

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

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| 5. Lease Serial No.<br>NMSF080673  |
| 6. If Indian, Allottee or Tribe Name                                       |
| 7. If Unit or CA/Agreement, Name and/or No.<br>8910010540                  |
| 8. Well Name and No.<br>SAN JUAN 27-4 UNIT 40                              |
| 9. API Well No.<br>30-039-20142-00-C1                                      |
| 10. Field and Pool or Exploratory Area<br>BASIN DAKOTA<br>BLANCO MESAVERDE |
| 11. County or Parish, State<br>RIO ARRIBA COUNTY, NM                       |

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

|  |  |
|--|--|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other                   |  |
| 2. Name of Operator<br>HILCORP ENERGY COMPANY  | Contact: ETTA TRUJILLO<br>E-Mail: ettrujillo@hilcorp.com |
| 3a. Address<br>1111 TRAVIS STREET<br>HOUSTON, TX 77002   | 3b. Phone No. (include area code)<br>Ph: 505-324-5161    |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 6 T27N R4W SWNE 1775FNL 1474FEL<br>36.603973 N Lat, 107.287506 W Lon |  |

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen               | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                             |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                             |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction     | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other<br>Subsurface Commingling |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon     | <input type="checkbox"/> Temporarily Abandon       |   |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back            | <input type="checkbox"/> Water Disposal            |   |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

The subject well is now producing as Blanco Mesaverde and Basin Dakota commingle under DHC 4975.

Please see attached production allocation.

Well recompletion report approved 06/26/2019.

NMOCD  
SEP 25 2019  
DISTRICT III

|  |                                     |
|--|-------------------------------------|
| 14. I hereby certify that the foregoing is true and correct.<br><b>Electronic Submission #484673 verified by the BLM Well Information System<br/>For HILCORP ENERGY COMPANY, sent to the Farmington<br/>Committed to AFMSS for processing by JOHN HOFFMAN on 09/25/2019 (19JH0218SE)</b> |                                     |
| Name (Printed/Typed) ETTA TRUJILLO   | Title OPERATIONS REGULATORY TECH SR |
| Signature (Electronic Submission)  | Date 09/24/2019                     |

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

|   |  |                   |
|---|--|-------------------|
| Approved By <b>ACCEPTED</b>   | JOHN HOFFMAN<br>Title PETROLEUM ENGINEER | Date 09/25/2019   |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. |  | Office Farmington |

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.

(Instructions on page 2)

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

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# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

Distribution:  
 NMOCD Original  
 BLM 5 Copies  
 Accounting  
 Well File  
 Revised: March 9, 2018

Status  
 PRELIMINARY   
 FINAL   
 REVISED

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

Date: 9/11/2019  
 API No. 30-039-20142  
 DHC No. DHC 4975  
 Lease No. NMSF080673  
 Federal

Well Name  
 San Juan 27-4 Unit

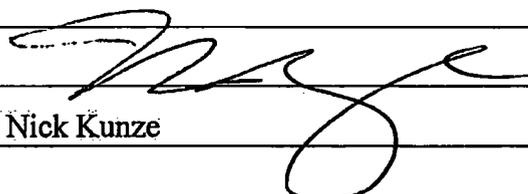
Well No.  
 #40

| Unit Letter | Section | Township | Range | Footage             | County, State             |
|-------------|---------|----------|-------|---------------------|---------------------------|
| G           | 6       | T27N     | R04W  | 1775'FNL & 1474'FEL | Rio Arriba,<br>New Mexico |

| Completion Date | Test Method  |
|-----------------|--|
| 06/16/2019      | 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.

Oil production will be allocated based on average formation yields from offset wells: MV - 96%, DK - 4%

| APPROVED BY   | DATE | TITLE                   | PHONE        |
|---|------|-------------------------|--------------|
| X  |      | Area Operations Manager | 713-209-2449 |
| Nick Kunze  |      |                         |              |
|   |      |                         |              |