



Post Office Box 61229  
Houston, Texas 77208-1229

1111 Travis Street  
Houston, Texas 77002

Phone: (832) 839-4573  
dduffy@hilcorp.com

March 1, 2018

R-340

Bureau of Land Management  
Farmington Resource Area  
6251 College Blvd., Suite A  
Farmington, NM 87402

Commissioner of Public Lands  
State of New Mexico  
P. O. Box 1148  
Santa Fe, NM 87501-1148

Oil Conservation Division  
State of New Mexico  
1220 S. Saint Francis Drive  
Santa Fe, NM 87505

**2018 PLAN OF DEVELOPMENT  
FOR THE SAN JUAN 28-4 UNIT  
NO. 14-08-001-933  
RIO ARRIBA COUNTY, NEW MEXICO**

Prior to August 1, 2017, ConocoPhillips operated the San Juan 28-4 Unit and submitted a 2017 Plan of Development and Operations ("2017 POD"). Hilcorp Energy Company ("Hilcorp") assumed the role of Unit Operator on August 1, 2017.

Pursuant to Section 10 of the San Juan 28-4 Unit Agreement, Hilcorp, as Unit Operator, hereby submits the proposed 2018 Plan of Development and Operations ("2018 POD").

**I. PERIOD**

This plan will be effective from April 1, 2018 through March 31, 2019. The 2019 Plan will be submitted on or before March 1, 2019.

**II. 2017 PLAN REVIEW OF OPERATIONS**

A summary of key activities undertaken after August 1, 2017 include:

- A. Production History:** During 2017, cumulative production from the San Juan 28-4 Unit was 1.3 BCF gas; 4.18 MBO oil; 9 MBW produced water. Refer to Exhibit A attached for a listing of all wells in the San Juan 28-4 Unit.
- B. Participating Areas:** The Participating Areas currently established in the San Juan 28-4 Unit are as follows:

| FORMATION       | EXPANSION | EFFECTIVE DATE |
|-----------------|-----------|----------------|
| DAKOTA          | 007       | 01-DEC-73      |
| MESAVERDE       | 013       | 01-OCT-06      |
| PICTURED CLIFFS | 001       | 01-DEC-55      |

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- C. Drilling Program:** The 2017 POD filed by ConocoPhillips provided for no drilling activity. No additional drilling projects were undertaken by Hilcorp during the 2017 period.
- D. Workovers/Recompletion Program:** The 2017 POD filed by ConocoPhillips did not anticipate any activity. No additional projects were undertaken by Hilcorp during the 2017 period.
- E. Facility Program:** The 2017 POD filed by ConocoPhillips provided for no drilling activity. No additional projects were undertaken by Hilcorp during the 2017 period.
- F. Plugging & Abandonment Program:** The 2017 POD filed by ConocoPhillips provided for no activity. No additional drilling projects were undertaken by Hilcorp during the 2017 period.

### **III. 2018 PLAN OF DEVELOPMENT AND OPERATIONS**

A summary of key activities planned for 2018 includes:

- A. Drilling Program:** Hilcorp does not anticipate drilling any new wells in the San Juan 28-4 Unit during 2018. However, new drill opportunities will be evaluated and executed as they arise.
- B. Workovers/Recompletion Program:** Hilcorp is evaluating opportunities throughout the unit to maintain and increase production. At this time, no specific projects have been identified. However, new projects will be executed as they arise.
- C. Facility Program:** Throughout 2018, Hilcorp will conduct routine repairs and replacement of facilities required to maintain and increase field production, including construction of additional gas lift lines and/or gas flow lines, expansion of production facilities(including electrical and piping upgrades), and construction of additional water disposal, injection or processing equipment.
- D. Plugging & Abandonment Program:** Hilcorp does not anticipate plugging/abandoning any wells in the San Juan 28-4 Unit at this time. Hilcorp will evaluate and implement additional P&A projects as they arise.

In accordance with Section 10 of the Unit Agreement, please provide your approvals by executing and returning a copy of this letter to the undersigned.

Please contact me at (832) 839-4573 if there are any questions regarding this letter.

