

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

CASE No. 20436

SAN JUAN 28-6 UNIT 181 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. 20436

AFFIDAVIT OF CHARLES CREEKMORE IN SUPPORT OF CASE NO. 20436

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 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 E/2 of Section 14, Township 27 North, Range 6 West, Rio Arriba County, New Mexico, in which the following four wells are currently completed and producing:

- a. San Juan 28-6 Unit 67 Well (API No. 30-039-07097) Sec. 14, T27N, R6W (Unit A);
- b. San Juan 28-6 Unit 67A Well (API No. 30-039-22225), Sec. 14, T27N, R6W (Unit J);
- c. San Juan 28-6 Unit 168M Well (API No. 30-039-27029), Sec. 14, T27N, R6W (Unit I); and
- d. San Juan 28-6 Unit 181N Well (API No. 30-039-30627), Sec. 14, T27N, R6W (Unit G).

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 28-6 Unit 181 Well** (API No. 30-039-20668), Sec. 14, T27N, R6W (Unit H).

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 28-6 Unit 181 Well** (API No. 30-039-20668) within the E/2 of Section 14, Township 27 North, Range 6 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 28-6 Unit 181 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 E/2 of Section 14, Township 27 North, Range 6 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 28-6 Unit 181 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

STATE OF TEXAS)
COUNTY OF Harris)

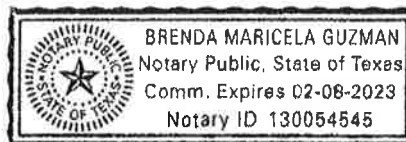
SUBSCRIBED and SWORN to before me this 29th day of April, 2019 by
Charles Creekmore.

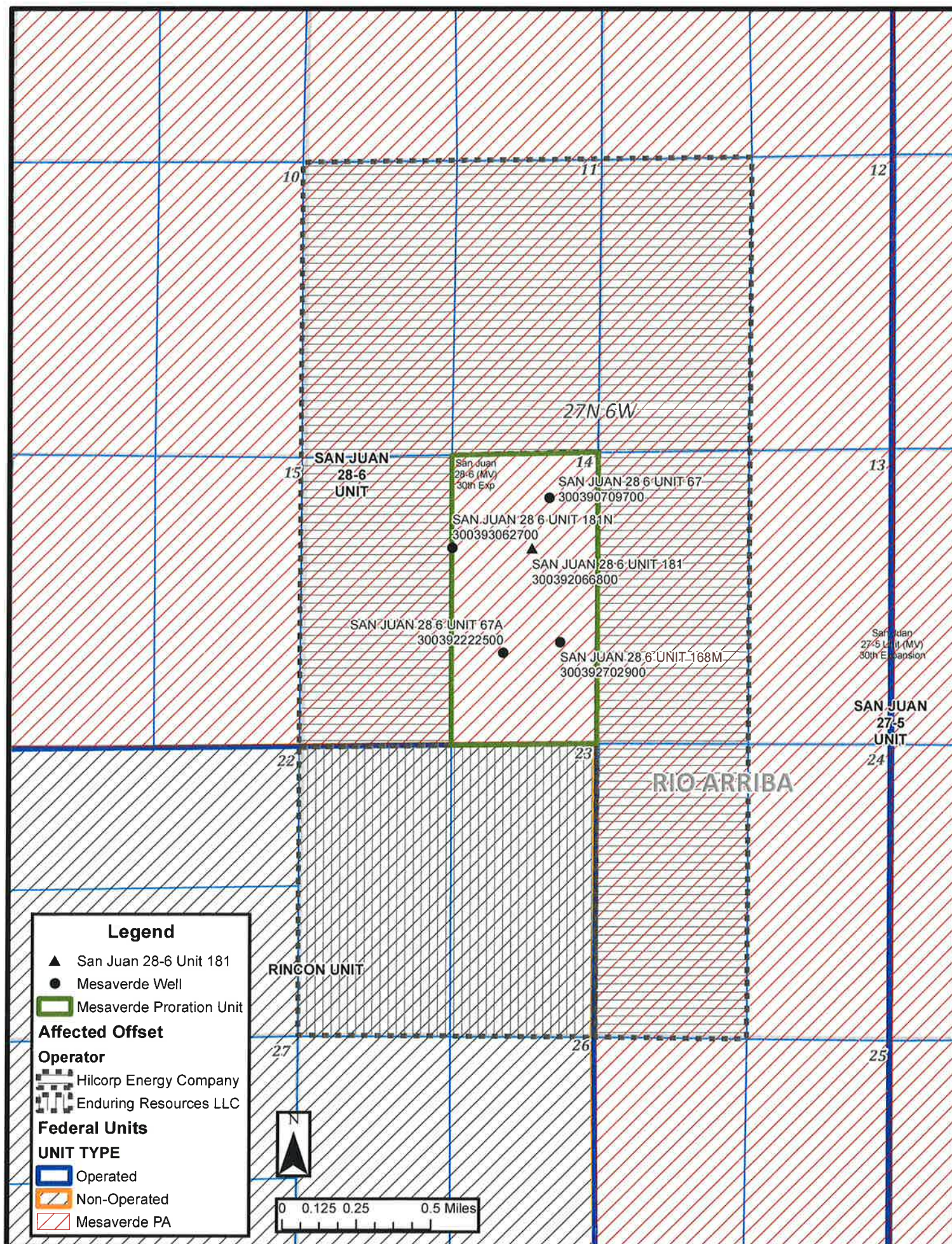


NOTARY PUBLIC

My Commission Expires:

02/08/2023





| BA | Name | Address | City | State | Zip Code | Remarks |
|----------|--|---|---------------|-------|------------|--------------|
| 11066712 | BP AMERICA PRODUCTION COMPANY | PO BOX 848103 | DALLAS | TX | 75284-8103 | WIO |
| 1142889 | CAROLYN BEAMON TILLEY | 5225 PRESTON HAVEN | DALLAS | TX | 75229 | WIO |
| 1148418 | CB LIFELINE PARTNERSHIP | 5225 PRESTON HAVEN DR | DALLAS | TX | 75229 | WIO |
| 1139591 | CHARLES W GAY | PO BOX 291445 | KERRVILLE | TX | 78029-1445 | WIO |
| 1139541 | CLAUDIA MARCIA LUNDELL GILMER | 723 W UNIVERSITY AVE STE 300-371 | GEORGETOWN | TX | 78626 | WIO |
| 1113652 | CROSS TIMBERS ENERGY LLC | C/O DRILLINGINFO MAILPO BOX 161987 | AUSTIN | TX | 78716 | WIO |
| 1149218 | ENDURING RESOURCES IV LLC | 1050 17TH STREET SUITE 2500 | DENVER | CO | 80265 | WIO & OFFSET |
| 1139406 | HARRINGTON ENERGY RESOURCES LP A NM LP HARRINGTON SAN JUAN LLC GPPO BOX 219119 | | KANSAS CITY | MO | 64121 | WIO |
| 1139407 | HARRINGTON SOUTHWEST ENERGY LP A NM LP HARRINGTON SAN JUAN LLC GPPO BOX 219119 | | KANSAS CITY | MO | 64121 | WIO |
| 1139496 | J&M RAYMOND LTD | RAYMOND & SONS I LLC GEN PARTNERPO BOX 291445 | KERRVILLE | TX | 78029-1445 | WIO |
| 1125552 | JAMES R BEAMON | 6140 HWY 6 SUITE 154 | MISSOURI CITY | TX | 77459 | WIO |
| 1139409 | LINDA JEANNE LUNDELL LINDSEY | PO BOX 631565 | NACOGDOCHES | TX | 75963 | WIO |
| 1139481 | LORRAYN GAY HACKER | PO BOX 291445 | KERRVILLE | TX | 78029-1445 | WIO |
| 1138962 | OMIMEX PETROLEUM | 7950 JOHN T WHITE ROAD | FORT WORTH | TX | 76120 | WIO |
| 1147116 | ROBERT E BEAMON III | C/O JAMES R BEAMON6140 HWY 6, SUITE 154 | MISSOURI CITY | TX | 77459 | WIO |
| 1126167 | ROBERT WALTER LUNDELL | 2450 FONDREN STE 304 | HOUSTON | TX | 77063-2318 | WIO |
| 1126258 | SHARON BEAMON BURNS | 200 BISCAYNE BOULEVARD WAY APT 3411 | MIAMI | FL | 33131 | WIO |
| 1126294 | SUSAN BEAMON PORTER | 319 KNIPP FOREST | HOUSTON | TX | 77024-5030 | WIO |
| 1139405 | T H MCELVAIN OIL & GAS LLLP | 511 16TH STREET SUITE 700 | DENVER | CO | 80202 | WIO |
| 1139415 | TAMACAM LLC | JAMES M RAYMONDAFENT & AIFPO BOX 291445 | KERRVILLE | TX | 78029 | WIO |

