

Well Name: JICARILLA APACHE	Well Location: T26N / R5W / SEC 27 / NENW / 36.4621075 / -107.349178	County or Parish/State: RIO ARRIBA / NM
Well Number: 10E	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name: JICARILLA APACHE
Lease Number: JIC154	Unit or CA Name:	Unit or CA Number:
US Well Number: 300392243300C1	Operator: HILCORP ENERGY COMPANY	

Notice of Intent

Sundry ID: 2787666

Type of Submission: Notice of Intent

Type of Action: Commingling (Subsurface)

Date Sundry Submitted: 04/30/2024

Time Sundry Submitted: 11:43

Date proposed operation will begin: 04/20/2024

Procedure Description: Please see attached subtraction allocation.

NOI Attachments

Procedure Description

Jicarilla_Apache_10E_Rev_DHC_Subtraction_Allocation_Form_20240430114304.pdf

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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:** APR 30, 2024 11:43 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:** 05/02/2024
Signature: Matthew Kade

<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>						Distribution: BLM / NMOCD Original Accounting Well File Revised: September 25, 2019		
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"/>						Status PRELIMINARY <input type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input checked="" type="checkbox"/>		
						Date: 4/24/2024 API No. 30-039-22433 DHC No. Lease No. JIC154		
Well Name JICARILLA APACHE						Well No. 10E		
Unit Letter C	Section 27	Township 26N	Range 05W	Footage 1040' FNL & 1685' FWL		County, State Rio Arriba, New Mexico		
Completion Date 4/20/2024		Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>						
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 Dakota and the added formations to be commingled are the Mesaverde and Mancos. 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 new formations. After 3 years production will stabilize. A production average will be gathered during the 4 th year and will be utilized to create a fixed percentage based allocation. (Revised from original DHC; removed Chacra)								
Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. MV 65%, MC 26%, DK 9%. (Revised from original DHC; removed Chacra) After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.								
NAME				DATE		TITLE		PHONE
X Cherylene Weston						Operations/Regulatory Tech – Sr.		713-289-2615
Cherylene Weston				4/24/2024				
For Technical Questions: Marcus Hill						Reservoir Engineer		346-237-2011

Jicarilla Apache 10E Allocation - Revised

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:

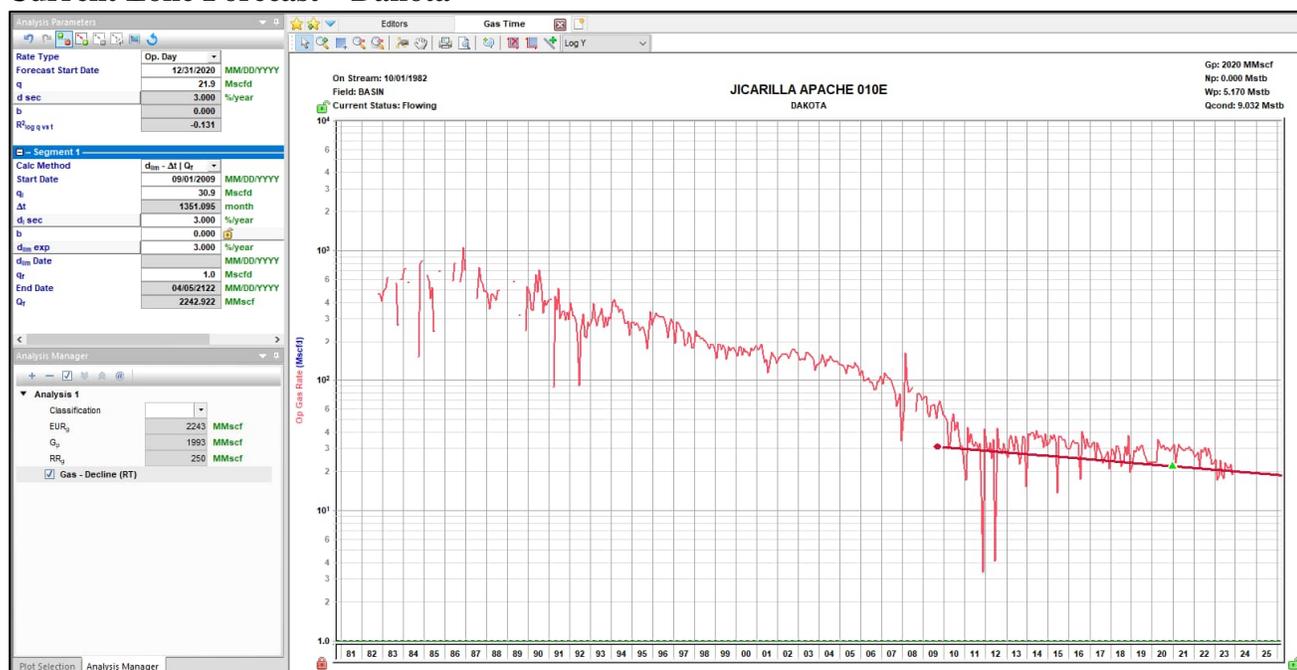
Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Dakota and the added formations to be trimmingled are the Mancos and Mesaverde. The subtraction method applies an average monthly production forecast to the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

