

<b>Well Name:</b> ZACHRY	<b>Well Location:</b> T28N / R10W / SEC 12 / SWSE / 36.672455 / -107.842728	<b>County or Parish/State:</b> SAN JUAN / NM
<b>Well Number:</b> 19E	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF080724A	<b>Unit or CA Name:</b> ZACHARY, ZACHRY	<b>Unit or CA Number:</b> NMNM73689, NMNM76144
<b>US Well Number:</b> 3004524357	<b>Operator:</b> HILCORP ENERGY COMPANY	

### Notice of Intent

**Sundry ID:** 2824631

**Type of Submission:** Notice of Intent

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

**Date Sundry Submitted:** 11/26/2024

**Time Sundry Submitted:** 11:11

**Date proposed operation will begin:** 10/10/2024

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

### NOI Attachments

**Procedure Description**

Zachry\_19E\_Preliminary\_Subtraction\_Allocation\_20241126111051.pdf

**Well Name:** ZACHRY

**Well Location:** T28N / R10W / SEC 12 /  
SWSE / 36.672455 / -107.842728

**County or Parish/State:** SAN  
JUAN / NM

**Well Number:** 19E

**Type of Well:** CONVENTIONAL GAS  
WELL

**Allottee or Tribe Name:**

**Lease Number:** NMSF080724A

**Unit or CA Name:** ZACHARY, ZACHRY

**Unit or CA Number:**  
NMNM73689, NMNM76144

**US Well Number:** 3004524357

**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:** NOV 26, 2024 11:11 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:** 11/26/2024

**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 type="checkbox"/> PAYADD <input type="checkbox"/> COMMINGLE <input checked="" type="checkbox"/>						Date: <b>11/26/2024</b>  API No. <b>30-045-24357</b> DHC No. <b>DHC-5394</b> Lease No. <b>NMSF080724A</b>	
Well Name <b>ZACHRY</b>						Well No. <b>19E</b>	
Unit Letter <b>O</b>	Section <b>12</b>	Township <b>28N</b>	Range <b>10W</b>	Footage <b>1120 FSL &amp; 1520 FEL</b>	County, State <b>SAN JUAN, New Mexico</b>		
Completion Date <b>10/10/2024</b>		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>					
JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using a fixed percentage based on historical volumes. The well was previously producing as a dual Chacra/Dakota. <b>DK 15%, CH 85% (No Change from Approved DHC)</b>  Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. <b>DK 100%, CH 0% (No Change from Approved DHC)</b> After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.							
NAME		DATE		TITLE		PHONE	
X <i>Cherylene Weston</i>							
Cherylene Weston		11/26/2024		Operations/Regulatory Tech – Sr.		713-289-2615	
For Technical Questions: Sikandar Khan				Reservoir Engineer		346-237-2015	