San Juan 28-4 Unit  
2018 Plan of Development

Sincerely,  
HILCORP ENERGY COMPANY



David W. Duffy,  
L48W Land Manager

*cc: Working Interest Owners*

*CRITCHFIELD SANTA FE LLC  
CROSS TIMBERS ENERGY LLC  
HILCORP SAN JUAN, LP*

**SAN JUAN 28-4 UNIT  
2018 PLAN OF DEVELOPMENT APPROVALS**

\_\_\_\_\_  
**Bureau of Land Management**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**New Mexico Oil Conservation Division**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**New Mexico Commissioner of Public Lands**

\_\_\_\_\_  
**Date**



### San Juan 28-4 Unit Exhibit "A"

| API #      | WELL NAME                 | POOL/FORMATION             | STATUS         | ST | COUNTY     | SEC | TWP  | RGE  | QTR  | OPERATOR               |
|------------|---------------------------|----------------------------|----------------|----|------------|-----|------|------|------|------------------------|
| 3003907218 | San Juan 28-4 Unit 008    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 36  | 028N | 004W | SESW | Hilcorp Energy Company |
| 3003907225 | San Juan 28-4 Unit 018    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 31  | 028N | 031W | SWSW | Hilcorp Energy Company |
| 3003907233 | San Juan 28-4 Unit 009    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 32  | 028N | 004W | SESW | Hilcorp Energy Company |
| 3003907245 | San Juan 28-4 Unit 012    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 33  | 028N | 033W | NESW | Hilcorp Energy Company |
| 3003907255 | San Juan 28-4 Unit 005    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 32  | 028N | 032W | SENE | Hilcorp Energy Company |
| 3003907256 | San Juan 28-4 Unit 011    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 31  | 028N | 031W | SWNE | Hilcorp Energy Company |
| 3003907281 | San Juan 28-4 Unit 020    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 30  | 028N | 030W | SWSW | Hilcorp Energy Company |
| 3003907285 | San Juan 28-4 Unit 4      | Blanco Mesaverde           | Perm Abandoned | NM | Rio Arriba | 26  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907293 | San Juan 28-4 Unit 15     | Blanco Mesaverde           | Perm Abandoned | NM | Rio Arriba | 29  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907319 | San Juan 28-4 Unit 14     | Blanco Mesaverde           | Perm Abandoned | NM | Rio Arriba | 29  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907327 | San Juan 28-4 Unit 16     | Blanco Mesaverde           | Perm Abandoned | NM | Rio Arriba | 30  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907357 | San Juan 28-4 Unit 013    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 20  | 028N | 020W | SESW | Hilcorp Energy Company |
| 3003907359 | San Juan 28-4 Unit 027    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 19  | 028N | 019W | SESW | Hilcorp Energy Company |
| 3003907388 | San Juan 28-4 Unit 028    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 19  | 028N | 019W | SENE | Hilcorp Energy Company |
| 3003907395 | San Juan 28-4 Unit 17     | Blanco Mesaverde           | Perm Abandoned | NM | Rio Arriba | 20  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907415 | San Juan 28-4 Unit 3      | Blanco Pictured Cliffs     | Perm Abandoned | NM | Rio Arriba | 14  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907419 | San Juan 28-4 Unit 002    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 17  | 028N | 017W | NESW | Hilcorp Energy Company |
| 3003907420 | San Juan 28-4 Unit 026    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 18  | 028N | 018W | NWSW | Hilcorp Energy Company |
| 3003907443 | San Juan 28-4 Unit 001    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 18  | 028N | 018W | NENE | Hilcorp Energy Company |
| 3003907453 | San Juan 28-4 Unit 7      | Choza Mesa Pictured Cliffs | Perm Abandoned | NM | Rio Arriba | 12  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907456 | San Juan 28-4 Unit 6      | Choza Mesa Pictured Cliffs | Perm Abandoned | NM | Rio Arriba | 11  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003907462 | San Juan 28-4 Unit 021    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 7   | 028N | 007W | SESW | Hilcorp Energy Company |
| 3003920070 | San Juan 28-4 Unit 029    | Basin Dakota               | Flowing        | NM | Rio Arriba | 31  | 028N | 031W | SWSW | Hilcorp Energy Company |
| 3003920078 | San Juan 28-4 Unit 30     | Basin Dakota               | Perm Abandoned | NM | Rio Arriba | 31  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003920084 | San Juan 28-4 Unit 031    | Basin Dakota               | Flowing        | NM | Rio Arriba | 32  | 028N | 004W | SWSW | Hilcorp Energy Company |
| 3003920084 | San Juan 28-4 Unit 031    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 32  | 028N | 004W | SWSW | Hilcorp Energy Company |
| 3003920174 | San Juan 28-4 Unit 32     | Basin Dakota               | Perm Abandoned | NM | Rio Arriba | 32  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003920175 | San Juan 28-4 Unit 33     | Basin Dakota               | Perm Abandoned | NM | Rio Arriba | 33  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003920175 | San Juan 28-4 Unit 33     | Blanco Mesaverde           | Perm Abandoned | NM | Rio Arriba | 33  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003920489 | San Juan 28-4 Unit 034    | Basin Dakota               | Flowing        | NM | Rio Arriba | 30  | 028N | 030W | SWSW | Hilcorp Energy Company |
| 3003920673 | San Juan 28-4 Unit 037    | Basin Dakota               | Flowing        | NM | Rio Arriba | 29  | 028N | 029W | SENE | Hilcorp Energy Company |
| 3003920673 | San Juan 28-4 Unit 037    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 29  | 028N | 029W | SENE | Hilcorp Energy Company |
| 3003920674 | San Juan 28-4 Unit 036    | Basin Dakota               | Flowing        | NM | Rio Arriba | 29  | 028N | 029W | SESW | Hilcorp Energy Company |
| 3003920674 | San Juan 28-4 Unit 036    | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 29  | 028N | 029W | SESW | Hilcorp Energy Company |
| 3003925286 | San Juan 28-4 Unit NP 226 | Chosa Mesa Pictured Cliffs | Flowing        | NM | Rio Arriba | 17  | 028N | 017W | NESW | Hilcorp Energy Company |
| 3003925286 | San Juan 28-4 Unit NP 226 | Basin Fruitland Coal       | Flowing        | NM | Rio Arriba | 17  | 028N | 017W | NESW | Hilcorp Energy Company |
| 3003925311 | San Juan 28-4 Unit NP 225 | Gobernador Pictured Cliffs | Flowing        | NM | Rio Arriba | 7   | 028N | 007W | SESW | Hilcorp Energy Company |
| 3003925311 | San Juan 28-4 Unit NP 225 | Basin Fruitland Coal       | Flowing        | NM | Rio Arriba | 7   | 028N | 007W | SESW | Hilcorp Energy Company |
| 3003925381 | San Juan 28-4 Unit 17R    | Basin Fruitland Coal       | Perm Abandoned | NM | Rio Arriba | 20  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003925381 | San Juan 28-4 Unit 17R    | Choza Mesa Pictured Cliffs | Perm Abandoned | NM | Rio Arriba | 20  | 028N | 04W  |      | Hilcorp Energy Company |
| 3003925431 | San Juan 28-4 Unit 201    | Gobernador Pictured Cliffs | Flowing        | NM | Rio Arriba | 18  | 028N | 018W | NENE | Hilcorp Energy Company |
| 3003925431 | San Juan 28-4 Unit 201    | Basin Fruitland Coal       | Flowing        | NM | Rio Arriba | 18  | 028N | 018W | NENE | Hilcorp Energy Company |
| 3003925921 | San Juan 28-4 Unit 031M   | Basin Dakota               | Flowing        | NM | Rio Arriba | 32  | 028N | 032W | SENE | Hilcorp Energy Company |
| 3003925921 | San Juan 28-4 Unit 031M   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 32  | 028N | 032W | SENE | Hilcorp Energy Company |
| 3003925945 | San Juan 28-4 Unit 030M   | Basin Dakota               | Flowing        | NM | Rio Arriba | 31  | 028N | 031W | SWSE | Hilcorp Energy Company |
| 3003925945 | San Juan 28-4 Unit 030M   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 31  | 028N | 031W | SWSE | Hilcorp Energy Company |
| 3003925949 | San Juan 28-4 Unit 035M   | Basin Dakota               | Flowing        | NM | Rio Arriba | 33  | 028N | 033W | NWSE | Hilcorp Energy Company |
| 3003925949 | San Juan 28-4 Unit 035M   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 33  | 028N | 033W | NWSE | Hilcorp Energy Company |
| 3003926009 | San Juan 28-4 Unit 032M   | Basin Dakota               | Flowing        | NM | Rio Arriba | 32  | 028N | 032W | NWSE | Hilcorp Energy Company |
| 3003926009 | San Juan 28-4 Unit 032M   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 32  | 028N | 032W | NWSE | Hilcorp Energy Company |
| 3003926288 | San Juan 28-4 Unit 005C   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 32  | 028N | 032W | SWNW | Hilcorp Energy Company |
| 3003926289 | San Juan 28-4 Unit 005B   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 32  | 028N | 032W | NWNE | Hilcorp Energy Company |
| 3003926465 | San Juan 28-4 Unit 001A   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 18  | 028N | 018W | SENE | Hilcorp Energy Company |
| 3003926473 | San Juan 28-4 Unit 035B   | Blanco-Mesaverde           | Flowing        | NM | Rio Arriba | 33  | 028N | 033W | NESE | Hilcorp Energy Company |

