

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JULY 11, 2019**

CASE No. 20644

SAN JUAN 27-5 UNIT NP84 WELL

RIO ARRIBA COUNTY, 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. 20644

AFFIDAVIT OF CHARLES CREEKMORE IN SUPPORT OF CASE NO. 20644

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 sections, with two Mesaverde gas wells in the same quarter-quarter section, for a total of six 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 W/2 of Section 3, Township 27 North, Range 5 West, Rio Arriba County, New Mexico, in which the following four wells are currently completed and producing:

- a. San Juan 27-5 Unit 25 Well (API No. 30-039-07164) Sec. 3, T27N, R5W (Unit M);
- b. San Juan 27-5 Unit 25A Well (API No. 30-039-22183) Sec. 3, T27N, R5W (Unit F);
- c. San Juan 27-5 Unit 25B Well (API No. 30-039-25799) Sec. 3, T27N, R5W (Unit M); and
- d. San Juan 27-5 Unit 84N Well (API No. 30-039-30423) Sec. 3, T27N, R5W (Unit E).

8. Hilcorp now proposes to simultaneously dedicate and produce the following fifth and sixth wells within the same standard spacing and proration unit, at the following locations:

- a. **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), Sec. 3, T27N, R5W (Unit N); and
- b. **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), Sec. 3, T27N, R5W (Unit E).

9. These will be the fifth and sixth wells within the same spacing unit with three wells in the same quarter sections, and two wells in the same quarter-quarter sections (Units M and E), 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 27-5 Unit NP84 Well** (API No. 30-039-07157), and the **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), within the W/2 of Section 3, Township 27 North, Range 5 West, permitting the total number of wells dedicated and producing within this spacing and proration unit to six, with three wells in the same quarter sections, and two wells in the same quarter-quarter sections (Units M and E).

11. The proposed simultaneous dedication of the **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), and the **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), which are 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** are overview maps identifying the location of the subject Blanco-Mesaverde Gas Pool spacing unit, in the green outline, within the W/2 of Section 3, Township 27 North, Range 5 West, to which the wells will be simultaneously dedicated.

15. **Exhibit A-1** also identifies the locations of the existing Mesaverde wells as dark blue circles, as well as the **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), and the **San Juan 27-5 Unit 84E Well** as a dark blue triangle.

16. **Exhibit A-1** also depicts the notice area comprised of the offsetting spacing units, which is the shaded area within the dark blue hashed line surrounding the subject spacing unit outlined in green. 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.

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.

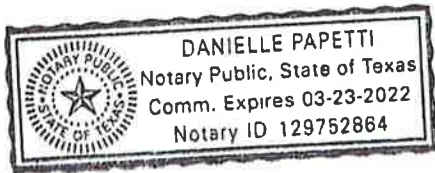
19. Exhibits A-1 and A-2 were prepared by me or under my direction and supervision.

FURTHER AFFIANT SAYETH NAUGHT.

Charles Creekmore
Charles Creekmore

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 2 day of July, 2019 by
Charles Creekmore.



Danielle Papetti
NOTARY PUBLIC

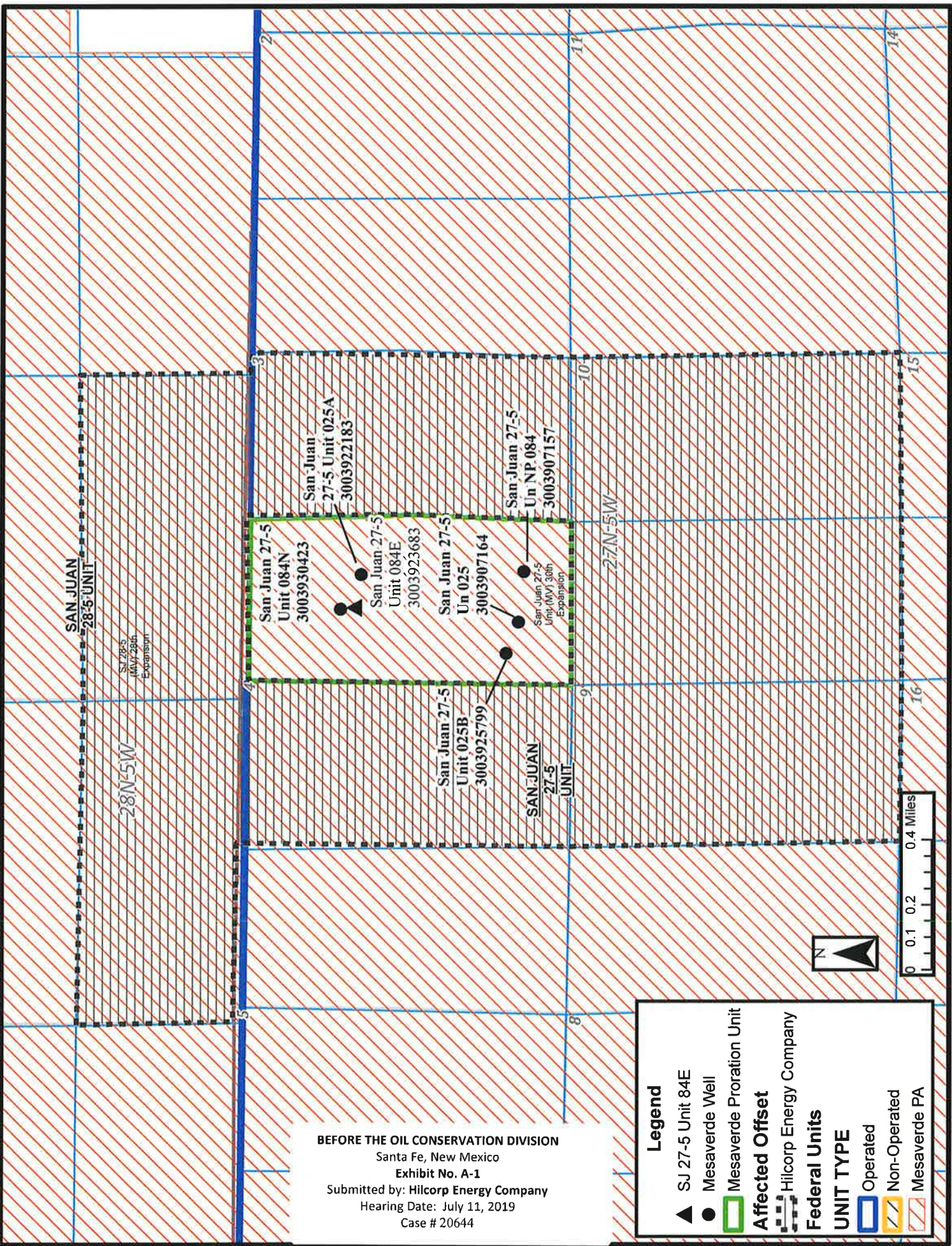
My Commission Expires:

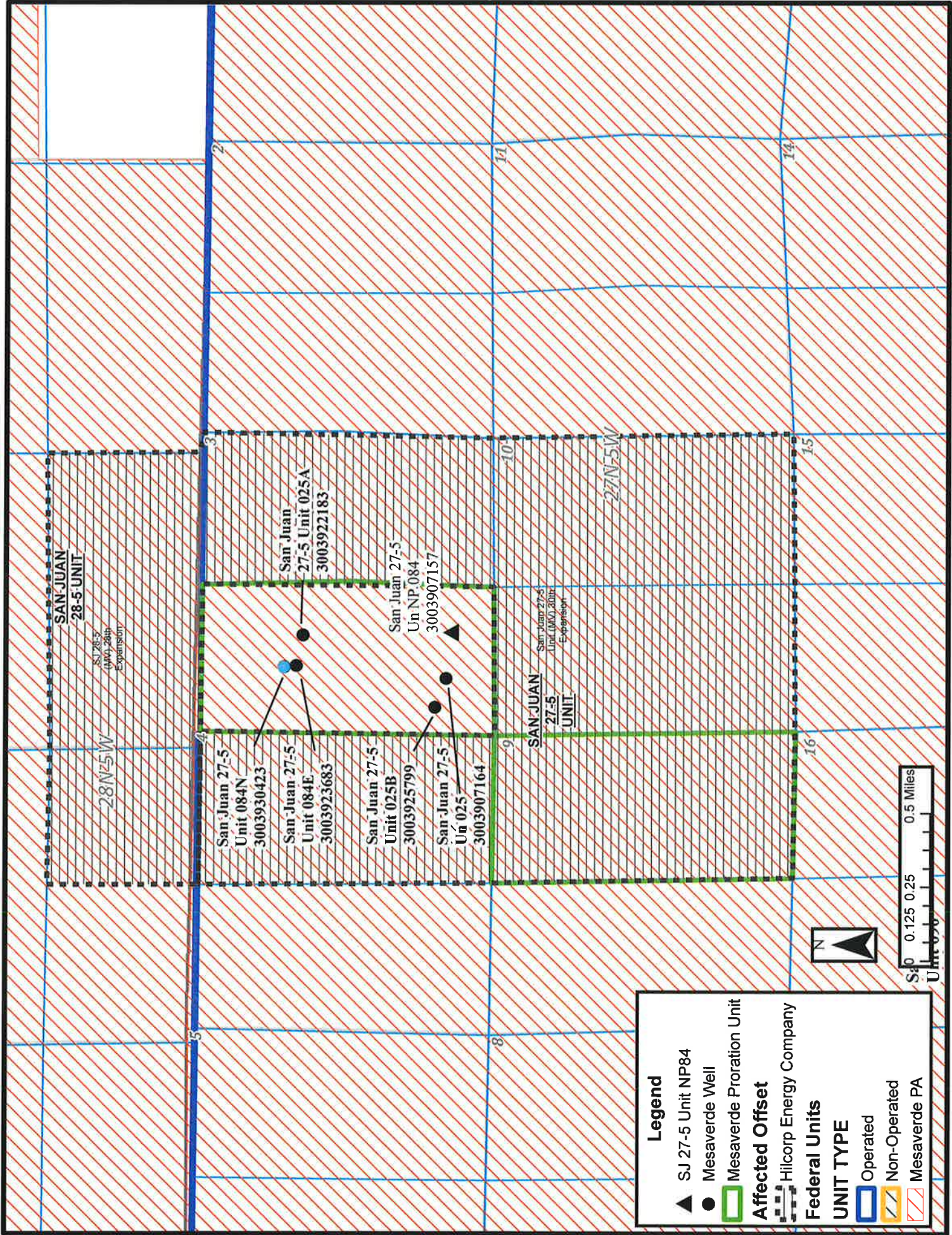
3/23/2022

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. A-1
 Submitted by: Hilcorp Energy Company
 Hearing Date: July 11, 2019
 Case # 20644

Legend

- ▲ SJ 27-5 Unit 84E
- Mesaverde Well
- ▭ Mesaverde Proration Unit
- Affected Offset
- Hilcorp Energy Company
- Federal Units
- UNIT TYPE
- Operated
- Non-Operated
- Mesaverde PA





Legend

- ▲ SJ 27-5 Unit NP84
- Mesaverde Well
- Mesaverde Proration Unit

Affected Offset

- Hilcorp Energy Company

Federal Units

- UNIT TYPE
- Operated
- Non-Operated
- Mesaverde PA

SJ 27-5 Unit NP 84 Notice Parties Addresses

| Code | Name | Address | City | State | Zip Code |
|---------|----------------------------------|--|-------------|-------|------------|
| 1034107 | ROY G & OPAL BARTON SR REV TR | ROY G BARTON JR TRUSTEE 1919 NORTH TURNER 16400 NORTH DALLAS PKWY STE 400 PO BOX 848103 PO BOX 840738 1111 TRAVIS PO BOX 420 7950 JOHN T WHITE ROAD 511 16TH STREET SUITE 700 A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 JAMES M RAYMOND AFENT & AIF PO BOX 291445 PO BOX 291445 RAYMOND & SONS I LLC GEN PARTNER PO BOX 291445 XAN WILLIAMS TRUSTEE 1513 HERITAGE PL PO BOX 291445 PO BOX 3716 C/O BOB HARRINGTON W7385 SPRING VALLEY DRIVE 1331 PARK AVE SW UNIT 1403 2303 CANDELARIA RD NW PO BOX 5155 PO DRAWER 2188 BUDDIE G CHAPPELL SURVIVING TTEE PO BOX 71579 JACQUELINE M HARRISON SUCC TRUSTEE PO DRAWER 2188 4925 GREENVILLE AVE STE 900 3270 N COLORADO ST SUITE 201 PO BOX 1847 400 W 7TH STREET | HOBBS | NM | 88240-2712 |
| 1038024 | PROVIDENCE MINERALS LLC | | DALLAS | TX | 75248 |
| 1066712 | BP AMERICA PRODUCTION COMPANY | | DALLAS | TX | 75284-8103 |
| 1075302 | JABCO LLP | | DALLAS | TX | 75284-0738 |
| 300 | Hilcorp San Juan, LP | | HOUSTON | TX | 77002 |
| 1138927 | DUGAN PRODUCTION CORP | | FARMINGTON | NM | 87499 |
| 1138962 | OMIMEX PETROLEUM | | FORT WORTH | TX | 76120 |
| 1139405 | T H MCELVAIN OIL & GAS LLLP | | DENVER | CO | 80202 |
| 1139406 | HARRINGTON ENERGY RESOURCES LP | | KANSAS CITY | MO | 64121 |
| 1139407 | HARRINGTON SOUTHWEST ENERGY LP | | KANSAS CITY | MO | 64121 |
| 1139415 | TAMACAM LLC | | KERRVILLE | TX | 78029 |
| 1139481 | LORRAYN GAY HACKER | | KERRVILLE | TX | 78029-1445 |
| 1139496 | J&M RAYMOND LTD | | KERRVILLE | TX | 78029-1445 |
| 1139563 | RUTH ZIMMERMAN TRUST | | MCPHERSON | KS | 67460 |
| 1139591 | CHARLES W GAY | | KERRVILLE | TX | 78029-1445 |
| 1140851 | HARCO LIMITED PARTNERSHIP | | ROSWELL | NM | 88202-3716 |
| 1141462 | TEMPE LIMITED PARTNERSHIP | | GREENVILLE | WI | 54942 |
| 1142895 | TINMIL A NM LLC | | ALBUQUERQUE | NM | 87102 |
| 1142896 | THOMAS P TINNIN | | ALBUQUERQUE | NM | 87107 |
| 1143832 | MAR OIL & GAS CORPORATION | | SANTA FE | NM | 87502 |
| 1143935 | NAVATEX ENERGY LP | | ROSWELL | NM | 88202 |
| 1144583 | CHAPPELL FAMILY TR UTA JUNE 4 98 | | PHOENIX | AZ | 85050-1010 |
| 1144803 | LANGDON D HARRISON REVOC TRUST B | | ROSWELL | NM | 88202 |
| 1146870 | RIO ARIBAGAS LTD | | DALLAS | TX | 75206 |
| 1146871 | RIO ARRIBA LIMITED PARTNERSHIP | | CHANDLER | AZ | 85225-1165 |
| 1146978 | TIERRA POBRE LLC | | CORRALES | NM | 87048 |
| 1113652 | CROSS TIMBERS ENERGY LLC | | FT WORTH | TX | 76102 |

