

Well Name: AXI APACHE O	Well Location: T25N / R4W / SEC 10 / NENE / 36.41858 / -107.234044	County or Parish/State: RIO ARRIBA / NM
Well Number: 1	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name: JICARILLA APACHE
Lease Number: JIC122	Unit or CA Name:	Unit or CA Number:
US Well Number: 3003906108	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2775040

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 02/14/2024

Time Sundry Submitted: 07:14

Date proposed operation will begin: 04/01/2024

Procedure Description: Hilcorp Energy proposes to downhole commingle production from the Blanco Mesaverde (pool 72319) with the existing South Blanco PC (pool 72439) upon recompletion of the Mesaverde formation. See attached allocation methodology and supporting documents. Commingling will not reduce the value of production. Proposed perforations are: MV 5,436'-6,380' and PC 3,741'-3,811'.

NOI Attachments

Procedure Description

AXI_Apache_O_1_DHC_Allocation_20240214070651.pdf

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NENE / 36.41858 / -107.234044

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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: CHERYLENE WESTON

Signed on: FEB 14, 2024 07:13 AM

Name: HILCORP ENERGY COMPANY

Title: Operations/Regulatory Tech - Sr

Street Address: 1111 TRAVIS STREET

City: HOUSTON

State: TX

Phone: (713) 289-2615

Email address: CWESTON@HILCORP.COM

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 02/14/2024

Signature: Matthew Kade

<h1 style="text-align: center;">Hilcorp Energy Company</h1> <h2 style="text-align: center;">PRODUCTION ALLOCATION FORM</h2>						Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019			
						Status PRELIMINARY <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input 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: 02/14/2024 API No. 30-039-06108 DHC No. Lease No. JIC122			
Well Name AXI APACHE O						Well No. 1			
Unit Letter A	Section 10	Township 25N	Range 04W	Footage 990' FNL & 990' FEL	County, State Rio Arriba, New Mexico				
Completion Date 2024		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>							
<p>JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method in agreement with local agencies. The base formation is the Pictured Cliffs and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formation(s) using historic production. All production from this well exceeding the forecast will be allocated to the new formation(s). After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.</p> <p>Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. MV 100%, PC 0%.</p> <p>After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.</p>									
NAME				DATE		TITLE		PHONE	
X <i>Cherylene Weston</i>				2/14/2024		Operations/Regulatory Tech – Sr.		713-289-2615	
Cherylene Weston				2/14/2024					
For Technical Questions: Marcus Hill						Reservoir Engineer		346-237-2011	

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 355395

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-039-06108	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 319681	5. Property Name AXI APACHE O	6. Well No. 001
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 7276

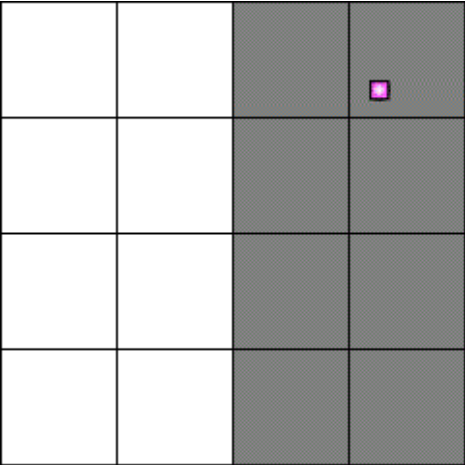
10. Surface Location

UL - Lot A	Section 10	Township 25N	Range 04W	Lot Idn	Feet From 990	N/S Line N	Feet From 990	E/W Line E	County RIO ARRIBA
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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 320.00	13. Joint or Infill			14. Consolidation Code			15. Order No.		

