

Area: <TEAM>

<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: <b>5/23/2022</b>  API No. <b>30-039-22625</b> DHC No. <b>DHC3979AZ</b> Lease No. <b>NMSF078417</b>																									
Well Name <b>San Juan 28-7 Unit</b>					Well No. <b>134E</b>																									
Unit Letter <b>E</b>	Section <b>21</b>	Township <b>T028N</b>	Range <b>R007W</b>	Footage <b>1850' FNL &amp; 865' FWL</b>	County, State <b>Rio Arriba County, New Mexico</b>																									
Completion Date		Test Method  HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/>																												
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JUSTIFICATION OF ALLOCATION: <b>**REVISED Oil allocation due to miscalculation. Effective Date 3/1/2022. No change to gas allocation.**</b> 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.																														
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*Dean R. McClure* 06/02/2022

<b>Well Name:</b> SAN JUAN 28-7 UNIT	<b>Well Location:</b> T28N / R7W / SEC 21 / SWNW / 36.648804 / -107.584061	<b>County or Parish/State:</b> RIO ARRIBA / NM
<b>Well Number:</b> 134E	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF078417	<b>Unit or CA Name:</b> SAN JUAN 28-7 UNIT--DK, SAN JUAN 28-7 UNIT--MV	<b>Unit or CA Number:</b> NMNM78413A, NMNM78413C
<b>US Well Number:</b> 3003922625	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> HILCORP ENERGY COMPANY

**Notice of Intent**

**Sundry ID:** 2672997

**Type of Submission:** Notice of Intent

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

**Date Sundry Submitted:** 05/23/2022

**Time Sundry Submitted:** 01:14

**Date proposed operation will begin:** 03/01/2022

**Procedure Description:** See attached revised production allocation.

**NOI Attachments**

**Procedure Description**

SJ\_28\_7\_Unit\_134E\_REVISIED\_Preliminary\_Changed\_to\_Fixed\_Allocation\_20220523131359.pdf

Well Name: SAN JUAN 28-7 UNIT

Well Location: T28N / R7W / SEC 21 / SWNW / 36.648804 / -107.584061

County or Parish/State: RIO ARRIBA / NM

Well Number: 134E

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF078417

Unit or CA Name: SAN JUAN 28-7 UNIT--DK, SAN JUAN 28-7 UNIT--MV

Unit or CA Number: NMNM78413A, NMNM78413C

US Well Number: 3003922625

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 01:14 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

