


| | | | | | | |
|---|----------------------|---|---------------------|---|---|--------------|
| <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: 5/5/2023 API No. 30-045-32504 DHC No. 5275 Lease No. NMSF080113 | |
| Well Name: Hartman | | | | | Well No. 3 | |
| Unit Letter A | Section 26 | Township 30N | Range 11W | Footage 790' FNL & 890' FEL | County, State San Juan, New Mexico | |
| Completion Date 4/23/2023 | | 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 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). 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.</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 44%, DK 56% 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 |
| Amanda Walker | | 5/5/2023 | | | | |
|  | | | | Operations/Regulatory Tech – Sr. | | 346-237-2177 |
| For Technical Questions: John Brown | | | | Asset Team Leader | | 713.757.5231 |
| | | | | | | |

The amended allocation plan shall be used to allocate production from the well to each pool.

All conditions of approval and stipulations within the DHC Order are still in effect except for those stipulating the allocation of production under the prior approved allocation plan.

Dean R McIlhiney

10/04/2023

| | | |
|----------------------------|--|---------------------------------------|
| Well Name: HARTMAN | Well Location: T30N / R11W / SEC 26 / NENE / 36.788172 / -107.954599 | County or Parish/State: SAN JUAN / NM |
| Well Number: 3 | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMSF080113 | Unit or CA Name: HARTMAN A | Unit or CA Number: NMNM73844 |
| US Well Number: 3004532504 | Well Status: Producing Gas Well | Operator: HILCORP ENERGY COMPANY |

Notice of Intent

Sundry ID: 2729409

Type of Submission: Notice of Intent

Date Sundry Submitted: 05/05/2023

Date proposed operation will begin: 04/01/2023

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 11:42

Procedure Description: Attached please the Preliminary Subtraction Allocation for the recently recompleted well.

NOI Attachments

Procedure Description

Hartman_3_Prelim_Sub_Allocation_20230505114154.pdf

| | | |
|----------------------------|--|---------------------------------------|
| Well Name: HARTMAN | Well Location: T30N / R11W / SEC 26 / NENE / 36.788172 / -107.954599 | County or Parish/State: SAN JUAN / NM |
| Well Number: 3 | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMSF080113 | Unit or CA Name: HARTMAN A | Unit or CA Number: NMNM73844 |
| US Well Number: 3004532504 | 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: AMANDA WALKER

Signed on: MAY 05, 2023 11:42 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Technician

Street Address: 1111 TRAVIS ST.

City: HOUSTONState: TX

Phone: (346) 237-2177

Email address: mwalker@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

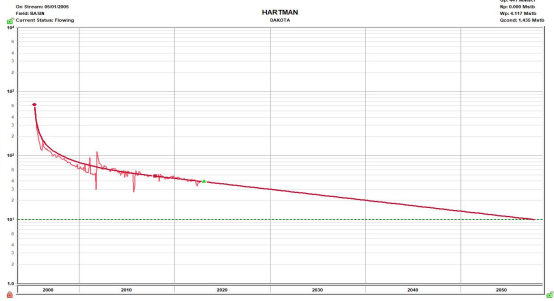
Disposition: Approved

Disposition Date: 05/05/2023

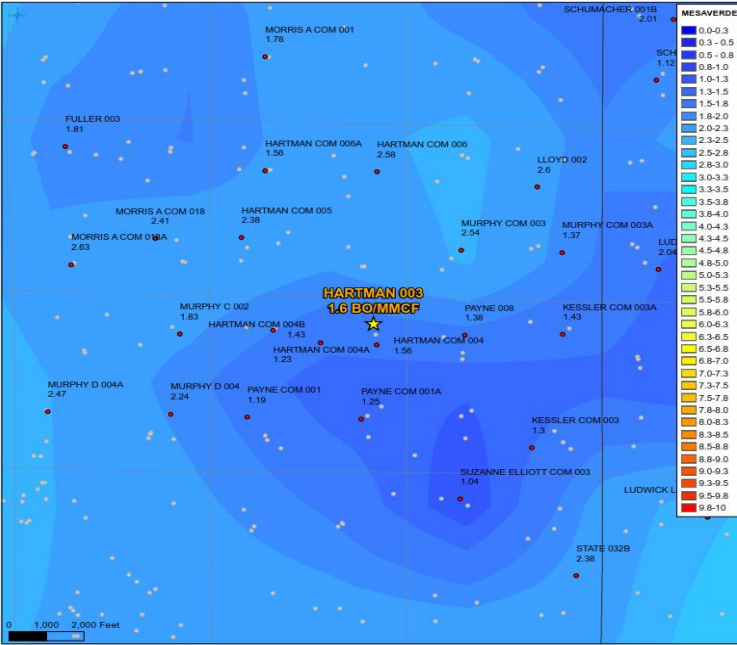
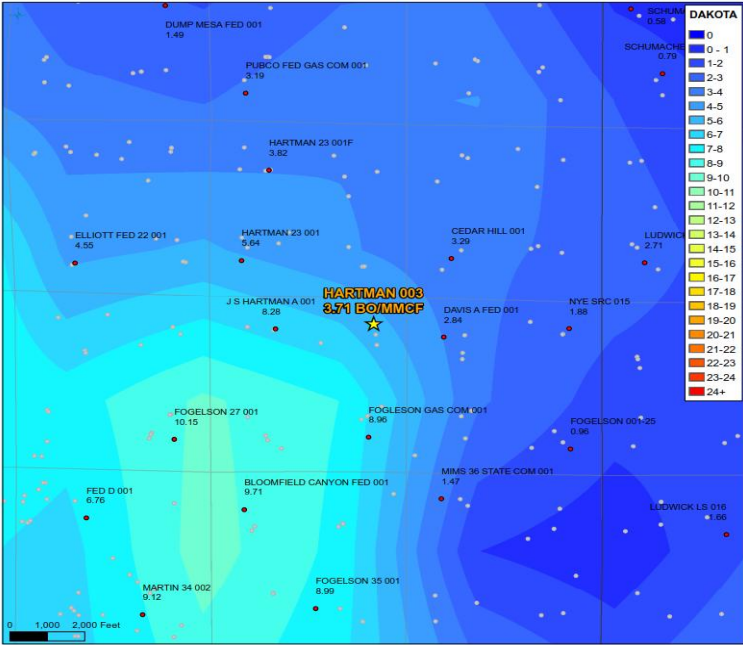
Signature: Kenneth Rennick

