


|   |                      |   |                     |   |  |   |  |
|---|----------------------|---|---------------------|---|--|---|--|
| <h1 style="text-align: center;">Hilcorp Energy Company</h1> <h2 style="text-align: center;">PRODUCTION ALLOCATION FORM</h2>   |                      |   |                     |   |  | Distribution:<br>BLM / NMOCD Original<br>Accounting<br>Well File<br>Revised: September 25, 2019                                 |  |
|   |                      |   |                     |   |  | Status<br>PRELIMINARY <input checked="" type="checkbox"/><br>FINAL <input type="checkbox"/><br>REVISED <input type="checkbox"/> |  |
| Commingle Type<br>SURFACE <input type="checkbox"/> DOWNHOLE <input checked="" type="checkbox"/><br>Type of Completion<br>NEW DRILL <input type="checkbox"/> RECOMPLETION <input checked="" type="checkbox"/> PAYADD <input type="checkbox"/> COMMINGLE <input type="checkbox"/>   |                      |   |                     |   |  | Date: 6/20/2022<br><br>API No. 30-045-24391<br>DHC No. 5038<br>Lease No. NMSF078472   |  |
| Well Name<br><b>San Juan 32-7 Unit</b>  |                      |   |                     |   |  | Well No.<br><b>63</b>   |  |
| Unit Letter<br><b>G</b>   | Section<br><b>28</b> | Township<br><b>32N</b>  | Range<br><b>07W</b> | Footage<br><b>1795' FNL &amp; 1575' FEL</b> | County, State<br><b>San Juan,<br/>New Mexico</b> |   |  |
| Completion Date<br><br><b>5/29/2022</b>   |                      | Test Method<br><br>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 <b>Dakota</b> and the added formation to be commingled is the <b>Mesaverde</b>. 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. <b>MV 0%, DK 100%</b></p> <p>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   |  |
| Amanda Walker   |                      |   |                     |   |  |   |  |
| X    |                      | 06/20/2022  |                     | Operations/Regulatory Tech – Sr.            |  | 346.237.2177  |  |
|   |                      |   |                     |   |  |   |  |
| For Technical Questions: Rustin Mikeska   |                      |   |                     | Reservoir Engineer                          |  | 713.289.2931  |  |
|   |                      |   |                     |   |  |   |  |

*Dean R McClure*

10/03/2023

|                               |   |                                       |
|-------------------------------|---|---------------------------------------|
| Well Name: SAN JUAN 32-7 UNIT | Well Location: T32N / R7W / SEC 28 / SWNE / 36.9534 / -107.568329 | County or Parish/State: SAN JUAN / NM |
| Well Number: 63               | Type of Well: CONVENTIONAL GAS WELL                               | Allottee or Tribe Name:               |
| Lease Number: NMSF078472      | Unit or CA Name: SAN JUAN 32-7 UNIT--DK                           | Unit or CA Number: NMNM78423C         |
| US Well Number: 3004524391    | Well Status: Producing Gas Well                                   | Operator: HILCORP ENERGY COMPANY      |

Notice of Intent

Sundry ID: 2677837

|  |  |
|--|--|
| Type of Submission: Notice of Intent           | Type of Action: Commingling (Subsurface) |
| Date Sundry Submitted: 06/21/2022              | Time Sundry Submitted: 07:18             |
| Date proposed operation will begin: 05/30/2022 |  |

Procedure Description: Please see the attached Production Allocation

NOI Attachments

Procedure Description

SJ\_32\_7\_Unit\_63\_Prelim\_Sub\_Allocation\_Form\_20220621071812.pdf

|                               |   |                                       |
|-------------------------------|---|---------------------------------------|
| Well Name: SAN JUAN 32-7 UNIT | Well Location: T32N / R7W / SEC 28 / SWNE / 36.9534 / -107.568329 | County or Parish/State: SAN JUAN / NM |
| Well Number: 63               | Type of Well: CONVENTIONAL GAS WELL                               | Allottee or Tribe Name:               |
| Lease Number: NMSF078472      | Unit or CA Name: SAN JUAN 32-7 UNIT--DK                           | Unit or CA Number: NMNM78423C         |
| US Well Number: 3004524391    | 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: JUN 21, 2022 07:18 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Technician

Street Address: 1111 TRAVIS ST.

City: HOUSTONState: 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: 06/23/2022

Signature: Kenneth Rennick

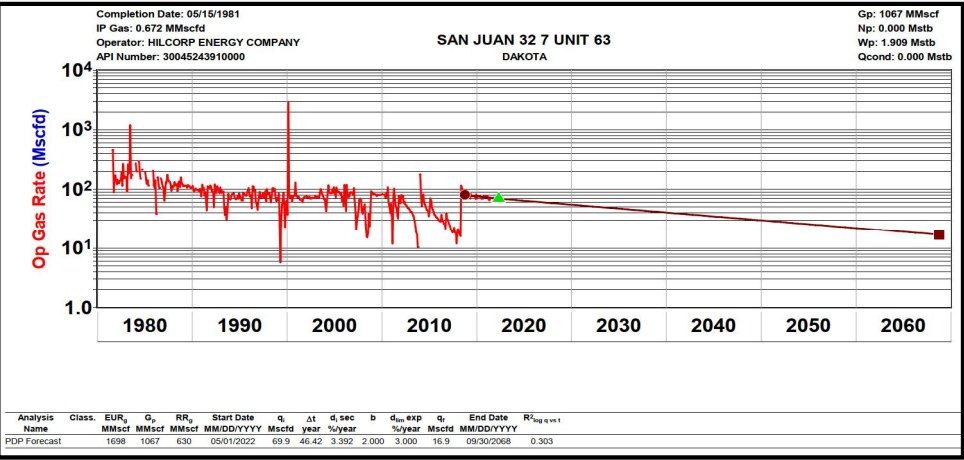
San Juan 32-7 Unit 63 Subtraction Allocation

