

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
BLM / NMOCD Original
Accounting
Well File
Revised: September 25, 2019

Status
PRELIMINARY
FINAL
REVISED

Commingle Type
SURFACE DOWNHOLE
Type of Completion
NEW DRILL RECOMPLETION PAYADD COMMINGLE

Date: **6/2/2022**

API No. **30-039-23447**
DHC No. **DHC-5175**
Lease No. **NMNM03404**

Well Name
San Juan 31-6 Unit

Well No.
51

Unit Letter	Section	Township	Range	Footage	County, State
K	5	30N	6W	1520' FSL & 1670' FWL	Rio Arriba, New Mexico

Completion Date	Test Method
5/15/2022	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 the subtraction method. The base formation is the Dakota and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). A fixed percentage based allocation will be submitted after the fourth year of production. See attached documents for production forecast.

Historically the Dakota formation has never produced oil. Any oil production will be allocated 100% to the Mesaverde.

NAME	DATE	TITLE	PHONE
<i>X Kandis Roland</i>	6/2/2022	Operations/Regulatory Tech – Sr.	713-757-5246
For Technical Questions: Nick Booth		Reservoir Engineer	713.289.2722

- If the expected allocation changes, then the Operator shall submit a Form C-103 to the OCD Engineering Bureau with the amended allocation and all data used to determine it.
- No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it.

Dean R McClure 06/03/2022

Well Name: SAN JUAN 31-6 UNIT	Well Location: T30N / R6W / SEC 5 / NESW / 36.838455 / -107.489075	County or Parish/State: RIO ARRIBA / NM
Well Number: 51	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMNM03404	Unit or CA Name: SAN JUAN 31-6 UNIT--DK	Unit or CA Number: NMNM78421B
US Well Number: 3003923447	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2674576

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 06/02/2022

Time Sundry Submitted: 10:07

Date proposed operation will begin: 05/15/2022

Procedure Description: See attached production allocation.

NOI Attachments

Procedure Description

SJ_31_6_Unit_51_Preliminary_Subtraction_Allocation_20220602100653.pdf

Well Name: SAN JUAN 31-6 UNIT

Well Location: T30N / R6W / SEC 5 /
NESW / 36.838455 / -107.489075

County or Parish/State: RIO
ARRIBA / NM

Well Number: 51

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:

Lease Number: NMNM03404

Unit or CA Name: SAN JUAN 31-6
UNIT--DK

Unit or CA Number:
NMNM78421B

US Well Number: 3003923447

Well Status: Producing Gas Well

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: KANDIS ROLAND

Signed on: JUN 02, 2022 10:07 AM

Name: HILCORP ENERGY COMPANY

Title: Operation Regulatory Tech

Street Address: 382 Road 3100

City: Farmington

State: NM

Phone: (505) 599-3400

Email address: kroland@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: 06/02/2022

Signature: Kenneth Rennick

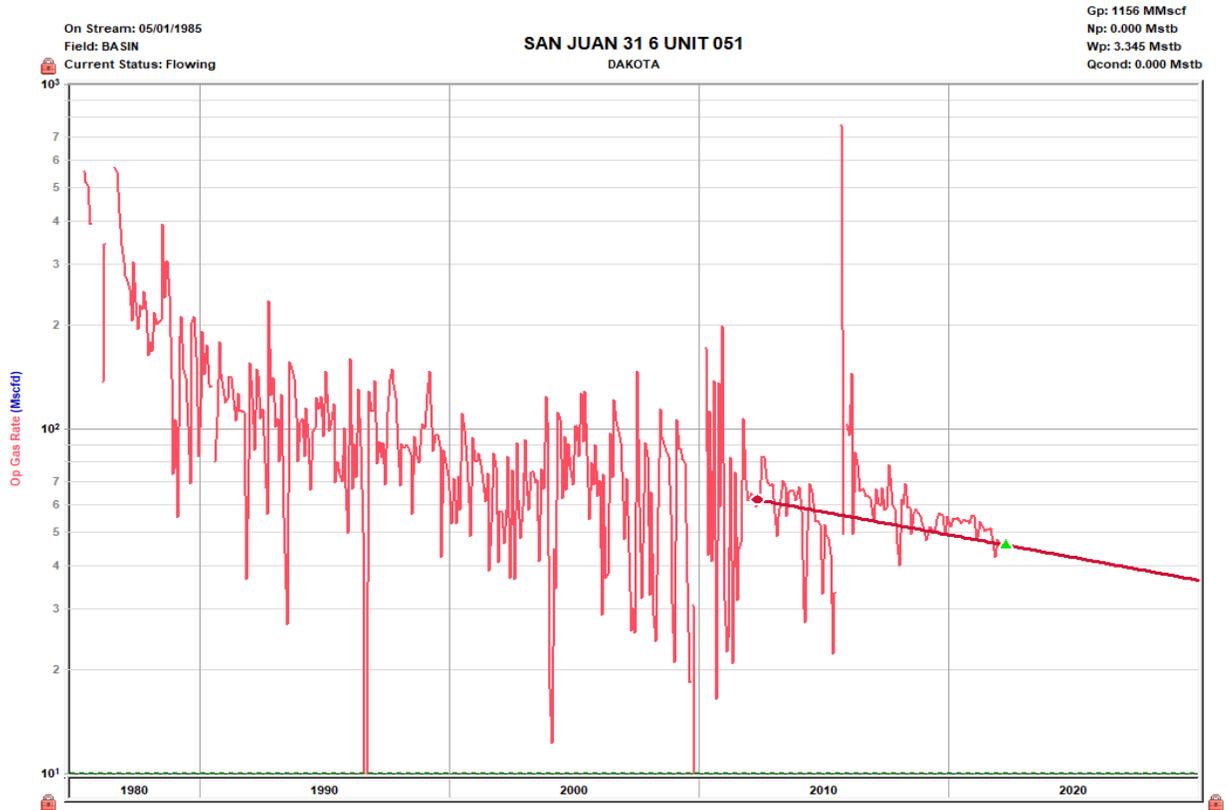
San Juan 31-6 Unit 51 Subtraction Allocation

Date	Mcf/d
May-22	45.8
Jun-22	45.7
Jul-22	45.6
Aug-22	45.5
Sep-22	45.4
Oct-22	45.2
Nov-22	45.1
Dec-22	45
Jan-23	44.9
Feb-23	44.8
Mar-23	44.7
Apr-23	44.6
May-23	44.4
Jun-23	44.3
Jul-23	44.2
Aug-23	44.1
Sep-23	44
Oct-23	43.9
Nov-23	43.8
Dec-23	43.7
Jan-24	43.5
Feb-24	43.4
Mar-24	43.3
Apr-24	43.2
May-24	43.1
Jun-24	43
Jul-24	42.9
Aug-24	42.8
Sep-24	42.7
Oct-24	42.6
Nov-24	42.5
Dec-24	42.3
Jan-25	42.2
Feb-25	42.1
Mar-25	42
Apr-25	41.9
May-25	41.8
Jun-25	41.7
Jul-25	41.6
Aug-25	41.5
Sep-25	41.4
Oct-25	41.3
Nov-25	41.2
Dec-25	41.1
Jan-26	41
Feb-26	40.9
Mar-26	40.8
Apr-26	40.7

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 formation to be commingled is the Mesaverde. 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:

Historically the Dakota formation has never produced oil. Any oil production will be allocated 100% to the Mesaverde.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.00	430	0%
MV	0.01	1330	100%