

Well Name: ZACHRY	Well Location: T29N / R10W / SEC 35 / SWNW / 36.68477 / -107.86061	County or Parish/State: SAN JUAN / NM
Well Number: 50	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF080724A	Unit or CA Name: ZACHRY - CHACRA	Unit or CA Number: NMNM110438, NMNM110440
US Well Number: 3004525597	Operator: HILCORP ENERGY COMPANY	

Notice of Intent

Sundry ID: 2795828

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 06/18/2024

Time Sundry Submitted: 08:15

Date proposed operation will begin: 06/14/2024

Procedure Description: Please see the attached preliminary subtraction allocation.

NOI Attachments

Procedure Description

Zachry_50_Preliminary_Subtraction_Allocation_20240618081500.pdf

Well Name: ZACHRY

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SWNW / 36.68477 / -107.86061

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Unit or CA Name: ZACHRY - CHACRA

Unit or CA Number:
NMNM110438, NMNM110440

US Well Number: 3004525597

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: JUN 18, 2024 08:15 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: KENNETH G RENNICK

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647742

BLM POC Email Address: krennick@blm.gov

Disposition: Approved

Disposition Date: 06/18/2024

Signature: Kenneth Rennick

<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: 6/17/2024 API No. 30-045-25597 DHC No. DHC-5388 Lease No. NMSF080724A	
Well Name ZACHRY						Well No. 50	
Unit Letter E	Section 35	Township 029N	Range 010W	Footage 1846 FNL & 621 FWL	County, State SAN JUAN, New Mexico		
Completion Date 6/14/2024		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 Chacra/Mesaverde and the added formation to be commingled is the Gallup. The subtraction method applies an average monthly production forecast to the base formations 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. (No change from approved DHC)</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 8%, CH 0%, DK 92%. (No change from approved DHC)</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 <i>Cherylene Weston</i>							
Cherylene Weston		6/17/2024		Operations/Regulatory Tech – Sr.		713-289-2615	
For Technical Questions: Sikandar Khan				Reservoir Engineer		346-237- 2015	

