

Office
 District I – (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II – (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III – (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV – (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

DHC-5274

Form C-103
 Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-07099
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Hilcorp Energy Company		6. State Oil & Gas Lease No. NMSF077111
3. Address of Operator 382 Road 3100, Aztec NM 87410		7. Lease Name or Unit Agreement Name Blanco Wash Federal
4. Well Location Unit Letter_N_: 790 feet from the South line and 1700 feet from the West line Section 26 Township 28N Range 9W NMPM San Juan County		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5976'		9. OGRID Number 372171
		10. Pool name or Wildcat Blanco Mesaverde/Basin Dakota

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>	P AND A <input type="checkbox"/>
CLOSED-LOOP SYSTEM <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <input type="checkbox"/>	OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to complete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. See attached allocation methodology. Commingling will not reduce the value of the production. The Bureau of Land Management has been notified in writing of this application.

Proposed perforations are: MV - 3810' - 4620'; DK - 6547' - 6649' These perforations are in TVD.

Notification of the intent to commingle the subject well was sent to all interest owners via certified mail on 1/20/2022. No objections were received.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kandis Roland TITLE Operations/Regulatory Technician Sr. DATE 1/4/2023

Type or print name Kandis Roland E-mail address: kroland@hilcorp.com PHONE: 713-757-5246

For State Use Only

APPROVED BY: Dean R. McClure TITLE Petroleum Engineer DATE 02/16/2023

Conditions of Approval (if any):

CONDITIONS OF APPROVAL

If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.

If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

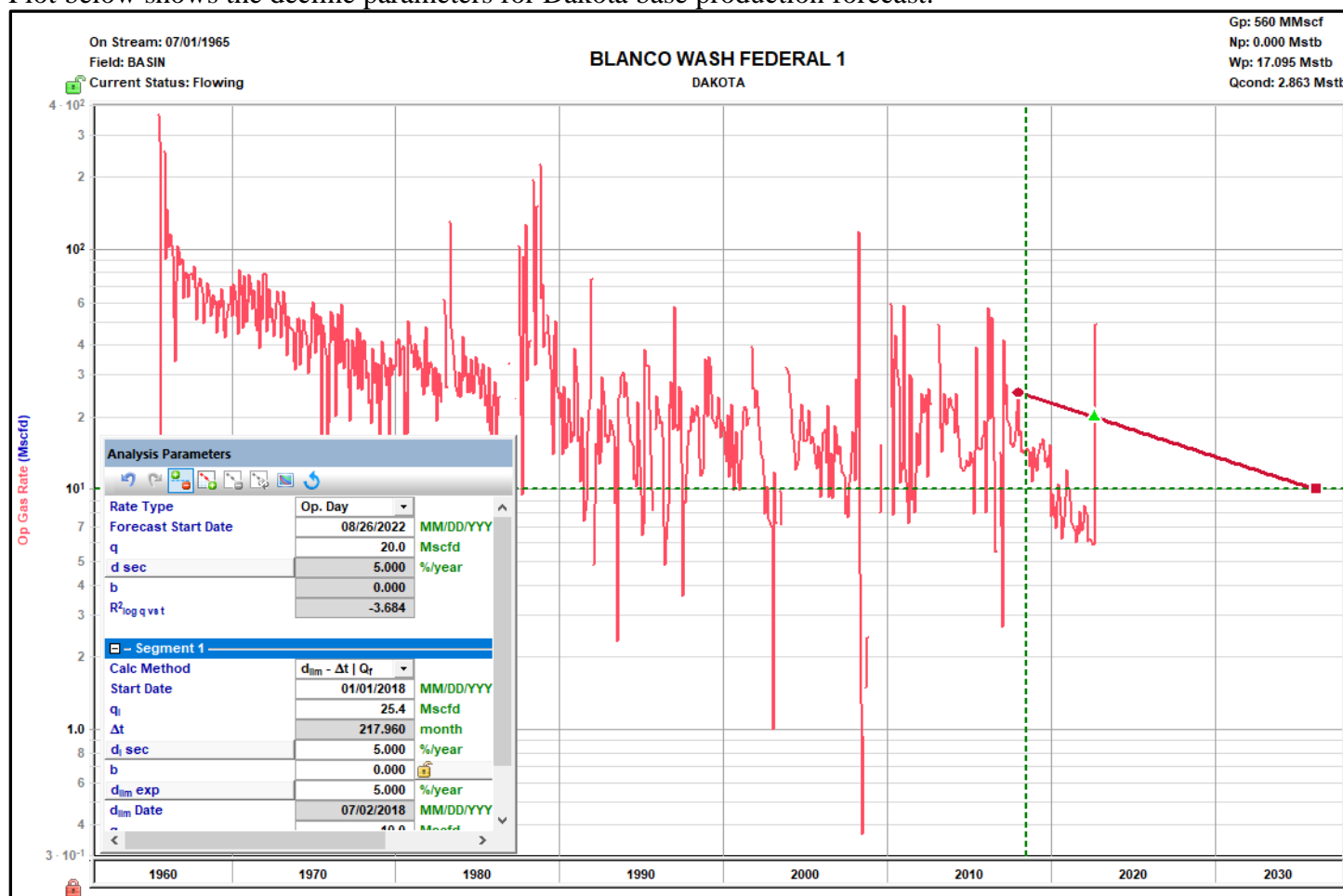
The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later 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. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

