

Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised July 18, 2013

WELL API NO. 30-045-38469
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. EO-8021-3
7. Lease Name or Unit Agreement Name Gonsales State Com
8. Well Number 1M
9. OGRID Number 372171
10. Pool name or Wildcat Blanco Mesaverde / Basin Dakota
4. Well Location Unit Letter A: 1029 feet from the North line and 314 feet from the East line
Section 16 Township 030N Range 011W NMPM County SAN JUAN
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5755' GL
DHC - 5559 11/05/25

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE [X]
CLOSED-LOOP SYSTEM []
OTHER: [] SIDETRACK []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to drill and complete the subject well in the Blanco-Mesaverde (Prorated Gas) pool 72319 and Basin Dakota (Prorated Gas) pool 71599. The production will be commingled per Oil Conservation Division Order Number 11363. Commingling will not reduce the value of the production. The State of New Mexico has been notified in writing of this application.

Proposed perforations are: ~MV 3,975' - 4,997'; ~DK 6,603' - 6,832'. These perforations are in TVD.

Hilcorp Energy will use a spinner method using the attached procedure. We will run this procedure after initial completion, 3 months, 6 months and 12 months to ensure allocations are stabilizing. Annual spinners will be ran until the allocations have stabilized, at which point a fixed allocation will provided.

Notification of the intent to commingle the subject well was sent to all interest owners via certified mail on 10/20/2025 and a newspaper ad was ran on ~10/22/2025.

Spud Date: [] Rig Release Date: []

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Cherylene Weston TITLE Operations/Regulatory Tech-Sr. DATE 10/28/2025

Type or print name Cherylene Weston E-mail address: cweston@hilcorp.com PHONE: 713-289-2615
For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 04/07/26
Conditions of Approval (if any)

CONDITIONS OF APPROVAL

If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.

If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). 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. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.



October 20, 2025

Mailed Certified with Electronic Return Receipt

To: All Interest Owners

RE: Application to Downhole Commingle Production
Well: Gonsales State Com 001M
API: 30-045-38469
Section 16, Township 30 North, Range 11 West
San Juan County, New Mexico

Ladies and Gentlemen:

Hilcorp Energy Company (“Hilcorp”), as Operator of the subject well, has filed application with the New Mexico Oil Conservation Division (“NMOCD”) for approval to downhole commingle production from the **Basin Dakota** and **Blanco Mesaverde**, two formations that Hilcorp soon intends to drill and perforate. This letter and the application copy enclosed serve to provide you, an owner in one or more of the aforementioned formations, with written notice as prescribed by Subsection C of 19.15.12.11 New Mexico Administrative Code.

No action is required by you unless you wish to pursue a formal protest.

Any objections or requests for hearing must be submitted to the NMOCD’s Santa Fe office, in writing, within twenty (20) days from the date the NMOCD receives the subject application.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carson Parker Rice'.

