

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
BLM 4 Copies
Regulatory
Accounting
Well File
Revised: March 9, 2006

Status
PRELIMINARY
FINAL
REVISED

Commingle Type
SURFACE DOWNHOLE
Type of Completion
NEW DRILL RECOMPLETION PAYADD COMMINGLE

Date: **5/23/22**
API No. **30-039-27047**
DHC No. **DHC3977AZ**
Lease No. **NMSF078417**

Well Name
San Juan 28-7 Unit

Well No.
246M

| | | | | | |
|-------------------------|---------------------|--------------------------|-----------------------|--|---|
| Unit Letter O | Section 7 | Township T028N | Range R007W | Footage 280' FSL & 1630' FEL | County, State Rio Arriba County, New Mexico |
|-------------------------|---------------------|--------------------------|-----------------------|--|---|

Completion Date _____ Test Method
HISTORICAL FIELD TEST PROJECTED OTHER

| FORMATION | GAS | PERCENT | CONDENSATE | PERCENT |
|------------------|-----------------|------------|------------|------------|
| DAKOTA | 25 MCFD | 19% | | 25% |
| MESAVERDE | 105 MCFD | 81% | | 75% |
| | | | | |
| | | | | |

JUSTIFICATION OF ALLOCATION: ****REVISED Oil allocation due to miscalculation. Effective Date 3/1/2022. 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 | DATE | TITLE | PHONE |
|--------------------------------------|---------|----------------------------|--------------|
| <i>Kandis Roland</i> | | | |
| 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: SAN JUAN 28-7 UNIT | Well Location: T28N / R7W / SEC 7 / SWSE / 36.669142 / -107.61147 | County or Parish/State: RIO ARRIBA / NM |
| Well Number: 246M | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMSF078417 | Unit or CA Name: SAN JUAN 28-7 UNIT--DK, SAN JUAN 28-7 UNIT--MV | Unit or CA Number: NMNM78413A, NMNM78413C |
| US Well Number: 3003927047 | Well Status: Producing Gas Well | Operator: HILCORP ENERGY COMPANY |

Notice of Intent

Sundry ID: 2673001

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 05/23/2022

Time Sundry Submitted: 01:24

Date proposed operation will begin: 03/01/2022

Procedure Description: See attached revised production allocation.

NOI Attachments

Procedure Description

SJ_28_7_Unit_246M_REVISIED_Preliminary_Changed_to_Fixed_Allocation_20220523132341.pdf

Well Name: SAN JUAN 28-7 UNIT

Well Location: T28N / R7W / SEC 7 / SWSE / 36.669142 / -107.61147

County or Parish/State: RIO ARRIBA / NM

Well Number: 246M

Type of Well: CONVENTIONAL GAS WELL

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Lease Number: NMSF078417

Unit or CA Name: SAN JUAN 28-7 UNIT--DK, SAN JUAN 28-7 UNIT--MV

Unit or CA Number: NMNM78413A, NMNM78413C

US Well Number: 3003927047

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: KANDIS ROLAND

Signed on: MAY 23, 2022 01:22 PM

Name: HILCORP ENERGY COMPANY

Title: Operation Regulatory Tech

Street Address: 382 Road 3100

City: Farmington

State: NM

Phone: (505) 599-3400

Email address: kroland@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

San Juan 28-7 Unit 246M 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 |
| Oct-20 | 25.3 | 122.6 | 147.9 |
| Nov-20 | 25.2 | 133.8 | 159.0 |
| Dec-20 | 25.1 | 104.9 | 130.0 |
| Jan-21 | 25.0 | 116.0 | 141.0 |
| Feb-21 | 24.9 | 108.9 | 133.8 |
| Mar-21 | 24.8 | 78.3 | 103.1 |
| Apr-21 | 24.7 | 90.2 | 114.9 |
| May-21 | 24.6 | 105.0 | 129.6 |
| Jun-21 | 24.5 | 104.7 | 129.2 |
| Jul-21 | 24.4 | 104.9 | 129.3 |
| Aug-21 | 24.3 | 79.5 | 103.8 |
| Sep-21 | 24.2 | 105.5 | 129.7 |
| Averages | 25 | 105 | 129 |
| % of Total | 19% | 81% | |

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

| Formation | Yield | Updated Oil Allocation |
|-----------|----------------|------------------------|
| Dakota | 8.84 bbl/mmscf | 25% |
| Mesaverde | 6.4 bbl/mmscf | 75% |

