

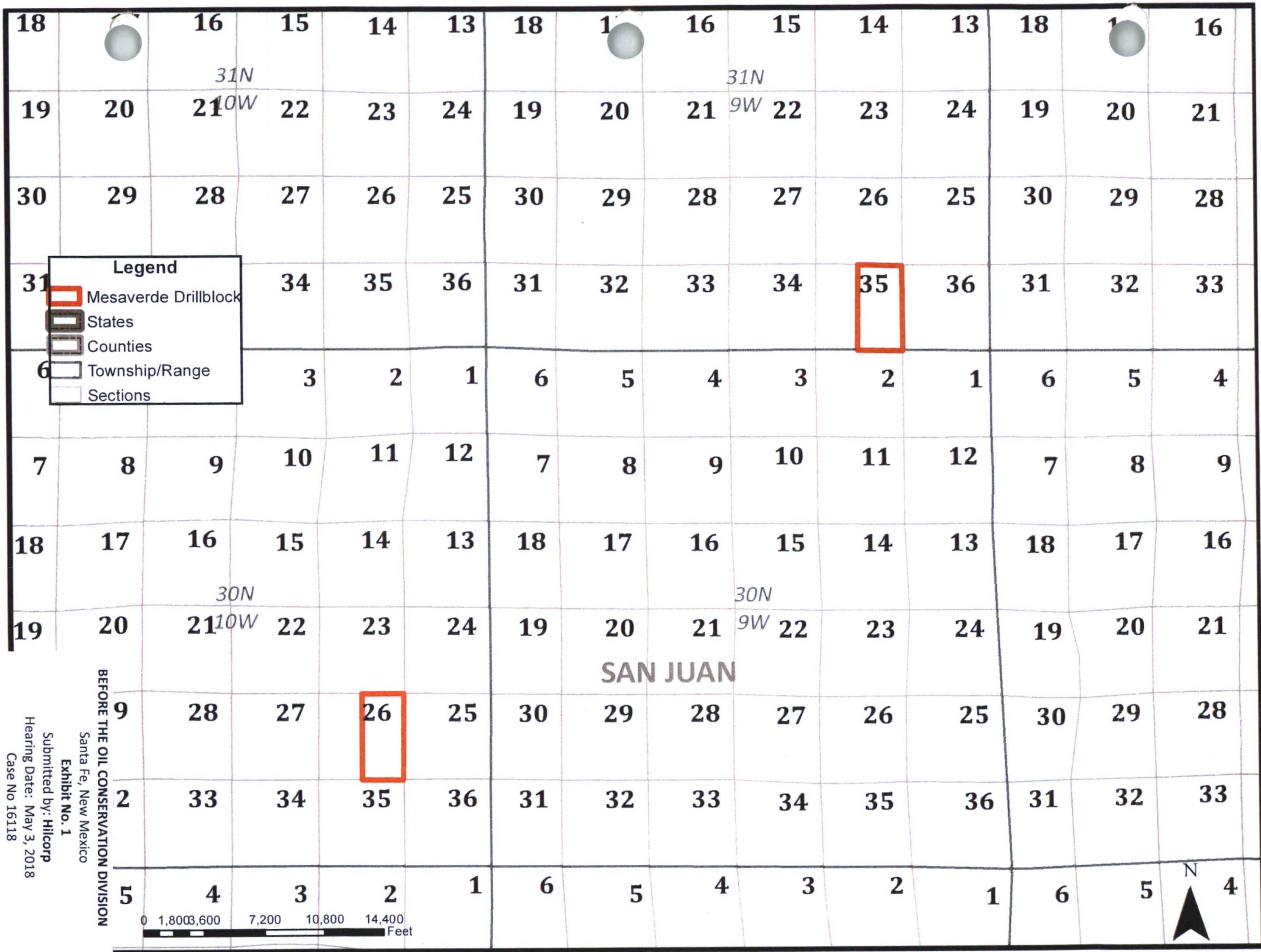
**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 3, 2018**

