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Hilcorp Energy Company

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Revised: March 9, 2018

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐Commingle Type
SURFACE ☐ DOWNHOLE ☒
Type of Completion
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 7/10/2018

API No. 30-039-30495
DHC No. DHC 3985AZ
Lease No. NMSF079491A
FederalWell Name
San Juan 27-5 UnitWell No.
#113F

Unit Letter G	Section 10	Township T27N	Range R05W	Footage 1590'FNL & 1485'FEL	County, State Rio Arriba, New Mexico
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Completion Date 6/30/2018	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 - 60%, DK- 40%

APPROVED BY <i>William Tambekou</i>	DATE 7/18/2018	TITLE Petroleum Engineer	PHONE 505-564-7746
X <i>[Signature]</i>		Area Operations Manager	713-209-2449
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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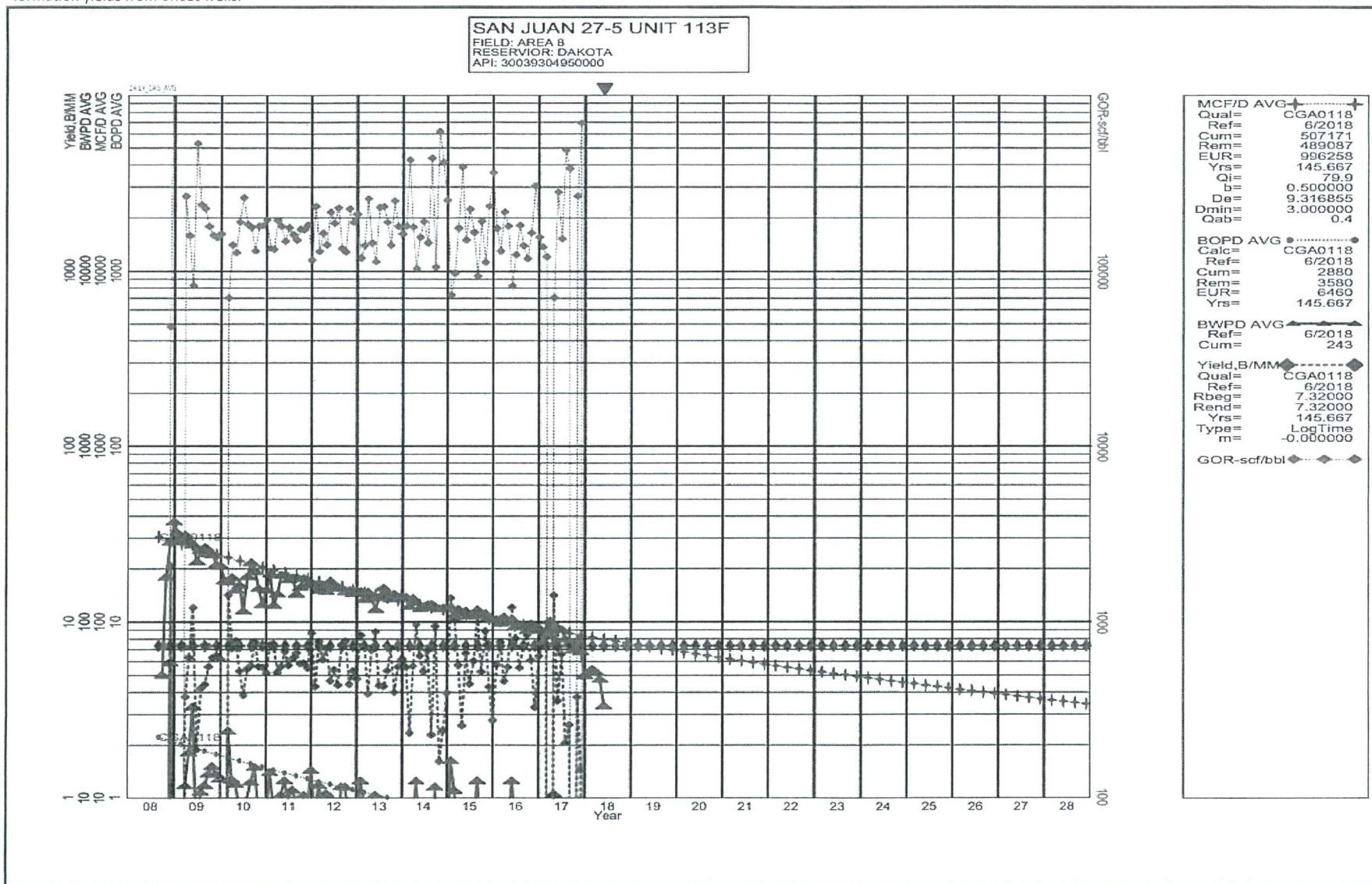
NMOCD

DISTRICT III

San Juan 27-5 Unit 113F Subtraction Allocation

Date	Mcf/d
Jun-18	79.5
Jul-18	78.9
Aug-18	78.2
Sep-18	77.6
Oct-18	76.9
Nov-18	76.3
Dec-18	75.7
Jan-19	75.1
Feb-19	74.5
Mar-19	73.9
Apr-19	73.3
May-19	72.7
Jun-19	72.1
Jul-19	71.6
Aug-19	71.0
Sep-19	70.4
Oct-19	69.9
Nov-19	69.4
Dec-19	68.8
Jan-20	68.3
Feb-20	67.8
Mar-20	67.2
Apr-20	66.7
May-20	66.2
Jun-20	65.7
Jul-20	65.2
Aug-20	64.7
Sep-20	64.3
Oct-20	63.8
Nov-20	63.3
Dec-20	62.8
Jan-21	62.4
Feb-21	61.9
Mar-21	61.5
Apr-21	61.0
May-21	60.6
Jun-21	60.1
Jul-21	59.7
Aug-21	59.3
Sep-21	58.8
Oct-21	58.4
Nov-21	58.0
Dec-21	57.6
Jan-22	57.2
Feb-22	56.8
Mar-22	56.4
Apr-22	56.0
May-22	55.6

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	7.32	489,087	40%
MV	3.55	1515	60%