Carson Parker Rice
Landman
713.757.7108
carice@hilcorp.com

CPR:dpk
Enclosures

GONSALES STATE COM #1M

BOTTOM HOLE LOCATION (B)
737' FNL 708' FEL
LAT 36.817388 °N
LONG -107.989206 °W
DATUM: NAD1927

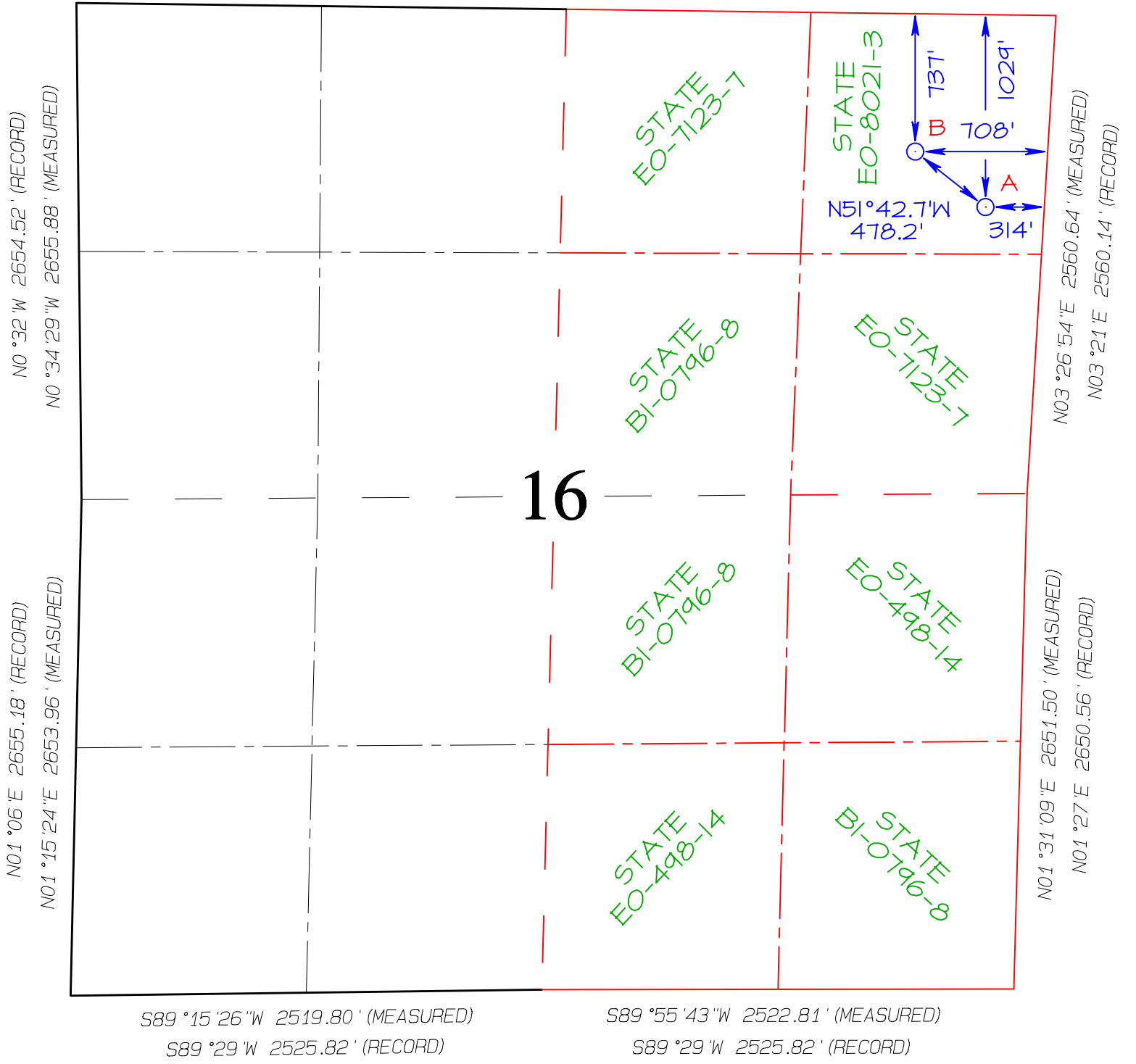
SURFACE LOCATION (A)
1029' FNL 314' FEL
LAT 36.816576N
LONG -107.987922 °W
DATUM: NAD1927

LAT 36.817392 °N
LONG -107.989829 °W
DATUM: NAD1983

LAT 36.816580 °N
LONG -107.988545 °W
DATUM: NAD1983

N89 °21' W 5239.08' (RECORD)

N89 °16'12" W 5235.57' (MEASURED)



GONSALES STATE COM #1M

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LAT 36.817388 °N
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DATUM: NAD1927

