

Area: <TEAM>

<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>					Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006
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"/>					Status PRELIMINARY <input type="checkbox"/> FINAL <input checked="" type="checkbox"/> REVISED <input checked="" type="checkbox"/>
Well Name Shults Federal					Date: 5/23/2022 API No. 30-045-08766 DHC No. DHC 3994AZ Lease No. SF-078161 <p style="text-align: center;">Federal</p>
Well No. 1					
Unit Letter F	Section 01	Township T29N	Range R11W	Footage 1767' FNL & 1610' FEL	County, State San Juan County, New Mexico
Completion Date		Test Method HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/>			
FORMATION Dakota	GAS 43 MCF	PERCENT 23%	CONDENSATE	PERCENT 26%	
MESAVERDE	144 MCF	77%		74%	
	186				
JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 4/1/2022. No change to gas allocation.** Hilcorp Energy Company requests that production for the down hole commingle to be switched to a fixed percentage based allocation. The fixed percentage based allocation is calculated from average production rates from twelve months. Oil allocated based on average formation yields in surrounding area and new fixed allocations.					
APPROVED BY Amanda Walker		DATE 5/23/2022	TITLE Operations/Regulatory Tech Sr.		PHONE 346-237-2177
X <i>A Walker</i>					
For Technical Questions: Justin Nall			Reservoir Engineer – Sr.		346-237.2231

Dean R McClure

06/02/2022

Well Name: SHULTS FEDERAL	Well Location: T29N / R11W / SEC 1 / SENW / 36.75639 / -107.94591	County or Parish/State: SAN JUAN / NM
Well Number: 1	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078161	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004508766	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2672947

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 05/23/2022

Time Sundry Submitted: 11:02

Date proposed operation will begin: 04/01/2022

Procedure Description: Please see the attached REVISED Production Allocation with an effective date of 4/1/2022.

NOI Attachments

Procedure Description

Shults_Federal_1_REVISIED_Preliminary_Changed_to_Fixed_20220523110146.pdf

Well Name: SHULTS FEDERAL

Well Location: T29N / R11W / SEC 1 / SENW / 36.75639 / -107.94591

County or Parish/State: SAN JUAN / NM

Well Number: 1

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF078161

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004508766

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 23, 2022 11:02 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Technician

Street Address: 1111 TRAVIS ST.

City: HOUSTON

State: 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: 05/25/2022

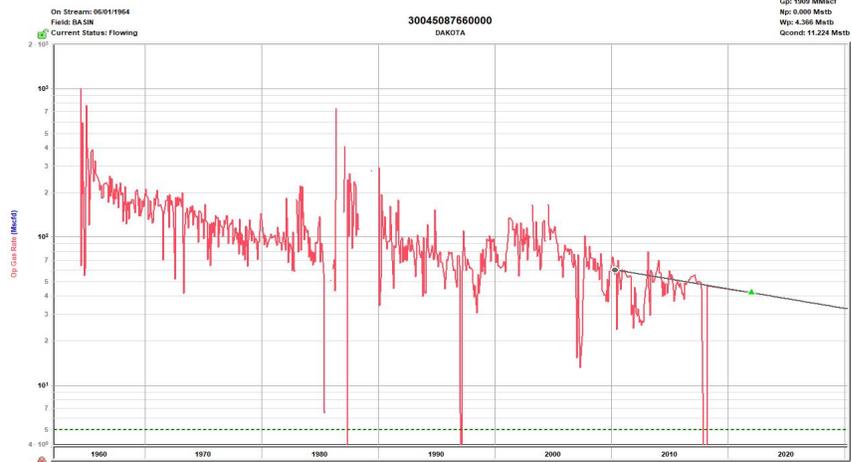
Signature: Kenneth Rennick

Shults Federal 1 Fixed Allocation

The Mesaverde and the Dakota formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recompleted into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage based allocation.

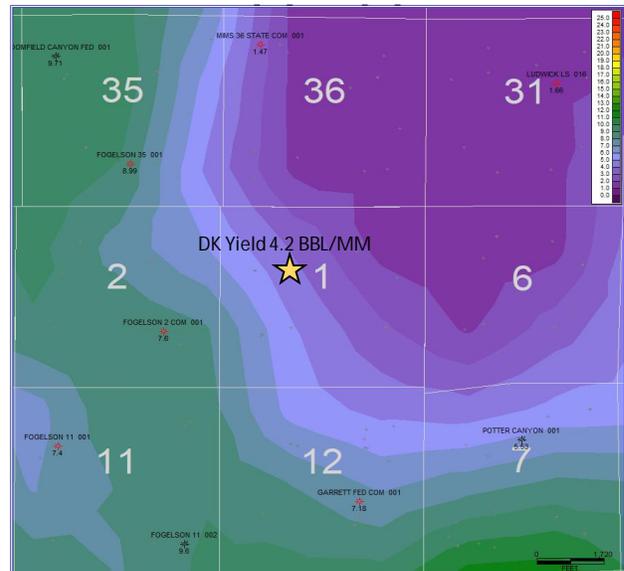
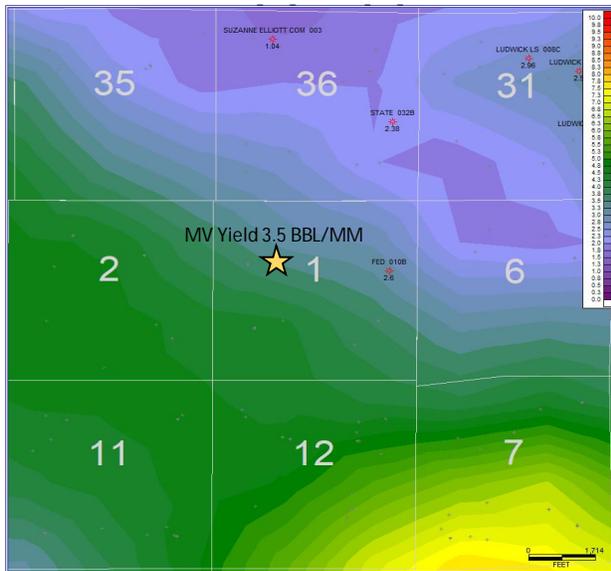
The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Date	Gas Production		
	Dakota	Mesaverde	Total
Jan-21	43.1	163.8	206.9
Feb-21	43.0	160.7	203.7
Mar-21	42.9	152.0	194.9
Apr-21	42.8	151.8	194.6
May-21	42.7	134.4	177.1
Jun-21	42.6	140.2	182.8
Jul-21	42.5	150.9	193.4
Aug-21	42.5	141.7	184.2
Sep-21	42.3	120.9	163.2
Oct-21	42.3	146.7	189.0
Nov-21	42.2	133.8	176.0
Dec-21	42.1	125.4	167.5
Averages	43	144	186
% of Total	23%	77%	



Oil will be reallocated based on the average formation yields in surrounding area and new fixed allocations.

Formation	Yield	Oil Allocation
Dakota	4.2 bbl/mmscf	26%
Mesaverde	3.5 bbl/mmscf	74%



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 1625 N. French Dr., Hobbs, NM 88240
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 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 110819

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 110819
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclore	None	6/2/2022