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: Hilcorp Energy Company

Hearing Date: May 2, 2019

Case # 20436

**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.

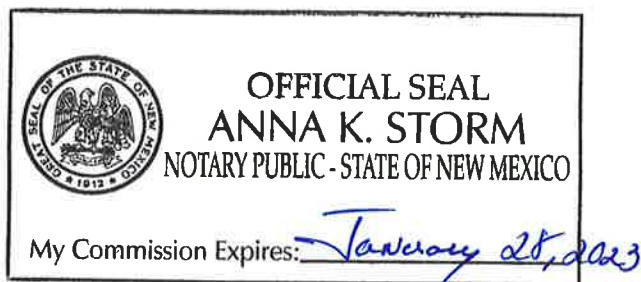


Notary Public

My Commission Expires:

January 28, 2023

12438941_1





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 # 20436



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 28-6 UNITS 142 181 125 & 168E 20433,
20434, 20435 & 20436

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 | 20 |
| Total | 20 |

*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 8192 92



Handwritten signature/initials

Handwritten: \$6.05



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 | | 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 | |
| USPS Tracking/Article Number | | Addressee (Name, Street, City, State, & ZIP Code™) | | Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt. | |
| 1. 9214 8901 9403 8381 3447 71 | | BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284-8103 | | Postage 0.95 (Extra Service) Fee 3.50 Handling Charge - if Registered and over \$50,000 in value | |
| 2. 9214 8901 9403 8381 3447 88 | | CAROLYN BEAMON TILLEY 5225 PRESTON HAVEN DALLAS TX 75229 | | Insured Value | |
| 3. 9214 8901 9403 8381 3447 95 | | CB LIFELINE PARTNERSHIP 5225 PRESTON HAVEN DR DALLAS TX 75228 | | Due Sender if COD | |
| 4. 9214 8901 9403 8381 3448 01 | | CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029-1445 | | ASR Fee | |
| 5. 9214 8901 9403 8381 3448 18 | | CLAUDIA MARCIA LUNDELL GILMER 723 W UNIVERSITY AVE STE 300-371 GEORGETOWN TX 78626 | | ASRD Fee | |
| 6. 9214 8901 9403 8381 3448 25 | | CROSS TIMBERS ENERGY LLC C/O DRILLINGINFO MAIL PO BOX 161987 AUSTIN TX 78716 | | RD Fee | |
| 7. 9214 8901 9403 8381 3448 32 | | ENDURING RESOURCES IV LLC 1050 17TH STREET SUITE 2500 DENVER CO 80265 | | RR Fee | |
| 8. 9214 8901 9403 8381 3448 49 | | HARRINGTON ENERGY RESOURCES LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121 | | SC Fee | |
| Total Number of Pieces Listed by Sender 20 | | Postmaster, Per (Name of receiving employee) | | Signature Confirmation Restricted Delivery | |
| Total Number of Pieces Received at Post Office | | | | Signature Confirmation Restricted Delivery | |



UNITED STATES
POSTAL SERVICE®

Firm Mailing Book For Accountable Mail

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|---|---|---|---------------------|--|----------------------------|---------------|-------------------|---------|----------|--------|--------|--------|----------|--------|
| 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 <i>(if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.</i> | | | | | | | | | | |
| 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 |
| 9. 9214 8901 9403 8381 3448 56 | HARRINGTON SOUTHWEST ENERGY LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| 10. 9214 8901 9403 8381 3448 63 | J&M RAYMOND LTD RAYMOND & SONS I LLC GEN PARTNER PO BOX 291445 KERRVILLE TX 78029-1445 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| 11. 9214 8901 9403 8381 3448 70 | JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| 12. 9214 8901 9403 8381 3448 87 | LINDA JEANNE LUNDELL LINDSEY PO BOX 291445 NACOGDOCHES TX 75963 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| 13. 9214 8901 9403 8381 3448 94 | LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029-1445 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| 14. 9214 8901 9403 8381 3449 00 | OMIMEX PETROLEUM 7950 JOHN T WHITE ROAD FORT WORTH TX 76120 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| 15. 9214 8901 9403 8381 3449 17 | ROBERT E BEAMON III C/O JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| 16. 9214 8901 9403 8381 3449 24 | ROBERT WALTER LUNDELL 2450 FONDREN STE 304 HOUSTON TX 77063-2318 | 0.95 | 3.50 | | | | | | | | 1.60 | | | |
| Total Number of Pieces Listed by Sender 20 | | Total Number of Pieces Received at Post Office | | Postmaster, Per (Name of receiving employee) | | | | | | | | | | |



Check type of mail or service

☐ Adult Signature Required ☐ Priority Mail Express
☐ Adult Signature Restricted Delivery ☐ Registered Mail
☒ Certified Mail ☐ Return Receipt for Merchandise
☐ Certified Mail Restricted Delivery ☐ Signature Confirmation
☐ Collect on Delivery (COD) ☐ Signature Confirmation Restricted Delivery
☐ Insured Mail ☐ Priority Mail

Affix Stamp Here
*(if issued as an international
certificate of mailing or for
additional copies of this receipt).*
Postmark with Date of Receipt.

