

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

**CASE No. 20651**

*SAN JUAN 28-7 UNIT 234E 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. 20651**

**AFFIDAVIT OF BRAD PEARSON IN SUPPORT OF CASE NO. 20651**

I, Brad Pearson, being of lawful age and duly sworn, declare as follows:

1. My name is Brad Pearson. 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 15, Township 28 North, Range 7 West, Rio Arriba County, New Mexico, in which the following four wells are currently completed and producing:

- a. San Juan 28-7 Unit 23 Well (API No. 30-039-07433) Sec. 15, T28N, R7W (Unit A);
- b. San Juan 28-7 Unit 234P Well (API No. 30-039-30642), Sec. 15, T28N, R7W (Unit G);
- c. San Juan 28-7 Unit 234 Well (API No. 30-039-21063), Sec. 15, T28N, R7W (Unit J); and
- d. San Juan 28-7 Unit 234M Well (API No. 30-039-26213), Sec. 15, T28N, R7W (Unit P).

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

- a. **San Juan 28-7 Unit 234E Well** (API No. 30-039-22396), Sec. 15, T28N, R7W (Unit B).

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 28-7 Unit 234E Well** (API No. 30-039-22396) within the E/2 of Section 15, Township 28 North, Range 7 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 proposed 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, to which the well 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 subject 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.

Bradley M. Pearson  
Brad Pearson

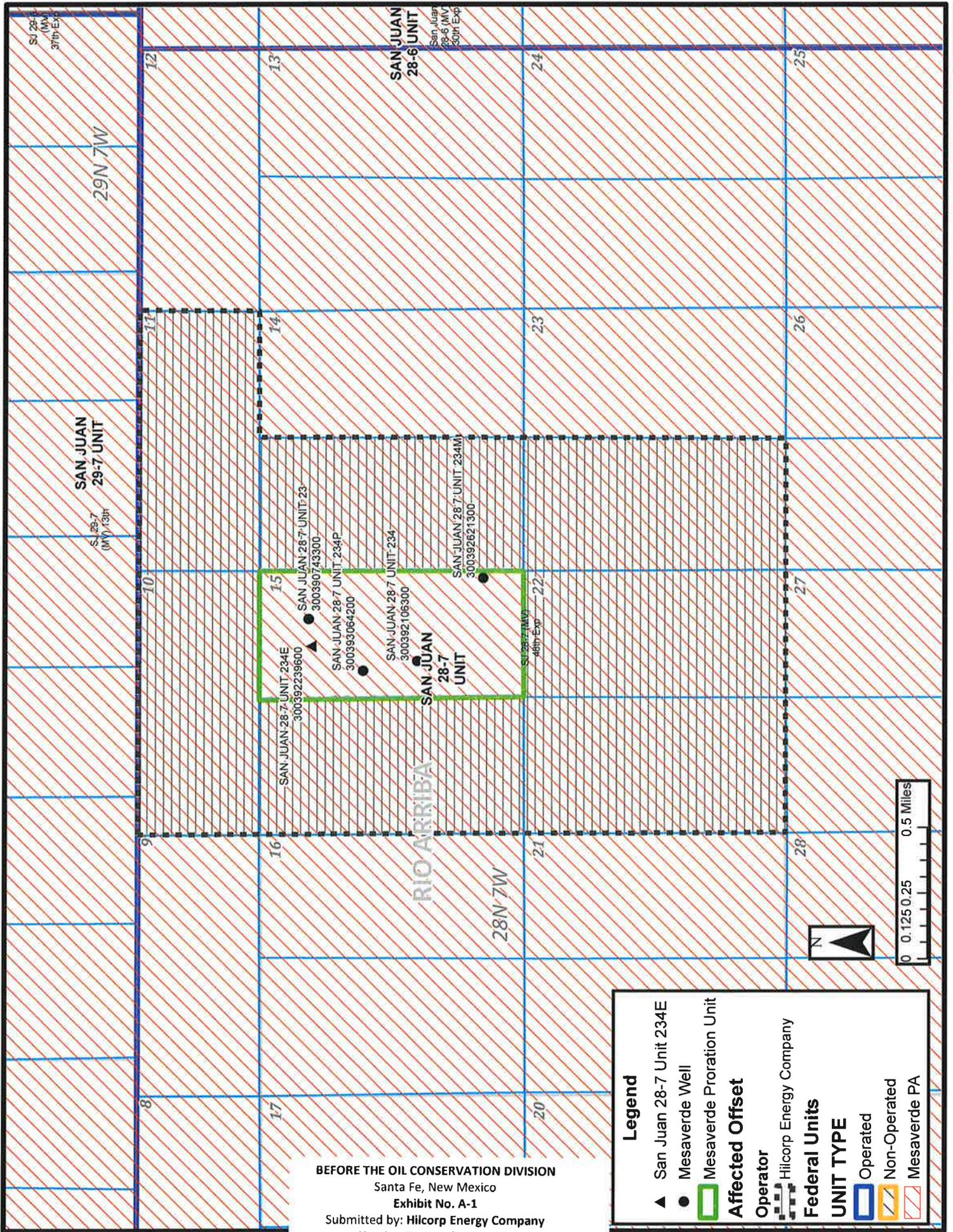
STATE OF TEXAS                    )  
  )  
COUNTY OF Harris                    )

