

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MARCH 5, 2026**

CASE NO. 25952

ALLISON UNIT COM #62C FC WELL DENSITY

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
BLANCO PICTURED CLIFFS POOL, SAN
JUAN COUNTY, NEW MEXICO.**

CASE NO. 25950

TABLE OF CONTENTS

- **Hilcorp Exhibit A:** Application
- **Hilcorp Exhibit B:** Self-Affirmed Statement of Rob Carlson, Landman
 - Hilcorp Exhibit B-1: Notice Area
 - Hilcorp Exhibit B-2: Affected Parties
- **Hilcorp Exhibit C:** Self-Affirmed Statement of Shane Smith, Engineer
 - Hilcorp Exhibit C-1: Spacing Unit Overview and Targeted Reserves
 - Hilcorp Exhibit C-2: Original Gas in Place – Pictured Cliffs
 - Hilcorp Exhibit C-3: Cumulative Gas Produced – Pictured Cliffs
 - Hilcorp Exhibit C-4: Remaining Recoverable Gas – Pictured Cliffs
 - Hilcorp Exhibit C-5: Volumetric Analysis
- **Hilcorp Exhibit D:** Self-Affirmed Statement of Notice
- **Hilcorp Exhibit E:** Affidavit of Publication

**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 BASIN-FRUITLAND COAL GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 25952

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 Basin-Fruitland Coal Gas Pool (71629), San Juan County, New Mexico. Specifically, Hilcorp seeks an exception to the well density requirements of Rule 7(d) of the Special Rules of the Basin-Fruitland Coal Gas Pool to permit it to complete and simultaneously produce three Fruitland Coal gas wells in the same standard 320-acre, more or less, spacing and proration unit, and two wells in the same quarter section. 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 Basin-Fruitland Coal Gas Pool comprised of the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, in which the following two wells are currently completed and producing:

- a. Allison Unit Com 122 (API No. 30-045-29253), which is vertically drilled with a surface location in NE/4 NE/4 (Unit A) of said Section 6; and
- b. Allison Unit Com 122S (API No. 30-045-31876), which is vertically drilled with a surface location in NE/4 SE/4 (Unit I) of said Section 6.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: Hilcorp Energy Company
Hearing Date: March 5, 2026
Case No. 25952**

2. The Basin-Fruitland Coal Gas Pool is governed by Special Rules which, within the subject acreage, provide for 320-acre spacing and proration units on which as many as two wells may be drilled. See Order No. R-8768-F, effective July 17, 2003 (Rule 7(d)(1) Well density within the “Low Productivity Area”). These Special Pool Rules provide:

Rule 7(d): WELL DENSITY

*(1) Well density within the “Low Productivity Area”: No more than two
(2) wells per standard 320-acre gas spacing unit may be located in the
“Low Productivity Area” of the pool as follows:*

*(i) the OPTIONAL INFILL WELL drilled on an existing spacing
unit shall be located in the quarter section not containing the
INITIAL Fruitland Coal gas well;*

*(ii) the plat (Form C-102) accompanying the "Application for
Permit to Drill (“APD”)" (Form C-101 or federal equivalent) for
the optional infill well within an existing spacing unit shall have
outlined the boundaries of the unit and shall show the location
(well name, footage location, API number) of the initial Fruitland
Coal gas well plus the proposed infill well.*

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

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

- a. **Allison Unit Com 62C** (API No. 30-045-34857), a vertical well to be recompleted at a surface location in the SW/4 SE/4 (Unit O).

5. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 7(d) of the Special Rules of the Basin-Fruitland Coal Gas Pool to authorize Hilcorp to simultaneously dedicate and produce the **Allison Unit Com 62C** (API No. 30-045-34857) within the E/2 of Section 31, Township 32 North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to three, and the number of wells within a quarter section to two.

6. Approval of this application will not impair the correlative rights of any other interest owner in the Basin-Fruitland Coal 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 5, 2026, and, after notice and hearing as required by law, that the Division enter an order:

- A. Granting an exception to the well density requirements of Rule 7(d) of the Special Rules and Regulations of the Basin-Fruitland Coal Gas Pool (71629) permitting the total number of wells dedicated and producing within this spacing and proration unit to three, and the number of wells within a quarter section to two;
- B. Approving the proposed location of the **Allison Unit Com 62C** (API No. 30-045-34857) in the Fruitland Coal formation with a surface location in the SW/4 SE/4 (Unit O) within the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico; and
- C. Authorizing Hilcorp to recomplete and produce the **Allison Unit Com 62C** (API No. 30-045-34857) from the Basin-Fruitland Coal Gas Pool.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Adam G. Rankin
Paula M. Vance
A. Raylee Starnes
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
agrarkin@hollandhart.com
pmvance@hollandhart.com
arstarnes@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 of the Basin-Fruitland Coal 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 7(d) of the Special Rules for the Basin-Fruitland Coal Gas Pool (71629), San Juan County, New Mexico, to permit it to complete and simultaneously produce three Fruitland Coal gas wells in the same standard 320-acre, more or less, spacing and proration unit, and two wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Allison Unit Com 62C** (API No. 30-045-34857) in the Fruitland Coal formation with a surface location in the SW/4 SE/4 (Unit O) of the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously recomplete and produce the Allison Unit Com 62C from the Basin-Fruitland Coal Gas Pool. Said area is located approximately 4.5 miles south of Young Place, New Mexico.

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

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

CASE NO. 25952

SELF-AFFIRMED STATEMENT OF ROB CARLSON

1. My name is Rob Carlson. I work for Hilcorp Energy Company (“Hilcorp”) as a Landman.

2. I have previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in petroleum land matters and my credentials have been accepted as 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 7(d) of the Special Rules of the Basin-Fruitland Coal Gas Pool to permit it to complete and simultaneously produce three Fruitland Coal gas wells in the same standard 320-acre, more or less, spacing and proration unit, and two wells in the same quarter section.

6. The Basin-Fruitland Coal Gas Pool is governed by Special Rules which, within the subject acreage, provide for 320-acre spacing and proration units on which as many as two wells may be drilled. *See* Order No. R-8768-F, effective July 17, 2003 (Rule 7(d)(1) Well density within

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Hilcorp Energy Company
Hearing Date: March 5, 2026
Case No. 25952**

the “Low Productivity Area”). 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 Basin-Fruitland Coal Gas Pool comprised of the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, in which the following two wells are currently completed and producing:

- a. Allison Unit Com 122 (API No. 30-045-29253), which is vertically drilled with a surface location in NE/4 NE/4 (Unit A) of said Section 6; and
- b. Allison Unit Com 122S (API No. 30-045-31876), which is vertically drilled with a surface location in NE/4 SE/4 (Unit I) of said Section 6.