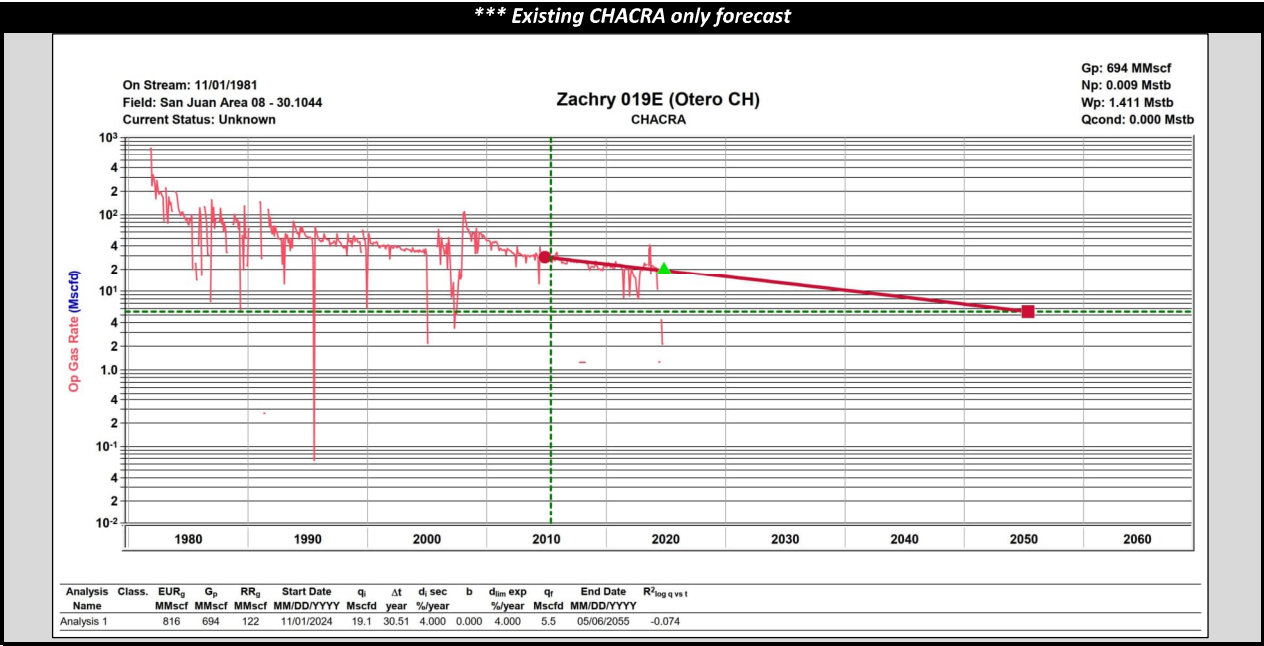
FORECAST MCFD		
Date	DK	CH
10/1/2024	6.54	19.14
11/1/2024	6.52	19.08
12/1/2024	6.49	19.01
1/1/2025	6.47	18.95
2/1/2025	6.45	18.88
3/1/2025	6.43	18.82
4/1/2025	6.41	18.76
5/1/2025	6.38	18.69
6/1/2025	6.36	18.63
7/1/2025	6.34	18.57
8/1/2025	6.32	18.50
9/1/2025	6.30	18.44
10/1/2025	6.28	18.38
11/1/2025	6.26	18.31
12/1/2025	6.23	18.25
1/1/2026	6.21	18.19
2/1/2026	6.19	18.13
3/1/2026	6.17	18.07
4/1/2026	6.15	18.01
5/1/2026	6.13	17.95
6/1/2026	6.11	17.89
7/1/2026	6.09	17.82
8/1/2026	6.07	17.76
9/1/2026	6.05	17.70
10/1/2026	6.03	17.64
11/1/2026	6.01	17.58
12/1/2026	5.98	17.52
1/1/2027	5.96	17.46
2/1/2027	5.94	17.40
3/1/2027	5.93	17.35
4/1/2027	5.90	17.29
5/1/2027	5.88	17.23
6/1/2027	5.86	17.17
7/1/2027	5.84	17.11
8/1/2027	5.82	17.05
9/1/2027	5.80	16.99
10/1/2027	5.78	16.94
11/1/2027	5.77	16.88
12/1/2027	5.75	16.82
1/1/2028	5.73	16.76
2/1/2028	5.71	16.71
3/1/2028	5.69	16.65
4/1/2028	5.67	16.59
5/1/2028	5.65	16.54
6/1/2028	5.63	16.48
7/1/2028	5.61	16.43
8/1/2028	5.59	16.37
9/1/2028	5.57	16.31
10/1/2028	5.55	16.26

### ZACHRY 19E - SUBTRACTION ALLOCATION

#### GAS ALLOCATION

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formations the **DAKOTA** and the **CHACRA**. They are flowing separately and will now be commingled together. 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 re-evaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

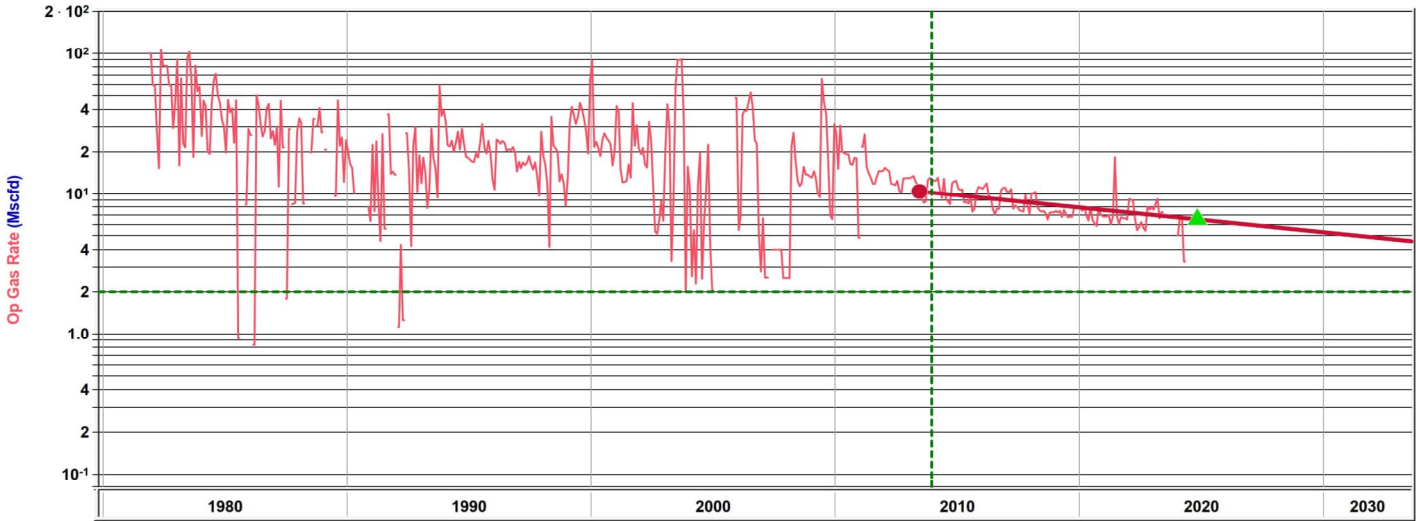
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	1.85	41	100%
CH	0	122	0%

