


<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: 10/25/2022  API No. 30-039-07036 DHC No. DHC-4982 Lease No. NMSF078840	
Well Name <b>SAN JUAN 28-7 UNIT NP</b>						Well No. <b>109</b>	
Unit Letter <b>N</b>	Section <b>18</b>	Township <b>27N</b>	Range <b>07W</b>	Footage <b>800' FSL &amp; 1650' FWL</b>	County, State <b>RIO ARRIBA, New Mexico</b>		
Completion Date  <b>10/6/2022</b>		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 <b>Dakota</b> and the added formation to be commingled is the <b>Menefee</b>, which is part of the Mesaverde formation. 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 Mesaverde formation(s). After 3 years production will stabilize. A production average will be gathered during the 4<sup>th</sup> 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. <b>MV 90%, DK 10%</b>          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 		10/25/2022		Operations/Regulatory Tech – Sr.		346-237-2177	
For Technical Questions: <b>Justin Nall</b>				Sr. Reservoir Engineer		<b>346-237-2231</b>	

*Dean R McClure* 11/04/2022

Well Name: SAN JUAN 28-7 UNIT	Well Location: T27N / R7W / SEC 18 / SESW / 36.567932 / -107.619324	County or Parish/State: RIO ARRIBA / NM
Well Number: 109	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078840	Unit or CA Name: SAN JUAN 28-7 UNIT--MV	Unit or CA Number: NMNM78413A
US Well Number: 3003907036	Well Status: Producing Gas Well	Operator: HILCORP ENERGY COMPANY

Notice of Intent

Sundry ID: 2699566

Type of Submission: Notice of Intent

Date Sundry Submitted: 10/25/2022

Date proposed operation will begin: 10/01/2022

Type of Action: Commingling (Subsurface)

Time Sundry Submitted: 09:13

Procedure Description: Please see the attached Preliminary Allocation Form.

NOI Attachments

Procedure Description

San\_Juan\_28\_7\_Unit\_NP\_109\_Prelim\_Sub\_Allocation\_Form\_20221025091328.pdf

Well Name: SAN JUAN 28-7 UNIT	Well Location: T27N / R7W / SEC 18 / SESW / 36.567932 / -107.619324	County or Parish/State: RIO ARRIBA / NM
Well Number: 109	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMSF078840	Unit or CA Name: SAN JUAN 28-7 UNIT--MV	Unit or CA Number: NMNM78413A
US Well Number: 3003907036	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: OCT 25, 2022 09:13 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: 10/25/2022
Signature: Kenneth Rennick	

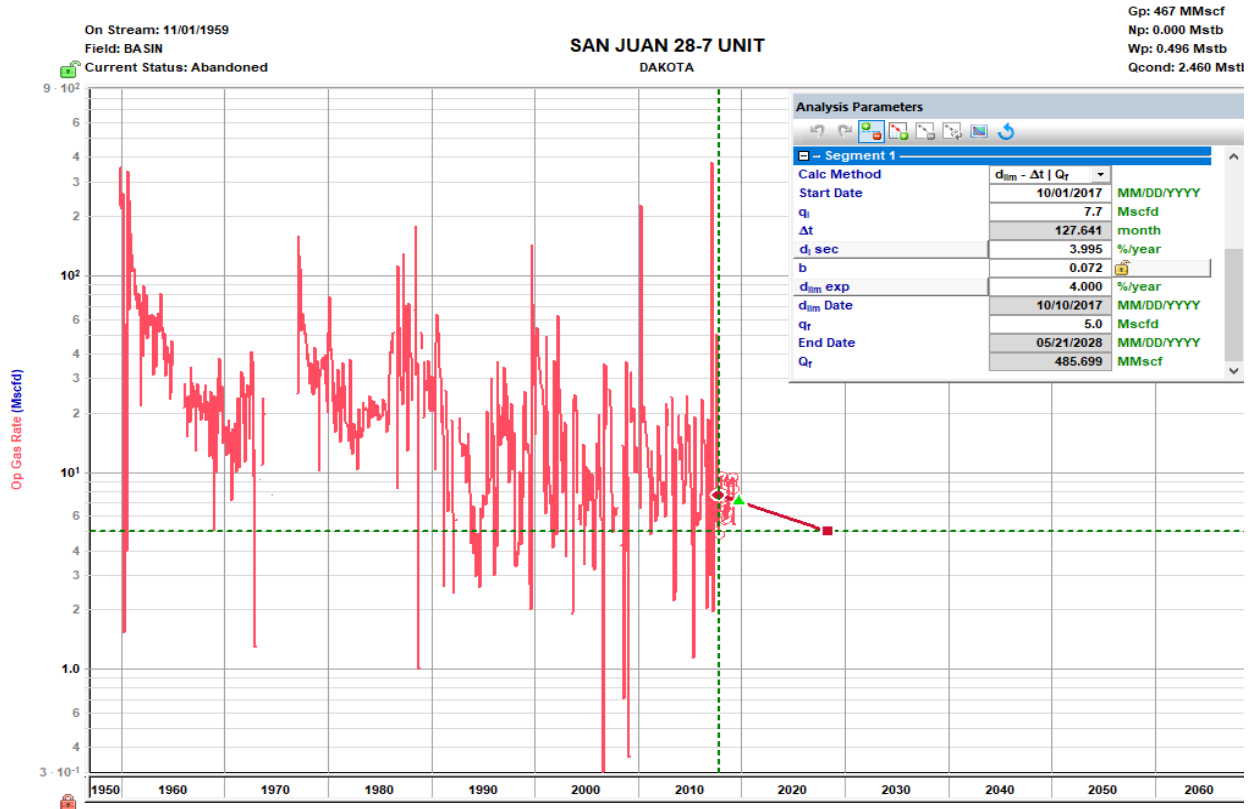
## San Juan 28-7 Unit 109 NP Subtraction Allocation

