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

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

DHC-5226

Form C-103
Revised July 18, 2013

WELL API NO. 30-045-24687

5. Indicate Type of Lease STATE [x] FEE [ ]

6. State Oil & Gas Lease No. SF-078416-A

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.)

7. Lease Name or Unit Agreement Name: WILCH A

1. Type of Well: Oil Well [ ] Gas Well [X] Other

8. Well Number 005E

2. Name of Operator: SIMCOE LLC

9. OGRID Number 329736

3. Address of Operator: 1199 Main Avenue, Ste 101, Durango, CO 81301

10. Pool name or Wildcat: Blanco Mesaverde/Basin Dakota

4. Well Location
Unit Letter C : 810 feet from the FNL line and 1795 feet from the FWL line
Section 23 Township 29N Range 08W NMPM County San Juan

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6731' GL

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	[ ]	PLUG AND ABANDON	[ ]	REMEDIAL WORK	[ ]	ALTERING CASING	[ ]
TEMPORARILY ABANDON	[ ]	CHANGE PLANS	[ ]	COMMENCE DRILLING OPNS.	[ ]	P AND A	[ ]
PULL OR ALTER CASING	[ ]	MULTIPLE COMPL	[ ]	CASING/CEMENT JOB	[ ]		
DOWNHOLE COMMINGLE	[X]						
CLOSED-LOOP SYSTEM	[ ]						
OTHER:	[ ]			OTHER:			[ ]

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.

It is intended to recomplete the subject well in the Blanco Mesaverde (pool 72319) and downhole commingle the existing Basin Dakota (pool 71599) with the Mesaverde. The production will be commingled per Oil Conservation Division Order Number 11363. Commingling will not reduce the value of the production. Proposed perforations are: MV – 5001' - 5745' These perforations are in MD. SIMCOE requests that production for the downhole commingle be allocated using the subtraction method. The base formation is the Dakota and the added formation to be commingled is the Mesaverde. The subtraction method will be used to determine a percentage split between the Dakota and Mesaverde, which will be updated on a quarterly basis. All production from this well exceeding the forecast will be allocated to the new formation(s). A fixed, percentage-based allocation will be submitted after the fourth year of production. See attached doucments for the base formation production forecast. Oil production will be allocated based on average formation yields from offset wells: DK-TBD%, MV-TBD%.

Ownership is identical in both pools. No notice is required.
The BLM was notified in writing.

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 Gina Doerner TITLE Regulatory Analyst DATE 8/29/2022

Type or print name Gina Doerner E-mail address: gina.doerner@ikavenergy.com PHONE: 970-852-0082

For State Use Only

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 10/18/2022
Conditions of Approval (if any):

CONDITIONS OF APPROVAL

If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.

If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

WILCH A #005E

C-23-29N-08W 810 FNL & 1795 FWL

API: 30-045-24687

MESAVERDE RECOMPLETION PROCEDURE

Procedure

1. MIRU service rig and equipment
2. NU BOPs. POOH w/ production tubing.
3. Set a CIBP 100' above top DK perf.
4. Load the casing and pressure test casing to max frac pressure.
5. Run CBL through lined section.
6. If necessary, perforate liner and pump Class G cement behind the liner to get good cement bond across MV interval.
7. ND BOPs. NU frac stack and test to max frac pressure.
8. RDMO service rig. MIRU frac spread.
9. Perforate and frac the MV from 5001' – 5745'. RDMO frac spread.
10. MIRU service rig.
11. NU BOPs. RIH and clean out to DK CIBP.
12. When water and sand rates are acceptable, flow test the MV.
13. Drill out DK CIBP. POOH w/ tubing.
14. RIH and land production tubing. Obtain a commingled flow rate.
15. ND BOPs, NUWH.
16. RDMO service rig and put well on production.

