

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

Form C-103
 Revised July 18, 2013

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

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.) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		WELL API NO. 30-045-20268 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> 6. State Oil & Gas Lease No. E-2940
2. Name of Operator HILCORP ENERGY COMPANY		7. Lease Name or Unit Agreement Name State E Gas Com
3. Address of Operator PO BOX 4700, FARMINGTON NM 87499		8. Well Number 1
4. Well Location Unit Letter <u>O</u> <u>820</u> feet from the <u>South</u> line and <u>1800</u> feet from the <u>East</u> line Section <u>16</u> Township <u>29N</u> Range <u>10W</u> NMPM County <u>San Juan</u>		9. OGRID Number 372171
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5589		10. Pool name or Wildcat Basin Dakota / Blanco Mesaverde

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"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>			
CLOSED-LOOP SYSTEM <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.

Please see the attached REVISED request to change the Production Allocation to a fixed percentage based allocation.

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 Amanda Walker TITLE Operations / Regulatory Technician Sr DATE 5/23/2022


Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177

For State Use Only

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 06/02/2022

Conditions of Approval (if any):

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: 5/23/2022 API No. 30-045-20268 DHC No. DHC4004AZ Lease No. E-2940 State	
Well Name State E Gas Com					Well No. #1	
Unit Letter O	Section 16	Township T029N	Range R010W	Footage 820' FSL & 1800' FEL	County, State San Juan, New Mexico	
Completion Date 3/27/2018		Test Method HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/>				
FORMATION DAKOTA		GAS 5 MCFD		PERCENT 3%	CONDENSATE	PERCENT 5%
MESAVERDE		156 MCFD		97%		95%
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 Amanda Walker		DATE 5/23/2022		TITLE Regulatory/Operations Tech Sr.		PHONE 346-237-2177
X 						
For Technical Questions: Justin Nall				Reservoir Engineer – Sr.		346-237-2231

State E Gas Com 1 Fixed Allocation

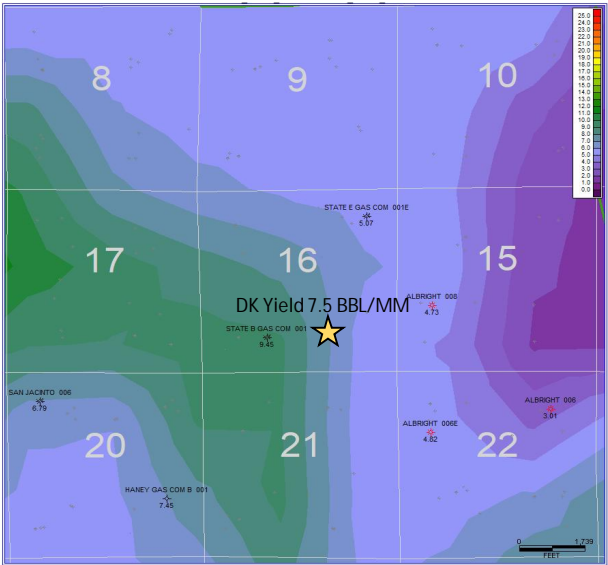
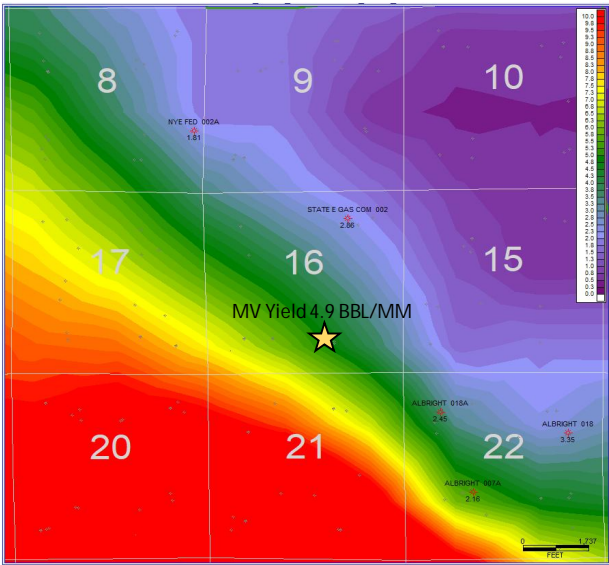
The Mesaverde and the Dakota formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recompleted into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage 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	5.5	189.3	194.8
Nov-20	5.4	127.7	133.1
Dec-20	5.4	154.9	160.3
Jan-21	5.3	141.8	147.1
Feb-21	5.3	140.5	145.8
Mar-21	5.2	135.6	140.8
Apr-21	5.2	145.6	150.8
May-21	5.1	143.4	148.5
Jun-21	5.1	147.0	152.1
Jul-21	5.1	131.4	136.5
Aug-21	5.0	134.1	139.1
Sep-21	5.0	280.1	285.1
Averages	5	156	161
% of Total	3%	97%	

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

Formation	Yield	Oil Allocation
Dakota	7.47 bbl/mmscf	5%
Mesaverde	4.9 bbl/mmscf	95%



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CONDITIONS

Action 109257

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 109257
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

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