

Area: «TEAM»

<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		
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"/>					Status PRELIMINARY <input type="checkbox"/> FINAL <input checked="" type="checkbox"/> REVISED <input checked="" type="checkbox"/>		
					Date: 5/23/22 API No. 30-045-25464 DHC No. DHC3963AZ Lease No. NMSF080724A		
Well Name Zachry					Well No. 38		
Unit Letter K	Section 12	Township T028N	Range R010W	Footage 1800' FSL & 1845' FWL	County, State San Juan 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		GAS		PERCENT		CONDENSATE	
GALLUP		25 MCFD		27%		21%	
MESAVERDE		67 MCFD		73%		79%	
JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 2/1/2022. 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			DATE		TITLE		PHONE
X Kandis Roland			5/23/22		Operations/Regulatory Tech		713-757-5246
For Technical Questions: Justin Nall					Reservoir Engineer – Sr.		346-237.2231

Dean R McClure 06/02/2022

Well Name: ZACHRY	Well Location: T28N / R10W / SEC 12 / NESW / 36.674316 / -107.849106	County or Parish/State: SAN JUAN / NM
Well Number: 38	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF080724A	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004525464	Well Status: Producing Oil Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2672992

Type of Submission: Notice of Intent	Type of Action: Commingling (Subsurface)
Date Sundry Submitted: 05/23/2022	Time Sundry Submitted: 01:08
Date proposed operation will begin: 02/01/2022	

Procedure Description: Please see attached revised production allocation.

NOI Attachments

Procedure Description

Zachry_38_REVISED_Preliminary_Changed_to_Fixed_Allocation_20220523130730.pdf

Well Name: ZACHRY	Well Location: T28N / R10W / SEC 12 / NESW / 36.674316 / -107.849106	County or Parish/State: SAN JUAN / NM
Well Number: 38	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF080724A	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004525464	Well Status: Producing Oil 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 01:07 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	