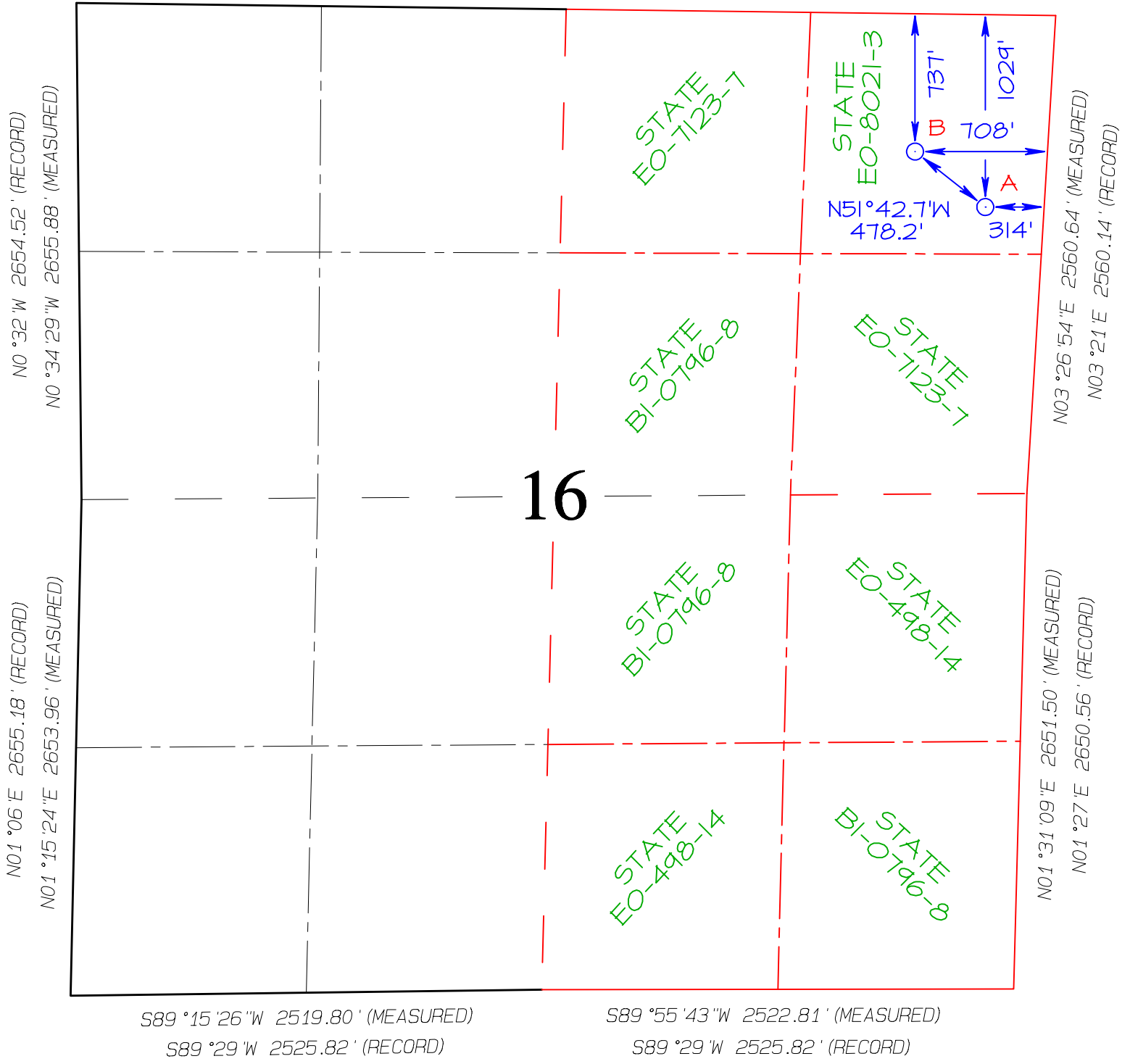
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REVENUE ALLOCATION PROCEDURE

DAKOTA/MESAVERDE WELLS

- 1.) Frac and flowback the Dakota formation
- 2.) Frac and flowback and clean up Mesaverde formation
- 3.) Stabilize MV flow up casing against area line pressure
- 4.) Record a MV flow rate through a choke using an orifice meter
- 5.) Drill out bridge plug over DK formation
- 6.) Cleanup DK formation
- 7.) Run Spinner production profile across Dakota formation
- 8.) Add MV flow rate from previous test to DK flow rate from spinner to get total flow
- 9.) Allocation is based upon MV or DK rates as a percentage of total flow

Once allocation is established, it will be used for the life of the well. Below is a summary of how the testing is performed.

Field Test (Spinner Method)

Summary

This example covers the procedure used to allocate production using the spinner method with field tests. This method was used by ConocoPhillips prior to the Burlington Resources acquisition and has been chosen as the preferred allocation method on all future Mesaverde/ Dakota commingled wells. The allocation is based on two separate tests. The first is a stabilized rate test on the Mesaverde up the casing-tubing annulus with line pressure simulated by a choke at the surface. The second test is performed by running a production log over the Dakota interval. The rate from each layer is used in a simple calculation to determine the contribution percentage.

Procedure

Allocation testing is performed after the well has been completed. A composite bridge plug is normally located above the DK and a composite frac plug is sometimes located within the MV.