Date	Mcf/d
Oct-22	7.1
Nov-22	7.1
Dec-22	7.1
Jan-23	7.1
Feb-23	7
Mar-23	7
Apr-23	7
May-23	7
Jun-23	6.9
Jul-23	6.9
Aug-23	6.9
Sep-23	6.9
Oct-23	6.8
Nov-23	6.8
Dec-23	6.8
Jan-24	6.8
Feb-24	6.7
Mar-24	6.7
Apr-24	6.7
May-24	6.7
Jun-24	6.7
Jul-24	6.6
Aug-24	6.6
Sep-24	6.6
Oct-24	6.6
Nov-24	6.5
Dec-24	6.5
Jan-25	6.5
Feb-25	6.5
Mar-25	6.5
Apr-25	6.4
May-25	6.4
Jun-25	6.4
Jul-25	6.4
Aug-25	6.3
Sep-25	6.3
Oct-25	6.3
Nov-25	6.3
Dec-25	6.3
Jan-26	6.2
Feb-26	6.2
Mar-26	6.2
Apr-26	6.2
May-26	6.2
Jun-26	6.1
Jul-26	6.1
Aug-26	6.1
Sep-26	6.1

### Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation will be the Dakota, and the added formation to be commingled is the Menefee, which is a part of the Mesaverde formation. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceeding the forecast will be allocated to the Mesaverde formation.

