

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 2, 2019**

CASE No. 20432

SAN JUAN 28-5 UNIT 45 WELL



**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. 20432

AFFIDAVIT OF CHARLES CREEKMORE IN SUPPORT OF CASE NO. 20432

I, Charles Creekmore, being of lawful age and duly sworn, declare as follows:

1. My name is Charles Creekmore. I work for Hilcorp Energy Company ("Hilcorp") as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Hilcorp in this case, and I am familiar with the status of the lands in the subject areas.
4. None of the affected parties in this case has indicated opposition, and therefore I do not expect any opposition at the hearing.
5. Hilcorp seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool to permit it to complete and simultaneously produce three Mesaverde gas wells in the same quarter section for a total of five Mesaverde gas wells within the same standard 344.74-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 344.74-acre, more or less, spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the N/2 of Section 36, Township 28 North, Range 5 West, Rio Arriba County, New Mexico, in which the following four wells are currently completed and producing:

- a. San Juan 28-5 Unit 47 Well (API No. 30-039-07280) Sec. 36, T28N, R5W (Unit B);
- b. San Juan 28-5 Unit 45M Well (API No. 30-039-25665), Sec. 36, T28N, R5W (Unit E);
- c. San Juan 28-5 Unit 45N Well (API No. 30-039-27754), Sec. 36, T28N, R5W (Unit C); and
- d. San Juan 28-5 Unit 74N Well (API No. 30-039-30571), Sec. 36, T28N, R5W, with a surface location in Unit G and a bottom-hole location in Unit H.

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 28-5 Unit 45 Well** (API No. 30-039-20063), Sec. 36, T28N, R5W (Unit G).

9. This will be the fifth well within the same spacing unit with three wells in the same 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 28-5 Unit 45 Well** (API No. 30-039-20063) within the N/2 of Section 36, Township 28 North, Range 5 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.

11. The proposed simultaneous dedication of the **San Juan 28-5 Unit 45 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 may own 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 N/2 of Section 36, Township 28 North, Range 5 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 28-5 Unit 45 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.

Charles Creekmore

Charles Creekmore

STATE OF TEXAS)
COUNTY OF Harris)

SUBSCRIBED and SWORN to before me this 29th day of April, 2019 by Charles Creekmore.

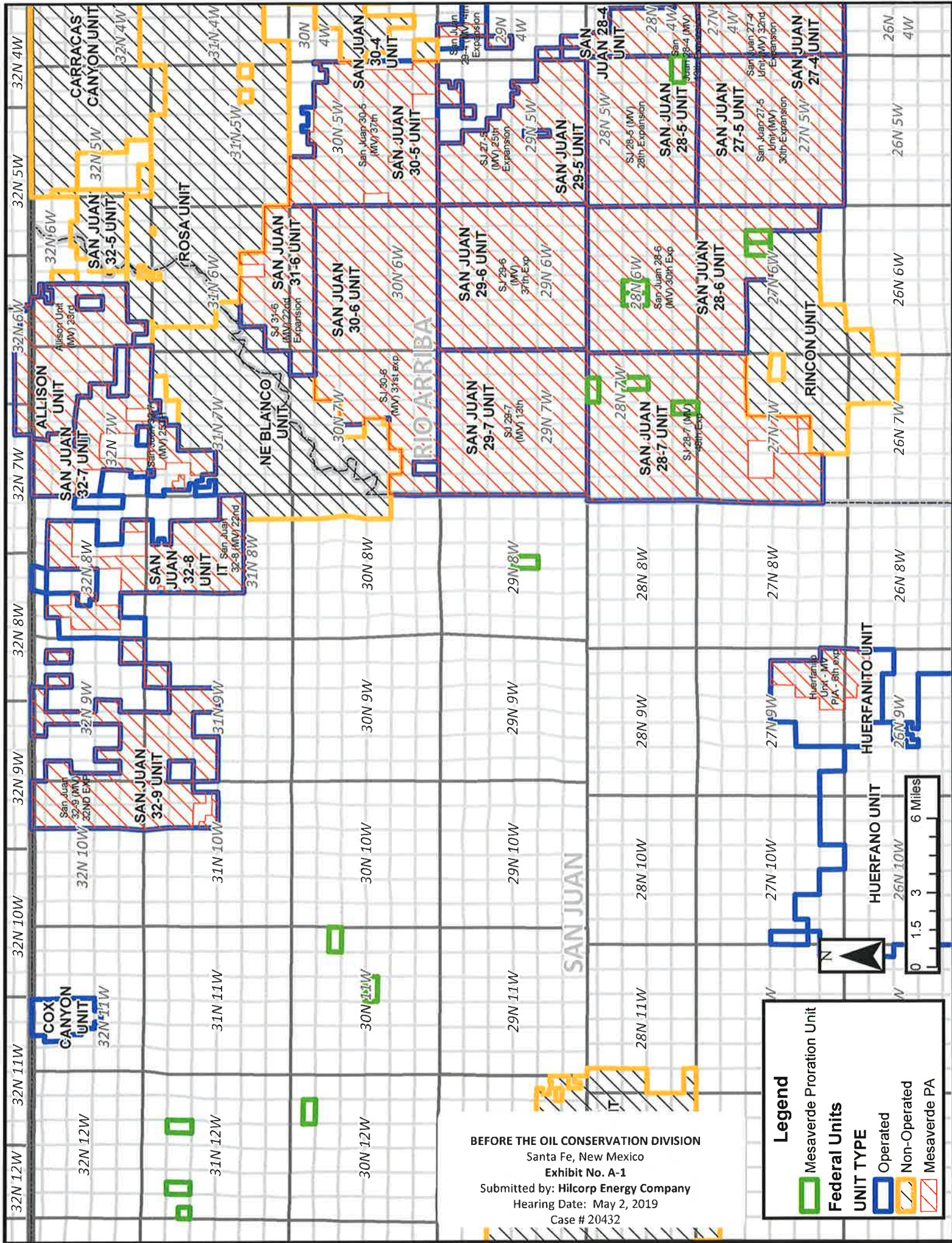
[Signature]

