

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

CASE No. 20652

SAN JUAN 28-7 UNIT 242 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. 20652

AFFIDAVIT OF BRAD PEARSON IN SUPPORT OF CASE NO. 20652

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 W/2 of Section 18, 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 242F Well (API No. 30-039-27038) Sec. 18, T28N, R7W (Unit C);
- b. San Juan 28-7 Unit 30A Well (API No. 30-039-22281), Sec. 18, T28N, R7W (Unit E);
- c. San Juan 28-7 Unit 199G Well (API No. 30-039-27004), Sec. 18, T28N, R7W (Unit K); and
- d. San Juan 28-7 Unit 199E Well (API No. 30-039-25816), Sec. 18, T28N, R7W (Unit N).

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 242 Well** (API No. 30-039-21093), Sec. 18, T28N, R7W (Unit F).

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 242 Well** (API No. 30-039-21093) within the W/2 of Section 18, 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 W Pearson
Brad Pearson

STATE OF TEXAS)
COUNTY OF Harris)

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

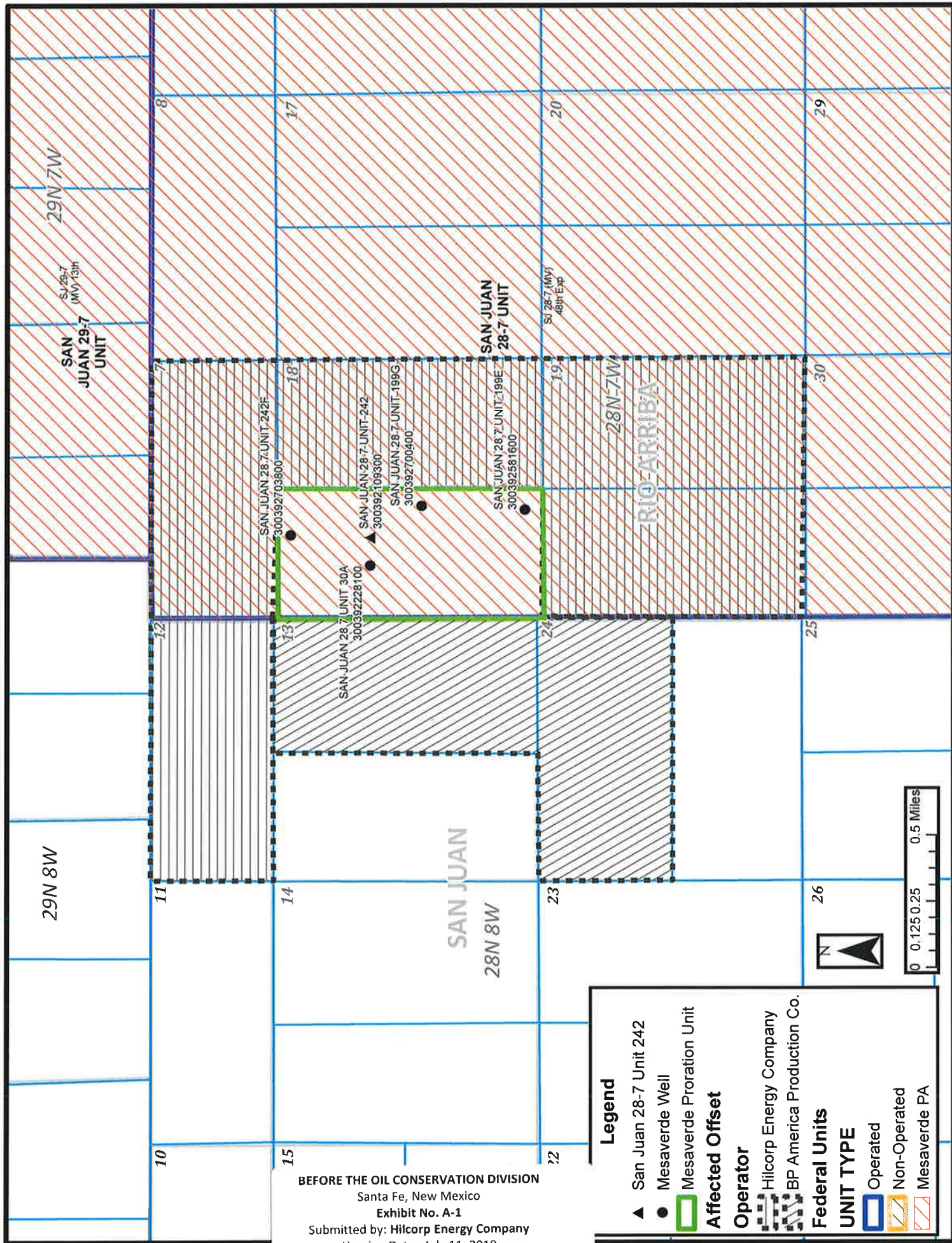
[Signature]
NOTARY PUBLIC

My Commission Expires:

02/08/2023



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BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. A-1
 Submitted by: Hilcorp Energy Company
 Hearing Date: July 11, 2019
 Case # 20652

▲ San Juan 28-7 Unit 242	● Mesaverde Well	■ Mesaverde Proration Unit
Affected Offset		
Operator		
Hilcorp Energy Company		
BP America Production Co.		
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
BP AMERICA PRODUCTION COMPANY	PO BOX 848103	DALLAS	TX	75284-8103	OFFSET OPERATOR	E/2 Sec. 11-T28N-R8W N/2 Sec. 24-T28N-R8W
BOFB LTD	2104 WINTER SUNDAY WAY	ARLINGTON	TX	76012	OFFSET WIO	SJ 28-7 Unit MV PA
