

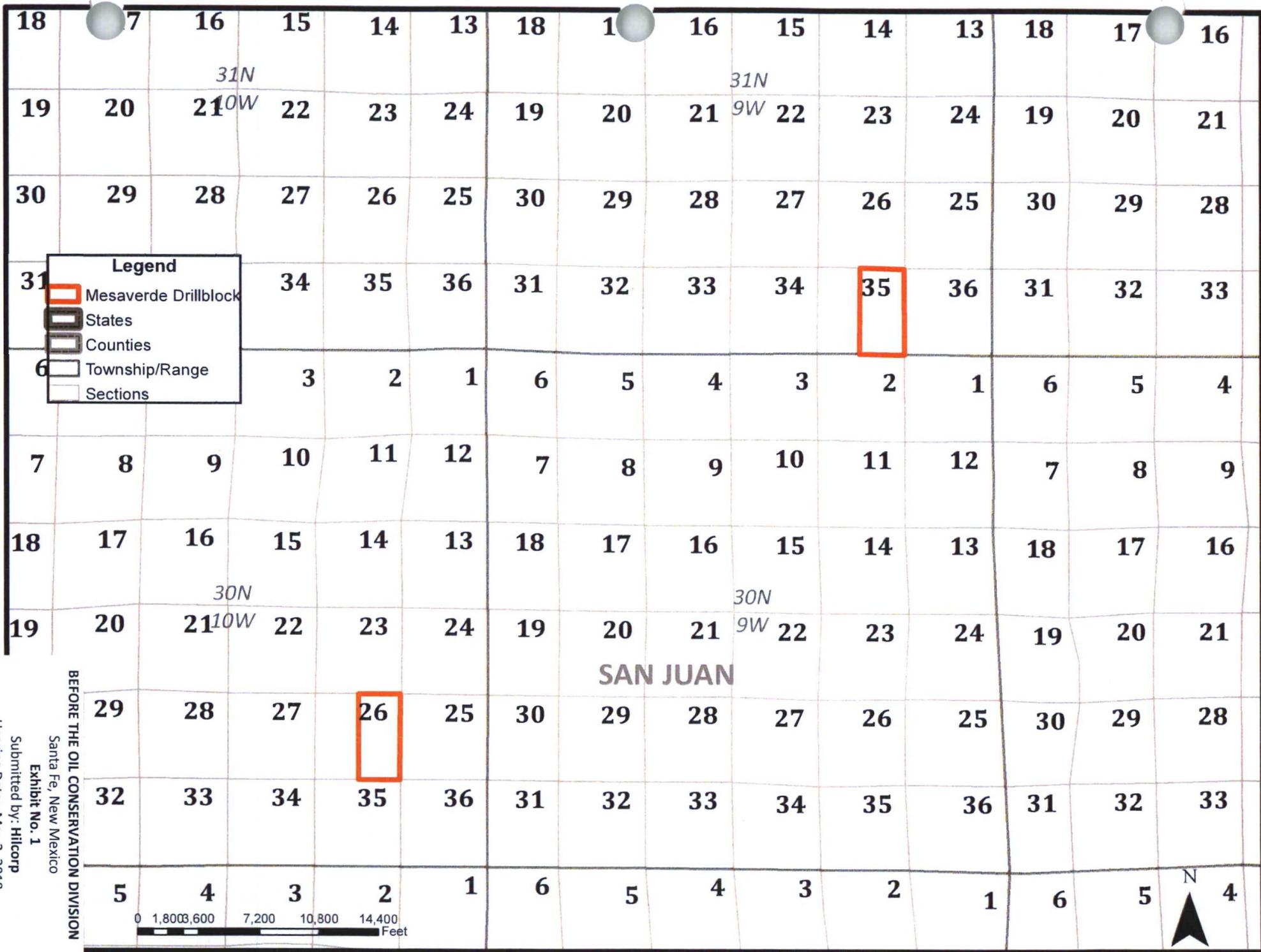
**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING MAY 3, 2018**