NOTARY PUBLIC

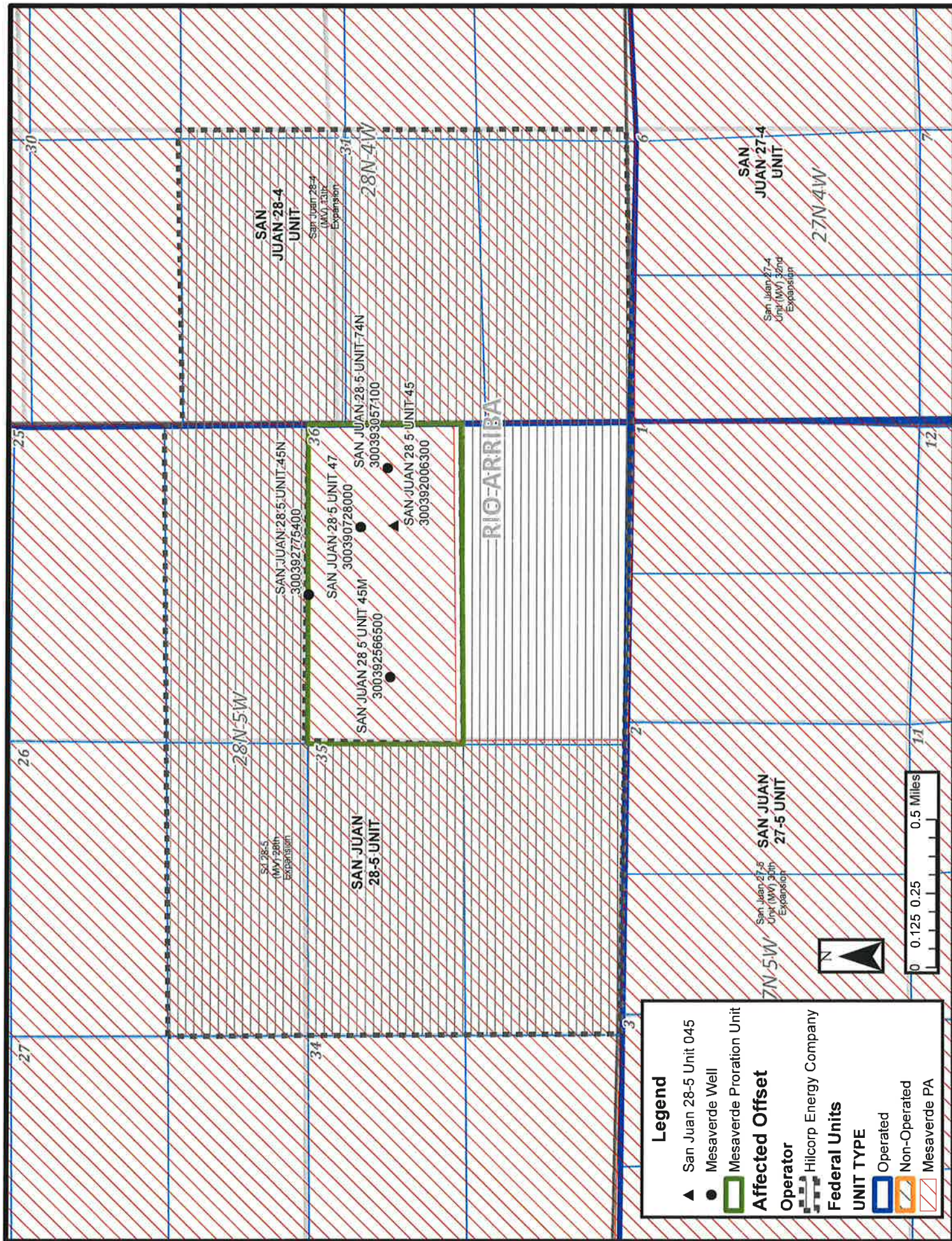
My Commission Expires:

02/08/2023





BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-1
Submitted by: Hilcorp Energy Company
Hearing Date: May 2, 2019
Case # 20432



