

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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Regulatory
Accounting
Well File

Revised: March 9, 2006

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

Date: 4/5/2018

API No. 30-045-08766
DHC No. DHC-3994-AZ
Lease No. SF-078161
Federal

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Well Name

Shults Federal

Well No.

1

Unit Letter

F

Section

01

Township

T029N

Range

R11W

Footage

1767' FNL & 1610' FWL

County, State

San Juan,
New Mexico

Completion Date

3/23/2018

Test Method

HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☐ OTHER ☒

JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method. The base formation is the Basin 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- 36%, DK- 64%

APPROVED BY	DATE	TITLE	PHONE
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APR 12 2018

DISTRICT III