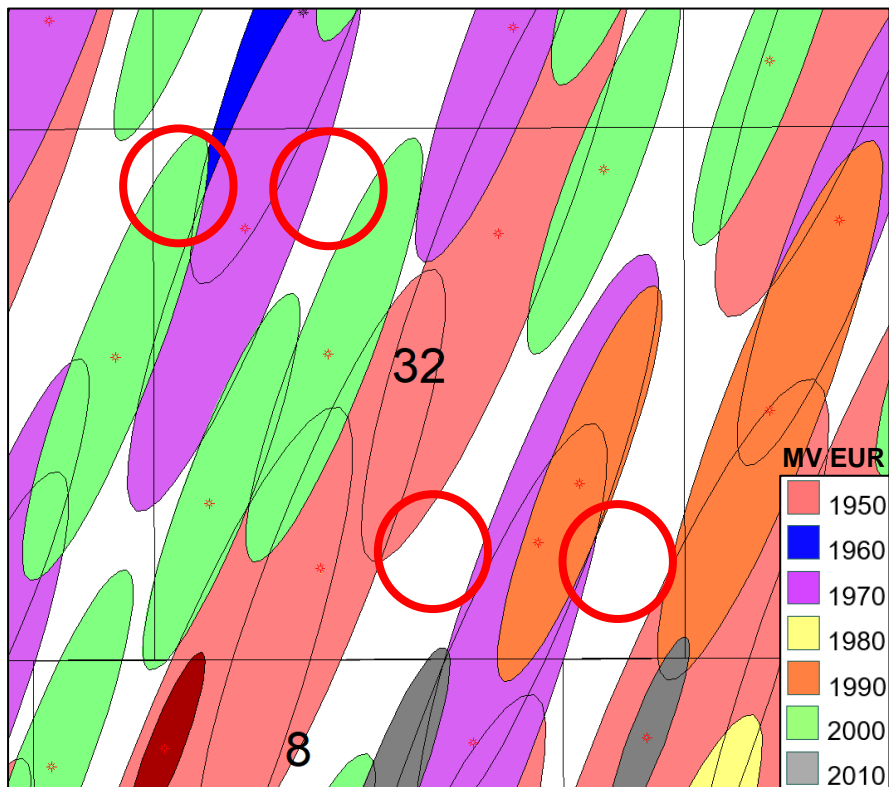
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San Juan 29-6 Section 32



Overview

- Mesaverde developed at eight wells per section
- Last New Drill in 2007 by COP
 - SAN JUAN 29-6 UN 109M
 - 300393023300
 - Commingled DK and MV
- Proposing four additional infill wells to fully deplete the reservoir
- Drilling from existing disturbance
- Will commingle Mesaverde with Dakota and Gallup reservoirs