IKAV Energy Inc./SIMCOE LLC
1199 Main Avenue, Ste. 101
Durango, Colorado 81301

Land Letter

Date: October 14, 2022
To: Gina Doerner, Regulatory Analyst
From: Michelle Blankenship, Landman RPL
Re: Application to DHC, NMAC 19.15.12.11 (A)
Well: Wilch A 5E, API: 3004524687
Location: NENW Section 23, Township 29N, Range 08W, San Juan County, NM

On behalf of SIMCOE LLC ("SIMCOE"), Operator of the subject well, I have reviewed SIMCOE's Title Records (including Lease records) and Division Order records for the subject well. I have determined that ownership is identical in both the currently producing Dakota pool and the targeted Mesaverde pool.

In both the Dakota and Mesaverde pools, the Working Interest is SIMCOE LLC - 50%, HILCORP SAN JUAN LP - 50%. The Royalty Interest is Federal only, and there exist a 3% ORRI.

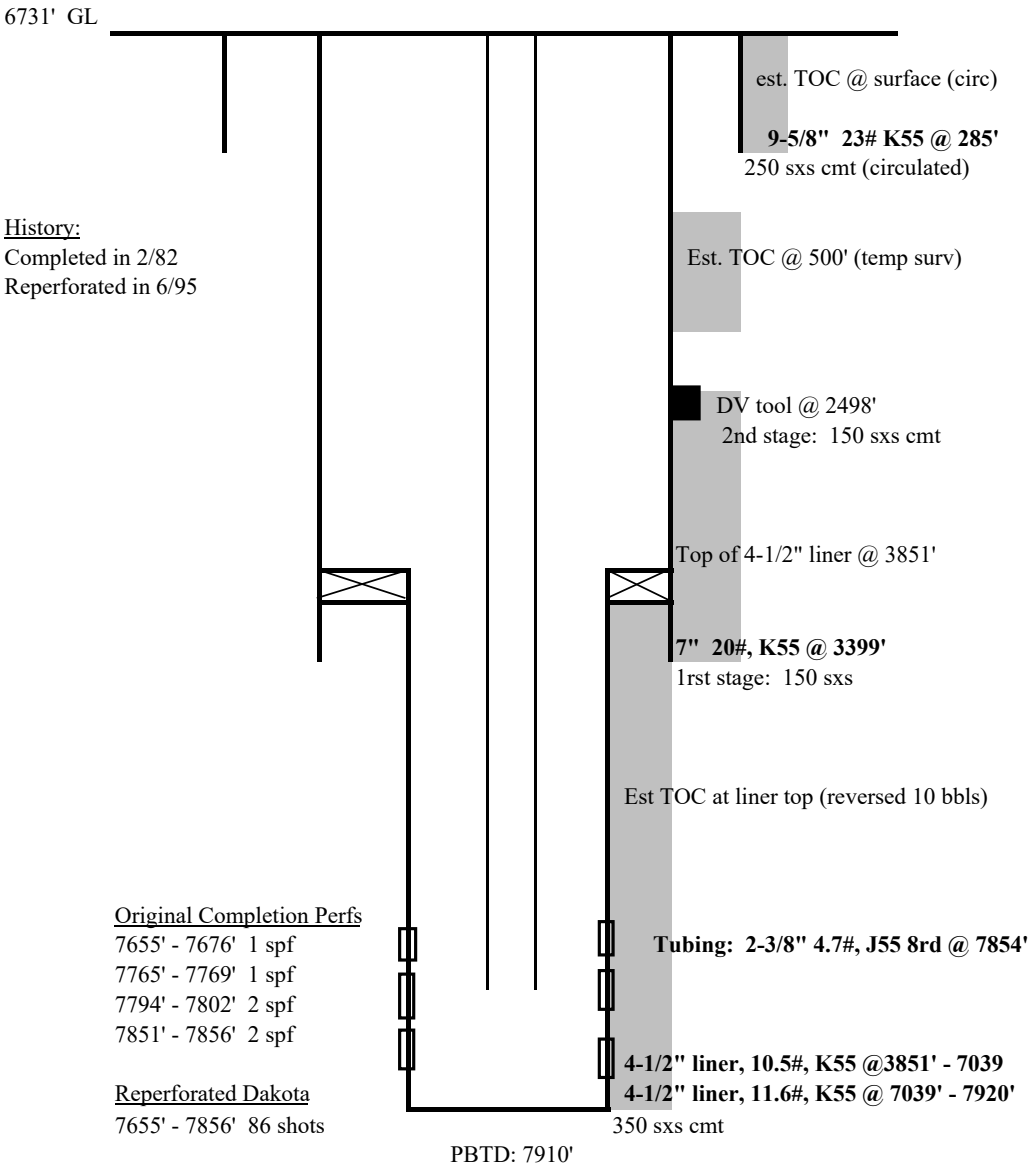
SIMCOE LLC
IKAV Energy Inc.