Legend

- ▲ San Juan 28-5 Unit 045
- Mesaverde Well
- Mesaverde Proration Unit

Affected Offset

Operator

- Hilcorp Energy Company

Federal Units

UNIT TYPE

- Operated
- Non-Operated
- Mesaverde PA

BA	Name	Address	City	State	Zip Code	Remarks
1034107	ROY G & OPAL BARTON SR REV TR	ROY G BARTON JR TRUSTEE 1919 NORTH TURNER	HOBBS	NM	88240-2712	WIO
1038024	PROVIDENCE MINERALS LLC	16400 NORTH DALLAS PKWY STE 400	DALLAS	TX	75248	WIO
1075302	JABCO LLP	PO BOX 840738	DALLAS	TX	75284-0738	WIO
1113652	CROSS TIMBERS ENERGY LLC	C/O DRILLINGINFO MAIL PO BOX 161987	AUSTIN	TX	78716	WIO
1138927	DUGAN PRODUCTION CORP	PO BOX 420	FARMINGTON	NM	87499	WIO
1139405	T H MCELVAIN OIL & GAS LLLP	511 16TH STREET SUITE 700	DENVER	CO	80202	WIO
1139415	TAMACAM LLC	JAMES M RAYMOND AFENT & AIF PO BOX 291445	KERRVILLE	TX	78029	WIO
1139481	LORRAYN GAY HACKER	PO BOX 291445	KERRVILLE	TX	78029-1445	WIO
1139496	J&M RAYMOND LTD	RAYMOND & SONS I LLC GEN PARTNER PO BOX 291445	KERRVILLE	TX	78029-1445	WIO
1139563	RUTH ZIMMERMAN TRUST	XAN WILLIAMS TRUSTEE 1513 HERITAGE PL	MCPHERSON	KS	67460	WIO
1139591	CHARLES W GAY	PO BOX 291445	KERRVILLE	TX	78029-1445	WIO
1142895	TINMIL A NM LLC	1331 PARK AVE SW UNIT 1403	ALBUQUERQUE	NM	87102	WIO
1142896	THOMAS P TINNIN	2303 CANDELARIA RD NW	ALBUQUERQUE	NM	87107	WIO
1143832	MAR OIL & GAS CORPORATION	PO BOX 5155	SANTA FE	NM	87502	WIO
1143935	NAVATEX ENERGY LP	PO DRAWER 2188	ROSWELL	NM	88202	WIO
1144803	LANGDON D HARRISON REVOC TRUST B	JACQUELINE M HARRISON SUCC TRUSTEE PO DRAWER 2188	ROSWELL	NM	88202	WIO
1145055	VAUGHAN-MCELVAIN ENERGY INC	PO BOX 970	KENNETT	PA	19348	WIO
1145056	MCELVAIN OIL COMPANY	DAVID P MCELVAIN PO BOX 801888	DALLAS	TX	75380-1888	WIO
1146870	RIO ARIBAGAS LTD	4925 GREENVILLE AVE STE 900	DALLAS	TX	75206	WIO
1146871	RIO ARIBA LIMITED PARTNERSHIP	3270 N COLORADO ST SUITE 201	CHANDLER	AZ	85225-1165	WIO
1066712	BP AMERICA PRODUCTION COMPANY	PO BOX 848103	DALLAS	TX	75284-8103	OFFSET

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: Hilcorp Energy Company

Hearing Date: May 2, 2019

Case # 20432

**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 NOS. 20432-20439


AFFIDAVIT

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

Adam G. 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.

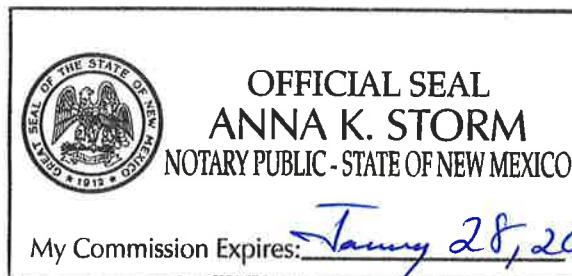

Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 1st day of May 2019 by Adam G. Rankin.


Notary Public

My Commission Expires:

January 28, 2023
12438941_1



HOLLAND & HART



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

April 12, 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 May 2, 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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-1
Submitted by: **Hilcorp Energy Company**
Hearing Date: May 2, 2019
Case # 20432

5.59



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.

SJ 28-5 Unit 45 - OCD 20432
HEC CM#93904.0003

Shipment Date: 04/11/2019

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	21
Total	21

*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 8092 55





Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <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										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
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2. 9214 8901 9403 8381 3228 78		PROVIDENCE MINERALS LLC 16400 NORTH DALLAS PKWY STE 400 DALLAS TX 75248										0.49	3.50								1.60			
3. 9214 8901 9403 8381 3228 85		JABCO LLP PO BOX 840738 DALLAS TX 75284-0738										0.49	3.50							1.60				
4. 9214 8901 9403 8381 3228 92		CROSS TIMBERS ENERGY LLC C/O DRILLING INFO MAIL PO BOX 161987 AUSTIN TX 78716										0.49	3.50							1.60				
5. 9214 8901 9403 8381 3229 08		DUGAN PRODUCTION CORP PO BOX 420 FARMINGTON NM 87439										0.49	3.50							1.60				
6. 9214 8901 9403 8381 3229 15		T H MCELVAIN OIL & GAS LLLP 511 16TH STREET SUITE 700 DENVER CO 80202										0.49	3.50							1.60				
7. 9214 8901 9403 8381 3229 22		TAMACAM LLC JAMES M RAYMOND AFENT & AIF PO BOX 291445 KERRVILLE TX 78029										0.49	3.50							1.60				
8. 9214 8901 9403 8381 3229 39		LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029-1445										0.49	3.50							1.60				
Total Number of Pieces Listed by Sender 21		Postmaster, Per (Name of receiving employee)																						



