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|--|---------------------|---|--------------------------|--|--|--------------------------|-----------------------|--|
| <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: 5/23/22 API No. 30-039-27047 DHC No. DHC3977AZ Lease No. NMSF078417 | | | |
| Well Name San Juan 28-7 Unit | | | | | Well No. 246M | | | |
| Unit Letter O | Section 7 | Township T028N | Range R007W | Footage 280' FSL & 1630' FEL | County, State Rio Arriba County, New Mexico | | | |
| Completion Date | | Test Method HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/> | | | | | | |
| | | | | | | | | |
| FORMATION DAKOTA | | GAS 25 MCFD | | PERCENT 19% | | CONDENSATE 25% | | |
| MESAVERDE | | 105 MCFD | | 81% | | 75% | | |
| | | | | | | | | |
| | | | | | | | | |
| JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 3/1/2022. No change to gas allocation.** 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 <i>Kandis Roland</i> | | | DATE 5/23/22 | | TITLE Operations/Regulatory Tech | | PHONE 713-757-5246 | |
| X Kandis Roland | | | | | | | | |
| For Technical Questions: Justin Nall | | | Reservoir Engineer – Sr. | | 346-237.2231 | | | |
| | | | | | | | | |

Dean R. McClure 06/02/2022

| | | |
|--------------------------------------|--|--|
| Well Name: SAN JUAN 28-7 UNIT | Well Location: T28N / R7W / SEC 7 / SWSE / 36.669142 / -107.61147 | County or Parish/State: RIO ARRIBA / NM |
| Well Number: 246M | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMSF078417 | Unit or CA Name: SAN JUAN 28-7 UNIT--DK, SAN JUAN 28-7 UNIT--MV | Unit or CA Number: NMNM78413A, NMNM78413C |
| US Well Number: 3003927047 | Well Status: Producing Gas Well | Operator: HILCORP ENERGY COMPANY |

Notice of Intent

Sundry ID: 2673001

Type of Submission: Notice of Intent **Type of Action:** Commingling (Subsurface)

Date Sundry Submitted: 05/23/2022 **Time Sundry Submitted:** 01:24

Date proposed operation will begin: 03/01/2022

Procedure Description: See attached revised production allocation.

NOI Attachments

Procedure Description

SJ_28_7_Unit_246M_REVISIED_Preliminary_Changed_to_Fixed_Allocation_20220523132341.pdf

| | | |
|--------------------------------------|--|--|
| Well Name: SAN JUAN 28-7 UNIT | Well Location: T28N / R7W / SEC 7 / SWSE / 36.669142 / -107.61147 | County or Parish/State: RIO ARRIBA / NM |
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| US Well Number: 3003927047 | 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: KANDIS ROLAND | Signed on: MAY 23, 2022 01:22 PM |
| Name: HILCORP ENERGY COMPANY | |
| Title: Operation Regulatory Tech | |
| Street Address: 382 Road 3100 | |
| City: Farmington | State: NM |
| Phone: (505) 599-3400 | |
| Email address: kroland@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: 05/25/2022 |
| Signature: Kenneth Rennick | |

San Juan 28-7 Unit 246M 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 | | |
|------------|----------------|-----------|-------|
| | Dakota | Mesaverde | Total |
| Oct-20 | 25.3 | 122.6 | 147.9 |
| Nov-20 | 25.2 | 133.8 | 159.0 |
| Dec-20 | 25.1 | 104.9 | 130.0 |
| Jan-21 | 25.0 | 116.0 | 141.0 |
| Feb-21 | 24.9 | 108.9 | 133.8 |
| Mar-21 | 24.8 | 78.3 | 103.1 |
| Apr-21 | 24.7 | 90.2 | 114.9 |
| May-21 | 24.6 | 105.0 | 129.6 |
| Jun-21 | 24.5 | 104.7 | 129.2 |
| Jul-21 | 24.4 | 104.9 | 129.3 |
| Aug-21 | 24.3 | 79.5 | 103.8 |
| Sep-21 | 24.2 | 105.5 | 129.7 |
| Averages | 25 | 105 | 129 |
| % of Total | 19% | 81% | |

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

| Formation | Yield | | Updated Oil Allocation |
|-----------|-------|-----------|------------------------|
| Dakota | 8.84 | bbl/mmscf | 25% |
| Mesaverde | 6.4 | bbl/mmscf | 75% |