New zones will be allocated using a fixed allocation. Forecasted rates for MC/MV are based on offsets type curve. The maps show the standalone offsets that were used for type-curves. The split between MC/MV is based on the ratio of forecasted reserves as shown in the table below.

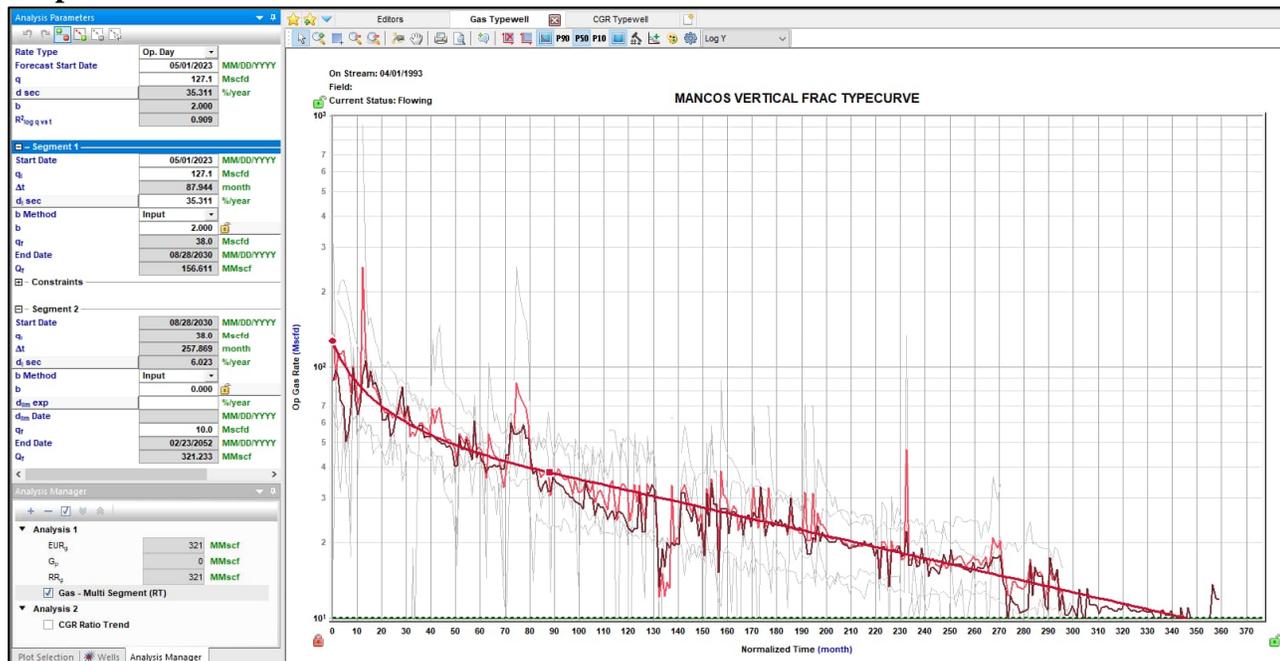
Formation	Remaining Reserves (MMcf)	% Gas Allocation
Mancos	321	36%
Mesaverde	571	64%