Michelle Blankenship
Landman, RPL

Wilch A #5E

Sec 23C, T29N, R8W

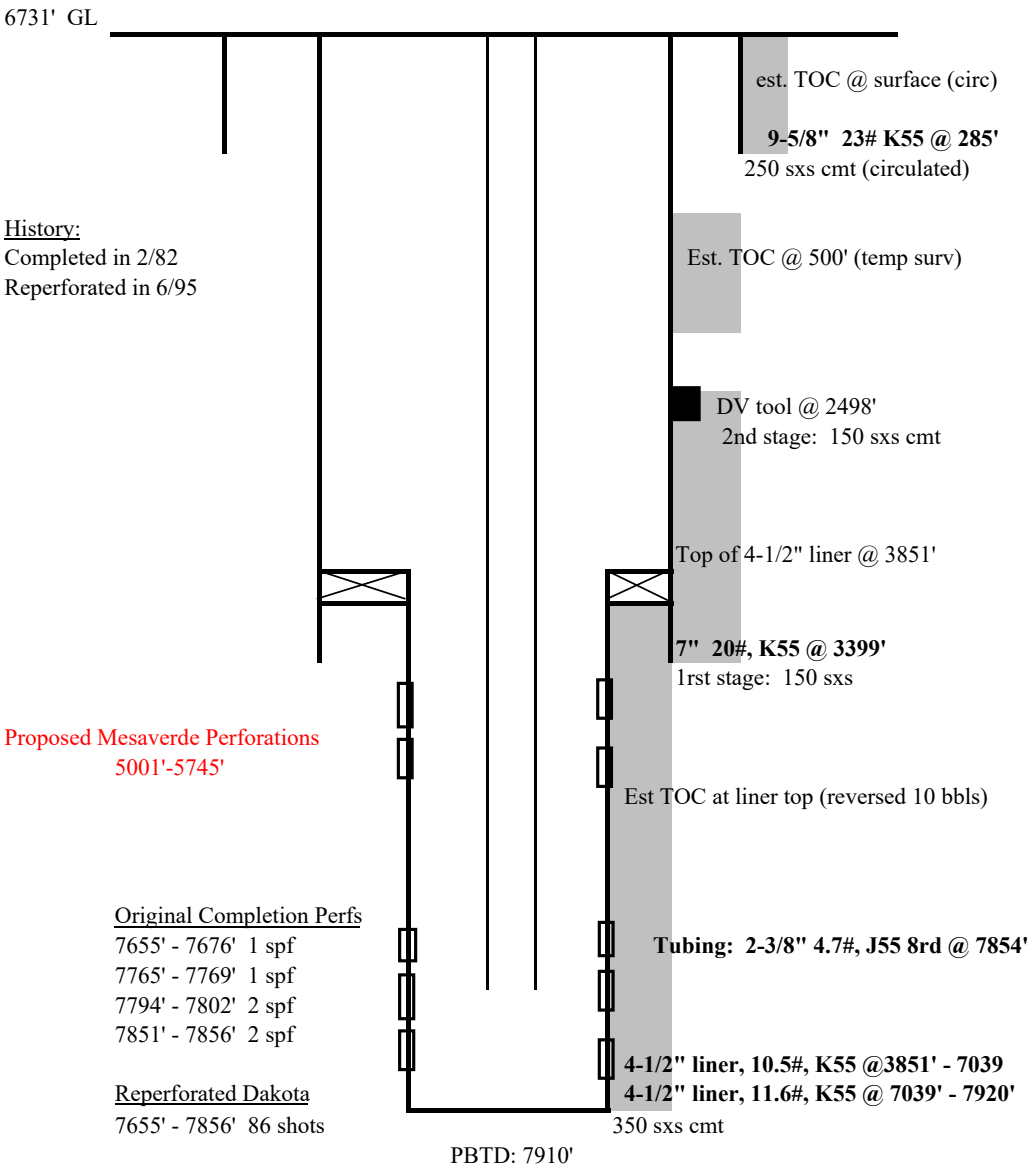
API # 30-045-24687



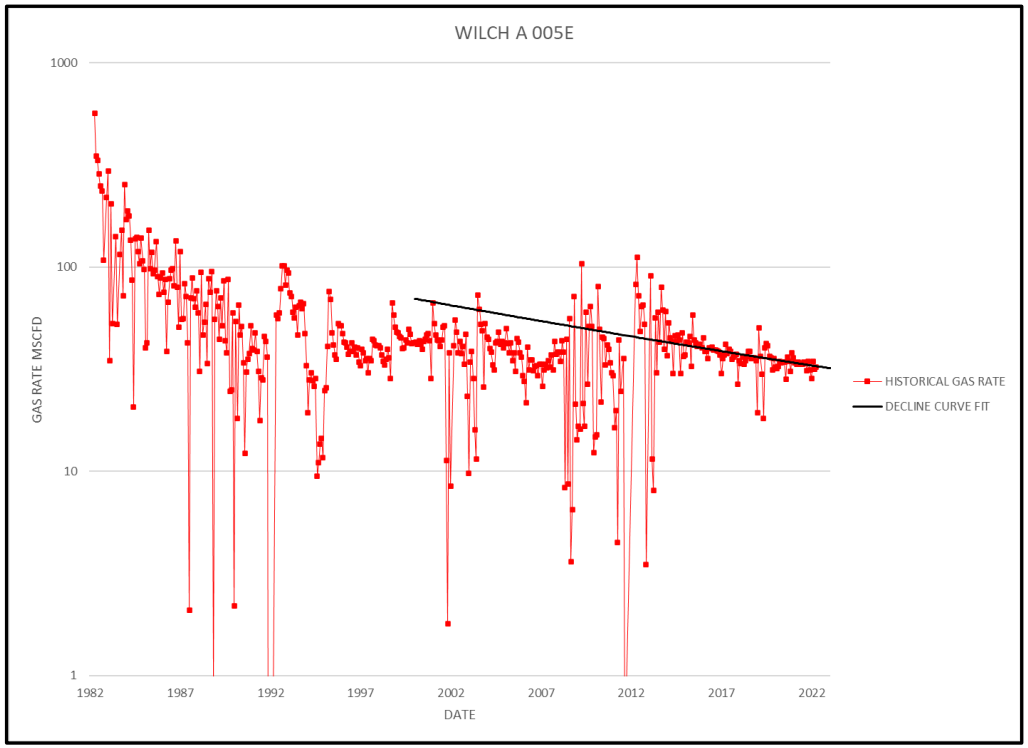
Wilch A #5E

Sec 23C, T29N, R8W

API # 30-045-24687



WILCH A 005E



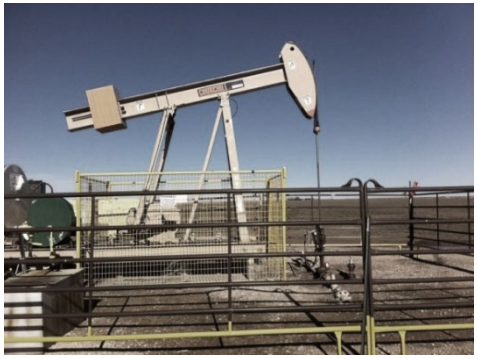
DECLINE CURVE FIT PARAMETERS	
START DATE	1/1/2000
INITIAL RATE, MSCFD	70
INITIAL DECLINE RATE, %/YR	3.62%
b Exponent	0.2