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B-2

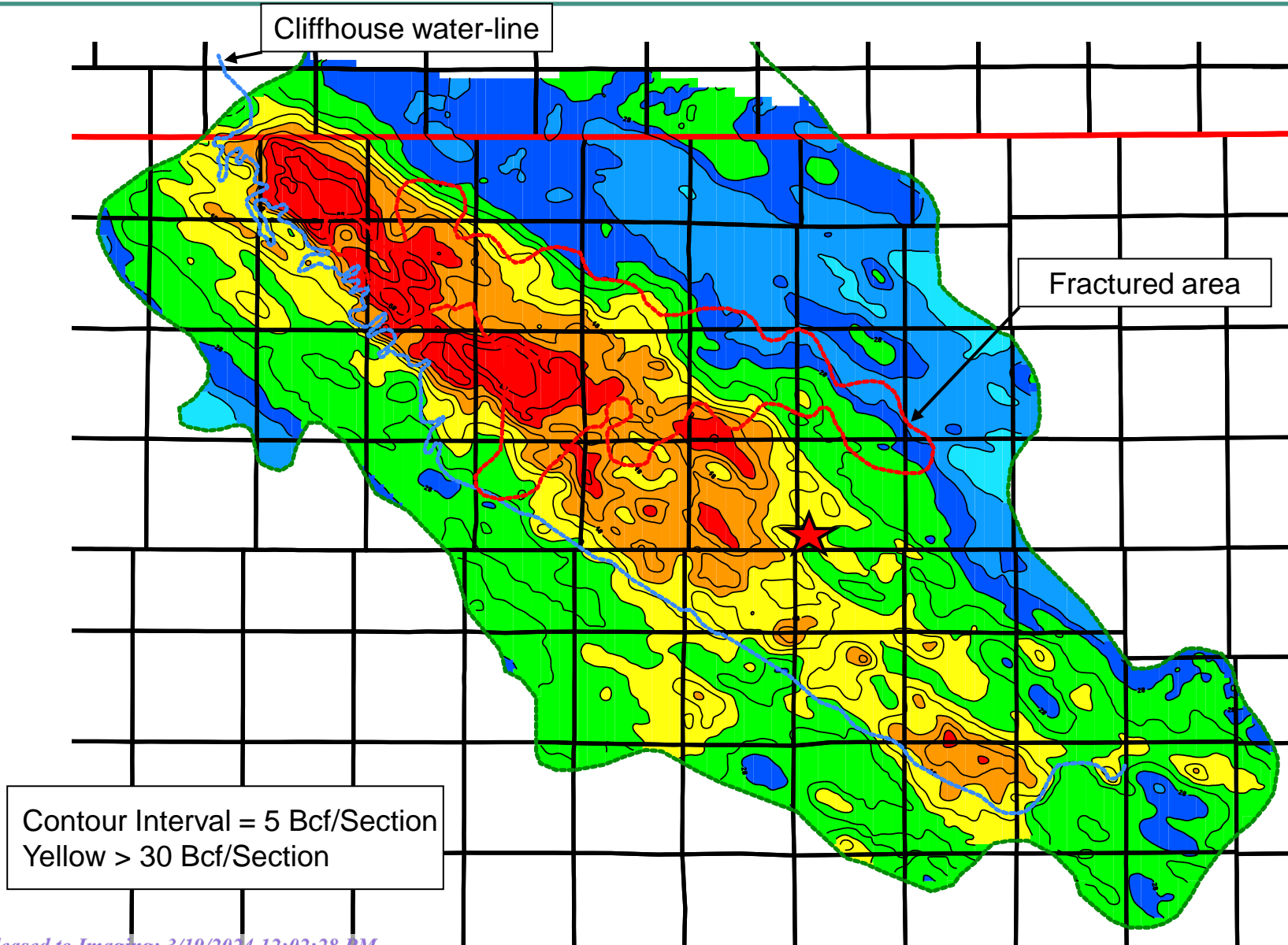
Submitted by: Hilcorp Energy Company

Hearing Date: March 21, 2024

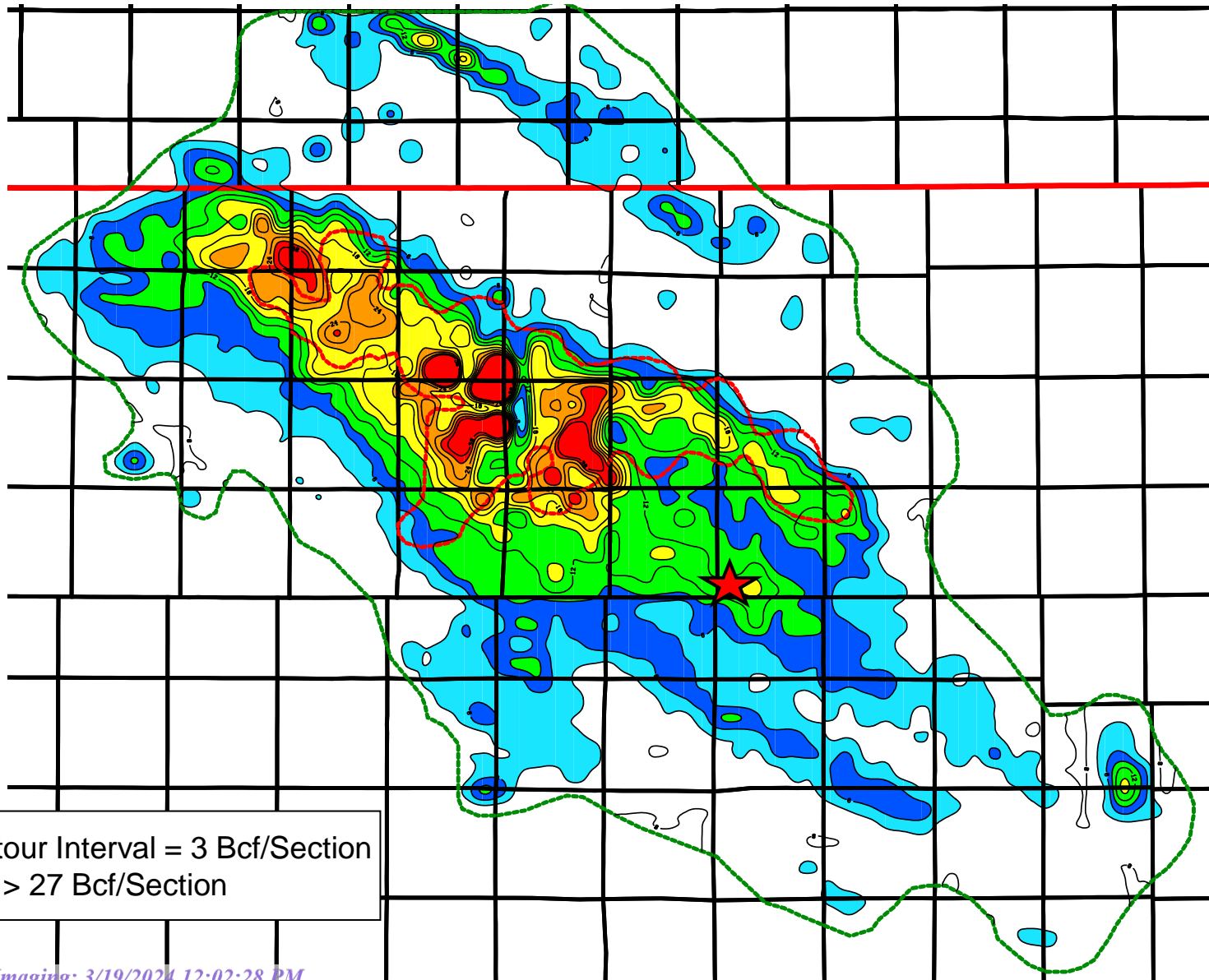
Case No. 24261



MV Original Gas-in-Place

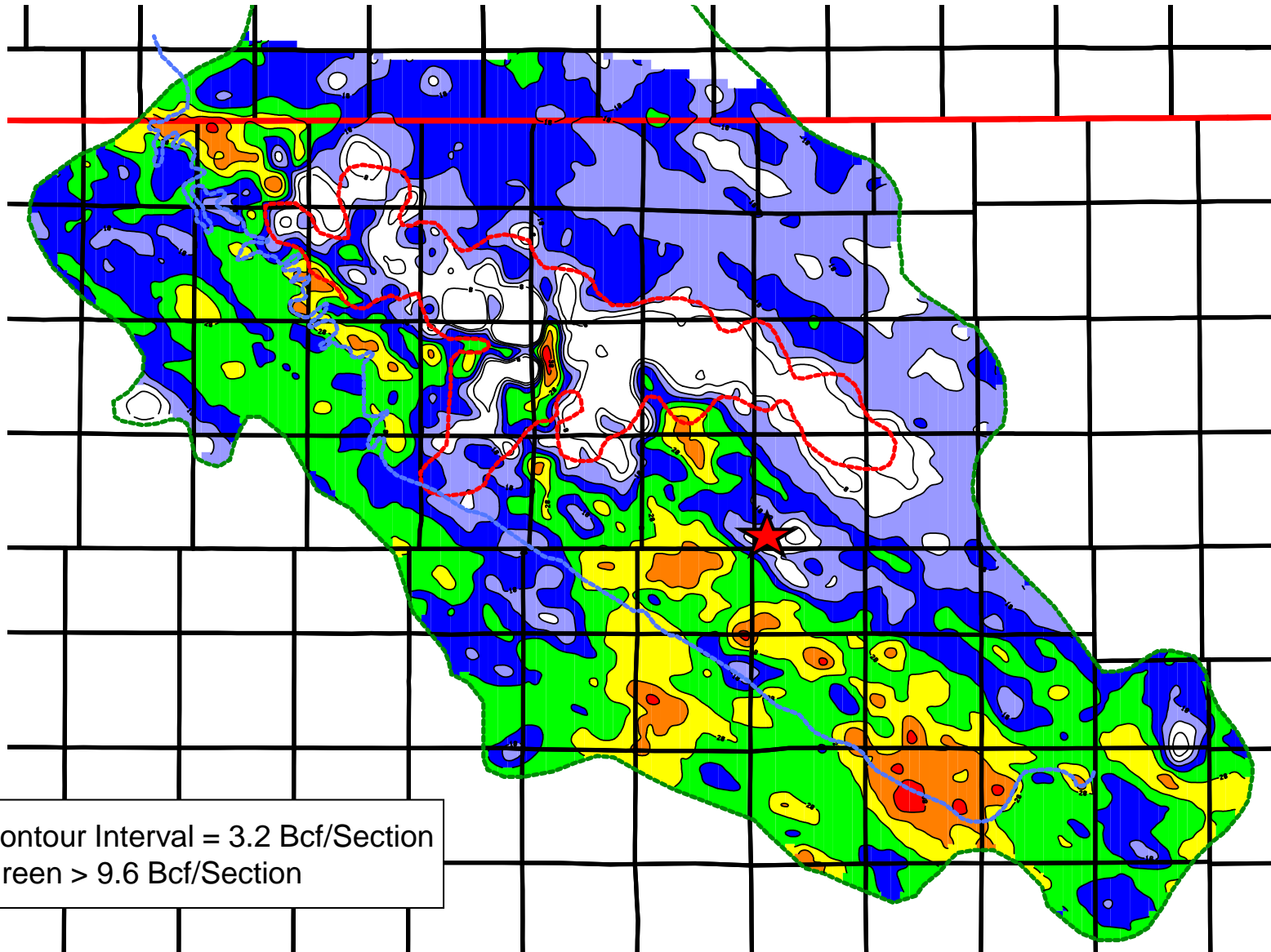


MV Cumulative Gas Production





MV Remaining Gas



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



San Juan 29-6 Section 32

Reference Area	Volumetric OGIP	CTD / RF%	EUR / RF%	Recoverable Gas Remaining
29-6 Section 32	38.6 Bcf	20.7 Bcf / 53.6%	26.9 Bcf / 70%	4.0 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. B-6
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RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NO. 24261

**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 March 15, 2024.
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

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Hilcorp Energy Company
Hearing Date: March 21, 2024
Case No. 24261**

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.



Adam G. Rankin

03/19/2024

Date



Adam G. Rankin
Phone (505) 988-4421
