

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING APRIL 4, 2019**

CASE NO. 20358

SAN JUAN 28-7 UNIT 246E

SAN JUAN & RIO ARRIBA COUNTIES, 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 BLANCO-MESAVERDE GAS POOL,
RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NO. 20358

AFFIDAVIT OF BRAD PEARSON IN SUPPORT OF CASE NO. 20358

I, Brad Pearson, being of lawful age and duly sworn, declare as follows:

1. My name is Brad Pearson. 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 to permit it to complete and simultaneously produce three Mesaverde gas wells in the same quarter section, with two wells in the same quarter-quarter section, for a total of five Mesaverde 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. The Special Rules therefore limit the number of wells in a spacing unit to four and the number of wells in a half section within a spacing unit to two. 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 S/2 of Section 8, Township 28 North, Range 7 West, Rio Arriba County, New Mexico, in which the following four wells are currently completed and producing:

- a. San Juan 28-7 Unit 20 Well (API No. 30-039-07446), Sec. 8, T28N, R7W (Unit M);
- b. San Juan 28-7 Unit 20B Well (API No. 30-039-29951), Sec. 8, T28N, R7W (Unit N);
- c. San Juan 28-7 Unit 20A Well (API No. 30-039-22207), Sec. 8, T28N, R7W (Unit J/Lot 2); and
- d. San Juan 28-7 Unit 241M Well (API No. 30-039-27039), Sec. 8, T28N, R7W (Unit P).

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

- a. **San Juan 28-7 Unit 246E Well** (API No. 30-039-22360), Sec. 8, T28N, R7W (Unit N).

9. This will be the fifth well within the same spacing unit with three wells in the same quarter section, and two wells in the same quarter-quarter section, exceeding well density limits imposed by the Special Rules.

10. Hilcorp therefore requests that the Division enter an order granting an exception to the well density requirements of Rule 1.B of the Special Rules and Regulations of the Blanco-Mesaverde Pool to authorize Hilcorp to simultaneously dedicate and produce the **San Juan 28-7 Unit 246E Well** (API No. 30-039-22360) within the S/2 of Section 8, Township 28 North, Range 7 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to five, with three wells in the same quarter section and two in the same quarter-quarter section.

11. The proposed simultaneous dedication of the **San Juan 28-7 Unit 246E Well**, which is currently producing in the Dakota formation, within the Blanco-Mesaverde is part of Hilcorp's strategy to use existing wells completed in other zones to economically target development of incremental Mesaverde gas reserves in areas where there is not adequate gas drainage.

12. The Division has pre-approved downhole commingling the Dakota formation with the Blanco-Mesaverde Gas Pool.

13. 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 owns 100% of the working interest, in which case there are no affected parties to notice.

14. **Exhibit A-1** is an overview map identifying the location of the subject Blanco-Mesaverde Gas Pool spacing unit, in the green outline, within the S/2 of Section 8, Township 28 North, Range 7 West, to which the well will be simultaneously dedicated.

15. Exhibit A-1 also identifies the locations of the existing Mesaverde wells as gray circles, as well as the **San Juan 28-7 Unit 246E Well** as a gray triangle.

16. Exhibit A-1 also depicts the notice area comprised of the offsetting spacing units, which is the area within the red dashed line surrounding the subject spacing unit outlined in green. In this case, Hilcorp is the operator of the offsetting spacing units within the notice area.

17. **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.

18. 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.

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

FURTHER AFFIANT SAYETH NAUGHT.


Brad Pearson

STATE OF TEXAS)

COUNTY OF HARRIS)

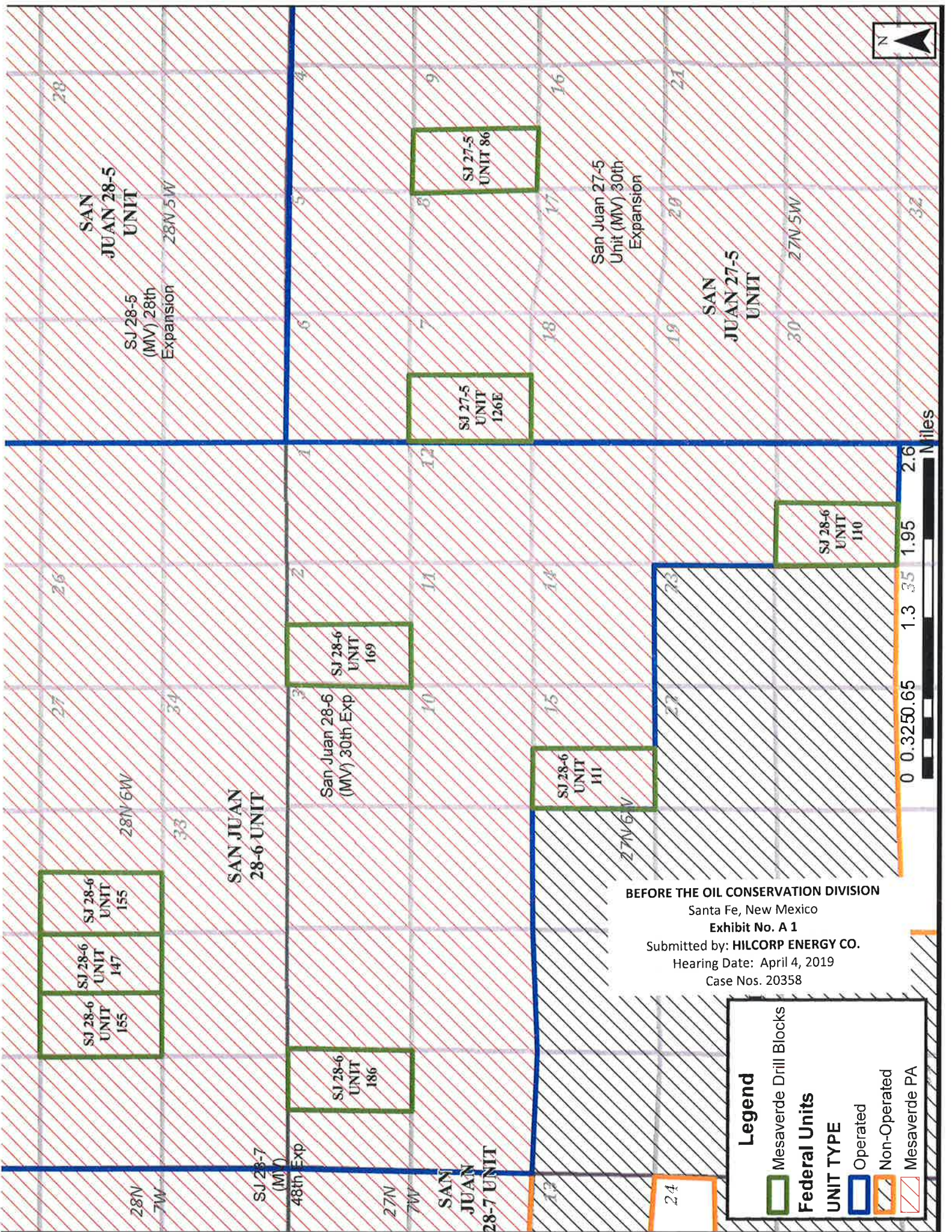
SUBSCRIBED and SWORN to before me this 2nd day of April, 2019 by
Brad Pearson.

