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Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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 Accounting
 Well File

Revised: March 9, 2018

Farmington Field Office
 Bureau of Land Management

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 7/11/2018

API No. 30-039-23910

DHC No. DHC 3998AZ

Lease No. NMSF079403

Federal

Well Name

San Juan 27-5 Unit

Well No.

#108E

Unit Letter

M

Section

15

Township

T27N

Range

R05W

Footage

530'FSL & 90'FWL

County, State

Rio Arriba,

New Mexico

Completion Date

7/5/2018

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 Dakota and the added formation to be commingled is the Measverde. 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 - 69%, DK - 31%

APPROVED BY	DATE	TITLE	PHONE
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Nick Kunze			
BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS			

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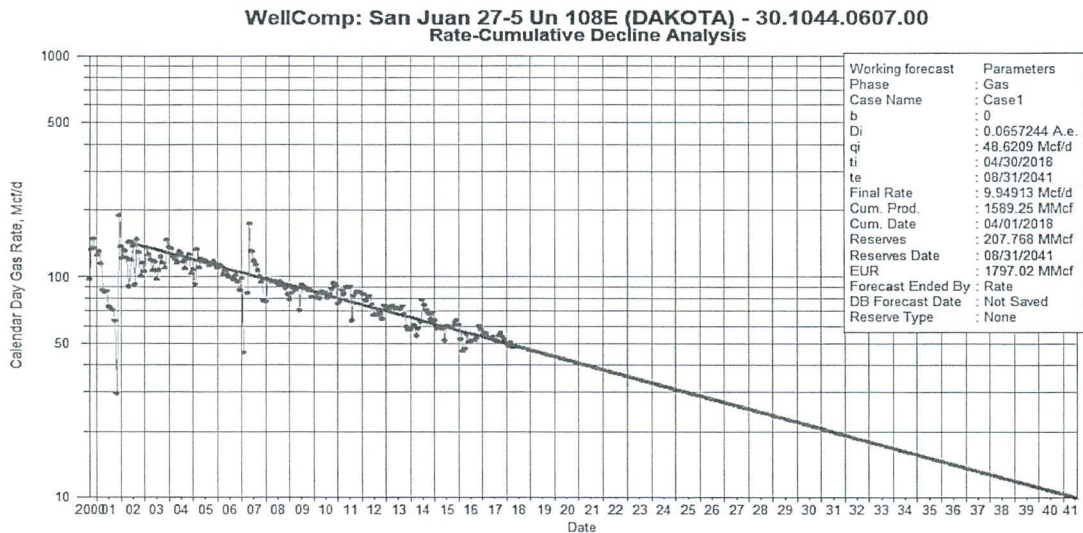
JUL 19 2018

DISTRICT III

NMOCD

San Juan 27-5 Unit 108E Subtraction Allocation

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	5.436	207.768	31%
MV	2	1282	69%

Date	Mcf/d
May-18	48.48
Jun-18	48.21
Jul-18	47.93
Aug-18	47.66
Sep-18	47.39
Oct-18	47.12
Nov-18	46.85
Dec-18	46.59
Jan-19	46.32
Feb-19	46.07
Mar-19	45.81
Apr-19	45.55
May-19	45.3
Jun-19	45.04
Jul-19	44.79
Aug-19	44.53
Sep-19	44.28
Oct-19	44.02
Nov-19	43.78
Dec-19	43.53
Jan-20	43.28
Feb-20	43.04
Mar-20	42.8
Apr-20	42.55
May-20	42.31
Jun-20	42.07
Jul-20	41.84
Aug-20	41.6
Sep-20	41.36
Oct-20	41.13
Nov-20	40.89
Dec-20	40.66
Jan-21	40.43
Feb-21	40.21
Mar-21	39.99
Apr-21	39.76
May-21	39.53
Jun-21	39.31
Jul-21	39.09
Aug-21	38.86
Sep-21	38.64
Oct-21	38.42
Nov-21	38.21
Dec-21	37.99
Jan-22	37.77
Feb-22	37.57
Mar-22	37.36
Apr-22	37.15