

Area: «TEAM»

<h1 style="text-align: center;">Hilcorp Energy Company</h1> <h2 style="text-align: center;">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	PERCENT 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

Date Sundry Submitted: 05/23/2022

Date proposed operation will begin: 03/01/2022

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 01:24

Procedure Description: See attached revised production allocation.

NOI Attachments

Procedure Description

SJ_28_7_Unit_246M_REVISIED_Preliminary_Changed_to_Fixed_Allocation_20220523132341.pdf

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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

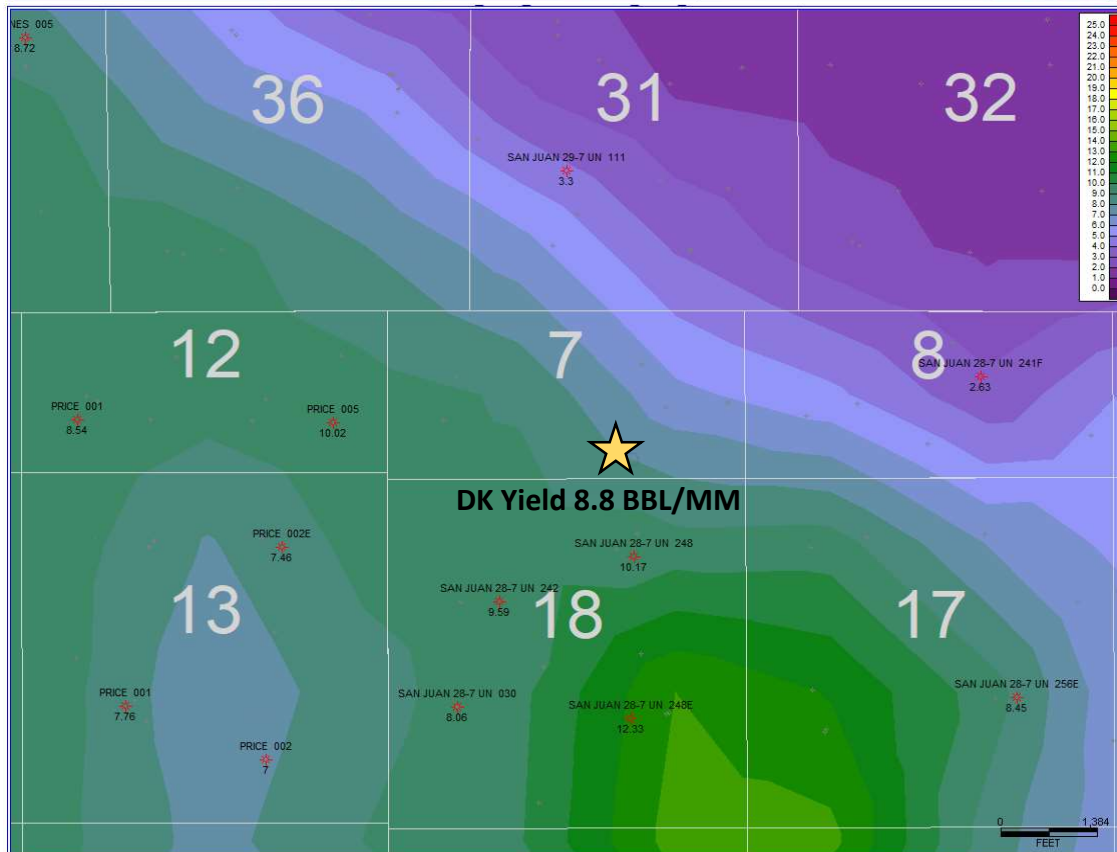
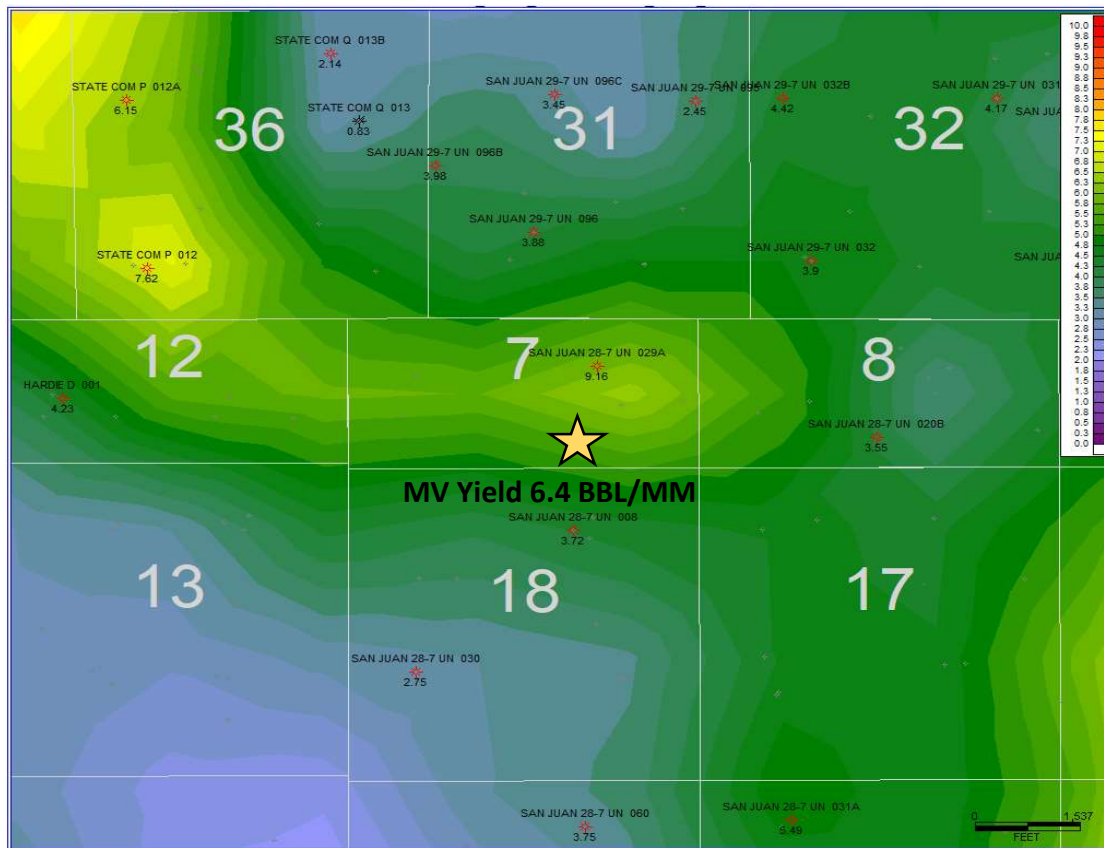
The Mesaverde and the Dakota formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recompleted into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage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



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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 111057

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 111057
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	None	6/2/2022