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

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: <i>Cherylene Weston</i> Title: Cherylene Weston Date: 12/08/2023</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: E. T. SHAHAN Date of Survey: 3/26/1957 Certificate Number: 196082</p>
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NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Proration Plat

Date 3-28-57Operator HUMBLE OIL & REFINING CO. Lease JICARILLA APACHE TRIBE OF INDIANS "O"Well No. 1 Section 10 Township 25-N Range 4-W NMPMLocated 990 Feet From NORTH Line, L 990 Feet From EAST Line,RIO ARRIBA County, New Mexico. G. L. Elevation _____Name of Producing Formation ~~TAPICHO BAKOTA~~ Pool WILDCAT Dedicated Acreage 160

(Note: All distances must be from outer boundaries of Section)

SCALE: 1"=1000'

1. Is this Well a Dual Comp.? Yes No _____.
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No _____.

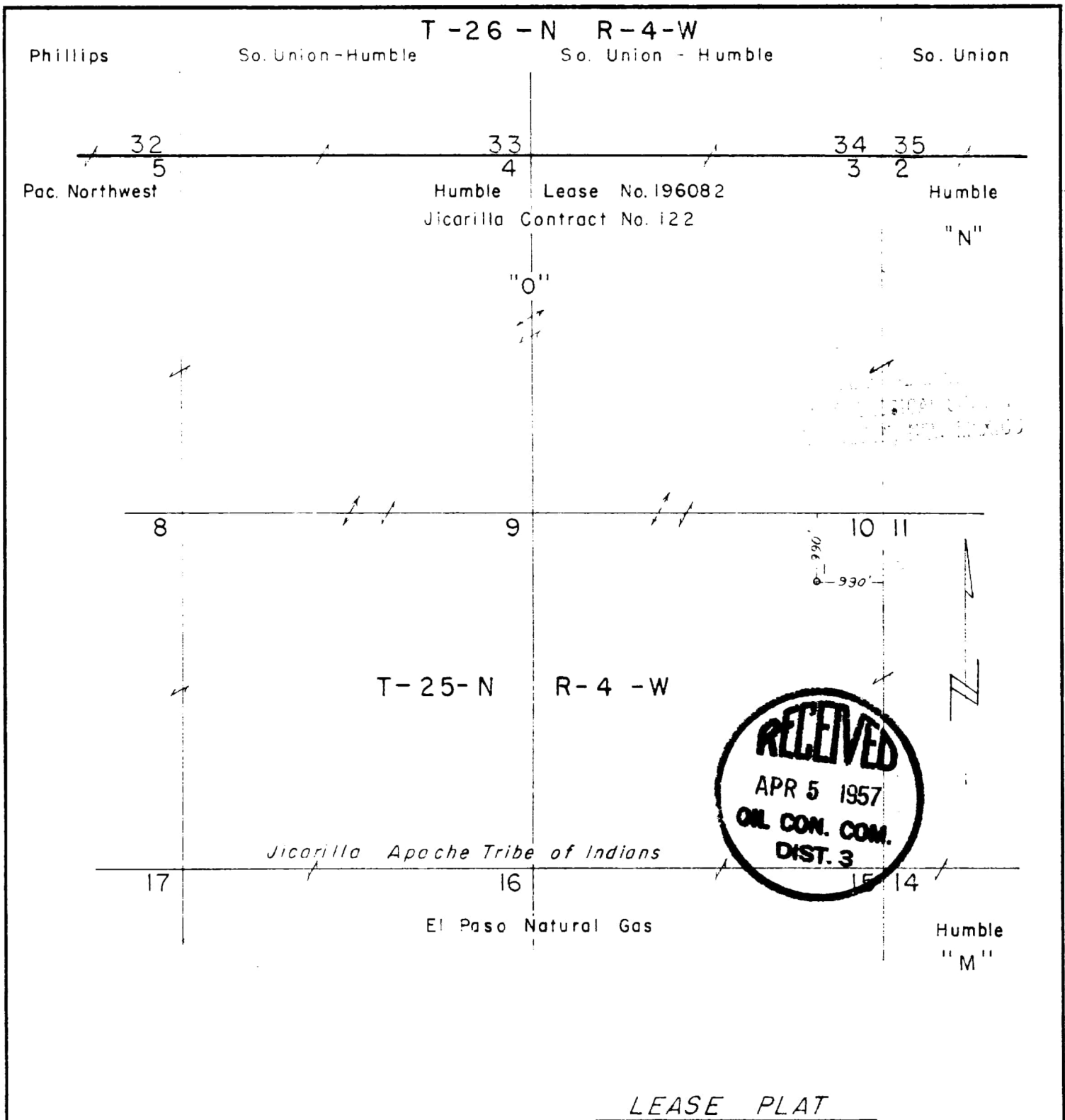
Name Henry E. McQuinn
Position ASSISTANT DIVISION SUPERINTENDENT
Representing HUMBLE OIL & REFINING CO.
Address BOX 1600 MIDLAND TEXAS