Firm Mailing Book For Accountable Mail

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USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage		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	
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10. 9214 8901 9403 8381 3229 53		RUTH ZIMMERMAN TRUST XAN WILLIAMS TRUSTEE 1313 HERITAGE PL MCPHERSON KS 67460		0.49		3.50														1.60							
11. 9214 8901 9403 8381 3229 60		CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029-1445		0.49		3.50														1.60							
12. 9214 8901 9403 8381 3229 77		TIMMIL A NW LLC 1331 PARK AVE SW UNIT 1403 ALBUQUERQUE NM 87102		0.49		3.50														1.60						Special Handling	
13. 9214 8901 9403 8381 3229 84		THOMAS P TINNIN 2303 CANDELARIA RD NW ALBUQUERQUE NM 87107		0.49		3.50														1.60						Signature Confirmation	
14. 9214 8901 9403 8381 3229 91		MAR OIL & GAS CORPORATION PO BOX 5155 SANTA FE NM 87502		0.49		3.50														1.60						Signature Confirmation Restricted Delivery	
15. 9214 8901 9403 8381 3230 04		NAVATEX ENERGY LP PO DRAWER 2188 ROSWELL NM 88202		0.49		3.50														1.60							
16. 9214 8901 9403 8381 3230 11		LANGDON D HARRISON REVOC TRUST B JACQUELINE M HARRISON SUCC TRUSTEE PO DRAWER 2188 ROSWELL NM 88202		0.49		3.50														1.60							
Total Number of Pieces Listed by Sender 21		Total Number of Pieces Received at Post Office		Postmaster, Per (Name of receiving employee)																							



Firm Mailing Book For Accountable Mail

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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 8381 3230 28		VAUGHAN-MCELVAIN ENERGY INC PO BOX 970 KENNETT SQUARE PA 19348		0.49	3.50								1.60			
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19. 9214 8901 9403 8381 3230 42		RIO ARIBAGAS LTD 4925 GREENVILLE AVE STE 900 DALLAS TX 75206		0.49	3.50								1.60			
20. 9214 8901 9403 8381 3230 59		RIO ARIBA LIMITED PARTNERSHIP 3270 N COLORADO ST SUITE 201 CHANDLER AZ 85225-1165		0.49	3.50								1.60			
21. 9214 8901 9403 8381 3230 66		BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284-8103		0.49	3.50								1.60			
Total Number of Pieces Listed by Sender 21		Total Number of Pieces Received at Post Office 21		Postmaster, Per (Name of receiving employee)												

Barcode	Recipient	Status
9.21489E+21	ROY G & OPAL BARTON SR REV TR ROY G BARTON JR TRUSTEE 1919 NORTH TURNER HOBBS NM 88240-2712	Delivered Signature Received
9.21489E+21	PROVIDENCE MINERALS LLC 16400 NORTH DALLAS PKWY STE 400 DALLAS TX 75248	Delivered Signature Received
9.21489E+21	JABCO LLP PO BOX 840738 DALLAS TX 75284-0738	Delivered Signature Received
9.21489E+21	CROSS TIMBERS ENERGY LLC C/O DRILLING INFO MAIL PO BOX 161987 AUSTIN TX 78716	In-Transit
9.21489E+21	DUGAN PRODUCTION CORP PO BOX 420 FARMINGTON NM 87499	Delivered Signature Received
9.21489E+21	T H MCELVAIN OIL & GAS LLLP 511 16TH STREET SUITE 700 DENVER CO 80202	Delivered Signature Received
9.21489E+21	TAMACAM LLC JAMES M RAYMOND AFENT & AIF PO BOX 291445 KERRVILLE TX 78029	Delivered Signature Received
9.21489E+21	LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029-1445	Delivered Signature Received
9.21489E+21	J&M RAYMOND LTD RAYMOND & SONS I LLC GEN PARTNER PO BOX 291445 KERRVILLE TX 78029-1445	Delivered Signature Received
9.21489E+21	RUTH ZIMMERMAN TRUST XAN WILLIAMS TRUSTEE 1513 HERITAGE PL MCPHERSON KS 67460	Delivered Signature Received
9.21489E+21	CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029-1445	Delivered Signature Received
9.21489E+21	TINMIL A NM LLC 1331 PARK AVE SW UNIT 1403 ALBUQUERQUE NM 87102	Delivered Signature Received
9.21489E+21	THOMAS P TINNIN 2303 CANDELARIA RD NW ALBUQUERQUE NM 87107	In-Transit
9.21489E+21	MAR OIL & GAS CORPORATION PO BOX 5155 SANTA FE NM 87502	Delivered Signature Received
9.21489E+21	NAVATEX ENERGY LP PO DRAWER 2188 ROSWELL NM 88202	Delivered Signature Received
9.21489E+21	LANGDON D HARRISON REVOC TRUST B JACQUELINE M HARRISON SUCC TRUSTEE PO DRAWER 2188 ROSWELL NM 88202	Delivered Signature Received
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9.21489E+21	RIO ARIBAGAS LTD 4925 GREENVILLE AVE STE 900 DALLAS TX 75206	Delivered Signature Received
9.21489E+21	RIO ARRIBA LIMITED PARTNERSHIP 3270 N COLORADO ST SUITE 201 CHANDLER AZ 85225-1165	In-Transit
9.21489E+21	BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284-8103	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

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

18 day of April, 2019

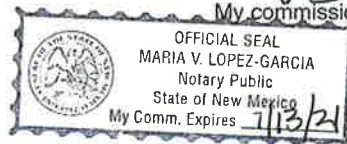
and the last publication on the 18 day of

April, 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.