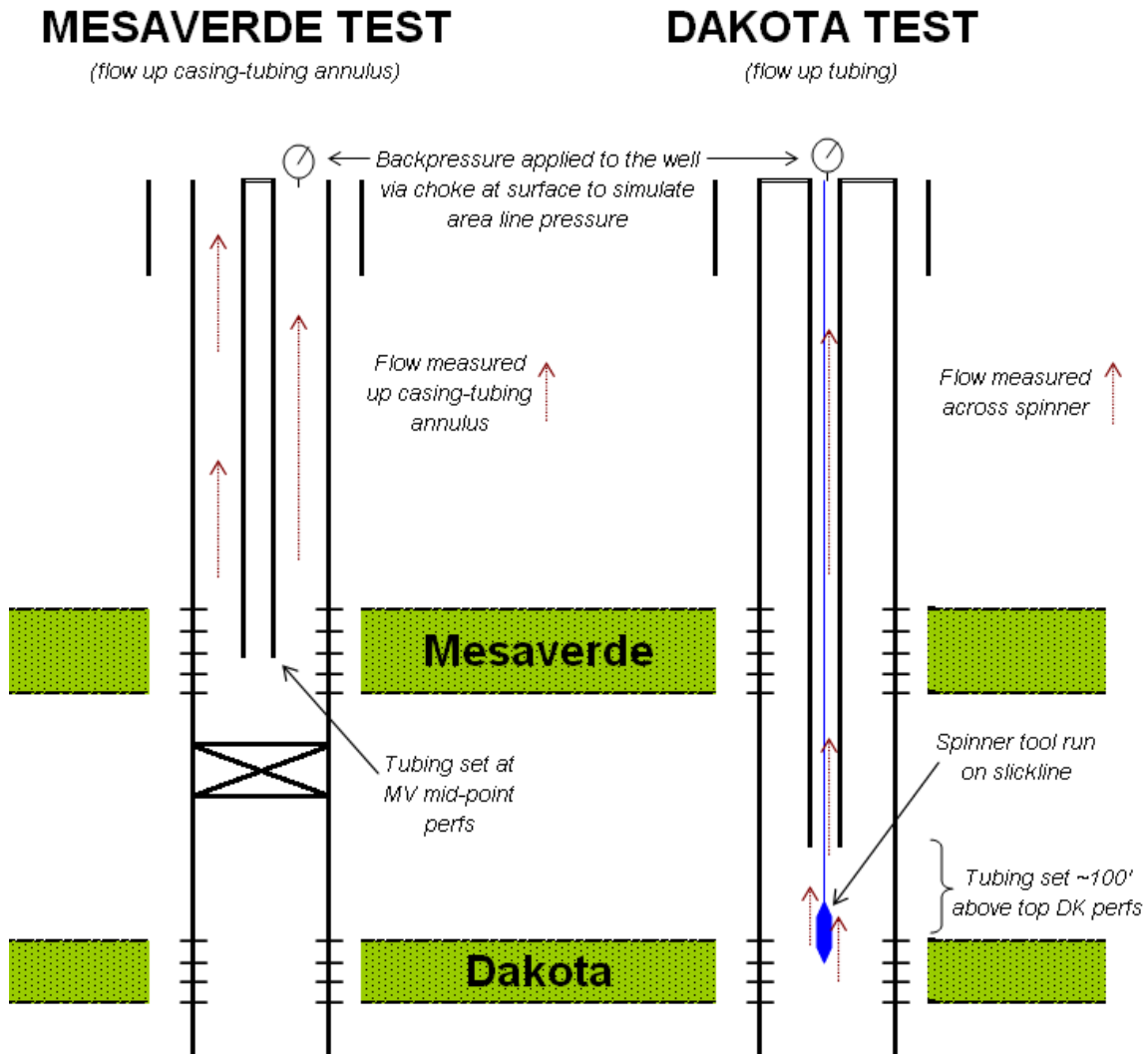
The first step in testing the MV is drilling out the plugs and cleaning out the well. Once water and sand volumes reach acceptable levels (less than 5 bph), the tubing is set at the mid-point of MV perfs. The well is then opened to flow up the casing-tubing annulus with a positive choke at the surface to simulate a back-pressure on the well. The MV is tested for a minimum of 4 hours or until pressure stabilizes. Tubing and casing pressures are reported every 15 minutes and when pressure is the same three times then it is considered stabilized. Metered gas, water, and condensate rates and volumes are all documented as well as testing conditions (tubing location, choke size, pressures).

After the MV has been tested, the composite drill plug over the DK is drilled out and the well is cleaned out to PBTD. Once the water and sand volumes reach acceptable levels (less than 5

bph), the bottom-hole assembly is configured and the tubing is landed approximately 100 feet above the DK perfs. A slickline or wireline unit is used to run the production loggings tools. The logging tools are lowered to the bottom perfs and the DK interval is logged while the well is producing up the tubing against a choke. Once again, the well is tested for a minimum of 4 hours or until the pressure has stabilized. The log is run across the entire DK interval to 50 feet above the top DK perforation. The log data is interpreted by the service company and returned to the completions group within a few days.

The stabilized MV rate is combined with the stabilized DK rate to come up with a total well production rate. The ratio of the MV rate to the total rate is used as the MV allocation percentage and the same is done for the DK. An example test and corresponding calculations are included in the report.