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: Hilcorp Energy Company

Hearing Date: July 11, 2019

Case # 20644

SJ 27-5 Unit NP 84 Notice Parties Addresses

1145055 VAUGHAN-MCELVAIN ENERGY INC

PO BOX 970

PA 19348

KENNETT
SQUARE

1145056 MCELVAIN OIL COMPANY

DAVID P MCELVAIN
PO BOX 801888

TX 75380-1888

DALLAS

San Juan 27-5 Unit 84E Notice Parties Addresses

| Code | Name | Address | City | State | Zip Code | Interest Type |
|---------|----------------------------------|--|----------------|-------|------------|---------------|
| 1034107 | ROY G & OPAL BARTON SR REV TR | ROY G BARTON JR TRUSTEE 1919 NORTH TURNER | HOBBS | NM | 88240-2712 | W0001 |
| 1038024 | PROVIDENCE MINERALS LLC | 16400 NORTH DALLAS PKWY STE 400 | DALLAS | TX | 75248 | W0001 |
| 1066712 | BP AMERICA PRODUCTION COMPANY | PO BOX 848103 | DALLAS | TX | 75284-8103 | W0001 |
| 1075302 | JABCO LLP | PO BOX 840738 | DALLAS | TX | 75284-0738 | W0001 |
| 300 | Hilcorp San Juan, LP | 1111 TRAVIS | HOUSTON | TX | 77002 | W0001 |
| 1138927 | DUGAN PRODUCTION CORP | PO BOX 420 | FARMINGTON | NM | 87499 | W0001 |
| 1138962 | OMIMEX PETROLEUM | 7950 JOHN T WHITE ROAD | FORT WORTH | TX | 76120 | W0001 |
| 1139405 | T H MCELVAIN OIL & GAS LLLP | 511 16TH STREET SUITE 700 | DENVER | CO | 80202 | W0001 |
| 1139406 | HARRINGTON ENERGY RESOURCES LP | A NM LP HARRINGTON SAN JUAN LLC GPPO BOX 219119 | KANSAS CITY | MO | 64121 | W0001 |
| 1139407 | HARRINGTON SOUTHWEST ENERGY LP | A NM LP HARRINGTON SAN JUAN LLC GPPO BOX 219119 | KANSAS CITY | MO | 64121 | W0001 |
| 1139415 | TAMACAM LLC | JAMES M RAYMOND AFENT & AIFPO BOX 291445 | KERRVILLE | TX | 78029 | W0001 |
| 1139481 | LORRAYN GAY HACKER | PO BOX 291445 | KERRVILLE | TX | 78029-1445 | W0001 |
| 1139496 | J&M RAYMOND LTD | RAYMOND & SONS I LLC GEN PARTNERPO BOX 291445 | KERRVILLE | TX | 78029-1445 | W0001 |
| 1139563 | RUTH ZIMMERMAN TRUST | XAN WILLIAMS TRUSTEE1513 HERITAGE PL | KERRVILLE | TX | 78029-1445 | W0001 |
| 1139591 | CHARLES W GAY | PO BOX 291445 | MCPHERSON | KS | 67460 | W0001 |
| 1140851 | HARCO LIMITED PARTNERSHIP | PO BOX 3716 | KERRVILLE | TX | 78029-1445 | W0001 |
| 1141462 | TEMPE LIMITED PARTNERSHIP | C/O BOB HARRINGTONW7385 SPRING VALLEY DRIVE | ROSWELL | NM | 88202-3716 | W0001 |
| 1142895 | TINMIL A NM LLC | 1331 PARK AVE SW UNIT 1403 | GREENVILLE | WI | 54942 | W0001 |
| 1142896 | THOMAS P TINNIN | 2303 CANDELARIA RD NW | ALBUQUERQUE | NM | 87102 | W0001 |
| 1143832 | MAR OIL & GAS CORPORATION | PO BOX 5155 | ALBUQUERQUE | NM | 87107 | W0001 |
| 1143935 | NAVATEX ENERGY LP | PO DRAWER 2188 | SANTA FE | NM | 87502 | W0001 |
| 1144583 | CHAPPELL FAMILY TR UTA JUNE 4 98 | BUDDIE G CHAPPELL SURVIVING TTEEPO BOX 71579 | ROSWELL | NM | 88202 | W0001 |
| 1144803 | LANGDON D HARRISON REVOC TRUST B | JACQUELINE M HARRISON SUCC TRUSTEEPO DRAWER 2188 | PHOENIX | AZ | 85050-1010 | W0001 |
| 1146870 | RIO ARIBAGAS LTD | 4925 GREENVILLE AVE STE 900 | ROSWELL | NM | 88202 | W0001 |
| 1146871 | RIO ARRIBA LIMITED PARTNERSHIP | 3270 N COLORADO ST SUITE 201 | DALLAS | TX | 75206 | W0001 |
| 1146978 | TIERRA POBRE LLC | PO BOX 1847 | CHANDLER | AZ | 85225-1165 | W0001 |
| 1113652 | CROSS TIMBERS ENERGY LLC | 400 W 7TH STREET | CORRALES | NM | 87048 | W0001 |
| 1145055 | VAUGHAN-MCELVAIN ENERGY INC | PO BOX 970 | FT WORTH | TX | 76102 | W0001 |
| 1145056 | MCELVAIN OIL COMPANY | DAVID P MCELVAINPO BOX 801888 | KENNETT SQUARE | PA | 19348 | W0001 |
| | | | DALLAS | TX | 75380-1888 | W0001 |



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

June 21, 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 July 11, 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 Chuck Creekmore at (832) 839-4601.

Sincerely,

AR
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: July 11, 2019
Case # 20644

POSTAL DELIVERY REPORT
 OCD 20644 San Juan 27-5 Unit NP 84 & 84E

| TrackingNo | TransactionDate | ToName | DeliveryAddress | City | State | Zip | USPS_Status |
|------------------------|-----------------|---------------------------------------|-----------------------------|----------------|-------|------------|--|
| 9414810898765037644880 | 06/20/2019 | HARRINGTON SOUTHWEST ENERGY LP | PO Box 219119 | Kansas City | MO | 64121-9119 | Your item was delivered at 10:00 pm on June 23, 2019 in KANSAS CITY, MO 64121. |
| 9414810898765037644873 | 06/20/2019 | HARRINGTON ENERGY RESOURCES LP | PO Box 219119 | Kansas City | MO | 64121-9119 | Your item was delivered at 10:00 pm on June 23, 2019 in KANSAS CITY, MO 64121. |
| 9414810898765037644866 | 06/20/2019 | T H MCELVAIN OIL & GAS LLLP | 511 16th St Ste 700 | Denver | CO | 80202-4248 | Your item was delivered to the front desk, reception area, or mail room at 3:58 pm on June 25, 2019 in DENVER, CO 80202. |
| 9414810898765037644842 | 06/20/2019 | OMIMEX PETROLEUM | 7950 John T White Rd | Fort Worth | TX | 76120-3608 | Your item was delivered to the front desk, reception area, or mail room at 1:40 pm on June 25, 2019 in FORT WORTH, TX 76120. |
| 9414810898765037644835 | 06/20/2019 | DUGAN PRODUCTION CORP | PO Box 420 | Farmington | NM | 87499-0420 | Your item was delivered at 1:18 pm on June 25, 2019 in FARMINGTON, NM 87401. |
| 9414810898765037644828 | 06/20/2019 | JABCO LLP | PO Box 840738 | Dallas | TX | 75284-0738 | Your item was delivered at 8:55 am on June 24, 2019 in DALLAS, TX 75284. |
| 9414810898765037644811 | 06/20/2019 | BP AMERICA PRODUCTION COMPANY | PO Box 848103 | Dallas | TX | 75284-8103 | Your item was delivered at 8:55 am on June 24, 2019 in DALLAS, TX 75284. |
| 9414810898765037645085 | 06/20/2019 | MCELVAIN OIL COMPANY DAVID P MCELVAIN | PO Box 801888 | Dallas | TX | 75380-1888 | This is a reminder to arrange for redelivery of your item or your item will be returned to sender. |
| 9414810898765037645078 | 06/20/2019 | VAUGHAN-MCELVAIN ENERGY INC | PO Box 970 | Kennett Square | PA | 19348-0970 | Your item was delivered at 3:16 pm on June 25, 2019 in KENNETT SQUARE, PA 19348. |
| 9414810898765037645061 | 06/20/2019 | CROSS TIMBERS ENERGY LLC | 400 W 7th St | Ft Worth | TX | 76102-4701 | Your item has been delivered to an agent at 9:12 am on June 24, 2019 in FORT WORTH, TX 76102. |
| 9414810898765037645054 | 06/20/2019 | TIERRA POBRE LLC | PO Box 1847 | Corrales | NM | 87048-1847 | Your item was delivered at 2:36 pm on June 26, 2019 in CORRALES, NM 87048. |
| 9414810898765037645047 | 06/20/2019 | RIO ARRIBA LIMITED PARTNERSHIP | 3270 N Colorado St Ste 201 | Chandler | AZ | 85225-1166 | Your item was delivered to an individual at the address at 1:45 pm on June 24, 2019 in CHANDLER, AZ 85225. |
| 9414810898765037645030 | 06/20/2019 | RIO ARIBAGAS LTD | 4925 Greenville Ave Ste 900 | Dallas | TX | 75206-4021 | Your item was delivered to an individual at the address at 3:56 pm on June 25, 2019 in DALLAS, TX 75206. |
| 9414810898765037645023 | 06/20/2019 | LANGDON D HARRISON REVOC TRUST | PO Box 2188 | Roswell | NM | 88202-2188 | Your item was delivered at 11:00 am on June 25, 2019 in ROSWELL, NM 88201. |
| 9414810898765037645016 | 06/20/2019 | CHAPPELL FAMILY TR UTA JUNE 4 98 | PO Box 71579 | Phoenix | AZ | 85050-1010 | Your item was delivered at 12:37 pm on July 1, 2019 in PHOENIX, AZ 85050. |
| 9414810898765037645009 | 06/20/2019 | NAVATEX ENERGY LP | PO Box 21 | Roswell | NM | 88202-0021 | Your item was delivered at 11:00 am on June 25, 2019 in ROSWELL, NM 88201. |
| 9414810898765037644804 | 06/20/2019 | PROVIDENCE MINERALS LLC | 16400 Dallas Pkwy Ste 400 | Dallas | TX | 75248-2643 | Your item was delivered to the front desk, reception area, or mail room at 1:08 pm on June 24, 2019 in DALLAS, TX 75248. |
| 9414810898765037644989 | 06/20/2019 | MAR OIL & GAS CORPORATION | PO Box 5155 | Santa Fe | NM | 87502-5155 | Your item was delivered at 11:48 am on June 28, 2019 in SANTA FE, NM 87505. |
| 9414810898765037644972 | 06/20/2019 | THOMAS P TINNIN | 2303 Candelaria Rd NW | Albuquerque | NM | 87107-3055 | Your item has been delivered to an agent at 12:37 pm on June 24, 2019 in ALBUQUERQUE, NM 87107. |

