

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JULY 12, 2018**

CASE No. 16272

NEWBERRY A 004

SAN JUAN COUNTY, NEW MEXICO



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26

32N 12W

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SAN JUAN

34

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4

31N 12W

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2

Legend

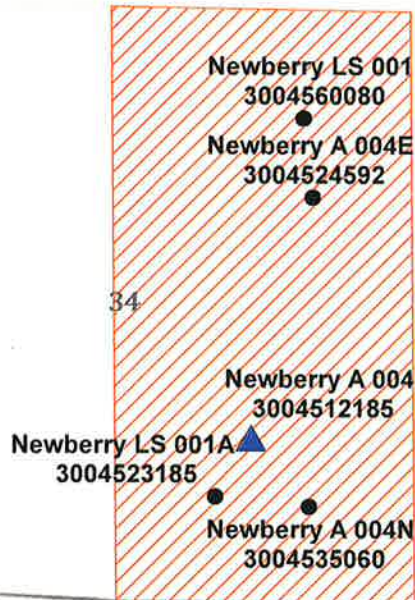
 Newberry A 004

 Mesaverde

 Mesaverde Drillblock

 Offset Boundary

Offset Operators:
Hallador Petroleum LLP
Hilcorp Energy Company



BEFORE THE OIL CONSERVATION DIVISION

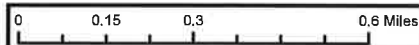
Santa Fe, New Mexico

Exhibit No. 2

Submitted by: Hilcorp Energy Company

Hearing Date: July 12, 2018

Case # 16272



11



Created: 07/05/2018

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

**AMENDED APPLICATION OF HILCORP ENERGY
COMPANY FOR AN EXCEPTION TO THE WELL
DENSITY REQUIREMENTS OF THE BLANCO-PICTURED
CLIFFS POOL, SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 16272

AFFIDAVIT



STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)


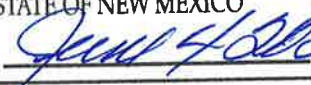
Adam Rankin, attorney in fact and authorized representative of Hilcorp Energy Company, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.



Adam Rankin

SUBSCRIBED AND SWORN to before me this 11th day of June, 2018 by Adam Rankin.


Notary Public
My Commission Expires: 


OFFICIAL SEAL
CLARINDA L. WETZSTEON
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 

June 21, 2018

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL WORKING INTEREST OWNERS

Re: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.

Ladies & Gentlemen:

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on July 12, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Rob Carlson at (832) 839-4596.

Sincerely,



Adam G. Rankin

ATTORNEY FOR HILCORP ENERGY COMPANY

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

June 21, 2018

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSETTING OPERATORS

Re: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division. As a Division-designated operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on July 12, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Rob Carlson at (832) 839-4596.

Sincerely,



Adam G. Rankin

ATTORNEY FOR HILCORP ENERGY COMPANY



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

Hilcorp Energy Co - Newberry 004
CM# 93904.0003 20180621
Notice L1st

Shipment Date: 06/19/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

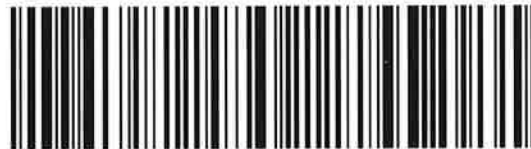
B. USPS Action

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1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
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USPS SCAN AT ACCEPTANCE



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Firm Mailing Book For Accountable Mail

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Holland & Hart LLP
110 N Guadalupe St # 1
Santa Fe NM 87501

Check type of mail or service
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 Adult Signature Restricted Delivery Registered Mail
 Certified Mail Return Receipt for Merchandise
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Postmark with Date of Receipt.

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage (Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8307 0915 05	HALLADOR PETROLEUM LLP 1660 LINCOLN ST STE 2700 DENVER CO 80264	1.21	3.45							1.50			
2. 9214 8901 9403 8307 0915 12	HEC 1111 TRAVIS ST HOUSTON TX 77002	1.21	3.45							1.50			
							Adult Signature Required	Adult Signature Restricted Delivery	Restricted Delivery	Return Receipt	Signature Confirmation	Signature Confirmation Restricted Delivery	Special Handling
			Handling Charge - if Registered and over \$50,000 in value										

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PS Form **3877**, April 2015 (Page 1 of 1) **Complete in Ink**

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Welcome Clory Wetzsteon, (Not [Clory Wetzsteon?](#))

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9214 8901 9403 83070915 12	HEC	Delivered		
	1111 TRAVIS ST HOUSTON TX 77002	Signature Received	No	
9214 8901 9403 83070915 05	HALLADOR PETROLEUM LLP	Delivered		
	1660 LINCOLN ST STE 2700 DENVER CO 80264	Signature Received	No	

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[WIN-9K2OP4JGFAN]

AFFIDAVIT OF PUBLICATION

Ad No. 0001252003

HOLLAND AND HART PO BOX 2208 SANTA FE NM 87504

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on July 12, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 2, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

I, being duly sworn say: THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the State of New Mexico for publication and appeared in the internet at The Daily Times web site on the following day(s):

06/23/18

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

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

[Signature] Legal Clerk

To: ALL WORKING INTEREST OWNERS IN THE SUBJECT SPACING UNIT AND OFFSETTING OPERATORS OR LEASED MINERAL INTEREST OWNERS, INCLUDING: HALLADOR PETROLEUM LLP.