NOTARY PUBLIC

My Commission Expires:





02/08/2023





BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. A 1
 Submitted by: HILCORP ENERGY CO.
 Hearing Date: April 4, 2019
 Case Nos. 20358

Legend

-  Mesaverde Drill Blocks
- Federal Units**
- UNIT TYPE**
-  Operated
-  Non-Operated
-  Mesaverde PA

Name	Address	City	State	Zip Code	Remarks	Offset Drillblock
HILCORP ENERGY COMPANY	1111 TRAVIS	HOUSTON	TX	77002	OFFSET OPERATOR	SJ 28-7 Unit MV PA
BOFB LTD c/o MARY J BANKS	2104 WINTER SUNDAY WAY	ARLINGTON	TX	76012	OFFSET WIO	SJ 28-7 Unit MV PA
CAROLEE SIMMONS SMITH	6704 ASHBROOK DR	FORT WORTH	TX	76132-1140	OFFSET WIO	SJ 28-7 Unit MV PA
CAROLYN BEAMON TILLEY	5225 PRESTON HAVEN	DALLAS	TX	75229	OFFSET WIO	SJ 28-7 Unit MV PA
CB LIFELINE PARTNERSHIP	5225 PRESTON HAVEN DR	DALLAS	TX	75229	OFFSET WIO	SJ 28-7 Unit MV PA
CLAUDIA MARCIA LUNDELL GILMER	723 W UNIVERSITY AVE STE 300-371	GEORGETOWN	TX	78626	OFFSET WIO	SJ 28-7 Unit MV PA
DUGAN PRODUCTION CORP	PO BOX 420	FARMINGTON	NM	87499	OFFSET WIO	SJ 28-7 Unit MV PA
JAMES R BEAMON	6140 HWY 6 SUITE 154	MISSOURI CITY	TX	77459	OFFSET WIO	SJ 28-7 Unit MV PA
JUNE SIMMONS LIVELY	3529 BELLAIRE DR N	FORT WORTH	TX	76109-2110	OFFSET WIO	SJ 28-7 Unit MV PA
LINDA JEANNE LUNDELL LINDSEY	PO BOX 631565	NACOGDOCHES	TX	75963	OFFSET WIO	SJ 28-7 Unit MV PA
LORELEI VON SCHILLING	4008 INWOOD ROAD	FORT WORTH	TX	76109	OFFSET WIO	SJ 28-7 Unit MV PA
MUSTANG ENERGY RESOURCES LLC	1660 LINCOLN ST #1450	DENVER	CO	80264	OFFSET WIO	SJ 28-7 Unit MV PA
ROBERT E BEAMON III	C/O JAMES R BEAMON 6140 HWY 6, SUITE 154	MISSOURI CITY	TX	77459	OFFSET WIO	SJ 28-7 Unit MV PA
ROBERT WALTER LUNDELL	2450 FONDREN STE 304	HOUSTON	TX	77063-2318	OFFSET WIO	SJ 28-7 Unit MV PA
SHARON BEAMON BURNS	200 BISCAYNE BOULEVARD WAY APT 3411	MIAMI	FL	33131	OFFSET WIO	SJ 28-7 Unit MV PA
SUSAN BEAMON PORTER	319 KNIPP FOREST	HOUSTON	TX	77024-5030	OFFSET WIO	SJ 28-7 Unit MV PA
W G PEAVY OIL COMPANY	221 WOODCREST DR	RICHARDSON	TX	75080-2038	OFFSET WIO	SJ 28-7 Unit MV PA
BOLIN RESOURCES LP	2525 KELL BLVD SUITE 510	WICHITA FALLS	TX	76308	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
BP AMERICA PRODUCTION COMPANY	PO BOX 848103	DALLAS	TX	75284-8103	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
C W BOLIN PROPERTIES LTD	4331 GLENWOOD AVE	DALLAS	TX	75205-4320	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
CHARLES W GAY	PO BOX 291445	KERRVILLE	TX	78029-1445	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
CROSS TIMBERS ENERGY LLC	400 W 7TH STREET	FT WORTH	TX	76102	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
DAVID PIERCE & MAXINE PIERCE REV TR	DAVID PIERCE & MAXINE PIERCE TTEES PO BOX 4140	FARMINGTON	NM	87499-4140	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
DIRK VANHORN REEMTSMA	556 CRESTWOOD DR	OCEANSIDE	CA	92058	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
ENDURING RESOURCES IV LLC	1050 17TH STREET SUITE 2500	DENVER	CO	80265	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
J&M RAYMOND LTD	RAYMOND & SONS I LLC GEN PARTNER PO BOX 291445	KERRVILLE	TX	78029-1445	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
LANCE REEMTSMA	2601 GRANT ST	BERKELEY	CA	94703	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
LORRAYN GAY HACKER	PO BOX 291445	KERRVILLE	TX	78029-1445	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
R L BOLIN PROPERTIES LTD	4245 KEMP BLVD #316	WICHITA FALLS	TX	76308	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
T H MCELVAIN OIL & GAS LLLP	511 16TH STREET SUITE 700	DENVER	CO	80202	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)
TAMACAM LLC	JAMES M RAYMOND AFENT & AIF PO BOX 291445	KERRVILLE	TX	78029	OFFSET WIO	SJ 29-7 Unit MV PA (Sec. 32-T29N-7W)

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A2

Submitted by: HILCORP ENERGY CO.