CAROLEE SIMMONS SMITH	6704 ASHBROOK DR	FORT WORTH	TX	76132-1140	OFFSET WIO	SJ 28-7 Unit MV PA
CAROLYN BEAMON TILLEY	4 LAWRESTON PLACE	DALLAS	TX	75225	OFFSET WIO	SJ 28-7 Unit MV PA
CB LIFELINE PARTNERSHIP	4 LAWRESTON PLACE	DALLAS	TX	75225	OFFSET WIO	SJ 28-7 Unit MV PA
CLAUDIA MARCIA LUNDELL GILMER	723 W UNIVERSITY AVE STE 300-371	GEORGETOWN	TX	78626	OFFSET WIO	SJ 28-7 Unit MV PA
DUGAN PRODUCTION CORP	PO BOX 420	FARMINGTON	NM	87499	OFFSET WIO	SJ 28-7 Unit MV PA
JAMES R BEAMON	6140 HWY 6 SUITE 154	MISSOURI CITY	TX	77459	OFFSET WIO	SJ 28-7 Unit MV PA
JUNE SIMMONS LIVELY	3529 BELLAIRE DR N	FORT WORTH	TX	76109-2110	OFFSET WIO	SJ 28-7 Unit MV PA
LINDA JEANNE LUNDELL LINDSEY	PO BOX 631565	NACOGDOCHES	TX	75963	OFFSET WIO	SJ 28-7 Unit MV PA
LORELEI VON SCHILLING	4008 INWOOD ROAD	FORT WORTH	TX	76109	OFFSET WIO	SJ 28-7 Unit MV PA
MUSTANG ENERGY RESOURCES LLC	1660 LINCOLN ST #1450	DENVER	CO	80264	OFFSET WIO	SJ 28-7 Unit MV PA
ROBERT E BEAMON III	C/O JAMES R BEAMON 6140 HWY 6, SUITE 154	MISSOURI CITY	TX	77459	OFFSET WIO	SJ 28-7 Unit MV PA
ROBERT WALTER LUNDELL	2450 FONDREN STE 304	HOUSTON	TX	77063-2318	OFFSET WIO	SJ 28-7 Unit MV PA
SHARON BEAMON BURNS	200 BISCAYNE BOULEVARD WAY APT 3411	MIAMI	FL	33131	OFFSET WIO	SJ 28-7 Unit MV PA
SUSAN BEAMON PORTER	319 KNIPP FOREST	HOUSTON	TX	77024-5030	OFFSET WIO	SJ 28-7 Unit MV PA
W G PEAVY OIL COMPANY	221 WOODCREST DR	RICHARDSON	TX	75080-2038	OFFSET WIO	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 # 20652

**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,
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CASE NO. 20652

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 Application has been provided under the notice letters and proof of receipts attached hereto.



