

Area: «TEAM»

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|--|----------------------|---|-----------------------|--|--|------------|--------------|--|
| <h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2> | | | | | Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006 | | | |
| 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"/> | | | | | Status PRELIMINARY <input type="checkbox"/> FINAL <input checked="" type="checkbox"/> REVISED <input checked="" type="checkbox"/> | | | |
| | | | | | Date: 5/23/2022 API No. 30-045-24938 DHC No. DHC4003AZ Lease No. NMSF078502A | | | |
| Well Name Hardie | | | | | Well No. 4E | | | |
| Unit Letter E | Section 24 | Township T029N | Range R008W | Footage 1800' FNL & 790' FWL | County, State San Juan County, New Mexico | | | |
| Completion Date | | Test Method HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/> | | | | | | |
| | | | | | | | | |
| FORMATION | | GAS | | PERCENT | | CONDENSATE | | |
| DAKOTA | | 23 MCFD | | 21% | | 5% | | |
| MESAVERDE | | 86 MCFD | | 79% | | 95% | | |
| | | | | | | | | |
| | | | | | | | | |
| JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 3/1/2022. No change to gas allocation.** Hilcorp Energy Company requests that production for the down hole commingle to be switched to a fixed percentage based allocation. The fixed percentage based allocation is calculated from average production rates from twelve months. Oil allocated based on average formation yields in surrounding area and new fixed allocations. | | | | | | | | |
| | | | | | | | | |
| APPROVED BY | | | DATE | | TITLE | | PHONE | |
| <i>Kandis Roland</i> | | | | | | | | |
| X Kandis Roland | | | 5/23/22 | | Operations/Regulatory Tech | | 713-757-5246 | |
| | | | | | | | | |
| For Technical Questions: | | | Justin Nall | | Reservoir Engineer – Sr. | | 346-237.2231 | |
| | | | | | | | | |

Dean R McClure

06/27/2023

| | | |
|----------------------------|---|---|
| Well Name: HARDIE | Well Location: T29N / R8W / SEC 24 / SWNW / 36.713257 / -107.633606 | County or Parish/State: SAN JUAN / NM |
| Well Number: 4E | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMSF078502A | Unit or CA Name: HARDIE | Unit or CA Number: NMNM73212, NMNM73990 |
| US Well Number: 3004524938 | Well Status: Producing Gas Well | Operator: HILCORP ENERGY COMPANY |

Notice of Intent

Sundry ID: 2673004

| | |
|--|--|
| Type of Submission: Notice of Intent | Type of Action: Commingling (Subsurface) |
| Date Sundry Submitted: 05/23/2022 | Time Sundry Submitted: 01:42 |
| Date proposed operation will begin: 03/01/2022 | |

Procedure Description: See attached revised production allocation.

NOI Attachments

Procedure Description

Hardie_4E_Revised_Preliminary_Changed_to_Fixed_Allocation_20220523134104.pdf

Received by OCD: 6/27/2023 1:49:16 PM

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| | | |
|----------------------------|---|---|
| Well Name: HARDIE | Well Location: T29N / R8W / SEC 24 / SWNW / 36.713257 / -107.633606 | County or Parish/State: SAN JUAN / NM |
| Well Number: 4E | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMSF078502A | Unit or CA Name: HARDIE | Unit or CA Number: NMNM73212, NMNM73990 |
| US Well Number: 3004524938 | 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: KANDIS ROLAND | Signed on: MAY 23, 2022 01:41 PM |
| Name: HILCORP ENERGY COMPANY | |
| Title: Operation Regulatory Tech | |
| Street Address: 382 Road 3100 | |
| City: Farmington | State: NM |
| Phone: (505) 599-3400 | |
| Email address: kroland@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: 05/25/2022 |
| Signature: Kenneth Rennick | |

Hardie 4E Fixed Allocation

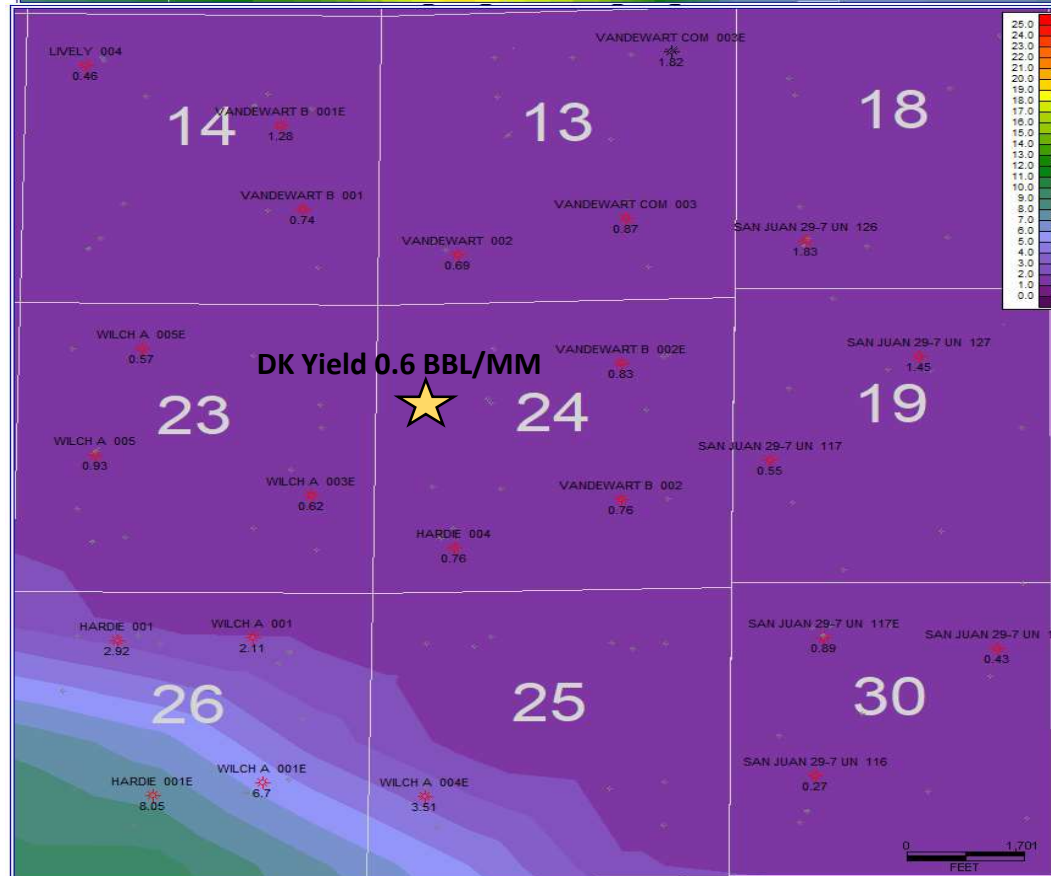
The Mesaverde and the Dakota formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recompleted into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage based allocation.

The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

| Date | Gas Production | | |
|------------|----------------|-----------|-------|
| | Dakota | Mesaverde | Total |
| Oct-20 | 23.4 | 91.8 | 115.2 |
| Nov-20 | 23.3 | 108.3 | 131.6 |
| Dec-20 | 23.3 | 85.4 | 108.7 |
| Jan-21 | 23.2 | 86.2 | 109.4 |
| Feb-21 | 23.1 | 87.0 | 110.1 |
| Mar-21 | 23.0 | 79.6 | 102.6 |
| Apr-21 | 22.9 | 78.7 | 101.6 |
| May-21 | 22.8 | 87.6 | 110.4 |
| Jun-21 | 22.7 | 90.5 | 113.2 |
| Jul-21 | 22.6 | 79.0 | 101.6 |
| Aug-21 | 22.5 | 75.5 | 98.0 |
| Sep-21 | 22.4 | 79.7 | 102.1 |
| Averages | 23 | 86 | 109 |
| % of Total | 21% | 79% | |

Oil will be reallocated based on the average formation yields in surrounding area and new fixed allocations.

| Formation | Yield | | Updated Oil Allocation |
|-----------|-------|-----------|------------------------|
| Dakota | 0.56 | bbl/mmscf | 5% |
| Mesaverde | 3 | bbl/mmscf | 95% |



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

CONDITIONS

Action 233444

CONDITIONS

| | |
|--|--|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 233444 |
| | Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO) |

CONDITIONS

| | | |
|------------|-----------|----------------|
| Created By | Condition | Condition Date |
| dmcclure | None | 6/27/2023 |