

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

| |
|---|
| WELL API NO. 30-045-09520 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. B-10796 |
| 7. Lease Name or Unit Agreement Name Gonsales State Com |
| 8. Well Number 1 |
| 9. OGRID Number 372171 |
| 10. Pool name or Wildcat Basin DK / Blanco MV |

| | |
|---|--|
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | |
| 2. Name of Operator HILCORP ENERGY COMPANY | |
| 3. Address of Operator 382 ROAD 3100, AZTEC NM 87410 | |
| 4. Well Location Unit Letter <u>G</u> : <u>1470</u> feet from the <u>North</u> line and <u>1770</u> feet from the <u>East</u> line Section 16 Township 30N Range 11W NMPM San Juan County | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5720 GL | |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|--|---|--|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | | | |
| OTHER: <input checked="" type="checkbox"/> Production Allocation | | OTHER: <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See the attached REVISED Fixed Production Allocation

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

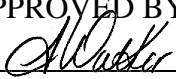
SIGNATURE Amanda Walker TITLE Operations/Regulatory Tech Sr. DATE 5/23/2022

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177

For State Use Only

APPROVED BY: Dean R. McClure TITLE Petroleum Engineer DATE 06/02/2022

Conditions of Approval (if any):

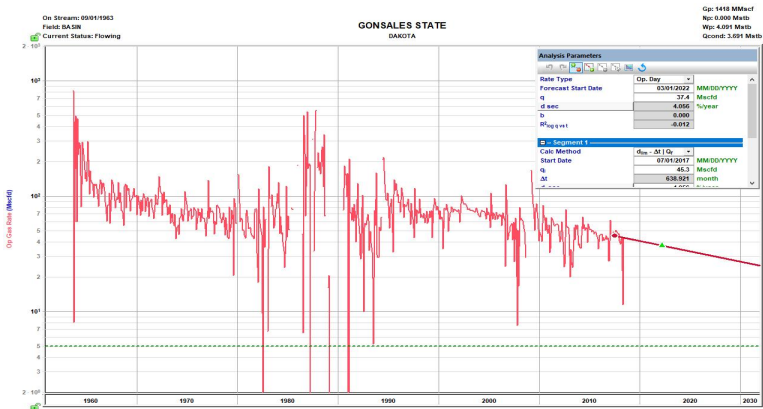
| | | | | | | | |
|--|----------------------|---|----------------------|---|--|--------------|--|
| <h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2> | | | | | Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006 | | |
| | | | | | 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: 5/23/22 API No. 30-045-09520 DHC No. DHC4002AZ Lease No. B-10796 | | |
| Well Name Gonsales State Com | | | | | Well No. 1 | | |
| Unit Letter G | Section 16 | Township 030N | Range 011W | Footage 1470' FNL & 1770' 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 | | GAS | | PERCENT | | CONDENSATE | |
| MESAVERDE | | 155 MCFD | | 80% | | 68% | |
| DAKOTA | | 38 MCFD | | 20% | | 32% | |
| | | | | | | | |
| | | | | | | | |
| JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 5/1/2022. 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 | |
|  | | | | | | | |
| X Amanda Walker | | 5/23/22 | | Operations/Regulatory Tech Sr. | | 346-237-2177 | |
| | | | | | | | |
| For Technical Questions: | | Justin Nall | | Reservoir Engineer – Sr. | | 346-237.2231 | |
| | | | | | | | |

Gonsales State Com 1

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 | 38.6 | 165.8 | 204.4 |
| Feb-21 | 38.5 | 170.5 | 209.0 |
| Mar-21 | 38.4 | 166.8 | 205.2 |
| Apr-21 | 38.3 | 157.5 | 195.8 |
| May-21 | 38.2 | 158.6 | 196.8 |
| Jun-21 | 38.0 | 162.5 | 200.5 |
| Jul-21 | 37.9 | 154.7 | 192.6 |
| Aug-21 | 37.7 | 152.6 | 190.3 |
| Sep-21 | 37.7 | 145.1 | 182.8 |
| Oct-21 | 37.5 | 149.7 | 187.2 |
| Nov-21 | 37.4 | 130.3 | 167.7 |
| Dec-21 | 37.3 | 146.3 | 183.6 |
| Averages | 38.0 | 155.0 | 193.0 |
| % of Total | 20% | 80% | |



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

| Formation | Yield | Oil Allocation |
|-----------|---------------|----------------|
| Dakota | 3.46 bbl/mmcf | 32% |
| Mesaverde | 1.8 bbl/mmcf | 68% |