Subscribed and sworn before me this 25th of June 2018.

[Signature] State of WI, County of Brown NOTARY PUBLIC

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. 4 Submitted by: Hilcorp Energy Company Hearing Date: July 12, 2018 Case # 1627

Case No. 16272: 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 complete and simultaneously produce five Mesaverde gas wells in the same standard 320-acre, more or less, spacing and proration unit, and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the Newberry A 004 (API No. 30-045-12185) in the Mesaverde formation with a surface location in Unit J of the E/2 of Section 34, Township 32 North, Range 12 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Newberry A 004 Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 16 miles northwest of Bloom-

Aug. 6, 2021 My Commission Expires

Ad#:0001252003 P O : # of Affidavits :0.00

TARA MONDLOCH Notary Public State of Wisconsin

field, NM.

Legal No. 125 - 03 published in The Daily Times
on June 23, 2018.

Newberry A 4



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 5

Submitted by: Hilcorp Energy Company

Hearing Date: July 12, 2018

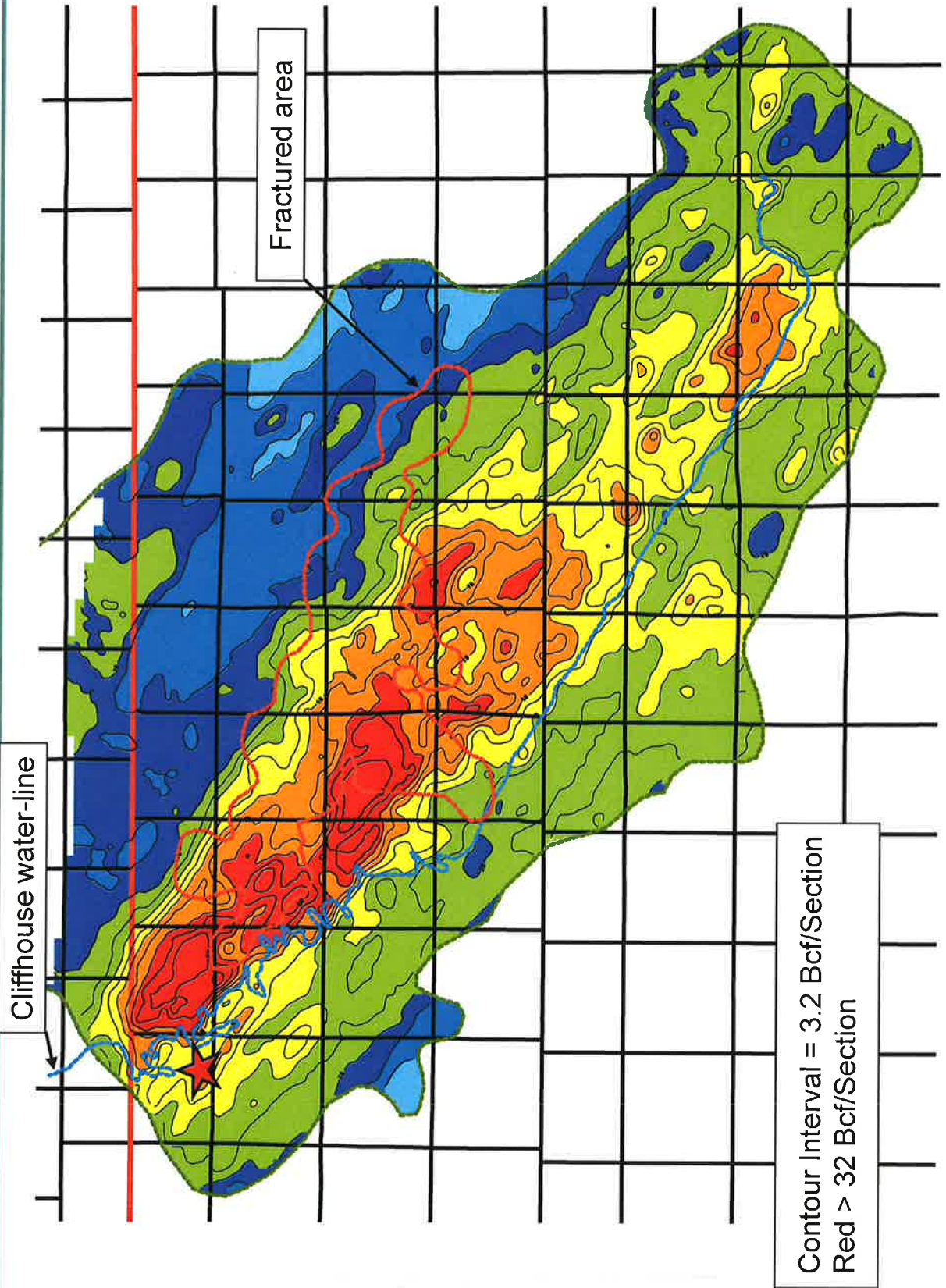
Case # 16272

Well Specifics

- SE34 32-12 3004512185 1965 drill
- 3rd MV completion in 1/4 section
- 600' to original parent well
- Help drain area to north
- Complete entire MV in 2 stages