[illegible]

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| Total Number of Pieces Listed by Sender | Total Number of Pieces Received at Post Office | Postmaster, Per (Name of receiving employee) | Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy . |
| 20 | | | |
| PS Form 3877, April 2015 (Page 3 of 3) | | Complete in Ink | |

PSN 7530-02-000-9098

| Barcode | Recipient | Status |
|-------------|--|------------------------------|
| 9.21489E+21 | BP AMERICA PRODUCTION COMPANY PO BOX 848103 DALLAS TX 75284-8103 | Delivered Signature Received |
| 9.21489E+21 | CAROLYN BEAMON TILLEY 5225 PRESTON HAVEN DALLAS TX 75229 | Delivered Signature Received |
| 9.21489E+21 | CB LIFELINE PARTNERSHIP 5225 PRESTON HAVEN DR DALLAS TX 75229 | Delivered Signature Received |
| 9.21489E+21 | CHARLES W GAY PO BOX 291445 KERRVILLE TX 78029-1445 | Delivered Signature Received |
| 9.21489E+21 | CLAUDIA MARCIA LUNDELL GILMER 723 W UNIVERSITY AVE STE 300-371 GEORGETOWN TX 78626 | Delivered Signature Received |
| 9.21489E+21 | CROSS TIMBERS ENERGY LLC C/O DRILLINGINFO MAIL PO BOX 161987 AUSTIN TX 78716 | In-Transit |
| 9.21489E+21 | ENDURING RESOURCES IV LLC 1050 17TH STREET SUITE 2500 DENVER CO 80265 | Delivered Signature Received |
| 9.21489E+21 | HARRINGTON ENERGY RESOURCES LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121 | Delivered Signature Received |
| 9.21489E+21 | HARRINGTON SOUTHWEST ENERGY LP A NM LP HARRINGTON SAN JUAN LLC GP PO BOX 219119 KANSAS CITY MO 64121 | 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 | JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459 | Delivered Signature Received |
| 9.21489E+21 | LINDA JEANNE LUNDELL LINDSEY PO BOX 631565 NACOGDOCHES TX 75963 | Delivered Signature Received |
| 9.21489E+21 | LORRAYN GAY HACKER PO BOX 291445 KERRVILLE TX 78029-1445 | Delivered Signature Received |
| 9.21489E+21 | OMIMEX PETROLEUM 7950 JOHN T WHITE ROAD FORT WORTH TX 76120 | In-Transit |
| 9.21489E+21 | ROBERT E BEAMON III C/O JAMES R BEAMON 6140 HWY 6 SUITE 154 MISSOURI CITY TX 77459 | Delivered Signature Received |
| 9.21489E+21 | ROBERT WALTER LUNDELL 2450 FONDREN STE 304 HOUSTON TX 77063-2318 | In-Transit |
| 9.21489E+21 | SHARON BEAMON BURNS 200 BISCAYNE BOULEVARD WAY APT 3411 MIAMI FL 33131 | Delivered Signature Received |
| 9.21489E+21 | SUSAN BEAMON PORTER 319 KNIPP FOREST HOUSTON TX 77024-5030 | 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 |

Affidavit of Publication

tion 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.B 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 28-6 Unit 181 Well (API No. 30-039-20668) in the Mesaverde formation with a surface location in Unit H of the E/2 of Section 14, Township 27 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-6 Unit 181 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
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 _____ consecutive weeks and on the same day of each week in the regular issue of the paper during the time of publication the notice was published in the newspaper proper, and not in supplement. The first publication being on the _____

_____ day of April, 2019

the last publication on the 18 day of _____

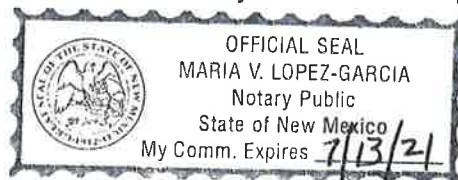
April, 2019. Payment for said advertisement has been duly made, or assessed as court costs. The undersigned, on personal knowledge of the matters and things set forth in this affidavit.

Robert Trapp Publi:

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

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 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 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.

