

Well Name: CANYON LARGO UNIT	Well Location: T25N / R6W / SEC 11 / NWNW / 36.418509 / -107.442983	County or Parish/State: RIO ARRIBA / NM
Well Number: 278E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078885	Unit or CA Name: CANYON LARGO UNIT--DK	Unit or CA Number: NMNM78383D
US Well Number: 300392996000C1	Operator: HILCORP ENERGY COMPANY	

Notice of Intent

Sundry ID: 2786832

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 04/24/2024

Time Sundry Submitted: 03:39

Date proposed operation will begin: 04/18/2024

Procedure Description: Please see attached preliminary subtraction allocation.

NOI Attachments

Procedure Description

Canyon_Largo_Unit_278E_Preliminary_Subtraction_Allocation_20240424153341.pdf

Well Name: CANYON LARGO UNIT

Well Location: T25N / R6W / SEC 11 /
NWNW / 36.418509 / -107.442983

County or Parish/State: RIO
ARRIBA / NM

Well Number: 278E

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:

Lease Number: NMSF078885

Unit or CA Name: CANYON LARGO
UNIT--DK

Unit or CA Number:
NMNM78383D

US Well Number: 300392996000C1

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: CHERYLENE WESTON

Signed on: APR 24, 2024 03:34 PM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON

State: TX

Phone: (713) 289-2615

Email address: CWESTON@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: 04/25/2024

Signature: Matthew Kade

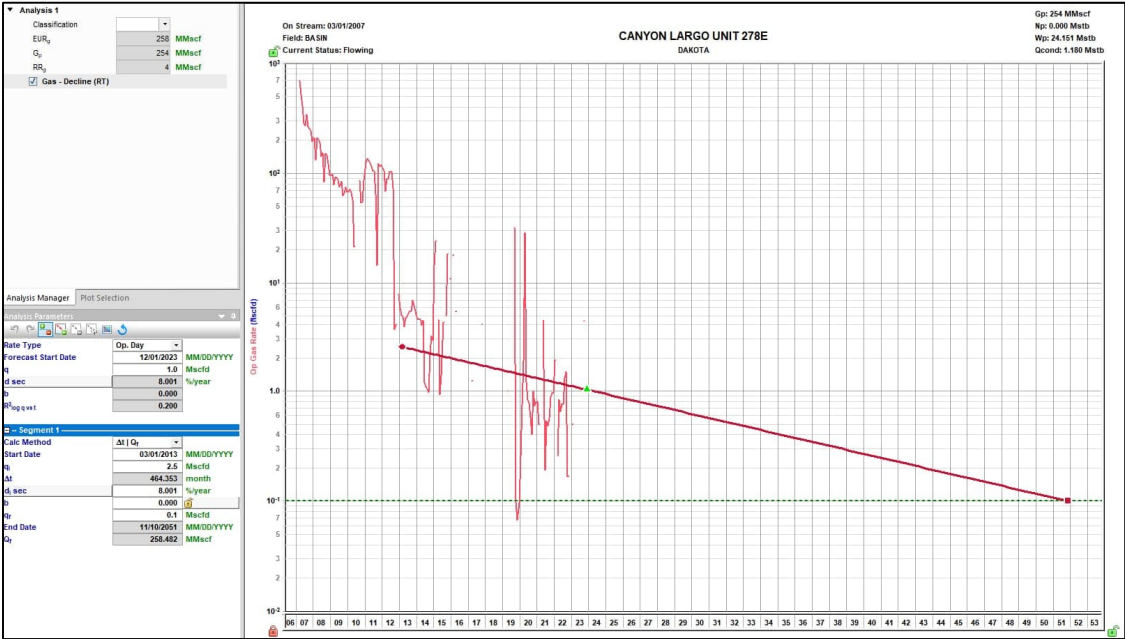
<h1 style="text-align: center;">Hilcorp Energy Company</h1> <h2 style="text-align: center;">PRODUCTION ALLOCATION FORM</h2>						Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019			
						Status PRELIMINARY <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> 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: 4/19/2024 API No. 30-039-29960 DHC No. Pending Lease No. NMSF078885			
Well Name CANYON LARGO UNIT						Well No. 278E			
Unit Letter D	Section 11	Township 025N	Range 06W	Footage 1050' FNL & 860' FWL	County, State RIO ARRIBA, New Mexico				
Completion Date 4/18/2024		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 trimmingle is the Mesaverde/Mancos. 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. (No change from original DHC 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 55%, MC 45%, DK 0% After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation. (No change from original DHC allocation)</p>									
NAME				DATE		TITLE		PHONE	
X <i>Cherylene Weston</i>									
Cherylene Weston				4/19/2024		Operations/Regulatory Tech – Sr.		713-289-2615	
For Technical Questions: Marcus Hill						Reservoir Engineer		346-237-2011	

Canyon Largo Unit 278E Production Allocation

Gas Allocation:

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 formations to be commingled is the Mesaverde and Mancos. 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 formations.