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

- a. **Allison Unit Com 62C** (API No. 30-045-34857), a vertical well to be recompleted at a surface location in the SW/4 SE/4 (Unit O).

9. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 7(d) of the Special Rules of the Basin-Fruitland Coal Gas Pool to authorize Hilcorp to simultaneously dedicate and produce the **Allison Unit Com 62C** (API No. 30-045-34857) within the E/2 of Section 31, Township 32 North, Range 6 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to three, and the number of wells within a quarter section to two.

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

11. Pursuant to 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. **Hilcorp Exhibit B-1** is an overview map identifying the location of the subject Basin-Fruitland Coal spacing unit to which the proposed well will be dedicated.

13. Exhibit B-1 also identifies the locations of the existing Basin-Fruitland Coal wells as a orange circle and depicts the proposed well as a orange star.


14. Exhibit B-1 also depicts the notice area, which is the area within the light yellow shading surrounding the subject spacing unit. 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. **Hilcorp Exhibit B-2** identifies the affected parties within the offsetting tracts/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. **Hilcorp Exhibits B-1 through B-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.

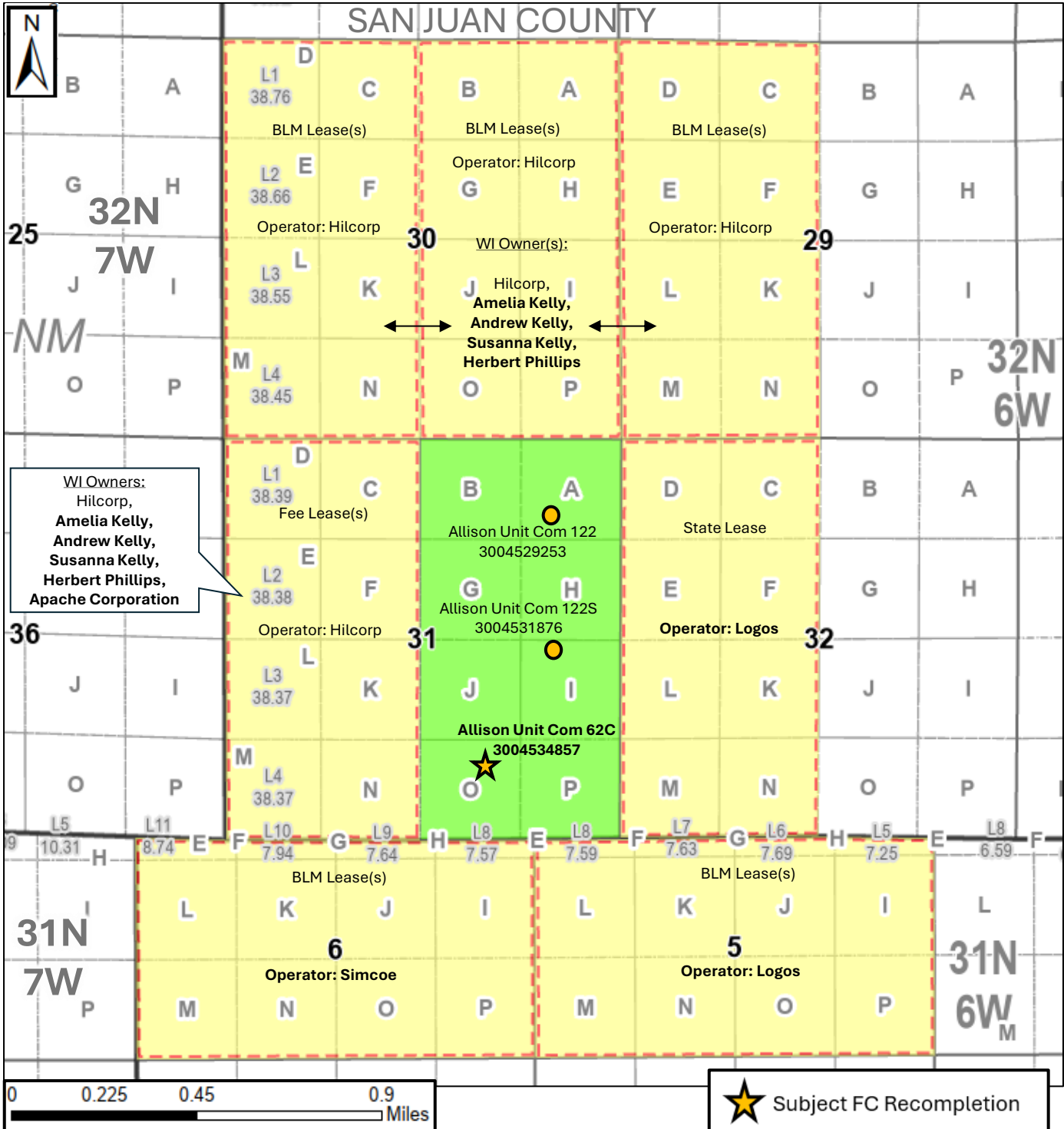


Rob Carlson

2/25/2026

Date

Increased Density Plat
Allison Unit Com #62C
Basin-Fruitland Coal Gas Pool



WI Owners:
Hilcorp,
Amelia Kelly,
Andrew Kelly,
Susanna Kelly,
Herbert Phillips,
Apache Corporation

WI Owner(s):
Hilcorp,
Amelia Kelly,
Andrew Kelly,
Susanna Kelly,
Herbert Phillips

- Subject FC Recompletion
- Existing/Producing FC Well
- Subject FC Spacing Unit
- Noticed FC Spacing Units



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-1
Submitted by: Hilcorp Energy Company
Hearing Date: March 5, 2026
Case No. 25952

