

<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: 1/7/2025  API No. <b>30-045-29748</b> DHC No. <b>DHC-5441</b> Lease No. <b>E-3671-3</b>	
Well Name <b>STATE COM O</b>						Well No. <b>12</b>	
Unit Letter <b>I</b>	Section <b>16</b>	Township <b>029N</b>	Range <b>008W</b>	Footage <b>1825 FSL &amp; 790 FEL</b>	County, State <b>SAN JUAN, New Mexico</b>		
Completion Date <b>12/31/2024</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/Mesaverde and the added formation to be commingled is the Fruitland Coal. 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 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation. <b>(No Change from Approved DHC)</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. <b>FRC 0.3%, MV 89.8%, DK 9.9% (No Change from Approved DHC)</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>							
Cherylene Weston		1/7/2025		Operations/Regulatory Tech – Sr.		713-289-2615	
For Technical Questions: Griffin Selby				Reservoir Engineer		346-237-2071	

State Com O 12 Subtraction Allocation

3004529748

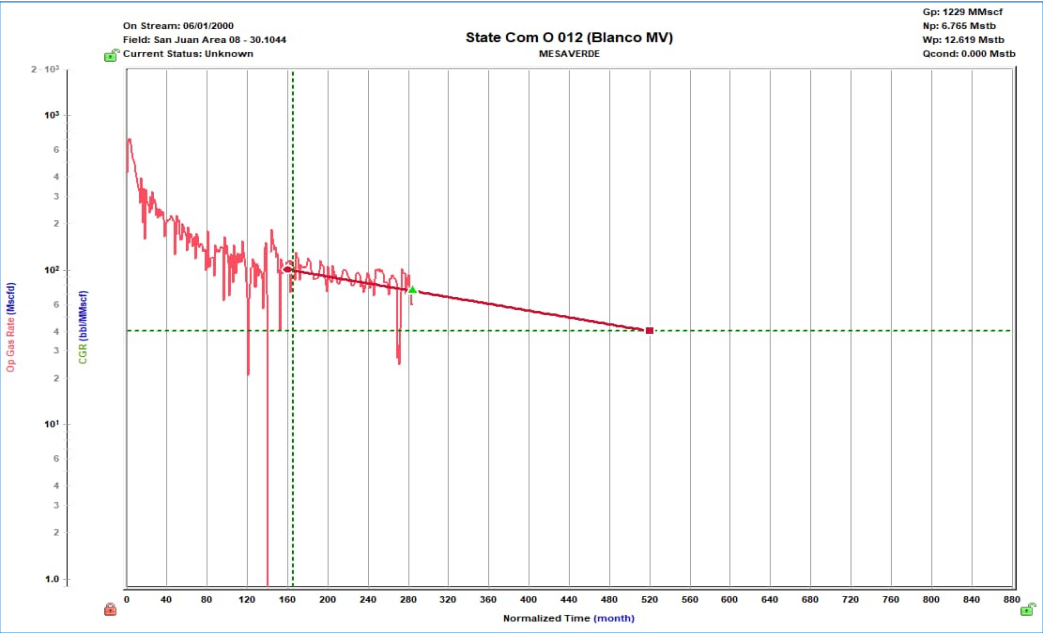
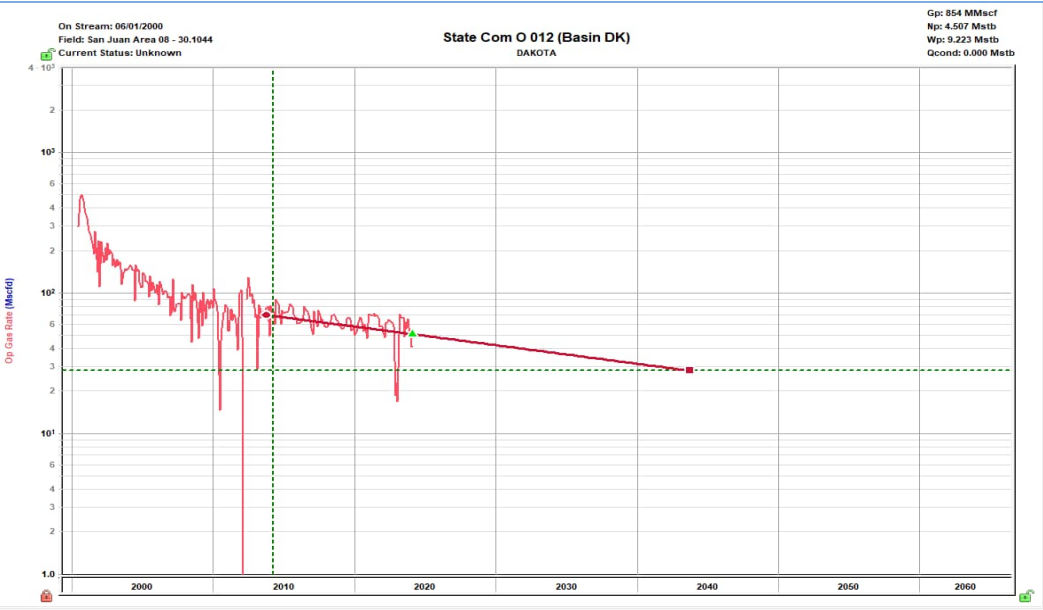
DateDKMV