MONTH	GROSS WELLHEAD GAS VOLUME MSCF
8/1/2022	1004.6
9/1/2022	969.6
10/1/2022	999.3
11/1/2022	964.5
12/1/2022	994.1
1/1/2023	991.4
2/1/2023	893.1
3/1/2023	986.4
4/1/2023	952.0
5/1/2023	981.2
6/1/2023	947.0
7/1/2023	976.1
8/1/2023	973.5
9/1/2023	939.6
10/1/2023	968.4
11/1/2023	934.7
12/1/2023	963.3
1/1/2024	960.8
2/1/2024	896.4
3/1/2024	955.9
4/1/2024	922.6
5/1/2024	950.9
6/1/2024	917.8
7/1/2024	945.9
8/1/2024	943.4
9/1/2024	910.6
10/1/2024	938.5
11/1/2024	905.8
12/1/2024	933.6
1/1/2025	931.2
2/1/2025	838.9
3/1/2025	926.5
4/1/2025	894.3
5/1/2025	921.7
6/1/2025	889.6
7/1/2025	917.0
8/1/2025	914.5
9/1/2025	882.7
10/1/2025	909.8
11/1/2025	878.2
12/1/2025	905.1
1/1/2026	902.7
2/1/2026	813.2
3/1/2026	898.3
4/1/2026	867.0
5/1/2026	893.6
6/1/2026	862.5
7/1/2026	889.0

IKAV

MV-DK Production Allocation Method

October 2022



From: Gina Doerner
To: McClure, Dean, EMNRD
Subject: RE: [EXTERNAL] DHC applications, Wilch A 003 E
Date: Tuesday, October 18, 2022 9:34:40 AM
Attachments: image001.png
image002.png
image003.png
image004.png

Good morning Dean,
Yes, it does.
Thanks for confirming.

Gina Doerner
Regulatory Analyst

IKAV Energy Inc.
SIMCOE LLC

1199 Main Ave., Ste 101
Durango, CO 81301
Direct: 970- 852-0082
Mobile: 970- 247-2178
Gina.Doerner@ikavenergy.com

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Tuesday, October 18, 2022 9:33 AM
To: Gina Doerner <gina.doerner@ikavenergy.com>
Subject: RE: [EXTERNAL] DHC applications, Wilch A 003 E

Thank you. Based off the original email in this chain, I presume this proposed allocation method applies to both the Wilch A #5E and Wilch A #3E wells, but please confirm that.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: Gina Doerner <gina.doerner@ikavenergy.com>
Sent: Monday, October 17, 2022 5:12 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Subject: Fwd: [EXTERNAL] DHC applications, Wilch A 003 E

Dean,
You are correct.
Thank you,
Gina

From: Robert Moore <robert.moore@ikavenergy.com>
Sent: Monday, October 17, 2022 4:35 PM
To: Gina Doerner <gina.doerner@ikavenergy.com>
Subject: Re: [EXTERNAL] DHC applications, Wilch A 003 E

Gina,

Dean has the correct understanding as evidenced by the equations in his email.

Bob

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, October 17, 2022 3:56 PM
To: Gina Doerner <gina.doerner@ikavenergy.com>
Subject: RE: [EXTERNAL] DHC applications, Wilch A 003 E

Gina,

Actually, sorry about that I reversed the equations from what I imagine may be being proposed here; please see the following instead:

$$\frac{allocated\ MV\ Gas * 3.67}{allocated\ MV\ Gas * 3.67 + allocated\ DK\ Gas * 1.1} = MV\ Oil\ percentage$$

$$\frac{allocated\ DK\ Gas * 1.1}{allocated\ MV\ Gas * 3.67 + allocated\ DK\ Gas * 1.1} = DK\ Oil\ percentage$$

I was calculating for gas percentage from oil production rather than the intended calculation of oil percentage from the gas production.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: Gina Doerner <gina.doerner@ikavenergy.com>
Sent: Monday, October 17, 2022 3:27 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Subject: RE: [EXTERNAL] DHC applications, Wilch A 003 E

Dean,
I am confirming your question with the engineer.
Thanks

Gina Doerner
Regulatory Analyst

IKAV Energy Inc.
SIMCOE LLC

1199 Main Ave., Ste 101
Durango, CO 81301
Direct: 970- 852-0082
Mobile: 970- 247-2178
Gina.Doerner@ikavenergy.com

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From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, October 17, 2022 2:41 PM
To: Gina Doerner <gina.doerner@ikavenergy.com>
Subject: RE: [EXTERNAL] DHC applications, Wilch A 003 E

Gina,

To confirm that we are on the same page, Simcoe no longer wish to allocate the oil based off a fixed percentage, but instead wish to use a GOR calculation based off the allocated gas to allocate oil with an equation similar to the following?

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: Gina Doerner <gina.doerner@ikavenergy.com>
Sent: Monday, October 17, 2022 1:55 PM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Subject: [EXTERNAL] DHC applications, Wilch A 003 E

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Good afternoon Dean,

The attached document explains the gas and condensate production allocation methodology SIMCOE will apply to the MV recompletion wells. Let me know if this description of the methodology will meet the NMOCD requirements.

Thanks,

Gina Doerner
Regulatory Analyst

IKAV Energy Inc.
SIMCOE LLC

1199 Main Ave., Ste 101
Durango, CO 81301
Direct: 970- 852-0082
Mobile: 970- 247-2178
Gina.Doerner@ikavenergy.com

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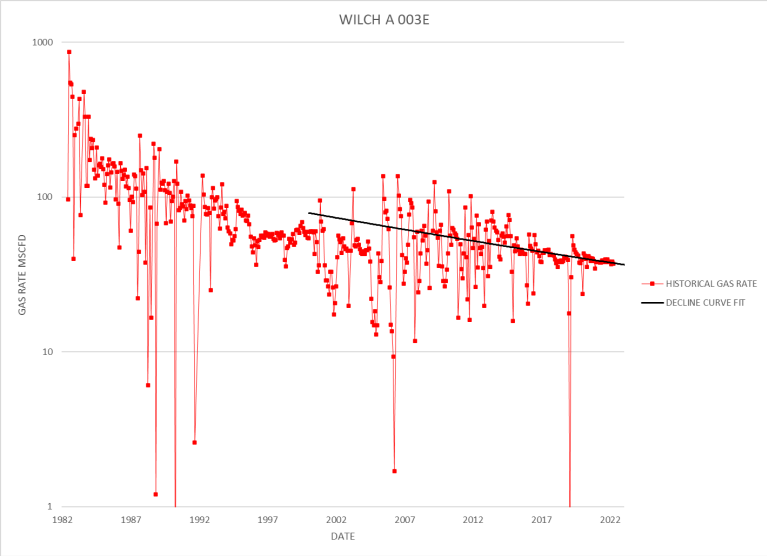
Production Allocation Method

- Allocation of gas production allocation between the Mesaverde and Dakota reservoirs will initially be determined by the subtraction method.
  - Dakota production volume will be based on a forecast of gas production determined by the historical decline rate.
  - Mesaverde production volume will be equal to the difference between total gas production from the well and the forecast Dakota gas volume.
  - The allocation will be calculated on a quarterly basis and will be updated each quarter.
- Condensate production will be allocated based on the average condensate yields for other wells in the same Section and reservoir.
  - Condensate yield is based on current yield and is assumed to be constant in future.
  - Condensate production will depend on the gas production and therefore the allocation will change over time.
  - The allocation will be calculated on a quarterly basis and will be updated each quarter.