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.

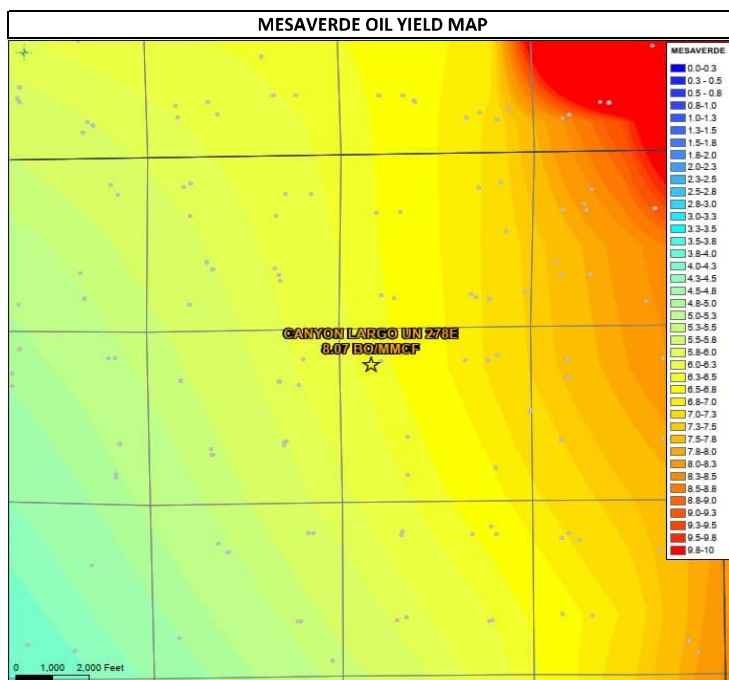
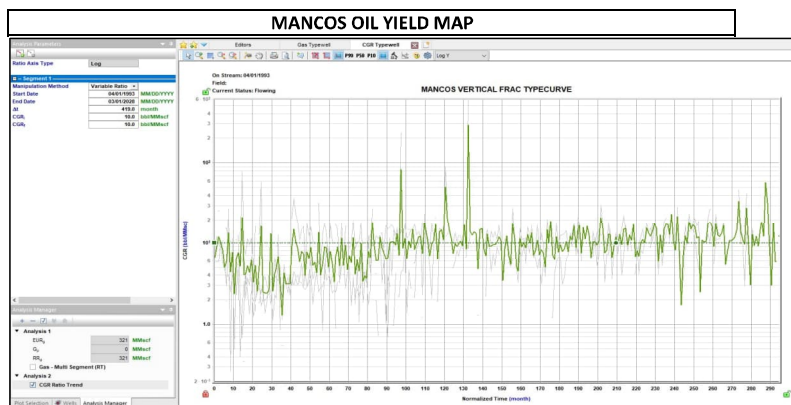
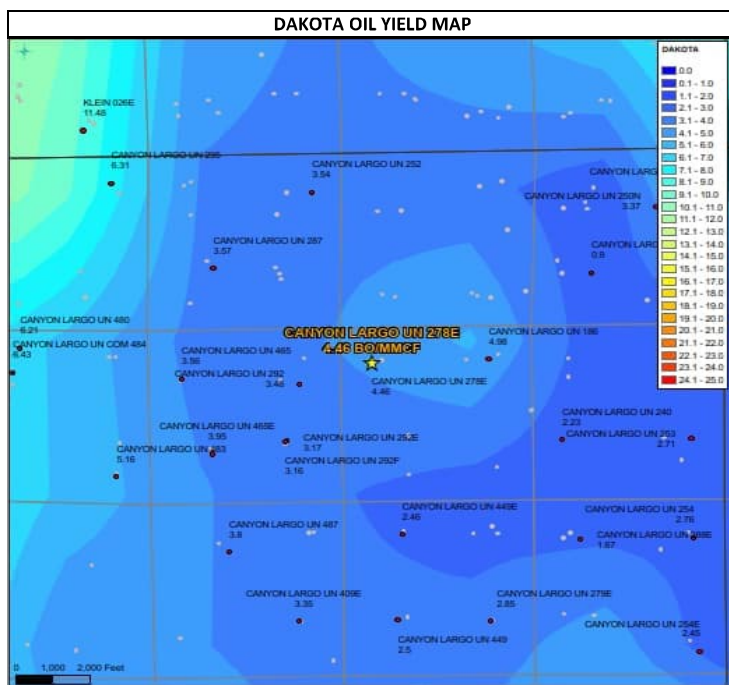


Oil Allocation:

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 (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0	4	0%
MC	10	321	45%
MV	8.07	489	55%



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 337599

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 337599
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmccure	ACCEPTED FOR RECORD ONLY	4/25/2024
dmccure	The production from the well shall be allocated to each pool as stipulated within the DHC Order.	4/25/2024