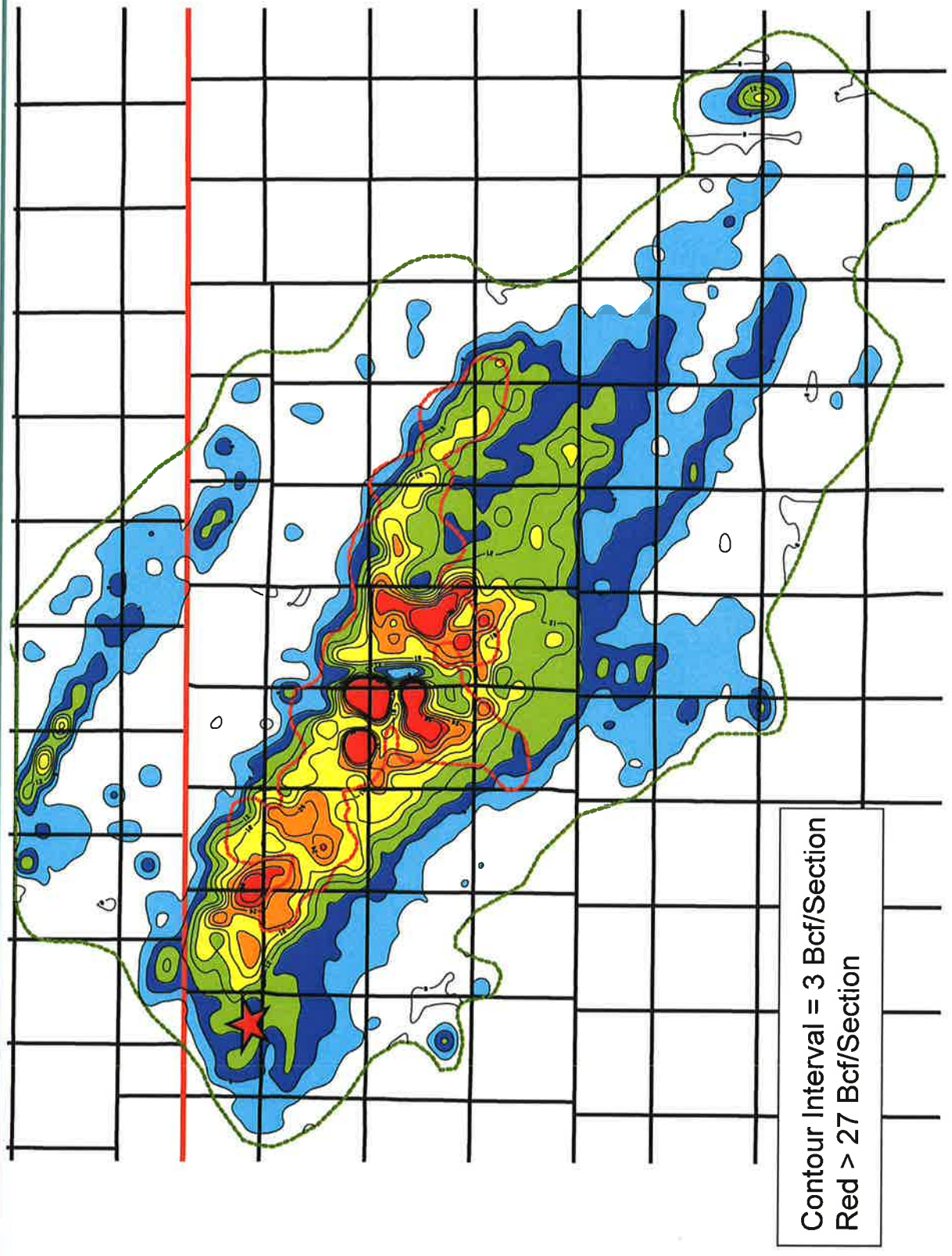


MV Original Gas-in-Place



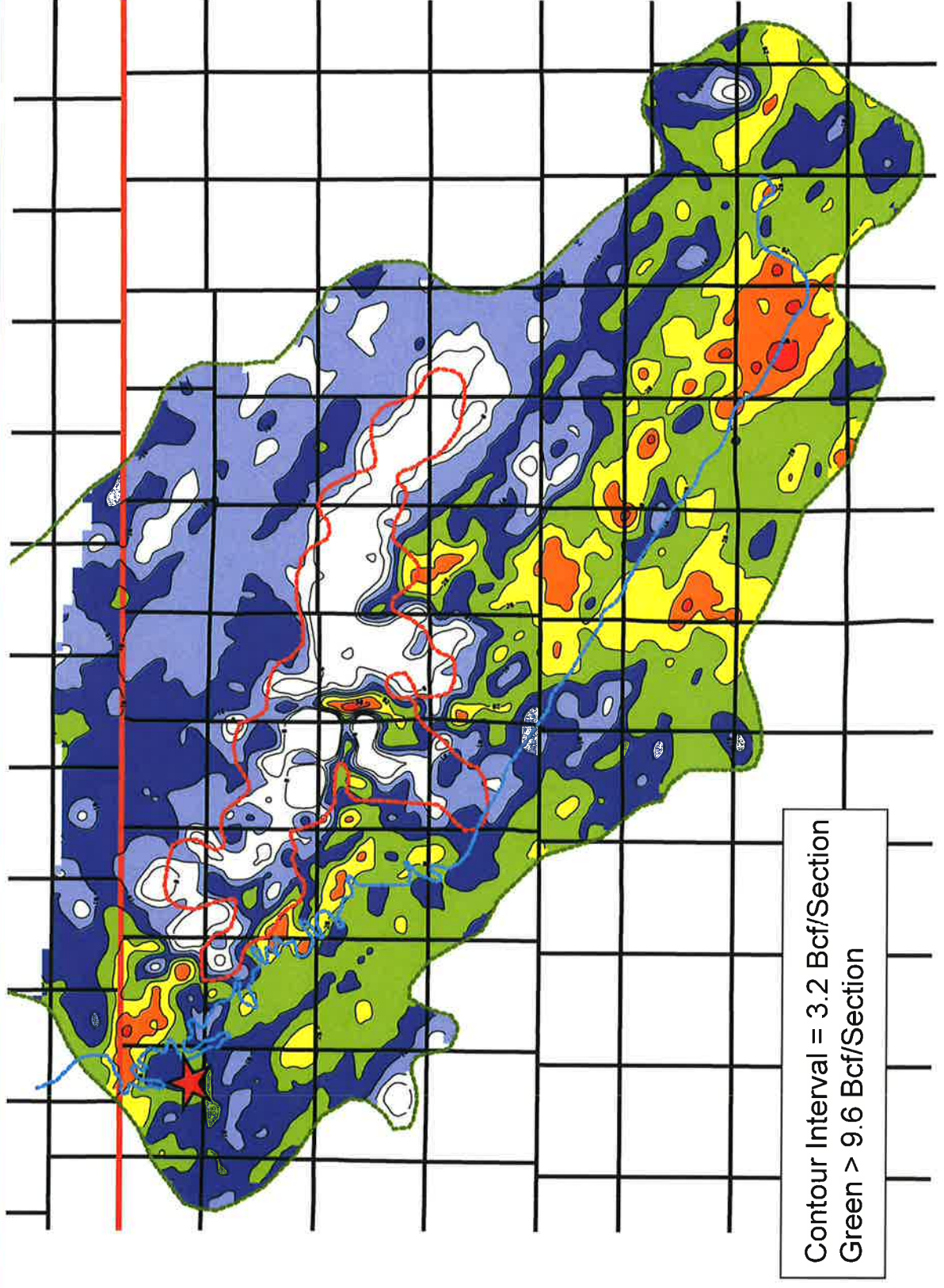


MV Cumulative Gas Production





MV Remaining Gas



Newberry A 4



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	8.0 Bcf	32.0 Bcf	3.5 Bcf / 43%	4.5 Bcf	4.6 Bcf / 58%
Section	32.0 Bcf	32.0 Bcf	14.8 Bcf / 46%	17.2 Bcf	18.3 Bcf / 57%
9 Section	301 Bcf	33.4 Bcf	109 Bcf / 36%	192 Bcf	137 Bcf / 45%

- Remaining Gas in Place in Quarter Section of 4.5 Bcf
- Cumulative Recovery Factor to Date 43% and 46% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore