

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>30-045-08766</b> DHC No. <b>DHC 3994AZ</b> Lease No. <b>SF-078161</b> <div style="text-align: center;"><b>Federal</b></div>	
Well Name <b>Shults Federal</b>					Well No. <b>1</b>	
Unit Letter <b>F</b>	Section <b>01</b>	Township <b>T29N</b>	Range <b>R11W</b>	Footage <b>1767' FNL &amp; 1610' FEL</b>	County, State <b>San Juan 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"/>				
FORMATION <b>Dakota</b>		GAS <b>43 MCF</b>	PERCENT <b>23%</b>	CONDENSATE		PERCENT <b>26%</b>
<b>MESAVERDE</b>		<b>144 MCF</b>	<b>77%</b>			<b>74%</b>
		186				
JUSTIFICATION OF ALLOCATION: <b>**REVISED Oil allocation due to miscalculation. Effective Date 4/1/2022. 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.						
APPROVED BY Amanda Walker		DATE 5/23/2022	TITLE Operations/Regulatory Tech Sr.		PHONE 346-237-2177	
X						
For Technical Questions: Justin Nall			Reservoir Engineer – Sr.		346-237.2231	

Dean R McIlure

06/02/2022

Well Name: SHULTS FEDERAL	Well Location: T29N / R11W / SEC 1 / SEnw / 36.75639 / -107.94591	County or Parish/State: SAN JUAN / NM
Well Number: 1	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078161	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004508766	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2672947

Type of Submission: Notice of Intent

Date Sundry Submitted: 05/23/2022

Date proposed operation will begin: 04/01/2022

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 11:02

Procedure Description: Please see the attached REVISED Production Allocation with an effective date of 4/1/2022.

NOI Attachments

Procedure Description

Shults\_Federal\_1\_REVISED\_Preliminary\_Changed\_to\_Fixed\_20220523110146.pdf

Well Name: SHULTS FEDERAL	Well Location: T29N / R11W / SEC 1 / SENW / 36.75639 / -107.94591	County or Parish/State: SAN JUAN / NM
Well Number: 1	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078161	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004508766	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: MAY 23, 2022 11:02 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: 05/25/2022

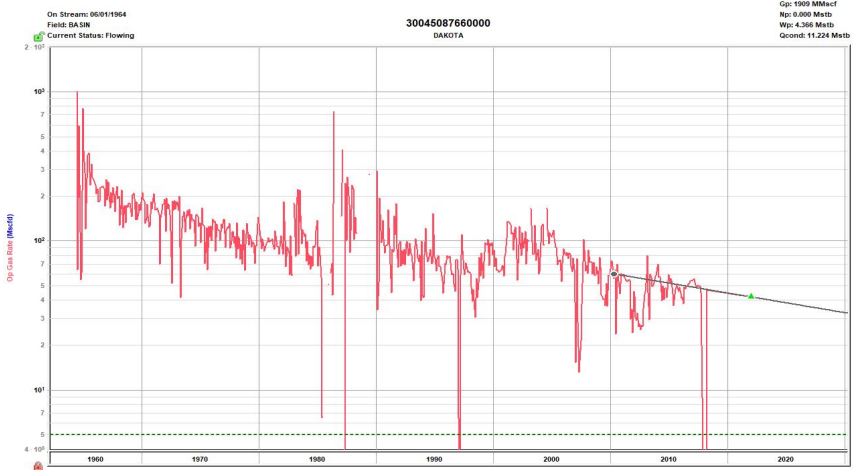
Signature: Kenneth Rennick

Shults Federal 1 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.

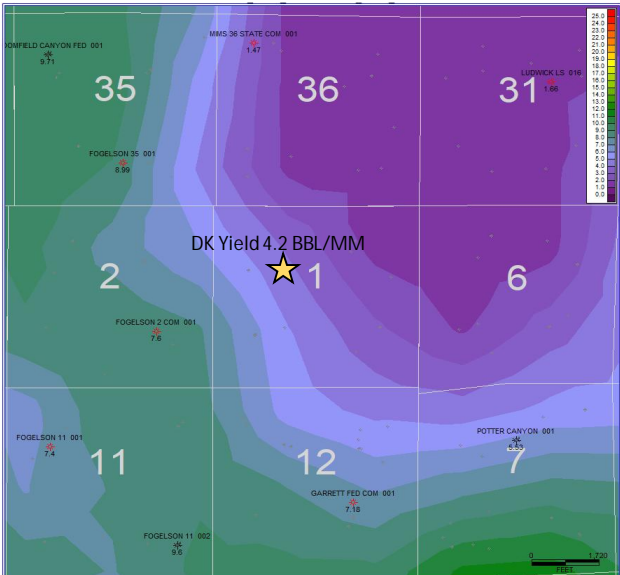
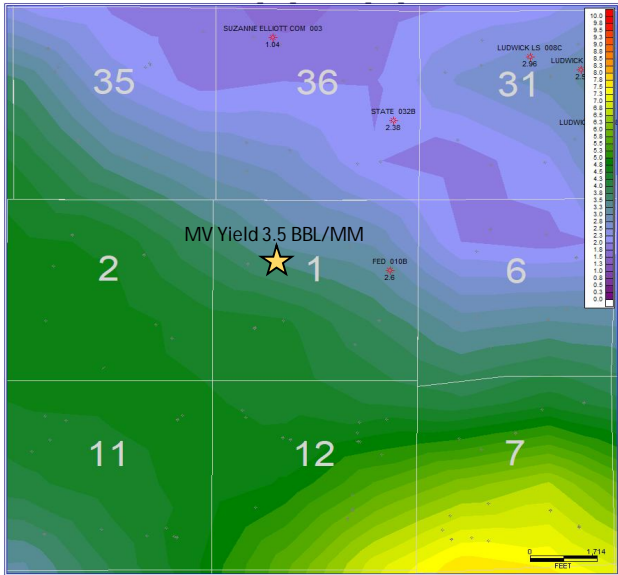
The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Gas Production			
Date	Dakota	Mesaverde	Total
Jan-21	43.1	163.8	206.9
Feb-21	43.0	160.7	203.7
Mar-21	42.9	152.0	194.9
Apr-21	42.8	151.8	194.6
May-21	42.7	134.4	177.1
Jun-21	42.6	140.2	182.8
Jul-21	42.5	150.9	193.4
Aug-21	42.5	141.7	184.2
Sep-21	42.3	120.9	163.2
Oct-21	42.3	146.7	189.0
Nov-21	42.2	133.8	176.0
Dec-21	42.1	125.4	167.5
Averages	43	144	186
% of Total	23%	77%	



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

Formation	Yield	Oil Allocation
Dakota	4.2 bbl/mmscf	26%
Mesaverde	3.5 bbl/mmscf	74%



**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 110819

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 110819
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

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