Diagram



Example- San Juan 31-6 Unit 40G

After the MV has been cleaned up and the well has stabilized, the MV is tested at 1,306 Mcfd (see report below). The test was performed up the tubing-casing annulus (4.5" casing/ 2.38" tubing) with a 1/2" choke at surface. The stabilized flowing casing pressure was 198 psi, which is similar to line pressure in the area.

| Time Log | | | | | | |
|------------|----------|----------------|----------|---------|------------|---|
| Start Time | End Time | Conn Dwg (Hrs) | Op Code | OpSub-C | Time P.N.T | Operation |
| 06:00 | 07:00 | 1.00 | RPCCO... | SFTY | P | ROAD CREW TO LOCATION HOLD PJSM |
| 07:00 | 10:00 | 4.00 | RPCCO... | TRIP | P | POOH W/ 3 7/8" MILL T/H W/ RBP SET @ 6068' |
| 10:00 | 11:00 | 5.00 | RPCCO... | FCO | P | BLOW WELL TO UNLOAD KILL FLUID |
| 11:00 | 15:00 | 9.00 | RPCCO... | PRDT | P | PERFORATIONS 5087' - 6006' 2 3/8" TBNG SET @ 5580' TEST IS TO ATMOSPHERE ON 1/2" CHOKE FCP = 198 PSI SITP = 0 PSI PRODUCTION = 1306 MCF BBL OIL/DAY = 0 BBL WATER/DAY = 0 NO SAND WITNESSED BY: JOSE FRIAS |
| 15:00 | 16:00 | 10.00 | RPCCO... | FCO | P | BLOW DOWN WELL OPEN PIPE RAMS BLOW WELL |
| 16:00 | 04:00 | 22.00 | RPCCO... | FCO | P | BLOW WELL W/ NIGHT CREW |

Well Fluids

| Plus | Note | To (bbl) | From (bbl) | Non-renew (bbl) | Zone |
|------|------|----------|------------|-----------------|------|
| | | | | | |

Observation Cards (BST, STOP, etc)

| Company | No. Rpts | Comment |
|---------|----------|---------|
| | | |

Safety Meetings / Operational Checks

| Time | Type | Description |
|-------|------------------------|---------------|
| 07:00 | Pre-Job Safety Meeting | WELLSITE PJSM |

Page 1/2 Report Printed: 4/11/2008

Figure 1: Pulled from WellView Initial Completion Report

The DK is then cleaned up and the logging tools are run. The reports from ProTechnics show a total rate from the DK equal to 584 Mcfd (see report below). The test was performed at a flowing tubing pressure of 125 psi with a 1/2" choke at surface.

| GAS / WATER PRODUCTION PROFILE | | | | |
|--------------------------------|---------|----------|------------------|-----------|
| Flow Rates Reported at STP | | | | |
| Zone Intervals | Q-Water | Op-Water | Percent of Total | Q-Gas |
| feet | BFPD | BFPD | | MCFD |
| Surface to 7860 | 2 bpd | | 100 % | 584 Mcf/d |