**CASE NO. 16127**

*SUNRAY F 1F WELL*

*SAN JUAN COUNTY, NEW MEXICO*





**SAN JUAN**

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. 1  
 Submitted by: Hilcorp  
 Hearing Date: May 3, 2018  
 Case No 16127

**Offset Operators:**  
Hilcorp Energy Company  
BP America Production Company  
Enduring Resources IV, LLC  
Koch Exploration Company, LLC

SAN JUAN

**Sunray F 1F\_MV**  
**API: 30-045-34450**

**Legend**

-  Offset Boundary
-  DK
-  MV
-  Mesaverde Drillblock

SUNRAY F 1B\_MV 26  
300453017300

SUNRAY F 1F\_DK  
300453445000

SUNRAY F 1A\_MV  
300452383200

SUNRAY F 1M\_MV  
300453083000

0 600 1,200 2,400 3,600 4,800  
Feet

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
**Exhibit No. 2**  
Submitted by: **Hilcorp**  
Hearing Date: May 3, 2018  
Case No 16127





April 13, 2018

**VIA CERTIFIED MAIL - CERTIFIED RECEIPT REQUESTED**

**TO: ALL WORKING INTEREST OWNERS**

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

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application(s) with the New Mexico Oil Conservation Division. The application(s) will be set for hearing before a Division Examiner at 8:15 a.m. on May 3, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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

If you have any questions about this matter please contact Robert Carlson by phone at (832) 839-4596 or by email at [rcarlson@hilcorp.com](mailto:rcarlson@hilcorp.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Carlson'.

Robert Carlson  
Landman

RTC:dkp



April 13, 2018

**VIA CERTIFIED MAIL - CERTIFIED RECEIPT REQUESTED**

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If you have any questions about this matter please contact Robert Carlson by phone at (832) 839-4596 or by email at [rcarlson@hilcorp.com](mailto:rcarlson@hilcorp.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'RTC' followed by a stylized flourish.

Robert Carlson  
Landman

RTC:dkp

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	BETTY T JOHNSTON MARITAL TRUST B.T.JOHNSTON, W.G. MATHEWS and T.N. AUN, 2424 WILCREST STE 105, HOUSTON, TX, 77042 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000	Dani Papetti	BP AMERICA PRODUCTION COMPANY ATTN: CRAIG FERGUSON, 737 N. ELDRIDGE PARKWAY, HOUSTON, TX, 77079 Code: Hearing #(s): 16118; 16120; 16121; 16124; 16125; 16127	4/13/2018	In Transit to Next Facility 17-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	ELAINE G HOWE, PO BOX 624, SULPHUR, OK, 73086- 0624 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	ENDURING RESOURCES IV, LLC, 511 16TH ST, STE 700, DENVER, CO, 80202 Code: Hearing #(s): 16124; 16125; 16127	4/13/2018	Delivered, Front Desk/Reception 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	EULA MAY JOHNSTON TRUST 661, BANK OF AMERICA N A PO BOX 840738, DALLAS, TX, 75284-0738 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered 15-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	FRANK N GIBBARD JR, 14 PLUMER ROAD, EPPING, NH, 30420 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	GRAYFORE PARTNERS LP, PO BOX 98670, LUBBOCK, TX, 79499-8670 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered, PO Box 18-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	KOCH EXPLORATION COMPANY LLC, PO BOX 2219, WICHITA, KS, 67201-2219 Code: Hearing #(s): 16127	4/13/2018	Delivered 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	Laurence C Kelly Trust c/o Steve Coldwell, Trustee, 3239 N. Verdugo Rd., Glendale, CA, 91208-1633 Code: Hearing #(s): 16127	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	ROGERS EVELAND LLC, 3630 RIVER OAKS CT, TYLER, TX, 75707 Code: Hearing #(s): 16118	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	V A JOHNSTON LTD, PO BOX 303247, AUSTIN, TX, 78703 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered 16-Apr-18 Signature Pending

**Dani Papetti**

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**From:** Sheryl Kohl  
**Sent:** Wednesday, April 25, 2018 9:18 AM  
**To:** Dani Papetti  
**Subject:** FW: Offset Operators - May Hearing Notices

Here is Craig's reply to receiving the Hearing Notices.

