


<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: 7/26/2023 API No. 30-045-22830 DHC No. 5302 Lease No. NMSF078049A	
Well Name <b>Hardie B</b>					Well No. <b>1A</b>	
Unit Letter <b>C</b>	Section <b>28</b>	Township <b>29N</b>	Range <b>08W</b>	Footage <b>790' FNL &amp; 1800' FWL</b>	County, State <b>San Juan, New Mexico</b>	
Completion Date <b>7/25/2023</b>		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>				
<p><b>JUSTIFICATION OF ALLOCATION:</b> 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>Mesaverde</b> and the added formation to be commingled is the <b>Fruitland Coal</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>FC 1%, MV 99%</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		07/27/2023				
X 			Operations/Regulatory Tech – Sr.		346.237.2177	
For Technical Questions: Sikandar Khan			Reservoir Engineer		<a href="mailto:sikandar.khan@hilcorp.com">sikandar.khan@hilcorp.com</a>	

The amended allocation plan shall be used to allocate production from the well to each pool.

All conditions of approval and stipulations within the DHC Order are still in effect except for those stipulating the allocation of production under the prior approved allocation plan.

*Dean R. McClure*

10/04/2023



Received by OCD: 7/27/2023 9:40:38 AM

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Well Name: HARDIE B	Well Location: T29N / R8W / SEC 28 / NENW / 36.70166 / -107.683746	County or Parish/State: SAN JUAN / NM
Well Number: 1A	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078049A	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004522830	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: JUL 27, 2023 06:04 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

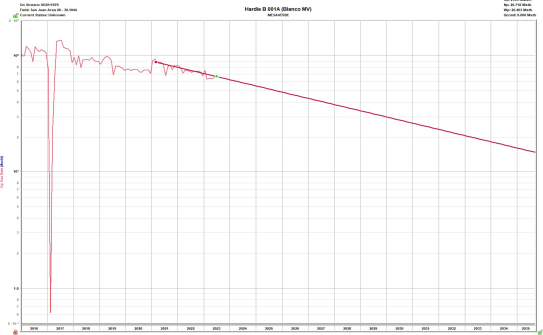
Representative Name:		
Street Address:		
City:	State:	Zip:
Phone:		
Email address:		

BLM Point of Contact

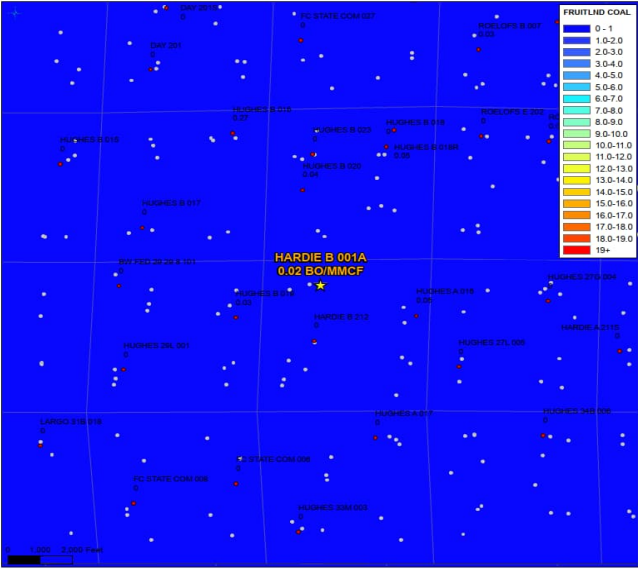
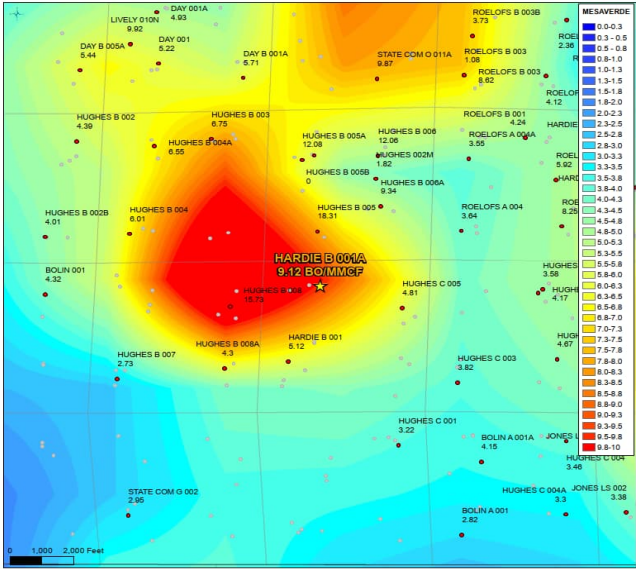
BLM POC Name: MATTHEW H KADE	BLM POC Title: Petroleum Engineer
BLM POC Phone: 5055647736	BLM POC Email Address: MKADE@BLM.GOV
Disposition: Approved	Disposition Date: 07/27/2023
Signature: Matthew Kade	