Robert Trapp Publisher

Subscribed and sworn to before me this 18
day of April A.D. 2019

Maria V Lopez Garcia
Maria V Lopez Garcia /Notary Public
My commission expires 13 July 2021



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

I. 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 May 2, 2019, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed 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 April 22, 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.

D. 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 OFFSETTING OPERATORS OR LEASED MINERAL INTEREST OWNERS, INCLUDING: ROY G &

OPAL BARTON SR REV TR, ROY G BARTON JR TRUSTEE; PROVIDENCE MINERALS LLC; JABCO LLP; CROSS TIMBERS ENERGY LLC, C/O DRILLINGINFO MAIL; DUGAN PRODUCTION CORP; T. H. MCELVAIN OIL & GAS LLLP; TAMACAM LLC, JAMES M. RAYMOND AFENT & AIF; LORRAYN GAY HACKER, HER HEIRS AND DEVISEES; J&M RAYMOND LTD, RAYMOND & SONS I LLC GEN PARTNER; RUTH ZIMMERMAN TRUST, XAN WILLIAMS TRUSTEE; CHARLES W. GAY, HIS HEIRS AND DEVISEES; TINMIL, A NM LLC; THOMAS P. TINNIN, HIS HEIRS AND DEVISEES; MAR OIL & GAS CORPORATION; NAVATEX ENERGY LP; LANGDON D. HARRISON REVOC TRUST B. JACQUELINE M. HARRISON SUCC TRUSTEE; VAUGHAN-MCELVAIN ENERGY INC; MCELVAIN OIL COMPANY, C/O DAVID P. MCELVAIN; RIO ARRIBA GAS LTD; RIO ARRIBA LIMITED PARTNERSHIP; BP AMERICA PRODUCTION COMPANY.

CASE 20432: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule 1.8 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, spacing and proration unit, with three wells in the same quarter section. Hilcorp further seeks approval for the proposed location of the **San Juan 28-5 Unit 45 Well** (API No. 30-039-20063) in the Mesaverde formation with a surface location in Unit G of the N/2 of Section 36, Township 28 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the **San Juan 28-5 Unit 45 Well** from the Blanco-Mesaverde Gas Pool. Said area is located approximately 28 miles east of Bloomfield, NM. (Published April 18, 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. 20432

AFFIDAVIT OF MICHELLE SIVADON IN SUPPORT OF CASE NO. 20432

Michelle Sivadon, being of lawful age and duly sworn, declare as follows:

1. My name is Michelle Sivadon. I work for Hilcorp Energy Company ("Hilcorp") as a reservoir engineer.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert in reservoir engineering. My credentials as a reservoir engineer 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 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-1 contains information relating to the subject spacing unit and the **San Juan 28-5 Unit 45 Well** (API No. 30-039-20063) within the N/2 of Section 36, Township 28 North, Range 5 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 south.

6. Exhibit C-2 is a basin-wide map reflecting Hilcorp's calculations for original gas in place across the Blanco-Mesaverde Gas Pool. The warmer colors represent areas where there is more original gas in place. The cooler colors indicate areas where there is less original gas in place. The red star indicates the location of the subject well in an area where we calculate moderately high volumes of original gas in place.

7. Exhibit C-3 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-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 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-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 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 70-80% in a gas pool of this type. The relatively low recovery factors in Exhibit C-5 indicate that that is 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. Exhibit C-6 is a well bore diagram for the subject well. It provides the most current information known regarding the status and construction of the well, as well as the location and condition of cement within the wellbore. Hilcorp will separately seek administrative approval from the Division's Aztec District Office for authorization to recompleting this well in advance of undertaking any recompletion operations.

13. 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.

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

FURTHER AFFIANT SAYETH NAUGHT.

Michelle Sivadon
Michelle Sivadon

STATE OF TEXAS)
COUNTY OF Harris)

SUBSCRIBED and SWORN to before me this 29th day of April, 2019 by
Michelle Sivadon.