SUBSCRIBED and SWORN to before me this 2nd day of July, 2019 by Brad Pearson.

[Signature]  
NOTARY PUBLIC

My Commission Expires:  
07/08/2023





BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
**Exhibit No. A-1**  
 Submitted by: Hilcorp Energy Company  
 Hearing Date: July 11, 2019  
 Case # 20651

**Legend**

- ▲ San Juan 28-7 Unit 234E
- Mesaverde Well
- ▭ Mesaverde Proration Unit
- ▭ Affected Offset

**Operator**

- Hilcorp Energy Company

**Federal Units**

**UNIT TYPE**

- Operated
- Non-Operated
- Mesaverde PA

| Name                          | Address                                     | City          | State | Zip Code   | Remarks         | Offset Drillblock  |
|-------------------------------|---|---------------|-------|------------|-----------------|--------------------|
| HILCORP ENERGY COMPANY        | 1111 TRAVIS                                 | HOUSTON       | TX    | 77002      | OFFSET OPERATOR | SJ 28-7 Unit MV PA |
| BOFB LTD                      | 2104 WINTER SUNDAY WAY                      | ARLINGTON     | TX    | 76012      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| CAROLEE SIMMONS SMITH         | 6704 ASHBROOK DR                            | FORT WORTH    | TX    | 76132-1140 | OFFSET W/O      | SJ 28-7 Unit MV PA |
| CAROLYN BEAMON TILLEY         | 4 LAWRESTON PLACE                           | DALLAS        | TX    | 75225      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| CB LIFELINE PARTNERSHIP       | 4 LAWRESTON PLACE                           | DALLAS        | TX    | 75225      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| CLAUDIA MARCIA LUNDELL GILMER | 723 W UNIVERSITY AVE STE 300-371            | GEORGETOWN    | TX    | 78626      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| DUGAN PRODUCTION CORP         | PO BOX 420                                  | FARMINGTON    | NM    | 87499      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| JAMES R BEAMON                | 6140 HWY 6<br>SUITE 154                     | MISSOURI CITY | TX    | 77459      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| JUNE SIMMONS LIVELY           | 3529 BELLAIRE DR N                          | FORT WORTH    | TX    | 76109-2110 | OFFSET W/O      | SJ 28-7 Unit MV PA |
| LINDA JEANNE LUNDELL LINDSEY  | PO BOX 631565                               | NACOGDOCHES   | TX    | 75963      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| LORELEI VON SCHILLING         | 4008 INWOOD ROAD                            | FORT WORTH    | TX    | 76109      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| MUSTANG ENERGY RESOURCES LLC  | 1660 LINCOLN ST #1450                       | DENVER        | CO    | 80264      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| ROBERT E BEAMON III           | C/O JAMES R BEAMON<br>6140 HWY 6, SUITE 154 | MISSOURI CITY | TX    | 77459      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| ROBERT WALTER LUNDELL         | 2450 FONDREN STE 304                        | HOUSTON       | TX    | 77063-2318 | OFFSET W/O      | SJ 28-7 Unit MV PA |
| SHARON BEAMON BURNS           | 200 BISCAYNE BOULEVARD WAY APT 3411         | MIAMI         | FL    | 33131      | OFFSET W/O      | SJ 28-7 Unit MV PA |
| SUSAN BEAMON PORTER           | 319 KNIPP FOREST                            | HOUSTON       | TX    | 77024-5030 | OFFSET W/O      | SJ 28-7 Unit MV PA |
| W G PEAVY OIL COMPANY         | 221 WOODCREST DR                            | RICHARDSON    | TX    | 75080-2038 | OFFSET W/O      | SJ 28-7 Unit MV PA |