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 3-26-57

E. T. Shaban
Registered Professional Engineer and/or
Land Surveyor
LSE NO 196082

WA 2296



JICARILLA APACHE TRIBE OF INDIANS "O"
 LSE. NO. 196082 JICARILLA CONTRACT 122
 SECTION 3, 4, 9 & 10, T-25-N, R-4-W
 RIO ARRIBA CO., NEW MEXCO

HUMBLE OIL & REFINING COMPANY
 CIVIL ENGINEERING DIVISION
 MIDLAND, TEXAS

DRAWN W.M. BRICE

CHECKED E. J. Shahan

APPR. _____

SCALE 1" = 2000'

DATE 3-28-57

REVISED _____

FILE NO.

W A - 2295

AXI Apache O 1 Allocation

The forecast for Mesaverde production has been generated using type curves of production in the surrounding trend.

These zones are proposed to be commingled because the application of dual completions impedes the ability to produce the shallow zone without artificial lift and the deeper zones with reduced artificial lift efficiency. All horizons will require artificial lift due to low bottomhole pressure (BHP) and permeability.

The BHPs of all zones, producing and non-producing, were estimated based upon basin wide Moving-Domain Material Balance models that have proven to approximate the pressure in the given reservoirs well in this portion of the basin, in conjunction with shut-in pressure build-ups. These models were constructed incorporating reservoir dynamics and physics, historic production, and observed pressure data. Historic commingling operations have proven reservoir fluids are compatible.

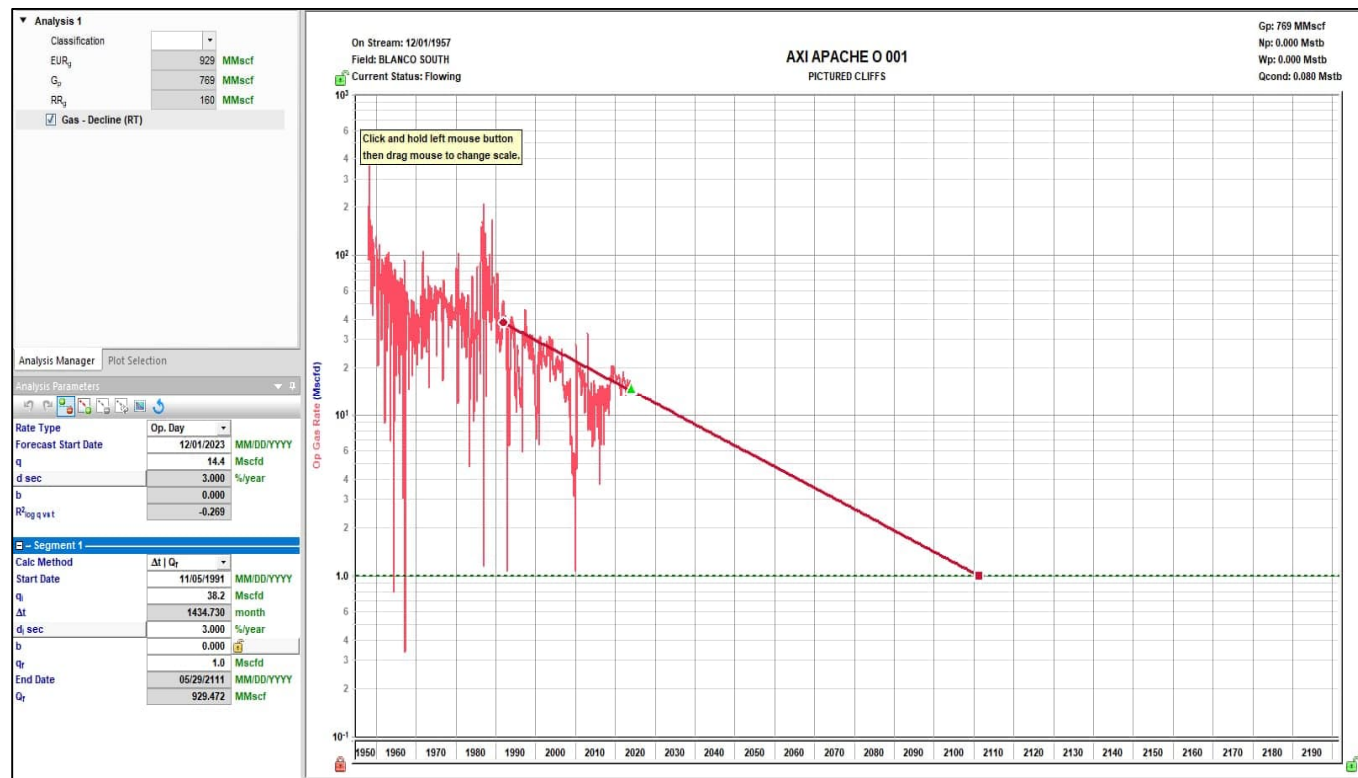
Production Allocation Method – Subtraction

