

From: [Cheryl Weston](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Lowe, Leonard, EMNRD](#)
Subject: [EXTERNAL] Beaver Lodge Com 1M Subtraction Allocation (Action ID 353727)
Date: Thursday, June 13, 2024 11:19:23 AM
Attachments: [Beaver Lodge Com 1M Prelim Subtraction Allocation.pdf](#)

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Dean,

Please replace the submitted preliminary subtraction allocation with the attached. The oil allocation was incorrect and has been corrected.

Thanks,
Cheryl

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| | | | | | | | |
|---|---------------|---|---------------|-------------------------------|---------------------------------------|---|--|
| <div>Hilcorp Energy Company</div> <div>PRODUCTION ALLOCATION FORM</div> | | | | | | 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: 6/13/2024 | |
| | | | | | | API No. 30-045-35552 DHC No. DHC-5354 Lease No. E-5383-6 | |
| Well Name BEAVER LODGE COM | | | | | | Well No. 1M | |
| Unit Letter I | Section 32 | Township 030N | Range 008W | Footage 2149 FSL & 544 FEL | County, State San Juan, New Mexico | | |
| Completion Date 6/5/2024 | | Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> | | | | | |
| 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 Mesaverde/Dakota and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formations 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 th year and will be utilized to create a fixed percentage based allocation. (No change from Approved DHC) | | | | | | | |
| Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. 51% FRC, 43% MV, 6% DK. (No change from Approved DHC) After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation. | | | | | | | |
| NAME | | | | DATE | TITLE | PHONE | |
| X Cherylene Weston | | | | | | | |
| Cherylene Weston | | | | 6/13/2024 | Operations/Regulatory Tech – Sr. | 713-289-2615 | |
| | | | | | | | |
| For Technical Questions: Griffin Selby | | | | | Reservoir Engineer | 346-237-2071 | |