Hardie B 1A Subtraction Allocation

Date	Mcf/d	Gas Allocation:
Jul-23	66.08	Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal. 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.
Aug-23	65.39	
Sep-23	64.73	
Oct-23	64.07	
Nov-23	63.42	
Dec-23	62.77	
Jan-24	62.12	
Feb-24	61.5	
Mar-24	60.89	
Apr-24	60.27	
May-24	59.65	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.
Jun-24	59.05	
Jul-24	58.45	
Aug-24	57.84	
Sep-24	57.25	
Oct-24	56.67	
Nov-24	56.1	
Dec-24	55.52	
Jan-25	54.95	
Feb-25	54.41	
Mar-25	53.87	Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.
Apr-25	53.33	
May-25	52.78	
Jun-25	52.25	
Jul-25	51.71	
Aug-25	51.18	
Sep-25	50.66	
Oct-25	50.14	
Nov-25	49.63	
Dec-25	49.13	
Jan-26	48.62	After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.
Feb-26	48.14	
Mar-26	47.67	
Apr-26	47.18	
May-26	46.7	
Jun-26	46.23	
Jul-26	45.76	
Aug-26	45.28	
Sep-26	44.82	
Oct-26	44.37	



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	9.12	168	99%
FC	0.02	716	1%



**From:** [Mandi Walker](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Cc:** [Cheryl Weston](#)  
**Subject:** [EXTERNAL] Allocation Cleanups  
**Date:** Tuesday, October 3, 2023 2:36:01 PM

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Good afternoon Dean,

Please see the table below to update the filed subtraction allocations based on changes to the originally approved allocations filed with the DHC application.

Well Name	Work Type	Orig/Revised	Formations	Action ID	NOTES
Hardie B 1A	RC	Preliminary	FC/MV	245078	Rounding Error
Hartman 3	RC	Preliminary	MV/DK	214351	Rounding Error
San Juan 28-7 Unit 224	RC	Preliminary	MV/DK	128715	Rounding Error
Blanco Wash Federal 1	RC	Preliminary	MV/DK	214344	Updated Type curve based on offsets analogs and actual. Dakota production to more accurately allocate production on subtraction allocation
San Juan 28-7 Unit 259	RC	Preliminary	MV/DK	241528	Updated Type curve based on offsets analogs and actual. Dakota production to more accurately allocate production on subtraction allocation

Please let me know if you need anything from me.

*Mandi Walker*

*SJN/SJS (6,7) Regulatory Technician Sr.*

*Hilcorp Energy Company*

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**District IV**  
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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 245078

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 245078
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	The amended allocation plan shall be used to allocate production from the well to each pool.	10/4/2023
dmcclure	All conditions of approval and stipulations within the DHC Order are still in effect except for those stipulating the allocation of production under the prior approved allocation plan.	10/4/2023