

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

Distribution:  
BLM / NMOCD Original  
Accounting  
Well File  
Revised: September 25, 2019

Status  
PRELIMINARY ☒  
FINAL ☐  
REVISED ☐

Commingle Type  
SURFACE ☐ DOWNHOLE ☒  
Type of Completion  
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: **6/2/2022**

API No. **30-039-23447**  
DHC No. **DHC-5175**  
Lease No. **NMNM03404**

Well Name  
**San Juan 31-6 Unit**

Well No.  
**51**

Unit Letter	Section	Township	Range	Footage	County, State
<b>K</b>	<b>5</b>	<b>30N</b>	<b>6W</b>	<b>1520' FSL &amp; 1670' FWL</b>	<b>Rio Arriba, New Mexico</b>

Completion Date	Test Method
<b>5/15/2022</b>	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. 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(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). A fixed percentage based allocation will be submitted after the fourth year of production. See attached documents for production forecast.

Historically the Dakota formation has never produced oil. Any oil production will be allocated 100% to the Mesaverde.

NAME	DATE	TITLE	PHONE
<i>X Kandis Roland</i>	6/2/2022	Operations/Regulatory Tech – Sr.	713-757-5246
For Technical Questions: Nick Booth		Reservoir Engineer	713.289.2722

- If the expected allocation changes, then the Operator shall submit a Form C-103 to the OCD Engineering Bureau with the amended allocation and all data used to determine it.
- No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it.

*Dean R. McClure* 06/03/2022

<b>Well Name:</b> SAN JUAN 31-6 UNIT	<b>Well Location:</b> T30N / R6W / SEC 5 / NESW / 36.838455 / -107.489075	<b>County or Parish/State:</b> RIO ARRIBA / NM
<b>Well Number:</b> 51	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMNM03404	<b>Unit or CA Name:</b> SAN JUAN 31-6 UNIT--DK	<b>Unit or CA Number:</b> NMNM78421B
<b>US Well Number:</b> 3003923447	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> HILCORP ENERGY COMPANY

Notice of Intent

**Sundry ID:** 2674576

**Type of Submission:** Notice of Intent

**Date Sundry Submitted:** 06/02/2022

**Date proposed operation will begin:** 05/15/2022

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

**Time Sundry Submitted:** 10:07

**Procedure Description:** See attached production allocation.

NOI Attachments

**Procedure Description**

SJ\_31\_6\_Unit\_51\_Preliminary\_Subtraction\_Allocation\_20220602100653.pdf

<b>Well Name:</b> SAN JUAN 31-6 UNIT	<b>Well Location:</b> T30N / R6W / SEC 5 / NESW / 36.838455 / -107.489075	<b>County or Parish/State:</b> RIO ARRIBA / NM
<b>Well Number:</b> 51	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMNM03404	<b>Unit or CA Name:</b> SAN JUAN 31-6 UNIT--DK	<b>Unit or CA Number:</b> NMNM78421B
<b>US Well Number:</b> 3003923447	<b>Well Status:</b> Producing Gas 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> KANDIS ROLAND	<b>Signed on:</b> JUN 02, 2022 10:07 AM
<b>Name:</b> HILCORP ENERGY COMPANY	
<b>Title:</b> Operation Regulatory Tech	
<b>Street Address:</b> 382 Road 3100	
<b>City:</b> Farmington	<b>State:</b> NM
<b>Phone:</b> (505) 599-3400	
<b>Email address:</b> kroland@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> 06/02/2022
<b>Signature:</b> Kenneth Rennick	