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 – Dakota

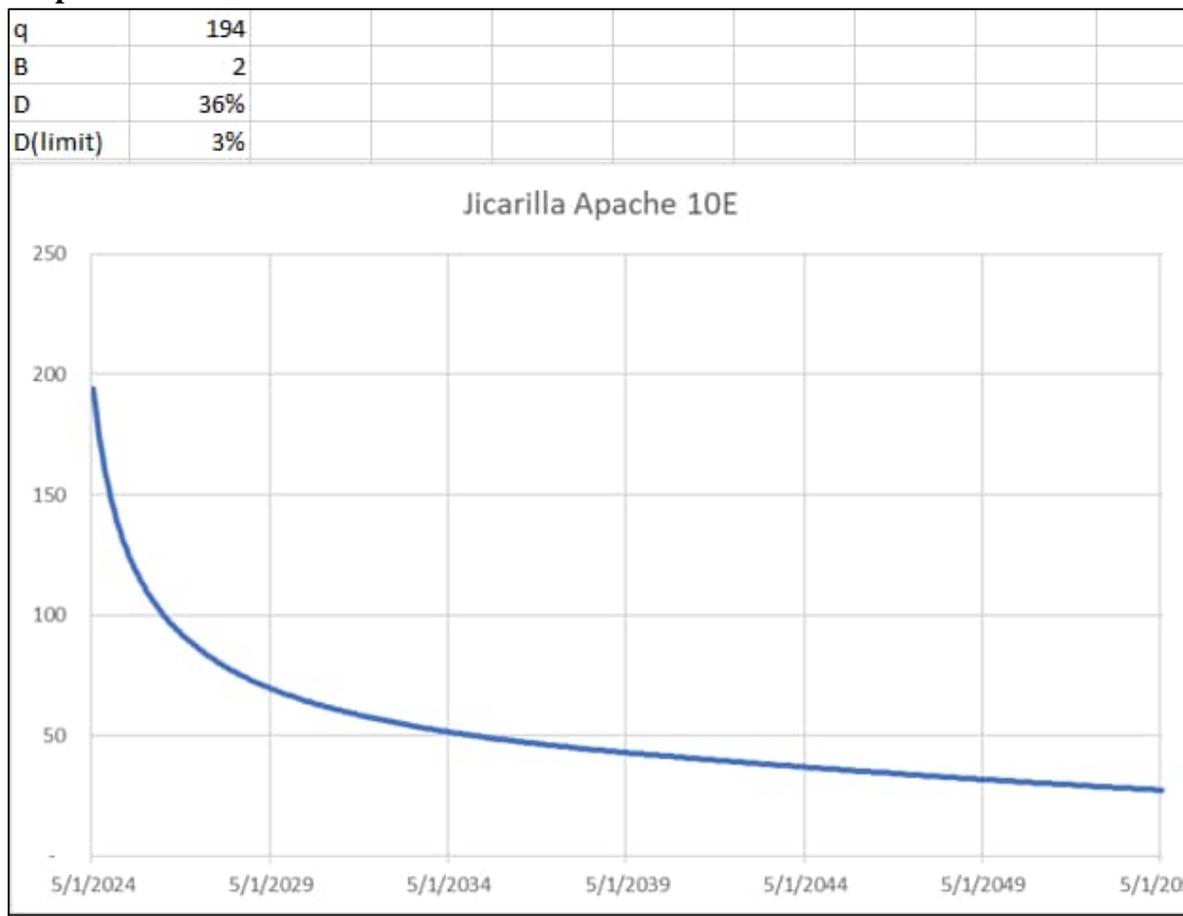


Proposed Zone 1 Forecast - Mancos



Average initial production curve in geologic region.