Sheryl

**From:** Ferguson, Craig [mailto:Craig.Ferguson@bp.com]  
**Sent:** Wednesday, April 18, 2018 3:52 PM  
**To:** Sheryl Kohl <skohl@hilcorp.com>  
**Subject:** RE: Offset Operators - May Hearing Notices

Sheryl,  
I have received and forwarded to team for review.  
Thanks.

Craig T. Ferguson  
Sr. Land Negotiator  
San Juan Basin – New Mexico  
281.892.5743

**Lower 48 Onshore**  
**BP America Production Company**  
737 N. Eldridge Parkway, E3-12.173B  
Houston, TX 77079

*Nothing contained in this communication, or in any other written or oral communications with BP America Production Company or its affiliates (collectively "BP") concerning the matters addressed above, shall create an obligation on BP to conclude a transaction covering such matters. Unless and until a written agreement covering the matters addressed above is executed by BP's authorized representative having express authority to bind BP to a transaction of such size and nature, BP has no obligation (legal or otherwise) concerning such matters. YOU SHOULD NOT RELY ON THIS COMMUNICATION OR ANY OTHER WRITTEN OR ORAL COMMUNICATIONS WITH BP AS THE BASIS FOR TAKING ANY ACTION, FOREGOING ANY OPPORTUNITY OR INCURRING ANY COSTS, IN ANTICIPATION OF CONCLUDING A TRANSACTION WITH BP.*

*This email and any attachments are intended only for the addressee(s) listed above and may contain confidential, proprietary, and/or privileged information. If you are not an intended recipient, please immediately advise the sender by return email, delete this email and any attachments, and destroy any copies of same. Any unauthorized review, use, copying disclosure or distribution of this email and any attachments is prohibited.*

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**From:** Sheryl Kohl [mailto:skohl@hilcorp.com]  
**Sent:** Wednesday, April 18, 2018 3:41 PM  
**To:** Ferguson, Craig  
**Subject:** Offset Operators - May Hearing Notices

Craig,

I have attached Hearing Notices that went out last Friday. For some reason they have not been delivered to you yet. Will you confirm that you received these Hearing Notices?

Thanks,

*Sheryl Kohl, CPLTA*

*Sr. Land Tech – San Juan East*

Hilcorp Energy Company

1111 Travis, Houston, Texas 77002

P: 713-289-2781

E: [skohl@hilcorp.com](mailto:skohl@hilcorp.com)

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*Hilcorp Energy Company's address is 1111 Travis St, Houston, TX 77002*

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*Hilcorp Energy Company's address is 1111 Travis St, Houston, TX 77002*

AFFIDAVIT OF PUBLICATION

Ad No. 0001243374

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

HOLLAND AND HART PO BOX 2208

SANTA FE NM 87504

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 3, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by April 23, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

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

04/15/18

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

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

TO: All Working Interest Owners in the Subject Spacing Unit and Offsetting Operators or Leased Mineral Interest Owners, including: Laurence C. Kelly Trust c/o Steve Coldwell, Trustee; Koch Exploration Company LLC; BP America Production Company; Enduring Resources IV, LLC.

Case No. 16127: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the Sunray F 1F Well (API No. 30-045-34450) in the Mesaverde formation with a surface location in Unit I of the E/2 of Section 26, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Sunray F 1F Well from the Blanco-Mesaverde Gas Pool. Said area is located ap-

[Handwritten signature]

Legal Clerk

Subscribed and sworn before me this 23th of April 2018.