Gas Allocation:

Dec-24	49.3	71.3
Jan-25	49.2	71.2
Feb-25	49.1	71
Mar-25	49	70.8
Apr-25	48.8	70.6
May-25	48.7	70.4
Jun-25	48.6	70.3
Jul-25	48.5	70.1
Aug-25	48.3	69.9
Sep-25	48.2	69.7
Oct-25	48.1	69.6
Nov-25	48	69.4
Dec-25	47.9	69.2
Jan-26	47.7	69
Feb-26	47.6	68.9
Mar-26	47.5	68.7
Apr-26	47.4	68.5
May-26	47.3	68.3
Jun-26	47.1	68.2
Jul-26	47	68
Aug-26	46.9	67.8
Sep-26	46.8	67.6
Oct-26	46.7	67.5
Nov-26	46.5	67.3
Dec-26	46.4	67.1
Jan-27	46.3	67
Feb-27	46.2	66.8
Mar-27	46.1	66.6
Apr-27	46	66.5
May-27	45.8	66.3
Jun-27	45.7	66.1
Jul-27	45.6	65.9
Aug-27	45.5	65.8
Sep-27	45.4	65.6
Oct-27	45.3	65.4
Nov-27	45.1	65.3
Dec-27	45	65.1
Jan-28	44.9	64.9
Feb-28	44.8	64.8
Mar-28	44.7	64.6
Apr-28	44.6	64.5
May-28	44.5	64.3
Jun-28	44.4	64.1
Jul-28	44.2	64
Aug-28	44.1	63.8
Sep-28	44	63.6
Oct-28	43.9	63.5
Nov-28	43.8	63.3
Dec-28	43.7	63.2

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the **Dakota/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 4<sup>th</sup> year and will be utilized to create a fixed percentage based allocation.

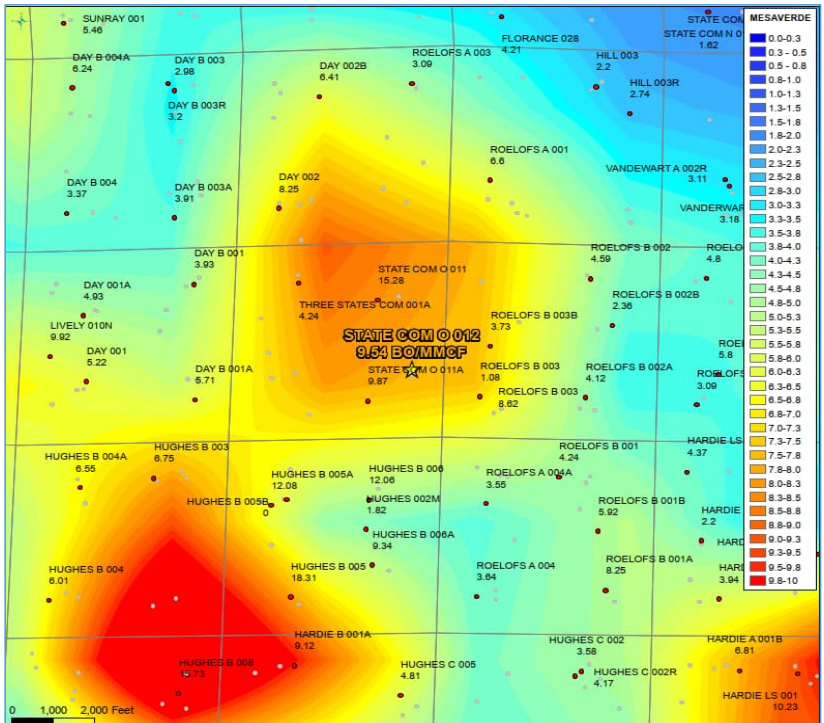
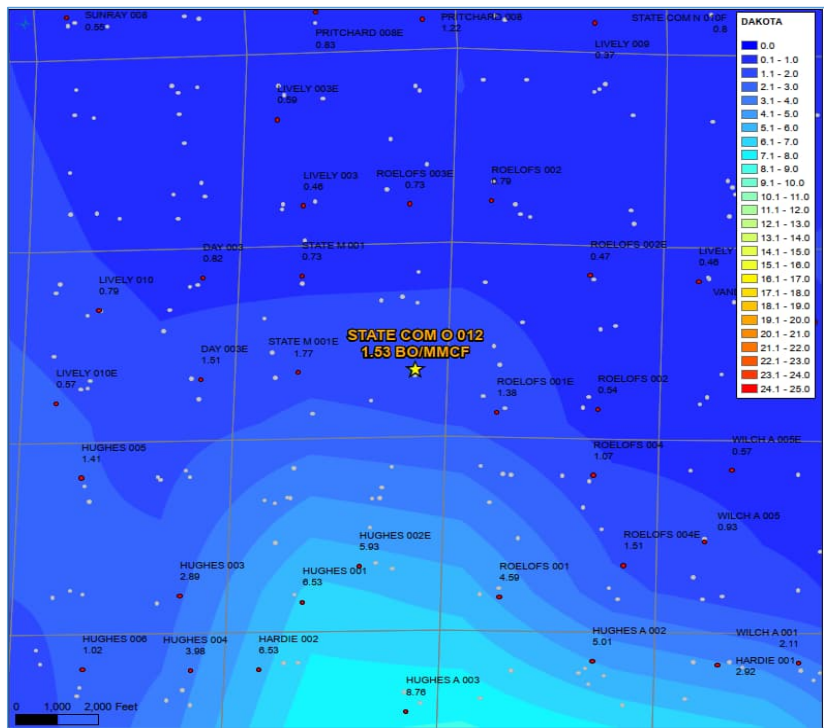