Proposed Zone 2 Forecast – Mesaverde



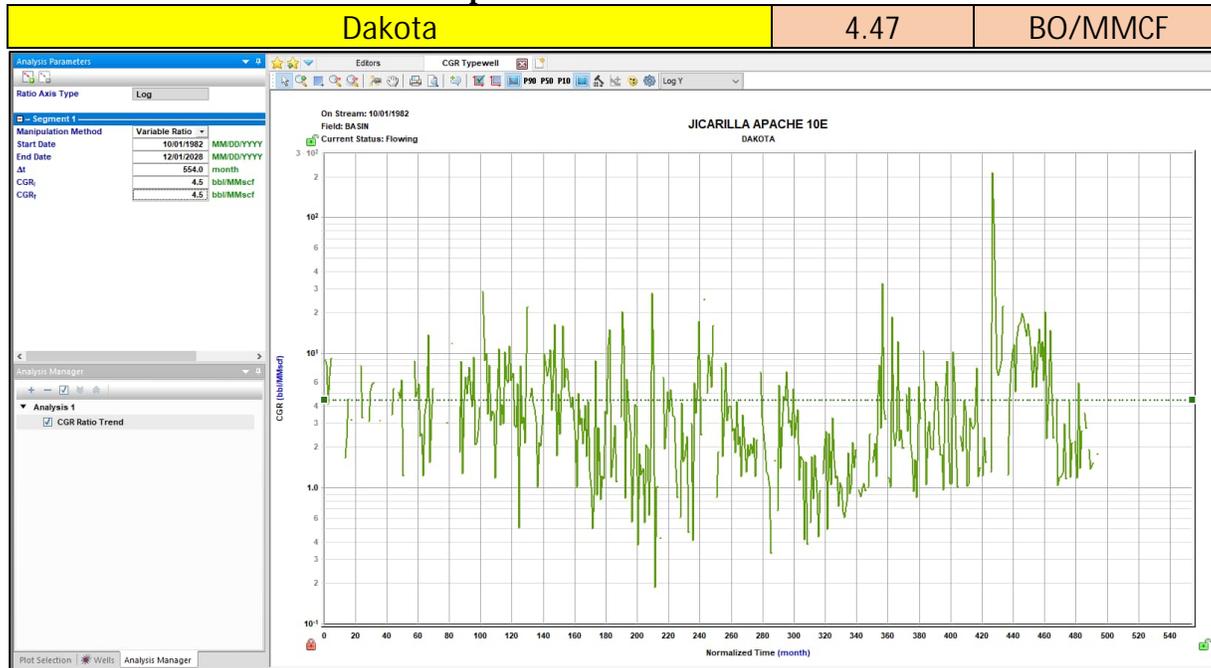
Average initial production curve in geologic region.

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 new fixed gas allocation.

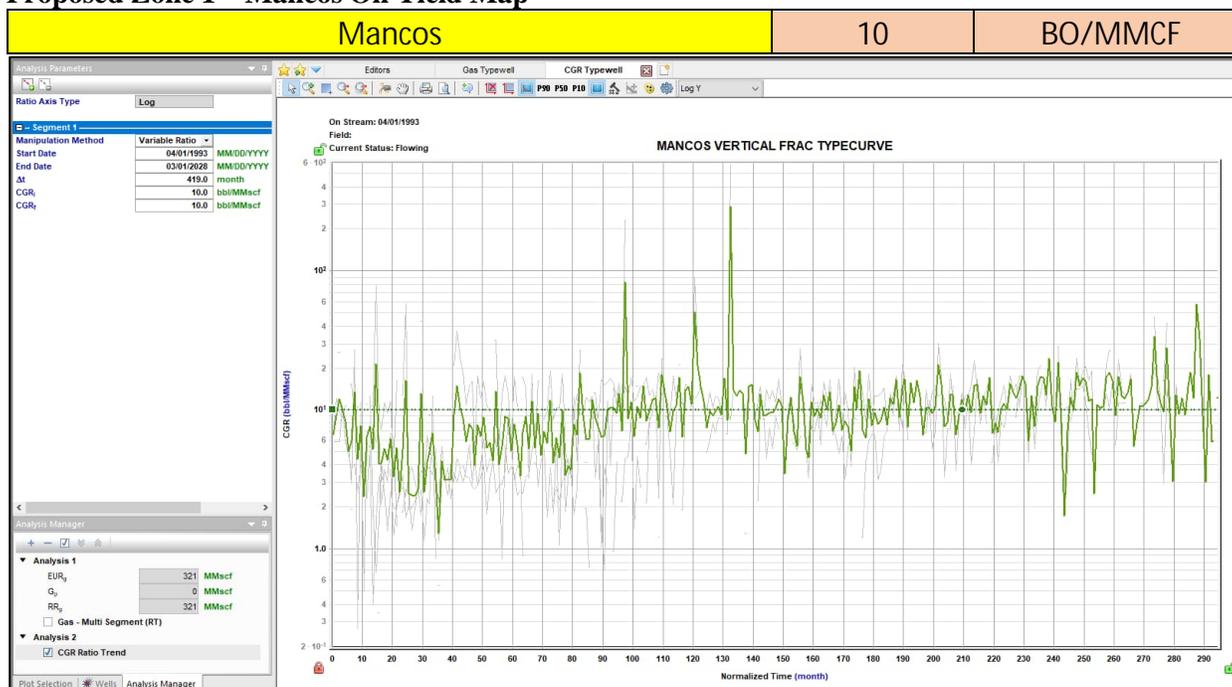
Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	4.47	250	9%
MC	10.00	321	26%
MV	14.25	571	65%