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: Hilcorp Energy Company

Hearing Date: July 11, 2019

Case # 20651





**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 Brad Pearson at (713) 289-2793.

Sincerely,

Adam G. Rankin

**ATTORNEY FOR HILCORP ENERGY COMPANY**

POSTAL DELIVERY REPORT  
 HEC/San Juan 28-7 Unit 234E  
 Case No. 20651

| TrackingNo             | TransactionDate | ToName                                 | DeliveryAddress                     | City          | State | Zip        | USPS_Status   |
|------------------------|-----------------|--|-------------------------------------|---------------|-------|------------|---|
| 9414810898765037643371 | 06/20/2019      | LINDA JEANNE LUNDELL LINDSEY           | PO Box 631565                       | Nacogdoches   | TX    | 75963-1565 | Your item was delivered at 2:19 pm on July 5, 2019 in NACOGDOCHES, TX 75965.  |
| 9414810898765037643364 | 06/20/2019      | JUNE SIMMONS LIVELY                    | 3529 Bellaire Dr N                  | Fort Worth    | TX    | 76109-2110 | This is a reminder to arrange for redelivery of your item or your item will be returned to sender.                            |
| 9414810898765037643357 | 06/20/2019      | JAMES R BEAMON                         | 6140 Highway 6 Ste 154              | Missouri City | TX    | 77459-3802 | Your item was delivered to an individual at the address at 1:17 pm on July 1, 2019 in MISSOURI CITY, TX 77459.                |
| 9414810898765037643340 | 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.  |
| 9414810898765037643333 | 06/20/2019      | CLAUDIA MARCIA LUNDELL GILMER          | 723 W University Ave Ste 300-371    | Georgetown    | TX    | 78626-6607 | Your item was delivered to the front desk, reception area, or mail room at 10:57 am on June 24, 2019 in GEORGETOWN, TX 78626. |
| 9414810898765037643326 | 06/20/2019      | CB LIFELINE PARTNERSHIP                | 4 Laureston Pl                      | Dallas        | TX    | 75225-1830 | Your item was delivered to an individual at the address at 1:43 pm on June 24, 2019 in DALLAS, TX 75225.                      |
| 9414810898765037643319 | 06/20/2019      | CAROLYN BEAMON TILLEY                  | 4 Laureston Pl                      | Dallas        | TX    | 75225-1830 | Your item was delivered to an individual at the address at 1:43 pm on June 24, 2019 in DALLAS, TX 75225.                      |
| 9414810898765037643296 | 06/20/2019      | CAROLEE SIMMONS SMITH                  | 6704 Ashbrook Dr                    | Fort Worth    | TX    | 76132-1140 | Your item was delivered to an individual at the address at 1:38 pm on June 24, 2019 in FORT WORTH, TX 76132.                  |
| 9414810898765037643449 | 06/20/2019      | W G PEAVY OIL COMPANY                  | 221 Woodcrest Dr                    | Richardson    | TX    | 75080-2038 | Your item was delivered to an individual at the address at 1:15 pm on June 24, 2019 in RICHARDSON, TX 75080.                  |
| 9414810898765037643432 | 06/20/2019      | SUSAN BEAMON PORTER                    | 319 Knipp Forest St                 | Houston       | TX    | 77024-5030 | Your item has been delivered to an agent at 4:39 pm on July 1, 2019 in HOUSTON, TX 77024.                                     |
| 9414810898765037643425 | 06/20/2019      | SHARON BEAMON BURNS                    | 200 Biscayne Boulevard Way Apt 3411 | Miami         | FL    | 33131-2160 | Your item was delivered to an individual at the address at 11:35 am on June 26, 2019 in MIAMI, FL 33131.                      |
| 9414810898765037643418 | 06/20/2019      | ROBERT WALTER LUNDELL                  | 2450 Fondren Rd Ste 304             | Houston       | TX    | 77063-2316 | Your item was delivered to the front desk, reception area, or mail room at 12:40 pm on July 1, 2019 in HOUSTON, TX 77063.     |
| 9414810898765037643401 | 06/20/2019      | ROBERT E BEAMON III C/O JAMES R BEAMON | 6140 Highway 6 Ste 154              | Missouri City | TX    | 77459-3802 | Your item was delivered to an individual at the address at 1:17 pm on July 1, 2019 in MISSOURI CITY, TX 77459.                |
| 9414810898765037643395 | 06/20/2019      | MUSTANG ENERGY RESOURCES LLC           | 1660 Lincoln St Ste 1450            | Denver        | CO    | 80264-1401 | Your item has been delivered to an agent at 1:44 pm on June 24, 2019 in DENVER, CO 80203.                                     |
| 9414810898765037643388 | 06/20/2019      | LORELEI VON SCHILLING                  | 4008 Inwood Rd                      | Fort Worth    | TX    | 76109-2603 | Your item was delivered to an individual at the address at 10:46 am on June 24, 2019 in FORT WORTH, TX 76109.                 |
| 9414810898765037643289 | 06/20/2019      | BOFB LTD                               | 2104 Winter Sunday Way              | Arlington     | TX    | 76012-4941 | Your item was delivered to an individual at the address at 12:54 pm on July 1, 2019 in KYLE, TX 78640.                        |