NOTICED SPACING UNIT(S)	PRODUCING WELL API	OPERATOR	PARTY TYPE	PARTY NAME	ADDRESS 1	ADDRESS 2	CITY	STATE	ZIP
32N-6W-31-W/2	3004529655	HILCORP ENERGY COMPANY (Allison Unit Operator)	WORKING INTEREST OWNER (FC PA)	HILCORP SAN JUAN, LLC	NO NOTICE APPLICABLE				
			WORKING INTEREST OWNER (FC PA)	AMELIA C. KELLY	6150 HIDDEN VALLEY RD CLEVER MO 65631				
			WORKING INTEREST OWNER (FC PA)	ANDREW B. KELLY, JR	14721 WOOD RD ALPHARETTA GA 30004				
			WORKING INTEREST OWNER (FC PA)	SUSANNA PHILLIPS KELLY MARITAL TRUST	P.O. BOX 1865 BOZEMAN MT 59771				
			WORKING INTEREST OWNER (FC PA)	HERBERT C. PHILLIPS FAMILY TRUST	C/O HAVENICHT NOVAK & BIRCKBICHLER	287 PITTSBURGH RD	BUTLER	PA	16002
			WORKING INTEREST OWNER (NON-UNIT)	APACHE CORPORATION		2000 W. SAM HOUSTON PKWY, STE 200	HOUSTON	TX	77042
32N-6W-30-W/2	3004527160	HILCORP ENERGY COMPANY (Allison Unit Operator)	WORKING INTEREST OWNER (FC PA)	HILCORP SAN JUAN, LLC	NO NOTICE APPLICABLE				
			WORKING INTEREST OWNER (FC PA)	AMELIA C. KELLY	6150 HIDDEN VALLEY RD CLEVER MO 65631				
			WORKING INTEREST OWNER (FC PA)	ANDREW B. KELLY, JR	14721 WOOD RD ALPHARETTA GA 30004				
			WORKING INTEREST OWNER (FC PA)	SUSANNA PHILLIPS KELLY MARITAL TRUST	P.O. BOX 1865 BOZEMAN MT 59771				
			WORKING INTEREST OWNER (FC PA)	HERBERT C. PHILLIPS FAMILY TRUST	C/O HAVENICHT NOVAK & BIRCKBICHLER	287 PITTSBURGH RD	BUTLER	PA	16002
			AGENCY	BUREAU OF LAND MANAGEMENT	ATTN: KYLE PARADIS	301 DINOSAUR TRAIL	SANTA FE	NM	87508
32N-6W-30-E/2	3004527207; 3004531880	HILCORP ENERGY COMPANY (Allison Unit Operator)	WORKING INTEREST OWNER (FC PA)	HILCORP SAN JUAN, LLC	NO NOTICE APPLICABLE				
			WORKING INTEREST OWNER (FC PA)	AMELIA C. KELLY	6150 HIDDEN VALLEY RD CLEVER MO 65631				
			WORKING INTEREST OWNER (FC PA)	ANDREW B. KELLY, JR	14721 WOOD RD ALPHARETTA GA 30004				
			WORKING INTEREST OWNER (FC PA)	SUSANNA PHILLIPS KELLY MARITAL TRUST	P.O. BOX 1865 BOZEMAN MT 59771				
			WORKING INTEREST OWNER (FC PA)	HERBERT C. PHILLIPS FAMILY TRUST	C/O HAVENICHT NOVAK & BIRCKBICHLER	287 PITTSBURGH RD	BUTLER	PA	16002
			AGENCY	BUREAU OF LAND MANAGEMENT	ATTN: KYLE PARADIS	301 DINOSAUR TRAIL	SANTA FE	NM	87508
32N-6W-29-W/2	3004527130; 3004531878	HILCORP ENERGY COMPANY (Allison Unit Operator)	WORKING INTEREST OWNER (FC PA)	HILCORP SAN JUAN, LLC	NO NOTICE APPLICABLE				
			WORKING INTEREST OWNER (FC PA)	AMELIA C. KELLY	6150 HIDDEN VALLEY RD CLEVER MO 65631				
			WORKING INTEREST OWNER (FC PA)	ANDREW B. KELLY, JR	14721 WOOD RD ALPHARETTA GA 30004				
			WORKING INTEREST OWNER (FC PA)	SUSANNA PHILLIPS KELLY MARITAL TRUST	P.O. BOX 1865 BOZEMAN MT 59771				
			WORKING INTEREST OWNER (FC PA)	HERBERT C. PHILLIPS FAMILY TRUST	C/O HAVENICHT NOVAK & BIRCKBICHLER	287 PITTSBURGH RD	BUTLER	PA	16002
			AGENCY	BUREAU OF LAND MANAGEMENT	ATTN: KYLE PARADIS	301 DINOSAUR TRAIL	SANTA FE	NM	87508
32N-6W-32-W/2	3004529477; 3004531672	LOGOS OPERATING, LLC (Rosa Unit Operator)	OPERATOR	LOGOS OPERATING, LLC	ATTN: CHRIS JEFFUS	2010 AFTON PLACE	FARMINGTON	NM	87401
			AGENCY	NEW MEXICO STATE LAND OFFICE	ATTN: BAYLEN LAMKIN	310 OLD SANTA FE TRAIL	SANTA FE	NM	87501
31N-6W-5-ALL	3004527411; 3004531773	LOGOS OPERATING, LLC (Rosa Unit Operator)	OPERATOR	LOGOS OPERATING, LLC	ATTN: CHRIS JEFFUS	2010 AFTON PLACE	FARMINGTON	NM	87401
			AGENCY	BUREAU OF LAND MANAGEMENT	ATTN: KYLE PARADIS	301 DINOSAUR TRAIL	SANTA FE	NM	87508
31N-6W-6-ALL	3004527584; 3004532333	SIMCOE, LLC (Northeast Blanco Unit Operator)	OPERATOR	SIMCOE, LLC	ATTN: MICHELLE BLANKENSHIP	1199 MAIN AVE, STE 101	DURANGO	CO	81301
			AGENCY	BUREAU OF LAND MANAGEMENT	ATTN: KYLE PARADIS	301 DINOSAUR TRAIL	SANTA FE	NM	87508

CONDENSED LIST OF PARTIES NOTICED

AMELIA C. KELLY		6150 HIDDEN VALLEY RD	CLEVER	MO	65631
ANDREW B. KELLY, JR		14721 WOOD RD	ALPHARETTA	GA	30004
SUSANNA PHILLIPS KELLY MARITAL TRUST		P.O. BOX 1865	BOZEMAN	MT	59771
HERBERT C. PHILLIPS FAMILY TRUST	C/O HAVENICHT NOVAK & BIRCKBICHLER	287 PITTSBURGH RD	BUTLER	PA	16002
APACHE CORPORATION		2000 W. SAM HOUSTON PKWY, STE 200	HOUSTON	TX	77042
SIMCOE, LLC	ATTN: MICHELLE BLANKENSHIP	1199 MAIN AVE, STE 101	DURANGO	CO	81301
LOGOS OPERATING, LLC	ATTN: CHRIS JEFFUS	2010 AFTON PLACE	FARMINGTON	NM	87401
BUREAU OF LAND MANAGEMENT	ATTN: KYLE PARADIS	301 DINOSAUR TRAIL	SANTA FE	NM	87508
NEW MEXICO STATE LAND OFFICE	ATTN: BAYLEN LAMKIN	310 OLD SANTA FE TRAIL	SANTA FE	NM	87501