| | | | | | | | |
|------------------------|------------|--|-------------------------------|-------------|----|----------------|---|
| 9414810898765037644965 | 06/20/2019 | TINMILA NM LLC | 1331 Park Ave SW Unit 1403 | Albuquerque | NM | 87102- 2860 | Your item was delivered to an individual at the address at 9:52 am on June 25, 2019 in ALBUQUERQUE, NM 87102. |
| 9414810898765037644958 | 06/20/2019 | TEMPE LIMITED PARTNERSHIP C/O BOB HARRINGTON | W7385 Spring Valley Dr | Greenville | WI | 54942- 8645 | Your item was delivered to an individual at the address at 10:43 am on June 24, 2019 in GREENVILLE, WI 54942. |
| 9414810898765037644941 | 06/20/2019 | HARCO LIMITED PARTNERSHIP | PO Box 3716 | Roswell | NM | 88202- 3716 | Your item was delivered at 10:58 am on June 25, 2019 in ROSWELL, NM 88201. |
| 9414810898765037644934 | 06/20/2019 | CHARLES W GAY | PO Box 291445 | Kerrville | TX | 78029- 1445 | Your item was delivered at 11:33 am on June 27, 2019 in KERRVILLE, TX 78028. |
| 9414810898765037644927 | 06/20/2019 | RUTH ZIMMERMAN TRUST XAN WILLIAMS TRUSTEE | 1513 Heritage Pl | McPherson | KS | 67460- 2124 | Your item was delivered to an individual at the address at 12:18 pm on June 24, 2019 in MCPHERSON, KS 67460. |
| 9414810898765037644910 | 06/20/2019 | J&M RAYMOND LTD RAYMOND & SONS I LLC | PO Box 291445 | Kerrville | TX | 78029- 1445 | Your item was delivered at 11:33 am on June 27, 2019 in KERRVILLE, TX 78028. |
| 9414810898765037644903 | 06/20/2019 | LORRAYN GAY HACKER | PO Box 291445 | Kerrville | TX | 78029- 1445 | Your item was delivered at 11:33 am on June 27, 2019 in KERRVILLE, TX 78028. |
| 9414810898765037644897 | 06/20/2019 | TAMACAM LLC JAMES M RAYMOND AFENT & AIF | PO Box 291445 | Kerrville | TX | 78029- 1445 | Your item was delivered at 11:33 am on June 27, 2019 in KERRVILLE, TX 78028. |
| 9414810898765037644798 | 06/20/2019 | ROY G & OPAL BARTON SR | 1919 N Turner St | Hobbs | NM | 88240- 2712 | Your item was delivered to an individual at the address at 12:34 pm on June 24, 2019 in HOBBS, NM 88240. |

Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 1, 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: ROY G. & OPAL BARTON SR REV TR, ROY G. BARTON JR., TRUSTEE; PROVIDENCE MINERALS LLC; BP AMERICA PRODUCTION COMPANY; JABCO LLP; DUGAN PRODUCTION CORP; OMIMEX PETROLEUM; T H MCELVAIN OIL & GAS LLLP; HARRINGTON ENERGY RESOURCES LP, A NM LP; HARRINGTON SAN JUAN LLC GP; HARRINGTON SOUTHWEST ENERGY LP, A NM LP; HARRINGTON SAN JUAN LLC GP; TAMACAN LLC, JAMES M. RAYMOND AGENT & AIF; LORRAYN GAY HACKER, HER HEIRS AND DEVEISEES; J&M RAYMOND LTD, RAYMOND & SONS I LLC GEN PARTNER; RUTH ZIMMERMAN TRUST; XAN WILLIAMS TRUSTEE; CHARLES W. GAY, HIS HEIRS AND DEVEISEES; HARCO LIMITED PARTNERSHIP; TEMPE LIMITED PARTNERSHIP, C/O BOB HARRINGTON; TINMIL A NM LLC; THOMAS P. TINNIN, HIS HEIRS AND DEVEISEES; MAR OIL & GAS CORPORATION; NATATEX ENERGY LP; PELL FAMILY TR

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 11, 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

ON JUNE 4 98, BUD D. J. CHAPPELL SURVIVING TTEE; LANGDON D. HARRISON REVOC TRUST B, JACQUELINE M. HARRISON SUCC TRUSTEE; RIO ARRIBA LIMITED PARTNERSHIP; TIERRA POBRE LLC; CROSS TIMBERS ENERGY LLC; VAUGHAN-MCELVAIN ENERGY INC; MCELVAIN OIL COMPANY, C/O DAVID P. MCELVAIN. CASE 20644: 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 1B 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 six Mesaverde gas wells in the same standard 320-acre, more or less, spacing and proration unit, with three wells in the same quarter sections and two wells in the same quarter-quarter section. Hilcorp further seeks approval for the proposed locations of the San Juan 27-5 Unit NP84 Well (API No. 30-039-07157) in the Mesaverde formation with a surface location in Unit N, and the San Juan 27-5 Unit 84E Well (API No. 30-039-23683) in the Mesaverde formation with a surface location in Unit E of the W/2 of Section 3, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 27-5 Unit NP84 Well and the San Juan 27-5 Unit 84E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 28 miles southeast of Bloomfield, NM. (Published June 27th, 2019)

Publisher's Bill

186 lines one time at 130.20

_____ lines _____ times at _____

Affidavit 5.00

Subtotal 135.20

Tax 12.08

Total 147.28

Payment received at Rio Grande SUN

Date 6/27/19

By Maryna Alder

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

27 day of June 2019

and the last publication on the 27 day of

June 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.

Maria G. Chavez
Publisher

Subscribed and sworn to before me this 27 day of June A.D. 2019

Maria G. Chavez
OFFICIAL SEAL
MARIA G CHAVEZ
Notary Public
State of New Mexico
My Comm. Expires 2021
Maria G. Chavez/Notary Public
My commission expires 21 October 2020

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-2
Submitted by: Hilcorp Energy Company
Hearing Date: July 11, 2019
Case # 20644

**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. 20644

AFFIDAVIT OF MICHELLE SIVADON IN SUPPORT OF CASE NO. 20644

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 **San Juan 27-5 Unit NP84 Well** (API No. 30-039-07157), and the **San Juan 27-5 Unit 84E Well** (API No. 30-039-23683), within the W/2 of Section 3, Township 27 North, Range 5 West, which are the wells Hilcorp proposes for simultaneous dedication within the Blanco-Mesaverde Gas Pool in this application. They are currently producing within the Dakota formation. They will be the fifth and sixth Mesaverde completions within the same standard spacing and proration unit, with three wells in the same quarter sections, and two wells in the same quarter-quarter sections (Units M and E). I anticipate that the **San Juan 27-5 Unit NP84 Well** will help drain the area to the southeast and that the **San Juan 27-5 Unit 84E Well** will help drain the area to the southwest.

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 wells 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 wells 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 wells 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 for each proposed recompletion. 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 this area is not being sufficiently drained by the existing wells in the subject spacing unit under the existing well density and that additional well bores, or completions, are necessary to adequately drain the Blanco-Mesaverde Gas Pool in this area.

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 wells. It provides the most current information known regarding the status and construction of the wells, as well as the location and condition of cement within the wellbores. Hilcorp will separately seek

administrative approval from the Division's Aztec District Office for authorization to recomplete these wells 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 3rd day of July, 2019 by
Michelle Sivadon.