Beaver Lodge Com 1M - Production Allocation

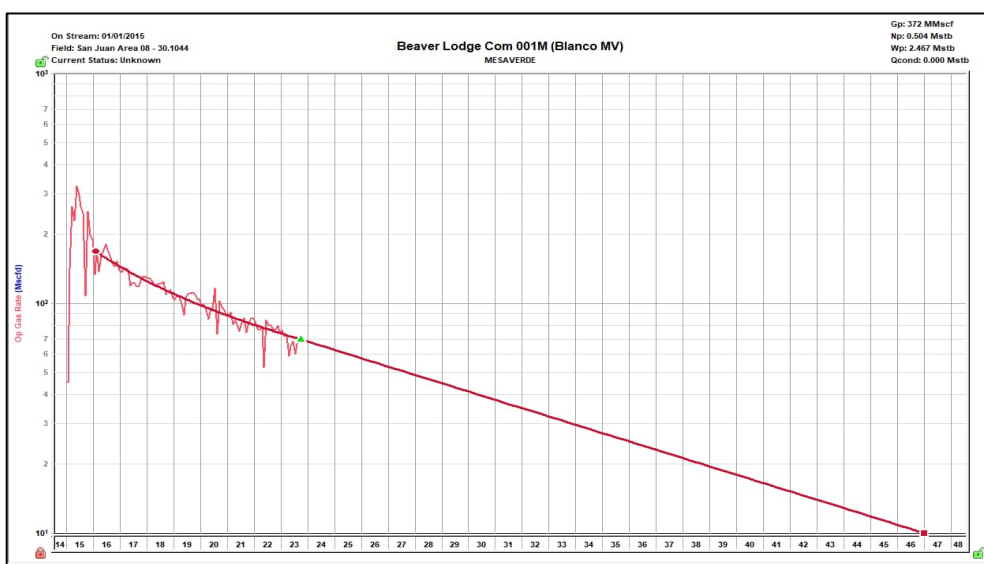
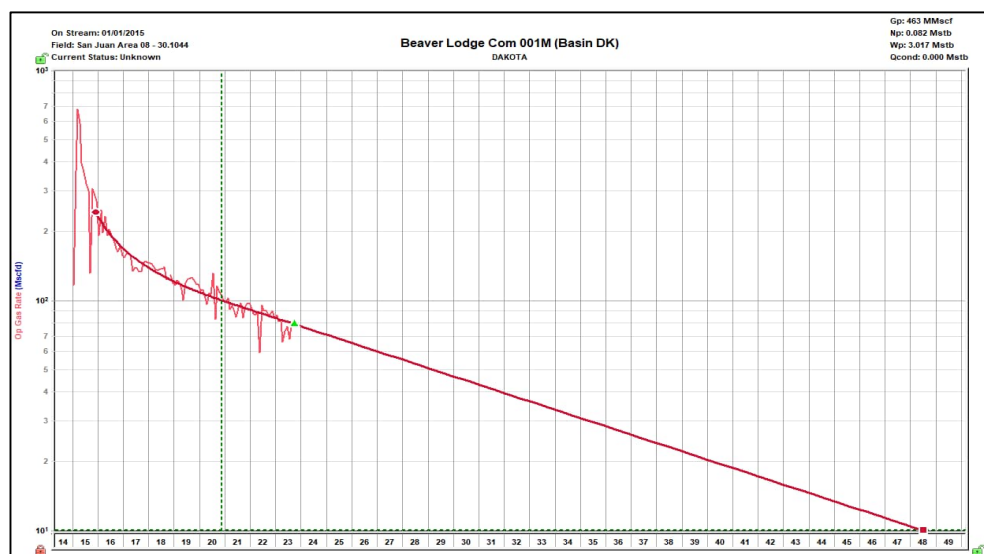
| | DK | MV |
|--------|-------|-------|
| Date | Mcf/d | Mcf/d |
| Jun-24 | 74.3 | 65.6 |
| Jul-24 | 73.8 | 65.1 |
| Aug-24 | 73.3 | 64.7 |
| Sep-24 | 72.8 | 64.2 |
| Oct-24 | 72.3 | 63.8 |
| Nov-24 | 71.8 | 63.3 |
| Dec-24 | 71.3 | 62.9 |
| Jan-25 | 70.8 | 62.4 |
| Feb-25 | 70.3 | 62 |
| Mar-25 | 69.8 | 61.6 |
| Apr-25 | 69.3 | 61.2 |
| May-25 | 68.9 | 60.8 |
| Jun-25 | 68.4 | 60.3 |
| Jul-25 | 67.9 | 59.9 |
| Aug-25 | 67.4 | 59.5 |
| Sep-25 | 67 | 59.1 |
| Oct-25 | 66.5 | 58.7 |
| Nov-25 | 66 | 58.3 |
| Dec-25 | 65.6 | 57.9 |
| Jan-26 | 65.1 | 57.5 |
| Feb-26 | 64.7 | 57.1 |
| Mar-26 | 64.2 | 56.7 |
| Apr-26 | 63.8 | 56.3 |
| May-26 | 63.4 | 55.9 |
| Jun-26 | 62.9 | 55.5 |
| Jul-26 | 62.5 | 55.1 |
| Aug-26 | 62 | 54.7 |
| Sep-26 | 61.6 | 54.4 |
| Oct-26 | 61.2 | 54 |
| Nov-26 | 60.8 | 53.6 |
| Dec-26 | 60.3 | 53.2 |
| Jan-27 | 59.9 | 52.9 |
| Feb-27 | 59.5 | 52.5 |
| Mar-27 | 59.1 | 52.2 |
| Apr-27 | 58.7 | 51.8 |
| May-27 | 58.3 | 51.4 |
| Jun-27 | 57.9 | 51.1 |
| Jul-27 | 57.5 | 50.7 |
| Aug-27 | 57.1 | 50.4 |
| Sep-27 | 56.7 | 50 |
| Oct-27 | 56.3 | 49.7 |
| Nov-27 | 55.9 | 49.3 |
| Dec-27 | 55.5 | 49 |
| Jan-28 | 55.1 | 48.6 |
| Feb-28 | 54.7 | 48.3 |
| Mar-28 | 54.4 | 48 |
| Apr-28 | 54 | 47.6 |
| May-28 | 53.6 | 47.3 |
| Jun-28 | 53.3 | 47 |

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/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 formations.

The base production will be allocated on the same fixed percentages to the following pool: MV-47% and DK-53%, while subtraction method is being used to determine allocation to the new zone.

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.



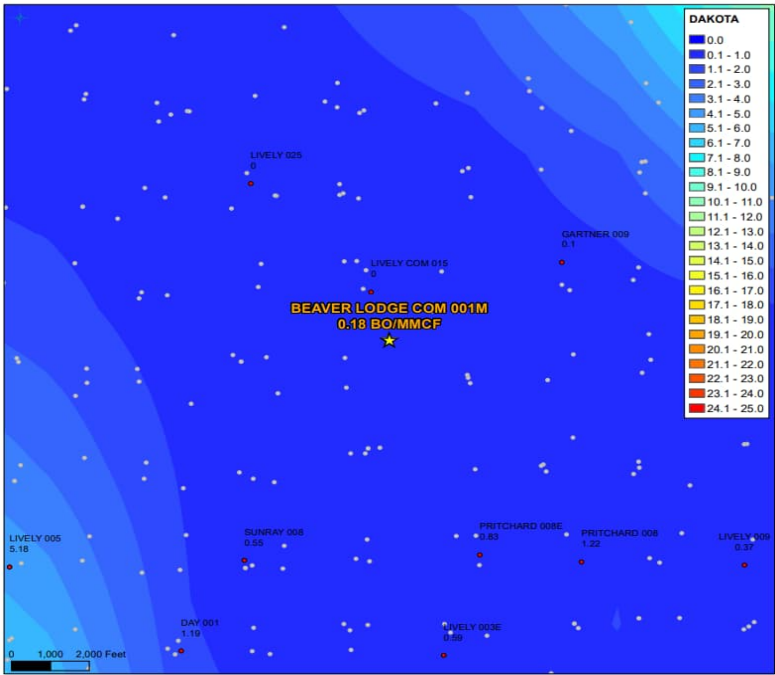
Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

