

<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>					Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019	
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 checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input type="checkbox"/>	
					Date: 09/26/2023 API No. 30-039-20639 DHC No. DHC-3784 Lease No. NMSF078885	
Well Name CANYON LARGO UNIT					Well No. 239	
Unit Letter K	Section 1	Township 25N	Range 06W	Footage 1550' FSL & 1600' FWL	County, State Rio Arriba, New Mexico	
Completion Date 9/24/2023		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>				
<p>JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations 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.</p> <p>Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. MV 95%, DK 5%</p> <p>After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.</p>						
NAME		DATE		TITLE		PHONE
X Cherylene Weston				Operations/Regulatory Tech – Sr.		713-289-2615
Cherylene Weston		9/26/2023				
For Technical Questions: Ray Brandhurst				Reservoir Engineer		713-757-5224

Dean R. McClure

10/06/2023

Well Name: CANYON LARGO UNIT	Well Location: T25N / R6W / SEC 1 / NESW / 36.425598 / -107.421783	County or Parish/State: RIO ARRIBA / NM
Well Number: 239	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078885	Unit or CA Name: CANYON LARGO UNIT--DK	Unit or CA Number: NMNM78383D
US Well Number: 3003920639	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2753739

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 09/27/2023

Time Sundry Submitted: 01:42

Date proposed operation will begin: 09/24/2023

Procedure Description: Please see attached subtraction allocation.

NOI Attachments

Procedure Description

CLU_239_Preliminary_Subtraction_Allocation_Form_20230927134208.pdf

Well Name: CANYON LARGO UNIT

Well Location: T25N / R6W / SEC 1 /
NESW / 36.425598 / -107.421783

County or Parish/State: RIO
ARRIBA / NM

Well Number: 239

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:

Lease Number: NMSF078885

Unit or CA Name: CANYON LARGO
UNIT--DK

Unit or CA Number:
NMNM78383D

US Well Number: 3003920639

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: CHERYLENE WESTON

Signed on: SEP 27, 2023 01:42 PM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON

State: TX

Phone: (713) 289-2615

Email address: CWESTON@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: 09/27/2023

Signature: Kenneth Rennick

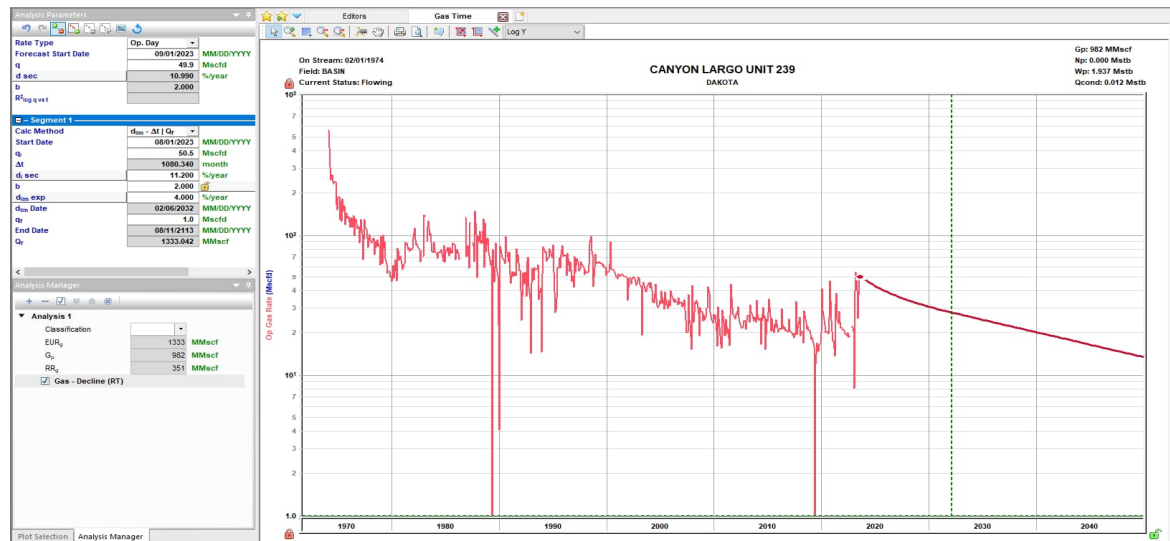
Canyon Largo Unit 239 Subtraction Allocation

Date	Mcf/d
Sep-23	49.7
Oct-23	49.1
Nov-23	48.6
Dec-23	48.1
Jan-24	47.6
Feb-24	47.2
Mar-24	46.7
Apr-24	46.3
May-24	45.9
Jun-24	45.4
Jul-24	45
Aug-24	44.6
Sep-24	44.2
Oct-24	43.9
Nov-24	43.5
Dec-24	43.2
Jan-25	42.8
Feb-25	42.5
Mar-25	42.1
Apr-25	41.8
May-25	41.5
Jun-25	41.2
Jul-25	40.9
Aug-25	40.6
Sep-25	40.3
Oct-25	40
Nov-25	39.7
Dec-25	39.5
Jan-26	39.2
Feb-26	38.9
Mar-26	38.7
Apr-26	38.4
May-26	38.2
Jun-26	37.9
Jul-26	37.7
Aug-26	37.5
Sep-26	37.2
Oct-26	37
Nov-26	36.8
Dec-26	36.6
Jan-27	36.4
Feb-27	36.2
Mar-27	36
Apr-27	35.8
May-27	35.6
Jun-27	35.4
Jul-27	35.2
Aug-27	35
Sep-27	34.8

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.