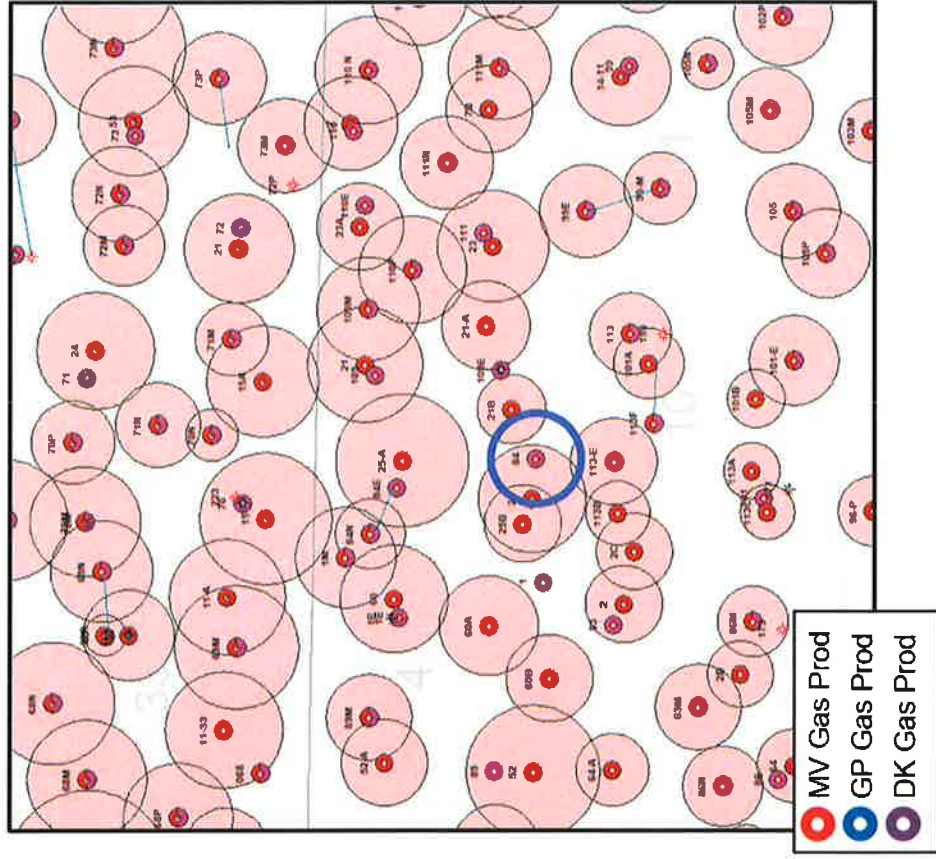
[Signature]
NOTARY PUBLIC

My Commission Expires:

02/08/2023



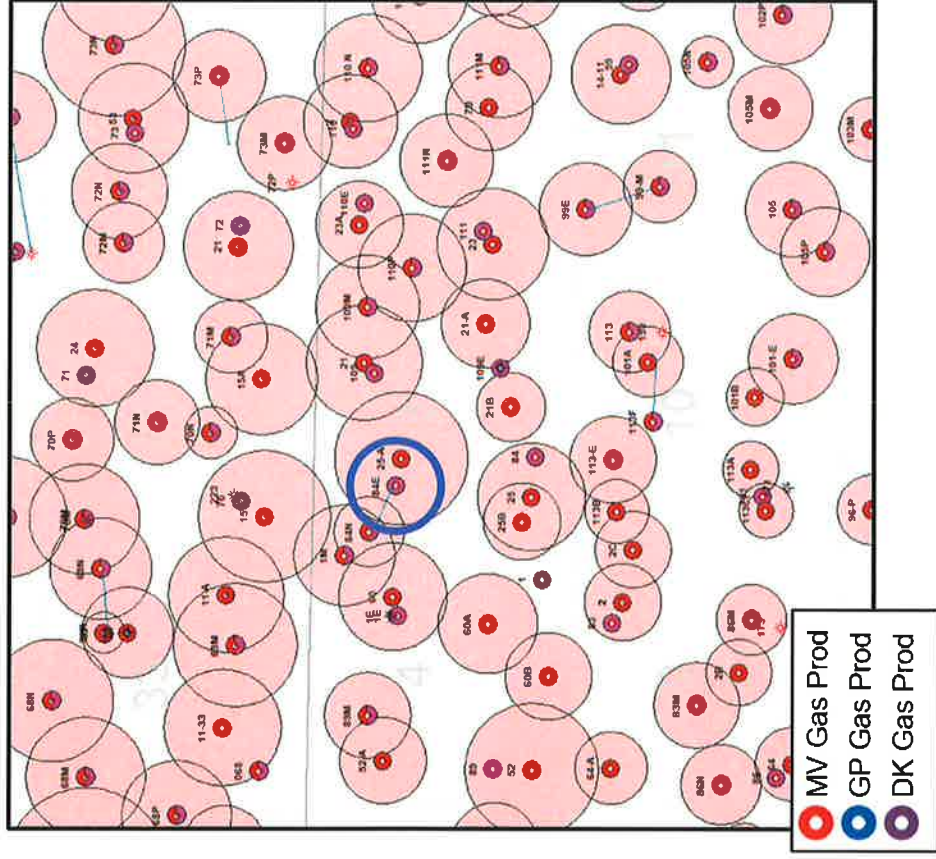
San Juan 27-5 Unit NP 84



Well Specifics

- SW3 27-5 3003907157 1963 drill
- 3rd MV completion in 1/4 section
- 830' from nearest MV producer
 - 25 & 25B at 550' distance
 - 25B at 0.8 BCF cum since 1998
- Help drain area to the southeast
- Complete MV in 1-2 stages

San Juan 27-5 Unit 84E

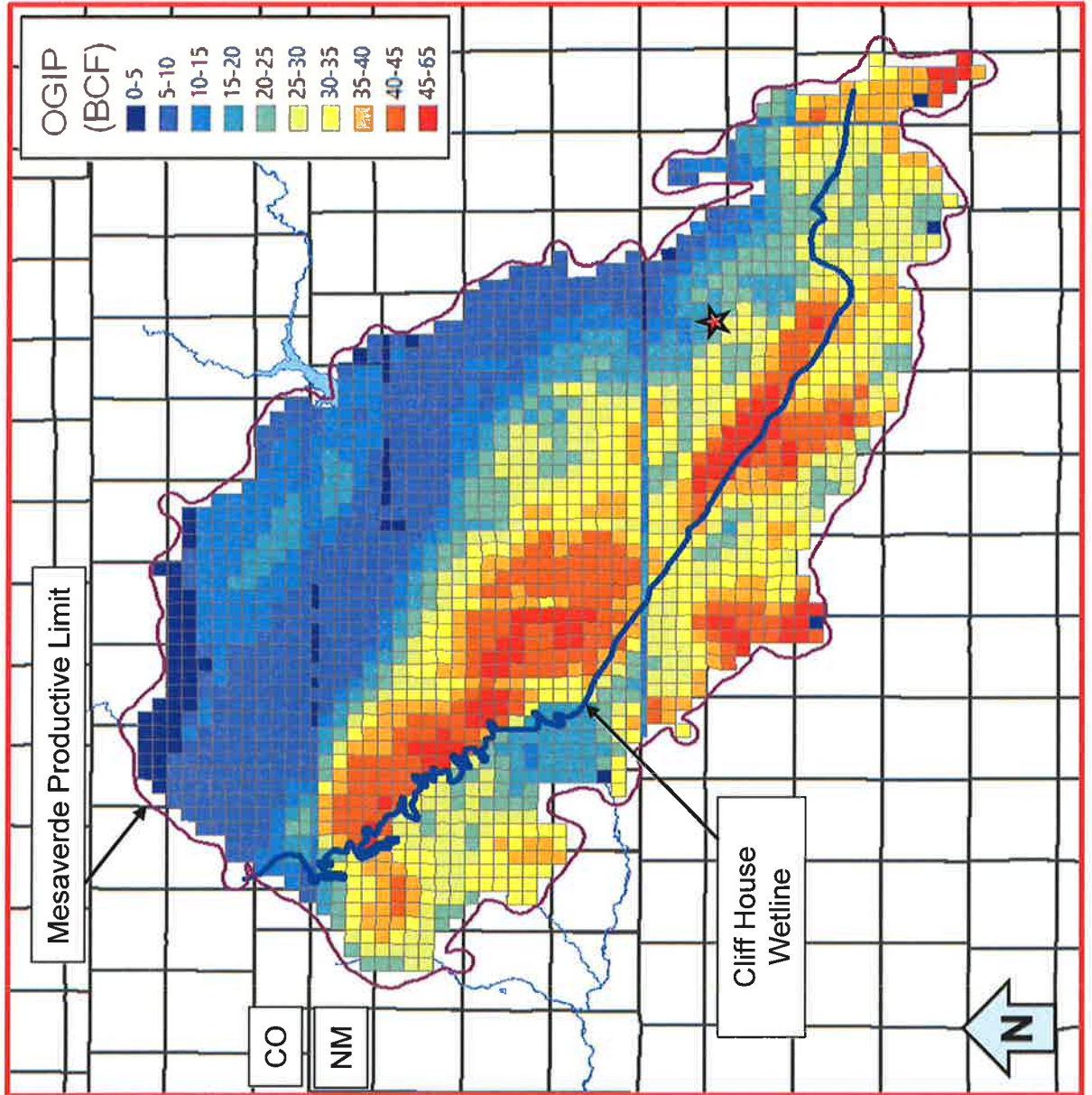


Well Specifics

- NW3 27-5 3003923683 1986 drill
- 3rd MV completion in 1/4 section
- 560' from nearest MV producer
- Help drain area to the southwest
- Complete MV in 1-2 stages