Fax (505) 983-6043
agrarkin@hollandhart.com

March 1, 2024

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.
San Juan 29-6 Unit 109N & 109P 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 March 21, 2024, 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 Chuck Creekmore at (832) 839-4601 or ccreekmore@hilcorp.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "A.G. Rankin", with a long horizontal flourish extending to the right.

Adam G. Rankin
ATTORNEY FOR HILCORP ENERGY COMPANY

Hilcorp - San Juan 29-6 109N and 109P wells - Case no. 24261
Postal Delivery Report

9414811898765404665118	Betty T Johnston Marital Trust	17347 Village Green Dr Ste 101	Jersey Village	TX	77040-1164	Your item was delivered to the front desk, reception area, or mail room at 11:43 am on March 6, 2024 in HOUSTON, TX 77040.
9414811898765404665156	Carolyn Beamon Tilley Betty T Johnston Tom N Aune	4 Laureston Pl	Dallas	TX	75225-1830	Your item was delivered to an individual at the address at 12:45 pm on March 5, 2024 in DALLAS, TX 75225.
9414811898765404665163	CB Lifeline Partnership	4 Laureston Pl	Dallas	TX	75225-1830	Your item was delivered to an individual at the address at 12:45 pm on March 5, 2024 in DALLAS, TX 75225.
9414811898765404665101	Claudia Marcia Lundell Gilmer	723 W University Ave Ste 300-371	Georgetown	TX	78626-2662	Your item was delivered to the front desk, reception area, or mail room at 10:39 am on March 5, 2024 in GEORGETOWN, TX 78626.
9414811898765404665149	Cross Timbers Energy LLC	400 W 17th St	Fort Worth	TX	76102	Your item was picked up at a postal facility at 9:19 am on March 5, 2024 in FORT WORTH, TX 76102.
9414811898765404665187	Elaine G Howe C/O Drillinginfo Mail	PO Box 624	Sulphur	OK	73086-0624	Your item was picked up at the post office at 11:36 am on March 11, 2024 in SULPHUR, OK 73086.
9414811898765404665170	Enduring Resources IV, LLC	6300 S Syracuse Way Ste 525	Centennial	CO	80111-6743	Your item has been delivered to an agent for final delivery in ENGLEWOOD, CO 80111 on March 4, 2024 at 12:43 pm.
9414811898765404665316	Eula May Johnston Trust 661	PO Box 840738	Dallas	TX	75284-0738	Your item was picked up at a postal facility at 9:08 pm on March 6, 2024 in DALLAS, TX 75260.