# 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

## Publisher's Bill

153 lines one time at 107.10

       lines        times at       

Affidavit 5.00

Subtotal 112.10

Tax 10.02

Total 122.12

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 21 October 2020

My commission expires 21 October 2020

Payment received at Rio Grande SUN

Date 6/27/19

By Margra Aldaz

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 Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-859-1779 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 OFFSETTING OPERATORS OR LEASED MINERAL INTEREST OWNERS, INCLUDING: BOFB LTD; CAROLEE SIMMONS SMITH, HER HEIRS AND DEVISEES; CAROLYN BEAMON TILLEY, HER HEIRS AND DEVISEES; CB LIFELINE PARTNERSHIP; CLAUDIA MARCIA LUNDELL GILMER, HER HEIRS AND DEVISEES; DUGAN PRODUCTION CORP; JAMES R. BEAMON, HIS HEIRS AND DEVISEES; JUNE SIMMONS LIVELY, HER HEIRS AND DEVISEES; LINDA JEANNE LUNDELL LINDSEY, HER HEIRS AND DEVISEES; LORELEI VON SCHILLING, HER HEIRS AND DEVISEES; MUSTANG ENERGY RESOURCES LLC; ROBERT E. BEAMON, III, HIS HEIRS AND DEVISEES, C/O JAMES R. BEAMON; ROBERT WALTER LUNDELL, HIS HEIRS AND DEVISEES; SHARON BEAMON BURNS, HER HEIRS AND DEVISEES; SUSAN BEAMON PORTER, HER HEIRS AND DEVISEES; W G PEAVY OIL COMPANY.



CASE 20651: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesa Verde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an order for an exception to the well density requirements of Rule 18 of the Special Rules and Regulations for the Blanco-Mesa Verde Gas Pool (72319), Rio Arriba County, New Mexico, to permit it to complete and file Monterey gas wells in the same stratum, spacing and protraction unit, with three wells in the same quarter section. Hilcorp further seeks approval for the proposed location of the San Juan 28-7 Unit 234E Well (API No. 301039-22398500) in the same stratum with a separate formation Unit B of the EZ of Section 15, Township 28-N, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-7 Unit 234E Well from the Blanco-Mesa Verde Gas Pool. Said area is located approximately 23 miles east of Lordsburg, NM. (Published June 27th, 2019)

**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. 20651**

**AFFIDAVIT OF TYLER TEYKL IN SUPPORT OF CASE NO. 20651**

Tyler Teykl, being of lawful age and duly sworn, declare as follows:

1. My name is Tyler Teykl. 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 28-7 Unit 234E Well** (API No. 30-039-22396) within the E/2 of Section 15, Township 28 North, Range 7 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 west.

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 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 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.

Tyler Teykl  
Tyler Teykl

STATE OF TEXAS )  
COUNTY OF Harris )

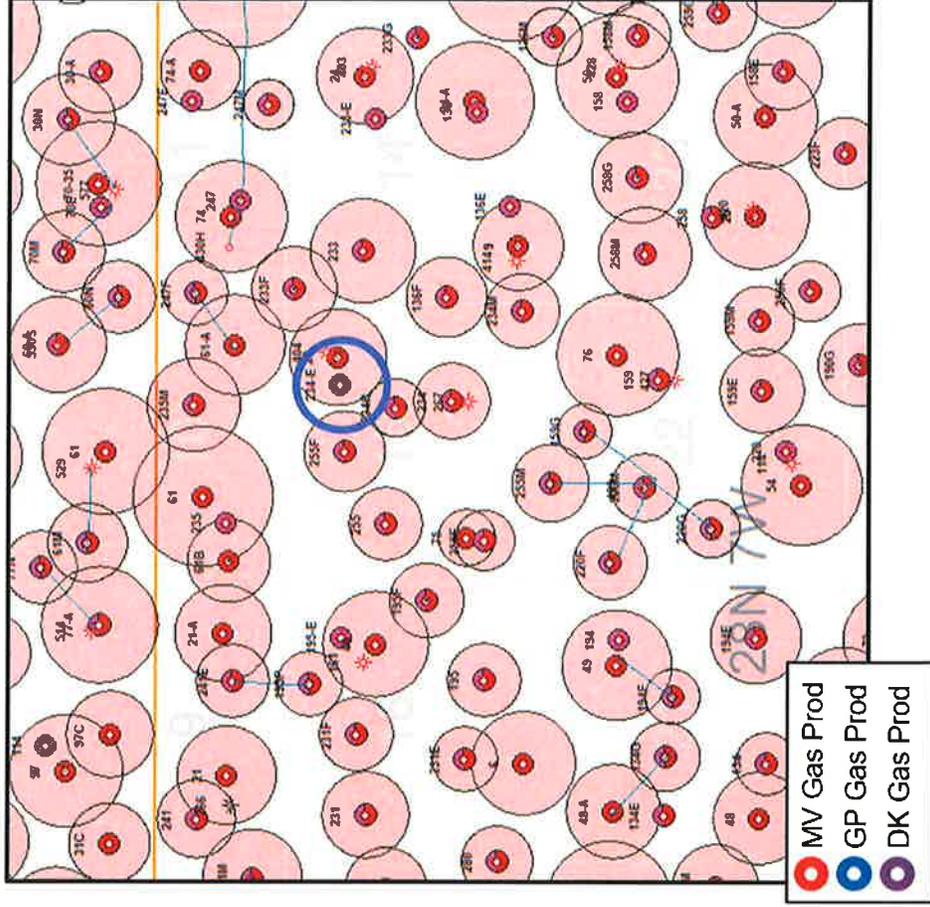
SUBSCRIBED and SWORN to before me this 3rd day of July, 2019 by Tyler Teykl.