Gas Allocation:

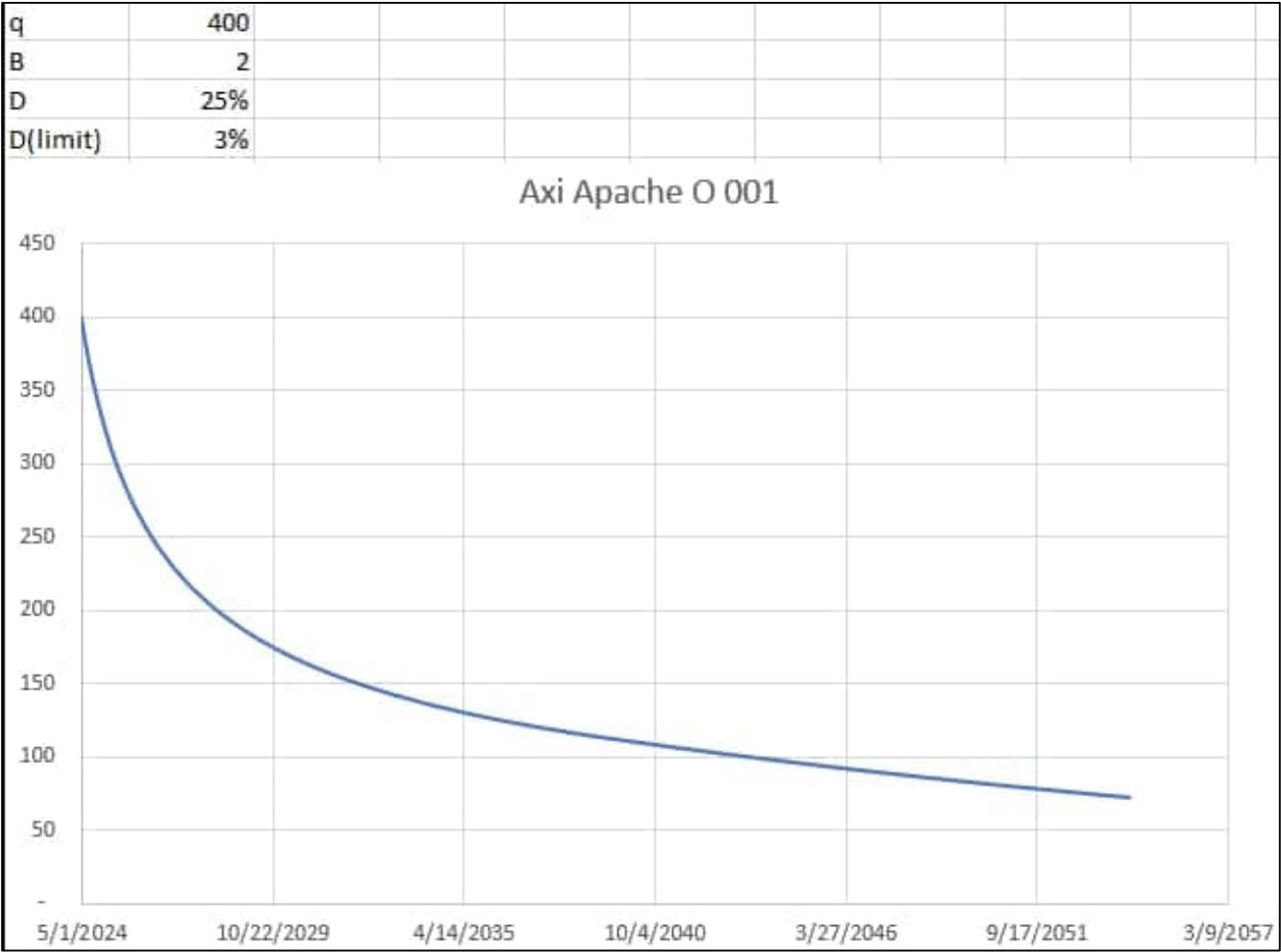
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Pictured Cliffs and the added formation to be commingled is the Mesaverde. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the base formation forecasts will be allocated to the new formation.