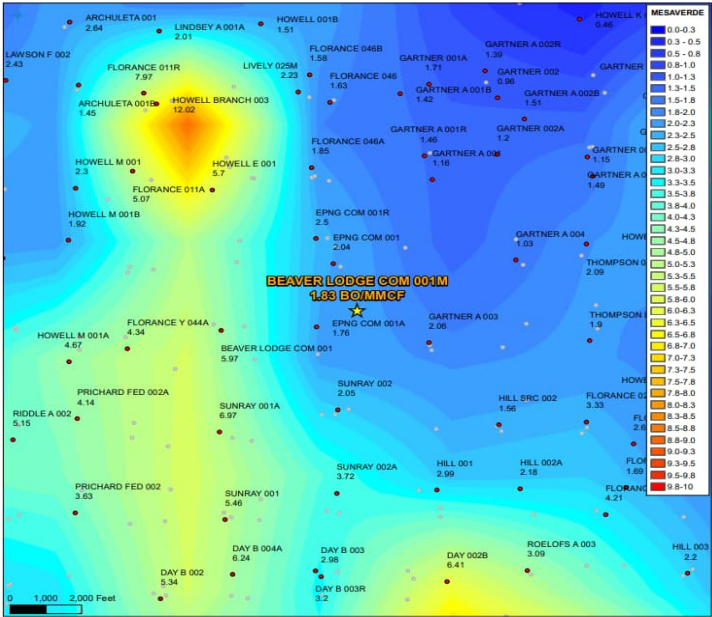
After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

| Formation | Yield (bbl/MM) | Remaining Reserves (MMcf) | % Oil Allocation |
|-----------|----------------|---------------------------|------------------|
| MV | 1.83 | 217 | 43% |
| FRC | 0.61 | 777 | 51% |
| DK | 0.18 | 302 | 6% |

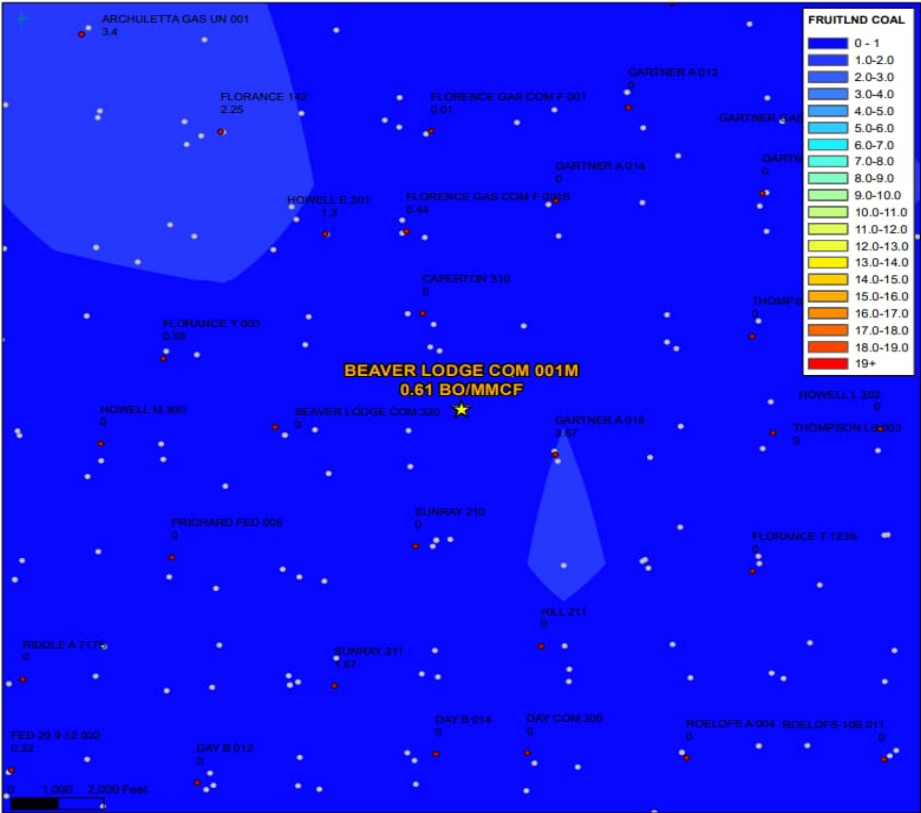
DAKOTA OIL YIELD MAP



MESAVERDE OIL YIELD MAP



FRUITLAND COAL OIL YIELD MAP



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 353727

CONDITIONS

| | |
|--|---|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 353727 |
| | Action Type: [C-103] NOI General Sundry (C-103X) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| dmcclure | The production from the well shall be allocated to each pool as stipulated within the DHC Order. | 6/13/2024 |
| dmcclure | ACCEPTED FOR RECORD ONLY | 6/13/2024 |