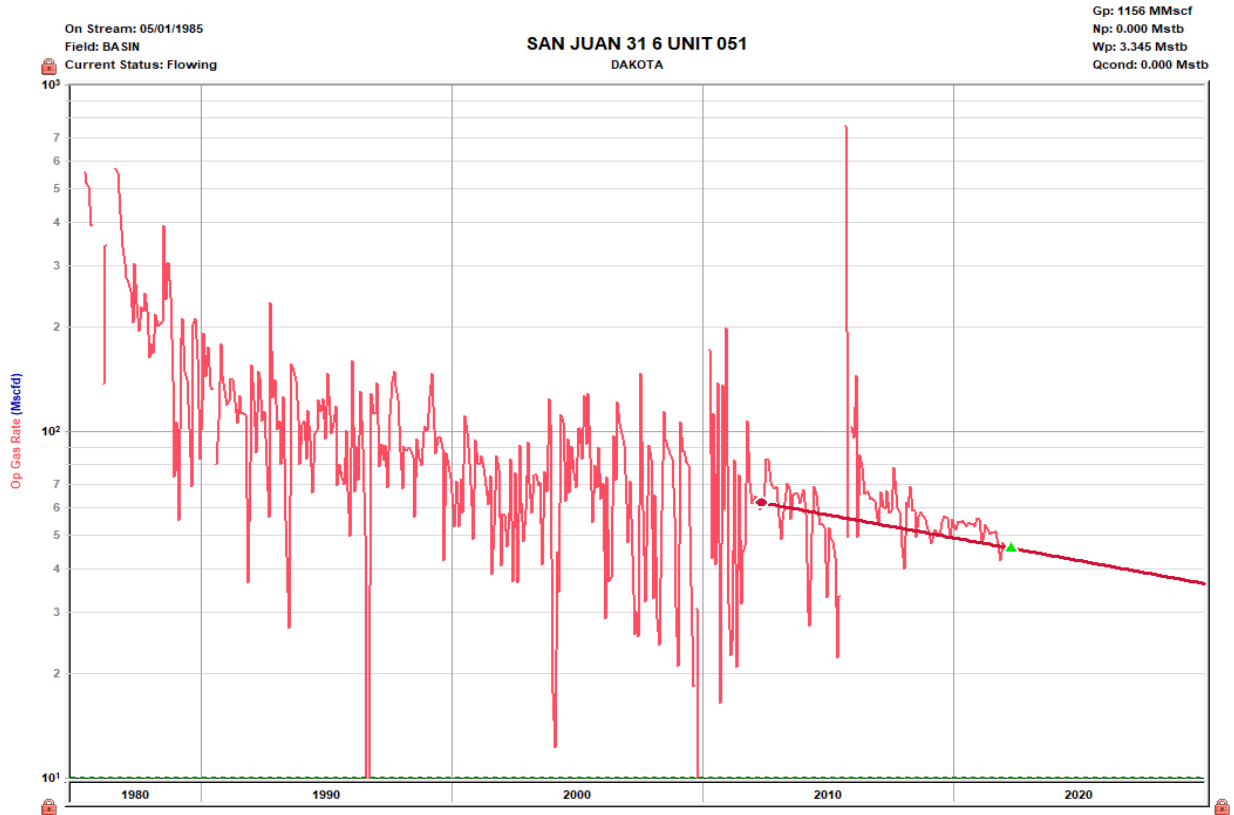
## San Juan 31-6 Unit 51 Subtraction Allocation

Date	Mcf/d
May-22	45.8
Jun-22	45.7
Jul-22	45.6
Aug-22	45.5
Sep-22	45.4
Oct-22	45.2
Nov-22	45.1
Dec-22	45
Jan-23	44.9
Feb-23	44.8
Mar-23	44.7
Apr-23	44.6
May-23	44.4
Jun-23	44.3
Jul-23	44.2
Aug-23	44.1
Sep-23	44
Oct-23	43.9
Nov-23	43.8
Dec-23	43.7
Jan-24	43.5
Feb-24	43.4
Mar-24	43.3
Apr-24	43.2
May-24	43.1
Jun-24	43
Jul-24	42.9
Aug-24	42.8
Sep-24	42.7
Oct-24	42.6
Nov-24	42.5
Dec-24	42.3
Jan-25	42.2
Feb-25	42.1
Mar-25	42
Apr-25	41.9
May-25	41.8
Jun-25	41.7
Jul-25	41.6
Aug-25	41.5
Sep-25	41.4
Oct-25	41.3
Nov-25	41.2
Dec-25	41.1
Jan-26	41
Feb-26	40.9
Mar-26	40.8
Apr-26	40.7

### 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 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.

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.



### Oil Allocation:

Historically the Dakota formation has never produced oil. Any oil production will be allocated 100% to the Mesaverde.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.00	430	0%
MV	0.01	1330	100%