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B-2
 Submitted by: Hilcorp Energy Company
 Hearing Date: March 5, 2026
 Case No. 25952

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

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

CASE NO. 25952

SELF-AFFIRMED STATEMENT OF SHANE SMITH

1. My name is Shane Smith. I work for Hilcorp Energy Company (“Hilcorp”) as a reservoir engineer.
2. I have previously testified before the New Mexico Oil Conservation Division (“Division”) as an expert witness in reservoir engineering matters and my credentials have been accepted as 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 Basin-Fruitland Coal Gas Pool.
4. 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.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Hilcorp Energy Company
Hearing Date: March 5, 2026
Case No. 25952**

6. **Hilcorp Exhibit C-1** contains information relating to the subject spacing unit and the general location of the additional well proposed to be drilled and simultaneously dedicated within the subject spacing unit:

- a. **Allison Unit Com 62C** (API No. 30-045-34857), a vertical well to be recompleted at a surface location in the SW/4 SE/4 (Unit O).

7. This will be the third Basin-Fruitland Coal completion within the same 320-acre spacing and proration unit. I anticipate that it will help drain the southern portion of the spacing unit.

8. **Hilcorp Exhibit C-2** is a basin-wide map reflecting Hilcorp's calculations for original gas in place across the Basin-Fruitland Coal 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 yellow star indicates the location of the subject well, which is in an area where Hilcorp calculated moderately high volumes of original gas in place.

9. **Hilcorp Exhibit C-3** is a map depicting the calculated cumulative gas production from the Basin-Fruitland Coal Gas Pool. The yellow star identifies the location of the subject well where there is relatively low cumulative gas production.

10. **Hilcorp Exhibit C-4** is a map depicting calculated remaining recoverable gas. The cooler colors indicate areas where there is relatively less remaining recoverable gas. The warmer colors reflect areas where there is relatively more remaining recoverable gas. The yellow star identifies the location of the subject well, which is in an area where Hilcorp calculated that there is remaining recoverable gas and relatively low cumulative production under the existing well density.

11. **Hilcorp Exhibit C-5** is a table that supports this volumetric analysis. The first column titled "Volumetric OGIP" reflects the calculated volumetric original gas in place on a 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 7.8 Bcf.

12. I would expect recovery factors of approximately 80-90% in a gas pool of this type. The relatively low recovery factors in Hilcorp Exhibit C-5 indicate that this area is not being sufficiently drained by the existing wells in the subject spacing unit under the existing well density and that additional well bores, or completions, are necessary to adequately drain the Basin-Fruitland Coal 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 Basin-Fruitland Coal Gas Pool, and will be in the interest of conservation, the prevention of waste and will protect correlative rights.

15. **Hilcorp Exhibits C-1 through C-5** 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.

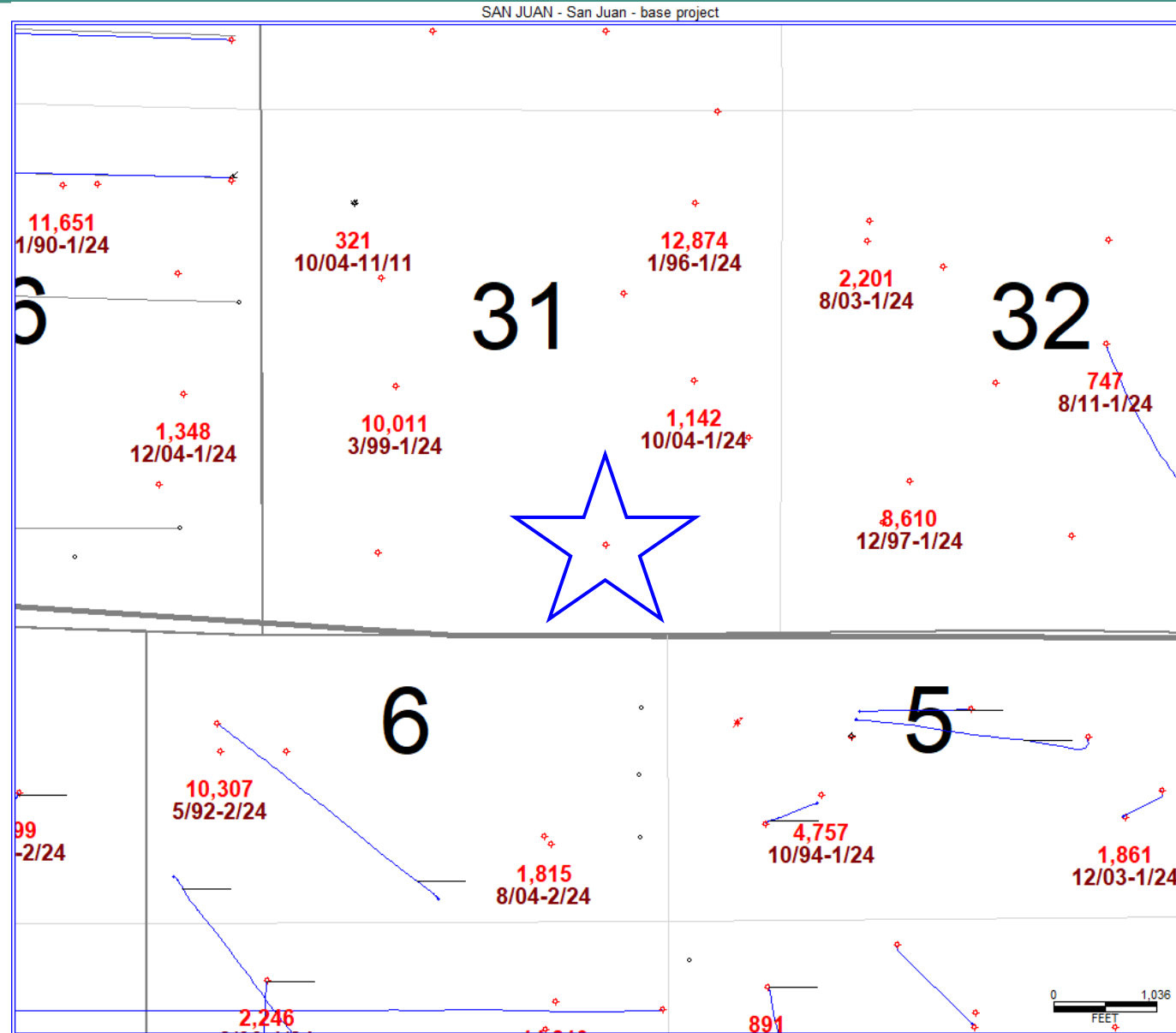


Shane Smith

2.26.26
Date



Exhibit C-1: General Location / Allison Unit Com 62C



6. Hilcorp Exhibit C-1 contains information relating to the subject spacing unit and the general location of the additional well proposed to be drilled and simultaneously dedicated within the subject spacing unit:

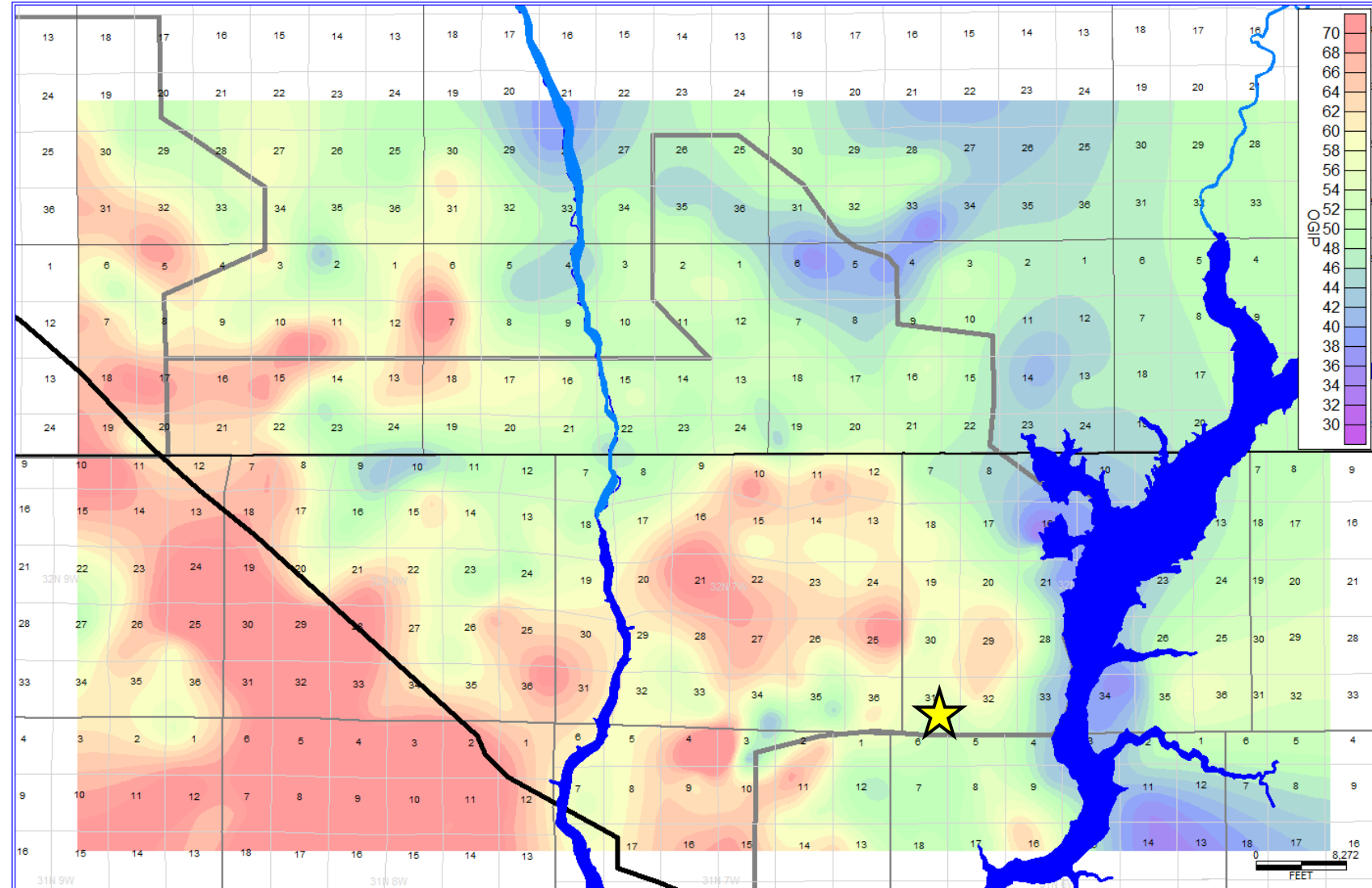
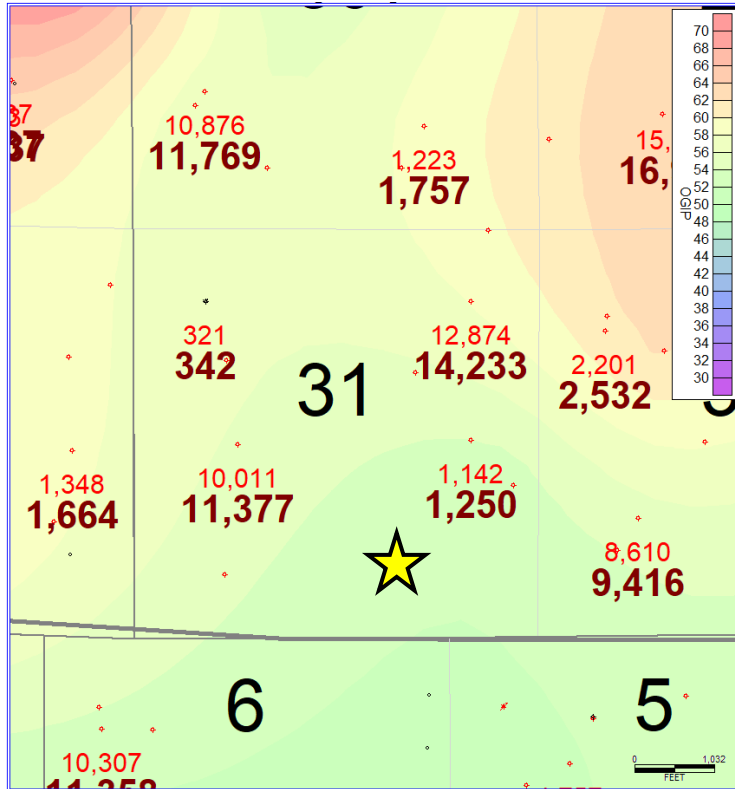
- a. Quigley 1A (API No. 30-045-22445), to be recompleted at a surface and bottom-hole location in the SE/4 NW/4 (Unit F).