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

\$5.00
\$121.20
2.83
32.03
SUN

1164 lir

lir

Payment r

Date 0

By 7

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B-2

Submitted by: Hilcorp Energy Company

Hearing Date: May 2, 2019

Case # 20436

INTEREST OWNERS, INCLUDING: BP AMERICA PRODUCTION COMPANY; CAROLYN BEAMON TILLEY, HER HEIRS AND DEVISEES; CB LIFELINE PARTNERSHIP; CHARLES W. GAY, HIS HEIRS AND DEVISEES; CLAUDIA MARCIA LUNDELL GILMER, HER HEIRS AND DEVISEES; CROSS TIMBERS ENERGY LLC, C/O DRILLINGINFO MAIL; ENDURING RESOURCES IV LLC; HARRINGTON ENERGY RESOURCES LP, A NM LP; HARRINGTON SAN JUAN LLC GP; HARRINGTON SOUTHWEST ENERGY LP, A NM LP; HARRINGTON SAN JUAN LLC GP; J&M RAYMOND LTD, RAYMOND & SONS I LLC GEN PARTNER; JAMES R. BEAMON, HIS HEIRS AND DEVISEES; LINDA JEANNE LUNDELL LINDSEY, HER HEIRS AND DEVISEES; LORRAYN GAY HACKER, HER HEIRS AND DEVISEES; OMIMEX PETROLEUM; ROBERT E. BEAMON, III, C/O JAMES R BEAMON, HIS HEIRS AND DEVISEES; ROBERT WALTER LUNDELL, HIS HEIRS AND DEVISEES; SHARON BEAMON BURNS, HER HEIRS AND DEVISEES; SUSAN BEAMON PORTER, HER HEIRS AND DEVISEES; T. H. MCELVAIN OIL & GAS LLLP; TAMACAM LLC, JAMES M. RAYMOND AFENT & AIF.

CASE 20436: Application of Hilcorp Energy Company for an Excep-

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**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. 20436

AFFIDAVIT OF MICHELLE SIVADON IN SUPPORT OF CASE NO. 20436

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 28-6 Unit 181 Well** (API No. 30-039-20668) within the E/2 of Section 14, Township 27 North, Range 6 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 recomplete 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

STATE OF TEXAS)
COUNTY OF Harris)

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

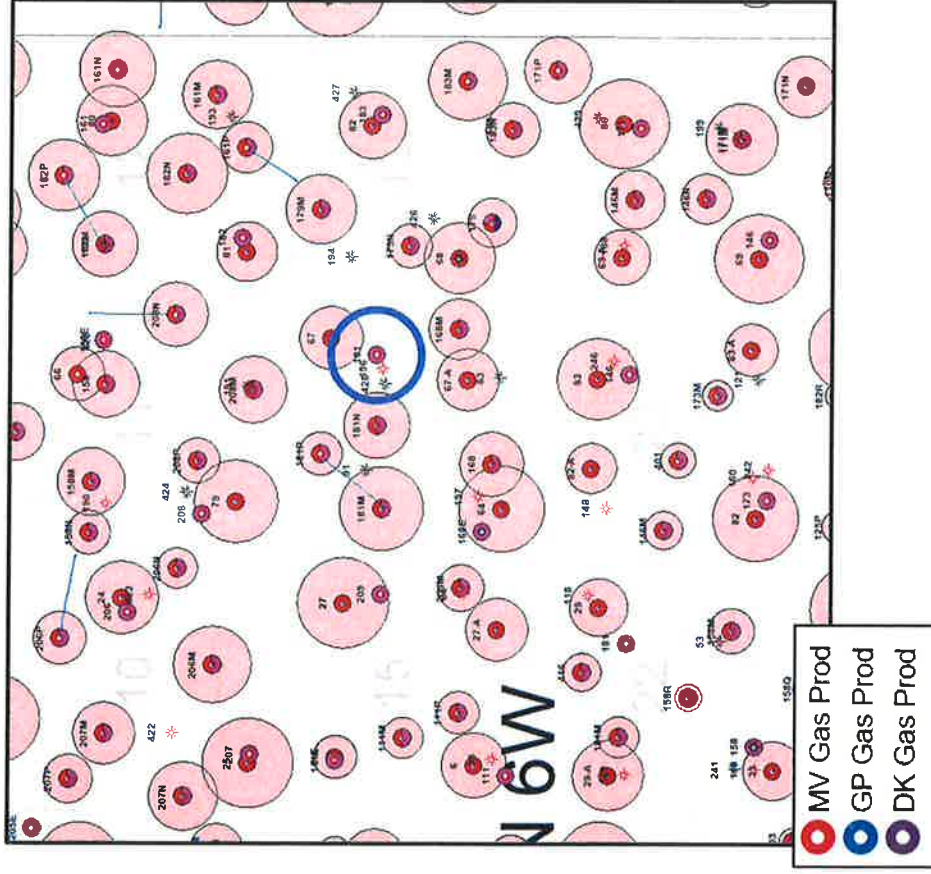

NOTARY PUBLIC

My Commission Expires:

02/08/2023



San Juan 28-6 Unit 181

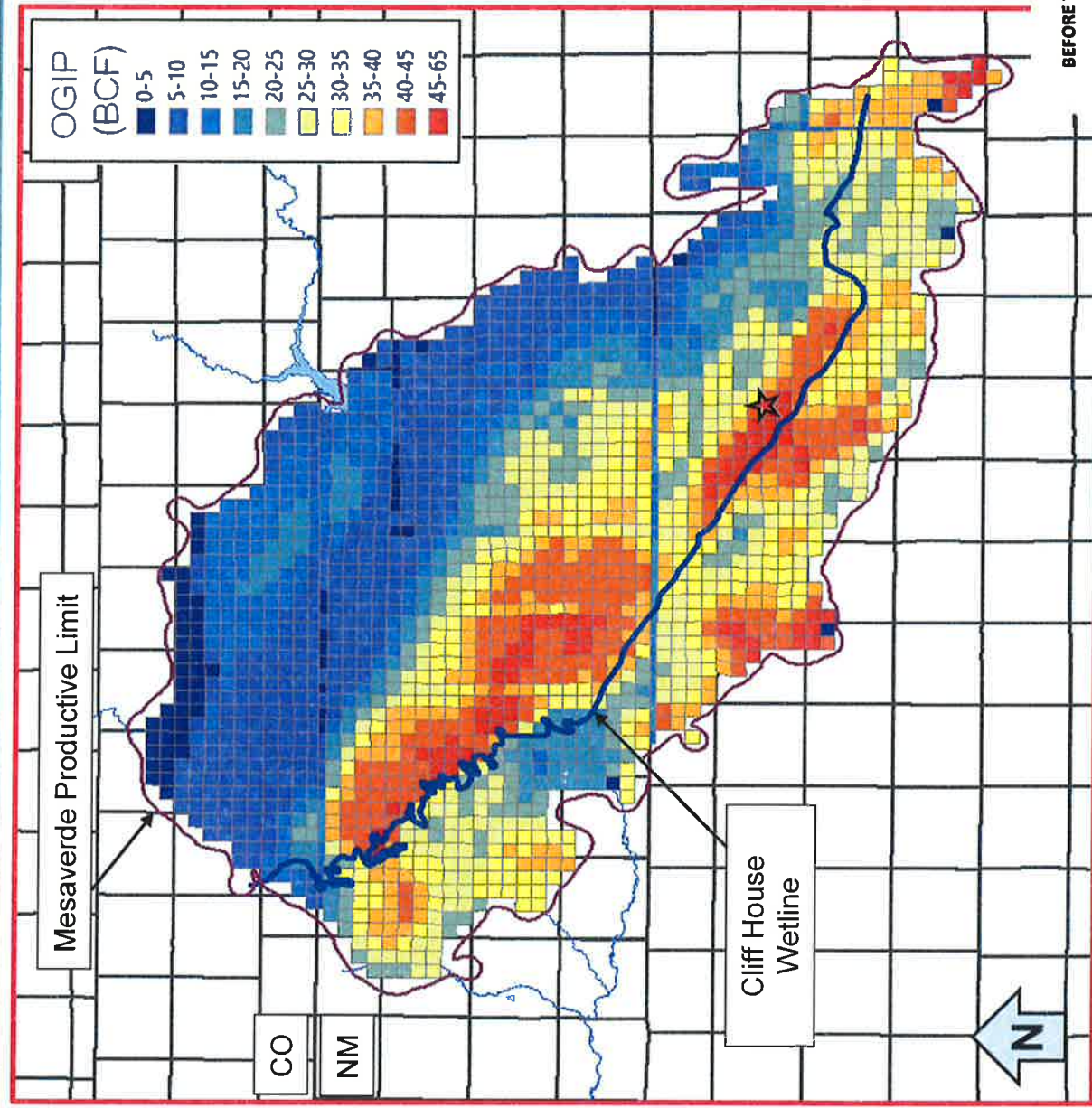


Well Specifics

- NE14 27-6 3003920668 1973 drill
- 3rd MV completion in 1/4 section
- 975' from nearest MV producer
- Help drain area to the south
- Complete MV in 1-2 stages