Hartman #3 Subtraction Allocation

| Date | Mcf/d | Gas Allocation: |
|--------|-------|--|
| Apr-23 | 38.72 | 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. |
| May-23 | 38.6 | |
| Jun-23 | 38.47 | |
| Jul-23 | 38.34 | |
| Aug-23 | 38.21 | |
| Sep-23 | 38.09 | |
| Oct-23 | 37.96 | |
| Nov-23 | 37.84 | |
| Dec-23 | 37.71 | |
| Jan-24 | 37.59 | |
| Feb-24 | 37.47 | After 3 years production will stabilize. A production average will be gathered during the 4 th year and will be utilized to create a fixed percentage based allocation. |
| Mar-24 | 37.35 | |
| Apr-24 | 37.22 | |
| May-24 | 37.1 | |
| Jun-24 | 36.98 | |
| Jul-24 | 36.86 | |
| Aug-24 | 36.73 | |
| Sep-24 | 36.61 | |
| Oct-24 | 36.49 | |
| Nov-24 | 36.37 | |
| Dec-24 | 36.25 | Oil Allocation: |
| Jan-25 | 36.13 | |
| Feb-25 | 36.02 | |
| Mar-25 | 35.9 | |
| Apr-25 | 35.79 | |
| May-25 | 35.67 | |
| Jun-25 | 35.55 | |
| Jul-25 | 35.44 | |
| Aug-25 | 35.32 | |
| Sep-25 | 35.2 | |
| Oct-25 | 35.09 | |
| Nov-25 | 34.97 | Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. |
| Dec-25 | 34.86 | |
| Jan-26 | 34.74 | |
| Feb-26 | 34.63 | |
| Mar-26 | 34.52 | |
| Apr-26 | 34.41 | |
| May-26 | 34.29 | |
| Jun-26 | 34.18 | |
| Jul-26 | 34.07 | |
| Aug-26 | 33.95 | |
| Sep-26 | 33.84 | After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation. |
| Oct-26 | 33.73 | |
| Nov-26 | 33.62 | |
| Dec-26 | 33.51 | |
| Jan-27 | 33.4 | |
| Feb-27 | 33.29 | |
| Mar-27 | 33.19 | |
| Apr-27 | 33.08 | |
| May-27 | 32.97 | |



| Formation | Yield (bbl/MM) | Remaining Reserves (MMcf) | % Oil Allocation |
|-----------|----------------|---------------------------|------------------|
| DK | 3.71 | 252 | 56% |
| MV | 1.6 | 464 | 44% |



From: [Mandi Walker](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Cheryl Weston](#)
Subject: [EXTERNAL] Allocation Cleanups
Date: Tuesday, October 3, 2023 2:36:01 PM

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good afternoon Dean,

Please see the table below to update the filed subtraction allocations based on changes to the originally approved allocations filed with the DHC application.

| Well Name | Work Type | Orig/Revised | Formations | Action ID | NOTES |
|------------------------|-----------|--------------|------------|-----------|--|
| Hardie B 1A | RC | Preliminary | FC/MV | 245078 | Rounding Error |
| Hartman 3 | RC | Preliminary | MV/DK | 214351 | Rounding Error |
| San Juan 28-7 Unit 224 | RC | Preliminary | MV/DK | 128715 | Rounding Error |
| Blanco Wash Federal 1 | RC | Preliminary | MV/DK | 214344 | Updated Type curve based on offsets analogs and actual. Dakota production to more accurately allocate production on subtraction allocation |
| San Juan 28-7 Unit 259 | RC | Preliminary | MV/DK | 241528 | Updated Type curve based on offsets analogs and actual. Dakota production to more accurately allocate production on subtraction allocation |

Please let me know if you need anything from me.

Mandi Walker

SJN/SJS (6,7) Regulatory Technician Sr.

Hilcorp Energy Company

1111 Travis Street / 12.215

Houston, TX 77002

Office: 346.237.2177

mwalker@hilcorp.com

The information contained in this email message is confidential and may be legally privileged and is intended only for the use of the individual or entity named above. If you are not an intended recipient or if you have received this message in error, you are hereby notified that any dissemination, distribution, or copy of this email is strictly prohibited. If you have received this email in error, please immediately notify us by return email or telephone if the sender's phone number is listed above, then promptly and permanently delete this message.

While all reasonable care has been taken to avoid the transmission of viruses, it is the responsibility of the recipient to ensure that the onward transmission, opening, or use of this message and any attachments will not adversely affect its systems or data. No responsibility is accepted by the company in this regard and the recipient should carry out such virus and other checks as it considers appropriate.

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 272188

CONDITIONS

| | |
|--|--|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 272188 |
| | Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| dmcclure | The amended allocation plan shall be used to allocate production from the well to each pool. | 10/4/2023 |
| dmcclure | All conditions of approval and stipulations within the DHC Order are still in effect except for those stipulating the allocation of production under the prior approved allocation plan. | 10/4/2023 |