7. This will be the second Blanco Pictured Cliffs completion within the same 148.69-acre quarter spacing and production unit. I anticipate that it will help drain the northern portion of the spacing unit.

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. C-1
 Submitted by: Hilcorp Energy Company
 Hearing Date: March 5, 2026
 Case No. 25952

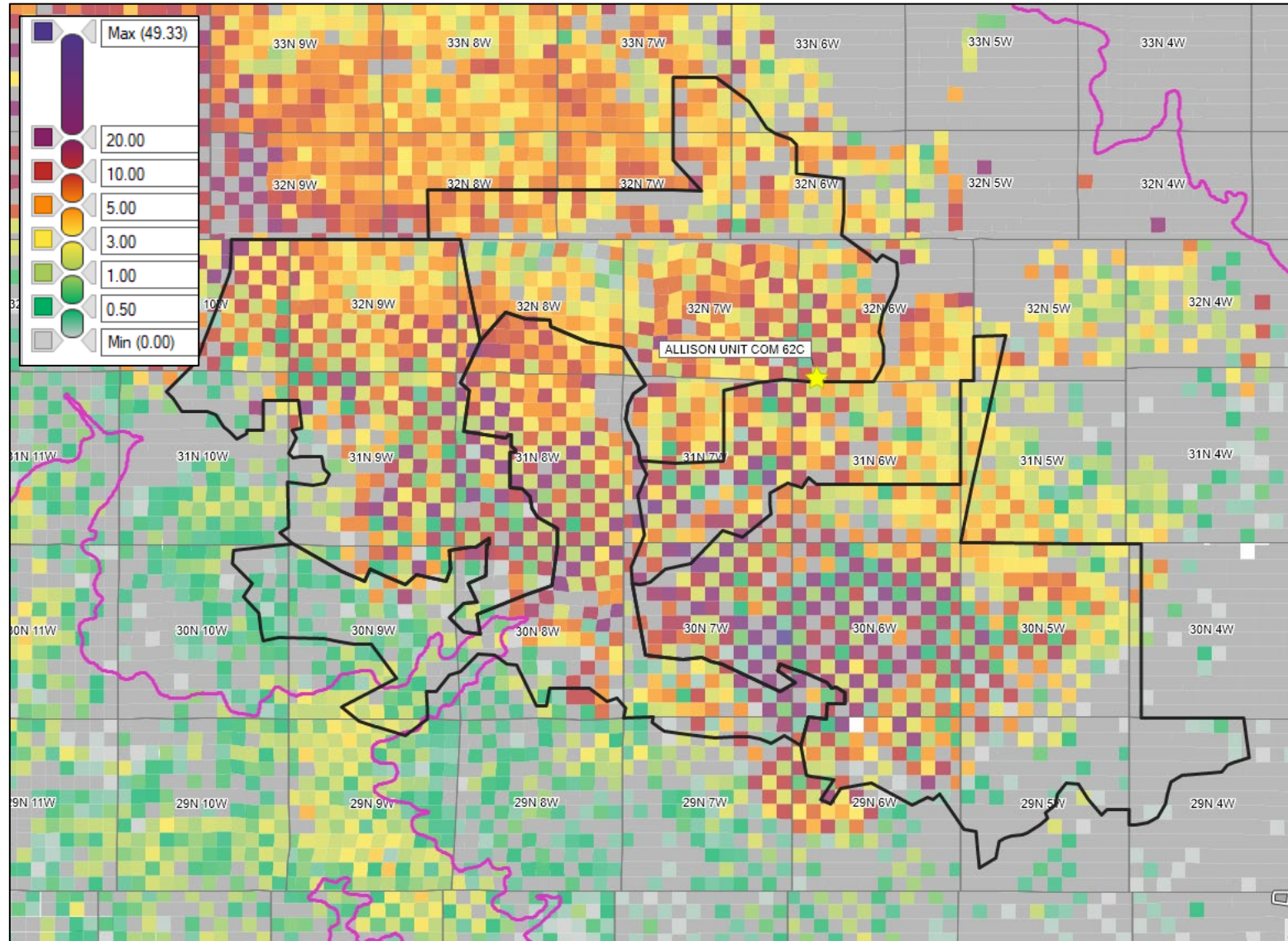
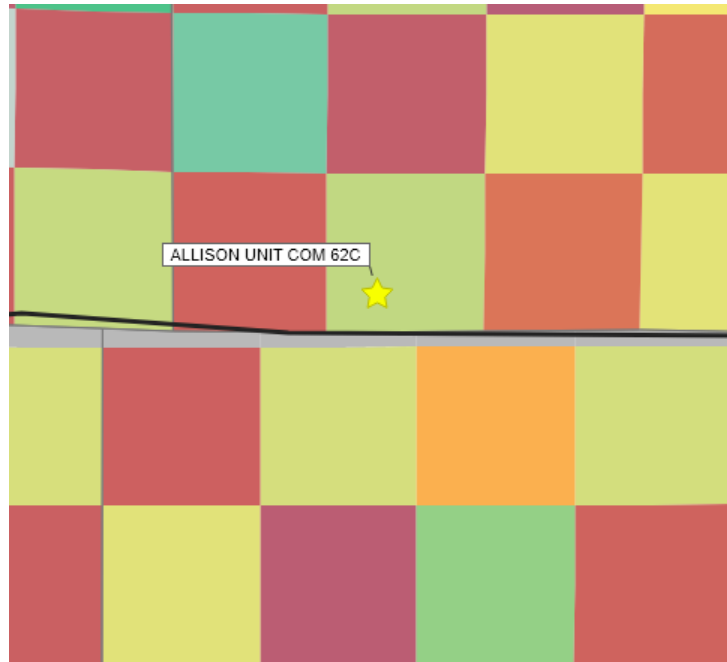


Exhibit C-2: Basin Wide Map of FRC OGIP



8. Hilcorp Exhibit C-2 is a basin-wide map reflecting Hilcorp's calculations for original gas in place across the Blanco Pictured Cliffs (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 yellow star indicates the location of the subject well, which is in an area where Hilcorp calculated moderately high volumes of original gas in place.