Example: Wilch 003E Gas and Condensate Allocation

Dakota Production Forecast



START DATE	1/1/2000
Q(i)	79 MSCFD
D(i) / YR	3.55%
B exponent	0.2

Condensate Yield by Reservoir Bbls/MMSCF

API10	RESERVOIR	WELL NAME	CGR, Bbls/MMCF
3004507946	MESAVERDE	HARDIE LS 005	5.39
3004508054	MESAVERDE	HARDIE LS 004	4.45
3004522749	MESAVERDE	HARDIE LS 005A	3.94
3004522810	MESAVERDE	HARDIE LS 004A	6.73
3004523342	MESAVERDE	WILCH A 003	2.14
3004529714	MESAVERDE	HARDIE LS 005B	1.38
3004529715	MESAVERDE	HARDIE LS 004B	1.65
		AVERAGE	3.67

API10	RESERVOIR	WELL NAME	CGR, Bbls/MMCF
3004523342	DAKOTA	WILCH A 003	2.18
3004523343	DAKOTA	WILCH A 005	0.80
3004524687	DAKOTA	WILCH A 005E	1.08
3004525284	DAKOTA	WILCH A 003E	0.34
		AVERAGE	1.10

Estimated Allocation Factors

- The below estimates are based on forecasted production volumes for the Mesaverde and Dakota. The allocation will likely change depending on actual well performance once commingled operations begin.
- The Wilch A 003E is currently producing only from the Mesaverde. Commingled production is expected to begin before the end of October 2022.

PERIOD	DK GASVOL MSCF	DK OILVOL BBLS	MV GASVOL MSCF	MV OILVOL BBLS	TOTAL GASVOL MSCF	TOTAL OILVOL BBLS	DK GAS%	DK OIL%	MV GAS%	MV OIL%
4Q2022	2307.25	2.538	11215.25	41.144	13522.51	43.682	17.06%	5.81%	82.94%	94.19%
1Q2023	3378.86	3.717	9351.80	34.308	12730.66	38.024	26.54%	9.77%	73.46%	90.23%
2Q2023	3386.04	3.725	5404.77	19.828	8790.81	23.552	38.52%	15.81%	61.48%	84.19%
3Q2023	3392.55	3.732	3447.73	12.648	6840.28	16.380	49.60%	22.78%	50.40%	77.22%
4Q2023	3362.02	3.698	2333.36	8.560	5695.38	12.258	59.03%	30.17%	40.97%	69.83%

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011

Permit 314341

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name
30-045-24687	72319	BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code	**5. Property Name**	**6. Well No.**
327793	WILCH A	005E
7. OGRID No.	**8. Operator Name**	**9. Elevation**
329736	SIMCOE LLC	6731

10. Surface Location

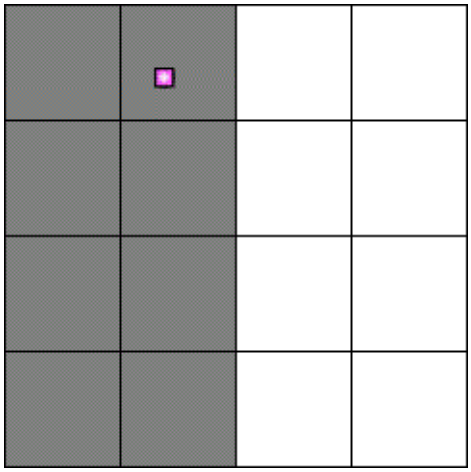
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	23	29N	08W		810	N	1795	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County

12. Dedicated Acres	13. Joint or Infill	14. Consolidation Code	15. Order No.
320.00 W/2			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Gina Doerner
Title: Regulatory Analyst
Date: 4/20/2022

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Fred Kerr, Jr.
Date of Survey: 8/22/1980
Certificate Number: 3950

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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Phone:(575) 748-1283 Fax:(575) 748-9720
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District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 139814

CONDITIONS

Operator: SIMCOE LLC 1199 Main Ave., Suite 101 Durango, CO 81301	OGRID: 329736
	Action Number: 139814
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Permit shall terminate on the date of such action.	10/14/2022
dmcclure	If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.	10/14/2022
dmcclure	If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.	10/14/2022
dmcclure	The Operator shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools (“fixed percentage allocation plan”). No later than ninety (90) days after the fourth year, the Operator shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If the Operator fails to do so, this Permit shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Permit shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.	10/14/2022