Figure 2: Pulled from Protechnics Report, pg. 6

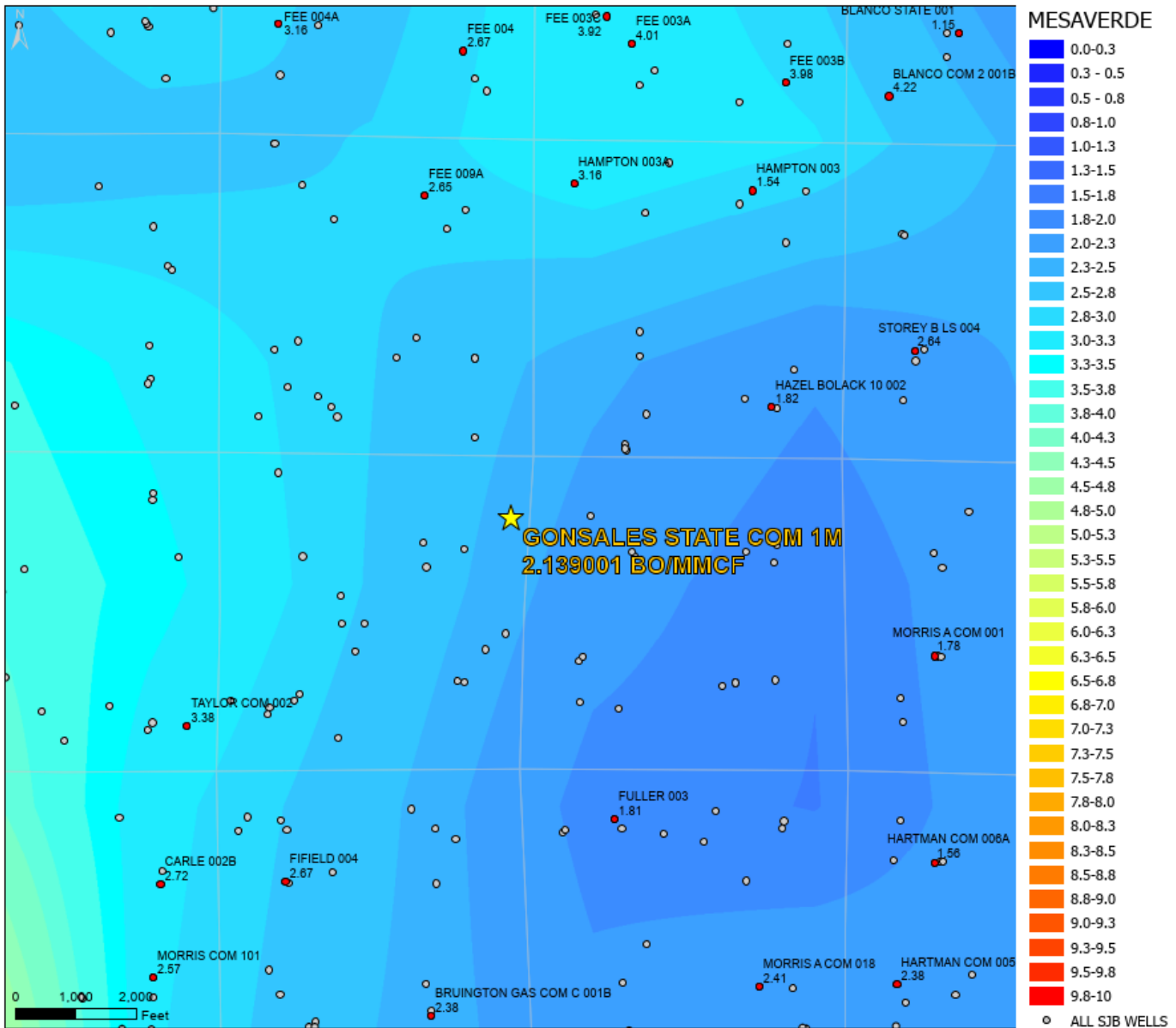
The allocation is calculated as follows and an allocation form is completed for the well. See Appendix for allocation form, WellView report, and ProTechnics report including production logs.

| | | | | |
|-------------------|-------------|-------|------------|-----|
| MV Rate | 1306 | % MV= | 1306/1890= | 69% |
| DK Rate | 584 | % DK= | 584/1890= | 31% |
| Total Rate | 1890 | | | |