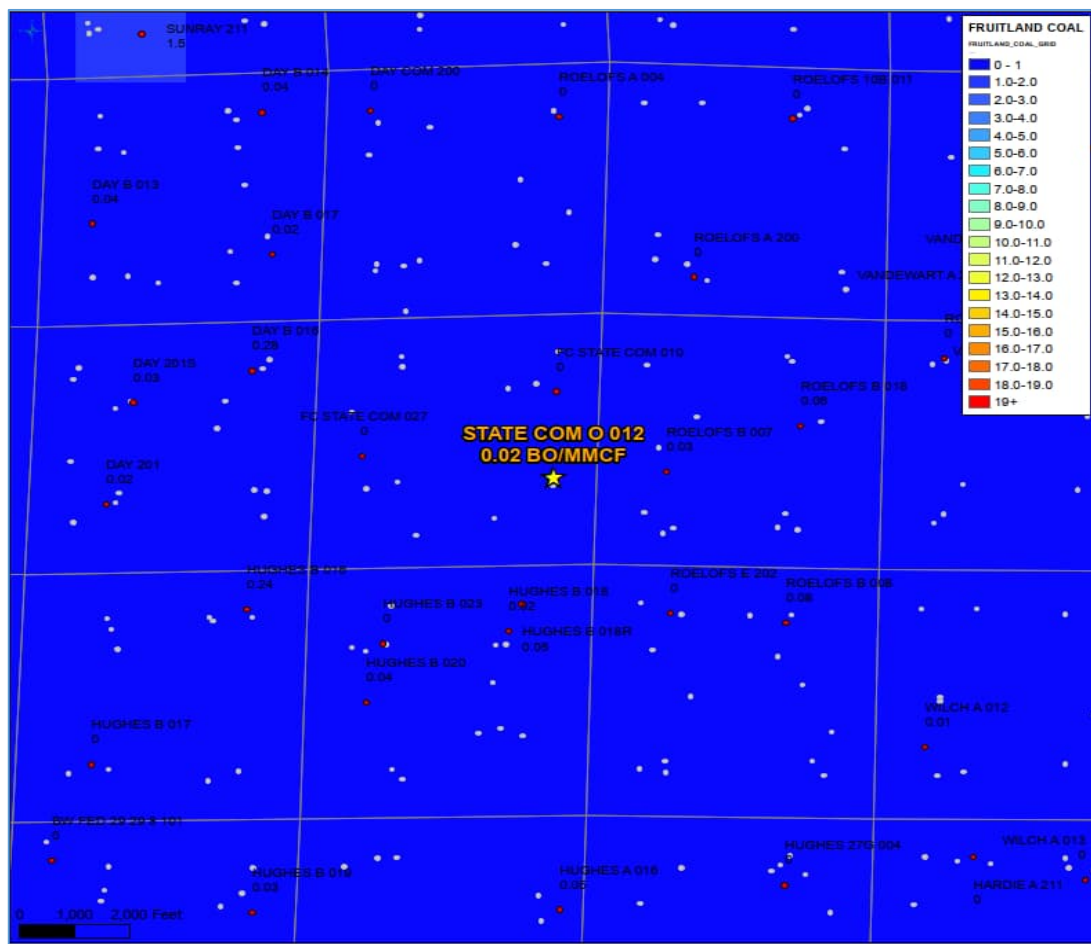
**Oil Allocation:**

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	1.53	274	9.9%
MV	9.54	397	89.8%
FRC	0.02	702	0.3%





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Online Phone Directory  
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

CONDITIONS

Action 417696

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 417696
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	ACCEPTED FOR RECORD ONLY	2/21/2025
dmcclure	The production from the well shall be allocated to each pool as stipulated within the DHC Order.	2/21/2025