

<b>Well Name:</b> JICARILLA APACHE	<b>Well Location:</b> T26N / R5W / SEC 27 / NENW / 36.4621075 / -107.349178	<b>County or Parish/State:</b> RIO ARRIBA / NM
<b>Well Number:</b> 10E	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b> JICARILLA APACHE
<b>Lease Number:</b> JIC154	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 300392243300C1	<b>Operator:</b> HILCORP ENERGY COMPANY	

### Notice of Intent

**Sundry ID:** 2787666

**Type of Submission:** Notice of Intent

**Type of Action:** Commingling (Subsurface)

**Date Sundry Submitted:** 04/30/2024

**Time Sundry Submitted:** 11:43

**Date proposed operation will begin:** 04/20/2024

**Procedure Description:** Please see attached subtraction allocation.

### NOI Attachments

**Procedure Description**

Jicarilla\_Apache\_10E\_Rev\_DHC\_Subtraction\_Allocation\_Form\_20240430114304.pdf

**Well Name:** JICARILLA APACHE

**Well Location:** T26N / R5W / SEC 27 /  
NENW / 36.4621075 / -107.349178

**County or Parish/State:** RIO  
ARRIBA / NM

**Well Number:** 10E

**Type of Well:** CONVENTIONAL GAS  
WELL

**Allottee or Tribe Name:**  
JICARILLA APACHE

**Lease Number:** JIC154

**Unit or CA Name:**

**Unit or CA Number:**

**US Well Number:** 300392243300C1

**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:** APR 30, 2024 11:43 AM

**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:** MATTHEW H KADE

**BLM POC Title:** Petroleum Engineer

**BLM POC Phone:** 5055647736

**BLM POC Email Address:** MKADE@BLM.GOV

**Disposition:** Approved

**Disposition Date:** 05/02/2024

**Signature:** Matthew Kade

<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 type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input checked="" type="checkbox"/>	
						Date: <b>4/24/2024</b> API No. <b>30-039-22433</b> DHC No. Lease No. <b>JIC154</b>	
Well Name <b>JICARILLA APACHE</b>						Well No. <b>10E</b>	
Unit Letter <b>C</b>	Section <b>27</b>	Township <b>26N</b>	Range <b>05W</b>	Footage <b>1040' FNL &amp; 1685' FWL</b>	County, State <b>Rio Arriba, New Mexico</b>		
Completion Date <b>4/20/2024</b>		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 are the Mesaverde and Mancos. 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 formations. After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation. <b>(Revised from original DHC; removed Chacra)</b></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 65%, MC 26%, DK 9%. <b>(Revised from original DHC; removed Chacra)</b></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 <b>Cherylene Weston</b>				Operations/Regulatory Tech – Sr.		713-289-2615	
Cherylene Weston		4/24/2024					
For Technical Questions: Marcus Hill				Reservoir Engineer		346-237-2011	