[Signature]  
NOTARY PUBLIC

My Commission Expires:  
02/08/2023



# San Juan 28-7 Unit 234E

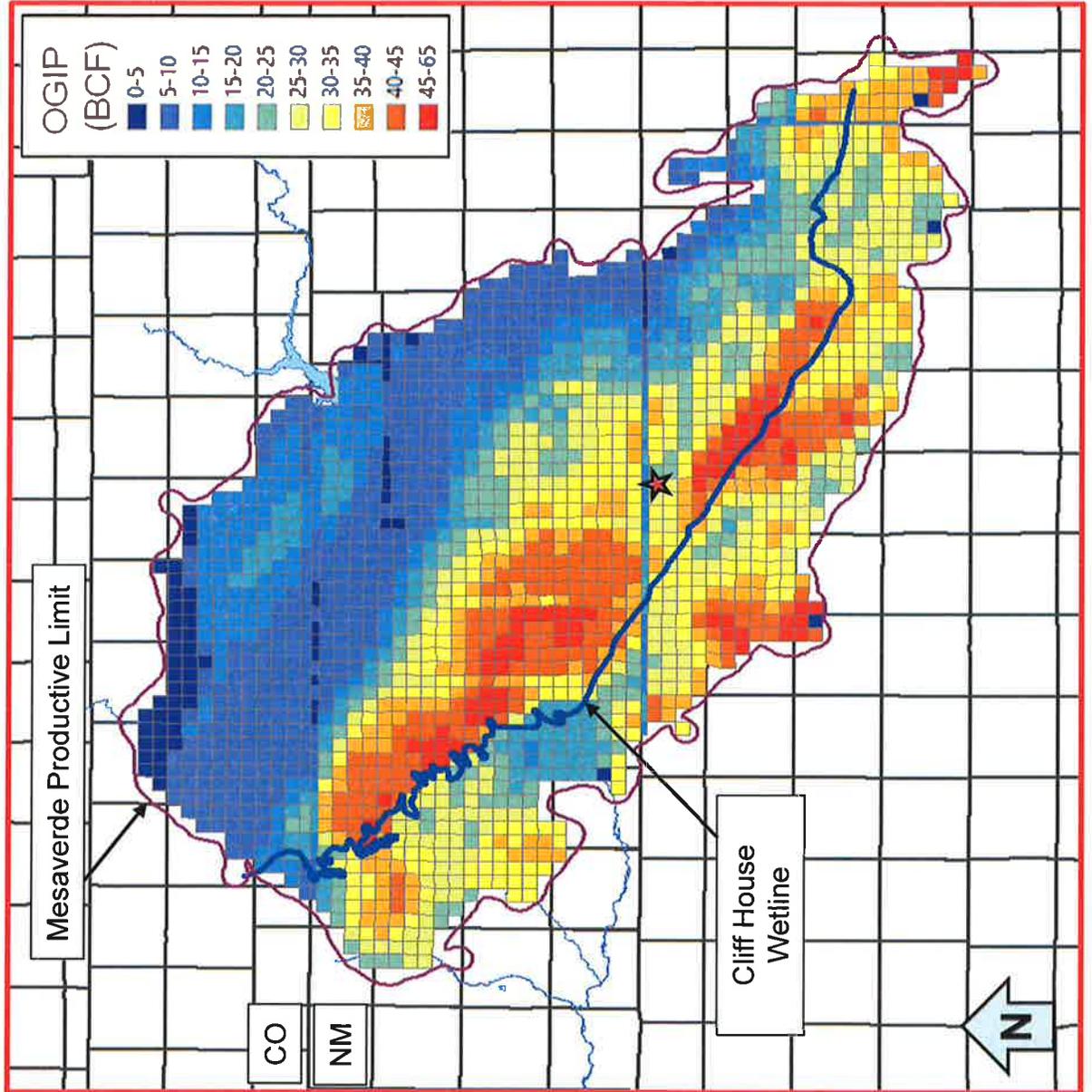


## Well Specifics

- NE15 28-7 3003922396 1980 drill
- 3rd MV completion in 1/4 section
- 550' from nearest MV producer
- Help drain area to the west
- Complete MV in 1-2 stages