3004524391

| Date   | Mcf  |
|--------|------|
| May-22 | 69.8 |
| Jun-22 | 69.6 |
| Jul-22 | 69.3 |
| Aug-22 | 69.1 |
| Sep-22 | 68.9 |
| Oct-22 | 68.7 |
| Nov-22 | 68.5 |
| Dec-22 | 68.3 |
| Jan-23 | 68.2 |
| Feb-23 | 68   |
| Mar-23 | 67.8 |
| Apr-23 | 67.6 |
| May-23 | 67.4 |
| Jun-23 | 67.2 |
| Jul-23 | 67   |
| Aug-23 | 66.8 |
| Sep-23 | 66.7 |
| Oct-23 | 66.5 |
| Nov-23 | 66.3 |
| Dec-23 | 66.1 |
| Jan-24 | 65.9 |
| Feb-24 | 65.8 |
| Mar-24 | 65.6 |
| Apr-24 | 65.4 |
| May-24 | 65.3 |
| Jun-24 | 65.1 |
| Jul-24 | 64.9 |
| Aug-24 | 64.8 |
| Sep-24 | 64.6 |
| Oct-24 | 64.4 |
| Nov-24 | 64.3 |
| Dec-24 | 64.1 |
| Jan-25 | 63.9 |
| Feb-25 | 63.8 |
| Mar-25 | 63.6 |
| Apr-25 | 63.5 |
| May-25 | 63.3 |
| Jun-25 | 63.1 |
| Jul-25 | 63   |
| Aug-25 | 62.8 |
| Sep-25 | 62.7 |
| Oct-25 | 62.5 |
| Nov-25 | 62.3 |
| Dec-25 | 62.2 |
| Jan-26 | 62   |
| Feb-26 | 61.9 |
| Mar-26 | 61.7 |
| Apr-26 | 61.6 |

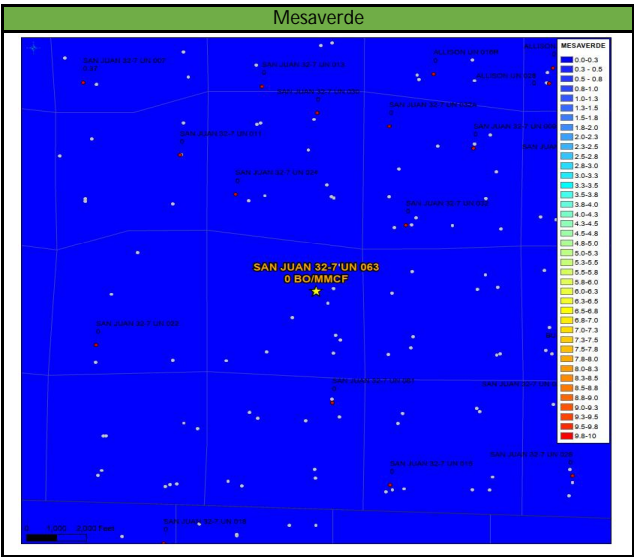
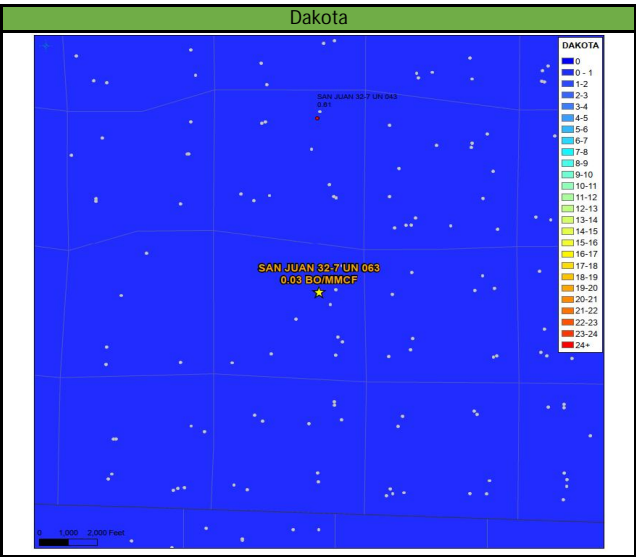
**Gas Allocation:**  
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast 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        | 0.03           | 630                       | 100%             |
| MV        | 0              | 1078                      | 0%               |



**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 120317

CONDITIONS

|  |   |
|--|---|
| Operator:<br>HILCORP ENERGY COMPANY<br>1111 Travis Street<br>Houston, TX 77002 | OGRID:<br>372171                                    |
|  | Action Number:<br>120317                            |
|  | Action Type:<br>[C-103] NOI General Sundry (C-103X) |

CONDITIONS

|            |           |                |
|------------|-----------|----------------|
| Created By | Condition | Condition Date |
| dmcclure   | None      | 10/3/2023      |