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# Hilcorp Energy Company

Farmington Field Office  
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Revised: March 9, 2018

## PRODUCTION ALLOCATION FORM

Status  
PRELIMINARY ☐  
FINAL ☐  
REVISED ☒

Commingle Type  
SURFACE ☐ DOWNHOLE ☒

MAY 30 2018

Type of Completion  
NEW DRILL ☐ RECOMPLETION ☒ PAYAD ☐ COMMINGLED ☐

Date: 5/22/2018

API No. 30-039-20321  
DHC No. DHC 3783AZ  
Lease No. NMSF-080673

Well Name  
San Juan 27-4 Unit

Well No.  
#55

Unit Letter G	Section 05	Township T27N	Range R04W	Footage 1700'FNL & 1750'FEL
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County, State  
Rio Arriba,  
New Mexico

Completion Date  
11/22/2017

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 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- 99%, DK- 1%

APPROVED BY <i>William Jambekou</i>	DATE 5/24/2018	TITLE <i>Petroleum Engineer</i>	PHONE 505-564-7746
X		Area Operations Manager	713-209-2449

Nick Kunze

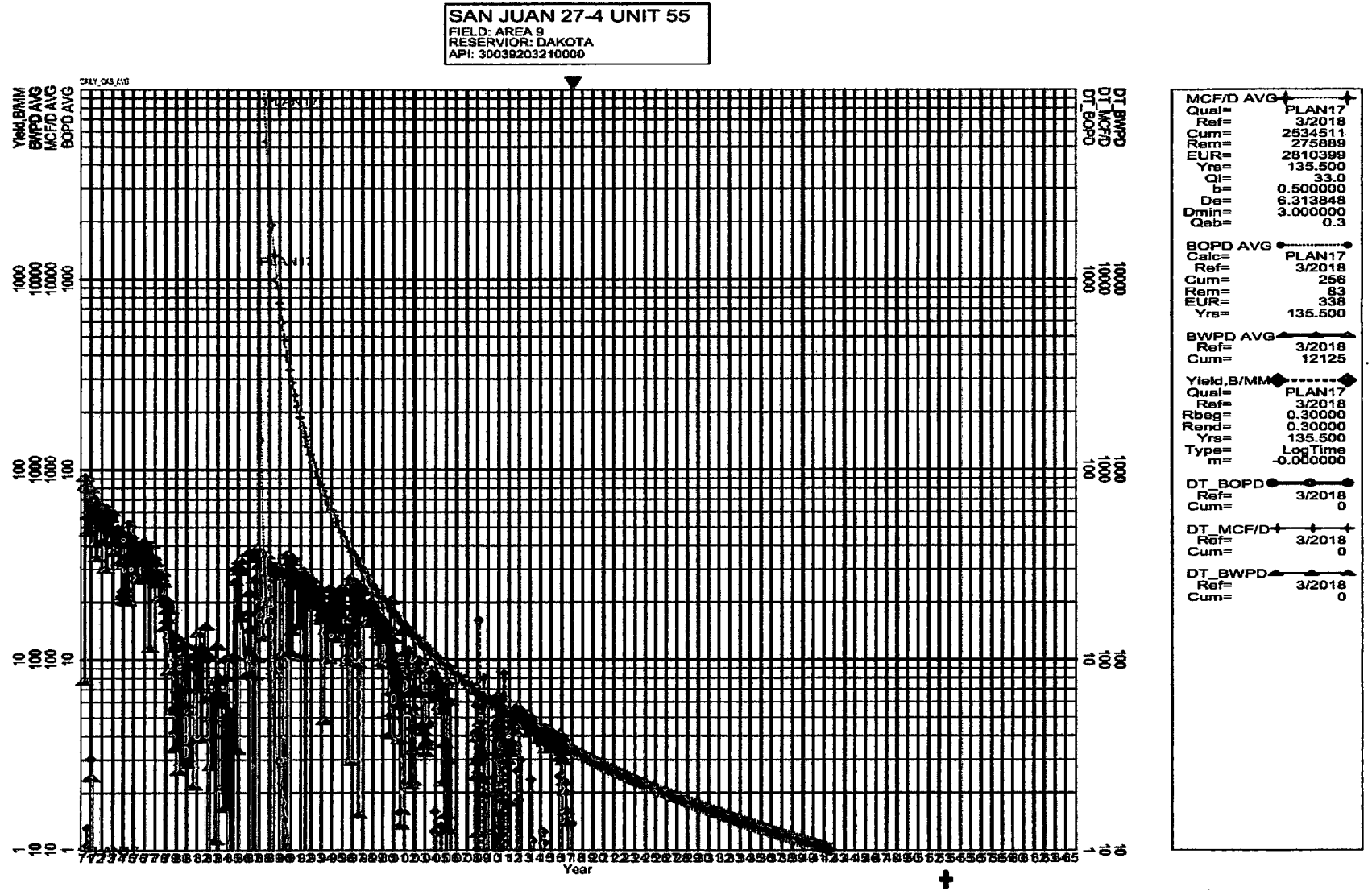
NMOCD

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# San Juan 27-4 Unit 55 Subtraction Allocation

Date	Mcf/d
Mar-18	32.9
Apr-18	32.7
May-18	32.5
Jun-18	32.4
Jul-18	32.2
Aug-18	32.0
Sep-18	31.8
Oct-18	31.7
Nov-18	31.5
Dec-18	31.3
Jan-19	31.2
Feb-19	31.0
Mar-19	30.8
Apr-19	30.7
May-19	30.5
Jun-19	30.3
Jul-19	30.2
Aug-19	30.0
Sep-19	29.9
Oct-19	29.7
Nov-19	29.6
Dec-19	29.4
Jan-20	29.2
Feb-20	29.1
Mar-20	28.9
Apr-20	28.8
May-20	28.6
Jun-20	28.5
Jul-20	28.4
Aug-20	28.2
Sep-20	28.1
Oct-20	27.9
Nov-20	27.8
Dec-20	27.6
Jan-21	27.5
Feb-21	27.4
Mar-21	27.2
Apr-21	27.1
May-21	27.0
Jun-21	26.8
Jul-21	26.7
Aug-21	26.6
Sep-21	26.4
Oct-21	26.3
Nov-21	26.2
Dec-21	26.0
Jan-22	25.9
Feb-22	25.8

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	0.3	275.889	1%
MV	3.66	1499	99%