## Jicarilla Apache 10E Allocation - Revised

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

## Production Allocation Method – Subtraction

### Gas Allocation:

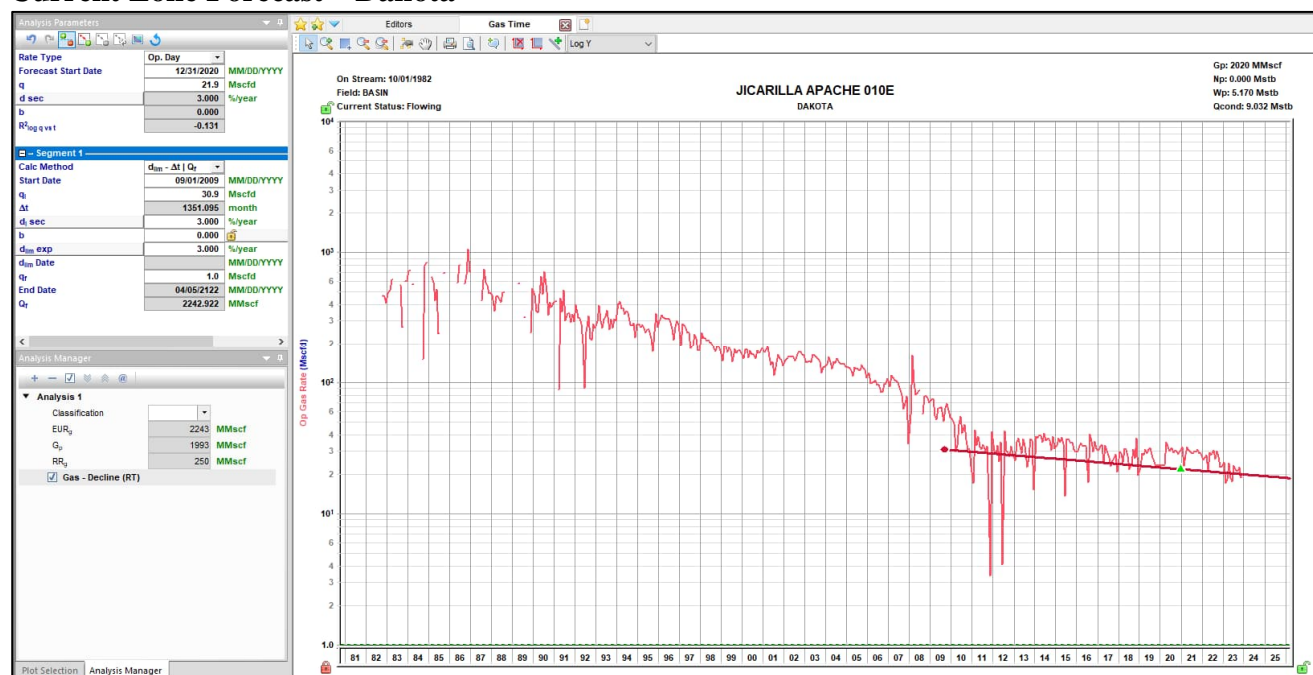
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be trimmingled are the Mancos and Mesaverde. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the base formation forecasts will be allocated to the new formations.

New zones will be allocated using a fixed allocation. Forecasted rates for MC/MV are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MC/MV is based on the ratio of forecasted reserves as shown in the table below.

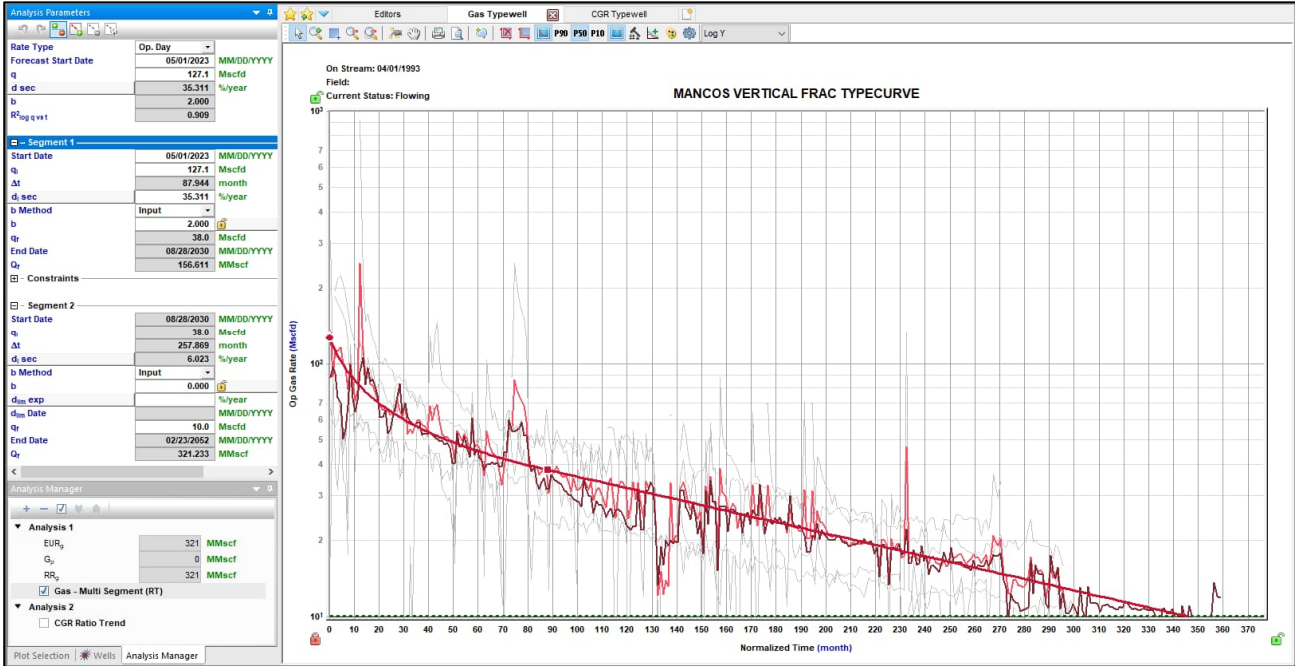
Formation	Remaining Reserves (MMcf)	% Gas Allocation
Mancos	321	36%
Mesaverde	571	64%