[Handwritten signature]

State of WI, County of Brown NOTARY PUBLIC

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 4

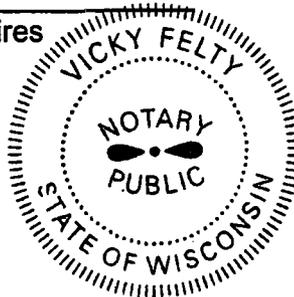
Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16127

9-19-21

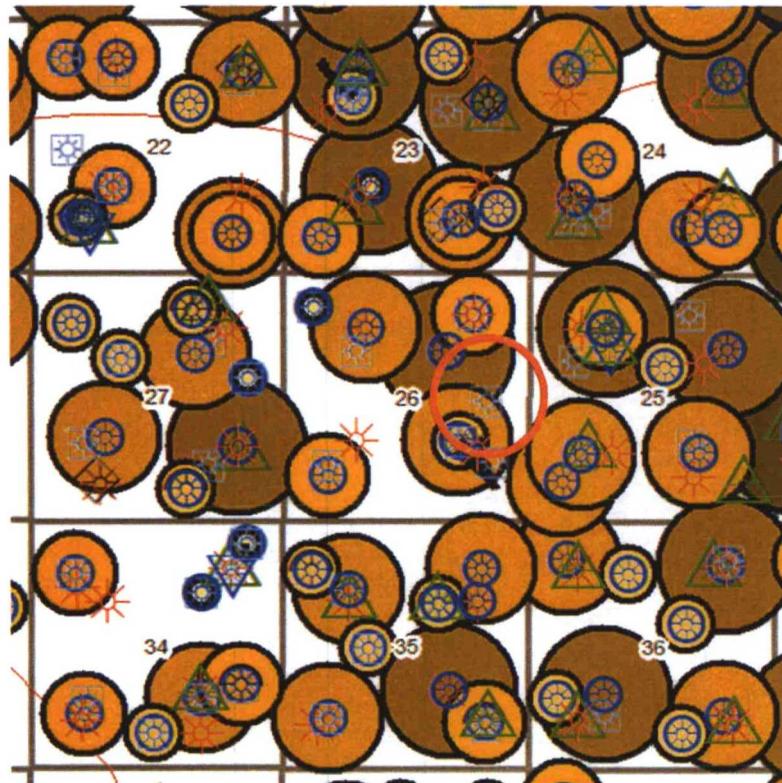
My Commission Expires



proximately 15 miles east of Aztec, NM.

Legal No. 1243374 published in The Daily Times  
on April 15, 2018

# Sunray F 1F



▲ FRUITLAND COAL  
■ PICTURED CLIFFS  
● CHACRA  
● MESAVARDE  
◆ MANCOS  
■ DAKOTA

## Well Specifics

- SE26 30-10 3004534450 2007 drill
- 3rd MV completion in  $\frac{1}{4}$  section
- 1000' from nearest offset
- Help drain area to east
- Complete entire MV in 3 stages
- 885' from section line