|            |                         |                  |                |    |            |    |      |      |      |                        |
|------------|-------------------------|------------------|----------------|----|------------|----|------|------|------|------------------------|
| 3003926596 | San Juan 28-4 Unit 032N | Basin Dakota     | Flowing        | NM | Rio Arriba | 32 | 028N | 032W | NESE | Hilcorp Energy Company |
| 3003926596 | San Juan 28-4 Unit 032N | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 32 | 028N | 032W | NESE | Hilcorp Energy Company |
| 3003926785 | San Juan 28-4 Unit 027A | Basin Dakota     | Flowing        | NM | Rio Arriba | 19 | 028N | 019W | SWSE | Hilcorp Energy Company |
| 3003926785 | San Juan 28-4 Unit 027A | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 19 | 028N | 019W | SWSE | Hilcorp Energy Company |
| 3003927610 | San Juan 28-4 Unit 034M | Basin Dakota     | Flowing        | NM | Rio Arriba | 30 | 028N | 030W | NWNW | Hilcorp Energy Company |
| 3003927610 | San Juan 28-4 Unit 034M | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 30 | 028N | 030W | NWNW | Hilcorp Energy Company |
| 3003927626 | San Juan 28-4 Unit 028A | Basin Dakota     | Flowing        | NM | Rio Arriba | 19 | 028N | 019W | NWNW | Hilcorp Energy Company |
| 3003927626 | San Juan 28-4 Unit 028A | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 19 | 028N | 019W | NWNW | Hilcorp Energy Company |
| 3003927627 | San Juan 28-4 Unit 014A | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 29 | 028N | 029W | NENW | Hilcorp Energy Company |
| 3003927636 | San Juan 28-4 Unit 026A | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 18 | 028N | 018W | NESE | Hilcorp Energy Company |
| 3003927820 | San Juan 28-4 Unit 016R | Basin Dakota     | Flowing        | NM | Rio Arriba | 30 | 028N | 030W | SENE | Hilcorp Energy Company |
| 3003927820 | San Juan 28-4 Unit 016R | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 30 | 028N | 030W | SENE | Hilcorp Energy Company |
| 3003929370 | San Juan 28-4 Unit 033E | Basin Dakota     | Flowing        | NM | Rio Arriba | 33 | 028N | 033W | SWNW | Hilcorp Energy Company |
| 3003929370 | San Juan 28-4 Unit 033E | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 33 | 028N | 033W | SWNW | Hilcorp Energy Company |
| 3003929433 | San Juan 28-4 Unit 30E  | Basin Dakota     | Perm Abandoned | NM | Rio Arriba | 31 | 028N | 04W  |      | Hilcorp Energy Company |
| 3003930361 | San Juan 28-4 Unit 037N | Basin Dakota     | Flowing        | NM | Rio Arriba | 29 | 028N | 029W | SESE | Hilcorp Energy Company |
| 3003930361 | San Juan 28-4 Unit 037N | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 29 | 028N | 029W | SESE | Hilcorp Energy Company |
| 3003930377 | San Juan 28-4 Unit 037M | Basin Dakota     | Flowing        | NM | Rio Arriba | 29 | 028N | 029W | SESE | Hilcorp Energy Company |
| 3003930377 | San Juan 28-4 Unit 037M | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 29 | 028N | 029W | SESE | Hilcorp Energy Company |
| 3003930378 | San Juan 28-4 Unit 027M | Basin Dakota     | Flowing        | NM | Rio Arriba | 19 | 028N | 019W | NESW | Hilcorp Energy Company |
| 3003930378 | San Juan 28-4 Unit 027M | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 19 | 028N | 019W | NESW | Hilcorp Energy Company |
| 3003930382 | San Juan 28-4 Unit 017M | Basin Dakota     | Flowing        | NM | Rio Arriba | 20 | 028N | 020W | SENW | Hilcorp Energy Company |
| 3003930382 | San Juan 28-4 Unit 017M | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 20 | 028N | 020W | SENW | Hilcorp Energy Company |
| 3003930619 | San Juan 28-4 Unit 017A | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 20 | 028N | 004W | NENW | Hilcorp Energy Company |
| 3003930730 | San Juan 28-4 Unit 001B | Blanco-Mesaverde | Flowing        | NM | Rio Arriba | 18 | 028N | 004W | NWNW | Hilcorp Energy Company |