Hilcorp - San Juan 29-6 109N and 109P wells - Case no. 24261
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9414811898765404665361	Bank Of America N A Frank N Gibbard Jr.	346 Pleasant St Ste 349	Portsmouth	NH	03801-4536	Your item has been delivered to an agent for final delivery in PORTSMOUTH, NH 03801 on March 11, 2024 at 10:09 am.
9414811898765404665323	GB Safeway Property Ltd	317 Sidney Baker St S Ste 400 unit 10	Kerrville	TX	78028-6150	Your item was delivered to the front desk, reception area, or mail room at 10:24 am on March 5, 2024 in KERRVILLE, TX 78028.
9414811898765404665309	Grayfore Partners Lp	PO Box 98670	Lubbock	TX	79499-8670	Your item has been delivered and is available at a PO Box at 9:25 am on March 6, 2024 in LUBBOCK, TX 79499.
9414811898765404665392	Harrington Southwest Energy Lp	7545 Ashworth Rd Ste 100	West Des Moines	IA	50266-5954	We were unable to deliver your package at 6:04 pm on March 11, 2024 in WEST DES MOINES, IA 50266 because the business was closed. We will redeliver on the next business day. No action needed.
9414811898765404665347	Merrill Lynch Attn Grant Clark J&M Raymond Ltd	PO Box 291445	Kerrville	TX	78029-1445	This is a reminder to pick up your item before March 19, 2024 or your item will be returned on March 20, 2024. Please pick up the item at the KERRVILLE, TX 78029 Post Office.
9414811898765404665385	James R Beamon Raymond & Sons I LLC Gen Partner	317 Sidney Baker St S Ste 400 unit 10	Kerrville	TX	78028-6150	Your item was delivered to the front desk, reception area, or mail room at 10:24 am on March 5, 2024 in KERRVILLE, TX 78028.
9414811898765404665330	Linda Jeanne Lundell Lindsey	PO Box 631565	Nacogdoches	TX	75963-1565	Your item arrived at the NACOGDOCHES, TX 75965 post office at 5:31 pm on March 12, 2024 and is ready for pickup.

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9414811898765404665019	Mcelvain Oil Company	PO Box 801888	Dallas	TX	75380-1888	This is a reminder to pick up your item before March 20, 2024 or your item will be returned on March 21, 2024. Please pick up the item at the DALLAS, TX 75380 Post Office.
9414811898765404665057	Omimex Petroleum	PO Box 80169	Fort Worth	TX	76244-2902	Your item has been delivered and is available at a PO Box at 10:21 am on March 5, 2024 in KELLER, TX 76248.
9414811898765404665064	PGC Gas Company	8150 N Central Expy Ste 1475	Dallas	TX	75206-0506	Your item was delivered to the front desk, reception area, or mail room at 10:14 am on March 5, 2024 in DALLAS, TX 75206.
9414811898765404665026	Pioneer Natural Res USA Inc.	PO Box 3178	Midland	TX	79702-3178	Your item was picked up at a postal facility at 7:39 am on March 6, 2024 in MIDLAND, TX 79702.
9414811898765404665095	Kathy Navarrete RKC Inc	7500 E Arapahoe Rd Ste 380	Centennial	CO	80112-6116	Your item was delivered to the front desk, reception area, or mail room at 2:50 pm on March 4, 2024 in ENGLEWOOD, CO 80112.
9414811898765404665040	Robert Walter Lundell	2450 Fondren Rd Ste 304	Houston	TX	77063-2316	Your item was delivered to an individual at the address at 3:00 pm on March 6, 2024 in HOUSTON, TX 77063.
9414811898765404665088	Sharon Beamon Burns	1512 Maryland St	Houston	TX	77006-1822	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765404665033	Silverado Oil & Gas LLP	PO Box 52308	Tulsa	OK	74152-0308	Your item has been delivered and is available at a PO Box at 8:32 am on March 9, 2024 in TULSA, OK 74152.

