

Office

District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

DHC-5314

Form C-103
Revised July 18, 2013

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------|
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NO. 30-045-25331 |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | | 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator Hilcorp Energy Company | | 6. State Oil & Gas Lease No. FEDERAL: NMSF078115 |
| 3. Address of Operator 382 Road 3100, Aztec NM 87410 | | 7. Lease Name or Unit Agreement Name Grenier |
| 4. Well Location Unit Letter K: 1520' feet from the South line and 1560' feet from the West line Section 18 Township 31N Range 11W NMPM County San Juan | | 8. Well Number 15E |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6058' | | 9. OGRID Number 372171 |
| | | 10. Pool name or Wildcat Mesaverde |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
|--------------------------------------------------------|--------------------------------------------------|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| DOWNHOLE COMMINGLE <input checked="" type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | OTHER: <input type="checkbox"/> |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to recomplete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. Allocation and methodology will be provided after the well is completed. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV - 4384' – 5251'; DK - 7074' - 7210' **These perforations are in TVD.**

Interest is common, no notification is necessary.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE Operations/Regulatory Technician Sr. DATE 6/6/2023

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177

For State Use Only

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 08/09/2023

Conditions of Approval (if any):

CONDITIONS OF APPROVAL

If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.

If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

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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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--------------------------------------------|-------------------------------------------------|
| 1. API Number 30-045-25331 | 2. Pool Code 72319 | 3. Pool Name BLANCO-MESAVERDE (PRORATED GAS) |
| 4. Property Code 318535 | 5. Property Name GRENIER | 6. Well No. 015E |
| 7. OGRID No. 372171 | 8. Operator Name HILCORP ENERGY COMPANY | 9. Elevation 6058 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|--------------------|
| UL - Lot K | Section 18 | Township 31N | Range 11W | Lot Idn | Feet From 1520 | N/S Line S | Feet From 1560 | E/W Line W | County SAN JUAN |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|--------------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|------------------------|---------------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 320.40 | 13. Joint or Infill | 14. Consolidation Code | 15. Order No. | | | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| | <h4>OPERATOR CERTIFICATION</h4> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>E-Signed By: </p> <p>Title: Operations Regulatory Tech Sr.</p> <p>Date: 5/16/2023</p> | |
| | <h4>SURVEYOR CERTIFICATION</h4> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Surveyed By: Fred B Kerr Jr</p> <p>Date of Survey: 1/8/1982</p> <p>Certificate Number: 3950</p> | |
| | | |
| | | |

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

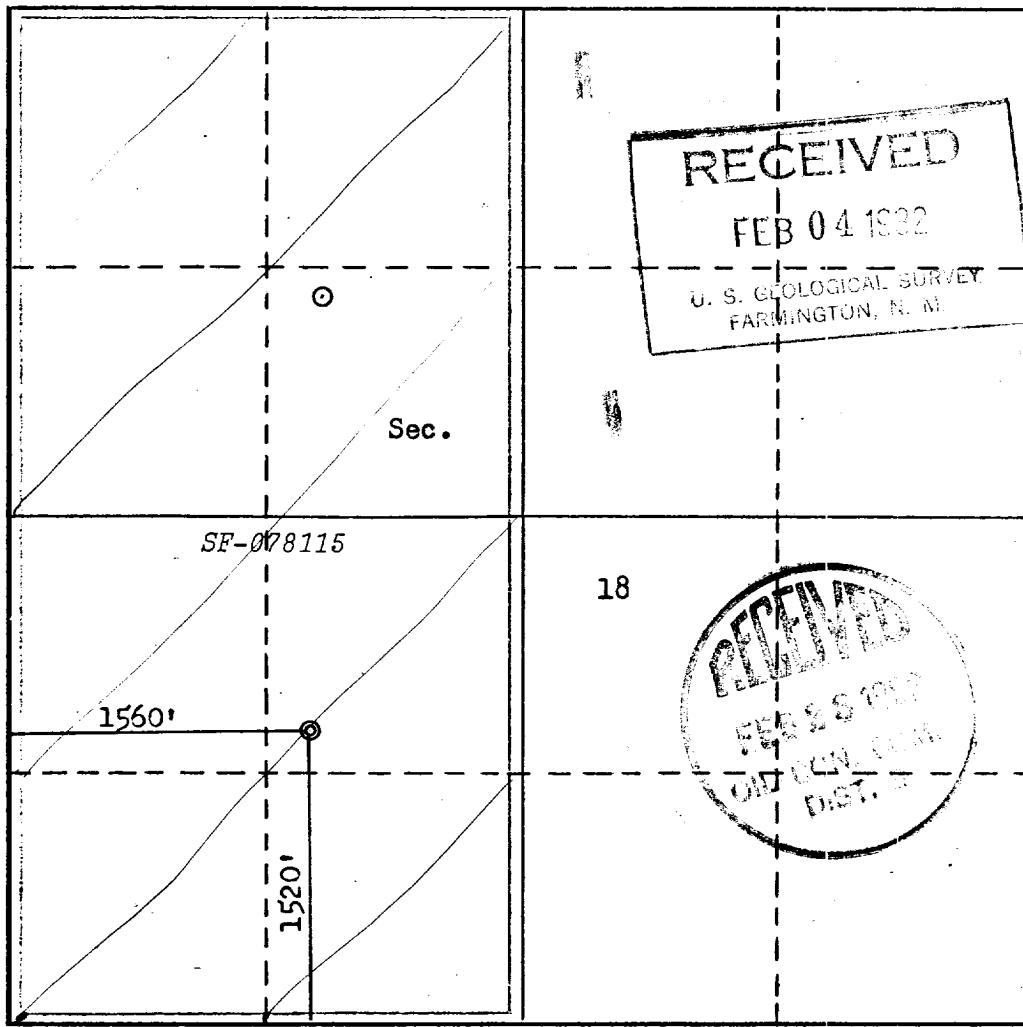
| | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------|-----------------------------|---------------------------|---------------------------------------------|
| Operator SOUTHLAND ROYALTY COMPANY | | | Lease GRENIER | | Well No. 15E |
| Unit Letter K | Section 18 | Township 31N | Range 11W | County San Juan | |
| Actual Footage Location of Well: 1520 feet from the South line and 1560 feet from the West line | | | | | |
| Ground Level Elev. 6058 | Producing Formation Dakota | | Pool Basin Dakota | | Dedicated Acreage: W 320.40 Acres |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

R. E. Fielder

Name

R. E. Fielder

Position

District Engineer

Company

Southland Royalty Company

Date

January 27, 1982

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

January 27, 1982

Registered Professional Engineer and/or Land Surveyor

Fred B. Kerr Jr.
Fred B. Kerr Jr.

Certificate No.

3950

B. KERR, JR.

| | |
|------------------------------------|------------|
| Grenier 15E Subtraction Allocation | 3004525331 |
|------------------------------------|------------|

Gas Allocation:

Production for the downhole commingle will 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 Mesaverde. 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 new 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.

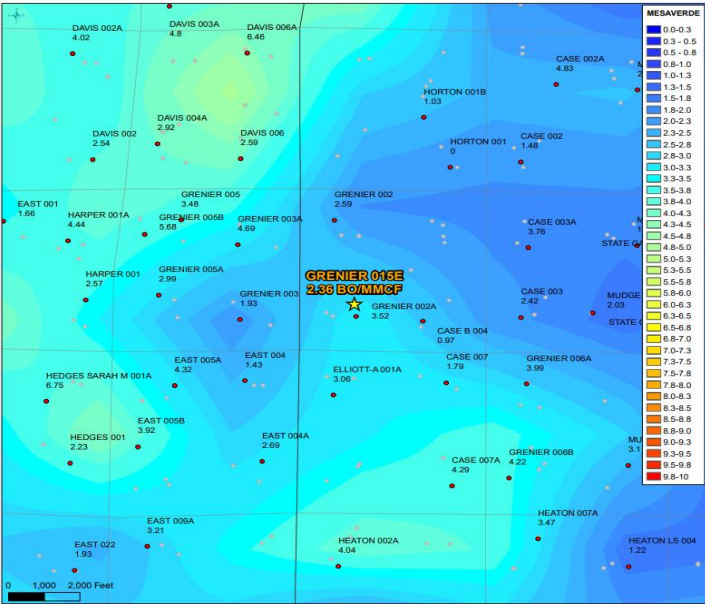
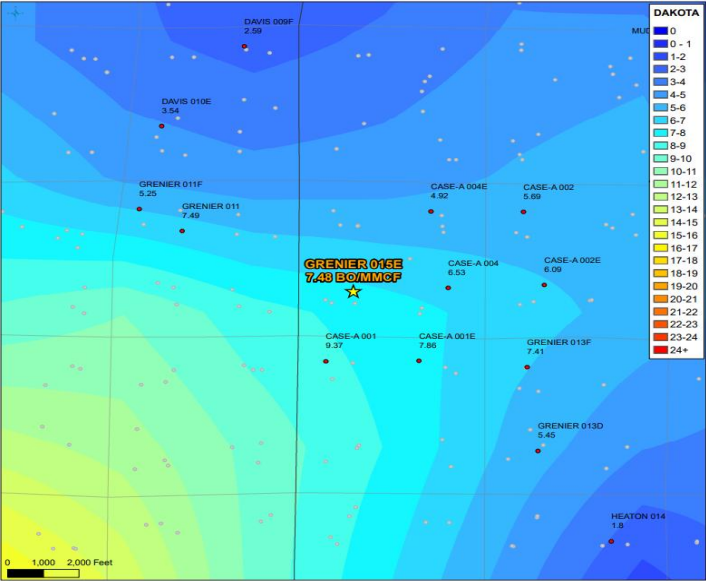


Oil Allocation:

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 | 7.48 | 743 | 79% |
| MV | 2.36 | 612 | 21% |



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CONDITIONS

Action 224247

CONDITIONS

| | |
|--------------------------------------------------------------------------------|------------------------------------------------------|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 224247 |
| | Action Type: [C-107] Down Hole Commingle (C-107A) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| dmcclure | If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action. | 8/9/2023 |
| dmcclure | If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action. | 8/9/2023 |
| dmcclure | If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval. | 8/9/2023 |
| dmcclure | The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned. | 8/9/2023 |