## San Juan 28-7 Unit 134E Fixed Allocation

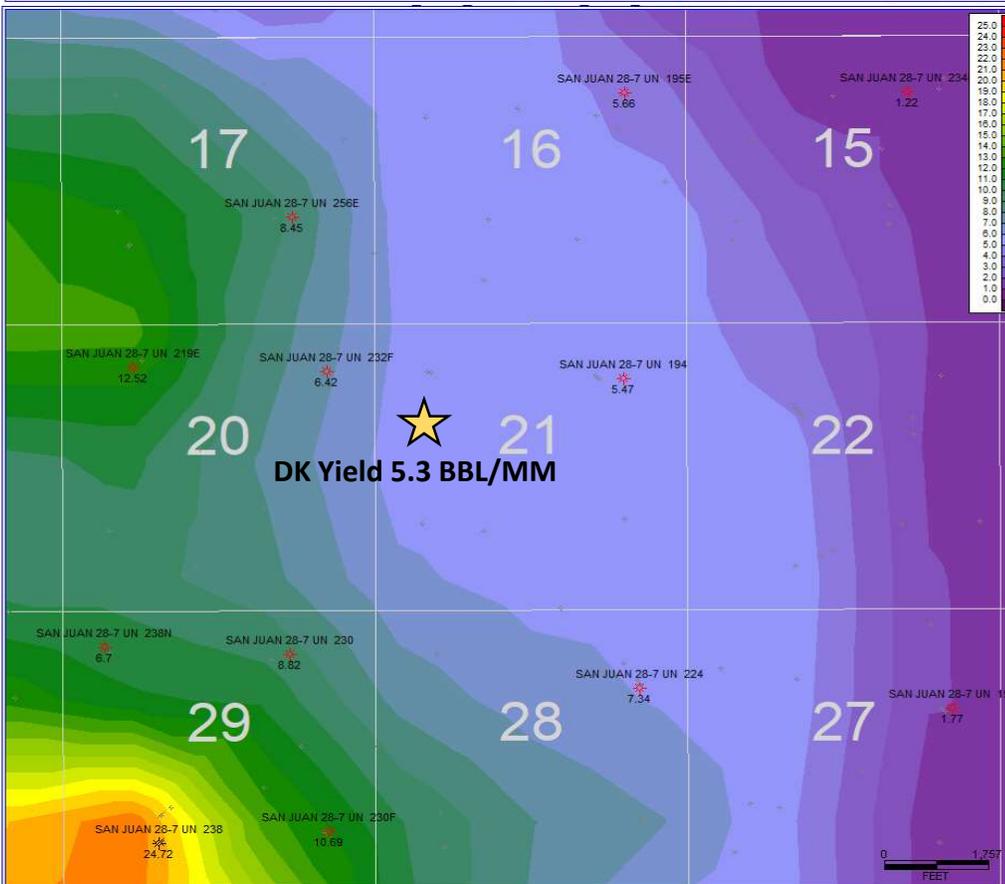
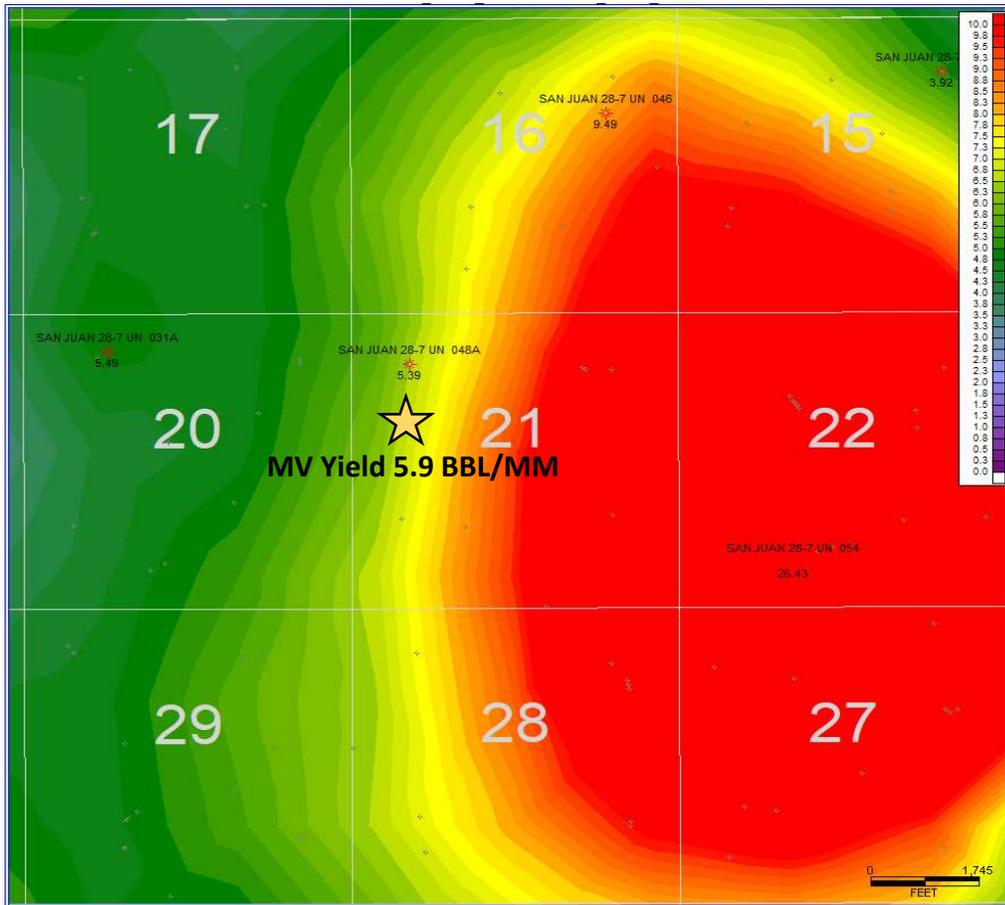
The Mesaverde and the Dakota formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recompleted into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage 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	53.4	106.1	159.5
Nov-20	53.2	106.7	159.9
Dec-20	53.0	96.1	149.1
Jan-21	52.8	95.4	148.2
Feb-21	52.7	91.2	143.9
Mar-21	52.5	90.8	143.3
Apr-21	52.3	89.0	141.3
May-21	52.1	90.0	142.1
Jun-21	51.9	98.6	150.5
Jul-21	51.7	97.7	149.4
Aug-21	51.5	100.5	152.0
Sep-21	51.3	94.8	146.1
Averages	52	96	149
<b>% of Total</b>	<b>35%</b>	<b>65%</b>	

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

Formation	Yield	Updated Oil Allocation
Dakota	5.32 bbl/mmscf	<b>33%</b>
Mesaverde	5.9 bbl/mmscf	<b>67%</b>



**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 110511

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 110511
	Action Type: [C-103] NOI General Sundry (C-103X)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclore	None	6/2/2022