Blanco Wash Federal 1 Production Allocation Method - Subtraction

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 4th year and will be utilized to create a fixed percentage-based allocation.

Plot below shows the decline parameters for Dakota base production forecast.

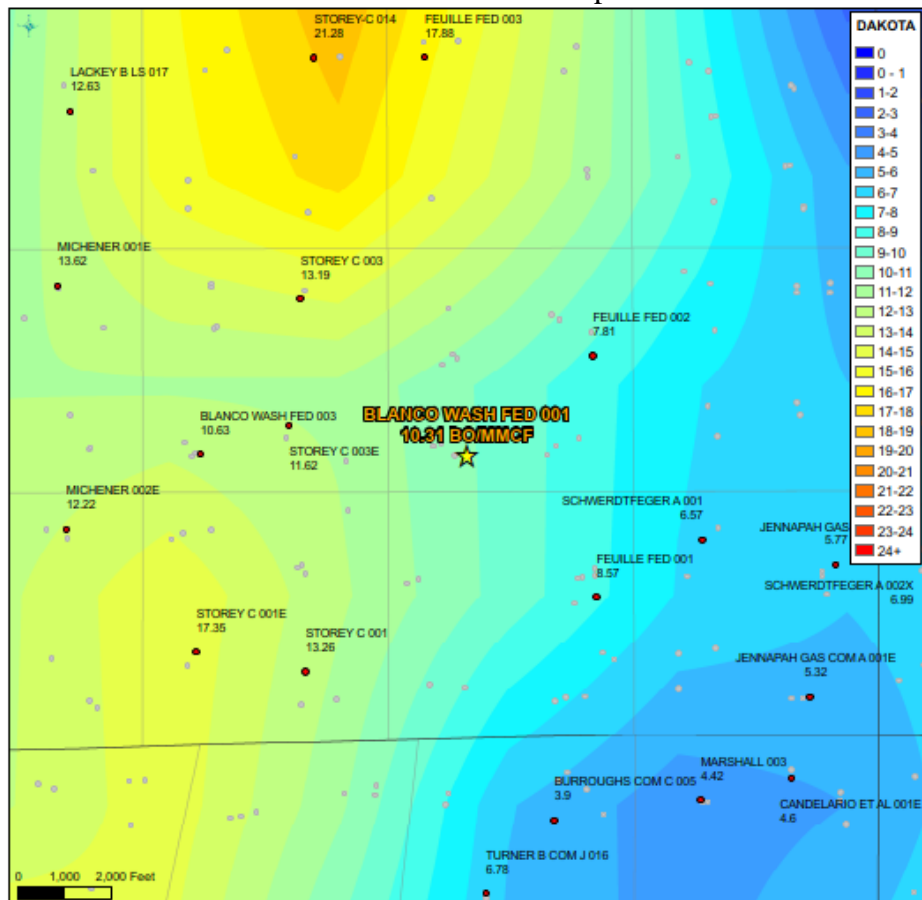
**Oil Allocation:**

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

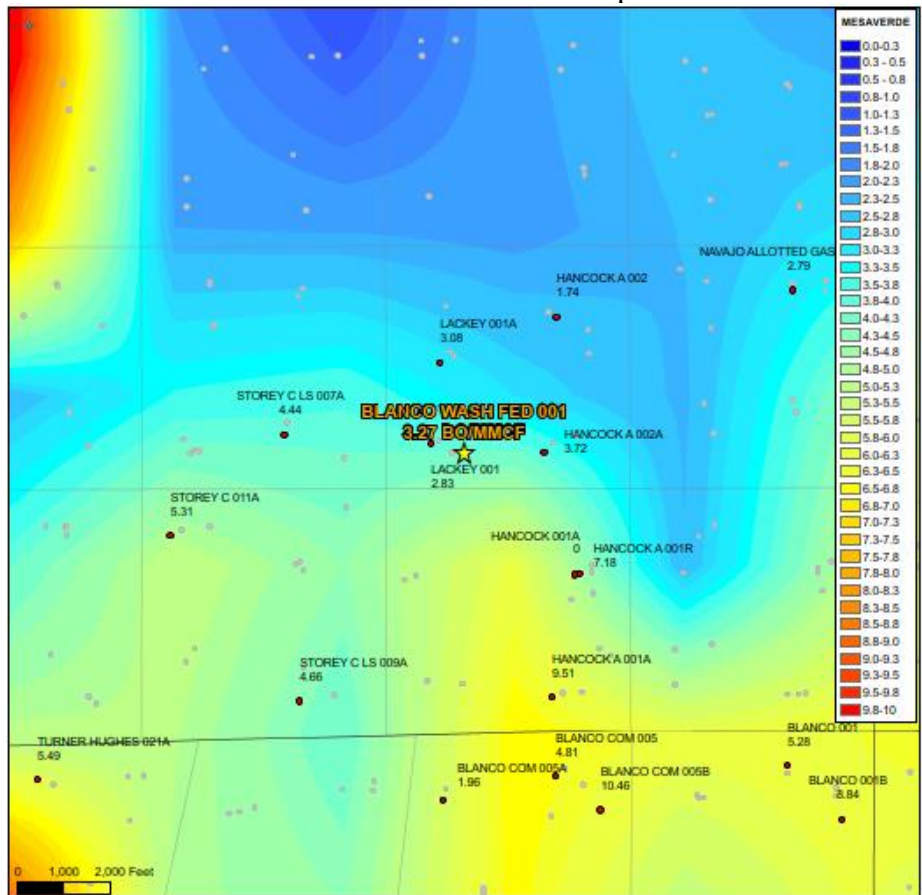
After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	10.31	71	23%
MV	3.27	750	77%

Dakota Oil Yield Map



Mesaverde Oil Yield Map



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State of New Mexico
Energy, Minerals and Natural
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Oil Conservation Division
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Santa Fe, NM 87505

Form C-102
August 1, 2011

Permit 306825

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-07099	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 318455	5. Property Name BLANCO WASH FEDERAL	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5976