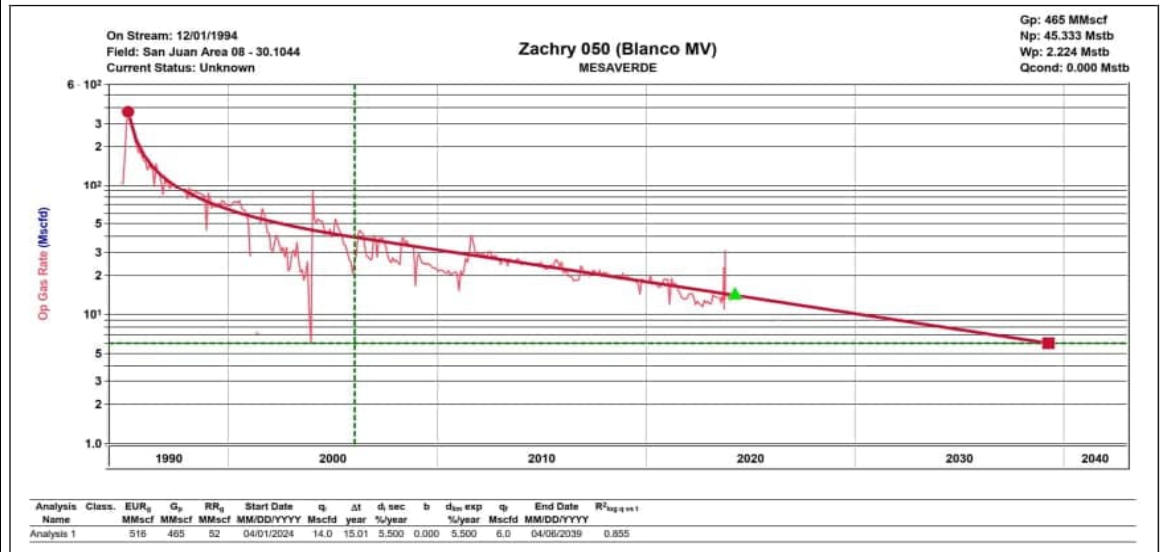
Zachry 50 - Production Allocation

	CH	MV
Date	Mcf/d	
Jun-24	24.59	13.86
Jul-24	24.47	13.8
Aug-24	24.35	13.73
Sep-24	24.23	13.67
Oct-24	24.11	13.6
Nov-24	23.99	13.54
Dec-24	23.87	13.48
Jan-25	23.75	13.41
Feb-25	23.64	13.35
Mar-25	23.52	13.29
Apr-25	23.41	13.23
May-25	23.29	13.16
Jun-25	23.18	13.1
Jul-25	23.06	13.04
Aug-25	22.95	12.98
Sep-25	22.83	12.92
Oct-25	22.72	12.86
Nov-25	22.61	12.79
Dec-25	22.5	12.73
Jan-26	22.38	12.67
Feb-26	22.28	12.62
Mar-26	22.17	12.56
Apr-26	22.06	12.5
May-26	21.95	12.44
Jun-26	21.84	12.38
Jul-26	21.74	12.32
Aug-26	21.63	12.26
Sep-26	21.52	12.21
Oct-26	21.41	12.15
Nov-26	21.31	12.09
Dec-26	21.2	12.03
Jan-27	21.1	11.98
Feb-27	21	11.92
Mar-27	20.9	11.87
Apr-27	20.79	11.81
May-27	20.69	11.76
Jun-27	20.59	11.7
Jul-27	20.49	11.65
Aug-27	20.38	11.59
Sep-27	20.28	11.54
Oct-27	20.18	11.48
Nov-27	20.08	11.43
Dec-27	19.99	11.37
Jan-28	19.89	11.32
Feb-28	19.79	11.27
Mar-28	19.69	11.21
Apr-28	19.6	11.16
May-28	19.5	11.11
Jun-28	19.4	11.06

Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde/Chacra and the added formation to be commingled is the Gallup. 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 4th year and will be utilized to create a fixed percentage based allocation.