Hearing Date: April 4, 2019

Case Nos. 20358

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

CASE NOS. 20348 & 20349

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 NOS. 20350-20363

AFFIDAVIT

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

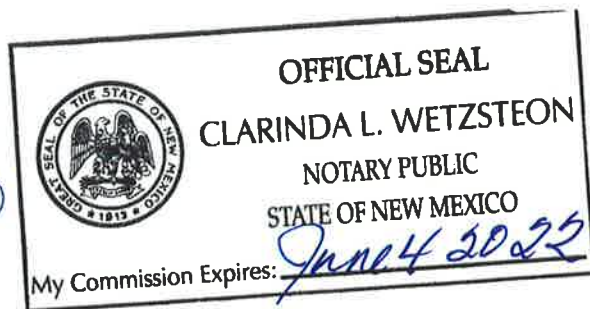
Adam G. Rankin, attorney for **Hilcorp Energy Company** the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.



Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 3rd day of April 2019 by Adam G. Rankin.


 Notary Public



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B
 Submitted by: HILCORP ENERGY CO.
 Hearing Date: April 4, 2019
 Case Nos. 20358



March 15, 2019

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.

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 April 4, 2019 and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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 Brad Pearson at (713) 289-2793.

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.

HEC 28-7 246R
CME 93904.0003
Notices for 20190404 Docket

Shipment Date: 03/14/2019

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	31
Total	31

*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

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0013 2809 62





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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
 Certified Mail
 Certified Mail Restricted Delivery
 Collect on Delivery (COD)
 Insured Mail
 Priority Mail
 Priority Mail Express
 Registered Mail
 Return Receipt for Merchandise
 Signature Confirmation
 Signature Confirmation Restricted Delivery

Affix Stamp Here
 (if issued as an international certificate of mailing or for additional copies of this receipt).
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 8380 1353 56 ✓	BOFB LTD c/o MARY J BANKS 2104 WINTER SUNDAY WAY ARLINGTON TX 76012	0.65	3.50								1.60				
2. 9214 8901 9403 8380 1353 63 ✓	BOLIN RESOURCES LP 2525 KELL BLVD SUITE 510 WICHITA FALLS TX 76308	0.65	3.50								1.60				
3. 9214 8901 9403 8380 1353 70 ✓	BP AMERICA PRODUCTION COMPANY PO BOX 448103 DALLAS TX 75284	0.65	3.50								1.60				
4. 9214 8901 9403 8380 1353 87 ✓	C W BOLIN PROPERTIES LTD 4331 G ENWOOD AVE DALLAS TX 75205	0.65	3.50								1.60				
5. 9214 8901 9403 8380 1353 94 ✓	CAROLEE SIMMONS SMITH 6704 ASHBROOK DR FORT WORTH TX 76132	0.65	3.50								1.60				
6. 9214 8901 9403 8380 1354 00 ✓	CAROLYN BEAMON TILLEY 5225 PRESTON HAVEN DALLAS TX 75229	0.65	3.50								1.60				
7. 9214 8901 9403 8380 1354 17 ✓	CB LIFELINE PARTNERSHIP 5225 PRESTON HAVEN DR DALLAS TX 75229	0.65	3.50								1.60				
8. 9214 8901 9403 8380 1354 24 ✓	CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029	0.65	3.50								1.60				
Total Number of Pieces Listed by Sender 31		Total Number of Pieces Received at Post Office 31													

Postmaster, Per (Name of receiving employee)



Firm Mailing Book For Accountable Mail

Name and Address of Sender		Check type of mail or service		Affix Stamp Here <i>(if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.</i>												
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
17.	9214 8901 9403 8380 1355 16 ✓	<input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		0.65	3.50								1.60			
18.	9214 8901 9403 8380 1355 23 ✓	LANCE REEMTMA 2801 GRANT ST BERKELEY CA 94703		0.65	3.50								1.60			
19.	9214 8901 9403 8380 1355 30 ✓	LINDA JEANNE LUNDELL LINDSEY PO BOX 631565 NACOGDOCHES TX 75963		0.65	3.50								1.60			
20.	9214 8901 9403 8380 1355 47 ✓	LORELEI VON SCHILLING 4008 INWOOD ROAD FORT WORTH TX 76109		0.65	3.50								1.60			
21.	9214 8901 9403 8380 1355 54 ✓	LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029		0.65	3.50								1.60			
22.	9214 8901 9403 8380 1355 61 ✓	MUSTANG ENERGY RESOURCES LLC 1660 LINCOLN ST #1450 DENVER CO 80264		0.65	3.50								1.60			
23.	9214 8901 9403 8380 1355 78 ✓	R L BOLIN PROPERTIES LTD 4245 KEMP BLVD #316 WICHITA FALLS TX 76308		0.65	3.50								1.60			
24.	9214 8901 9403 8380 1355 85 ✓	ROBERT E BEAMON III 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459		0.65	3.50								1.60			
Total Number of Pieces Listed by Sender				Postmaster, Per (Name of receiving employee)												
31																



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Holland & Hart LLP
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Santa Fe NM 87501

Check type of mail or service
 Adult Signature Required Priority Mail Express
 Adult Signature Restricted Delivery Registered Mail
 Certified Mail Return Receipt for Merchandise
 Certified Mail Restricted Delivery Signature Confirmation
 Collect on Delivery (COD) Signature Confirmation Restricted Delivery
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 Priority Mail

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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
25. 9214 8901 9403 8380 1356 92 ✓	ROBERT WALTER LUNDELL 2450 FONDREN STE 304 HOUSTON TX 77063	0.65	3.50							1.60			
26. 9214 8901 9403 8380 1356 08 ✓	SHARON BEAMON BURNS 200 BISCAYNE BOULEVARD WAY APT 3411 MIAMI FL 33131	0.65	3.50							1.60			
27. 9214 8901 9403 8380 1356 15 ✓	SUSAN BEAMON PORTER 319 KNIPP FOREST HOUSTON TX 77024	0.65	3.50							1.60			
28. 9214 8901 9403 8380 1356 22 ✓	T H MCELVAIN OIL & GAS LLLP 511 16TH STREET SUITE 700 DENVER CO 80202	0.65	3.50							1.60			Special Handling
29. 9214 8901 9403 8380 1356 39 ✓	TAMACAM LLC PO BOX 291445 KEYSVILLE TX 78029	0.65	3.50							1.60			Signature Confirmation Restricted Delivery
30. 9214 8901 9403 8380 1356 46 ✓	U S BLM Farmington Field Office 6251 College Blvd Suite A FARMINGTON NM 87402	0.65	3.50							1.60			Signature Confirmation
31. 9214 8901 9403 8380 1356 53 ✓	W G PEAVY OIL COMPANY 221 WOODCREST DR RICHARDSON TX 75060	0.65	3.50							1.60			Signature Confirmation Restricted Delivery

Handling Charge - if Registered and over \$50,000 in value

Adult Signature Required

Adult Signature Restricted Delivery

Restricted Delivery

Return Receipt

Signature Confirmation

Signature Confirmation Restricted Delivery

Postmaster, Per (Name of receiving employee)