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

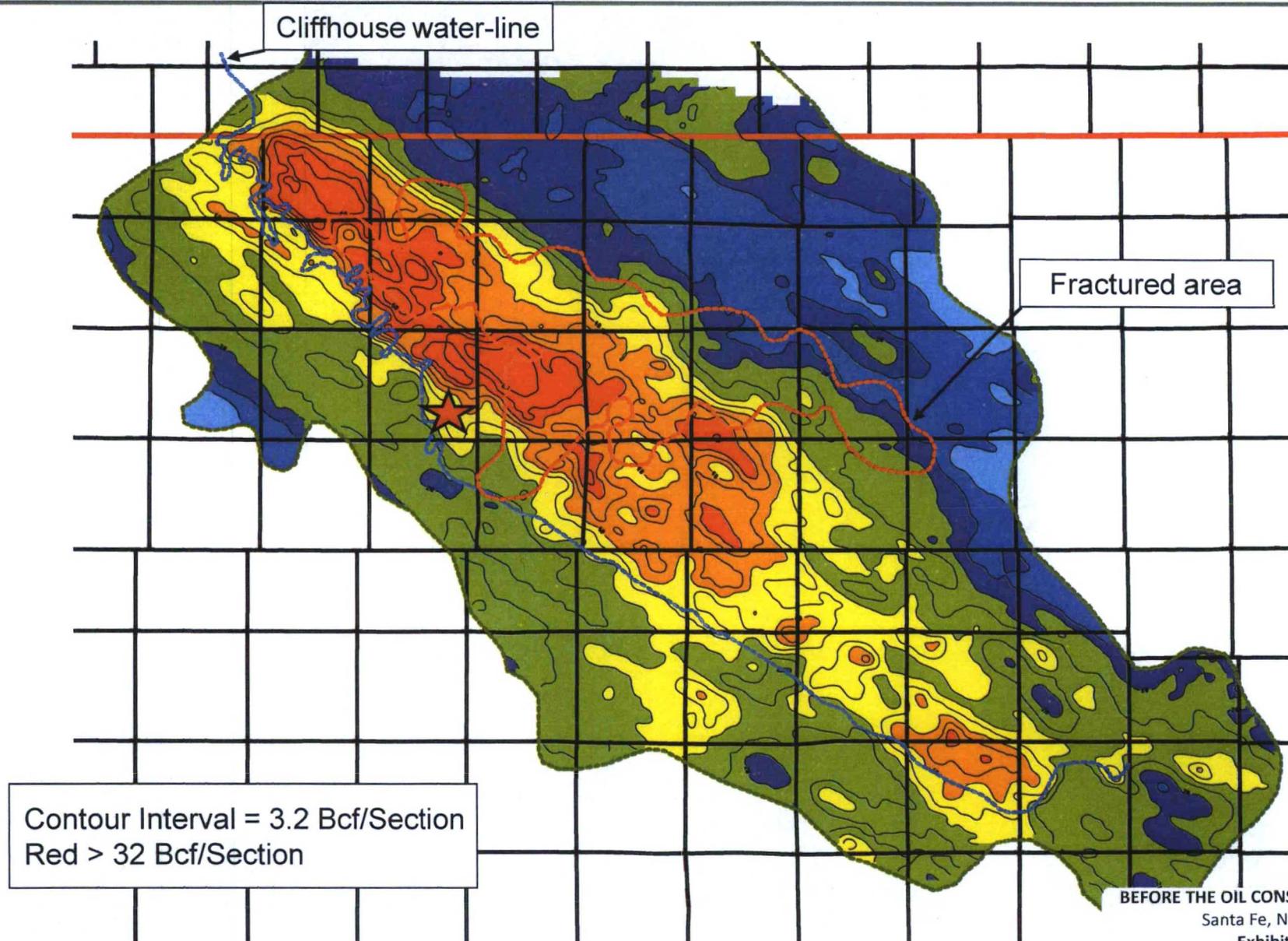
Exhibit No. 5

Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16127