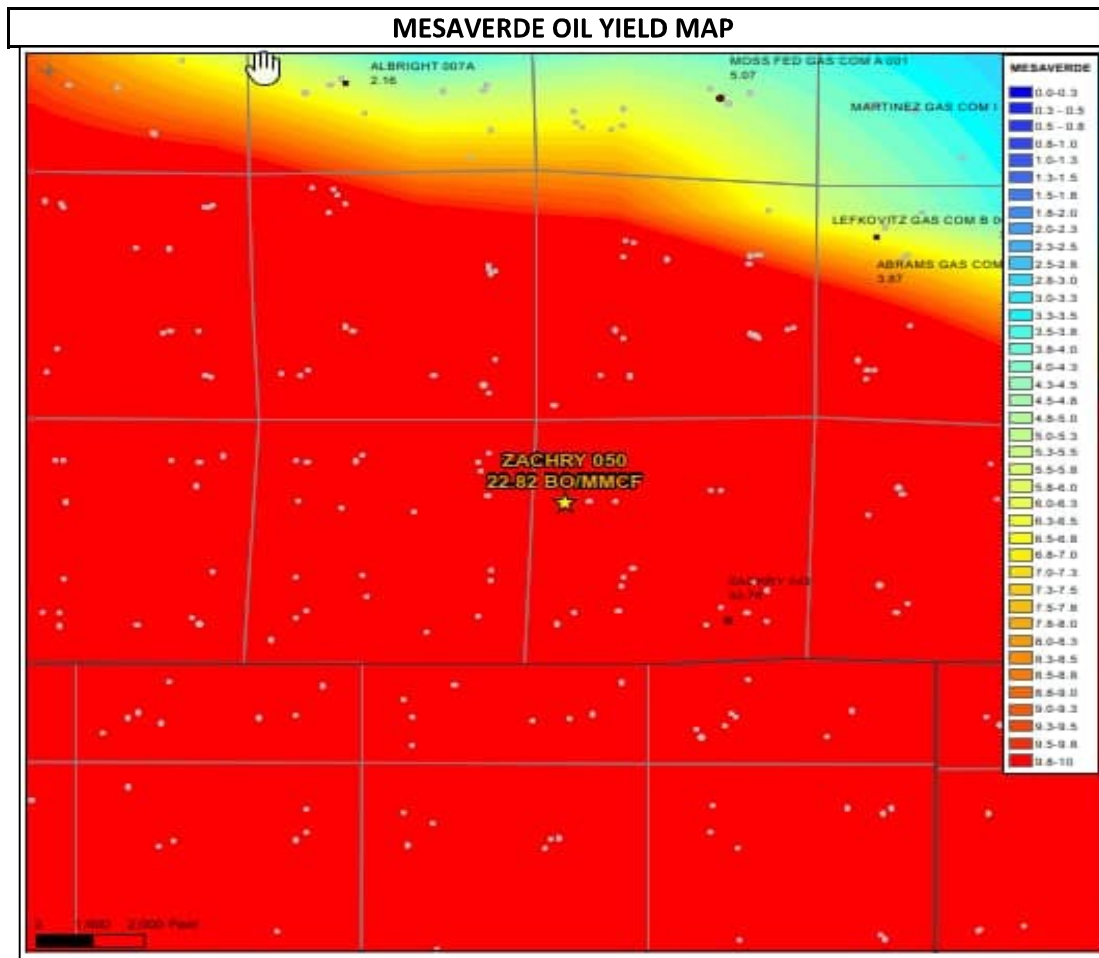


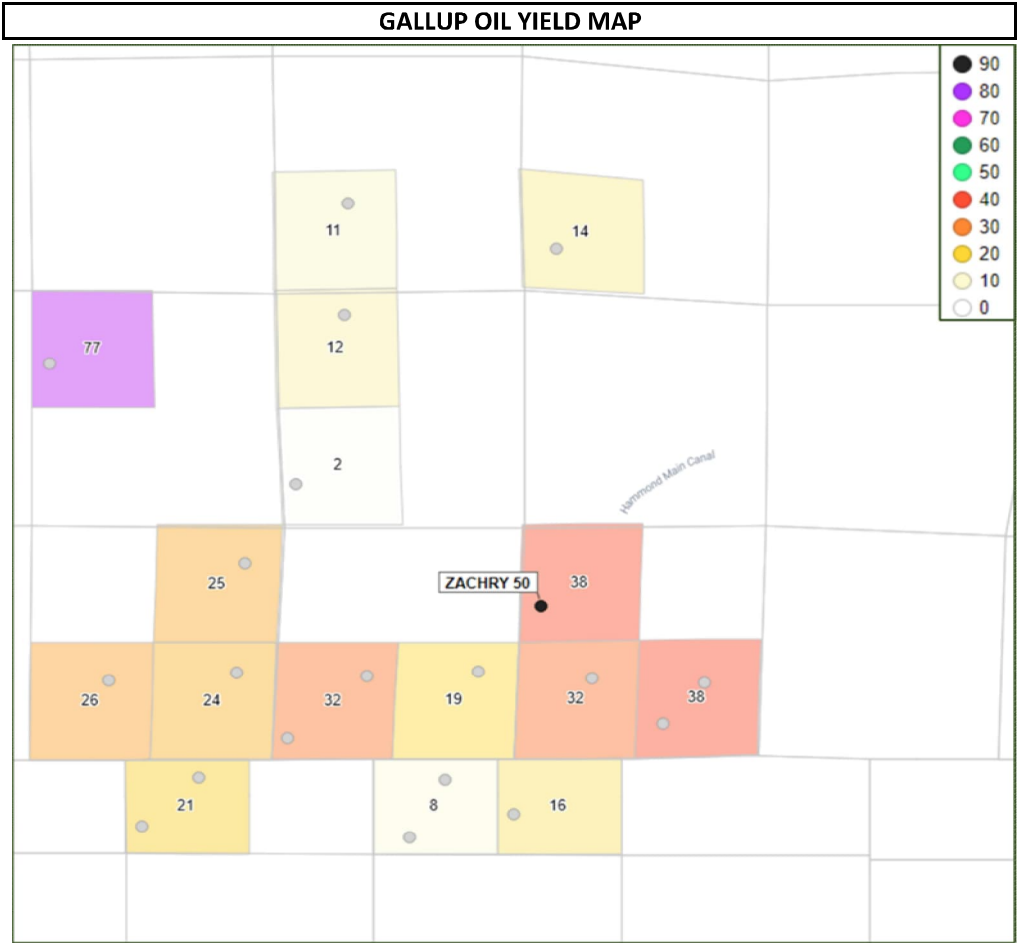
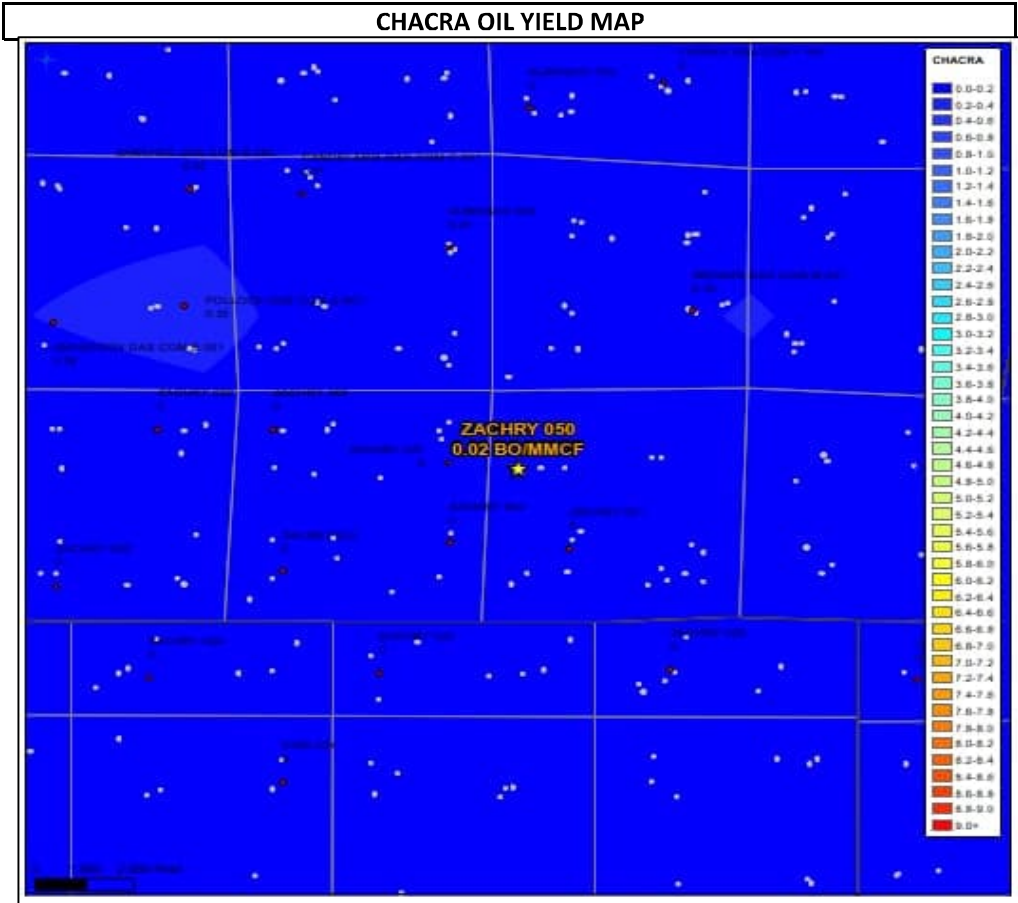
Oil Allocation:

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
MV	22.82	52	8%
CH	0.02	92	0%
GL	38	348	92%





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 355979

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 355979
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmccclure	ACCEPTED FOR RECORD ONLY	7/1/2024
dmccclure	The production from the well shall be allocated to each pool as stipulated within the DHC Order.	7/1/2024