CASE No. 16118

JOHNSTON FEDERAL 9F WELL

SAN JUAN COUNTY, NEW MEXICO

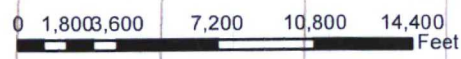




Legend

- Mesaverde Drillblock
- States
- Counties
- Township/Range
- Sections

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 1
Submitted by: Hilcorp
Hearing Date: May 3, 2018
Case No 16118



Offset Operators:
Hilcorp Energy Company
BP America Production Company

SAN JUAN

Johnston Federal 9F_MV
API: 30-045-35152

Legend

 Offset Boundary

RESERVOIR

 DAKOTA

 MESAVERDE

 Mesaverde Drillblock

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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 2

Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16118

N





April 13, 2018

VIA CERTIFIED MAIL - CERTIFIED RECEIPT REQUESTED

TO: OFFSETTING OPERATORS

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, San Juan County, New Mexico.

This letter is to advise you that Hilcorp Energy Company has filed the enclosed application with the New Mexico Oil Conservation Division. As a Division-designated operator in an offsetting tract, you are entitled to notice of this application.

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

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

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

Sincerely,

Robert Carlson
Landman

RTC:dkp

Certified Number	Sender	Recipient	Date Mailed	Delivery Status
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	BETTY T. JOHNSTON MARITAL TRUST B.T. JOHNSTON, W.G. MATHEWS and T.N. AUN, 2424 WILCREST STE 105, HOUSTON, TX, 77042 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000	Dani Papetti	BP AMERICA PRODUCTION COMPANY ATTN: CRAIG FERGUSON, 737 N. ELDRIDGE PARKWAY, HOUSTON, TX, 77079 Code: Hearing #(s): 16118; 16120; 16121; 16124; 16125; 16127	4/13/2018	In Transit to Next Facility 17-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	ELAINE G HOWE, PO BOX 624, SULPHUR, OK, 73088- 0624 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	ENDURING RESOURCES IV, LLC, 511 16TH ST, STE 700, DENVER, CO, 80202 Code: Hearing #(s): 16124; 16125; 16127	4/13/2018	Delivered, Front Desk/Reception 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	EULA MAY JOHNSTON TRUST 661, BANK OF AMERICA N A PO BOX 840738, DALLAS, TX, 75284-0738 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered 15-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	FRANK N GIBBARD JR, 14 PLUMER ROAD, EPPING, NH, 30420 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	GRAYFORE PARTNERS LP, PO BOX 98670, LUBBOCK, TX, 79499-8670 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered, PO Box 18-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	KOCH EXPLORATION COMPANY LLC, PO BOX 2219, WICHITA, KS, 67201-2219 Code: Hearing #(s): 16127	4/13/2018	Delivered 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	Laurence C Kelly Trust c/o Steve Coldwell, Trustee, 3239 N Verdugo Rd., Glendale, CA, 91208-1633 Code: Hearing #(s): 16127	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	ROGERS EVELAND LLC, 3630 RIVER OAKS CT, TYLER, TX, 75707 Code: Hearing #(s): 16118	4/13/2018	Delivered, Left with Individual 16-Apr-18 Signature Pending
92148969009997900000000000 <u>Request Signature</u> <u>via Email</u>	Dani Papetti	V A JOHNSTON LTD, PO BOX 303247, AUSTIN, TX, 78703 Code: Hearing #(s): 16118; 16126	4/13/2018	Delivered 16-Apr-18 Signature Pending

Dani Papetti

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

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

Sheryl

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

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

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

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

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

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

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

Craig,

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

Thanks,

Sheryl Kohl, CPLTA

Sr. Land Tech – San Juan East

Hilcorp Energy Company

1111 Travis, Houston, Texas 77002

P: 713-289-2781

E: skohl@Hilcorp.com

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

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

AFFIDAVIT OF PUBLICATION

Ad No.
0001243375

HOLLAND AND HART
PO BOX 2208

SANTA FE NM 87504

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

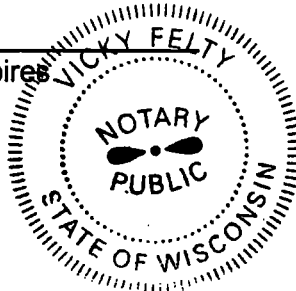
04/15/18

Kayma J. J.
Legal Clerk

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

Vicky Felty
State of WI, County of Brown
NOTARY PUBLIC

9-19-21
My Commission Expires



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

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

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

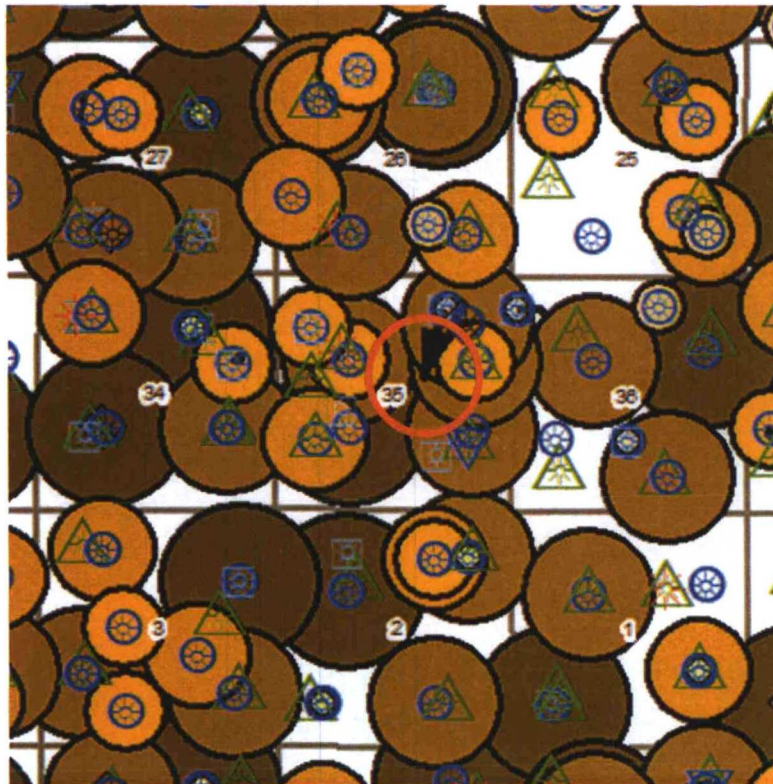
TO: All Working Interest Owners in the Subject Spacing Unit and Offsetting Operators or Leased Mineral Interest Owners, including: Frank N. Gibbard, Jr., his heirs and devisees; Elaine G. Howe, her heirs and devisees; Rogers Eveland LLC; Grayfore Partners LP; Betty T. Johnston Marital Trust, Betty T. Johnston, W. Grant Matthews & Tom N. Aune Co-Trustees; VA Johnston Ltd; Eula May Johnston Trust 661; BP America Production Company.

Case No. 16118: Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the Johnston Federal 9F Well (API No. 30-045-35152) in the Mesaverde formation with a surface location in Unit B and a bottom hole location in Unit G of the E/2 of Section 35, Township 31 North. Range 9 West. NMPM. San

Juan County, New Mexico, and authorization to simultaneously complete and produce the Johnston Federal 9F Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 15 miles east of Aztec, NM.

Legal No. 1243375 published in The Daily Times on April 15, 2018

Johnston Federal 9F



▲ FRUITLAND COAL
— PICTURED CLIFFS
● CHACRA
● MESAVERDE
● MANCOS
■ GARDIA

Well Specifics

- NE35 31-9 3004535152 2011 drill
- 3rd MV completion in $\frac{1}{4}$ section
- ~1300' from nearest offset
- Help drain area to south
- Complete entire MV in 2 stages

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 5

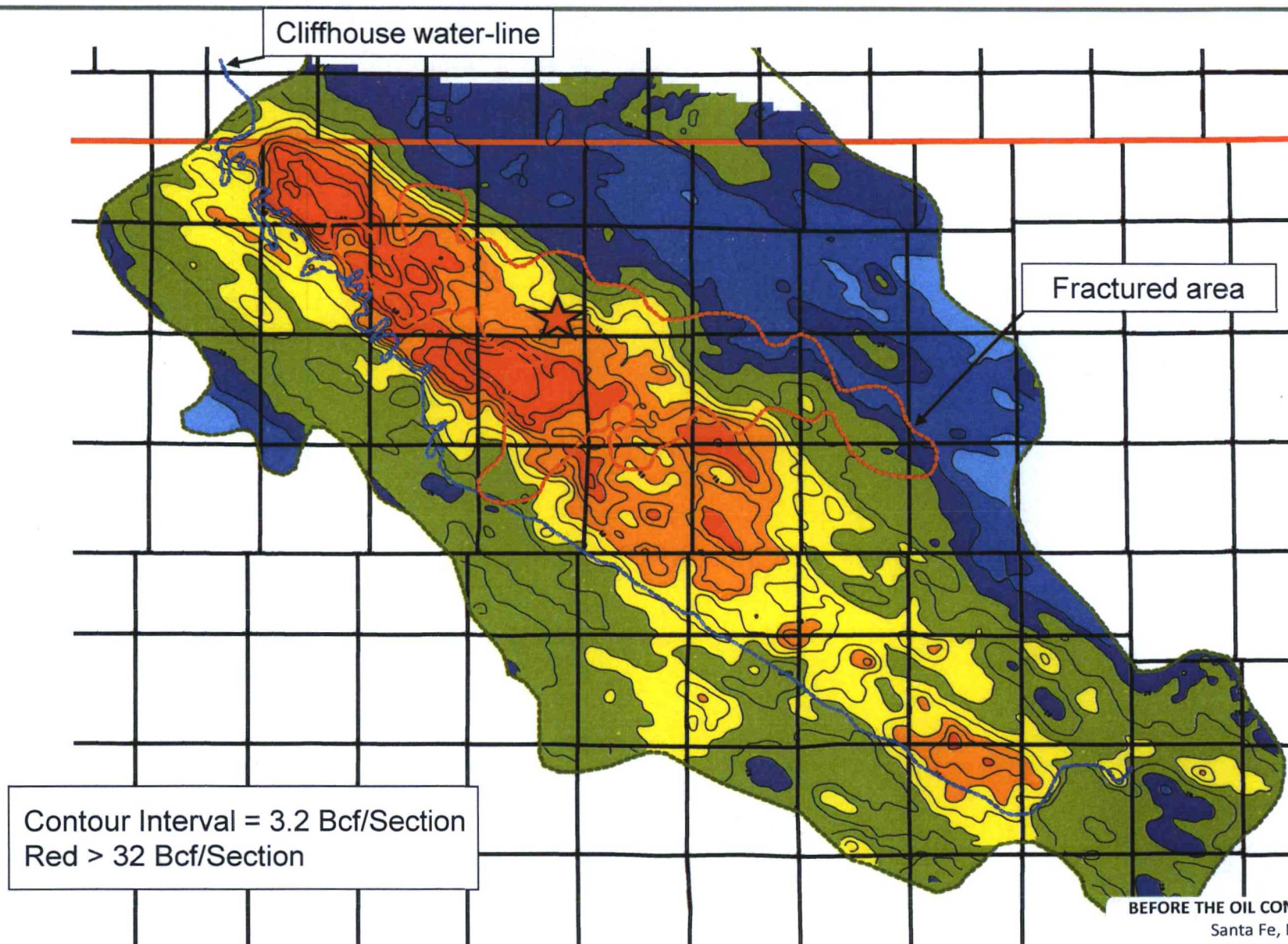
Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16118



MV Original Gas-in-Place



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

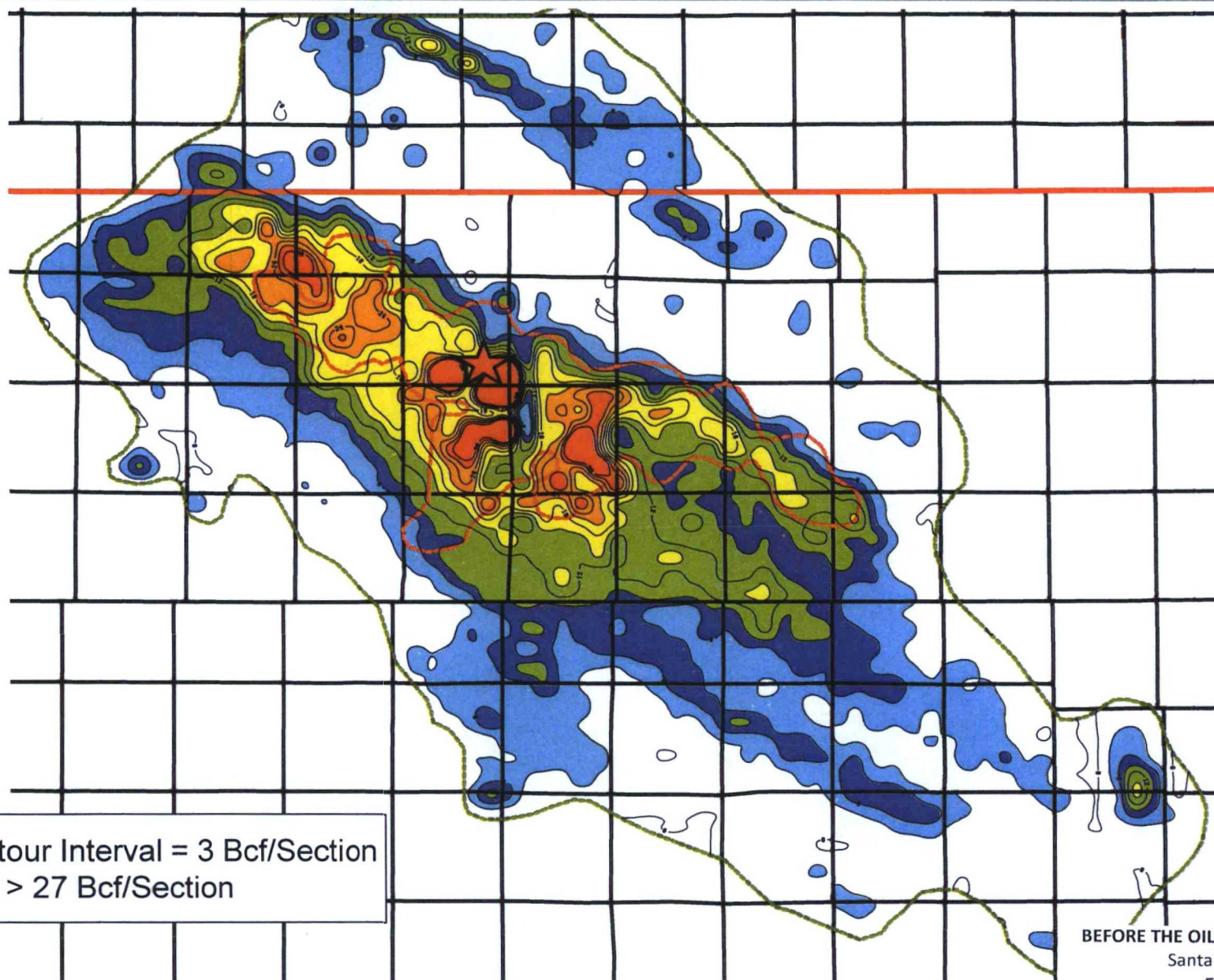
Exhibit No. 6

Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16118

MV Cumulative Gas Production



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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

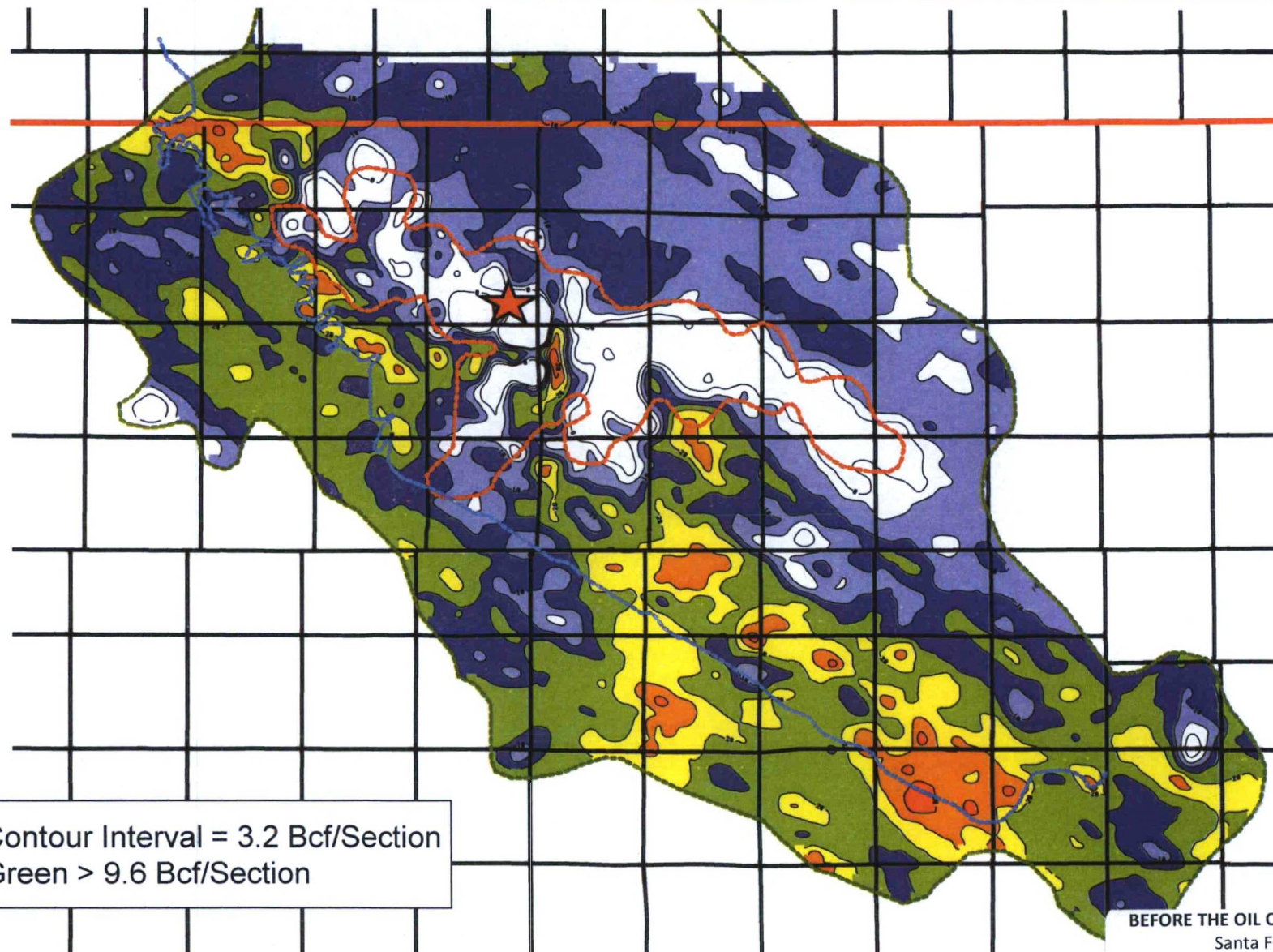
Exhibit No. 7

Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16118

MV Remaining Gas



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

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 8

Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16118



Johnston Federal 9F

Reference Area	Volumetric OGIP	Section Equivalent OGIP	CTD / RF%	CTD Remaining GIP	EUR / RF% (Historical Data)
Qtr Section	11.1 Bcf	44.4 Bcf	5.9 Bcf / 53%	5.2 Bcf	6.6 Bcf / 60%
Section	48.3 Bcf	48.3 Bcf	25.0 Bcf / 52%	23.3 Bcf	27.0 Bcf / 56%
25 Section	1116.0 Bcf	44.6 Bcf	737.7 Bcf / 66%	378.3 Bcf	838.1 Bcf / 75%

- Remaining Gas in Place in Quarter Section of 5.2 Bcf
- Cumulative Recovery Factor to Date 53% and 52% in the Quarter Section and Section, respectively
- Considerable gas remaining in area with opportunity to recover additional volumes utilizing existing wellbore

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 9

Submitted by: Hilcorp

Hearing Date: May 3, 2018

Case No 16118