Exhibit C-3: Map of Cum Gas in FRC



9. Hilcorp Exhibit C-3 is a map depicting the calculated cumulative gas production

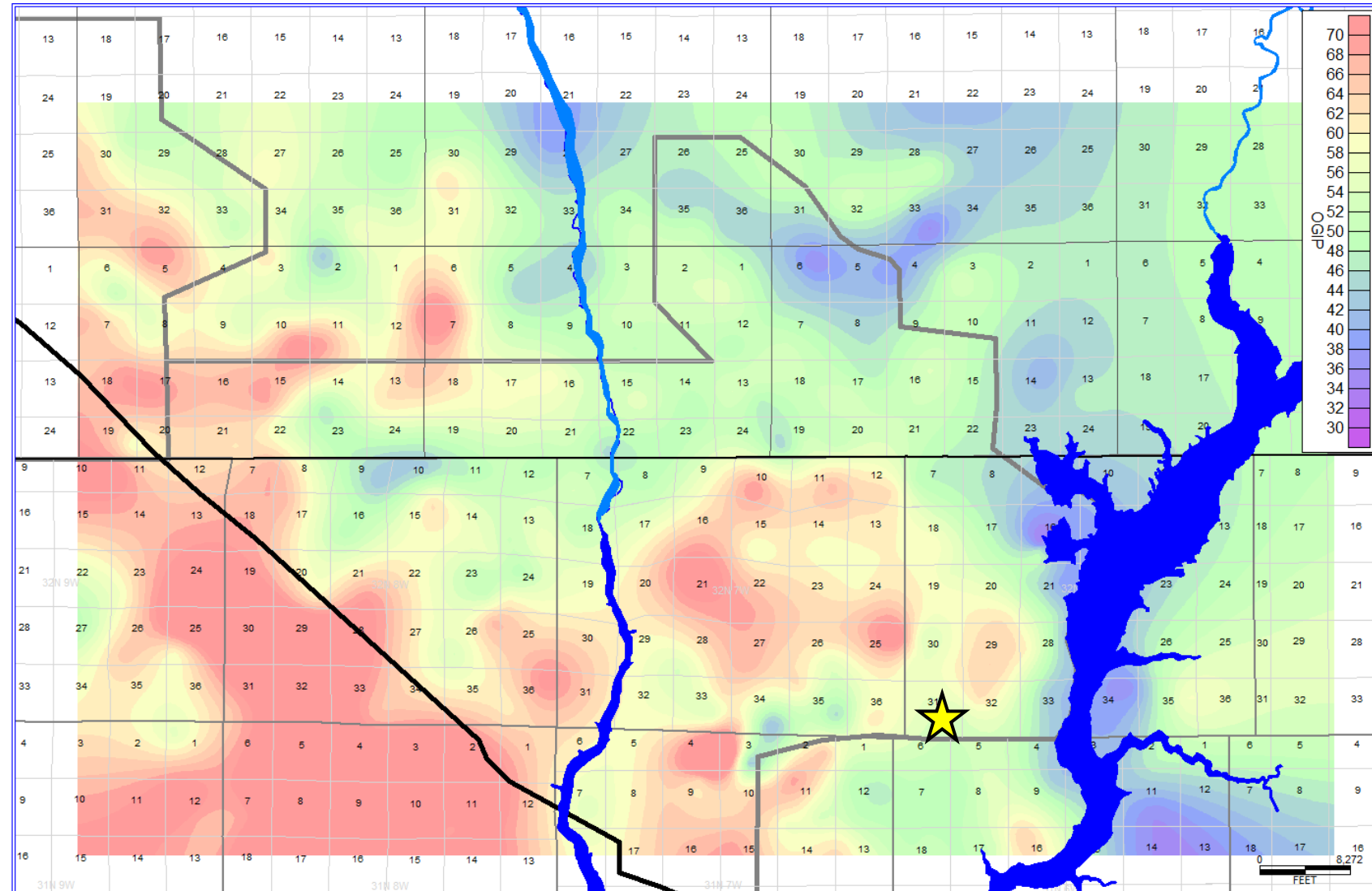
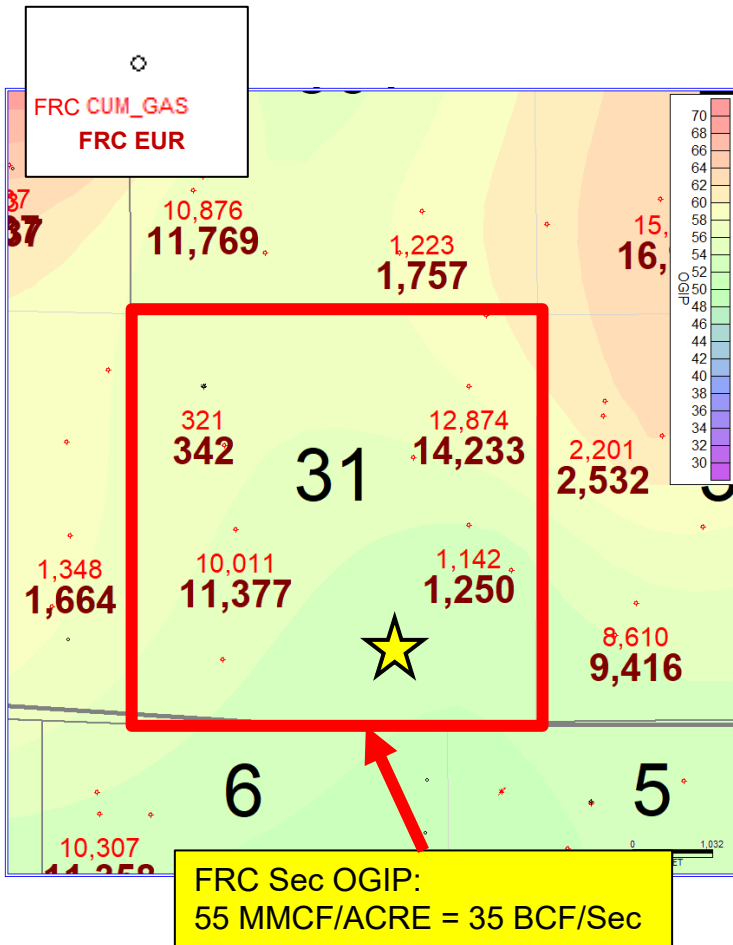
from the Blanco Pictured Cliffs (Gas) Pool. The yellow star identifies the location of the subject

well where there is relatively low cumulative gas production.

