

<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: 6/2/2022 API No. 30-039-23447 DHC No. DHC-5175 Lease No. NMNM03404	
Well Name San Juan 31-6 Unit					Well No. 51	
Unit Letter K	Section 5	Township 30N	Range 6W	Footage 1520' FSL & 1670' FWL	County, State Rio Arriba, New Mexico	
Completion Date 5/15/2022		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. 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(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). A fixed percentage based allocation will be submitted after the fourth year of production. See attached documents for production forecast.</p> <p>Historically the Dakota formation has never produced oil. Any oil production will be allocated 100% to the Mesaverde.</p>						
NAME		DATE		TITLE		PHONE
X <i>Kandis Roland</i>		6/2/2022		Operations/Regulatory Tech – Sr.		713-757-5246
For Technical Questions: Nick Booth				Reservoir Engineer		713.289.2722

- If the expected allocation changes, then the Operator shall submit a Form C-103 to the OCD Engineering Bureau with the amended allocation and all data used to determine it.
- 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.

Dean R. McClure 06/03/2022

Well Name: SAN JUAN 31-6 UNIT	Well Location: T30N / R6W / SEC 5 / NESW / 36.838455 / -107.489075	County or Parish/State: RIO ARRIBA / NM
Well Number: 51	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMNM03404	Unit or CA Name: SAN JUAN 31-6 UNIT--DK	Unit or CA Number: NMNM78421B
US Well Number: 3003923447	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2674576

Type of Submission: Notice of Intent

Date Sundry Submitted: 06/02/2022

Date proposed operation will begin: 05/15/2022

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 10:07

Procedure Description: See attached production allocation.

NOI Attachments

Procedure Description

SJ_31_6_Unit_51_Preliminary_Subtraction_Allocation_20220602100653.pdf

Well Name: SAN JUAN 31-6 UNIT	Well Location: T30N / R6W / SEC 5 / NESW / 36.838455 / -107.489075	County or Parish/State: RIO ARRIBA / NM
Well Number: 51	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMNM03404	Unit or CA Name: SAN JUAN 31-6 UNIT--DK	Unit or CA Number: NMNM78421B
US Well Number: 3003923447	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: JUN 02, 2022 10:07 AM
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: 06/02/2022
Signature: Kenneth Rennick

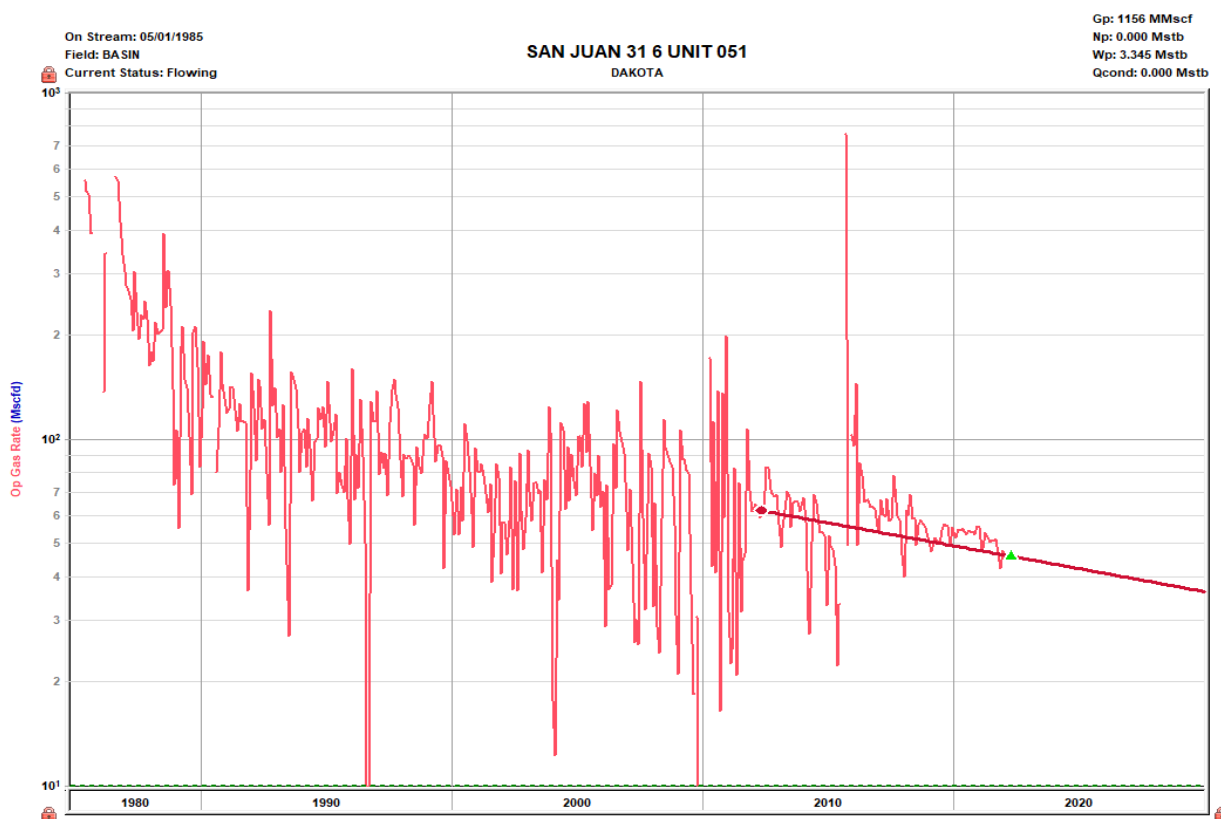
San Juan 31-6 Unit 51 Subtraction Allocation

Date	Mcf/d
May-22	45.8
Jun-22	45.7
Jul-22	45.6
Aug-22	45.5
Sep-22	45.4
Oct-22	45.2
Nov-22	45.1
Dec-22	45
Jan-23	44.9
Feb-23	44.8
Mar-23	44.7
Apr-23	44.6
May-23	44.4
Jun-23	44.3
Jul-23	44.2
Aug-23	44.1
Sep-23	44
Oct-23	43.9
Nov-23	43.8
Dec-23	43.7
Jan-24	43.5
Feb-24	43.4
Mar-24	43.3
Apr-24	43.2
May-24	43.1
Jun-24	43
Jul-24	42.9
Aug-24	42.8
Sep-24	42.7
Oct-24	42.6
Nov-24	42.5
Dec-24	42.3
Jan-25	42.2
Feb-25	42.1
Mar-25	42
Apr-25	41.9
May-25	41.8
Jun-25	41.7
Jul-25	41.6
Aug-25	41.5
Sep-25	41.4
Oct-25	41.3
Nov-25	41.2
Dec-25	41.1
Jan-26	41
Feb-26	40.9
Mar-26	40.8
Apr-26	40.7

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:

Historically the Dakota formation has never produced oil. Any oil production will be allocated 100% to the Mesaverde.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.00	430	0%
MV	0.01	1330	100%

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 113311

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 113311
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	If the expected allocation changes, then the Operator shall submit a Form C-103 to the OCD Engineering Bureau with the amended allocation and all data used to determine it.	6/3/2022
dmcclure	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.	6/3/2022