Total Number of Pieces Listed by Sender: 31

Total Number of Pieces Received at Post Office: 31

PS Form 3877, April 2015 (Page 4 of 4) Complete in Ink Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy.
 PSN 7530-02-000-9098



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Santa Fe NM 87501

Check type of mail or service
 Adult Signature Required
 Adult Signature Restricted Delivery
 Certified Mail
 Certified Mail Restricted Delivery
 Collect on Delivery (COD)
 Insured Mail
 Priority Mail

Priority Mail Express
 Registered Mail
 Return Receipt for Merchandise
 Signature Confirmation
 Signature Confirmation Restricted Delivery

Postage (Extra Service) Fee: 3.50
 Insured Value: _____
 Handling Charge: _____
 Actual Value if Registered: _____
 Due Sender if COD: _____
 ASR Fee: _____
 ASRD Fee: _____
 RD Fee: _____
 RR Fee: 1.60
 SC Fee: _____
 SCRD Fee: _____
 SH Fee: _____

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
9. 9214 8901 9403 8380 1354 31 ✓	CLAUDIA MARCIA LUNDELL GILMER 723 W UNIVERSITY AVE STE 300-371 GEORGETOWN TX 78626	0.65	3.50								1.60			
10. 9214 8901 9403 8380 1354 48 ✓	GROSS TIMBERS ENERGY LLC 400 W 7TH STREET FT WORTH TX 76102	0.65	3.50								1.60			
11. 9214 8901 9403 8380 1354 55 ✓	DAVID PIERCE & MAXINE PIERCE REV TR PO BOX 4140 FARMINGTON NM 87499	0.65	3.50								1.60			
12. 9214 8901 9403 8380 1354 62 ✓	DIRK VANHORN REEMTSM 556 CRESTWOOD DR OCEANSIDE CA 92058	0.65	3.50								1.60			
13. 9214 8901 9403 8380 1354 79 ✓	DUGAN PRODUCTION CORP PO BOX 420 FARMINGTON NM 87499	0.65	3.50								1.60			
14. 9214 8901 9403 8380 1354 86 ✓	ENDURING RESOURCES IV LLC 1050 17TH STREET SUITE 2500 DENVER CO 80265	0.65	3.50								1.60			
15. 9214 8901 9403 8380 1354 93 ✓	J&M RAYMOND LTD PO BOX 291445 MERRVILLE TX 78029	0.65	3.50								1.60			
16. 9214 8901 9403 8380 1355 09 ✓	JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459	0.65	3.50								1.60			
Total Number of Pieces Listed by Sender 31		Postmaster, Per (Name of receiving employee)												

HEC 28-7 246E POSTAL STATUS REP

Recipient	Status
CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
CLAUDIA MARCIA LUNDELL GILMER 723 W UNIVERSITY AVE STE 300-371 GEORGETOWN TX 78626	Delivered Signature Received
CROSS TIMBERS ENERGY LLC 400 W 7TH STREET FT WORTH TX 76102	Delivered Signature Received
DAVID PIERCE & MAXINE PIERCE REV TR PO BOX 4140 FARMINGTON NM 87499	Delivered Signature Received
DIRK VANHORN REEMTSMA 556 CRESTWOOD DR OCEANSIDE CA 92058	Delivered Signature Received
DUGAN PRODUCTION CORP PO BOX 420 FARMINGTON NM 87499	Delivered Signature Received
ENDURING RESOURCES IV LLC 1050 17TH STREET SUITE 2500 DENVER CO 80265	Delivered Signature Received
J&M RAYMOND LTD PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459	Delivered Signature Received
JUNE SIMMONS LIVELY 3529 BELLAIRE DR N FORT WORTH TX 76109	Delivered Signature Received
LANCE REEMTSMA 2601 GRANT ST BERKELEY CA 94703	In-Transit
LINDA JEANNE LUNDELL LINDSEY PO BOX 631565 NACOGDOCHES TX 75963	Delivered Signature Received
LORELEI VON SCHILLING 4008 INWOOD ROAD FORT WORTH TX 76109	Delivered Signature Received
LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
MUSTANG ENERGY RESOURCES LLC 1660 LINCOLN ST #1450 DENVER CO 80264	Delivered Signature Received
R L BOLIN PROPERTIES LTD 4245 KEMP BLVD #316 WICHITA FALLS TX 76308	Delivered Signature Received
ROBERT E BEAMON III 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459	Delivered Signature Received
ROBERT WALTER LUNDELL 2450 FONDREN STE 304 HOUSTON TX 77063	Delivered Signature Received
SHARON BEAMON BURNS 200 BISCAYNE BOULEVARD WAY APT 3411 MIAMI FL 33131	Delivered Signature Received
SUSAN BEAMON PORTER 319 KNIPP FOREST HOUSTON TX 77024	Delivered Signature Received
T H MCELVAIN OIL & GAS LLLP 511 16TH STREET SUITE 700 DENVER CO 80202	Delivered Signature Received
TAMACAM LLC PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
U S BLM Farmington Field Office 6251 College Blvd Suite A FARMINGTON NM 87402	Delivered Signature Received
W G PEAVY OIL COMPANY 221 WOODCREST DR RICHARDSON TX 75080	Delivered Signature Received
BOFB LTD c/o MARY J BANKS 2104 WINTER SUNDAY WAY ARLINGTON TX 76012	Delivered Signature Received
BOLIN RESOURCES LP 2525 KELL BLVD SUITE 510 WICHITA FALLS TX 76308	Delivered Signature Received
BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284	Delivered Signature Received
C W BOLIN PROPERTIES LTD 4331 GLENWOOD AVE DALLAS TX 75205	In-Transit
CAROLEE SIMMONS SMITH 6704 ASHBROOK DR FORT WORTH TX 76132	Delivered Signature Received
CAROLYN BEAMON TILLEY 5225 PRESTON HAVEN DALLAS TX 75229	Delivered Signature Received
CB LIFELINE PARTNERSHIP 5225 PRESTON HAVEN DR DALLAS TX 75229	Delivered Signature Received

Affidavit of Publication

State of New Mexico
County of Rio Arriba

I, Robert Trapp, 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

Publisher's Bill

184 lines one time at \$128.80

_____ lines _____ times at _____

Affidavit \$5.00

Subtotal \$133.80

Tax \$11.94

Total \$145.74

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

21 day of March, 2019

and the last publication on the 21 day of

March, 2019 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.