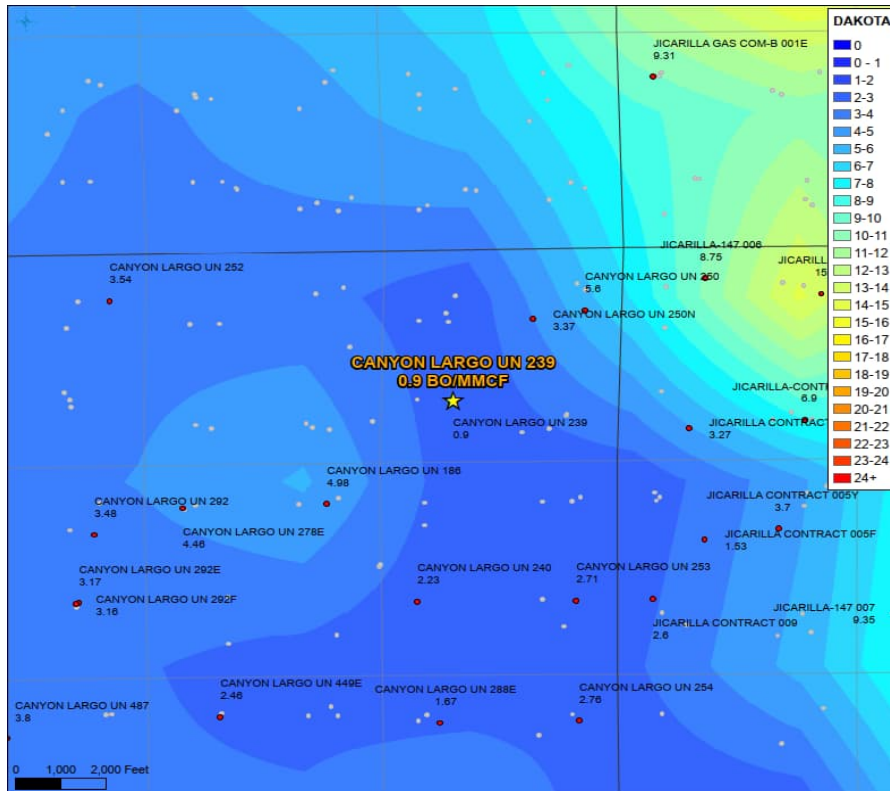
**Oil Allocation:**

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

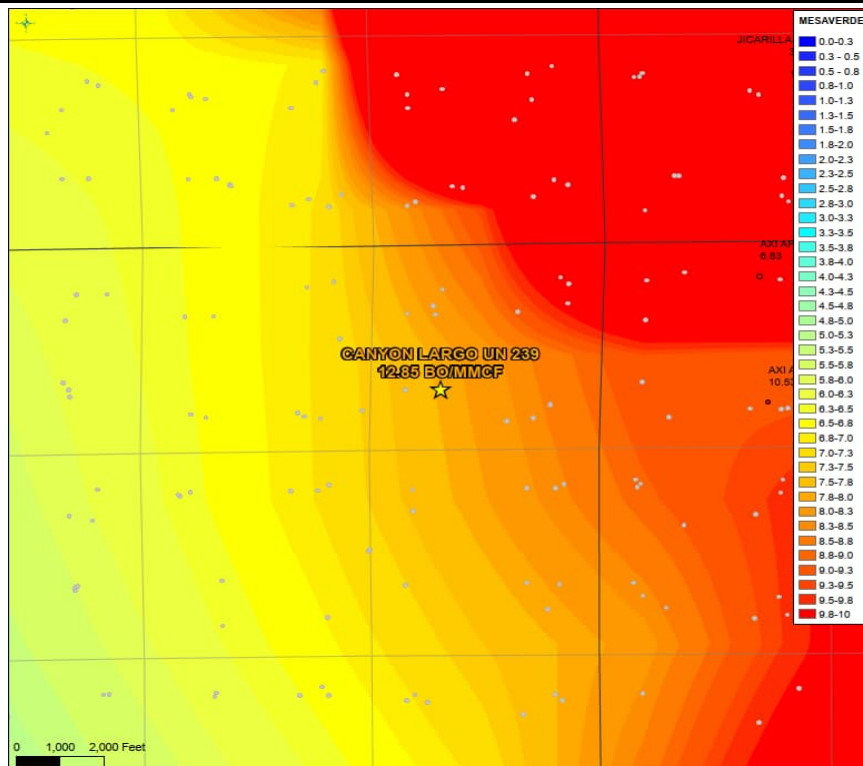
After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.9	351	5%
MV	12.85	500	95%

DAKOTA OIL YIELD MAP



MESAVERDE OIL YIELD MAP



District I
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 272897

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 272897
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	None	10/6/2023