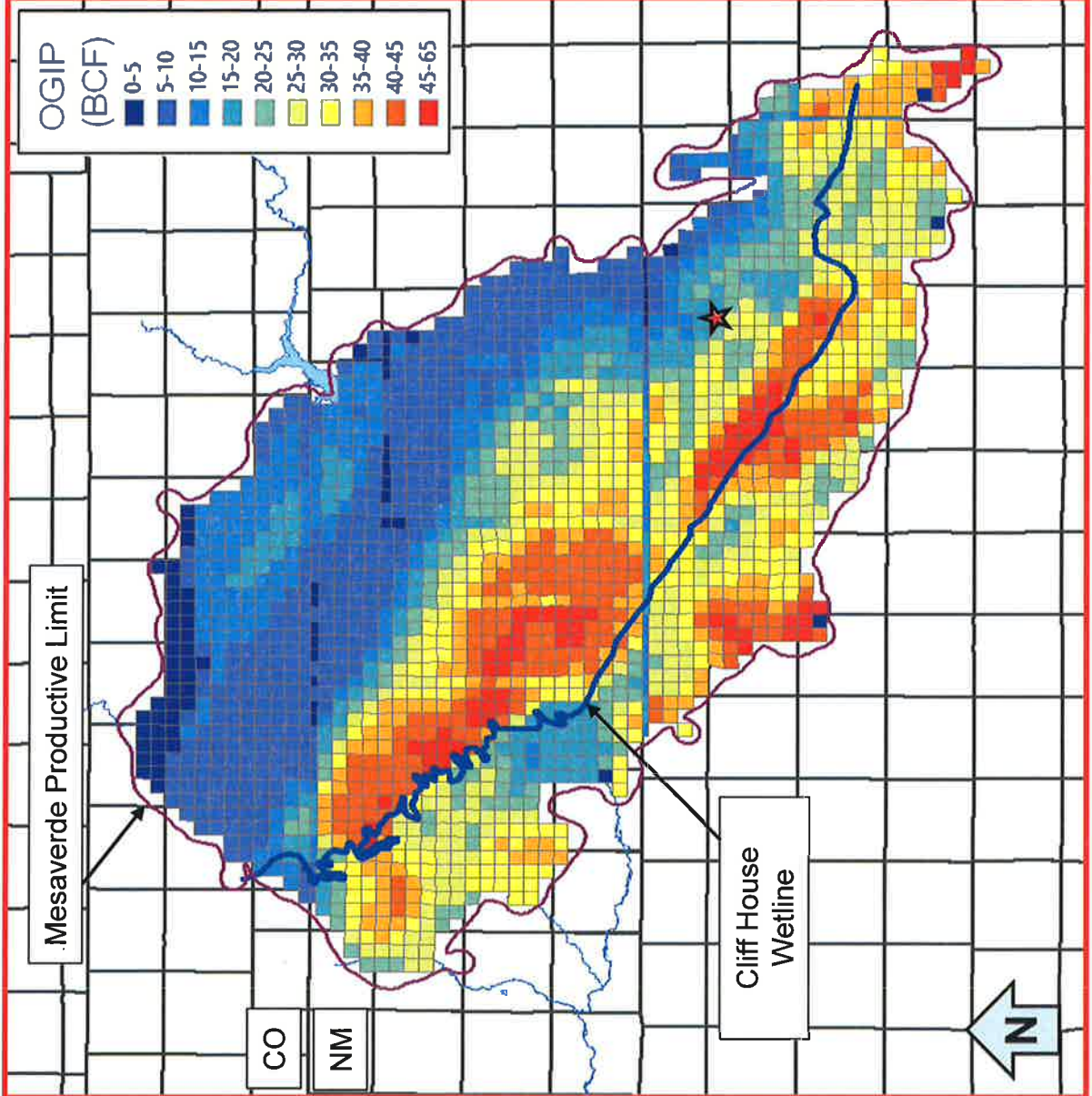


MV Original Gas In Place



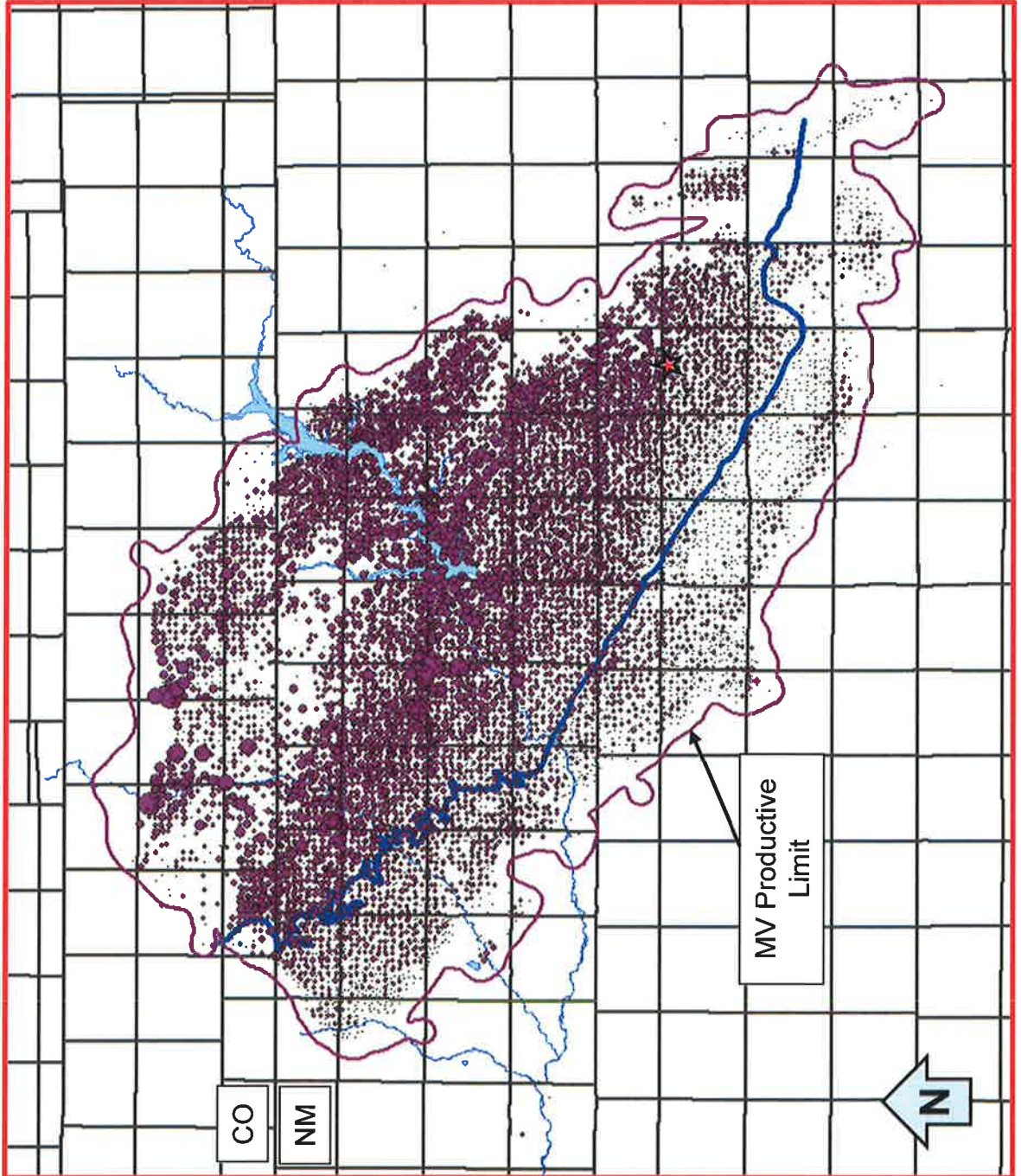


MV Original Gas In Place



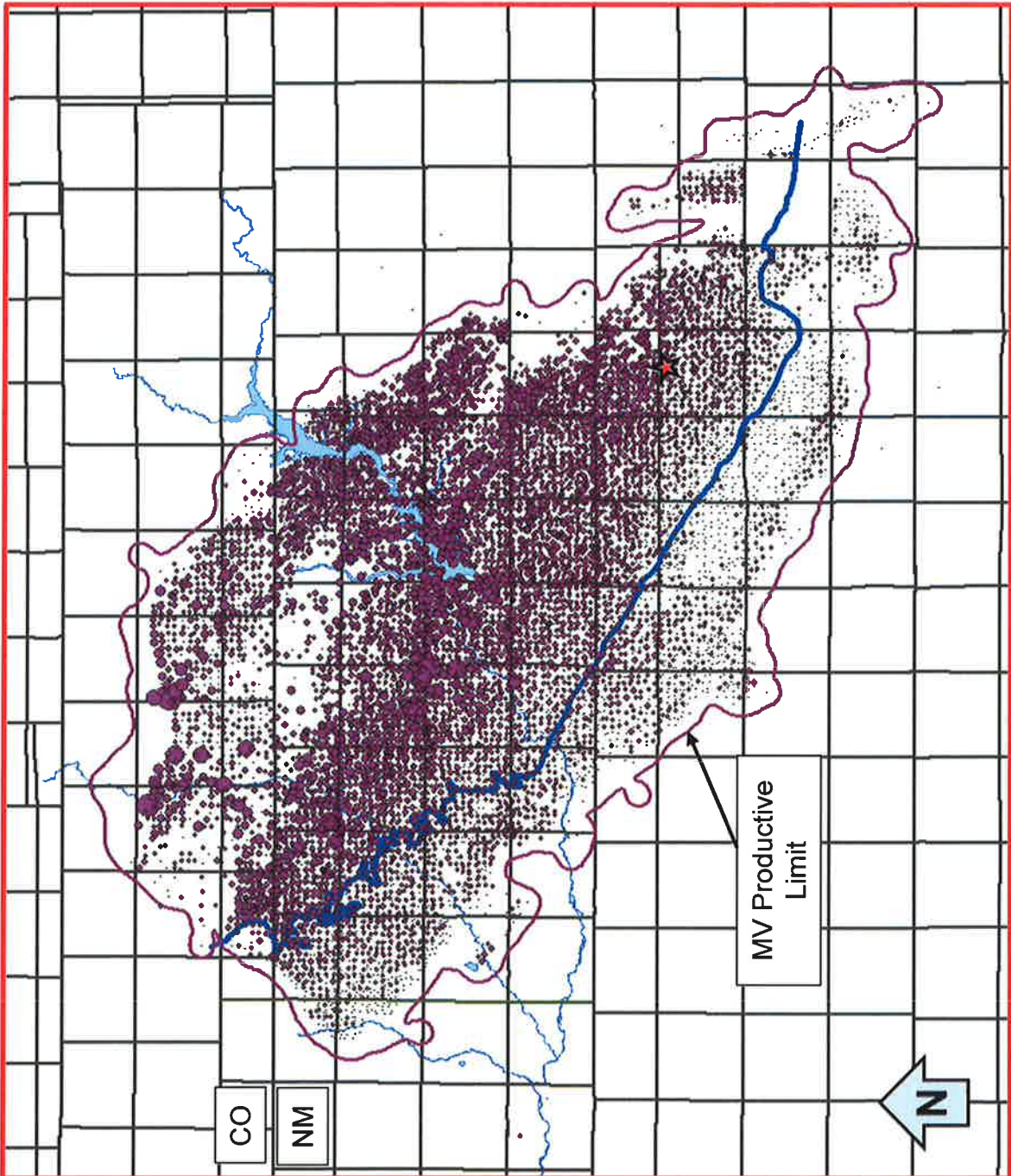


MV EUR and Drainage Radius



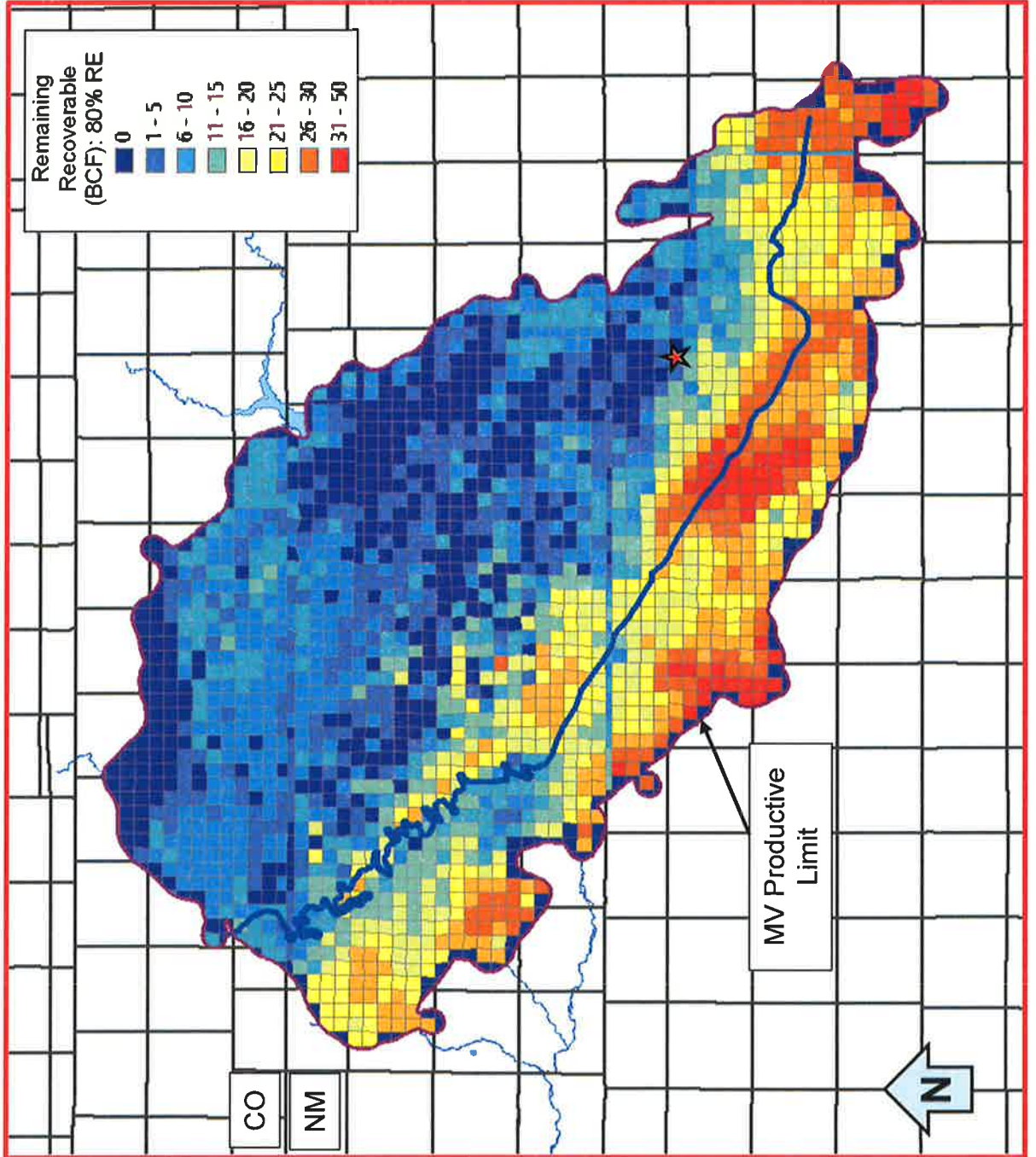


MV EUR and Drainage Radius



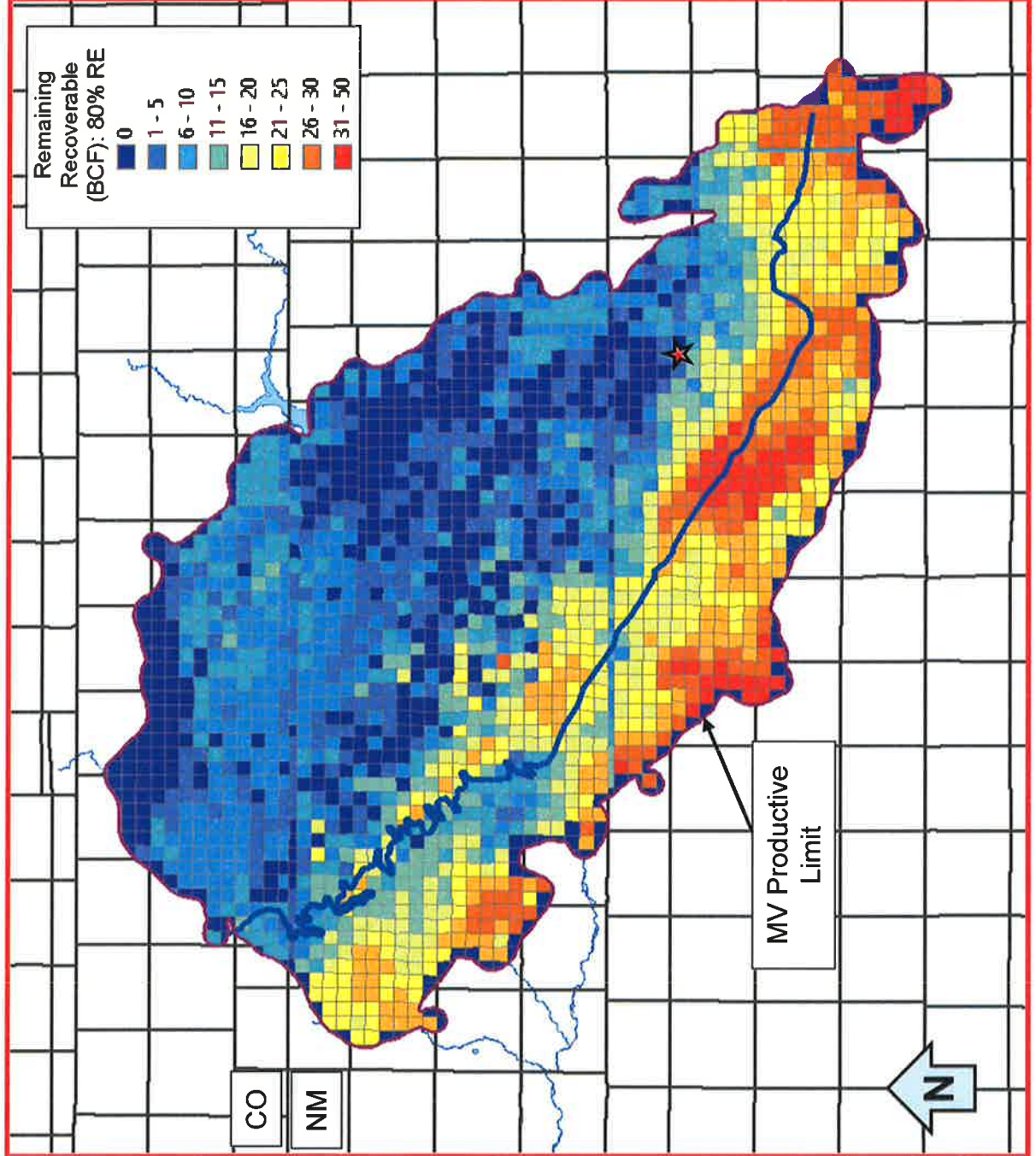


MV Remaining Recoverable Gas





MV Remaining Recoverable Gas



San Juan 27-5 Unit NP 84



| Reference Area | Volumetric OGIP | Section Equivalent OGIP | CTD / RF% | Remaining GIP | EUR / RF% |
|----------------|-----------------|-------------------------|----------------|---------------|-----------------|