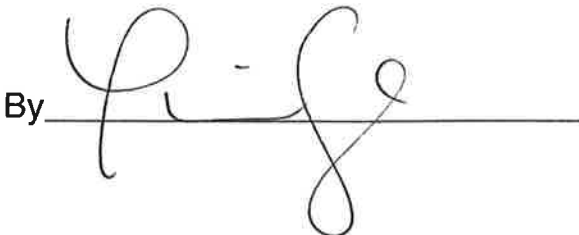



Publisher

Subscribed and sworn to before me this 21 day of March A.D. 2019

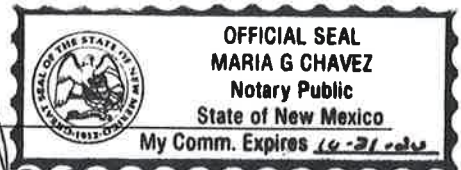
Payment received at Rio Grande SUN

Date March, 18 2019

By 



Maria G. Chavez/Notary Public
My commission expires 21 October 2020



**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 **April 4, 2019**, 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 **March 25, 2019**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

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

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

To: ALL WORKING INTEREST OWNERS IN THE SUBJECT SPACING UNIT AND OFF-SETTING OPERATORS OR LEASED MINERAL INTEREST OWNERS, INCLUDING: BOFB LTD

**c/o MARY J. BANKS;
CAROLEE SIMMONS
SMITH, HER HEIRS AND
DEVISEES; CAROLYN
BEAMON TILLEY, HER
HEIRS AND DEVISEES;
CB LIFELINE PARTNER-
SHIP; CLAUDIA MAR-
CIA LUNDELL GILMER,
HER HEIRS AND DE-
VISEES; DUGAN PRO-
DUCTION CORP;
JAMES R. BEAMON,
HIS HEIRS AND DE-
VISEES; JUNE SIM-**

**MONS LIVELY, HER
HEIRS AND DEVISEES;
LINDA JEANNE LUN-
DELL LINDSEY, HER
HEIRS AND DEVISEES;
LORELEI VON
SCHILLING, HER HEIRS
AND DEVISEES; MUS-
TANG ENERGY RE-
SOURCES LLC;
ROBERT E. BEAMON,
III, HIS HEIRS AND DE-
VISEES; ROBERT WAL-
TER LUNDELL, HIS
HEIRS AND DEVISEES;
SHARON BEAMON
BURNS, HER HEIRS
AND DEVISEES; SUSAN
BEAMON PORTER, HER
HEIRS AND DEVISEES;
W. G. PEAVY OIL COM-
PANY; BOLIN RE-
SOURCES LP; BP
AMERICA PRODUC-
TION COMPANY; C. W.
BOLIN PROPERTIES
LTD; CHARLES W. GAY,
HIS HEIRS AND DE-
VISEES; CROSS TIM-
BERS ENERGY LLC;
DAVID PIERCE & MAX-
INE PIERCE REV TR;
DIRK VANHORN REE-
MTSMA, HIS HEIRS
AND DEVISEES; EN-
DURING RESOURCES
IV LLC; J&M RAYMOND
LTD; LANCE REE-
MTSMA, HIS HEIRS
AND DEVISEES; LOR-
RAYN GAY HACKER,
HER HEIRS AND DE-
VISEES; R. L. BOLIN
PROPERTIES LTD; T. H.
MCELVAIN OIL & GAS
LLLP; TAMACAM LLC;
UNITED STATES BUR-
EAU OF LAND MAN-
AGEMENT, FARMING-
TON FIELD OFFICE.**

**CASE 20358: Applica-
tion of Hilcorp Energy
Company for an Excep-
tion to the Well Density
Requirements of the
Special Rules and Reg-
ulations 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 re-
quirements 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 complete and
simultaneously produce
five Mesaverde gas wells
in the same standard 320-
acre, more or less, spa-
cing and proration unit,
with three wells in the
same quarter section and
two in the same quarter-
quarter section. Hilcorp
further seeks approval for
the proposed location of
the **San Juan 28-7 Unit
246E Well** (API No. 30-
039-22360) in the
Mesaverde formation with
a surface location in Unit
N of the S/2 of Section 8,
Township 28 North,
Range 7 West, NMPM,
Rio Arriba County, New
Mexico, and authoriza-
tion to simultaneously
complete and produce the
**San Juan 28-7 Unit 246E
Well** from the Blanco-
Mesaverde Gas Pool.
Said area is located ap-
proximately 28 miles east
of Bloomfield, NM.
(Published March 21,
2019)**

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 BLANCO-MESAVERDE GAS POOL,
RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NO. 20358

AFFIDAVIT OF TYLER TEYKL IN SUPPORT OF CASE NO. 20358

Tyler Teykl, being of lawful age and duly sworn, declare as follows:

1. My name is Tyler Teykl. 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. I graduated from Purdue University in 2012 with a Bachelor of Science in chemical engineering and from Harvard University in 2017 with a Master’s in Business Administration. From 2012 to 2015, I worked as a construction engineer for major oil and gas projects and companies in the Middle East, Indonesia, and on the North Slope of Alaska. My responsibilities included overseeing oil and gas infrastructure and development projects in production and processing facilities. In 2017, I started working for Hilcorp as an onshore operations engineer in the Texas Gulf Coast region, managing completions, workovers and facility installation projects. Currently, I am a reservoir engineer for the San Juan Basin. My responsibilities include identifying and executing development projects for new drills and recompletions of overlooked opportunities, and to manage the plan of development within the Mesaverde reservoir. My curriculum vitae is attached as **Exhibit C-1**.

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, I used a decline curve analysis of 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. 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.

5. **Exhibit C-2** contains information relating to the subject spacing unit and the **San Juan 28-7 Unit 246E Well** (API No. 30-039-22360) in Unit N of the S/2 of Section 8, Township 28 North, Range 7 West, which is the well Hilcorp proposes for simultaneous dedication within the Blanco-Mesaverde Gas Pool in this application. It is currently producing within the Dakota formation. It will be the third Mesaverde completion in the quarter section in the spacing unit. I anticipate that it will help drain the area to the northeast.

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

7. **Exhibit C-4** is a map depicting the calculated estimated ultimate recovery (EUR) from the Blanco-Mesaverde Gas Pool and drainage radius. The larger radius circles reflect wells

with higher EURs and larger drainage areas. The red star identifies the location of the subject well where there is relatively low EURs and the drainage radii are smaller.

8. **Exhibit C-5** is a map depicting calculated remaining recoverable gas. The cooler colors indicate areas where there is relatively less remaining recoverable gas. The warmer colors reflect areas where there is relatively more remaining recoverable gas. The red star identifies the location of the subject well in an area where we calculate that there is relatively considerable remaining recoverable gas and relatively low EURs under the existing well density.