\*\*\* Existing DK only forecast

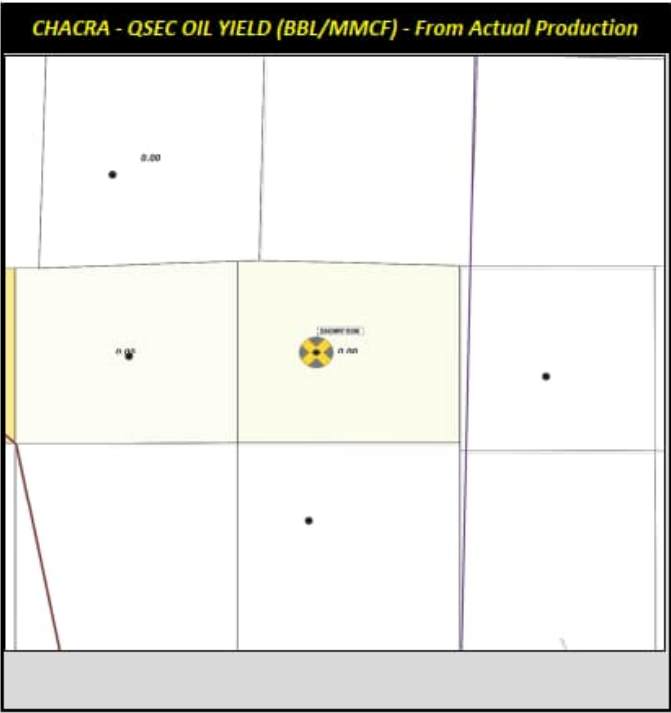
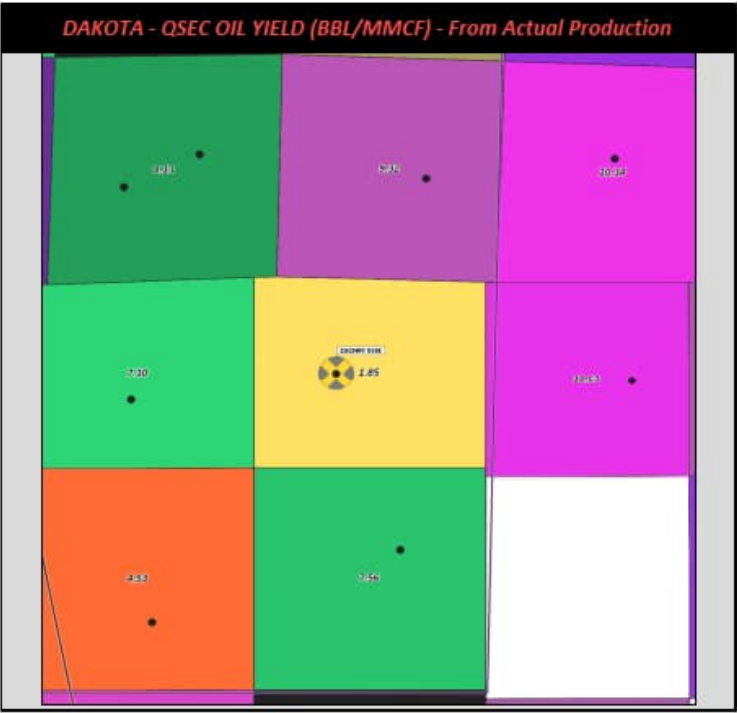
On Stream: 12/01/1981  
Field: San Juan Area 08 - 30.1044  
Current Status: Unknown

Zachry 019E (Basin DK)  
DAKOTA

Gp: 283 MMscf  
Np: 0.495 Mstb  
Wp: 3.745 Mstb  
Qcond: 0.000 Mstb



Analysis Name	Class.	EUR <sub>g</sub> MMscf	G <sub>p</sub> MMscf	RR <sub>g</sub> MMscf	Start Date MM/DD/YYYY	q <sub>i</sub> Mscfd	Δt year	d <sub>i</sub> sec	b	d <sub>lim</sub> exp	q <sub>r</sub> Mscfd	End Date MM/DD/YYYY	R <sup>2</sup> <sub>log q vs t</sub>
Analysis 1		324	283	41	11/01/2024	6.5	28.97	4.000	0.000	4.000	2.0	10/22/2053	0.418



Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

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 406977

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 406977
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
andrew.fordyce	The production from the well shall be allocated to each pool as stipulated within the DHC Order.	12/30/2025