After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage-based allocation.

Current Zone Forecast – Pictured Cliffs



Proposed Zone Forecast – Mesaverde



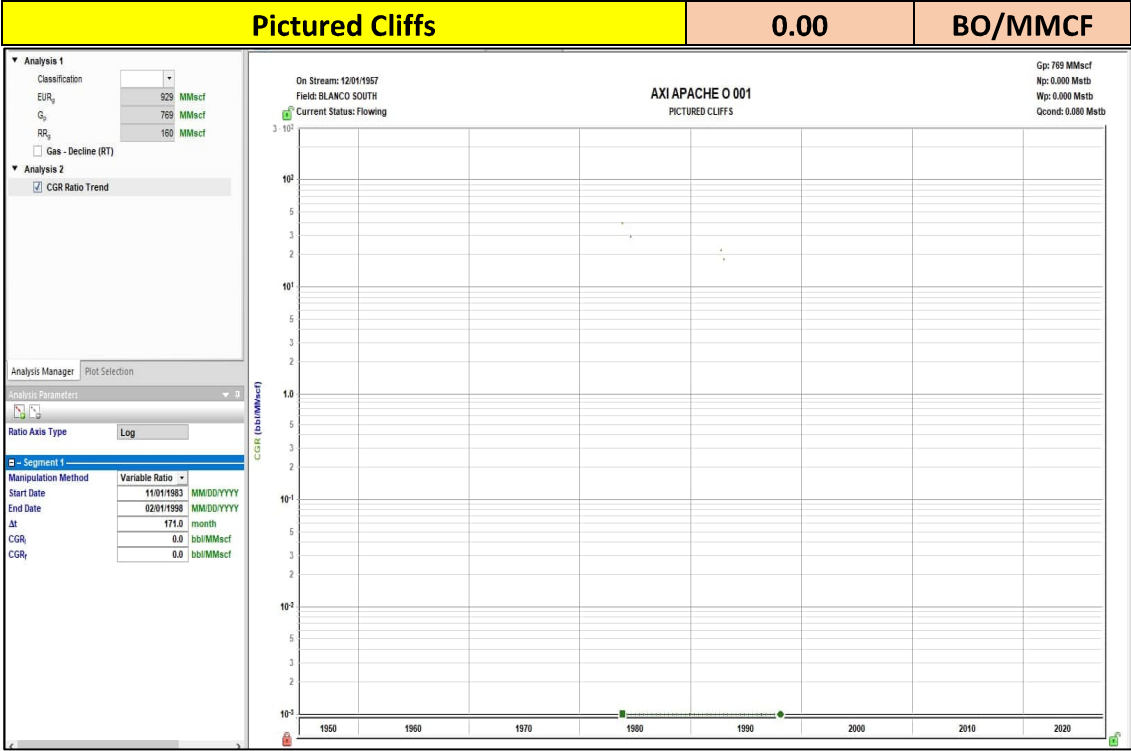
Average initial production curve in geologic region.

Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and fixed gas allocation.