9. **Exhibit C-6** is a table that supports this volumetric analysis. The first column titled "Volumetric OGIP" reflects the calculated volumetric original gas in place on a quarter section, section, and nine-section area basis around the subject spacing unit. The column titled "Section Equivalent OGIP" shows the estimated gas in place to show that the estimates are consistent across the area. The column titled "CTD/RF%" shows the cumulative gas production to date on a quarter section, section, and nine-section area basis and the calculated recovery factor. The column titled "Remaining GIP" shows the estimated remaining gas in place on a quarter section, section, and nine-section area basis. The last column titled "EUR/RF%" shows the estimated ultimate gas recovery and recovery factor calculated on a quarter section, section, and nine-section area basis.

10. I would expect recovery factors of approximately 70-85% in a gas pool of this type. The low recovery factors in Exhibit C-6 indicate that the 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.

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

12. 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.


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

FURTHER AFFIANT SAYETH NAUGHT.


Tyler Teykl

STATE OF TEXAS)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 3rd day of April, 2019 by Tyler Teykl.


NOTARY PUBLIC

My Commission Expires:

02/08/2023

Tyler Teykl

Business Address
1111 Travis Street
Houston, TX 77002

tteykl@hilcorp.com
281.682.8122

Personal Address
8914 Live Oak Grove Lane
Houston, TX 77080

Experience

2019-Present **HILCORP ENERGY COMPANY** **HOUSTON, TX**

Reservoir Engineer

San Juan Basin

- Identify, quantify, and execute oil and gas development and exploitation projects through evaluation of new drill, recomplete, and bypassed pay opportunities.
- Manage plan of development for Mesaverde reservoir. Monitor and optimize well production.

2017-2018

Operations Engineer

Texas Gulf Coast Onshore

- Managed completion, workover, and facilities installation projects within asset area.
- Maximized hydrocarbon production and operating profits through monitoring production, identifying opportunities, and executing operating projects. Oversaw production systems operations including all facilities and flowlines. Planned and implemented artificial lift processes.

summer 2016

MCKINSEY & COMPANY

HOUSTON, TX

Summer Associate

Performed marketing analyses for multinational telecommunications corporation. Developed recommendations to construct an integrated marketing portfolio to maximize return on investment across all consumer businesses.

- Identified \$200 million in potential savings through implementation of standardized allocation and operations.

2013-2015

EXXONMOBIL DEVELOPMENT COMPANY

ANCHORAGE, AK

Construction Engineer

Developed, implemented, and managed multiple construction execution plans for the \$4.3 billion natural gas project of the Point Thomson Unit field on the North Slope of Alaska.

Strategic Planning

- Oversaw integrated project schedule for the completion of infrastructure, pipeline, and logistics projects.
- Managed the allocation of 800 people to direct work activities between prime contractor and 23 subcontractors.
- Executed capital efficient recovery plans on remote site with significant Arctic logistics challenges.

Project Management

- Supervised on-site facilities construction team, provided resolution of technical issues, and interfaced between engineering, business services, and project leadership.
- Coordinated with international teams to prepare integration plan for South Korea and Alaska work scopes.

2012-2013

Construction Engineer

HOUSTON, TX

Drove implementation of construction management planning, processes, and deliverables to Middle East and Southeast Asia for major oil and gas production and processing projects in Qatar, UAE, Iraq, and Indonesia.

Team Leadership

- Led contractor construction team for infrastructure work scopes valued at \$200 million during design and pre-contract award. Engaged in drawing reviews, constructability oversight, subcontract bid process and evaluation, and interface between ExxonMobil and contractor engineering.

Consulting Projects

- Created optimization plan for equipment installation through metric tracking, local contractor engagement, and work flow mapping.
- Conducted independent project assessments and verification activities for four major upstream capital projects with international teams focusing on safety, cost, and schedule performance and generated action plans.

Education

2015-2017

HARVARD BUSINESS SCHOOL

BOSTON, MA

Master of Business Administration.

2008-2012

PURDUE UNIVERSITY

WEST LAFAYETTE, IN

Bachelor of Science degree *with Distinction* in Chemical Engineering.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