Adam G. Rankin

SUBSCRIBED AND SWORN to before me this 10th day of July, 2019 by Adam G. Rankin.



Notary Public





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 242
Case No. 20652

TrackingNo	TransactionDate	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414810898765037643012	06/20/2019	JUNE SIMMONS LIVELY	3529 Bellaire Dr N	Fort Worth	TX	76109-2110	We attempted to deliver your package at 6:24 pm on June 24, 2019 in FORT WORTH, TX 76109 but could not access the delivery location. We will redeliver on the next business day.
9414810898765037642992	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.
9414810898765037642985	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.
9414810898765037642978	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.
9414810898765037642961	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.
9414810898765037642954	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.
9414810898765037642947	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.
9414810898765037642930	06/20/2019	BOFB LTD	2104 Winter Sunday Way	Arlington	TX	76012-4941	Your item was delivered to an individual at the address at 11:33 am on June 29, 2019 in KYLE, TX 78640.
9414810898765037643104	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.
9414810898765037643098	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.
9414810898765037643081	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.
9414810898765037643067	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.
9414810898765037643050	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.
9414810898765037643043	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.
9414810898765037643036	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.
9414810898765037643029	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.
9414810898765037642916	06/20/2019	BP AMERICA PRODUCTION COMPANY	PO Box 848103	Dallas	TX	75284-8103	Your item was delivered at 8:55 am on June 24, 2019 in DALLAS, TX 75284.

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: Fiorene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 1, 2019. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Fiorene 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-SETTING OPERATORS OR LEASED MINERAL INTEREST OWNERS, INCLUDING: BP AMERICA PRODUCTION COMPANY; BOFB LTD; CAROLEE SIMMONS SMITH, HER HEIRS AND DEVICES; CAROLYN BEAMON TILLEY, HER HEIRS AND DEVICES; CB LIFELINE PARTNERSHIP; CLAUDIA MARCIA LUNDELL GILMER, HER HEIRS AND DEVICES; DUGAN PRODUCTION CORP; JAMES R. BEAMON, HIS HEIRS AND DEVICES; JUNE SIMMONS LIVELY, HER HEIRS AND DEVICES; LINDA JEANNE LUNDELL LINDSEY, HER HEIRS AND DEVICES; LORELEI VON SCHILING, HER HEIRS AND DEVICES; MUSTANG ENERGY RESOURCES LLC; ROBERT E. BEAMON, HIS HEIRS AND DEVICES; C/O JAMES R. BEAMON; ROBERT WALTER LUNDELL, HIS HEIRS AND DEVICES; SHARON BEAMON BURNS, HER HEIRS AND DEVICES; SUSAN BEAMON PORTER, HER HEIRS AND DEVICES; W & PEAVY OIL COMPANY.

CASE 20652. 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, to permit it to complete and simultaneously produce five Mesaverde gas wells in the Mesaverde 322-acre north of the existing and proposed unit with three wells in the same quarter section. Hilcorp further seeks approval for the proposed location of the San Juan 28-7 Unit 242 Well (API No. 30-039-21083) in the Mesaverde formation with a surface location in Unit F of the W2 of Section 18, Township 28 North,

Publisher's Bill

156 lines one time at 109²⁰

 lines times at

Affidavit 5.00

Subtotal 114²⁰

Tax 10.21

Total 124.41

Payment received at Rio Grande SUN

Date 6/27/19

By Maryna Aldaz

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

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 Chavez
Publisher

Subscribed and sworn to before me this 27 day of June A.D. 2019



Maria G. Chavez/Notary Public
My commission expires 21 October 2020

**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. 20652

AFFIDAVIT OF TYLER TEYKL IN SUPPORT OF CASE NO. 20652

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 242 Well** (API No. 30-039-21093) within the W/2 of Section 18, 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 east.