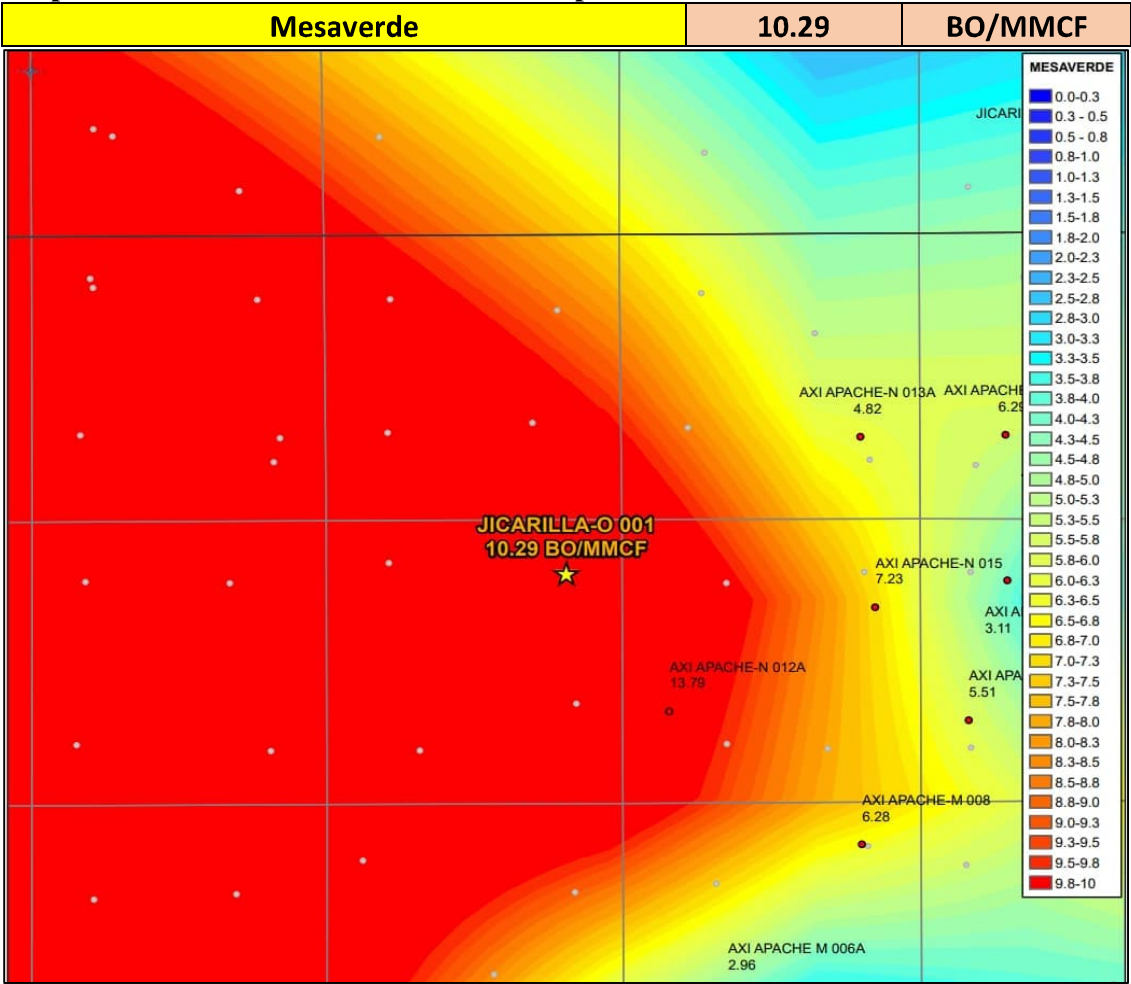
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	10.29	1464	100%
PC	0.00	160	0%

Current Zone – Pictured Cliffs Oil Yield Map



Average Oil Yield from Vertical Mancos Type Curve.

Proposed Zone – Mesaverde Oil Yield Map



9-Section Area Map of Standalone Oil Yields. Sampled well to this map.

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1625 N. French Dr., Hobbs, NM 88240
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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 317385

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 317385
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	ACCEPTED FOR RECORD ONLY	2/26/2024
dmcclure	Assigned the designation DHC-5346 for tracking purposes	2/26/2024