Released to Imaging: 2/27/2026 9:54:31 AM



Exhibit C-4: RRg



8. Hilcorp Exhibit C-2 is a basin-wide map reflecting Hilcorp's calculations for original gas in place across the Blanco Pictured Cliffs (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 yellow star indicates the location of the subject well, which is in an area where Hilcorp calculated moderately high volumes of original gas in place.



Exhibit C-5:

Section	Volumetric OGIP	CTD/RF%	EUR/RF%	RRg
32N-6W-31	35 BCF	24.35 BCF/69.5%	27.22 BCF/77.8%	7.78 BCF

11. **Hilcorp Exhibit C-5** is a table that supports this volumetric analysis. The first column titled “Volumetric OGIP” reflects the calculated volumetric original gas in place on a 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

Released to Imaging: 2/27/2026 9:54:31 AM
calculated the recoverable gas remaining within the subject spacing unit is approximately 7.8 Bcf.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-5
Submitted by: Hilcorp Energy Company
Hearing Date: March 5, 2026
Case No. 25952

**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 BASIN-FRUITLAND COAL GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 25952

**SELF-AFFIRMED STATEMENT OF
PAULA M. VANCE**

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 February 23, 2026.

5. I caused a notice to be published to all parties subject to these proceedings. An affidavit of publication from the publication’s legal clerk with a copy of the notice of 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: March 5, 2026
Case No. 25952**



Paula M. Vance

02/25/26

Date



Paula M. Vance
Associate
Phone (505) 988-4421
Email pmvance@hollandhart.com

February 13, 2026

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 of the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico: Allison Unit Com 62C Well

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 5, 2026, 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 Rob Carlson at (832) 839-4596 or at rcarlson@hilcorp.com.

Sincerely,

Paula M. Vance
ATTORNEY FOR HILCORP ENERGY COMPANY

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

Hilcorp _ Allison Unit Com #62C FC Well Density - Case no. 25952
Postal Delivery Report

9414811898765438901619	Amelia C. Kelly	6150 Hidden Valley Rd	Clever	MO	65631-6783	This is a reminder to arrange for redelivery of your item or your item will be returned to sender.
9414811898765438901626	Andrew B. Kelly, Jr	14721 Wood Rd	Alpharetta	GA	30004-3036	Your item arrived at our ATLANTA GA DISTRIBUTION CENTER destination facility on February 15, 2026 at 8:18 am. The item is currently in transit to the destination.
9414811898765438901602	Apache Corporation	2000 W Sam Houston Pkwy S Ste 200	Houston	TX	77042-3643	Your item was delivered to an individual at the address at 1:12 pm on February 17, 2026 in HOUSTON, TX 77042.
9414811898765438901695	Bureau Of Land Management	301 Dinosaur Trl Attn Kyle Paradis	Santa Fe	NM	87508-1560	Your item was delivered to the front desk, reception area, or mail room at 2:44 pm on February 17, 2026 in SANTA FE, NM 87508.
9414811898765438901688	Bureau of Land Management	620 E Greene St	Carlsbad	NM	88220-6292	Your item was delivered to the front desk, reception area, or mail room at 1:19 pm on February 17, 2026 in CARLSBAD, NM 88220.
9414811898765438901633	Herbert C. Phillips Family Trust C/O Havenicht Novak & Birckbichler,	287 Pittsburgh Rd	Butler	PA	16002-3993	Your item arrived at our PITTSBURGH PA DISTRIBUTION CENTER destination facility on February 15, 2026 at 9:25 am. The item is currently in transit to the destination.
9414811898765438901114	Logos Operating, LLC	2010 Afton Pl Attn Chris Jeffus	Farmington	NM	87401-1601	Your item was delivered to an individual at the address at 3:16 pm on February 18, 2026 in FARMINGTON, NM 87401.
9414811898765438901152	New Mexico State Land Office	310 Old Santa Fe Trl Attn Baylen Lamkin	Santa Fe	NM	87501-2708	Your item was picked up at the post office at 8:06 am on February 19, 2026 in SANTA FE, NM 87501.
9414811898765438901121	New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504-1148	Your item was picked up at the post office at 7:59 am on February 17, 2026 in SANTA FE, NM 87501.
9414811898765438901107	Simcoe, LLC	1199 Main Ave Ste 101 Attn Michelle Blankenship	Durango	CO	81301-5170	Your item arrived at our ALBUQUERQUE, NM 87101 destination facility on February 14, 2026 at 3:06 pm. The item is currently in transit to the destination.
9414811898765438901145	Susanna Phillips Kelly Marital Trust	PO Box 1865	Bozeman	MT	59771-1865	Your item was picked up at the post office at 11:17 am on February 20, 2026 in BOZEMAN, MT 59715.

BALLANTINE COMMUNICATIONS

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of San Juan

Odelle Zucchi, 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 167, 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):

2/13/2026

Sworn and subscribed before me, a notary public in and for the county of La Plata and the State of Colorado, 2-16-26

Gail Lynn Vitarius
Notary Public

PRICE: \$ 142.37

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Hilcorp Energy Company
Hearing Date: March 5, 2026
Case No. 25952

COPY OF ADVERTISEMENT

33432

Legal Notice (Publication)

Case No. 25952: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules of the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico. Notice to all affected interest owners, including all heirs, devisees and successors of: Amelia C. Kelly; Andrew B. Kelly, Jr; Apache Corporation; Bureau Of Land Management; Herbert C. Phillips Family Trust; Logos Operating, LLC; New Mexico State Land Office; Simcoe, LLC; and Susanna Phillips Kelly Marital Trust. 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 March 5, 2026, 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 7(d) of the Special Rules for the Basin-Fruitland Coal Gas Pool (71629), San Juan County, New Mexico, to permit it to complete and simultaneously produce three Fruitland Coal gas wells in the same standard 320-acre, more or less, spacing and proration unit, and two wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Allison Unit Com 62C** (API No. 30-045-34857) in the Fruitland Coal formation with a surface location in the SW/4 SE/4 (Unit O) of the E/2 of Section 31, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously recomplete and produce the Allison Unit Com 62C from the Basin-Fruitland Coal Gas Pool. Said area is located approximately 4.5 miles south of Young Place, New Mexico.

Published in Tri-City Record
February 13, 2026