Current Zone – Dakota Oil Yield Map



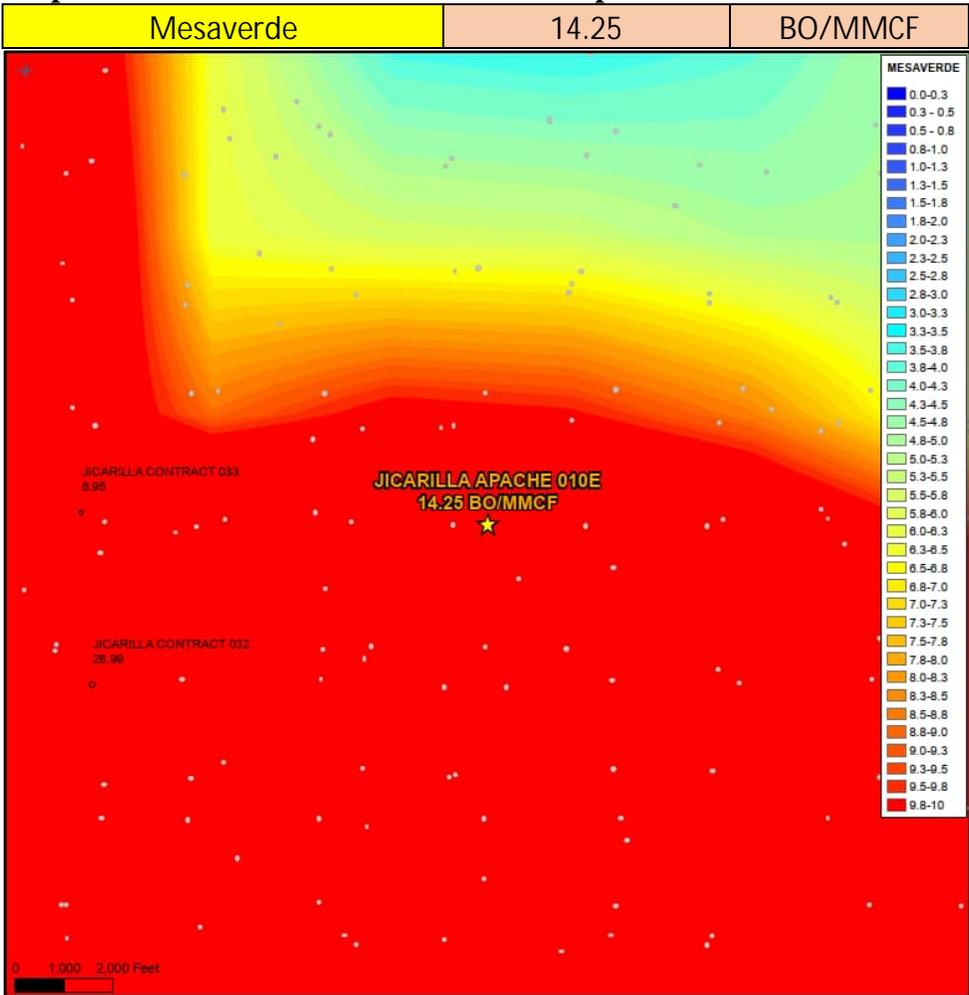
Average Oil Yield from Vertical Mancos Type Curve.

Proposed Zone 1 – Mancos Oil Yield Map



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

Proposed Zone 2 – Mesaverde Oil Yield Map



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 340657

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 340657
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
dmcclore	ACCEPTED FOR RECORD ONLY	5/7/2024