Zachry 38 Fixed Allocation

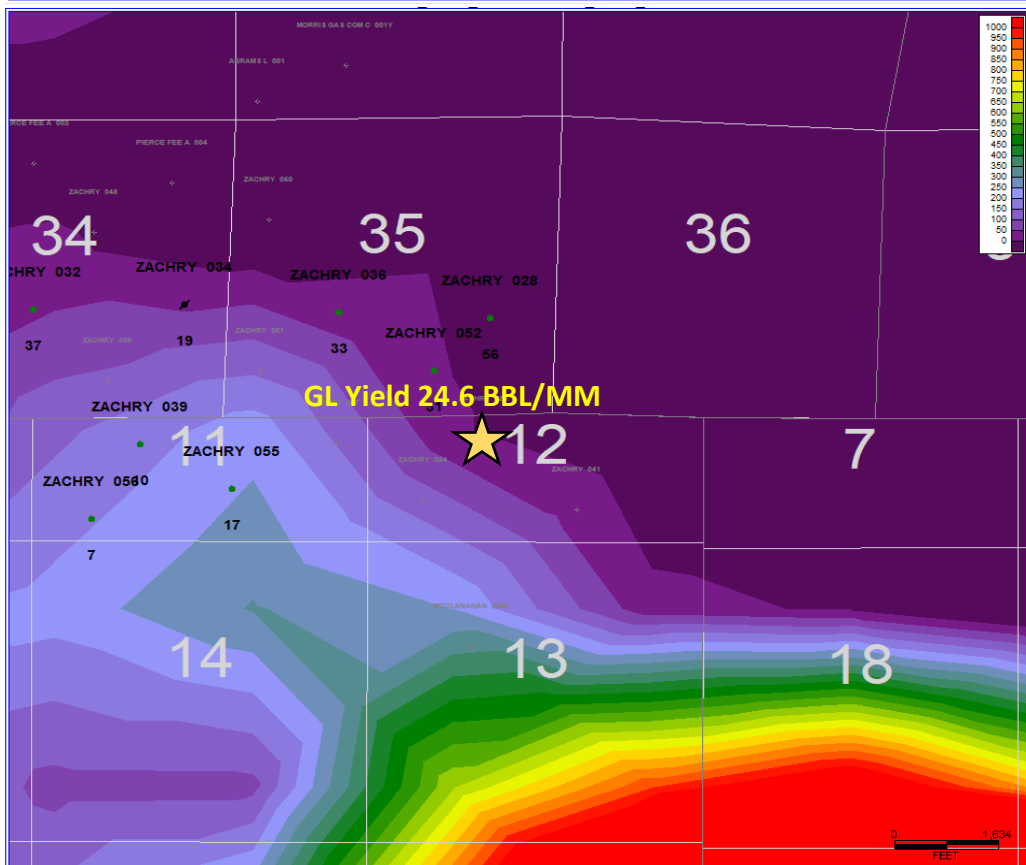
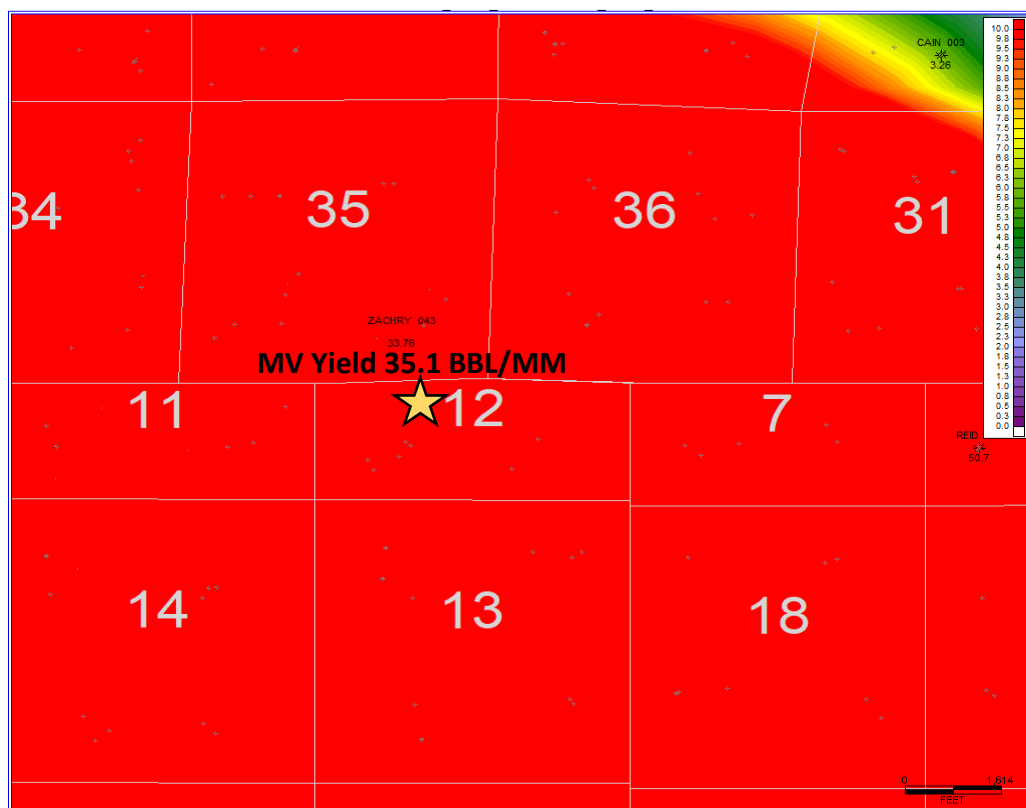
The Mesaverde and the Gallup formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recomplected into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage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

The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Date	Gas Production		
	Gallup	Mesaverde	Total
Oct-20	27.5	70.5	98.0
Nov-20	27.7	71.6	99.3
Dec-20	26.8	69.6	96.4
Jan-21	27.2	70.9	98.1
Feb-21	26.6	69.6	96.2
Mar-21	23.6	62.2	85.8
Apr-21	26.4	69.9	96.3
May-21	24.8	66.1	90.9
Jun-21	24.6	65.8	90.4
Jul-21	23.4	62.9	86.3
Aug-21	23.5	63.5	87.0
Sep-21	20.8	56.2	77.0
Averages	25	67	92
% of Total	27%	73%	

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

Formation	Yield		Updated Oil Allocation
Gallup	24.6	bbl/mmscf	21%
Mesaverde	35.1	bbl/mmscf	79%



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1625 N. French Dr., Hobbs, NM 88240
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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 110507

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 110507
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

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