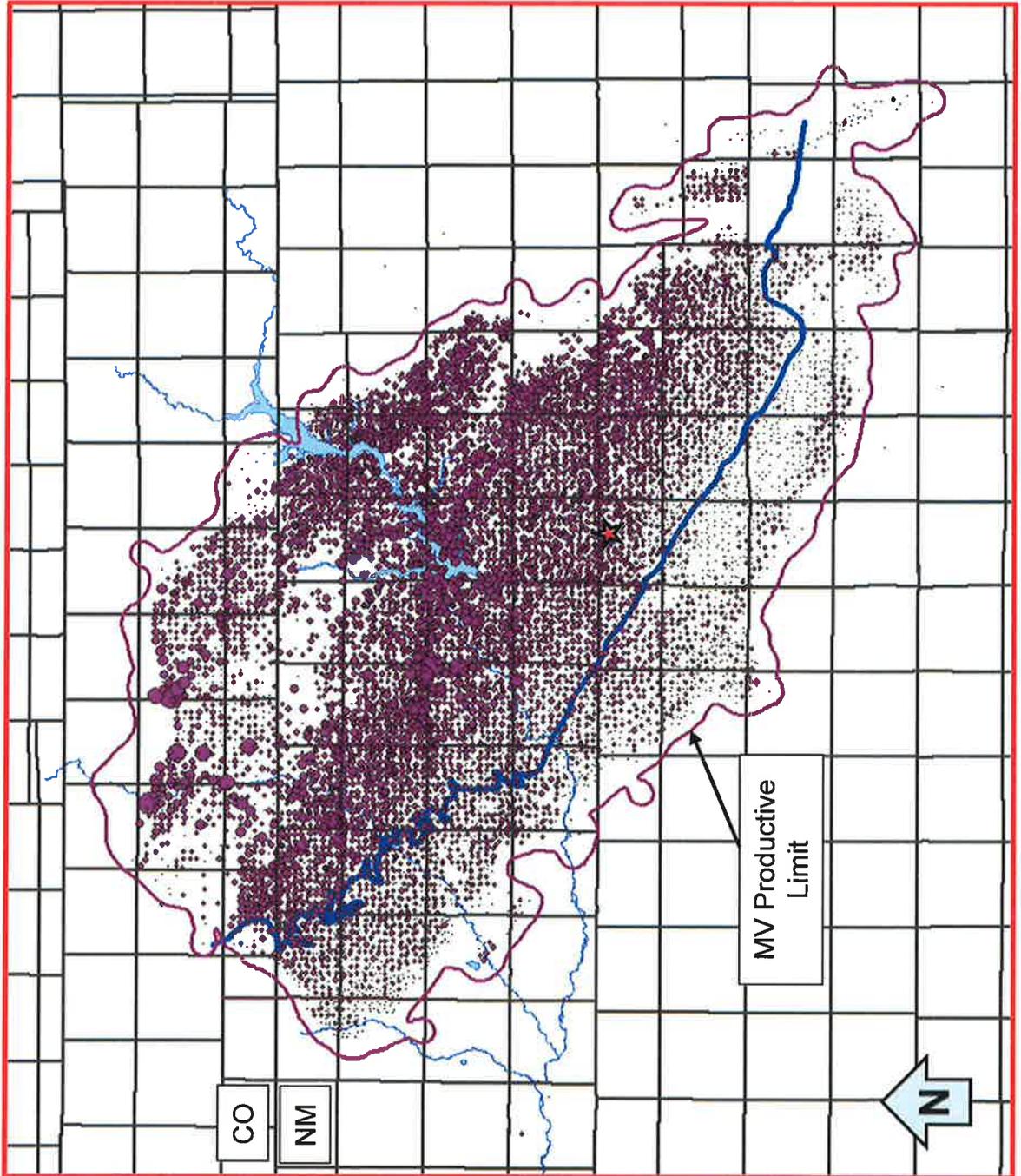


# MV Original Gas In Place



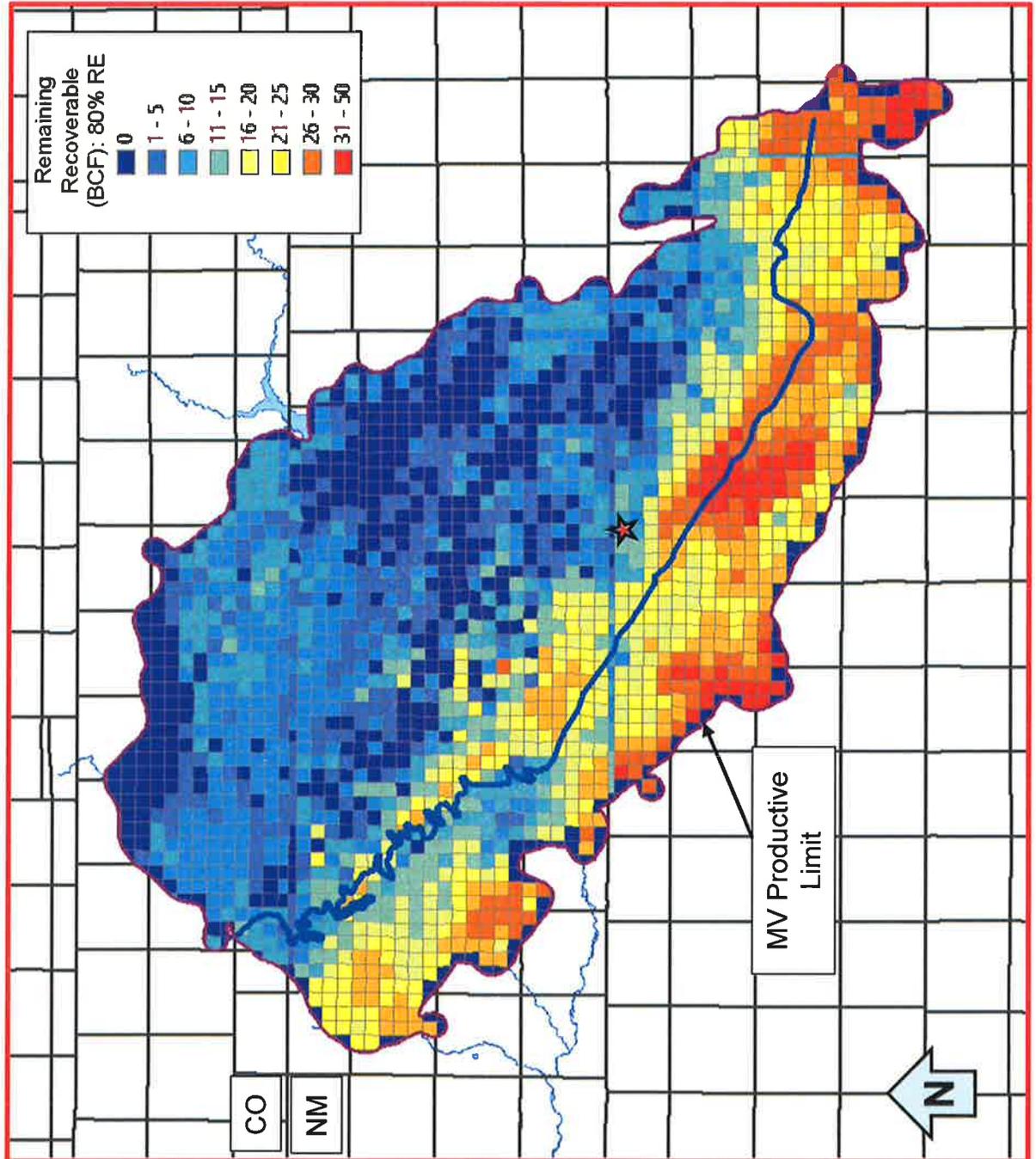


# MV EUR and Drainage Radius





# MV Remaining Recoverable Gas



# San Juan 28-7 Unit 234E

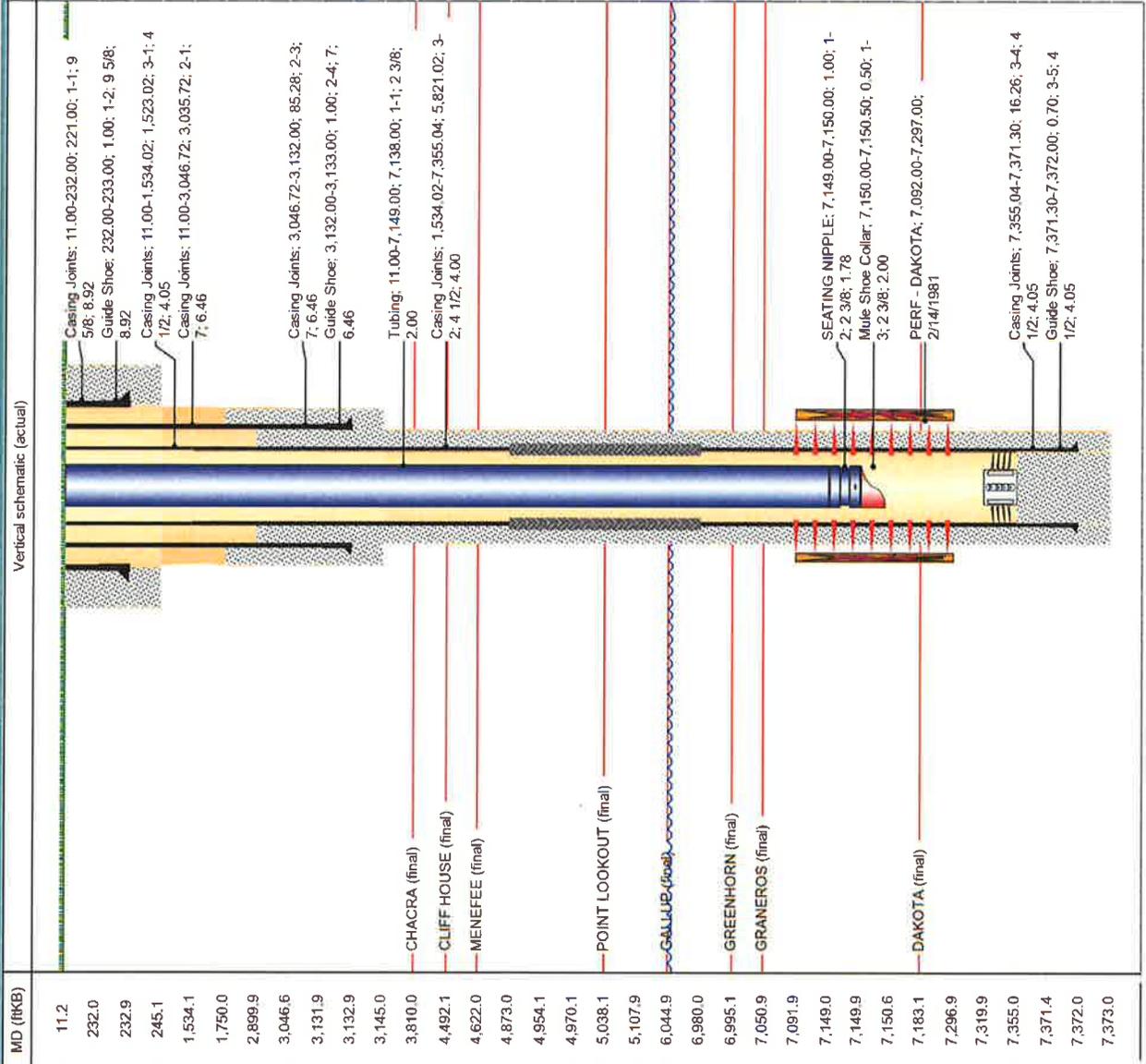


| Reference Area | Volumetric OGIP | Section Equivalent OGIP | CTD / RF%     | Remaining GIP | EUR / RF%      |
|----------------|-----------------|-------------------------|---------------|---------------|----------------|
| Qtr Section    | 5.6 Bcf         | 22.4 Bcf                | 1.6 Bcf / 29% | 4 Bcf         | 3.22 Bcf / 57% |
| Section        | 23.5 Bcf        | 23.5 Bcf                | 6.5 Bcf / 28% | 17 Bcf        | 10.4 Bcf / 44% |
| 9 Section      | 291 Bcf         | 32.4 Bcf                | 110 Bcf / 38% | 181 Bcf       | 145 Bcf / 50%  |

- Remaining Gas in Place in Quarter Section of 4 Bcf
- Cumulative Recovery Factor to Date 29% and 28% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore



# San Juan 28-7 Unit 234E - Schematic



BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. C-6  
 Submitted by: Hilcorp Energy Company  
 Hearing Date: July 11, 2019  
 Case # 20651