

<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: 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"/>																				
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 4 th 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. 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.																						
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">NAME</th> <th style="width: 15%;">DATE</th> <th style="width: 30%;">TITLE</th> <th style="width: 20%;">PHONE</th> </tr> </thead> <tbody> <tr> <td>Amanda Walker</td> <td>5/5/2023</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Operations/Regulatory Tech – Sr.</td> <td>346-237-2177</td> </tr> <tr> <td>For Technical Questions: John Brown</td> <td></td> <td>Asset Team Leader</td> <td>713.757.5231</td> </tr> </tbody> </table>							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
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 McClure

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

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 05/05/2023

Time Sundry Submitted: 11:42

Date proposed operation will begin: 04/01/2023

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: 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

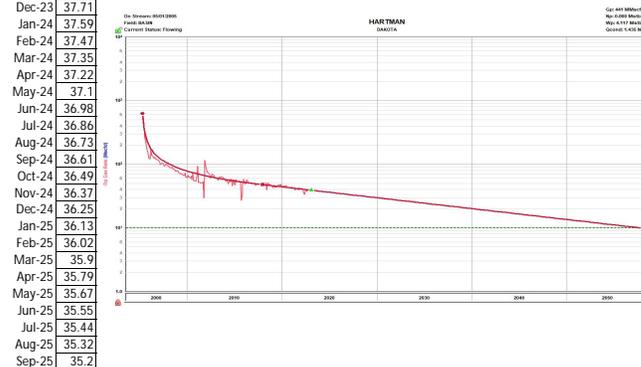
Disposition: Approved

Disposition Date: 05/05/2023

Signature: Kenneth Rennick

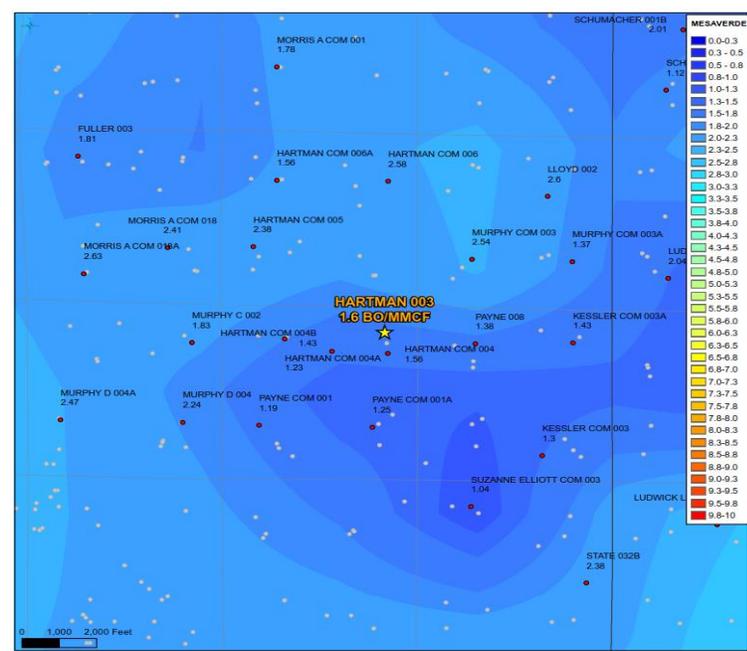
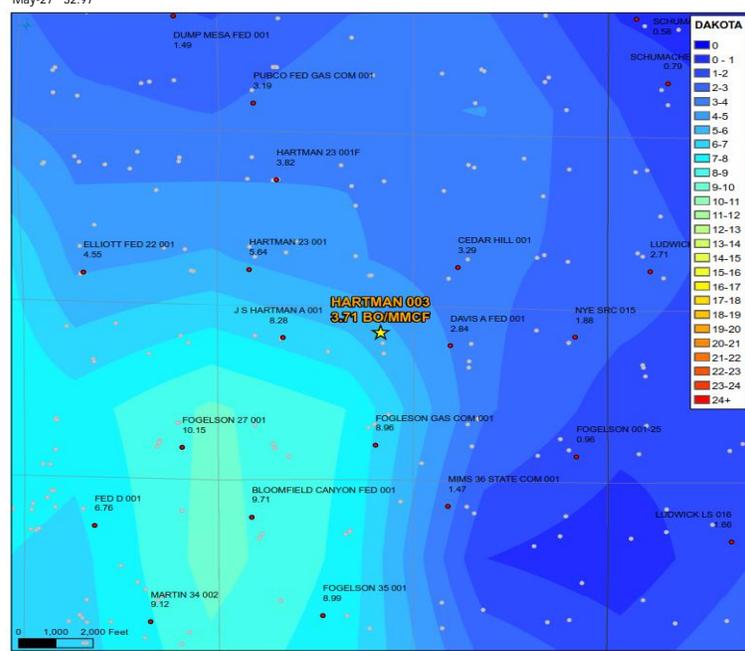
Hartman #3 Subtraction Allocation

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		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.
Dec-23	37.71		
Jan-24	37.59		
Feb-24	37.47		



Date	Mcf/d	Oil Allocation:
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	After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.
Apr-26	34.41	
May-26	34.29	
Jun-26	34.18	
Jul-26	34.07	
Aug-26	33.95	
Sep-26	33.84	
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 214351

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 214351
	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