# MV Original Gas-in-Place



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 6

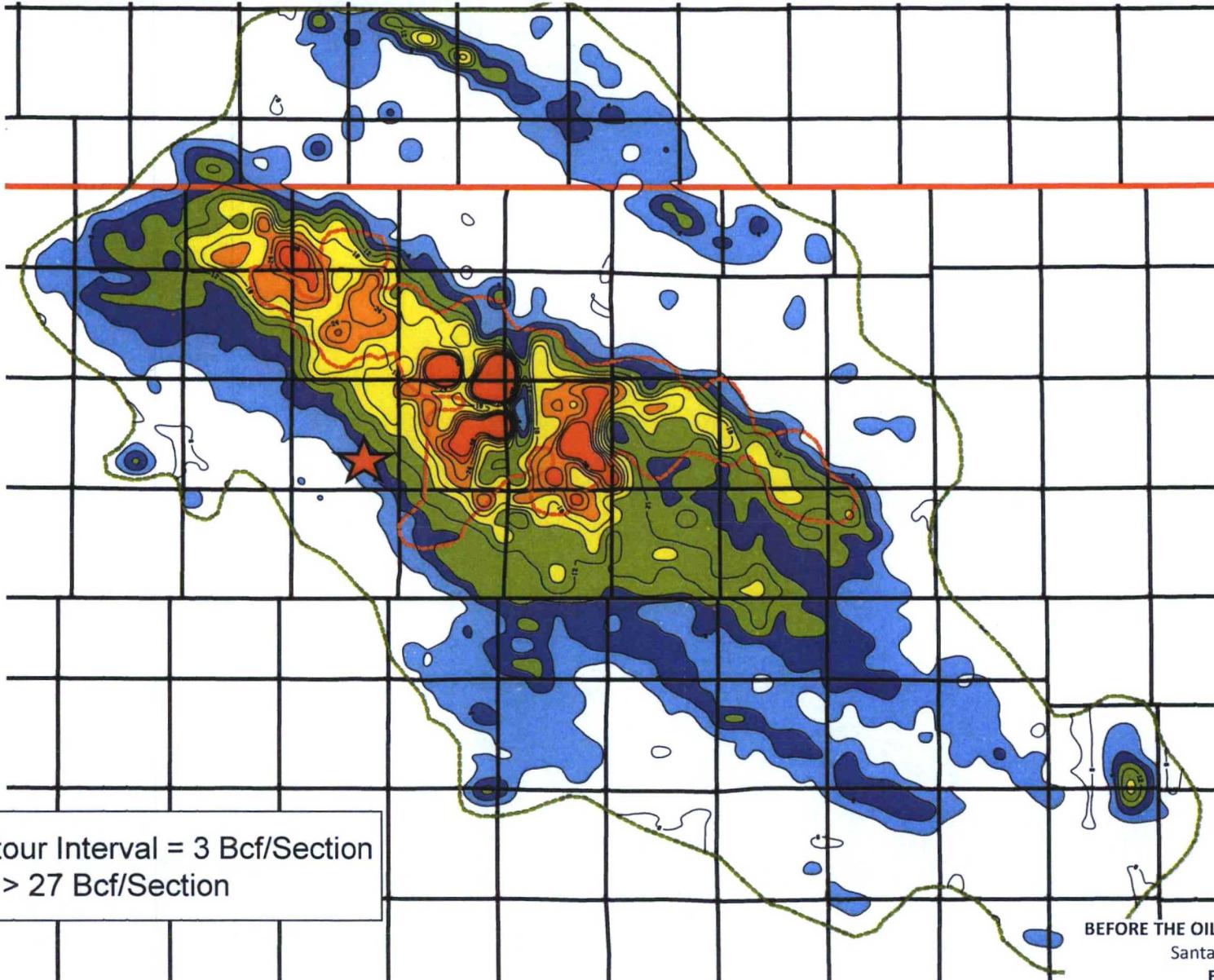
Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16127