| Qtr Section | 5.2 Bcf | 20.8 Bcf | 2.8 Bcf / 53% | 2.4 Bcf | 3.4 Bcf / 66% |
| Section | 20.6 Bcf | 20.6 Bcf | 10.5 Bcf / 51% | 10.1 Bcf | 14.8 Bcf / 72% |
| 9 Section | 220.0 Bcf | 24.4 Bcf | 84.0 Bcf / 38% | 136.0 Bcf | 124.0 Bcf / 56% |

- Remaining Gas in Place in Quarter Section of 2.4 Bcf
- Cumulative Recovery Factor to Date 53% and 51% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

San Juan 27-5 Unit 84E

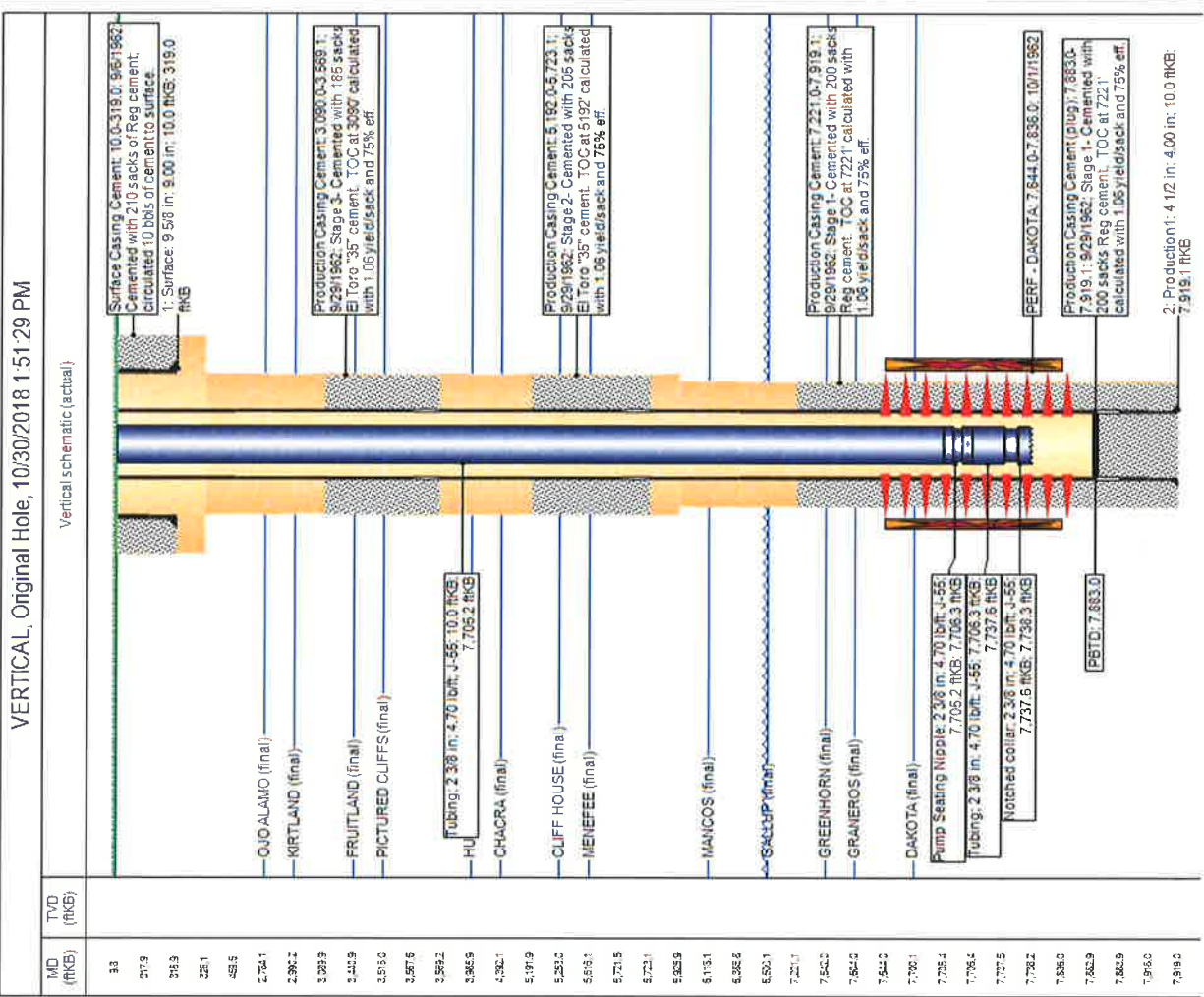


| Reference Area | Volumetric OGIP | Section Equivalent OGIP | CTD / RF% | Remaining GIP | EUR / RF% |
|----------------|-----------------|-------------------------|----------------|---------------|-----------------|
| Qtr Section | 4.9 Bcf | 19.6 Bcf | 2.8 Bcf / 57% | 2.1 Bcf | 4.2 Bcf / 86% |
| Section | 20.6 Bcf | 20.6 Bcf | 10.5 Bcf / 51% | 10.1 Bcf | 14.8 Bcf / 72% |
| 9 Section | 205.0 Bcf | 22.8 Bcf | 85.0 Bcf / 42% | 120.0 Bcf | 128.0 Bcf / 62% |

- Remaining Gas in Place in Quarter Section of 2.1 Bcf
- Cumulative Recovery Factor to Date 57% and 51% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore



San Juan 27-5 Unit NP 84 - Schematic





San Juan 27-5 Unit 84E - Schematic