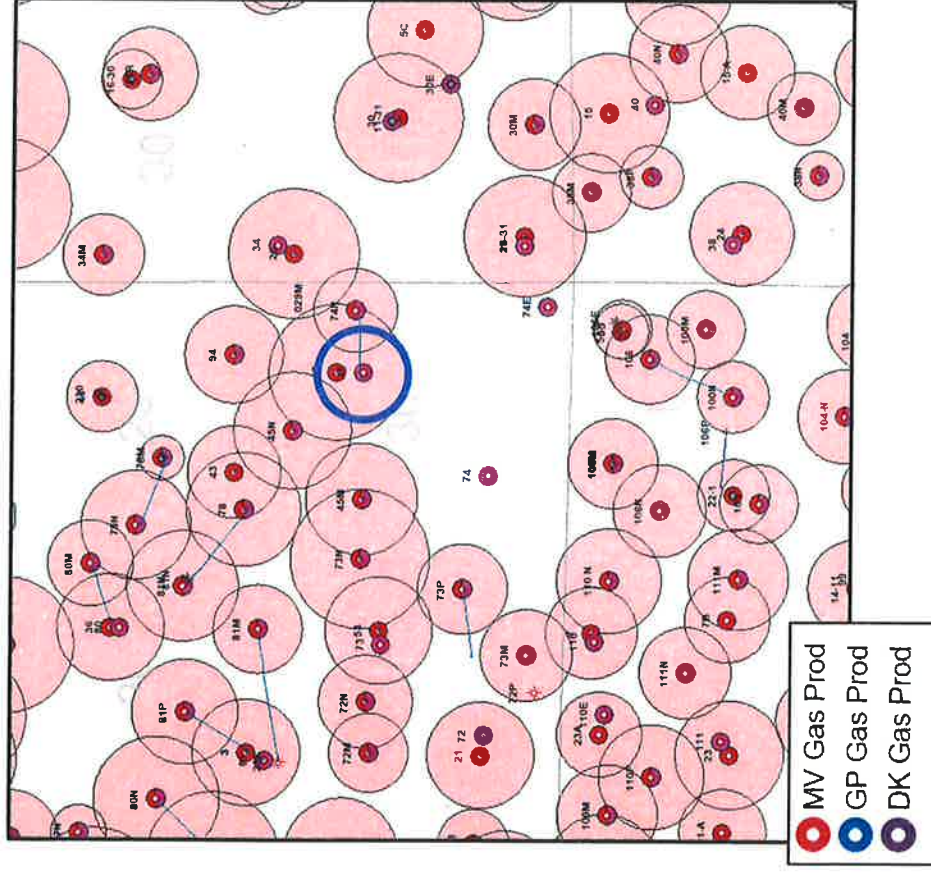
[Signature]
NOTARY PUBLIC

My Commission Expires:

02/08/2023



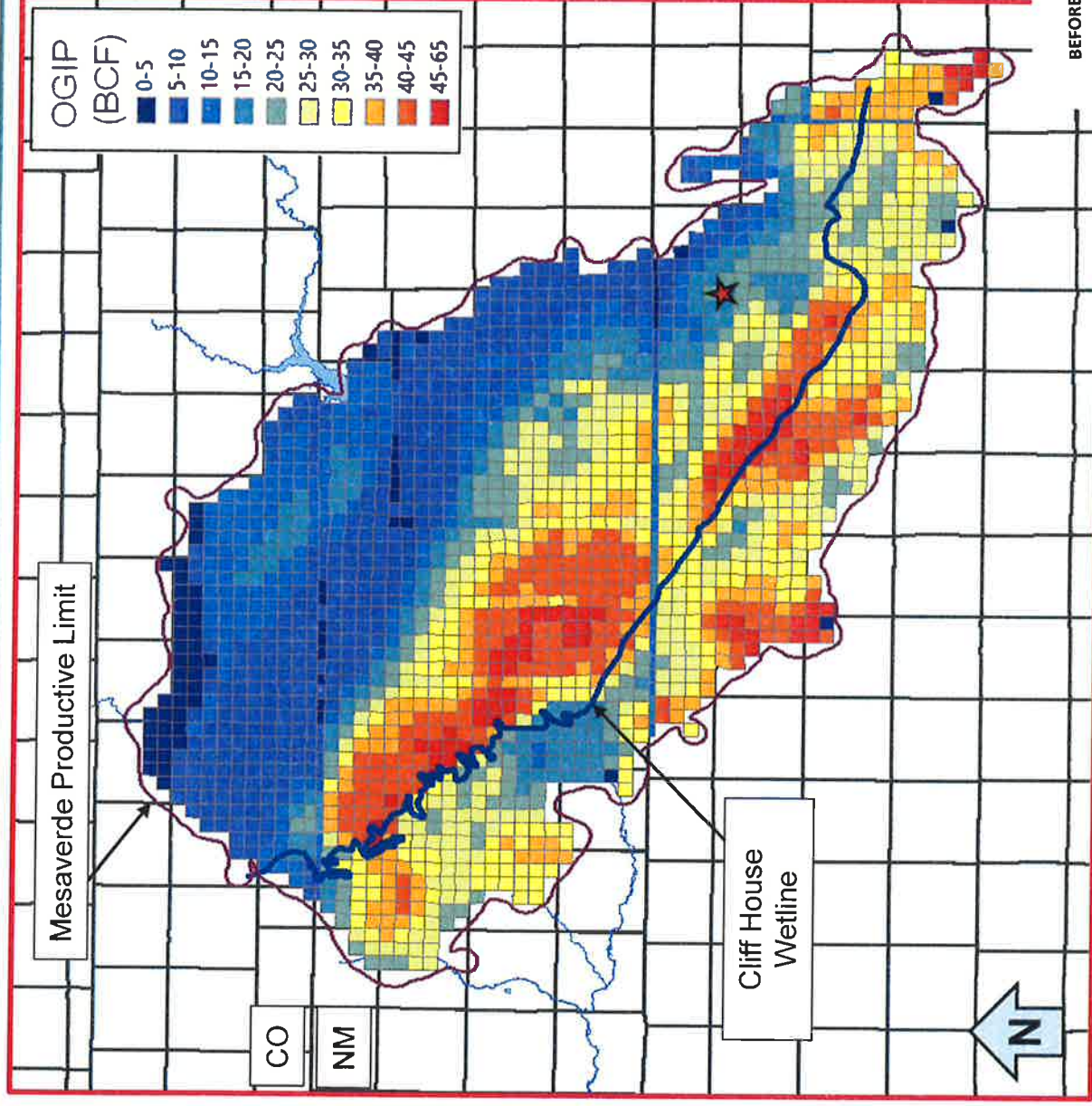
San Juan 28-5 Unit 45



Well Specifics

- NE36 28-5 3003920063 1967 drill
- 3rd MV completion in 1/4 section
- 570' from nearest MV producer
- Help drain area to the south
- Complete MV in 1-2 stages