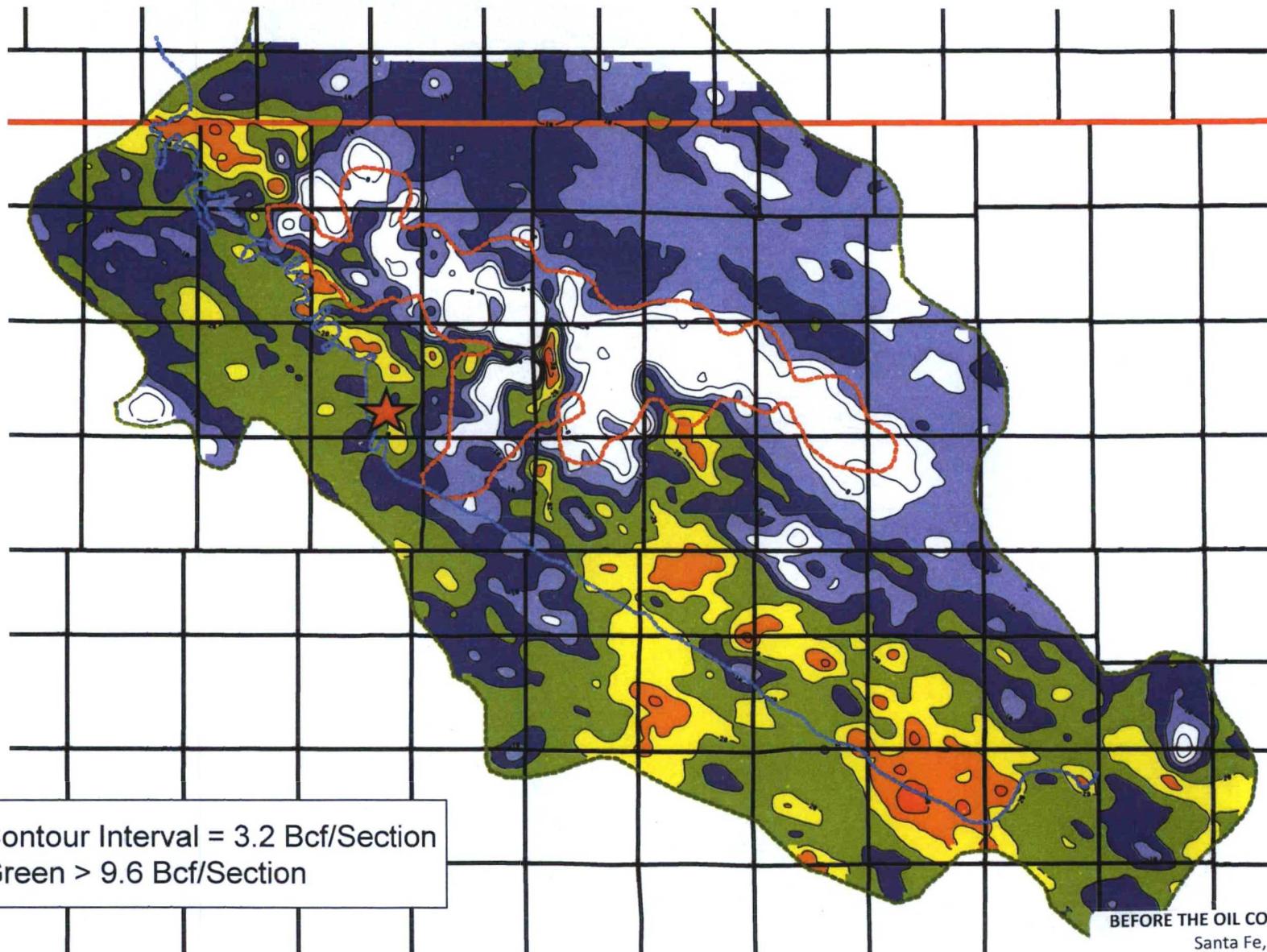
# MV Cumulative Gas Production



Contour Interval = 3 Bcf/Section  
Red > 27 Bcf/Section

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
**Exhibit No. 7**  
Submitted by: **Hilcorp**  
Hearing Date: May 3, 2018  
Case No 16127

# MV Remaining Gas



Contour Interval = 3.2 Bcf/Section  
Green > 9.6 Bcf/Section

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 8  
Submitted by: Hilcorp  
Hearing Date: May 3, 2018  
Case No 16127

# Sunray F 1F



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	CTD Remaining GIP	EUR / RF% (Historical Data)
Qtr Section	9.4 Bcf	37.6 Bcf	2.1 Bcf / 22%	7.3 Bcf	3.3 Bcf / 35%
Section	34.5 Bcf	34.5 Bcf	7.6 Bcf / 22%	26.9 Bcf	10.2 Bcf / 30%
9 Section	292.7 Bcf	32.5 Bcf	84.8 Bcf / 29%	207.9 Bcf	108.1 Bcf / 37%

- Remaining Gas in Place in Quarter Section of 7.3 Bcf
- Cumulative Recovery Factor to Date 22% and 22% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 9

Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16127