

<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>					Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019
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 checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input type="checkbox"/>  Date: <b>10/4/22</b>  API No. <b>30-039-30043</b> DHC No. <b>DHC-4854</b> Lease No. <b>NMSF079365</b>
Well Name <b>San Juan 28-6 Unit</b>					Well No. <b>168E</b>
Unit Letter <b>L</b>	Section <b>14</b>	Township <b>27N</b>	Range <b>6W</b>	Footage <b>1365' FSL &amp; 485' FWL</b>	County, State <b>Rio Arriba, New Mexico</b>
Completion Date  <b>9/24/22</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 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). 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 83%, DK 17%                  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		
<i>X Kandis Roland</i>	10/4/2022	Operations/Regulatory Tech – Sr.	713-757-5246		
For Technical Questions Ray Brandhurst		Reservoir Engineer	713-757-5224		

*Dean R McClure*      10/24/2022

<b>Well Name:</b> SAN JUAN 28-6 UNIT	<b>Well Location:</b> T27N / R6W / SEC 14 / NWSW / 36.570873 / -107.443873	<b>County or Parish/State:</b> RIO ARRIBA / NM
<b>Well Number:</b> 168E	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF079365	<b>Unit or CA Name:</b> SAN JUAN 28-6 UNIT--DK	<b>Unit or CA Number:</b> NMNM78412C
<b>US Well Number:</b> 3003930043	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> HILCORP ENERGY COMPANY

**Notice of Intent**

**Sundry ID:** 2696159

**Type of Submission:** Notice of Intent

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

**Date Sundry Submitted:** 10/04/2022

**Time Sundry Submitted:** 05:44

**Date proposed operation will begin:** 09/24/2022

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

**NOI Attachments**

**Procedure Description**

SJ\_28\_6\_Unit\_168E\_Preliminary\_Subtraction\_Allocation\_20221004054335.pdf

Well Name: SAN JUAN 28-6 UNIT

Well Location: T27N / R6W / SEC 14 / NWSW / 36.570873 / -107.443873

County or Parish/State: RIO ARRIBA / NM

Well Number: 168E

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF079365

Unit or CA Name: SAN JUAN 28-6 UNIT--DK

Unit or CA Number: NMNM78412C

US Well Number: 3003930043

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: OCT 04, 2022 05:43 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: 10/05/2022

Signature: Kenneth Rennick

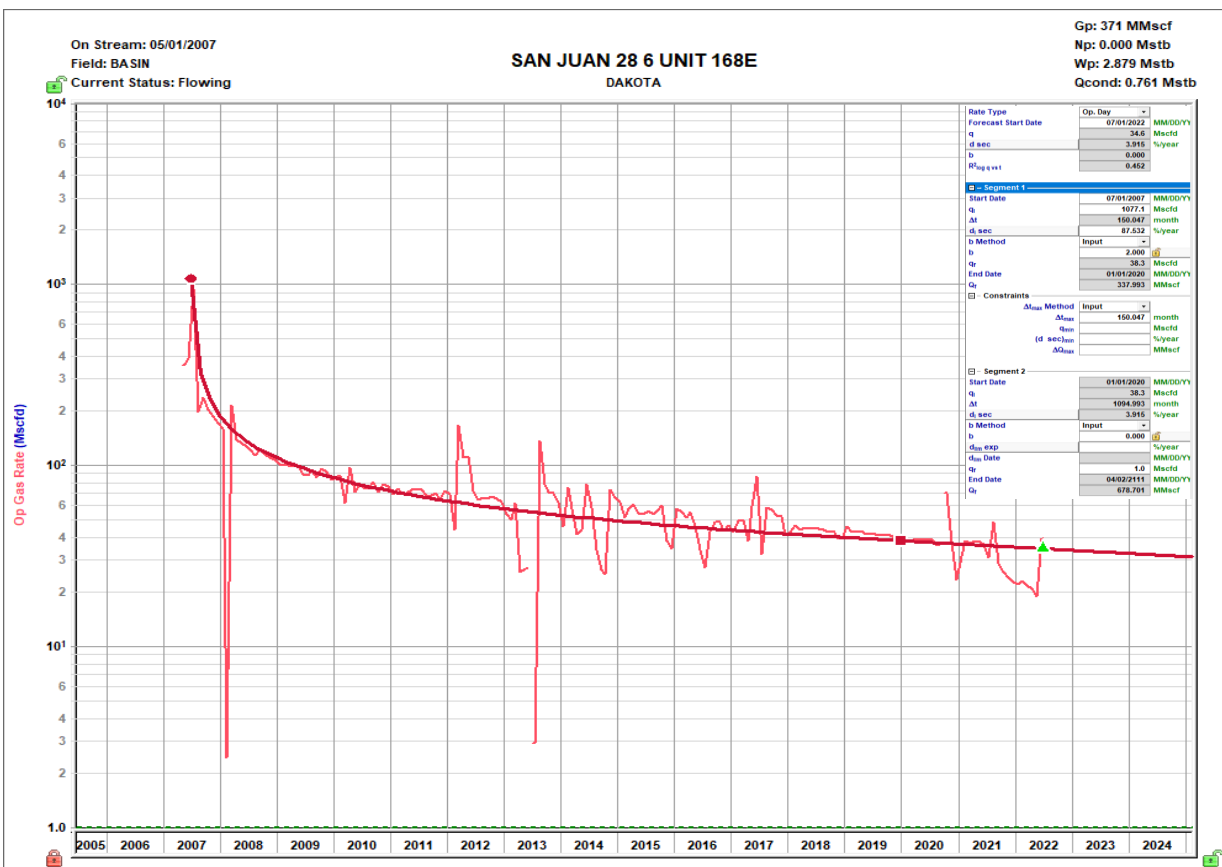
### San Juan 28-6 Unit 168E Subtraction Allocation

