

<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>						Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019																
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 checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input type="checkbox"/>																
						Date: 7/26/2023 API No. 30-045-22830 DHC No. 5302 Lease No. NMSF078049A																
Well Name <b>Hardie B</b>						Well No. <b>1A</b>																
Unit Letter <b>C</b>	Section <b>28</b>	Township <b>29N</b>	Range <b>08W</b>	Footage <b>790' FNL &amp; 1800' FWL</b>	County, State <b>San Juan, New Mexico</b>																	
Completion Date  <b>7/25/2023</b>		Test Method 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 in agreement with local agencies. The base formation is the <b>Mesaverde</b> and the added formation to be commingled is the <b>Fruitland Coal</b> . 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 4 <sup>th</sup> year and will be utilized to create a fixed percentage based allocation.																						
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. <b>FC 1%, MV 99%</b>																						
After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.																						
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">NAME</th> <th style="width: 15%;">DATE</th> <th style="width: 30%;">TITLE</th> <th style="width: 25%;">PHONE</th> </tr> </thead> <tbody> <tr> <td>Amanda Walker</td> <td style="text-align: center;">07/27/2023</td> <td></td> <td></td> </tr> <tr> <td>X </td> <td></td> <td>Operations/Regulatory Tech – Sr.</td> <td>346.237.2177</td> </tr> <tr> <td colspan="2">For Technical Questions: Sikandar Khan</td> <td>Reservoir Engineer</td> <td><a href="mailto:sikandar.khan@hilcorp.com">sikandar.khan@hilcorp.com</a></td> </tr> </tbody> </table>							NAME	DATE	TITLE	PHONE	Amanda Walker	07/27/2023			X		Operations/Regulatory Tech – Sr.	346.237.2177	For Technical Questions: Sikandar Khan		Reservoir Engineer	<a href="mailto:sikandar.khan@hilcorp.com">sikandar.khan@hilcorp.com</a>
NAME	DATE	TITLE	PHONE																			
Amanda Walker	07/27/2023																					
X		Operations/Regulatory Tech – Sr.	346.237.2177																			
For Technical Questions: Sikandar Khan		Reservoir Engineer	<a href="mailto:sikandar.khan@hilcorp.com">sikandar.khan@hilcorp.com</a>																			

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 McClure*

10/04/2023

<b>Well Name:</b> HARDIE B	<b>Well Location:</b> T29N / R8W / SEC 28 / NENW / 36.70166 / -107.683746	<b>County or Parish/State:</b> SAN JUAN / NM
<b>Well Number:</b> 1A	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF078049A	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 3004522830	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> HILCORP ENERGY COMPANY

**Notice of Intent**

**Sundry ID:** 2743063

**Type of Submission:** Notice of Intent

**Type of Action:** Commingling (Subsurface)

**Date Sundry Submitted:** 07/27/2023

**Time Sundry Submitted:** 06:05

**Date proposed operation will begin:** 07/01/2023

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

**NOI Attachments**

**Procedure Description**

Hardie\_B\_1A\_Preliminary\_Subtraction\_Allocation\_Form\_20230727060448.pdf

Well Name: HARDIE B

Well Location: T29N / R8W / SEC 28 / NENW / 36.70166 / -107.683746

County or Parish/State: SAN JUAN / NM

Well Number: 1A

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF078049A

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004522830

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: JUL 27, 2023 06:04 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: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 07/27/2023

Signature: Matthew Kade

Hardie B 1A Subtraction Allocation

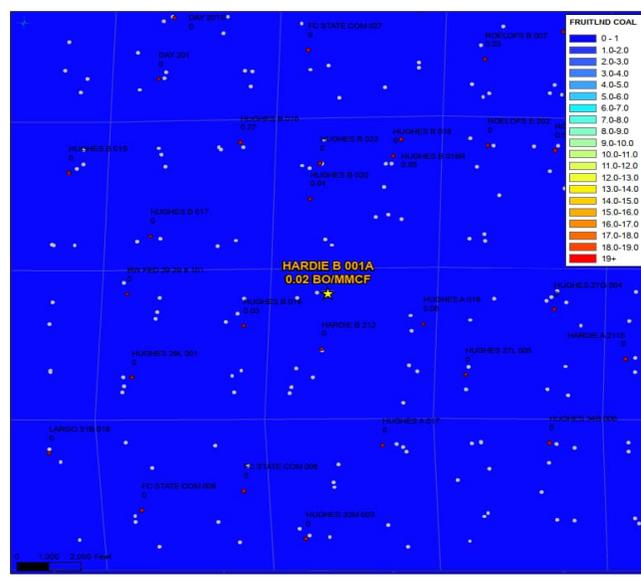
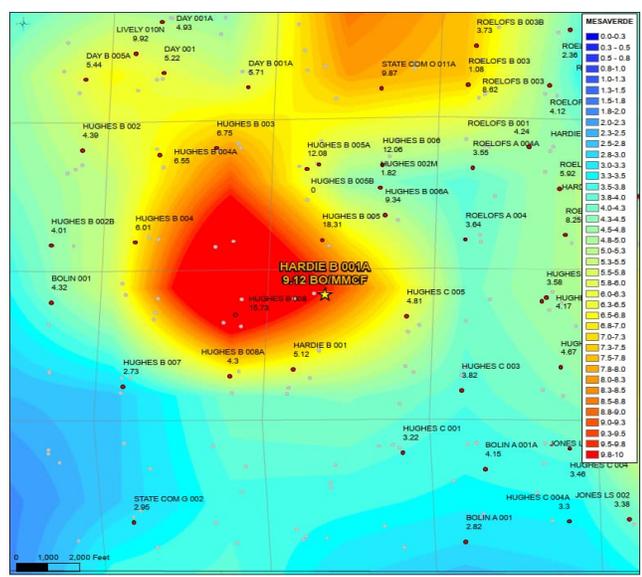
Date	Mcf	Gas Allocation:
Jul-23	66.08	Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Mesaverde and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the new formation.
Aug-23	65.39	
Sep-23	64.73	
Oct-23	64.07	
Nov-23	63.42	
Dec-23	62.77	
Jan-24	62.12	
Feb-24	61.5	
Mar-24	60.89	
Apr-24	60.27	
May-24	59.65	
Jun-24	59.05	
Jul-24	58.45	
Aug-24	57.84	
Sep-24	57.25	
Oct-24	56.67	
Nov-24	56.1	
Dec-24	55.52	
Jan-25	54.95	
Feb-25	54.41	
Mar-25	53.87	
Apr-25	53.33	
May-25	52.78	
Jun-25	52.25	
Jul-25	51.71	
Aug-25	51.18	
Sep-25	50.66	
Oct-25	50.14	
Nov-25	49.63	
Dec-25	49.13	
Jan-26	48.62	
Feb-26	48.14	
Mar-26	47.67	
Apr-26	47.18	
May-26	46.7	
Jun-26	46.23	
Jul-26	45.76	
Aug-26	45.28	
Sep-26	44.82	
Oct-26	44.37	
Nov-26	43.92	
Dec-26	43.47	
Jan-27	43.02	
Feb-27	42.6	
Mar-27	42.18	
Apr-27	41.75	
May-27	41.32	
Jun-27	40.9	



**Oil Allocation:**  
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bb/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	9.12	168	99%
FC	0.02	716	1%



**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](mailto: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 245078

**CONDITIONS**

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 245078
	Action Type: [C-103] NOI General Sundry (C-103X)

**CONDITIONS**

Created By	Condition	Condition Date
dmccure	The amended allocation plan shall be used to allocate production from the well to each pool.	10/4/2023
dmccure	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