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 reflected at the section and nine-section scale 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 recompleting 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 

STATE OF TEXAS)
COUNTY OF Harris)

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

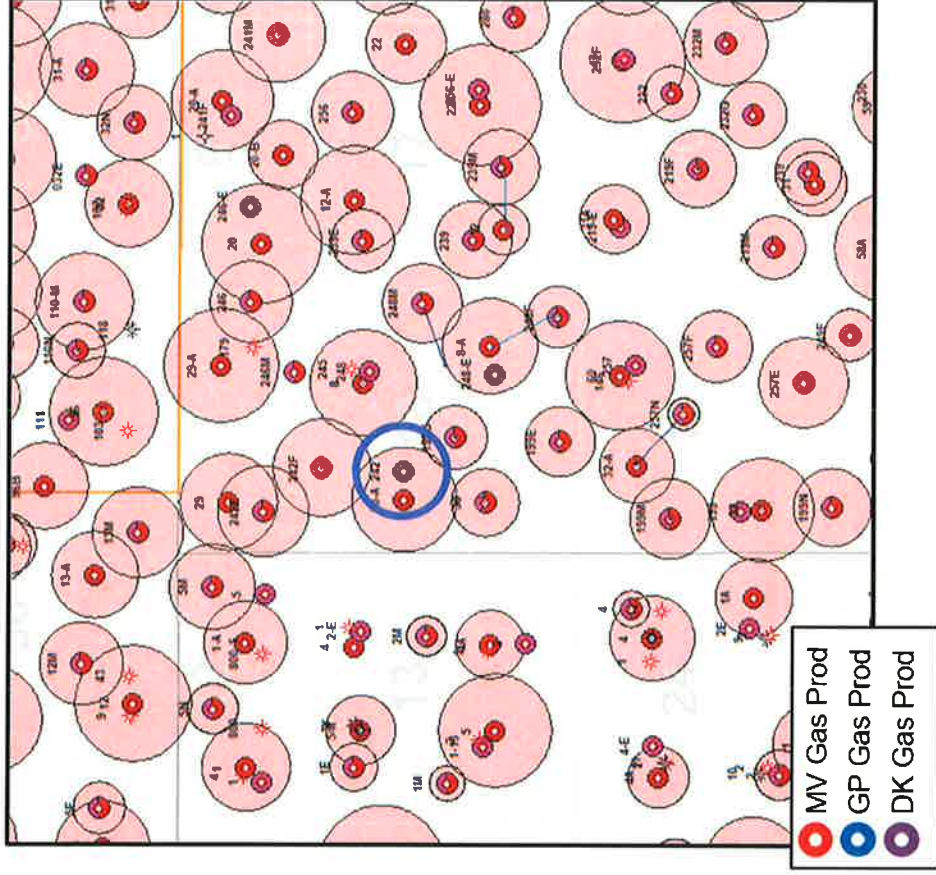

NOTARY PUBLIC

My Commission Expires:

02/08/2023



San Juan 28-7 Unit 242

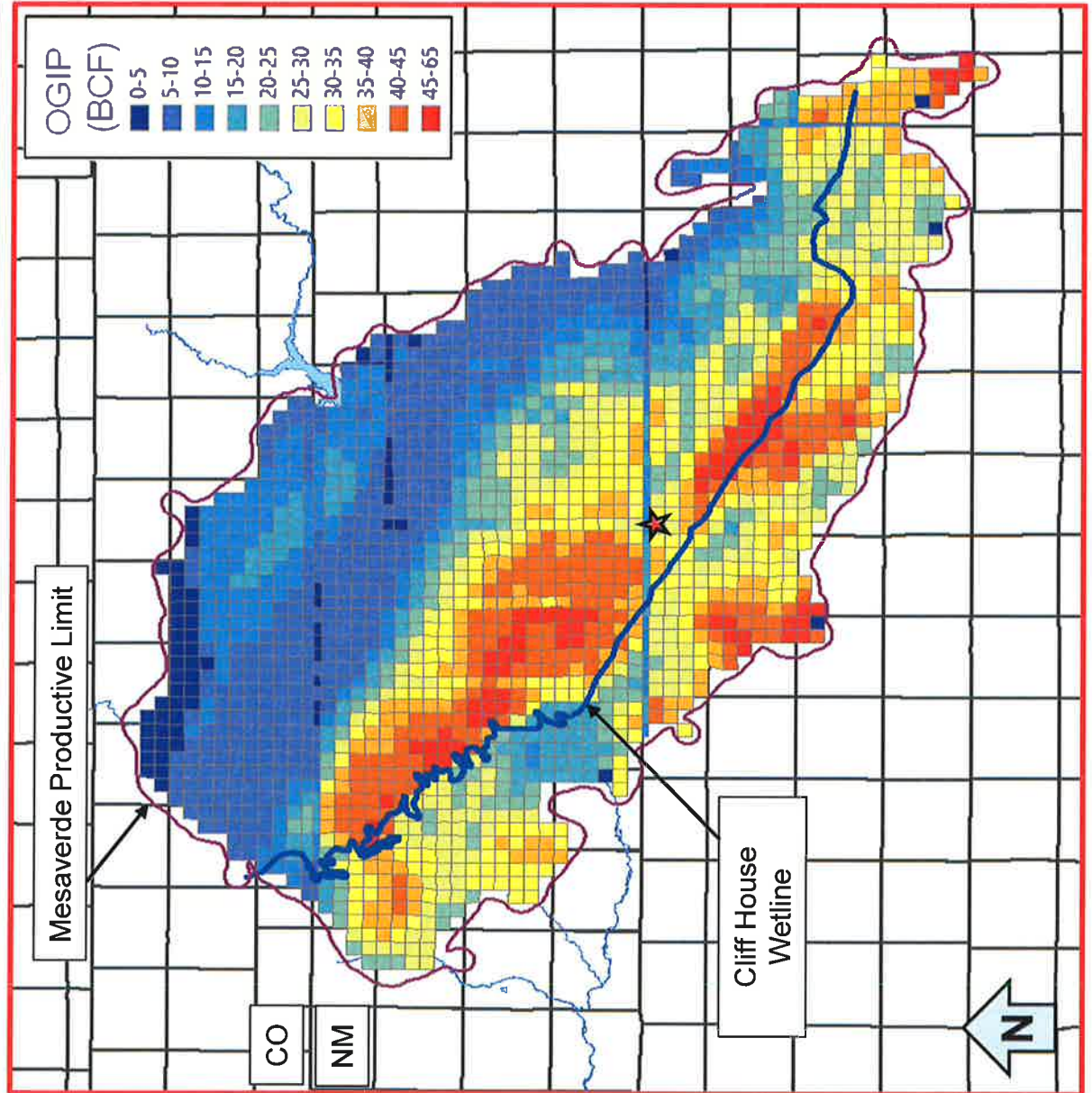


Well Specifics

- NW18 28-7 3003921093 1975 drill
- 3rd MV completion in 1/4 section
- 570' from nearest MV producer
- Help drain area to the east
- Complete MV in 1-2 stages