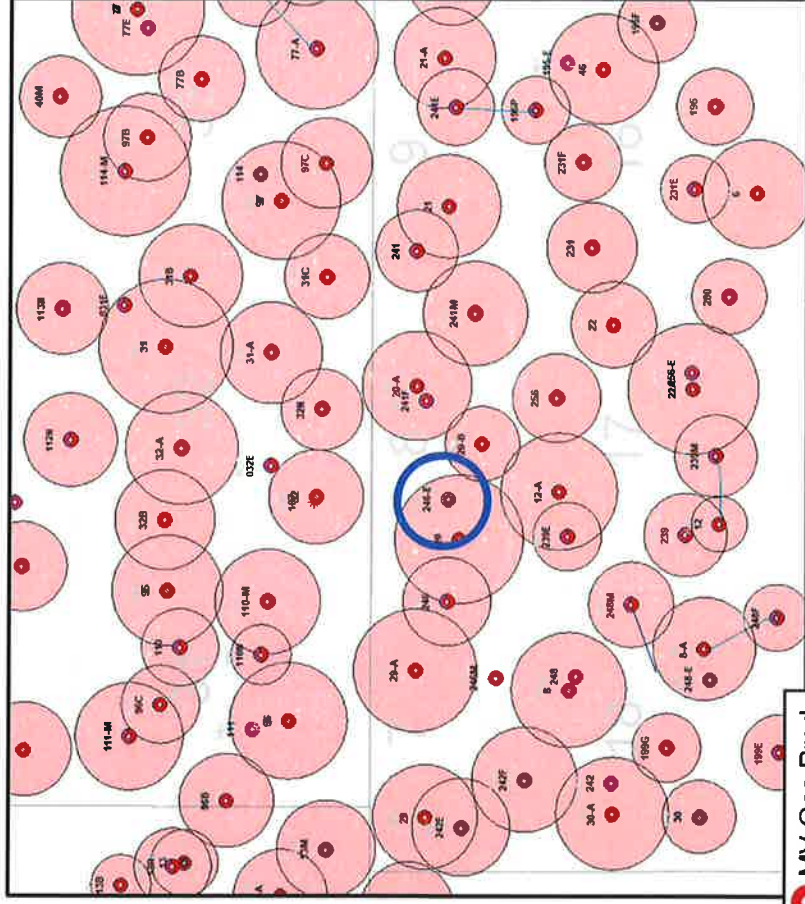
Exhibit No. C1

Submitted by: **HILCORP ENERGY CO.**

Hearing Date: April 4, 2019

Case Nos. 20358

San Juan 28-7 Unit 246E

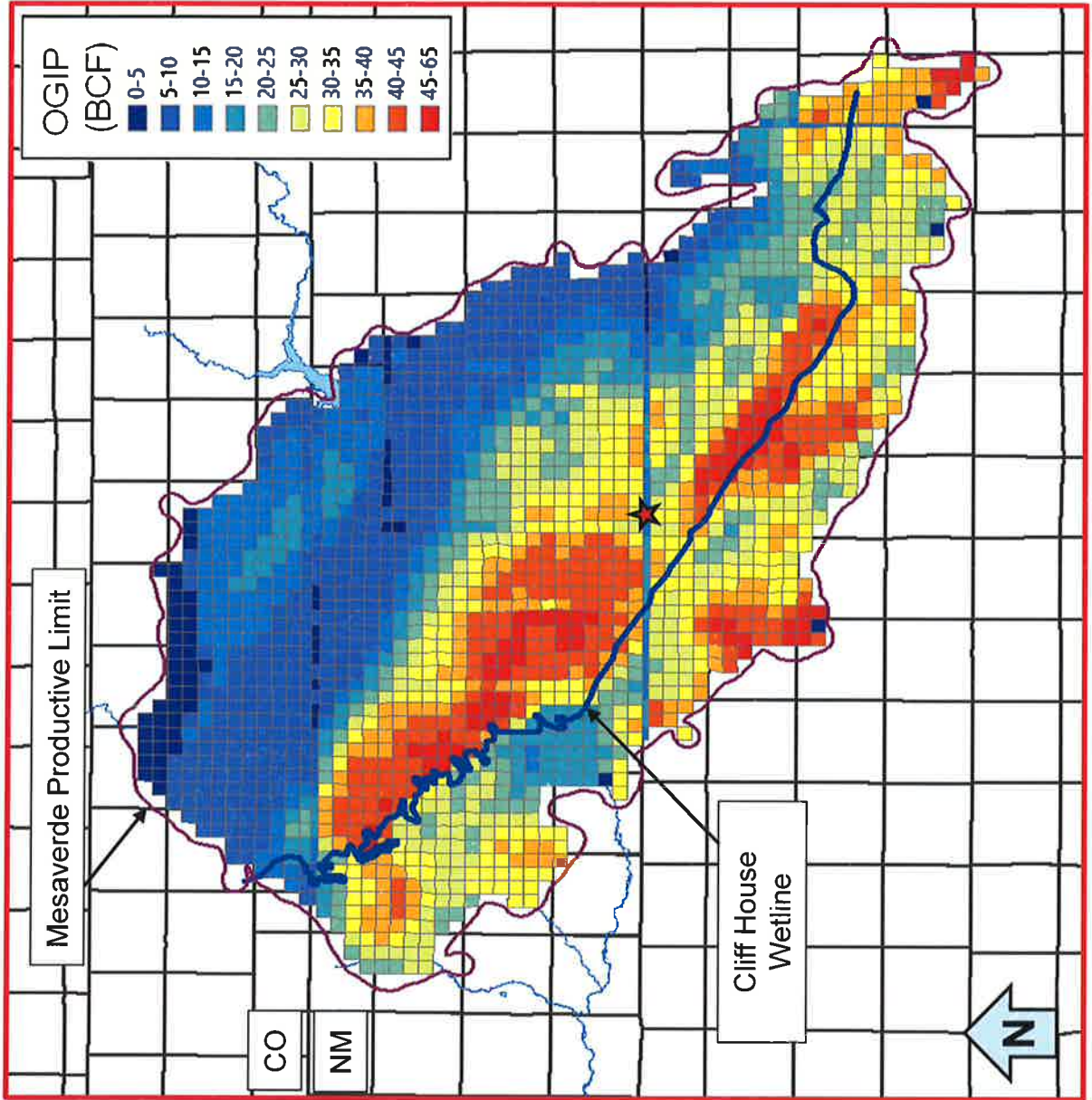


Well Specifics

- SW8 28-7 3003922360 1981 drill
- 3rd MV completion in 1/4 section
- 760' from nearest MV producer
- Help drain area to the northeast
- Complete MV in 3 stages



