

<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	
					Status PRELIMINARY <input type="checkbox"/> FINAL <input checked="" type="checkbox"/> REVISED <input checked="" 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: 5/23/2022 API No. 30-045-08766 DHC No. DHC 3994AZ Lease No. SF-078161 <div style="text-align: center;">Federal</div>	
Well Name Shults Federal					Well No. 1	
Unit Letter F	Section 01	Township T29N	Range R11W	Footage 1767' FNL & 1610' FEL	County, State San Juan County, New Mexico	
Completion Date		Test Method HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/>				
FORMATION Dakota		GAS 43 MCF	PERCENT 23%	CONDENSATE		PERCENT 26%
MESAVERDE		144 MCF	77%			74%
		186				
JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 4/1/2022. 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 Amanda Walker		DATE 5/23/2022	TITLE Operations/Regulatory Tech Sr.		PHONE 346-237-2177	
For Technical Questions: Justin Nall			Reservoir Engineer – Sr.		346-237.2231	

Dean R McIlure

06/02/2022

Well Name: SHULTS FEDERAL

Well Location: T29N / R11W / SEC 1 /
SENW / 36.75639 / -107.94591

County or Parish/State: SAN
JUAN / NM

Well Number: 1

Type of Well: CONVENTIONAL GAS
WELL

Allottee or Tribe Name:

Lease Number: NMSF078161

Unit or CA Name:

Unit or CA Number:

US Well Number: 3004508766

Well Status: Producing Gas Well

Operator: HILCORP ENERGY
COMPANY

Notice of Intent

Sundry ID: 2672947

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 05/23/2022

Time Sundry Submitted: 11:02

Date proposed operation will begin: 04/01/2022

Procedure Description: Please see the attached REVISED Production Allocation with an effective date of 4/1/2022.

NOI Attachments

Procedure Description

Shults_Federal_1_REVISED_Preliminary_Changed_to_Fixed_20220523110146.pdf

Well Name: SHULTS FEDERAL	Well Location: T29N / R11W / SEC 1 / SENW / 36.75639 / -107.94591	County or Parish/State: SAN JUAN / NM
Well Number: 1	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078161	Unit or CA Name:	Unit or CA Number:
US Well Number: 3004508766	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 23, 2022 11:02 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

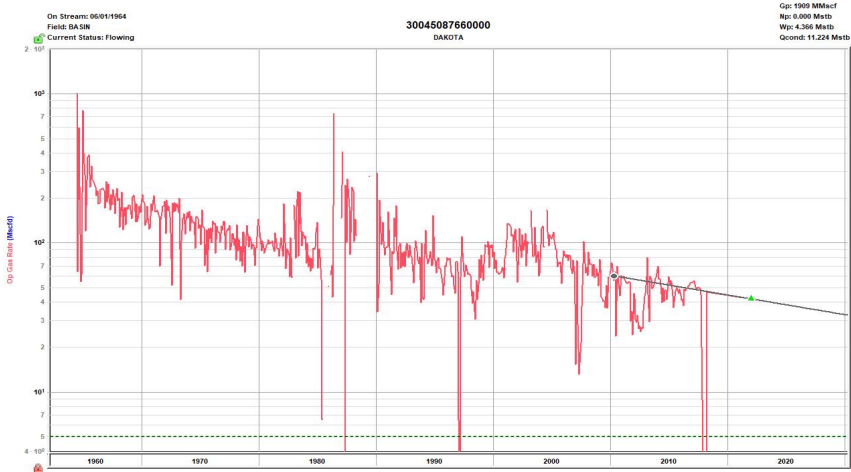
BLM POC Name: KENNETH G RENNICK	BLM POC Title: Petroleum Engineer
BLM POC Phone: 5055647742	BLM POC Email Address: krennick@blm.gov
Disposition: Approved	Disposition Date: 05/25/2022
Signature: Kenneth Rennick	

Shults Federal 1 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
Jan-21	43.1	163.8	206.9
Feb-21	43.0	160.7	203.7
Mar-21	42.9	152.0	194.9
Apr-21	42.8	151.8	194.6
May-21	42.7	134.4	177.1
Jun-21	42.6	140.2	182.8
Jul-21	42.5	150.9	193.4
Aug-21	42.5	141.7	184.2
Sep-21	42.3	120.9	163.2
Oct-21	42.3	146.7	189.0
Nov-21	42.2	133.8	176.0
Dec-21	42.1	125.4	167.5
Averages	43	144	186
% of Total	23%	77%	



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

Formation	Yield	Oil Allocation
Dakota	4.2 bbl/mmscf	26%
Mesaverde	3.5 bbl/mmscf	74%

