


<h1 style="text-align: center;">Hilcorp Energy Company</h1> <h2 style="text-align: center;">PRODUCTION ALLOCATION FORM</h2>						Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019	
						Status PRELIMINARY <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input type="checkbox"/>	
Commingle Type SURFACE <input type="checkbox"/> DOWNHOLE <input checked="" type="checkbox"/> Type of Completion NEW DRILL <input type="checkbox"/> RECOMPLETION <input checked="" type="checkbox"/> PAYADD <input type="checkbox"/> COMMINGLE <input type="checkbox"/>						Date: 10/25/2022 API No. 30-039-07036 DHC No. DHC-4982 Lease No. NMSF078840	
Well Name SAN JUAN 28-7 UNIT NP						Well No. 109	
Unit Letter N	Section 18	Township 27N	Range 07W	Footage 800' FSL & 1650' FWL	County, State RIO ARRIBA, New Mexico		
Completion Date 10/6/2022		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>					
<p>JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formation to be commingled is the Menefee, which is part of the Mesaverde formation. The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the Mesaverde formation(s). After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.</p> <p>Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. MV 90%, DK 10% After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.</p>							
NAME		DATE		TITLE		PHONE	
X 		10/25/2022		Operations/Regulatory Tech – Sr.		346-237-2177	
For Technical Questions: Justin Nall				Sr. Reservoir Engineer		346-237-2231	

Dean R McClure 11/04/2022

Well Name: SAN JUAN 28-7 UNIT	Well Location: T27N / R7W / SEC 18 / SESW / 36.567932 / -107.619324	County or Parish/State: RIO ARRIBA / NM
Well Number: 109	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078840	Unit or CA Name: SAN JUAN 28-7 UNIT--MV	Unit or CA Number: NMNM78413A
US Well Number: 3003907036	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2699566

Type of Submission: Notice of Intent

Date Sundry Submitted: 10/25/2022

Date proposed operation will begin: 10/01/2022

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 09:13

Procedure Description: Please see the attached Preliminary Allocation Form.

NOI Attachments

Procedure Description

San_Juan_28_7_Unit_NP_109_Prelim_Sub_Allocation_Form_20221025091328.pdf

Well Name: SAN JUAN 28-7 UNIT	Well Location: T27N / R7W / SEC 18 / SESW / 36.567932 / -107.619324	County or Parish/State: RIO ARRIBA / NM
Well Number: 109	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078840	Unit or CA Name: SAN JUAN 28-7 UNIT--MV	Unit or CA Number: NMNM78413A
US Well Number: 3003907036	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: AMANDA WALKER	Signed on: OCT 25, 2022 09:13 AM
Name: HILCORP ENERGY COMPANY	
Title: Operations/Regulatory Technician	
Street Address: 1111 TRAVIS ST.	
City: HOUSTON	State: TX
Phone: (346) 237-2177	
Email address: mwalker@hilcorp.com	

Field

Representative Name:		
Street Address:		
City:	State:	Zip:
Phone:		
Email address:		

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK	BLM POC Title: Petroleum Engineer
BLM POC Phone: 5055647742	BLM POC Email Address: krennick@blm.gov
Disposition: Approved	Disposition Date: 10/25/2022
Signature: Kenneth Rennick	

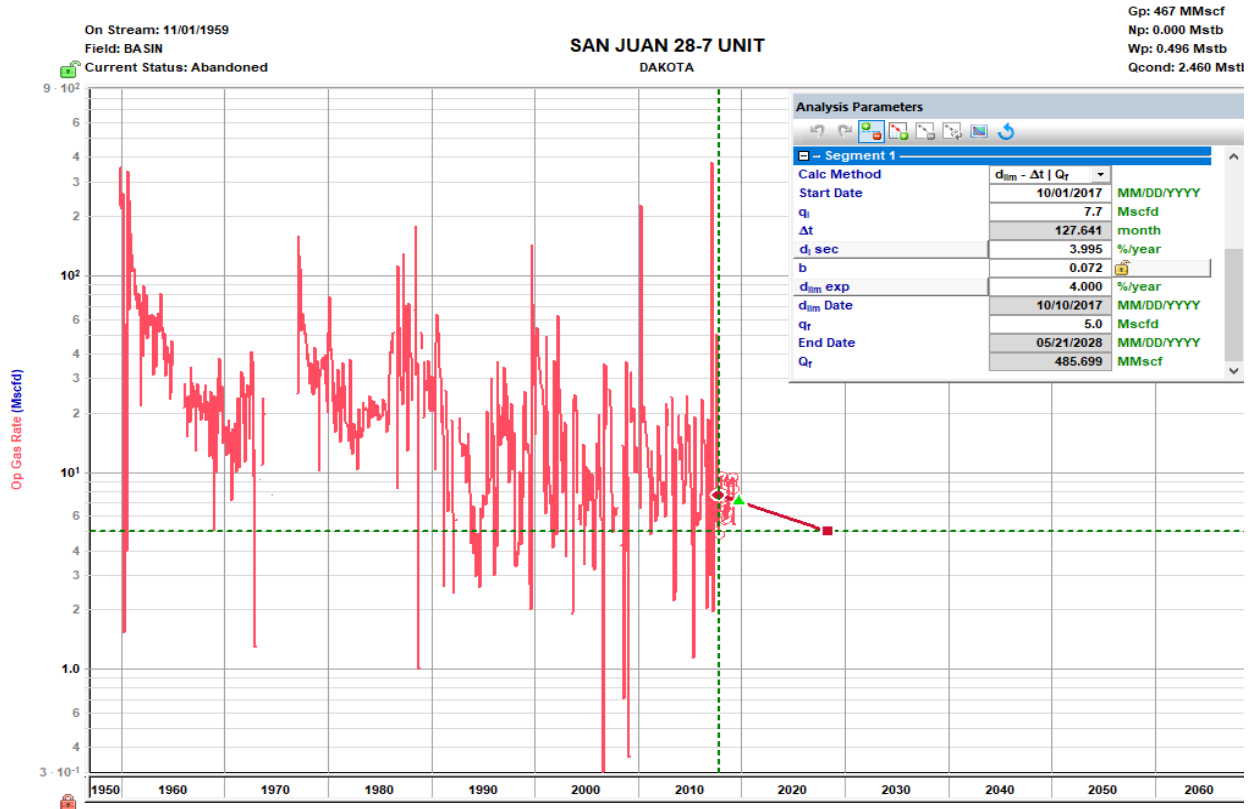
San Juan 28-7 Unit 109 NP Subtraction Allocation

Date	Mcf/d
Oct-22	7.1
Nov-22	7.1
Dec-22	7.1
Jan-23	7.1
Feb-23	7
Mar-23	7
Apr-23	7
May-23	7
Jun-23	6.9
Jul-23	6.9
Aug-23	6.9
Sep-23	6.9
Oct-23	6.8
Nov-23	6.8
Dec-23	6.8
Jan-24	6.8
Feb-24	6.7
Mar-24	6.7
Apr-24	6.7
May-24	6.7
Jun-24	6.7
Jul-24	6.6
Aug-24	6.6
Sep-24	6.6
Oct-24	6.6
Nov-24	6.5
Dec-24	6.5
Jan-25	6.5
Feb-25	6.5
Mar-25	6.5
Apr-25	6.4
May-25	6.4
Jun-25	6.4
Jul-25	6.4
Aug-25	6.3
Sep-25	6.3
Oct-25	6.3
Nov-25	6.3
Dec-25	6.3
Jan-26	6.2
Feb-26	6.2
Mar-26	6.2
Apr-26	6.2
May-26	6.2
Jun-26	6.1
Jul-26	6.1
Aug-26	6.1
Sep-26	6.1

Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation will be the Dakota, and the added formation to be commingled is the Menefee, which is a part of the Mesaverde formation. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the Mesaverde formation.

After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.



Oil Allocation:

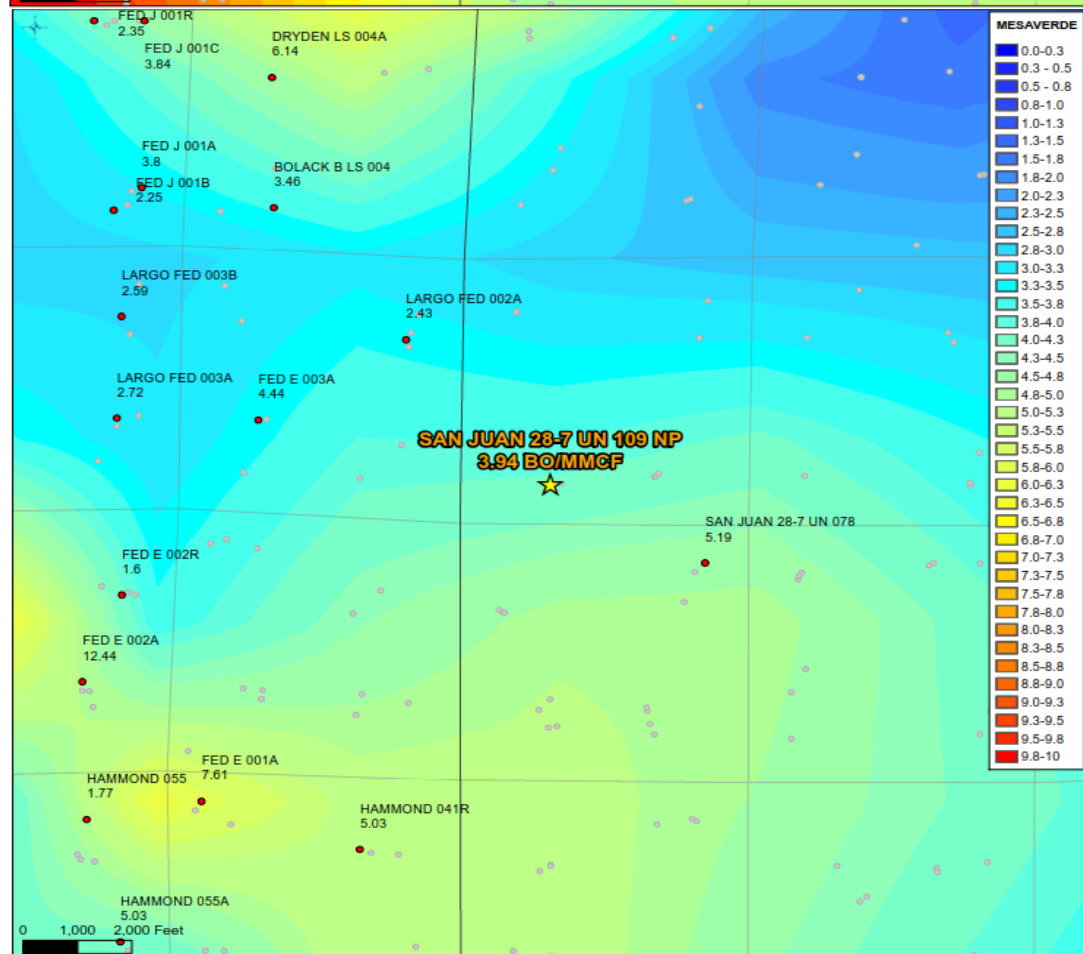
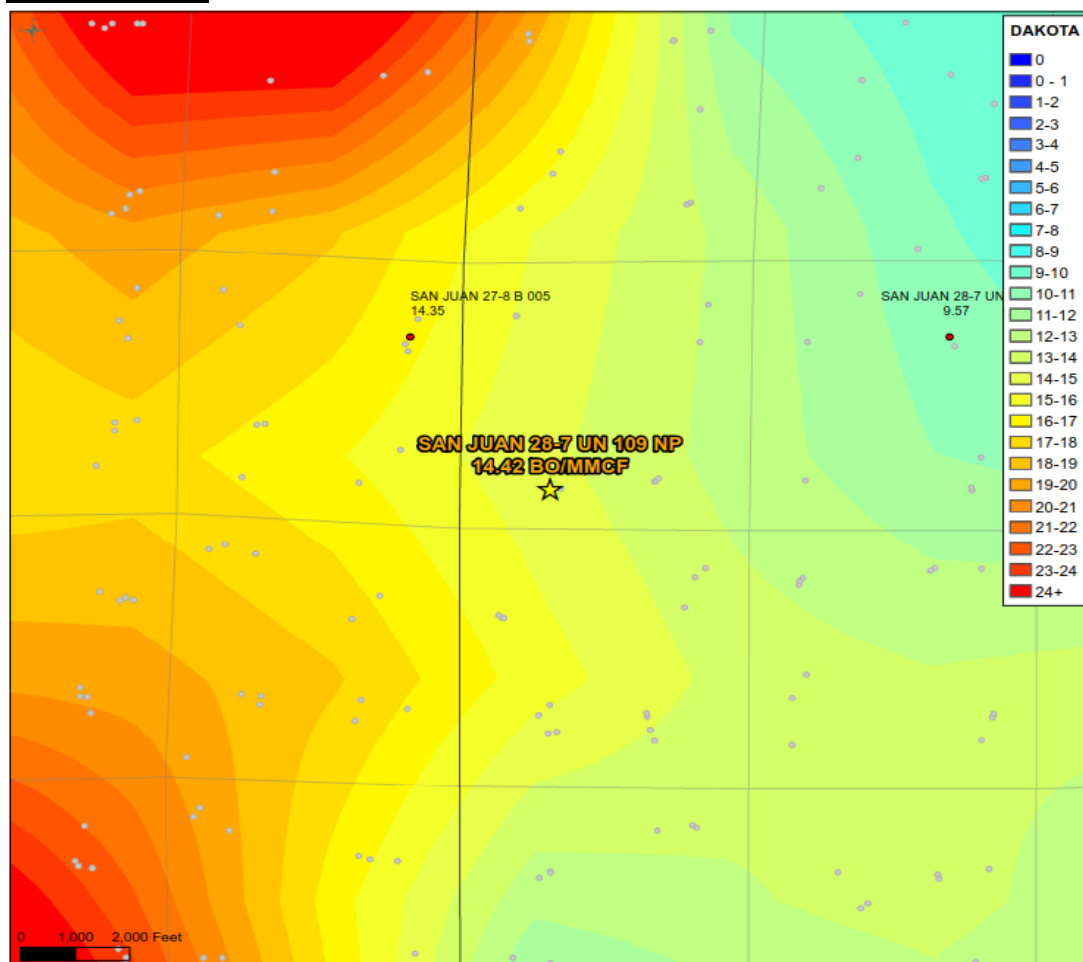
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	14.42	19	10%
MV	3.94	606	90%

Remaining MV reserves calculated using expected Menefee Add EUR of 455 MMCF plus forecasted current MV reserves of 151 MMCF.

Anticipate Menefee to have the same oil yield as surrounding Mesaverde.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

COMMENTS

Action 156330

COMMENTS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 156330
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

COMMENTS

Created By	Comment	Comment Date
dmcclure	Approved under Action ID: 154210	11/4/2022

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Created By	Condition	Condition Date
dmcclure	None	11/4/2022