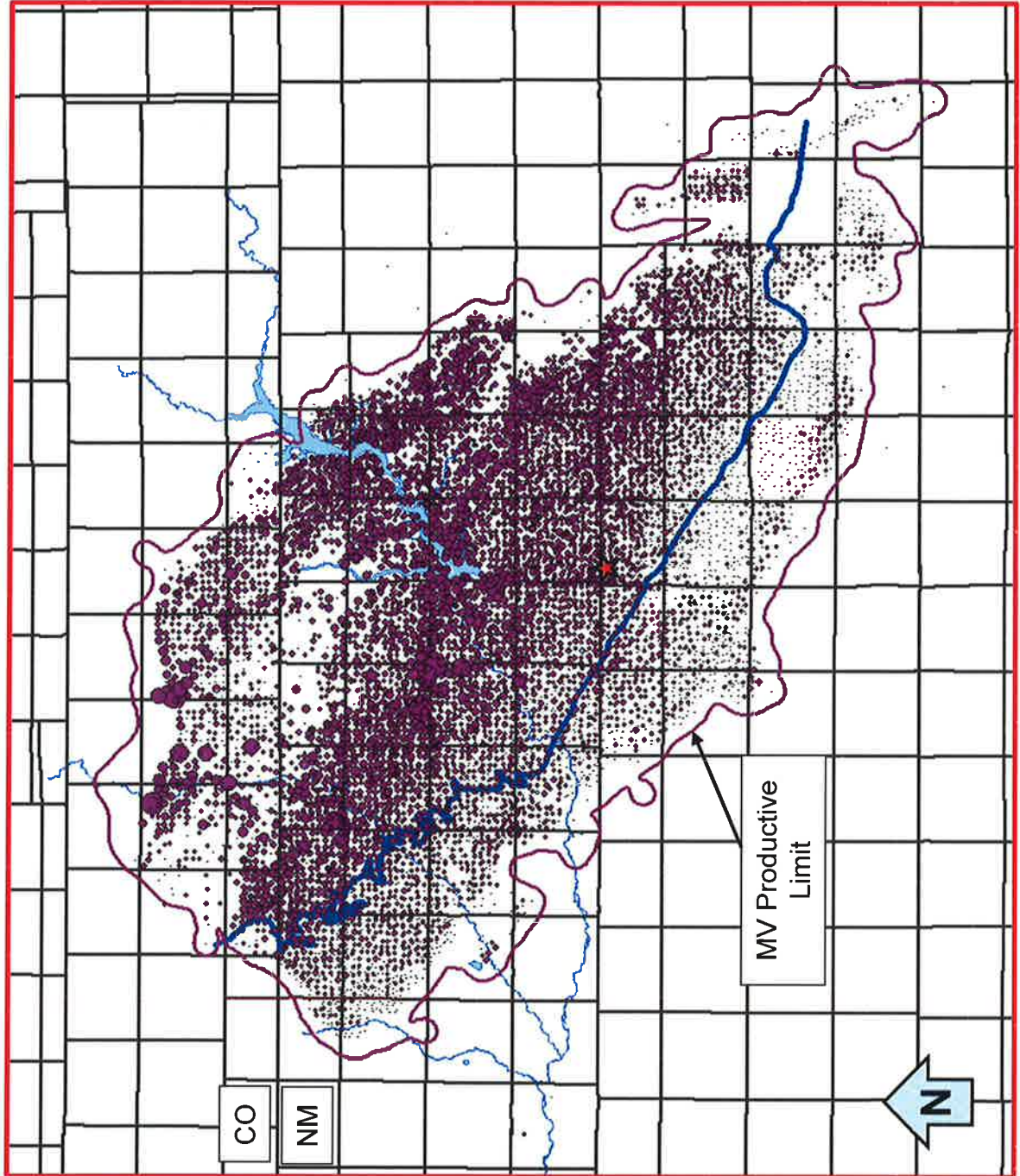
MV Original Gas In Place



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C3
Submitted by: HILCORP ENERGY CO.
Hearing Date: April 4, 2019
Case Nos. 20358



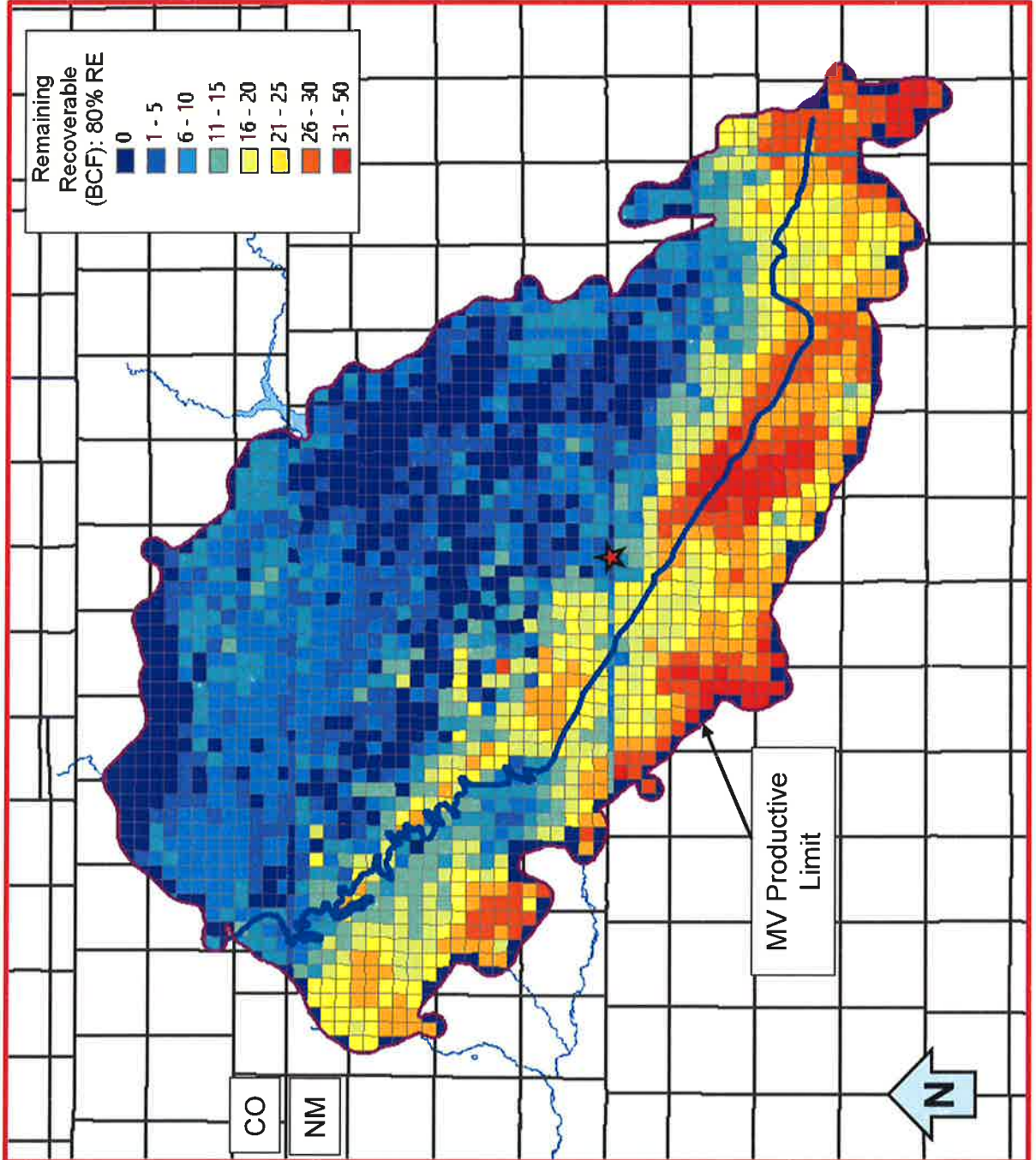
MV EUR and Drainage Radius



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C4
Submitted by: HILCORP ENERGY CO.
Hearing Date: April 4, 2019
Case Nos. 20358



MV Remaining Recoverable Gas



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C5
Submitted by: HILCORP ENERGY CO.
Hearing Date: April 4, 2019
Case Nos. 20358

San Juan 28-7 Unit 246E



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	7.87 Bcf	31.5 Bcf	4.33 Bcf / 55%	3.54 Bcf	7.11 Bcf / 90%
Section	15.3 Bcf	30.6 Bcf	7.91 Bcf / 52%	7.42 Bcf	12.51 Bcf / 82%
9 Section	285 Bcf	31.6 Bcf	120 Bcf / 42%	165 Bcf	168 Bcf / 59%

- Remaining Gas in Place in Quarter Section of 3.54 Bcf
- Cumulative Recovery Factor to Date 55% and 52% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore