

<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: 07/19/2023  API No. <b>30-039-20369</b> DHC No. <b>DHC-4920</b> Lease No. <b>NMSF080668</b>	
Well Name <b>SAN JUAN 27-4 UNIT</b>					Well No. <b>59</b>	
Unit Letter <b>G</b>	Section <b>4</b>	Township <b>27N</b>	Range <b>04W</b>	Footage <b>1460' FNL &amp; 1800' FEL</b>	County, State <b>Rio Arriba, New Mexico</b>	
Completion Date <b>6/26/2023</b>		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 formations to be commingled is the Mesaverde. 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 new formation(s). After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> 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 99.96%, DK 0.04%          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 Cherylene Weston				Operations/Regulatory Tech – Sr.		713-289-2615
Cherylene Weston		7/19/2023				
For Technical Questions: Ray Brandhurst				Reservoir Engineer		713-757-5224

*Dean R McClure* 09/27/2023

<b>Well Name:</b> SAN JUAN 27-4 UNIT	<b>Well Location:</b> T27N / R4W / SEC 4 / SWNE / 36.60524 / -107.253235	<b>County or Parish/State:</b> RIO ARRIBA / NM
<b>Well Number:</b> 59	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF080668	<b>Unit or CA Name:</b> SAN JUAN 27-4 UNIT--DK	<b>Unit or CA Number:</b> NMNM78408B
<b>US Well Number:</b> 3003920369	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> HILCORP ENERGY COMPANY

### Notice of Intent

**Sundry ID:** 2741929

**Type of Submission:** Notice of Intent

**Type of Action:** Commingling (Subsurface)

**Date Sundry Submitted:** 07/20/2023

**Time Sundry Submitted:** 07:17

**Date proposed operation will begin:** 06/26/2023

**Procedure Description:** Please see the attached allocation.

### NOI Attachments

**Procedure Description**

SJ\_27\_4\_Unit\_59\_Preliminary\_Subtraction\_Allocation\_Form\_20230720071716.pdf

**Well Name:** SAN JUAN 27-4 UNIT

**Well Location:** T27N / R4W / SEC 4 /  
SWNE / 36.60524 / -107.253235

**County or Parish/State:** RIO  
ARRIBA / NM

**Well Number:** 59

**Type of Well:** CONVENTIONAL GAS  
WELL

**Allottee or Tribe Name:**

**Lease Number:** NMSF080668

**Unit or CA Name:** SAN JUAN 27-4  
UNIT--DK

**Unit or CA Number:**  
NMNM78408B

**US Well Number:** 3003920369

**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:** CHERYLENE WESTON

**Signed on:** JUL 20, 2023 07:17 AM

**Name:** HILCORP ENERGY COMPANY

**Title:** Operations/Regulatory Tech - Sr

**Street Address:** 1111 TRAVIS STREET

**City:** HOUSTON

**State:** TX

**Phone:** (713) 289-2615

**Email address:** cweston@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:** 07/20/2023

**Signature:** Kenneth Rennick

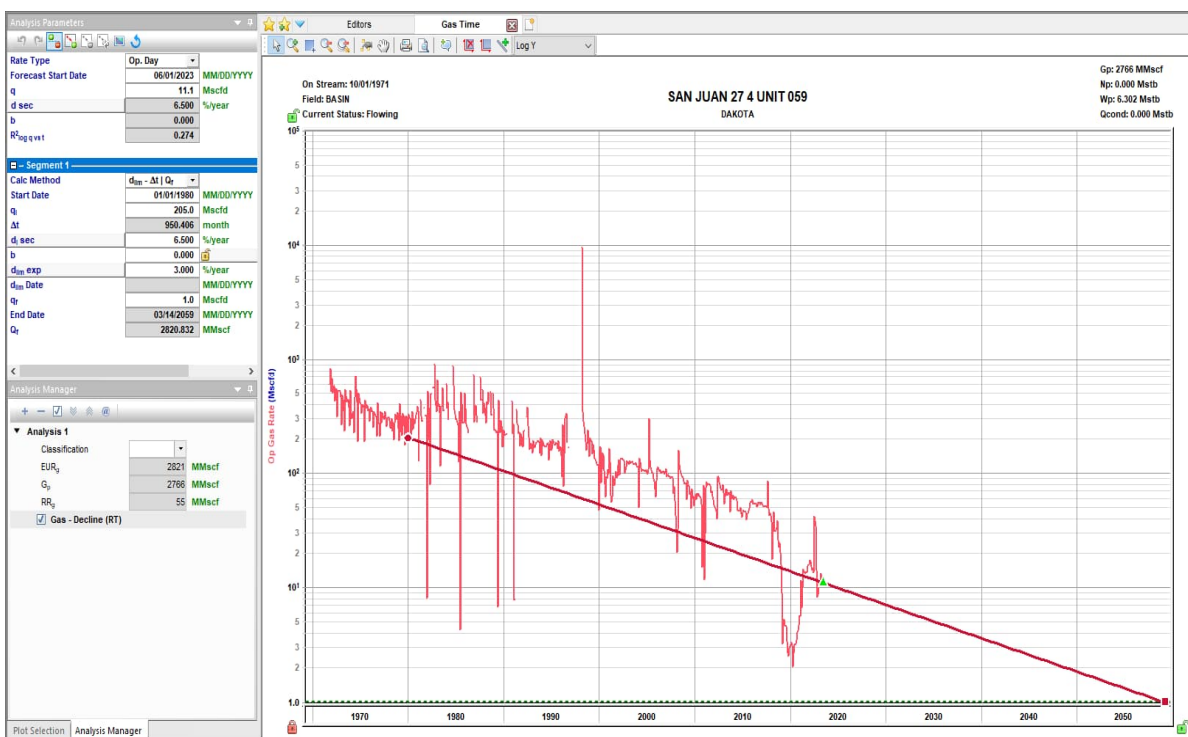
## San Juan 27-4 Unit 59 Subtraction Allocation

Date	Mcf/d
Jun-23	11
Jul-23	11
Aug-23	10.9
Sep-23	10.9
Oct-23	10.8
Nov-23	10.7
Dec-23	10.7
Jan-24	10.6
Feb-24	10.6
Mar-24	10.5
Apr-24	10.4
May-24	10.4
Jun-24	10.3
Jul-24	10.3
Aug-24	10.2
Sep-24	10.2
Oct-24	10.1
Nov-24	10
Dec-24	10
Jan-25	9.9
Feb-25	9.9
Mar-25	9.8
Apr-25	9.8
May-25	9.7
Jun-25	9.7
Jul-25	9.6
Aug-25	9.6
Sep-25	9.5
Oct-25	9.4
Nov-25	9.4
Dec-25	9.3
Jan-26	9.3
Feb-26	9.2
Mar-26	9.2
Apr-26	9.1
May-26	9.1
Jun-26	9
Jul-26	9
Aug-26	8.9
Sep-26	8.9
Oct-26	8.8
Nov-26	8.8
Dec-26	8.7
Jan-27	8.7
Feb-27	8.6
Mar-27	8.6
Apr-27	8.5
May-27	8.5

**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 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation.

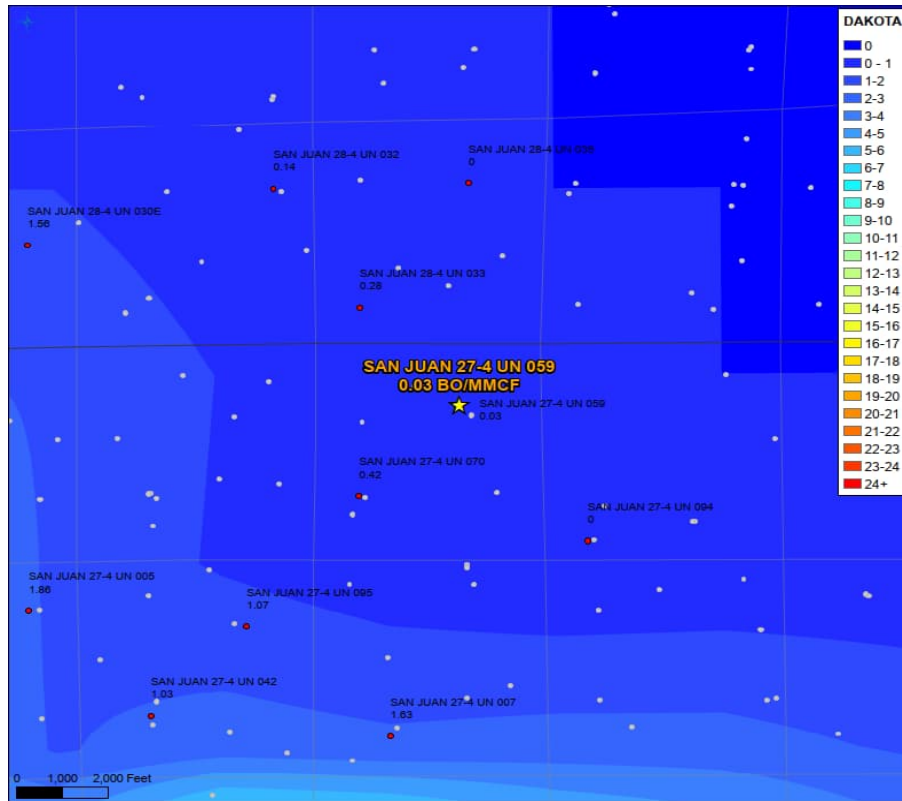
**Oil Allocation:**

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

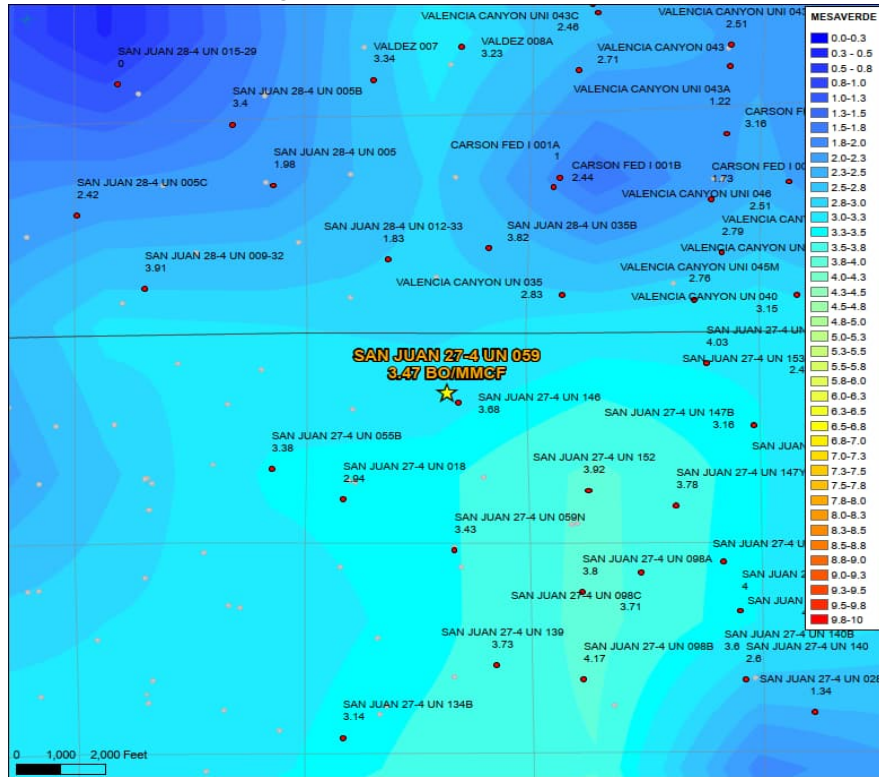
After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.03	55	0.04%
MV	3.47	1100	99.96%

## DK OIL YIELD MAP



## MV OIL YIELD MAP



**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 269789

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 269789
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	None	9/27/2023