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

## Current Zone Forecast – Dakota

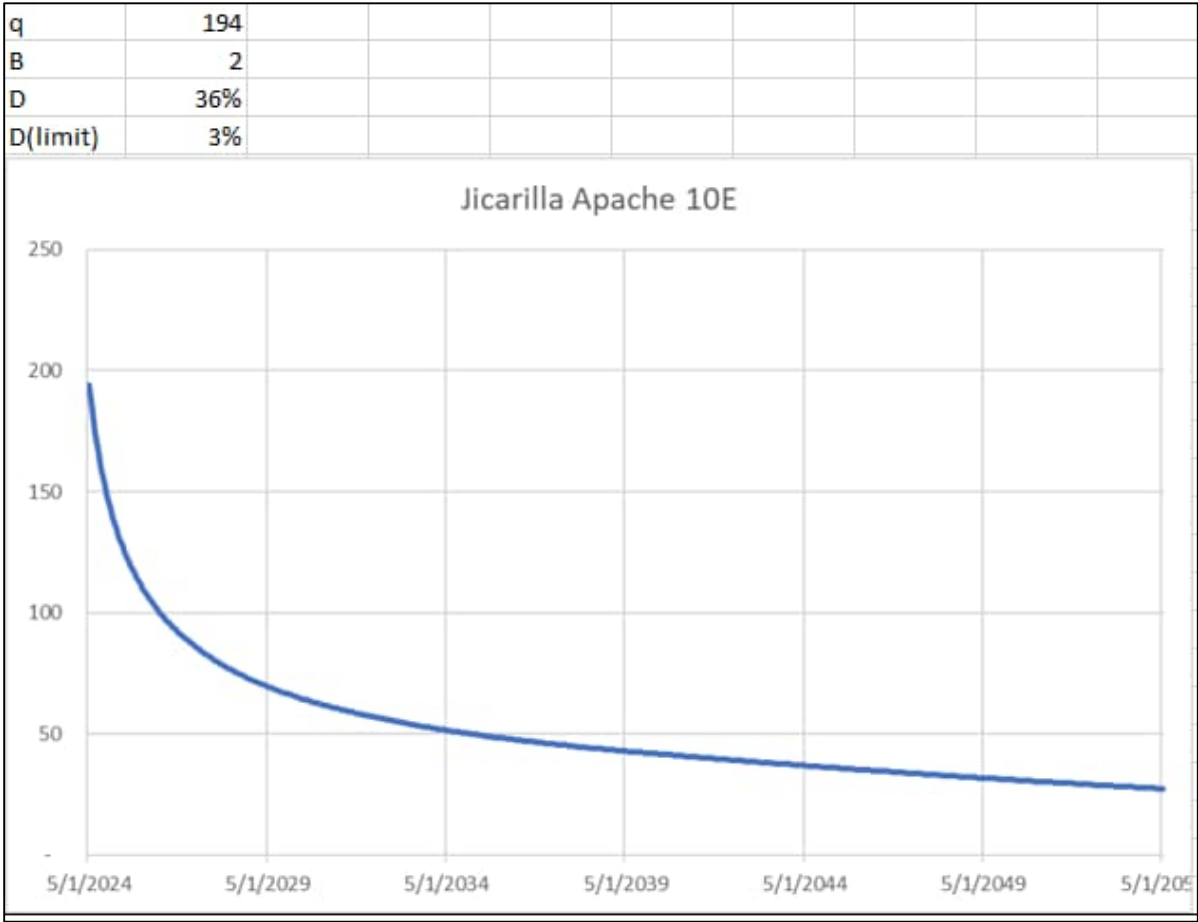


Proposed Zone 1 Forecast - Mancos



Average initial production curve in geologic region.

