

Well Name: HOUCK	Well Location: T29N / R10W / SEC 12 / SESE / 36.735397 / -107.829651	County or Parish/State: SAN JUAN / NM
Well Number: 2E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF077092	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004526417	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2761384

Type of Submission: Notice of Intent

Date Sundry Submitted: 11/14/2023

Date proposed operation will begin: 10/01/2023

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 06:15

Procedure Description: Attached please the Preliminary Subtraction Allocation for the recently recompleted well.

NOI Attachments

Procedure Description

Houck_2E_Preliminary_Subtraction_Allocation_Form_20231114061335.pdf

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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

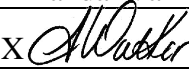
Operator Electronic Signature: AMANDA WALKER
Signed on: NOV 14, 2023 06:13 AM
Name: HILCORP ENERGY COMPANY
Title: Operations/Regulatory Technician
Street Address: 1111 TRAVIS ST
City: HOUSTON State: TX
Phone: (346) 237-2177
Email address: MWALKER@HILCORP.COM

Field

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

BLM Point of Contact

BLM POC Name: MATTHEW H KADE
BLM POC Title: Petroleum Engineer
BLM POC Phone: 5055647736
BLM POC Email Address: MKADE@BLM.GOV
Disposition: Approved
Disposition Date: 11/14/2023
Signature: Matthew Kade

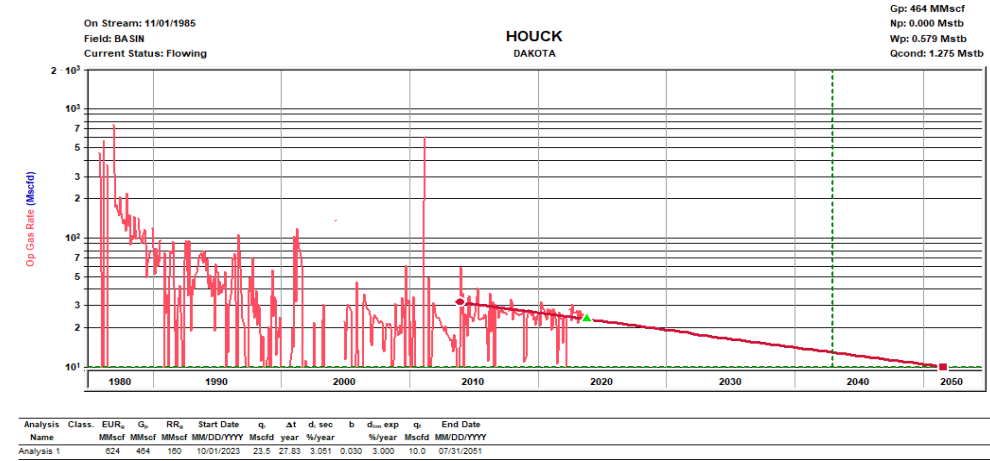
<h1 style="text-align: center;">Hilcorp Energy Company</h1> <h2 style="text-align: center;">PRODUCTION ALLOCATION FORM</h2>					Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019	
					Status PRELIMINARY <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input 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: 11/14/2023 API No. 30-045-26417 DHC No. DHC 5327 Lease No. NMSF077092	
Well Name Houck					Well No. 2E	
Unit Letter P	Section 12	Township 29N	Range 10W	Footage 1080' FSL & 840' FEL	County, State San Juan, New Mexico	
Completion Date 10/23/2023		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 formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). 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. FC 93%, DK 7% (No Change to Allocation from Approved DHC Application)</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
Amanda Walker		11/14/2023				
X 				Operations/Regulatory Tech – Sr.		346-237-2177
For Technical Questions: Shane Smith				Reservoir Engineer		shane.smith@hilcorp.com

Houck 2E Subtraction Allocation		3004526417
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Date	Mcf
Oct-23	23.43
Nov-23	23.37
Dec-23	23.31
Jan-24	23.25
Feb-24	23.19
Mar-24	23.13
Apr-24	23.07
May-24	23.01
Jun-24	22.95
Jul-24	22.89
Aug-24	22.83
Sep-24	22.78
Oct-24	22.72
Nov-24	22.66
Dec-24	22.6
Jan-25	22.54
Feb-25	22.48
Mar-25	22.43
Apr-25	22.37
May-25	22.31
Jun-25	22.25
Jul-25	22.2
Aug-25	22.14
Sep-25	22.08
Oct-25	22.02
Nov-25	21.97
Dec-25	21.91
Jan-26	21.85
Feb-26	21.8
Mar-26	21.74
Apr-26	21.69
May-26	21.63
Jun-26	21.58
Jul-26	21.52
Aug-26	21.47
Sep-26	21.41
Oct-26	21.35
Nov-26	21.3
Dec-26	21.24
Jan-27	21.19
Feb-27	21.14
Mar-27	21.08
Apr-27	21.03
May-27	20.97
Jun-27	20.92
Jul-27	20.87
Aug-27	20.81
Sep-27	20.76

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 **Fruitland Coal**. 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.

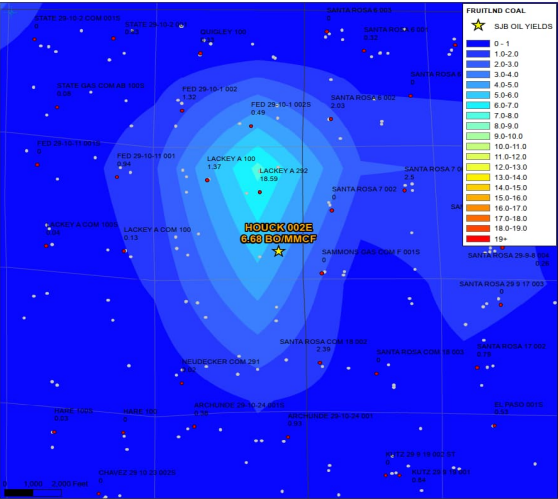
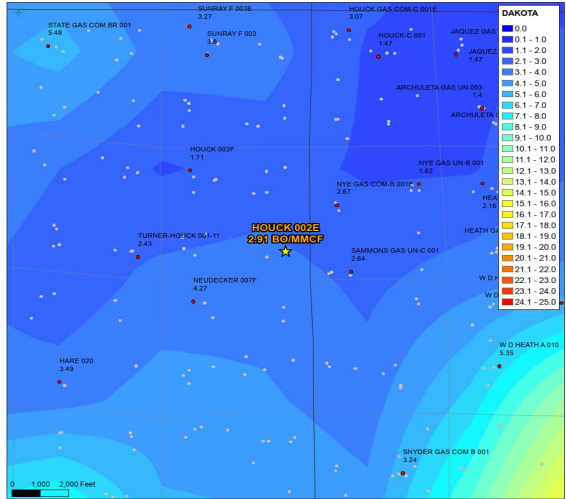
After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.



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	2.91	160	7%
FRC	6.68	917	93%



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 285435

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 285435
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	ACCEPTED FOR RECORD	11/14/2023
dmcclure	The production from the well shall be allocated to each pool as stipulated within the DHC Order.	11/14/2023