

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. 30-045-20268	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. E-2940	
7. Lease Name or Unit Agreement Name State E Gas Com	
8. Well Number 1	
9. OGRID Number 372171	
10. Pool name or Wildcat Basin Dakota / Blanco Mesaverde	
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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 PO BOX 4700, FARMINGTON NM 87499	
4. Well Location Unit Letter <u>O</u> <u>820</u> feet from the <u>South</u> line and <u>1800</u> feet from the <u>East</u> line Section <u>16</u> Township <u>29N</u> Range <u>10W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5589	

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

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

Please see the attached REVISED request to change the Production Allocation to a fixed percentage based 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 *A Walker* TITLE Operations / Regulatory Technician 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>Hilcorp Energy Company</h1> <h2>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: <b>5/23/2022</b>	
					API No. <b>30-045-20268</b> DHC No. <b>DHC4004AZ</b> Lease No. <b>E-2940</b> State	
Well Name <b>State E Gas Com</b>					Well No. <b>#1</b>	
Unit Letter <b>O</b>	Section <b>16</b>	Township <b>T029N</b>	Range <b>R010W</b>	Footage <b>820' FSL &amp; 1800' FEL</b>	County, State <b>San Juan, New Mexico</b>	
Completion Date <b>3/27/2018</b>		Test Method HISTORICAL <input checked="" type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input type="checkbox"/>				
FORMATION <b>DAKOTA</b>		GAS <b>5 MCFD</b>	PERCENT <b>3%</b>	CONDENSATE	PERCENT <b>5%</b>	
MESAVERDE		<b>156 MCFD</b>	<b>97%</b>		<b>95%</b>	
<b>JUSTIFICATION OF ALLOCATION: **REVISED Oil allocation due to miscalculation. Effective Date 3/1/2022. 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	
Amanda Walker						
X <i>A Walker</i>		5/23/2022	Regulatory/Operations Tech Sr.		346-237-2177	
For Technical Questions:		Justin Nall	Reservoir Engineer – Sr.		346-237-2231	

## State E Gas Com 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
Oct-20	5.5	189.3	194.8
Nov-20	5.4	127.7	133.1
Dec-20	5.4	154.9	160.3
Jan-21	5.3	141.8	147.1
Feb-21	5.3	140.5	145.8
Mar-21	5.2	135.6	140.8
Apr-21	5.2	145.6	150.8
May-21	5.1	143.4	148.5
Jun-21	5.1	147.0	152.1
Jul-21	5.1	131.4	136.5
Aug-21	5.0	134.1	139.1
Sep-21	5.0	280.1	285.1
Averages	5	156	161
% of Total	3%	97%	

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

Formation	Yield	Oil Allocation
Dakota	7.47 bbl/mmscf	5%
Mesaverde	4.9 bbl/mmscf	95%