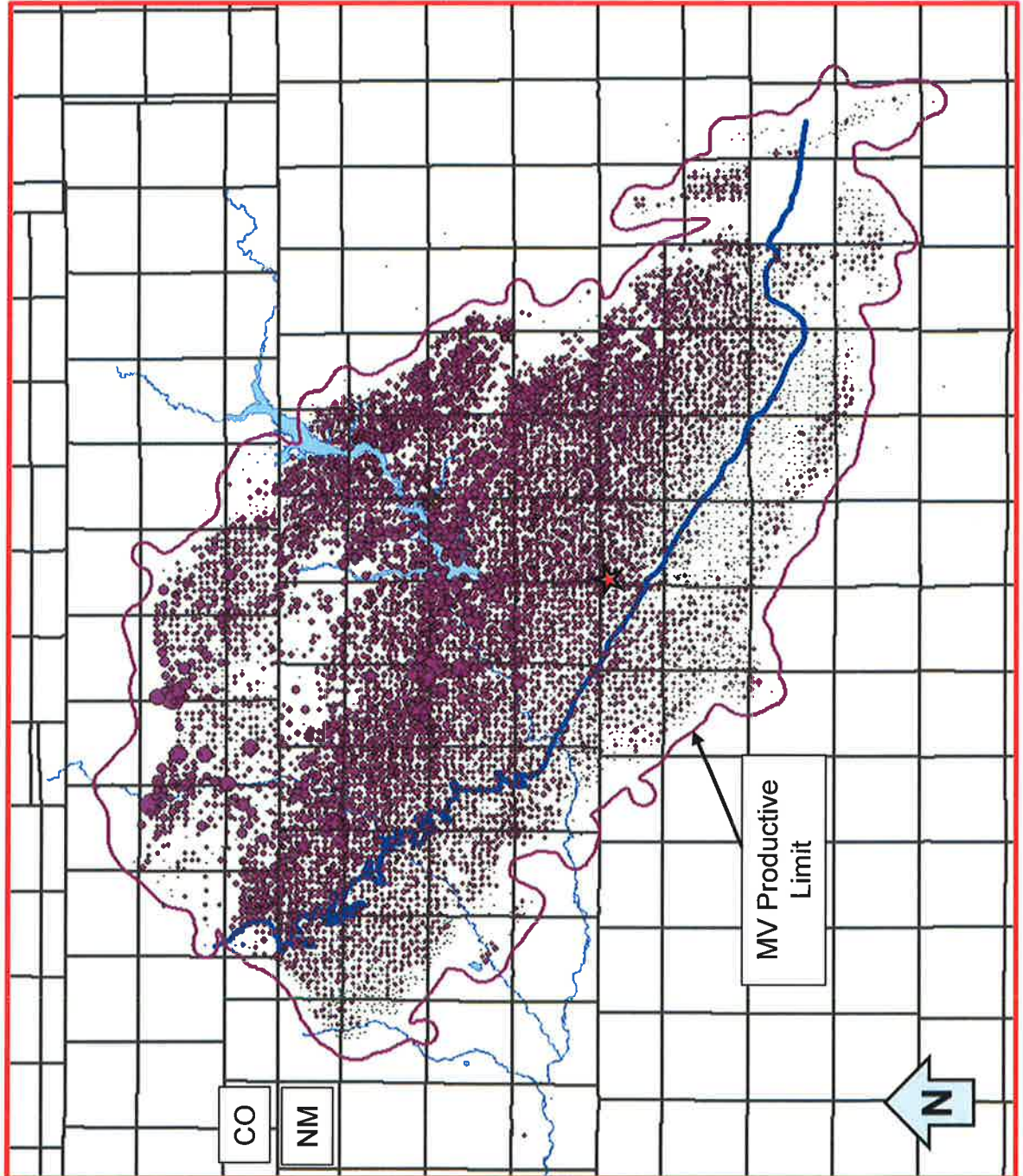


MV Original Gas In Place



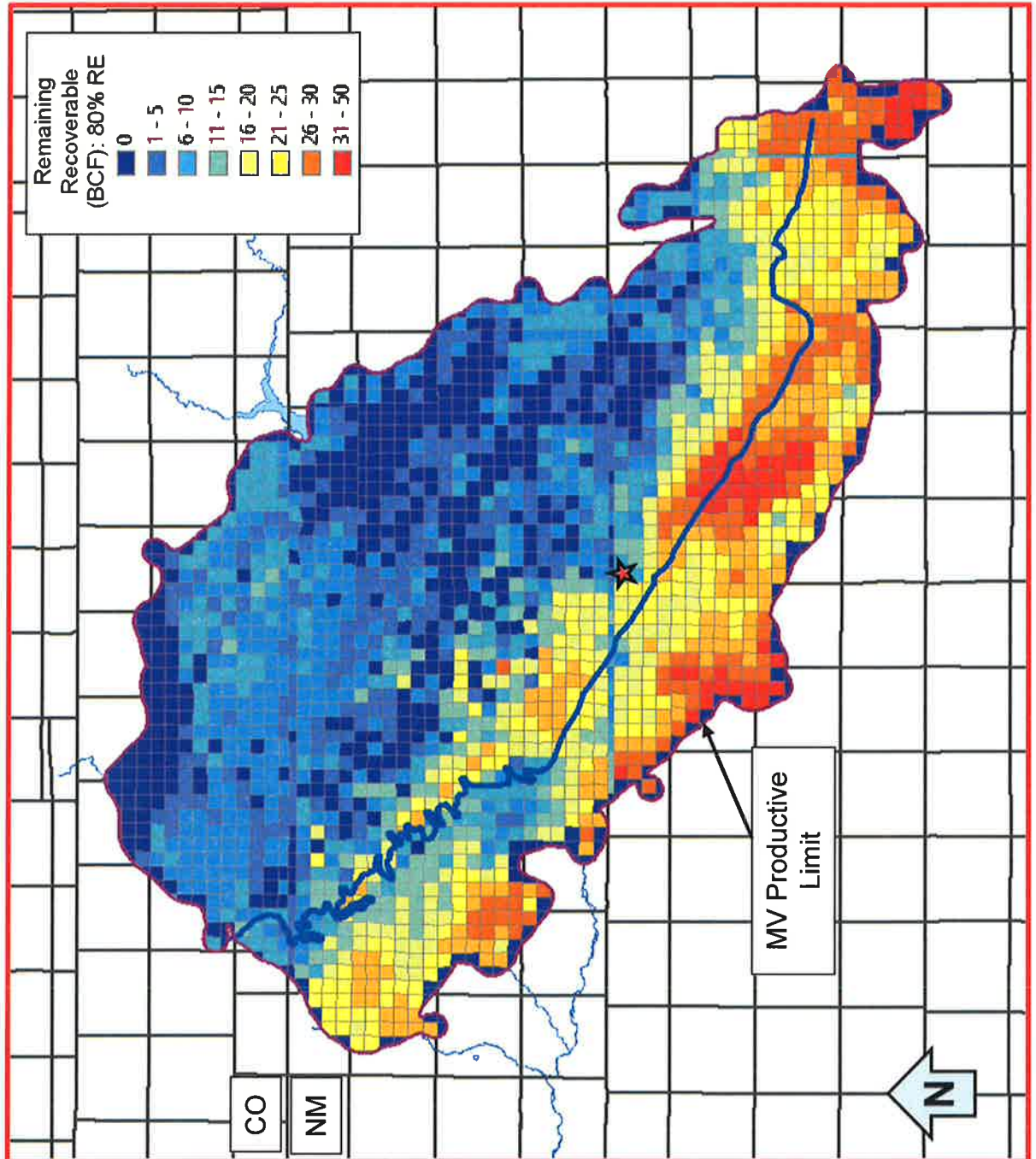


MV EUR and Drainage Radius





MV Remaining Recoverable Gas



San Juan 28-7 Unit 242



Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	Remaining GIP	EUR / RF%
Qtr Section	7.31 Bcf	29.2 Bcf	3.6 Bcf / 49%	3.71 Bcf	6.36 Bcf / 87%
Section	31.1 Bcf	31.1 Bcf	12.5 Bcf / 40%	18.6 Bcf	18.8 Bcf / 61%
9 Section	423 Bcf	46.9 Bcf	41 Bcf / 10%	381 Bcf	47 Bcf / 11%

- Remaining Gas in Place in Quarter Section of 3.7 Bcf
- Cumulative Recovery Factor to Date 49% and 40% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

