


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	
					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. 30-045-25608 DHC No. DHC3976AZ Lease No. SF-080724A <div style="text-align: center;">Federal</div>	
Well Name Zachry					Well No. 48	
Unit Letter G	Section 34	Township T29N	Range R10W	Footage 1980' FNL & 2145' FEL	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 Gallup		GAS 18 MCF	PERCENT 28%	CONDENSATE		PERCENT 25%
MESAVERDE		46 MCF	72%			75%
		64				
JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 4/1/2022. 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 Amanda Walker		5/23/2022		Operations/Regulatory Tech Sr.		346-237-2177
						
For Technical Questions:		Justin Nall		Reservoir Engineer – Sr.		346-237.2231

Dean R McIlure 06/02/2022

Well Name: ZACHRY	Well Location: T29N / R10W / SEC 34 / SWNE / 36.684387 / -107.870056	County or Parish/State: SAN JUAN / NM
Well Number: 48	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF080724A	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004525608	Well Status: Producing Oil Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2672958

Type of Submission: Notice of Intent

Date Sundry Submitted: 05/23/2022

Date proposed operation will begin: 04/01/2022

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 11:14

Procedure Description: Please see the attached REVISED Production Allocation with an effective date 4/1/2022.

NOI Attachments

Procedure Description

Zachry_48_REVISED_Preliminary_Changed_to_Fixed_20220523111425.pdf

Well Name: ZACHRY	Well Location: T29N / R10W / SEC 34 / SWNE / 36.684387 / -107.870056	County or Parish/State: SAN JUAN / NM
Well Number: 48	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF080724A	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004525608	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: AMANDA WALKER
Signed on: MAY 23, 2022 11:14 AM
Name: HILCORP ENERGY COMPANY
Title: Operations/Regulatory Technician
Street Address: 1111 TRAVIS ST.
City: HOUSTON State: TX
Phone: (346) 237-2177
Email address: mwalker@hilcorp.com

Field

Representative Name:
Street Address:
City: State: Zip:
Phone:
Email address:

BLM Point of Contact

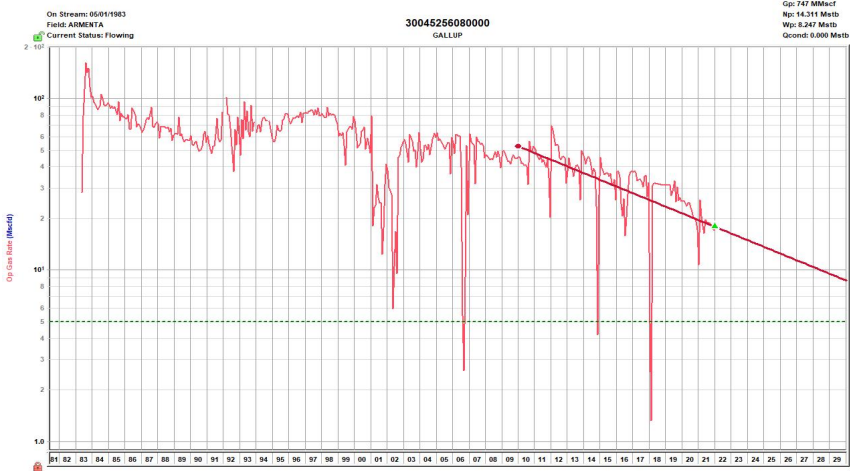
BLM POC Name: KENNETH G RENNICK
BLM POC Title: Petroleum Engineer
BLM POC Phone: 5055647742
BLM POC Email Address: krennick@blm.gov
Disposition: Approved
Disposition Date: 05/25/2022
Signature: Kenneth Rennick

Zachry 48 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.

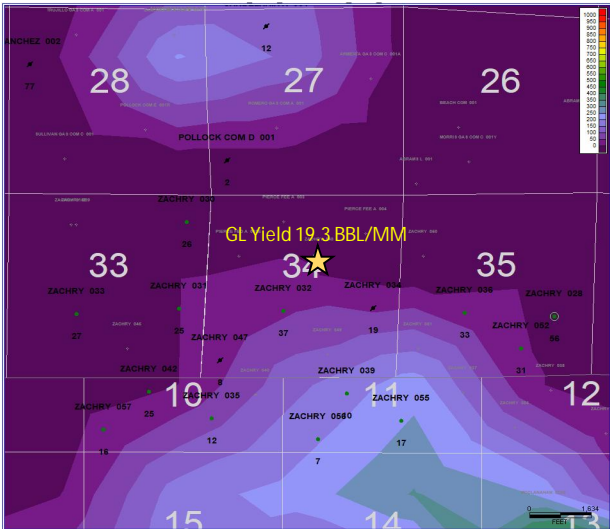
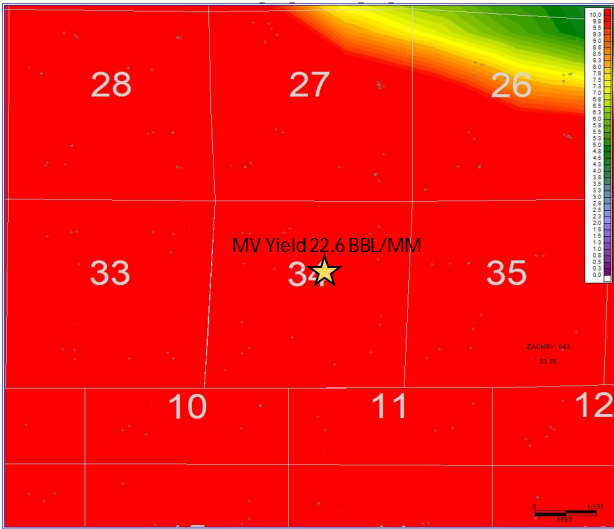
The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Date	Gas Production		
	Gallup	Mesaverde	Total
Jan-21	10.8	26.2	37.0
Feb-21	25.6	62.8	88.4
Mar-21	20.7	51.2	71.9
Apr-21	18.1	44.9	63.0
May-21	16.4	40.8	57.2
Jun-21	19.6	49.1	68.7
Jul-21	18.9	47.5	66.4
Aug-21	18.8	47.5	66.3
Sep-21	18.7	47.5	66.2
Oct-21	18.1	46.4	64.5
Nov-21	17.3	44.4	61.7
Dec-21	17.0	44.0	61.0
Averages	18	46	64
% of Total	28%	72%	



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

Formation	Yield	Oil Allocation
Gallup	19.27 bbl/mmscf	25%
Mesaverde	22.6 bbl/mmscf	75%



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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 110827

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 110827
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

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