

<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"/>		
					Date: <b>5/23/22</b>  API No. <b>30-045-25464</b> DHC No. <b>DHC3963AZ</b> Lease No. <b>NMSF080724A</b>		
Well Name <b>Zachry</b>					Well No. <b>38</b>		
Unit Letter <b>K</b>	Section <b>12</b>	Township <b>T028N</b>	Range <b>R010W</b>	Footage <b>1800' FSL &amp; 1845' FWL</b>	County, State <b>San Juan County, New Mexico</b>		
Completion Date		Test Method  HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/>					
FORMATION		GAS		PERCENT		CONDENSATE	
<b>GALLUP</b>		<b>25 MCFD</b>		<b>27%</b>		<b>21%</b>	
<b>MESAVERDE</b>		<b>67 MCFD</b>		<b>73%</b>		<b>79%</b>	
JUSTIFICATION OF ALLOCATION: <b>**REVISED Oil allocation due to miscalculation. Effective Date 2/1/2022. No change to gas allocation.**</b> 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			DATE		TITLE		PHONE
X Kandis Roland			5/23/22		Operations/Regulatory Tech		713-757-5246
For Technical Questions: Justin Nall					Reservoir Engineer – Sr.		346-237.2231

*Dean R McClure* 06/02/2022

Well Name: ZACHRY	Well Location: T28N / R10W / SEC 12 / NESW / 36.674316 / -107.849106	County or Parish/State: SAN JUAN / NM
Well Number: 38	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF080724A	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004525464	Well Status: Producing Oil Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2672992

Type of Submission: Notice of Intent

Date Sundry Submitted: 05/23/2022

Date proposed operation will begin: 02/01/2022

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 01:08

Procedure Description: Please see attached revised production allocation.

NOI Attachments

Procedure Description

Zachry\_38\_REVISED\_Preliminary\_Changed\_to\_Fixed\_Allocation\_20220523130730.pdf

<b>Well Name:</b> ZACHRY	<b>Well Location:</b> T28N / R10W / SEC 12 / NESW / 36.674316 / -107.849106	<b>County or Parish/State:</b> SAN JUAN / NM
<b>Well Number:</b> 38	<b>Type of Well:</b> OIL WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF080724A	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 3004525464	<b>Well Status:</b> Producing Oil Well	<b>Operator:</b> 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

<b>Operator Electronic Signature:</b> KANDIS ROLAND	<b>Signed on:</b> MAY 23, 2022 01:07 PM
<b>Name:</b> HILCORP ENERGY COMPANY	
<b>Title:</b> Operation Regulatory Tech	
<b>Street Address:</b> 382 Road 3100	
<b>City:</b> Farmington	<b>State:</b> NM
<b>Phone:</b> (505) 599-3400	
<b>Email address:</b> kroland@hilcorp.com	

Field

<b>Representative Name:</b>		
<b>Street Address:</b>		
<b>City:</b>	<b>State:</b>	<b>Zip:</b>
<b>Phone:</b>		
<b>Email address:</b>		

BLM Point of Contact

<b>BLM POC Name:</b> KENNETH G RENNICK	<b>BLM POC Title:</b> Petroleum Engineer
<b>BLM POC Phone:</b> 5055647742	<b>BLM POC Email Address:</b> krennick@blm.gov
<b>Disposition:</b> Approved	<b>Disposition Date:</b> 05/25/2022
<b>Signature:</b> Kenneth Rennick	

## Zachry 38 Fixed Allocation

The Mesaverde and the Gallup 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		
	Gallup	Mesaverde	Total
Oct-20	27.5	70.5	98.0
Nov-20	27.7	71.6	99.3
Dec-20	26.8	69.6	96.4
Jan-21	27.2	70.9	98.1
Feb-21	26.6	69.6	96.2
Mar-21	23.6	62.2	85.8
Apr-21	26.4	69.9	96.3
May-21	24.8	66.1	90.9
Jun-21	24.6	65.8	90.4
Jul-21	23.4	62.9	86.3
Aug-21	23.5	63.5	87.0
Sep-21	20.8	56.2	77.0
Averages	25	67	92
% of Total	<b>27%</b>	<b>73%</b>	

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

Formation	Yield		Updated Oil Allocation
Gallup	24.6	bbl/mmscf	<b>21%</b>
Mesaverde	35.1	bbl/mmscf	<b>79%</b>

