

<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: 7/23/2024 API No. 30-045-27534 DHC No. DHC-5395 Lease No. E-3149			
Well Name THREE STATES COM						Well No. 1A			
Unit Letter C	Section 16	Township 029N	Range 008W	Footage 1030 FNL & 1550 FWL	County, State SAN JUAN, New Mexico				
Completion Date 7/22/2024		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 Mesaverde 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. (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 100%, FRC 0% (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 Cherylene Weston									
Cherylene Weston				7/23/2024		Operations/Regulatory Tech – Sr.		713-289-2615	
For Technical Questions: Griffin Selby						Reservoir Engineer		346-237- 2071	

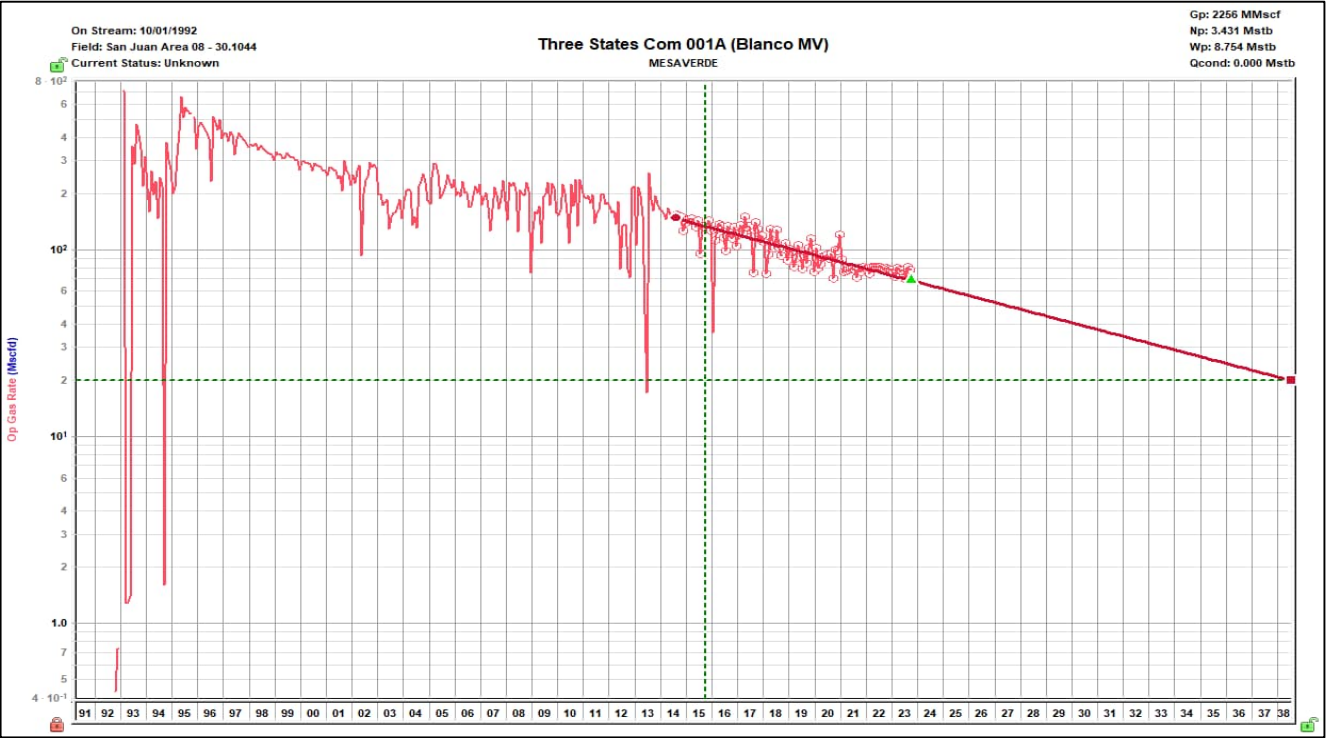
Three States Com 1A Subtraction Allocation - 3004527534

Date	MV Mcf/d
Jul-24	70.7
Aug-24	70.4
Sep-24	70
Oct-24	69.7
Nov-24	69.4
Dec-24	69
Jan-25	68.7
Feb-25	68.4
Mar-25	68
Apr-25	67.7
May-25	67.4
Jun-25	67.1
Jul-25	66.8
Aug-25	66.4
Sep-25	66.1
Oct-25	65.8
Nov-25	65.5
Dec-25	65.2
Jan-26	64.9
Feb-26	64.6
Mar-26	64.3
Apr-26	64
May-26	63.7
Jun-26	63.4
Jul-26	63.1
Aug-26	62.8
Sep-26	62.5
Oct-26	62.2
Nov-26	62
Dec-26	61.7
Jan-27	61.4
Feb-27	61.1
Mar-27	60.8
Apr-27	60.6
May-27	60.3
Jun-27	60
Jul-27	59.8
Aug-27	59.5
Sep-27	59.2
Oct-27	58.9
Nov-27	58.7
Dec-27	58.4
Jan-28	58.2
Feb-28	57.9
Mar-28	57.7
Apr-28	57.4
May-28	57.1
Jun-28	56.9
Jul-28	56.6
Aug-28	56.4

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 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.

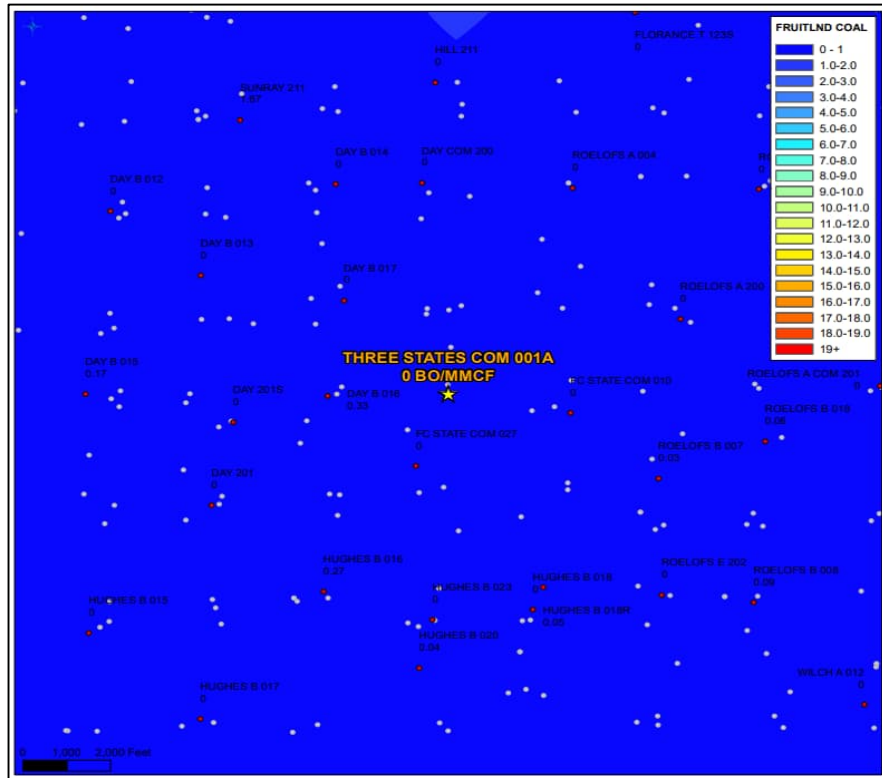
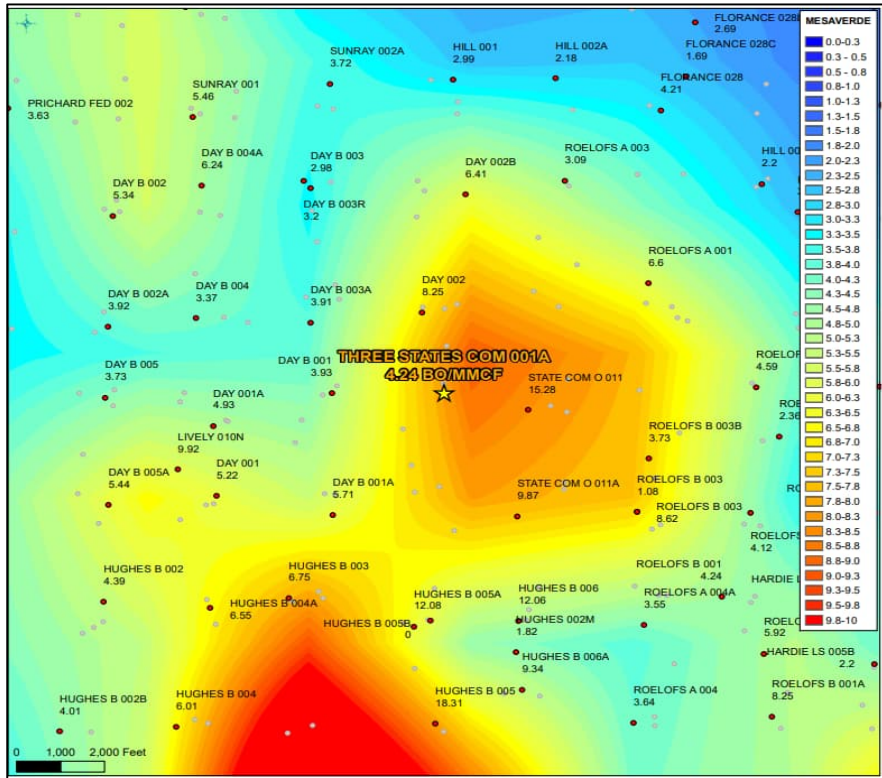


Oil Allocation:

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
MV	4.24	213	100%
FRC	0	2002	0%
			100%



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 366581

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 366581
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmccclure	ACCEPTED FOR RECORD ONLY	7/29/2024
dmccclure	The production from the well shall be allocated to each pool as stipulated within the DHC Order.	7/29/2024