

Well Name: CARSON SRC	Well Location: T30N / R5W / SEC 2 / SWNW / 36.84505 / -107.333375	County or Parish/State: RIO ARRIBA / NM
Well Number: 4	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMNM4454	Unit or CA Name:	Unit or CA Number:
US Well Number: 3003926461	Operator: HILCORP ENERGY COMPANY	

Notice of Intent

Sundry ID: 2789741

Type of Submission: Notice of Intent

Date Sundry Submitted: 05/13/2024

Date proposed operation will begin: 05/01/2024

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 11:37

Procedure Description: Attached please find the Preliminary Subtraction Allocation for the recently recompleted well.

NOI Attachments

Procedure Description

Preliminary\_Subtraction\_Allocation\_Form\_20240513113741.pdf

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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: MAY 13, 2024 11:37 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

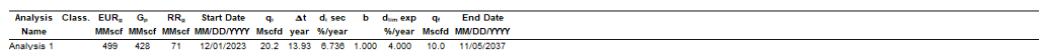
Disposition Date: 05/14/2024

Signature: Matthew Kade

<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: 5/13/2024  API No. 30-039-26461 DHC No. 5369 Lease No. NMNM4454	
Well Name <b>Carson SRC</b>					Well No. <b>4</b>	
Unit Letter <b>E</b>	Section <b>02</b>	Township <b>30N</b>	Range <b>05W</b>	Footage <b>1380' FNL &amp; 660' FWL</b>	County, State <b>Rio Arriba, New Mexico</b>	
Completion Date  <b>5/9/2024</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 <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 100%, DK 0%</b> (No Change to Allocation from Approved DHC Application)</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		5/13/2024		Operations/Regulatory Tech – Sr.		346-237-2177
						
For Technical Questions: Shane Smith		Reservoir Engineer		<a href="mailto:shane.smith@hilcorp.com">shane.smith@hilcorp.com</a>		

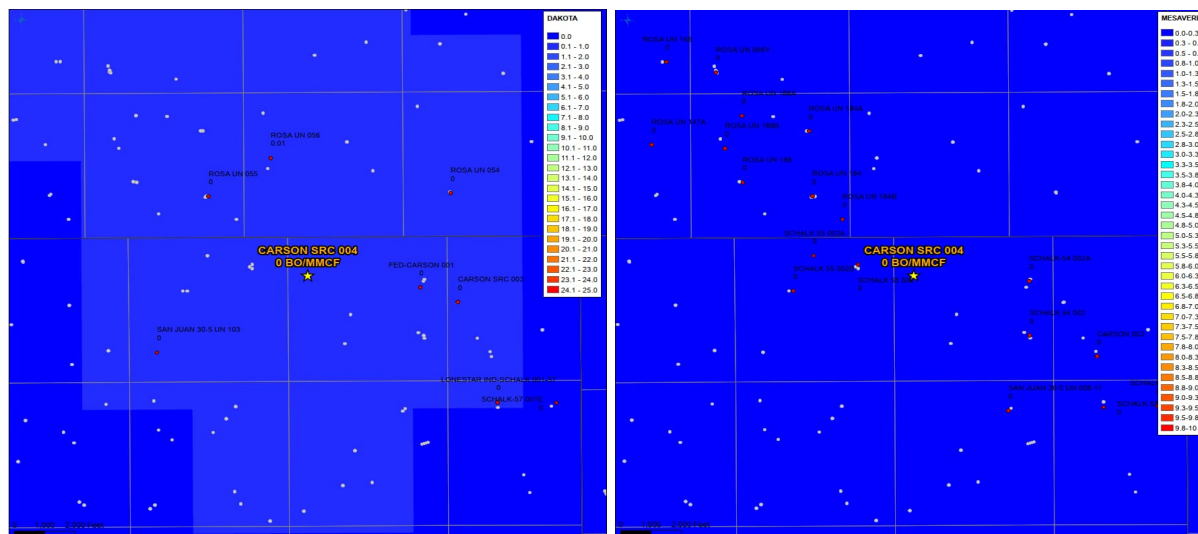
Date	Mcf/d
May-24	19.58
Jun-24	19.47
Jul-24	19.35
Aug-24	19.24
Sep-24	19.13
Oct-24	19.02
Nov-24	18.91
Dec-24	18.81
Jan-25	18.7
Feb-25	18.6
Mar-25	18.5
Apr-25	18.4
May-25	18.3
Jun-25	18.2
Jul-25	18.1
Aug-25	18
Sep-25	17.91
Oct-25	17.81
Nov-25	17.72
Dec-25	17.63
Jan-26	17.53
Feb-26	17.44
Mar-26	17.36
Apr-26	17.27
May-26	17.18
Jun-26	17.09
Jul-26	17
Aug-26	16.92
Sep-26	16.83
Oct-26	16.75
Nov-26	16.66
Dec-26	16.58
Jan-27	16.5
Feb-27	16.42
Mar-27	16.34
Apr-27	16.26
May-27	16.19
Jun-27	16.11
Jul-27	16.03
Aug-27	15.95
Sep-27	15.88
Oct-27	15.8
Nov-27	15.73
Dec-27	15.66
Jan-28	15.58
Feb-28	15.51
Mar-28	15.44
Apr-28	15.37

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.



Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. The Dakota formation has historically never produced oil. If the well produces and oil, it will be allocated 100% to the Mverde formation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0	71	0%
MV	0	880	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 344308

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 344308
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	ACCEPTED FOR RECORD ONLY	5/17/2024
dmcclure	The production from the well shall be allocated to each pool as stipulated within the DHC Order.	5/17/2024