Proposed Zone 2 Forecast – Mesaverde



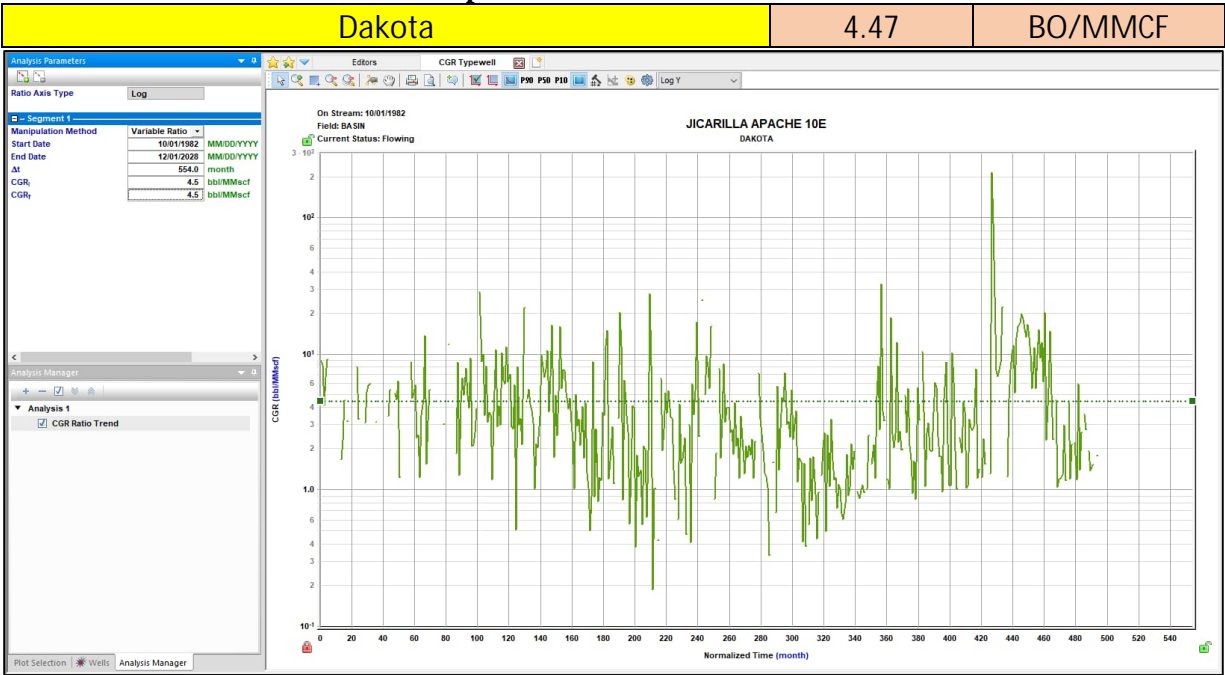
Average initial production curve in geologic region.

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.

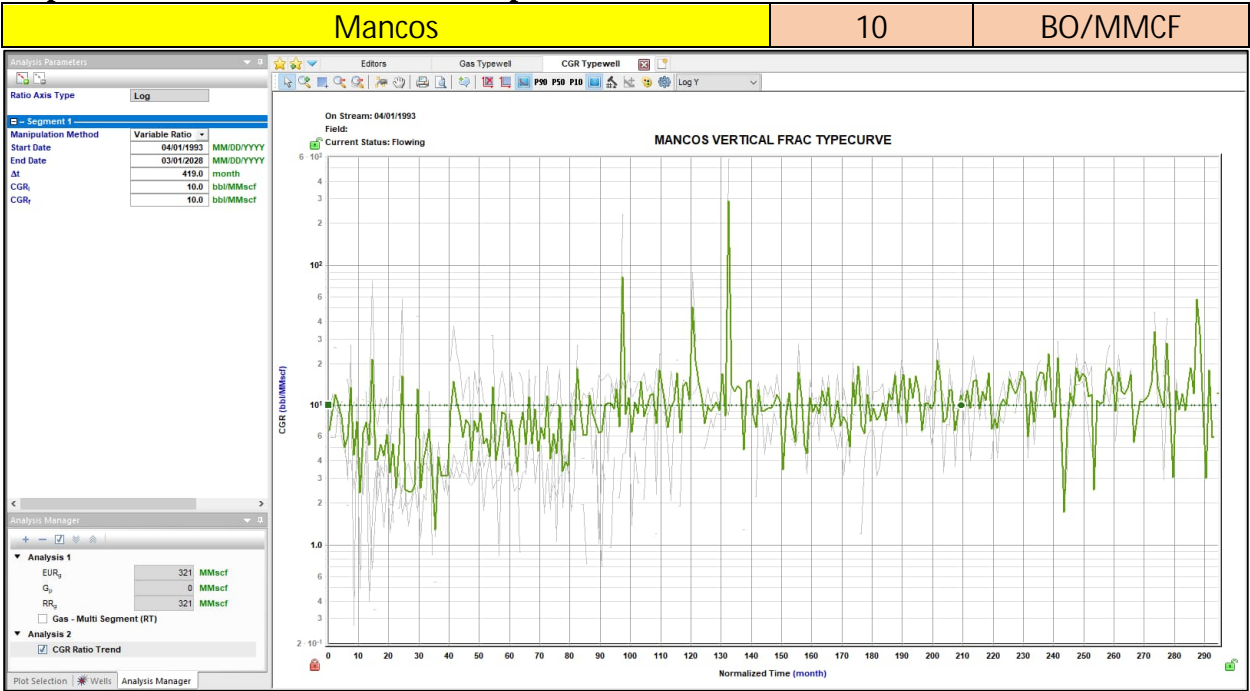
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	4.47	250	9%
MC	10.00	321	26%
MV	14.25	571	65%