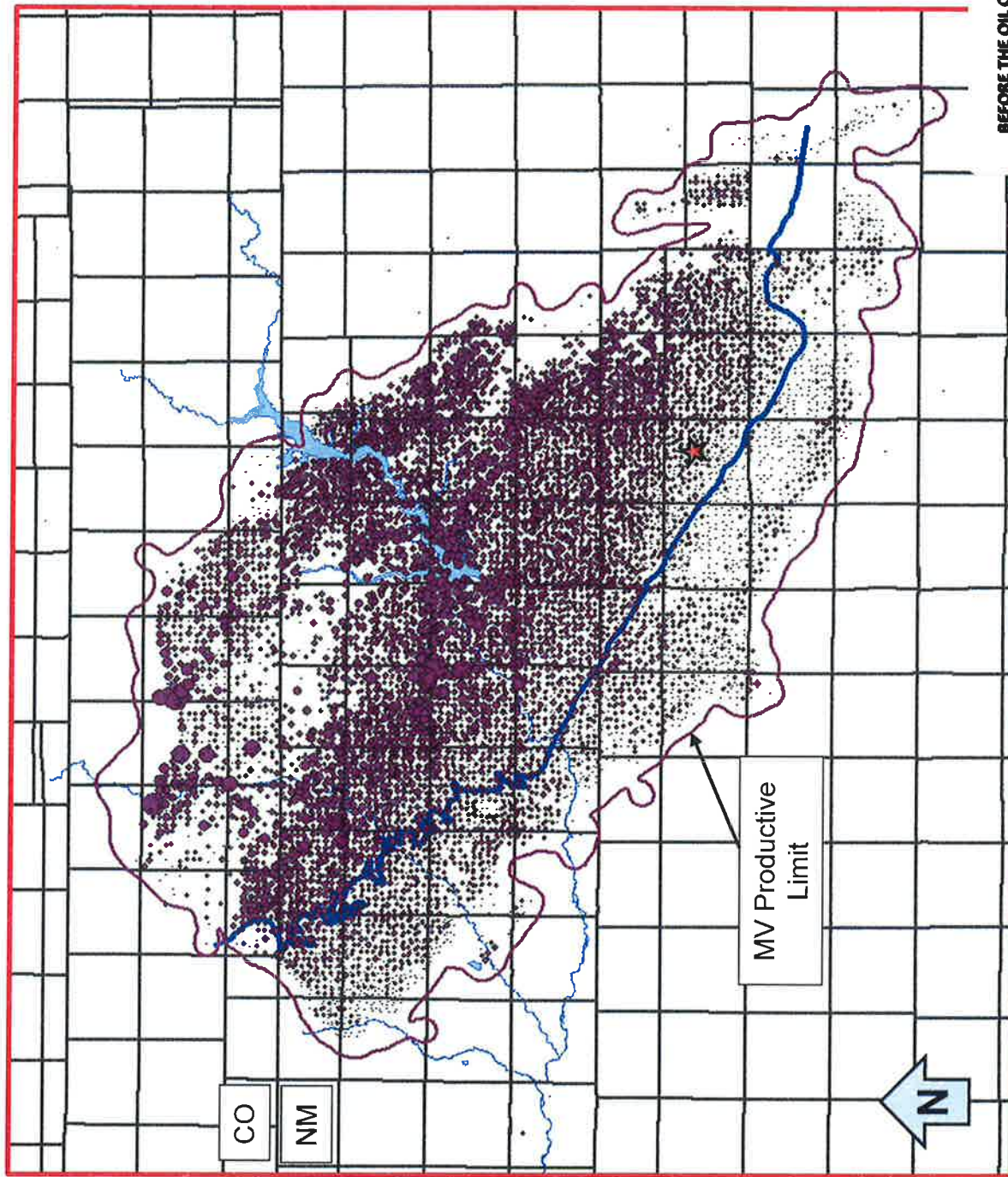


MV Original Gas In Place



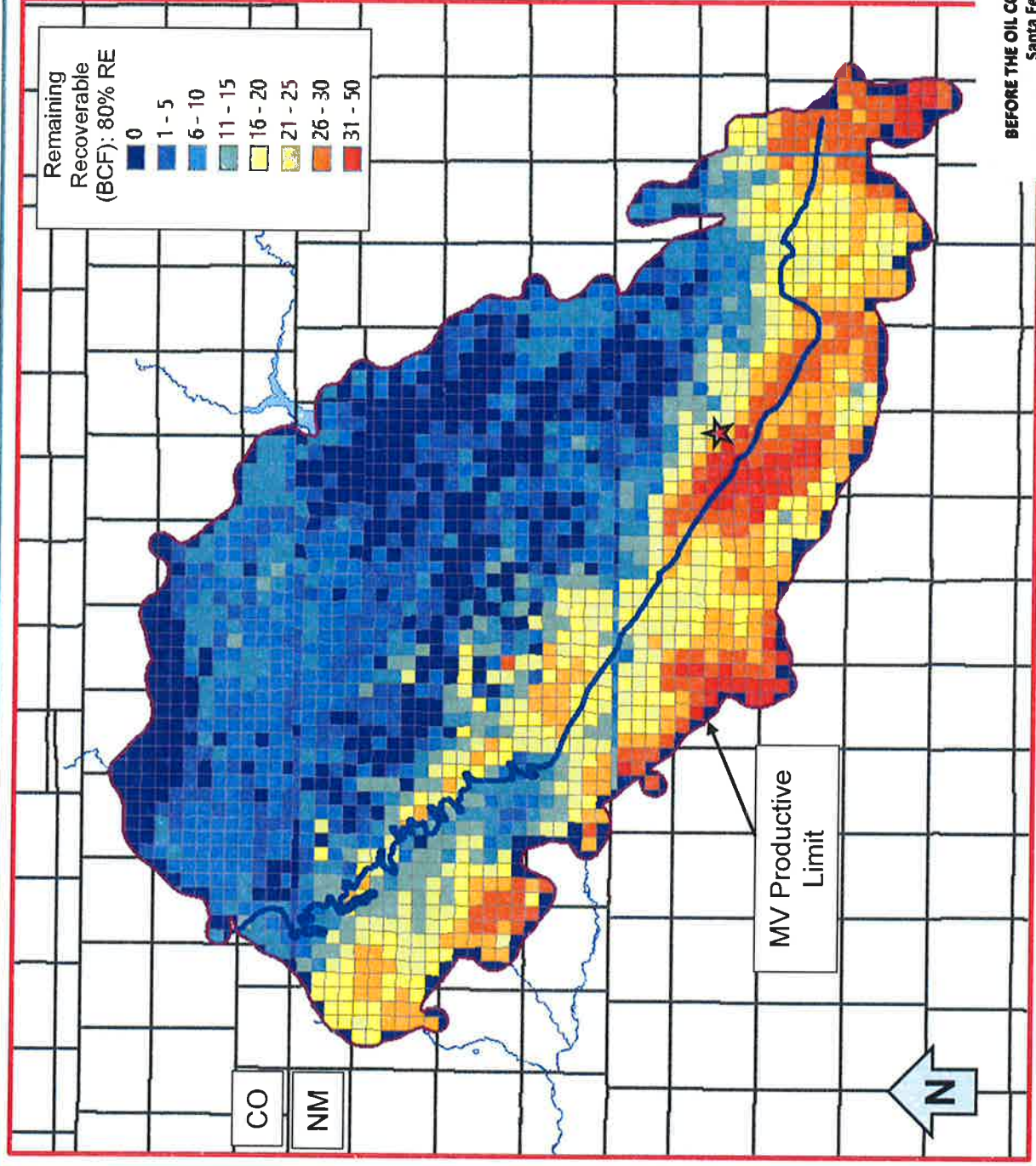


MV EUR and Drainage Radius





MV Remaining Recoverable Gas



San Juan 28-6 Unit 181



| Reference Area | Volumetric OGIP | Section Equivalent OGIP | CTD / RF% | Remaining GIP | EUR / RF% |
|----------------|-----------------|-------------------------|----------------|---------------|----------------|
| Qtr Section | 7.4 Bcf | 29.6 Bcf | 1.5 Bcf / 20% | 5.9 Bcf | 2.4 Bcf / 32% |
| Section | 33.0 Bcf | 33.0 Bcf | 7.6 Bcf / 23% | 25.4 Bcf | 11.8 Bcf / 36% |
| 9 Section | 329.0 Bcf | 36.6 Bcf | 63.0 Bcf / 19% | 266.0 Bcf | 91.0 Bcf / 28% |

- Remaining Gas in Place in Quarter Section of 5.9 Bcf
- Cumulative Recovery Factor to Date 20% and 23% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

San Juan 28-6 Unit 181



Well Name: SAN JUAN 28-6 UNIT #81

| | | | | |
|-----------------------|------------------------------|----------------------------------|-------------------------|----------------------------|
| API #1001 | Surface Legal Location | Field Name | State/Province | Well Configuration Type |
| 3003920668 | 014-027N-006W-11 | BASIN DAKOTA (PROPRATED G #0068) | NEW MEXICO | VERTICAL |
| Ground Elevation (ft) | Original KBRT Elevation (ft) | Well Depth (ft) | Well Casing Length (ft) | Well Casing Weight (lb/ft) |
| 6,485.00 | 6,495.50 | 10.50 | 10.50 | 10.50 |

VERTICAL, Original Hole, 4/22/2019 1:31:13 PM

