


<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>					Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006	
					Status PRELIMINARY <input type="checkbox"/> FINAL <input checked="" type="checkbox"/> REVISED <input checked="" 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: <b>5/23/2022</b>  API No. <b>30-045-25608</b> DHC No. <b>DHC3976AZ</b> Lease No. <b>SF-080724A</b> <div style="text-align: center;"><b>Federal</b></div>	
Well Name <b>Zachry</b>					Well No. <b>48</b>	
Unit Letter <b>G</b>	Section <b>34</b>	Township <b>T29N</b>	Range <b>R10W</b>	Footage <b>1980' FNL &amp; 2145' FEL</b>	County, State <b>San Juan County, New Mexico</b>	
Completion Date		Test Method  HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/>				
FORMATION <b>Gallup</b>		GAS <b>18 MCF</b>	PERCENT <b>28%</b>	CONDENSATE		PERCENT <b>25%</b>
<b>MESAVERDE</b>		<b>46 MCF</b>	<b>72%</b>			<b>75%</b>
		64				
JUSTIFICATION OF ALLOCATION: <b>**REVISED Oil allocation due to miscalculation. Effective Date 4/1/2022. No change to gas allocation.**</b> Hilcorp Energy Company requests that production for the down hole commingle to be switched to a fixed percentage based allocation. The fixed percentage based allocation is calculated from average production rates from twelve months. Oil allocated based on average formation yields in surrounding area and new fixed allocations.						
APPROVED BY		DATE	TITLE		PHONE	
X Amanda Walker		5/23/2022	Operations/Regulatory Tech Sr.		346-237-2177	
						
For Technical Questions: Justin Nall			Reservoir Engineer – Sr.		346-237.2231	

Dean R McIlure 06/02/2022

<b>Well Name:</b> ZACHRY	<b>Well Location:</b> T29N / R10W / SEC 34 / SWNE / 36.684387 / -107.870056	<b>County or Parish/State:</b> SAN JUAN / NM
<b>Well Number:</b> 48	<b>Type of Well:</b> OIL WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF080724A	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 3004525608	<b>Well Status:</b> Producing Oil Well	<b>Operator:</b> HILCORP ENERGY COMPANY

### Notice of Intent

**Sundry ID:** 2672958

**Type of Submission:** Notice of Intent

**Date Sundry Submitted:** 05/23/2022

**Date proposed operation will begin:** 04/01/2022

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

**Time Sundry Submitted:** 11:14

**Procedure Description:** Please see the attached REVISED Production Allocation with an effective date 4/1/2022.

### NOI Attachments

#### Procedure Description

Zachry\_48\_REVISED\_Preliminary\_Changed\_to\_Fixed\_20220523111425.pdf

<b>Well Name:</b> ZACHRY	<b>Well Location:</b> T29N / R10W / SEC 34 / SWNE / 36.684387 / -107.870056	<b>County or Parish/State:</b> SAN JUAN / NM
<b>Well Number:</b> 48	<b>Type of Well:</b> OIL WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF080724A	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 3004525608	<b>Well Status:</b> Producing Oil Well	<b>Operator:</b> 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

<b>Operator Electronic Signature:</b> AMANDA WALKER	<b>Signed on:</b> MAY 23, 2022 11:14 AM
<b>Name:</b> HILCORP ENERGY COMPANY	
<b>Title:</b> Operations/Regulatory Technician	
<b>Street Address:</b> 1111 TRAVIS ST.	
<b>City:</b> HOUSTON	<b>State:</b> TX
<b>Phone:</b> (346) 237-2177	
<b>Email address:</b> mwalker@hilcorp.com	

Field

<b>Representative Name:</b>		
<b>Street Address:</b>		
<b>City:</b>	<b>State:</b>	<b>Zip:</b>
<b>Phone:</b>		
<b>Email address:</b>		

BLM Point of Contact

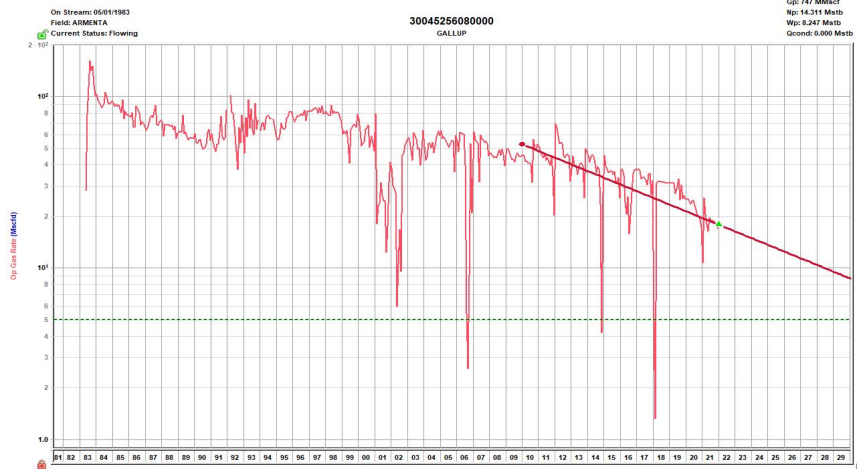
<b>BLM POC Name:</b> KENNETH G RENNICK	<b>BLM POC Title:</b> Petroleum Engineer
<b>BLM POC Phone:</b> 5055647742	<b>BLM POC Email Address:</b> krennick@blm.gov
<b>Disposition:</b> Approved	<b>Disposition Date:</b> 05/25/2022
<b>Signature:</b> Kenneth Rennick	

## Zachry 48 Fixed Allocation

The Mesaverde and the Dakota formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recompleted into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage based allocation.

The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Date	Gas Production		
	Gallup	Mesaverde	Total
Jan-21	10.8	26.2	37.0
Feb-21	25.6	62.8	88.4
Mar-21	20.7	51.2	71.9
Apr-21	18.1	44.9	63.0
May-21	16.4	40.8	57.2
Jun-21	19.6	49.1	68.7
Jul-21	18.9	47.5	66.4
Aug-21	18.8	47.5	66.3
Sep-21	18.7	47.5	66.2
Oct-21	18.1	46.4	64.5
Nov-21	17.3	44.4	61.7
Dec-21	17.0	44.0	61.0
Averages	18	46	64
% of Total	28%	72%	



Oil will be reallocated based on the average formation yields in surrounding area and new fixed allocations.

Formation	Yield	Oil Allocation
Gallup	19.27 bbl/mmscf	25%
Mesaverde	22.6 bbl/mmscf	75%