Hilcorp - San Juan 29-6 109N and 109P wells - Case no. 24261
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9414811898765404665071	Simcoe, LLC	1201 Louisiana St Ste 3400	Houston	TX	77002-5632	Your item was delivered to an individual at the address at 12:50 pm on March 8, 2024 in HOUSTON, TX 77002.
9414811898765404665415	Susan Beamon Porter	319 Knipp Forest St	Houston	TX	77024-5030	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77024 on March 6, 2024 at 10:54 am.
9414811898765404665453	T H Mcelvain Oil & Gas Llp	1819 Denver West Dr Ste 260	Lakewood	CO	80401-3118	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414811898765404665460	Vaughan-Mcelvain Energy Inc.	PO Box 970	Kennett Square	PA	19348-0970	Your item was picked up at the post office at 9:08 am on March 7, 2024 in KENNETT SQUARE, PA 19348.
9414811898765404665422	New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504-1148	Your item was picked up at a postal facility at 6:08 am on March 5, 2024 in SANTA FE, NM 87501.
9414811898765404665491	New Mexico State Land Office	310 Old Santa Fe Trl	Santa Fe	NM	87501-2708	Your item was picked up at a postal facility at 6:48 am on March 7, 2024 in SANTA FE, NM 87501.
9414811898765404665446	Bureau of Land Management	301 Dinosaur Trl	Santa Fe	NM	87508-1560	Your item was delivered to the front desk, reception area, or mail room at 10:28 am on March 5, 2024 in SANTA FE, NM 87508.
9414811898765404665484	Bureau of Land Management	620 E Greene St	Carlsbad	NM	88220-6292	Your item was delivered to an individual at the address at 12:52 pm on March 5, 2024 in CARLSBAD, NM 88220.

Hilcorp - San Juan 29-6 109N and 109P wells - Case no. 24261
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9414811898765404665439	Charles A Bannester	7771 12th St	Westminster	CA	92683-4433	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
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Affidavit of Publication

State of New Mexico
County of Rio Arriba

I, Richard L. Connor, 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

7th day of March 2024

and the last publication on the 7th day of

March 2024 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.

Richard L. Connor
Publisher

Subscribed and sworn to before me this 7th
day of March A.D. 2024

STATE OF NEW MEXICO
NOTARY PUBLIC
MARIA G. CHAVEZ
COMMISSION # 1092337
EXPIRES OCTOBER 21, 2024

Maria G. Chavez
Maria G. Chavez/Notary Public
My commission expires 21 October 2024

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. The hearings 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 (sign-in information below) on Thursday, March 21, 2024, beginning at 8:15 a.m. To participate in the hearings, see the instructions posted below. The docket may be viewed at <https://www.emnrd.nm.gov/ocd/hearing-info/> or obtained from Sheila Apodaca, at Sheila.Apodaca@emnrd.nm.gov. Documents filed in these cases may be viewed at <https://ocdimage.emnrd.nm.gov/Imaging/Default.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Sheila.Apodaca@emnrd.nm.gov, or the New Mexico Relay Network at 1-800-659-1779, no later than March 10, 2024.

STATE OF NEW MEXICO
TO:
All named parties and persons having any right, title, interest or claim in the following case and notice to the public.
(NOTE: All land descriptions here-in refer to the New

Received at Rio Grande SUN

3/18/24

we Luviana

180.90

s at 0

avit 5.00

total 185.90

Tax 16.15

Total 202.05

Bill

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), Rio Arriba 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 San Juan 29-6 Unit 109N Well (API No. 30-039-PENDING), to be directionally drilled with a surface hole location in the NE/4 NW/4 (Unit C) and bottom-hole location in the NW/4 NW/4 (Unit D), and the San Juan 29-6 Unit 109P Well (API No. 30-039-PENDING), to be vertically drilled with a surface hole location in the NE/4 NW/4 (Unit C), within the W/2 of Section 32, Township 29 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce both wells from the Blanco-Mesaverde Gas Pool. Said area is located approximately 18 miles east of Blanco, NM. (Published March 7, 2024)