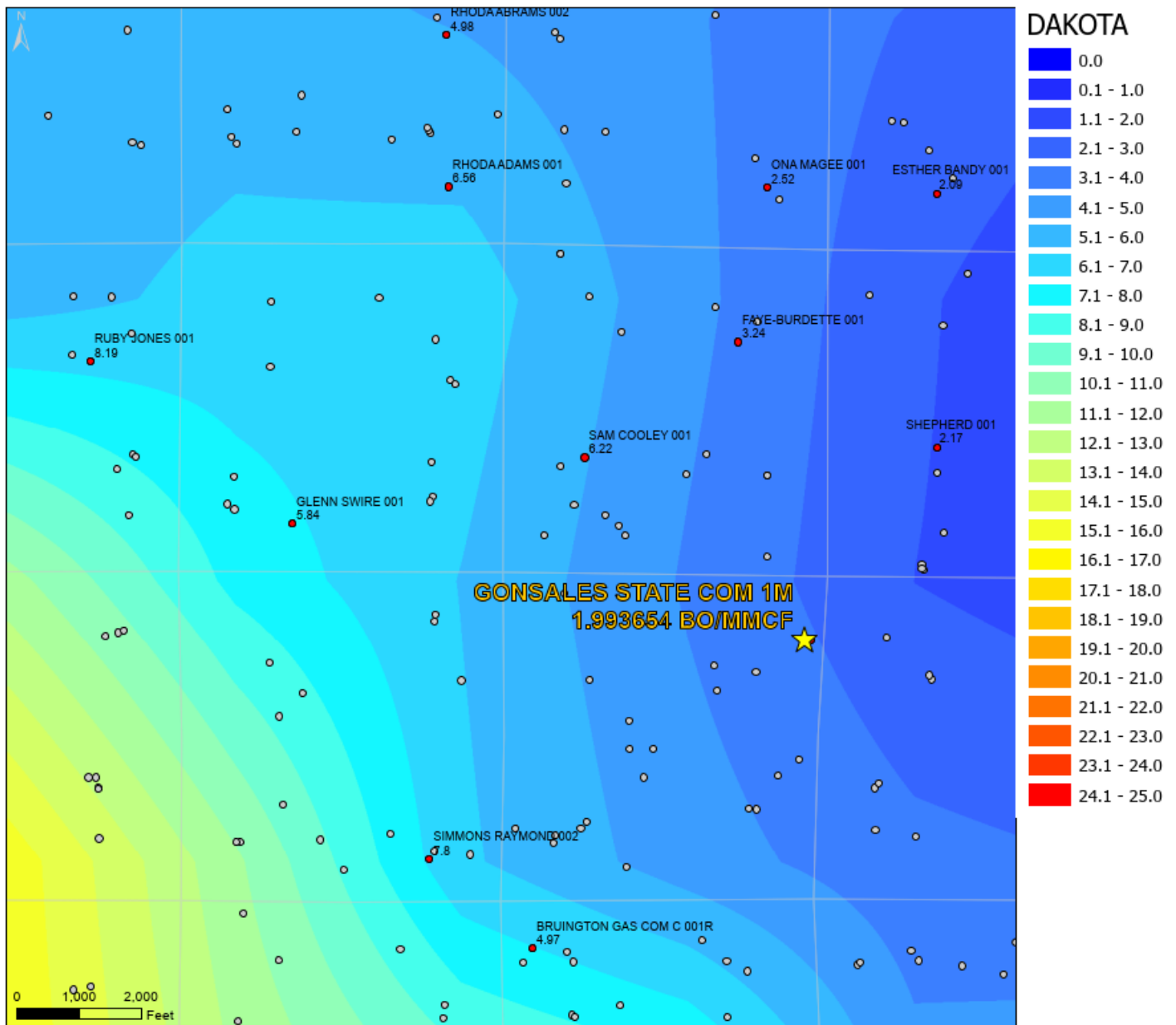
Oil Allocation:

Oil production will be allocated utilizing GOR in terms of oil yield based on actual production from offset Dakota and Mesaverde wells. Once gas allocation split is obtained from spinner, oil yield values will be applied to get final oil allocation split.

MESAVERDE GOR MAP



DAKOTA GOR MAP



| Certified Number | Sender | Recipient | Date Mailed | Delivery Status |
|----------------------------|---------------|--|--------------------|---|
| 92148969009997901851144964 | Dani Kuzma | , SILVERADO OIL and GAS LLP, , TULSA, OK, 74152-0308 Code: GONSALES ST COM 1M DHC | 10/20/2025 | Arrived at USPS Regional Origin Facility October 20, 2025 Signature Pending |
| 92148969009997901851144971 | Dani Kuzma | , PIONEER NATURAL RES USA INC, KATHY NAVARRETE, MIDLAND, TX, 79702 Code: GONSALES ST COM 1M DHC | 10/20/2025 | Arrived at USPS Regional Origin Facility October 20, 2025 Signature Pending |
| 92148969009997901851144988 | Dani Kuzma | , STATE OF NEW MEXICO, BATAAN MEMORIAL BUILDING, SANTA FE, NM, 87501 Code: GONSALES ST COM 1M DHC | 10/20/2025 | Arrived at USPS Regional Origin Facility October 20, 2025 Signature Pending |
| 92148969009997901851144995 | Dani Kuzma | , CROSS TIMBERS ENERGY LLC, C/O DRILLINGINFO MAIL, DALLAS, TX, 75266- 9226 Code: GONSALES ST COM 1M DHC | 10/20/2025 | Arrived at USPS Regional Origin Facility October 20, 2025 Signature Pending |
| 92148969009997901851145008 | Dani Kuzma | , MESA ROYALTY TRUST, ATTN NEW MEXICO PROPERTIES, HOUSTON, TX, 77002 Code: GONSALES ST COM 1M DHC | 10/20/2025 | Arrived at USPS Regional Facility October 21, 2025 Signature Pending |

BALLANTINE COMMUNICATIONS

AFFIDAVIT OF PUBLICATION

COPY OF ADVERTISEMENT

STATE OF NEW MEXICO

County of San Juan

Doble Zorro, the undersigned, authorized Representative of the Tri-City Record, on oath states that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Law of 1937, that payment therefore has been made of assessed as court cost; and that the notice, copy of which is hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

10/22/2025

Sworn and subscribed before me, a notary public in and for the county of La Plata and the State of Colorado, 10-22-25

Gail Lynn Vitarius
Notary Public

PRICE: \$ 93.91

Statement to come at the end of the month.