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



### Oil Allocation:

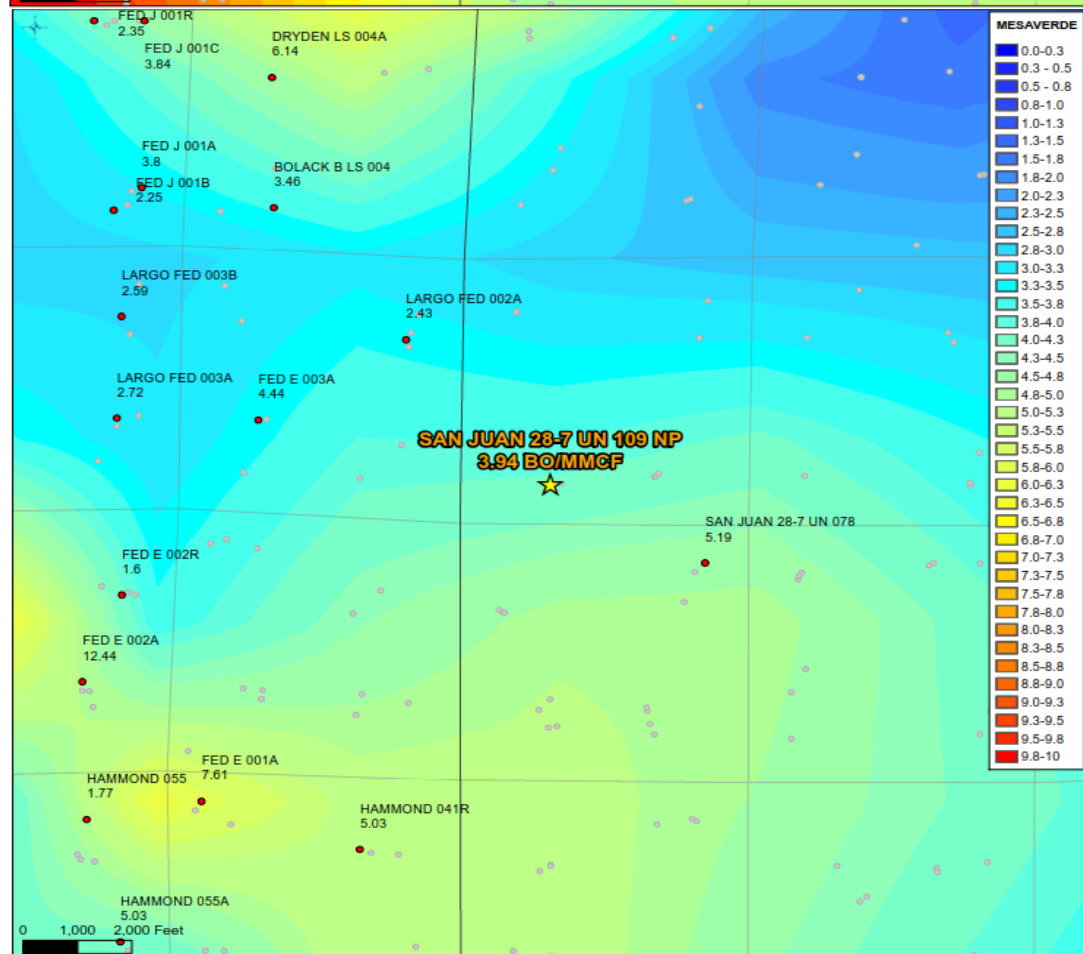
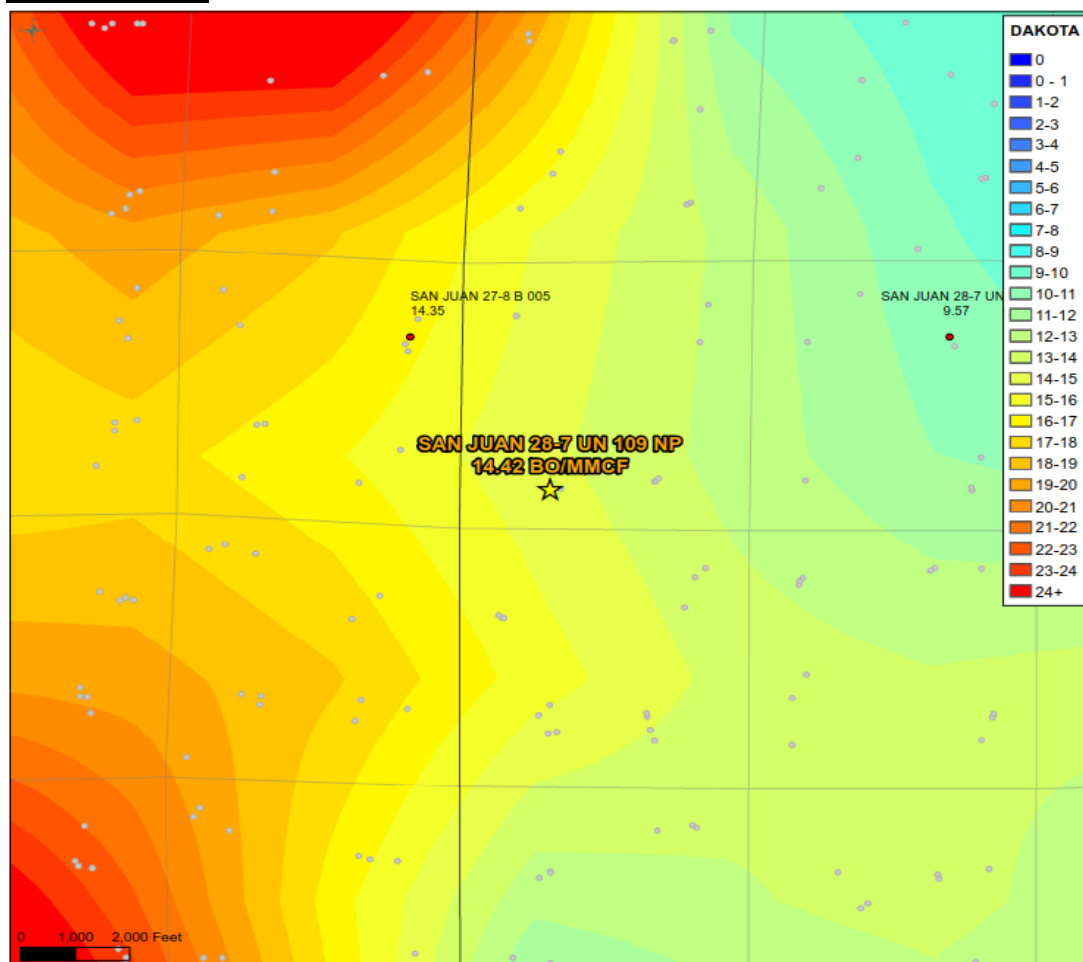
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	14.42	19	10%
MV	3.94	606	90%

Remaining MV reserves calculated using expected Menefee Add EUR of 455 MMCF plus forecasted current MV reserves of 151 MMCF.

Anticipate Menefee to have the same oil yield as surrounding Mesaverde.



**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**

CONDITIONS

Action 154210

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 154210
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmccclure	None	11/4/2022