MV Original Gas In Place



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

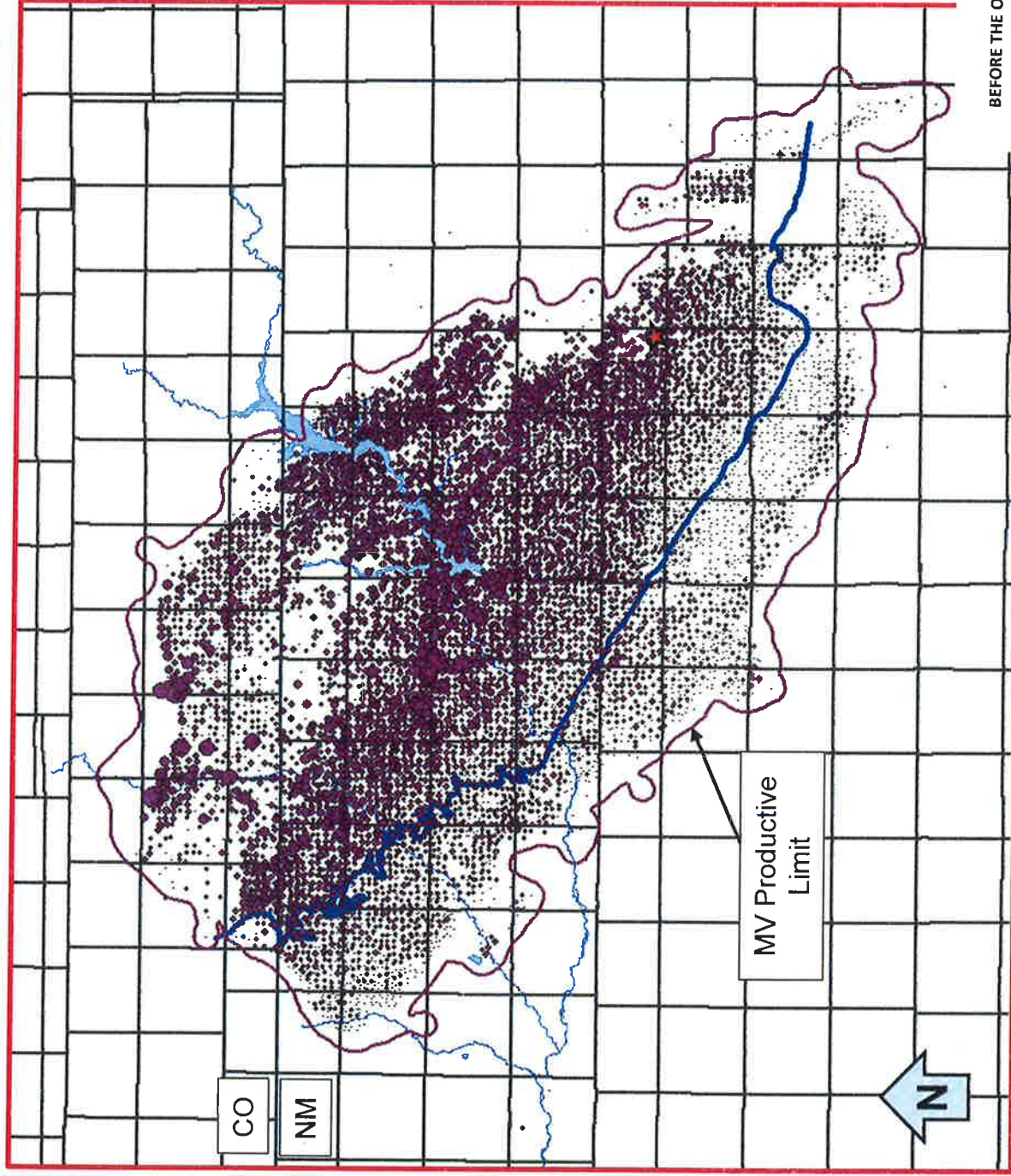
Exhibit No. C-2

Submitted by: Hilcorp Energy Company

Hearing Date: May 2, 2019

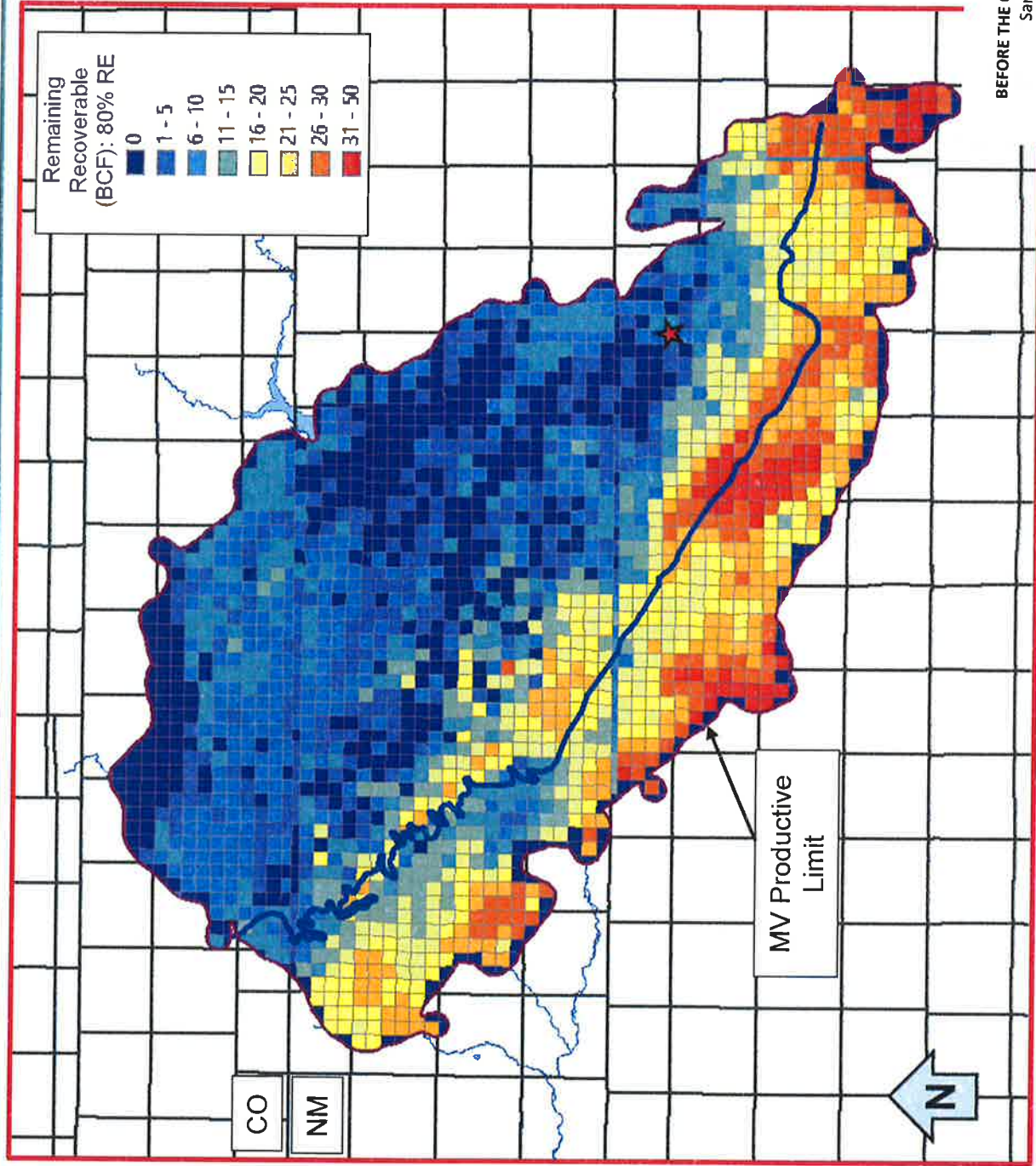
Case # 20432

MV EUR and Drainage Radius





MV Remaining Recoverable Gas



San Juan 28-6 Unit 45



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	5.9 Bcf	23.6 Bcf	3.3 Bcf / 56%	2.6 Bcf	5.2 Bcf / 89%
Section	24.6 Bcf	24.6 Bcf	6.1 Bcf / 25%	18.5 Bcf	10.5 Bcf / 43%
9 Section	179.0 Bcf	19.9 Bcf	98.0 Bcf / 55%	81.0 Bcf	152.0 Bcf / 85%

- Remaining Gas in Place in Quarter Section of 2.6 Bcf
- Cumulative Recovery Factor to Date 56% and 25% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

[illegible]

MD (ftKB)	TVD (ftKB)	Vertical schematic (actual)
0.0		
14.1		
32.9		
52.2		
126.1		
2,700.0		
3,250.0		
3,394.1		
3,540.0		
3,595.1		
3,675.9		
3,759.9		
3,972.1		
4,250.0		
4,750.0		
5,282.9		
5,473.1		
5,784.1		
5,871.8		
6,501.8		
6,792.0		
7,773.9		
7,827.1		
7,863.2		
7,863.0		
7,852.0		
7,865.1		
7,866.2		
7,866.6		
8,071.5		
8,082.0		
8,423.0		
8,824.0		
8,908.0		