Current Zone – Dakota Oil Yield Map



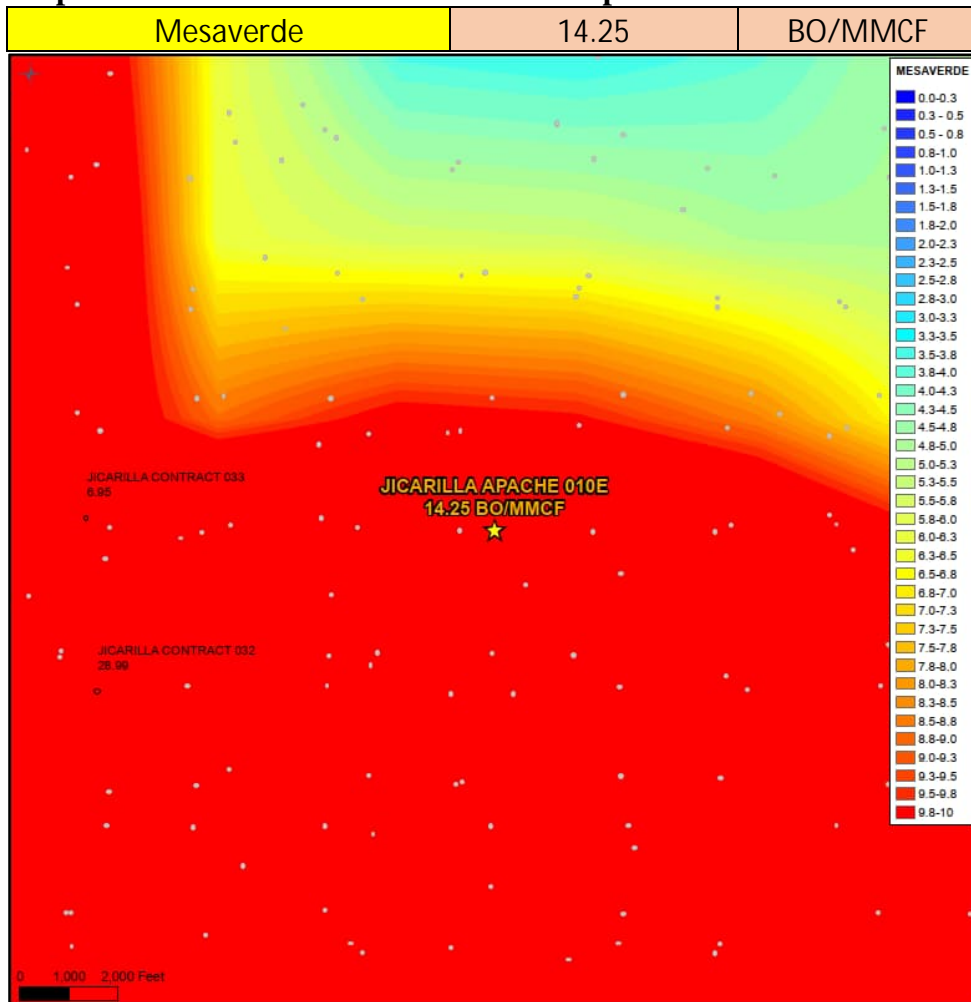
Average Oil Yield from Vertical Mancos Type Curve.

Proposed Zone 1 – Mancos Oil Yield Map



9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

# Proposed Zone 2 – 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 340657

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 340657
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmccure	ACCEPTED FOR RECORD ONLY	5/7/2024