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 Revised: March 9, 2018

Hilcorp Energy Company

Farmington Field Office
 Bureau of Land Management

PRODUCTION ALLOCATION FORM

Status
 PRELIMINARY ☒
 FINAL ☐
 REVISED ☐

Commingle Type
 SURFACE ☐ DOWNHOLE ☒

Type of Completion
 NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 4/4/2018

API No. 30-039-20842

DHC No. DHC 4010AZ

Lease No. NMSF080505-A

Federal

Well Name
 San Juan 28-6 Unit

Well No.
 #211

Unit Letter O	Section 08	Township T28N	Range R06W	Footage 990'FSL & 1750'FEL	County, State Rio Arriba, New Mexico
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Completion Date 3/15/2018	Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>
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JUSTIFICATION OF ALLOCATION: Hilcorp 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 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). A fixed percentage based allocation will be submitted after the fourth year of production. See attached documents for production forecast.

Oil production will be allocated based on average formation yields from offset wells: MV- 100%, DK- 0%

APPROVED BY <i>William Tamboreau</i>	DATE 4/9/2018	TITLE <i>Petroleum Engineer</i>	PHONE
<i>[Signature]</i>	<i>[Signature]</i>	Area Operations Manager	713-209-2449
Nick Kunze			

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APR 12 2018

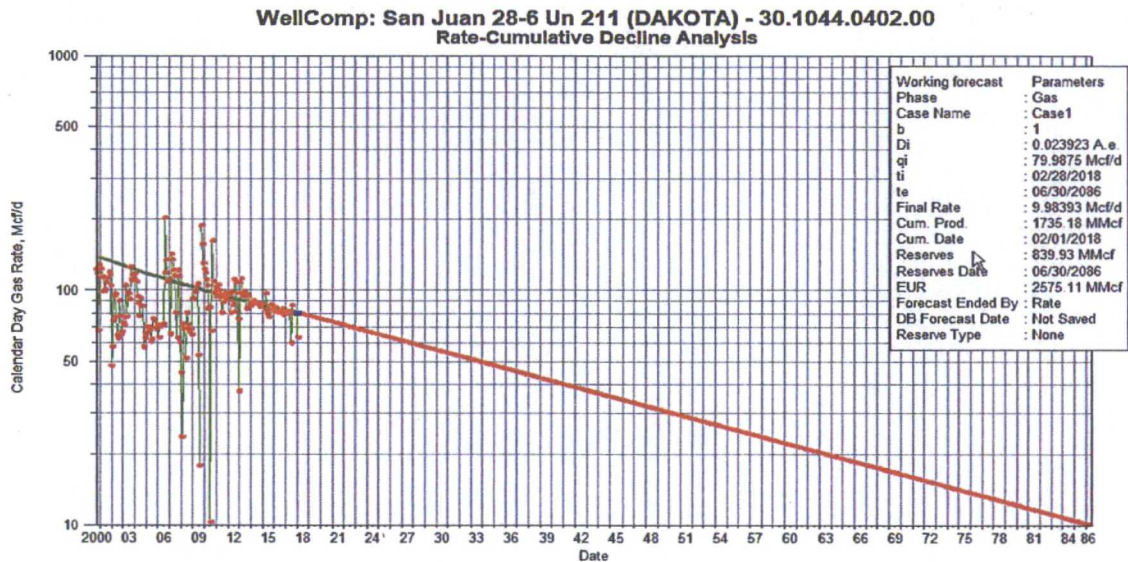
DISTRICT III

2

San Juan 28-6 Unit 211 Subtraction Allocation

Date	Mcfd
Mar-18	79.9
Apr-18	79.72
May-18	79.52
Jun-18	79.32
Jul-18	79.12
Aug-18	78.91
Sep-18	78.71
Oct-18	78.51
Nov-18	78.31
Dec-18	78.11
Jan-19	77.91
Feb-19	77.72
Mar-19	77.53
Apr-19	77.33
May-19	77.14
Jun-19	76.94
Jul-19	76.74
Aug-19	76.55
Sep-19	76.35
Oct-19	76.16
Nov-19	75.96
Dec-19	75.77
Jan-20	75.58
Feb-20	75.39
Mar-20	75.2
Apr-20	75.01
May-20	74.82
Jun-20	74.63
Jul-20	74.44
Aug-20	74.24
Sep-20	74.06
Oct-20	73.87
Nov-20	73.68
Dec-20	73.49
Jan-21	73.3
Feb-21	73.12
Mar-21	72.94
Apr-21	72.76
May-21	72.57
Jun-21	72.39
Jul-21	72.21
Aug-21	72.02
Sep-21	71.84
Oct-21	71.65
Nov-21	71.47
Dec-21	71.29
Jan-22	71.11
Feb-22	70.93

Base formation is the Dakota and the added formation to be commingled is the MesaVerde. 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 formation. Oil production will be allocated based on average formation yields from offset wells.



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0	839.9	0%
MV	2.16	1207	100%