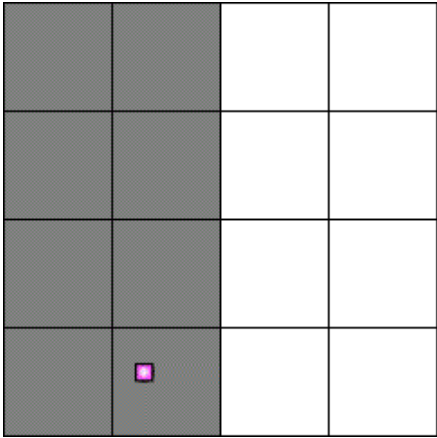
10. Surface Location

UL - Lot N	Section 26	Township 28N	Range 09W	Lot Idn	Feet From 790	N/S Line S	Feet From 1700	E/W Line W	County SAN JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00 W/2			13. Joint or Infill		14. Consolidation Code			15. Order No.	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Kandis Roland Title: Regulatory Tech Date: 1/17/2022</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: James P. Leese Date of Survey: 4/3/1965 Certificate Number: 1463</p>
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Form C-128 (6-57)

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Date April 28, 1965

Section A.

Operator BETA DEVELOPEMENT COMPANY Lease Blanco Wash Federal
 Well No. 1 Unit Letter N Section 26 Township 28 North Range 9 WEST NMPM
 Located 790 Feet From SOUTH Line, and 1700 Feet From WEST Line
 County San Juan G. L. Elevation 5975.6 Dedicated Acreage W/320 Acres
 Name of Producing Formation Dakota Pool Basin Dakota

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes X No _____
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "yes", Type of Consolidation.
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

Land Description

Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Beta Development Co.

Original signed by:

JOHN T. HARTMAN, Manager
234 Petroleum Club Plaza

(Representative)

Farmington, New Mexico

(Address)

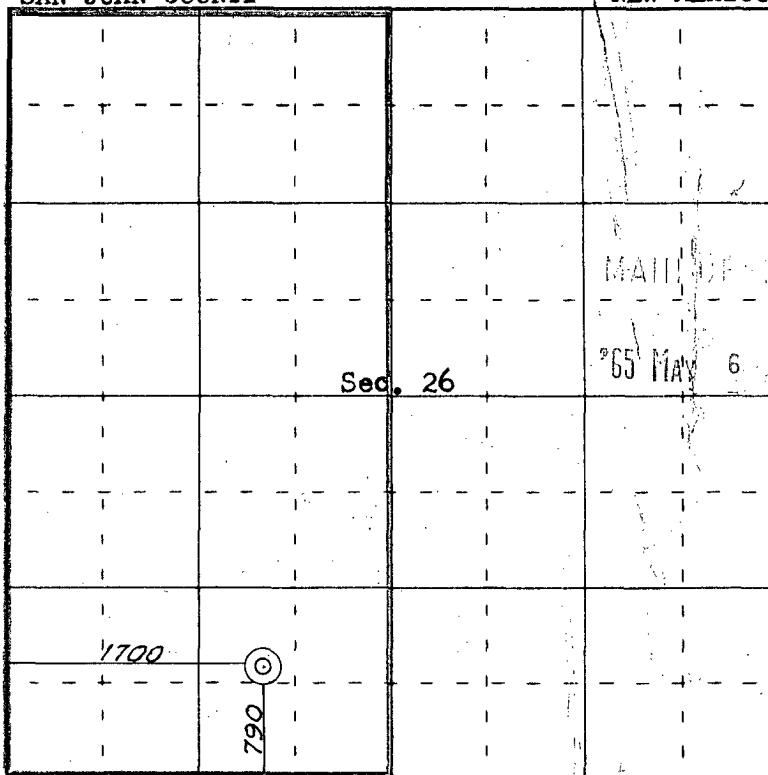
Ref:GLO plat dated June 23, 1919



(Seal)

Farmington, New Mexico

Note: All distances must be from outer boundaries of section.



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

Scale 4 inches equal 1 mile

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed April 3, 1965

James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese, N.Mex. Reg. No. 1463
 San Juan Engineering Company

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Santa Fe, NM 87505

CONDITIONS

Action 172427

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 172427
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.	2/16/2023
dmcclure	If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.	2/16/2023
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dmcclure	The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). 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. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.	2/16/2023