Date	Mcf/d
Sep-22	34.33
Oct-22	34.23
Nov-22	34.10
Dec-22	34.00
Jan-23	33.87
Feb-23	33.75
Mar-23	33.65
Apr-23	33.53
May-23	33.42
Jun-23	33.33
Jul-23	33.23
Aug-23	33.10
Sep-23	33.00
Oct-23	32.87
Nov-23	32.77
Dec-23	32.68
Jan-24	32.55
Feb-24	32.45
Mar-24	32.32
Apr-24	32.23
May-24	32.13
Jun-24	32.00
Jul-24	31.90
Aug-24	31.81
Sep-24	31.70
Oct-24	31.58
Nov-24	31.50
Dec-24	31.39
Jan-25	31.26
Feb-25	31.18
Mar-25	31.06
Apr-25	30.97
May-25	30.87
Jun-25	30.77
Jul-25	30.65
Aug-25	30.55
Sep-25	30.47
Oct-25	30.35
Nov-25	30.27
Dec-25	30.16
Jan-26	30.06
Feb-26	29.96
Mar-26	29.87
Apr-26	29.77
May-26	29.65
Jun-26	29.57
Jul-26	29.45
Aug-26	29.35

**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.

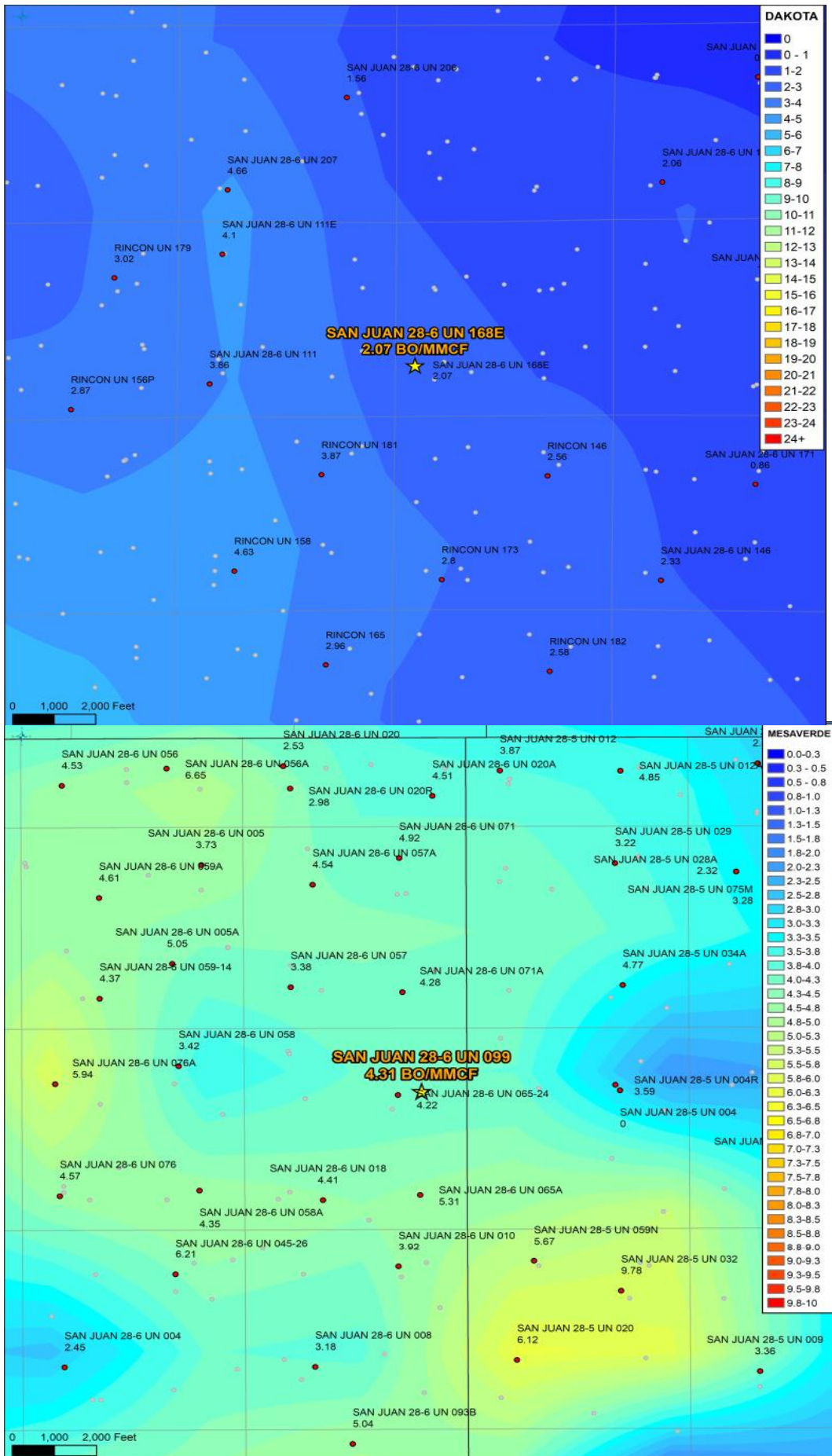


**Oil Allocation:**

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	2.07	271	17%
MV	4.31	620	83%



**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 149255

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 149255
	Action Type: [C-103] NOI General Sundry (C-103X)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	None	10/24/2022