ACCOUNT NUMBER: 109863

GAIL LYNN VITARIUS
Notary Public
State of Colorado
Notary ID # 20254005989
My Commission Expires 02-12-2029

31490
Notice by Hilcorp Energy Company for Downhole Commingling, San Juan County, New Mexico.
Pursuant to Paragraph (2) of Subsection C of 19.15.12.11 NMAC, Hilcorp Energy Company, as Operator, has filed form C-103 with the New Mexico Energy, Minerals and Natural Resources Department – Oil Conservation Division (NMOCD) seeking administrative approval to downhole commingle new production from the Basin-Fruitland Coal Pool (71629) and the Basin Dakota Pool (72319) in the Gonsales State Com 001M well (API No. 30-045-38469) located in Unit A, Section 16, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico. Commingling will not reduce the value of production. Allocation method to be determined upon completion of this project. This notice is intended for certain unlocatable royalty interest owners in the aforementioned well for which certified mail delivery is not possible. Should you (the interest owner for which this notice is intended) have an objection, you are

required to respond within twenty (20) days from the date of this publication. Please mail your objection letter, referencing the well details above, to the New Mexico Oil Conservation Division's Santa Fe office.

Published in Tri-City Record
October 22, 2025



Hilcorp Energy Company

VIA FED-EX

November 4, 2025

Commissioner of Public Lands
Attn: Baylen Lamkin
PO Box 1148
Santa Fe, NM 87504-1148

RE: Downhole Commingle Applications
Gonsales State Com 1M C-103
Mesaverde/Dakota
NENE (UL A) Sec. 16, T30N, R11W
San Juan County, New Mexico

Baylen,

Please find enclosed the below check for payment of the following downhole commingling application:

| Well Name | Check No. | API | Formations | Amount |
|-----------------------|-----------|--------------|------------------|----------|
| Gonsales State Com 1M | 43035675 | 30-045-38469 | Mesaverde/Dakota | \$150.00 |

The application has been filed with the NMOCD. Please contact the undersigned with any questions or concerns at 713-289-2615.

Respectfully,

Cherylene L. Weston
San Juan North
Sr. Operations/Regulatory Tech

/clw



APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: Hilcorp Energy Company OGRID #: 372171
Well Name: Gonsales State Com 1M API #: 30-045-38469
Pool: Blanco Mesaverde / Basin Dakota

OPERATOR NAME: Hilcorp Energy Company Attn: Cheryl Weston, Rm. 12.201
OPERATOR ADDRESS: 1111 Travis Street, Houston, TX 77002

APPLICATION REQUIREMENTS - SUBMIT:

- 1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
The information submitted with this application is accurate and complete, and
No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that no action will be taken on this application until the required information and fee are submitted to the State Land Office.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Cherylene Weston
Print or Type Name

Cherylene Weston
Signature

10/17/2025
Date

713-289-2615
Phone Number

cweston@hilcorp.com
e-mail Address

Submit application to:
Commissioner of Public Lands
Attn: Commingling Manager
PO Box 1148
Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
505.827.6628

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.



November 05, 2025

Dear Customer,

The following is the proof-of-delivery for tracking number: 476582588310

Delivery Information:

| | | | |
|--------------------------|--------------------------|---------------------------|--------------------|
| Status: | Delivered | Delivered To: | Shipping/Receiving |
| Signed for by: | B.Barela | Delivery Location: | |
| Service type: | FedEx Priority Overnight | | |
| Special Handling: | Deliver Weekday | | SANTA FE, NM, |
| | | Delivery date: | Nov 5, 2025 10:32 |

Shipping Information:

| | | | |
|-------------------------|--------------|-------------------|----------------|
| Tracking number: | 476582588310 | Ship Date: | Nov 4, 2025 |
| | | Weight: | 0.5 LB/0.23 KG |
| Recipient: | | Shipper: | |
| SANTA FE, NM, US, | | Houston, TX, US, | |

Department Number DOCUMENTS

FedEx Express proof-of-delivery details appear below; however, no signature is currently available for this shipment. Please check again later for a signature.

Thank you for choosing FedEx

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 523619

CONDITIONS

| | |
|--|--|
| Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002 | OGRID: 372171 |
| | Action Number: 523619 |
| | Action Type: [C-107] Down Hole Commingle (C-107A) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|-----------|----------------|
| llowe | None | 4/7/2026 |