

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

Form C-103  
 Revised July 18, 2013

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

WELL API NO. 30-045-09520
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. B-10796
7. Lease Name or Unit Agreement Name Gonsales State Com
8. Well Number 1
9. OGRID Number 372171
10. Pool name or Wildcat Basin DK / Blanco MV

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator HILCORP ENERGY COMPANY	
3. Address of Operator 382 ROAD 3100, AZTEC NM 87410	
4. Well Location Unit Letter <u>G</u> : <u>1470</u> feet from the <u>North</u> line and <u>1770</u> feet from the <u>East</u> line Section 16 Township 30N Range 11W NMPM San Juan County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5720 GL	

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"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input checked="" type="checkbox"/> Production Allocation		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.

See the attached REVISED Fixed Production Allocation

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 A Walker TITLE Operations/Regulatory Tech Sr. DATE 5/23/2022

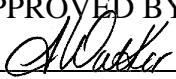
Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177

**For State Use Only**

APPROVED BY: Dean R McElure TITLE Petroleum Engineer DATE 06/02/2022

Conditions of Approval (if any):

Area: «TEAM»

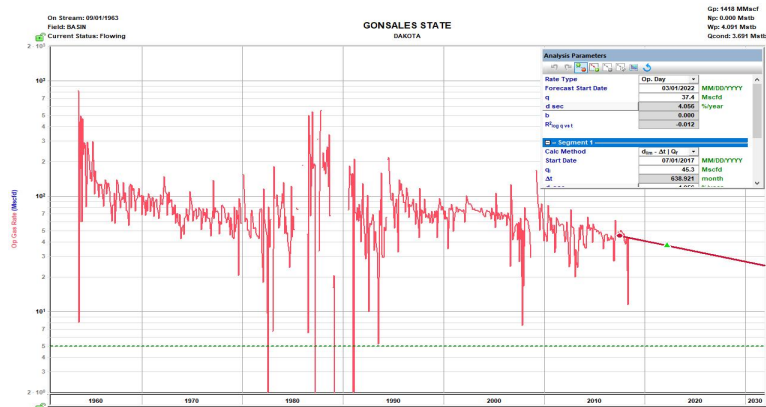
<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>					Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006	
Commingle Type SURFACE <input type="checkbox"/> DOWNHOLE <input checked="" type="checkbox"/> Type of Completion 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>5/23/22</b>  API No. <b>30-045-09520</b> DHC No. <b>DHC4002AZ</b> Lease No. <b>B-10796</b>	
Well Name <b>Gonsales State Com</b>					Well No. <b>1</b>	
Unit Letter <b>G</b>	Section <b>16</b>	Township <b>030N</b>	Range <b>011W</b>	Footage <b>1470' FNL &amp; 1770' 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		GAS		PERCENT		CONDENSATE
<b>MESAVERDE</b>		<b>155 MCFD</b>		<b>80%</b>		<b>68%</b>
<b>DAKOTA</b>		<b>38 MCFD</b>		<b>20%</b>		<b>32%</b>
JUSTIFICATION OF ALLOCATION: <b>**REVISED Oil allocation due to miscalculation. Effective Date 5/1/2022. 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		DATE		TITLE		PHONE
		5/23/22		Operations/Regulatory Tech Sr.		346-237-2177
For Technical Questions:		Justin Nall		Reservoir Engineer – Sr.		346-237.2231

## Gonsales State Com 1

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.

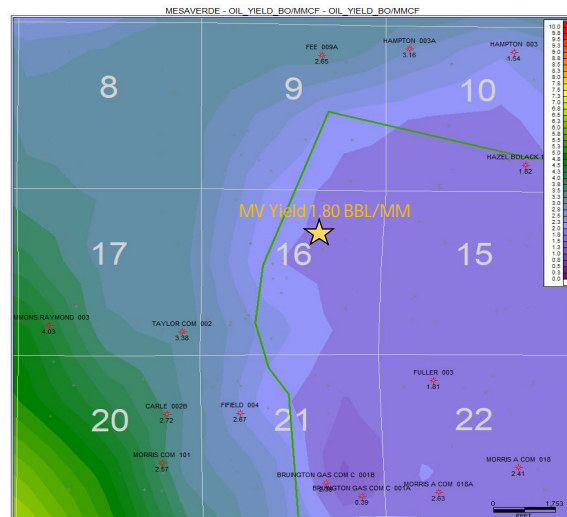
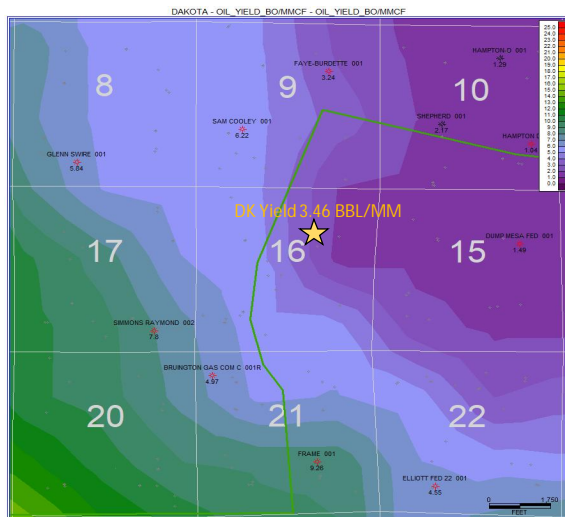
The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Date	Gas Production		
	Dakota	Mesaverde	Total
Jan-21	38.6	165.8	204.4
Feb-21	38.5	170.5	209.0
Mar-21	38.4	166.8	205.2
Apr-21	38.3	157.5	195.8
May-21	38.2	158.6	196.8
Jun-21	38.0	162.5	200.5
Jul-21	37.9	154.7	192.6
Aug-21	37.7	152.6	190.3
Sep-21	37.7	145.1	182.8
Oct-21	37.5	149.7	187.2
Nov-21	37.4	130.3	167.7
Dec-21	37.3	146.3	183.6
Averages	38.0	155.0	193.0
% of Total	20%	80%	



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

Formation	Yield	Oil Allocation
Dakota	3.46 bbl/mmscf	32%
Mesaverde	1.8 bbl/mmscf	68%



**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 109379

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 109379
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

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