

From: [John Brown](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Rob Carlson; "Adam Rankin"](#)
Subject: [EXT] RE: [EXTERNAL] FW: Hilcorp; Case Nos. 20891, 20892, 20893 - Lambe gas composition sample
Date: Monday, January 13, 2020 2:38:16 PM
Attachments: [Lambe 3M and Grambling C 3B BTU Allocation Factors.pptx](#)

Dean,

The correct BTU for the Lambe 3M is 1023. The 1148 BTU factor was the average historical BTU factor. Using the most recent BTU factor, rather than the historical average, is the correct way to allocate. I have attached the updated Grambling C#3B as well. Sorry for the mistake.

John Brown

From: McClure, Dean, EMNRD [mailto:Dean.McClure@state.nm.us]
Sent: Monday, January 13, 2020 3:21 PM
To: John Brown <jbrown@hilcorp.com>
Cc: Rob Carlson <rcarlson@hilcorp.com>; 'Adam Rankin' <AGRankin@hollandhart.com>
Subject: RE: [EXTERNAL] FW: Hilcorp; Case Nos. 20891, 20892, 20893 - Lambe gas composition sample

Hello John,

The prior gas sample for the Lambe 3M (30-045-33680) had a reported BTU content of 1023. This most recent submittal has the same gas as having a BTU content of 1148. Please confirm which is the correct value.

If the correct value is 1148, please submit the gas analysis confirming this.

If the correct value is 1023, please resubmit an allocation calculation for the Dakota and Mesaverde pools in this well.

Dean McClure
Petroleum Specialist
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3471

From: John Brown <jbrown@hilcorp.com>
Sent: Monday, January 13, 2020 1:01 PM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Cc: Rob Carlson <rcarlson@hilcorp.com>; 'Adam Rankin' <AGRankin@hollandhart.com>
Subject: [EXT] RE: [EXTERNAL] FW: Hilcorp; Case Nos. 20891, 20892, 20893 - Lambe gas composition sample

Dean,

Here are our revised allocation percentages for the two wells based on offset standalone Mesaverde and Dakota BTU factors.

John Brown

From: Adam Rankin [<mailto:AGRankin@hollandhart.com>]
Sent: Thursday, January 2, 2020 5:24 PM
To: John Brown <jbrown@hilcorp.com>
Cc: Rob Carlson <rcarlson@hilcorp.com>; Michael Feldewert <MFeldewert@hollandhart.com>; Kaitlyn A. Luck <KALuck@hollandhart.com>
Subject: [EXTERNAL] FW: Hilcorp; Case Nos. 20891, 20892, 20893 - Lambe gas composition sample

John,

Dean has reviewed the data in support of these applications and has some additional questions about the allocation formula. See below. Is this something that you can address? Can we provide the Division with an updated allocation or confirm that the one proposed at hearing is correct?

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Monday, December 30, 2019 8:16 AM
To: Adam Rankin <AGRankin@hollandhart.com>
Cc: Michael Feldewert <MFeldewert@hollandhart.com>; Kaitlyn A. Luck <KALuck@hollandhart.com>; Ames, Eric, EMNRD <Eric.Ames@state.nm.us>
Subject: RE: Hilcorp; Case Nos. 20891, 20892, 20893 - Lambe gas composition sample

External Email

Hello Mr. Rankin,

I have concluded my initial technical review of these cases.

Based off the data available, it seems that the current fixed percent allocation for the Grambling C 3B (30-045-33131) and the Lambe 3M (30-045-33680) is not correct likely due to changes in reservoir pressures since they were first determined. Please have Hilcorp's engineers revisit these allocations and submit new best estimates for percent allocation between the Mesaverde (72319) and Dakota (71629). Please provide the supporting documents for the new best estimates.

It is Hilcorp's discretion how they wish to compute these new percentages provided OCD is in agreement on the method's viability, but I would suggest that the BTU ratings of nearby wells producing individually from the Mesaverde and Dakota could be used in conjunction with the BTU of the gas being produced from the Grambling C 3B and Lambe 3M wells to reach a conclusion on what percentage of the gas is coming from which formations in these wells.

Dean McClure
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From: Adam Rankin <AGRankin@hollandhart.com>
Sent: Tuesday, December 10, 2019 2:12 PM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Cc: Michael Feldewert <MFeldewert@hollandhart.com>; Kaitlyn A. Luck <KALuck@hollandhart.com>; Ames, Eric, EMNRD <Eric.Ames@state.nm.us>; Hearings, OCD, EMNRD <OCD.Hearings@state.nm.us>
Subject: [EXT] RE: Hilcorp; Case Nos. 20891, 20892, 20893 - Lambe gas composition sample

Dean,

Attached please find a copy of gas composition samples for the Lambe well.

Please let me know if you have any further questions. With this submission, I believe that Hilcorp will have submitted all the additional information requested by the Division.

Very best,
Adam

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Monday, December 2, 2019 1:44 PM
To: Adam Rankin <AGRankin@hollandhart.com>
Cc: Michael Feldewert <MFeldewert@hollandhart.com>; Kaitlyn A. Luck <KALuck@hollandhart.com>; Ames, Eric, EMNRD <Eric.Ames@state.nm.us>
Subject: RE: Hilcorp; Case Nos. 20891, 20892, 20893

External Email

Hello Mr. Rankin,

Thank you for the water samples and additional statement regarding damage to the reservoirs due to clay swelling.

However, I would also like to see representative gas composition analysis reports for the different pools being commingled. Of specific interest is representative samples for the Lambe 3M (30-045-33680) due to the diverse ownership of the pools for this well.

Dean McClure
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(505) 476-3471

From: Adam Rankin <AGRankin@hollandhart.com>
Sent: Tuesday, November 19, 2019 5:39 PM
To: Hearings, OCD, EMNRD <OCD.Hearings@state.nm.us>
Cc: Michael Feldewert <MFeldewert@hollandhart.com>; Kaitlyn A. Luck <KALuck@hollandhart.com>; Ames, Eric, EMNRD <Eric.Ames@state.nm.us>
Subject: [EXT] Hilcorp; Case Nos. 20891, 20892, 20893

Dear Examiner,

Please find attached to this email supplemental slides which address Examiner McLure's request for additional water sample data, as requested at the hearing on 11/14.

We believe that with the submission of this statement, Hilcorp has provided everything requested by the Division at the hearing and that the case may now be taken under advisement. Please let us know if the Division has any follow up requests or additional questions.

Very best,
Adam

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