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 Well File
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Hilcorp Energy Company

Albuquerque 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: **08/14/2018**

API No. **30-039-82375**
 DHC No. **DHC 4015AZ**
 Lease No. **NMSF-079298-B**
Federal

Well Name
San Juan 28-7 Unit

Well No.
#128

Unit Letter	Section	Township	Range	Footage	County, State
A	12	T027N	R007W	990' FNL & 890' FEL	Rio Arriba, New Mexico

Completion Date
07/21/2018

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 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- 85%, DK- 15%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambakon</i>	<i>8/14/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X <i>Cherylene Weston</i>	<i>8-14-18</i>	Operations/Regulatory Tech	505-564-0779
Cherylene Weston			

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DISTRICT III

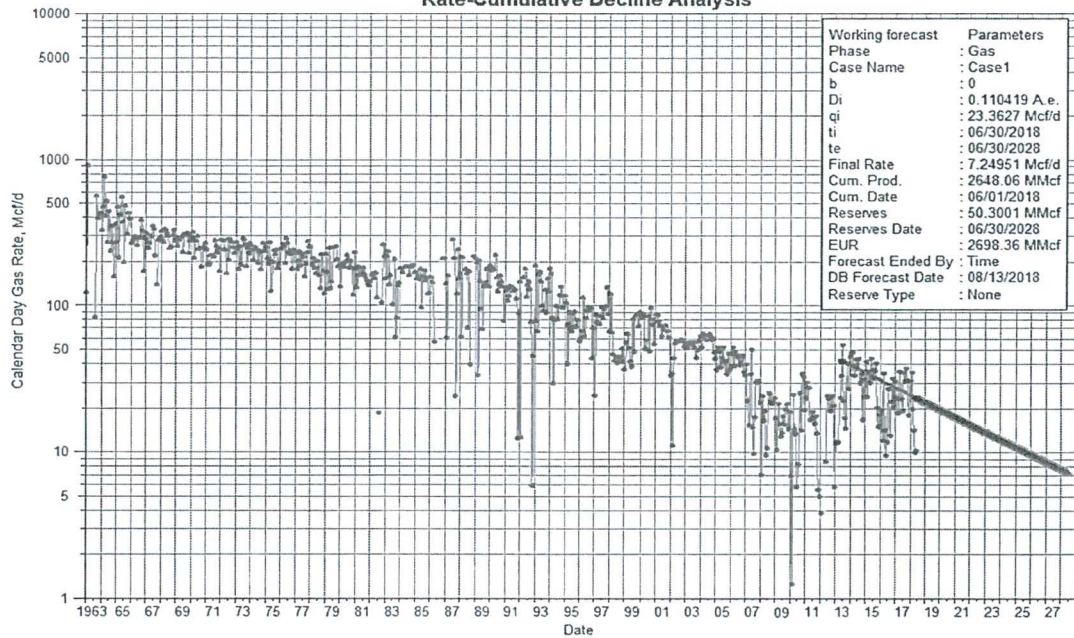
San Juan 28-7 Unit 154E Subtraction Allocation

Date Rate

7/2018	23.25
8/2018	23.02
9/2018	22.79
10/2018	22.57
11/2018	22.35
12/2018	22.14
1/2019	21.92
2/2019	21.71
3/2019	21.51
4/2019	21.3
5/2019	21.09
6/2019	20.88
7/2019	20.68
8/2019	20.48
9/2019	20.28
10/2019	20.08
11/2019	19.89
12/2019	19.69
1/2020	19.5
2/2020	19.31
3/2020	19.13
4/2020	18.94
5/2020	18.76
6/2020	18.57
7/2020	18.39
8/2020	18.21
9/2020	18.03
10/2020	17.86
11/2020	17.69
12/2020	17.51
1/2021	17.34
2/2021	17.18
3/2021	17.02
4/2021	16.85
5/2021	16.69
6/2021	16.52
7/2021	16.36
8/2021	16.2
9/2021	16.04
10/2021	15.89
11/2021	15.73
12/2021	15.58
1/2022	15.43
2/2022	15.28
3/2022	15.14
4/2022	14.99
5/2022	14.85
6/2022	14.7

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.

San Juan 28-7 Un 128 (DAKOTA) - 30.1043.0963.00
Rate-Cumulative Decline Analysis



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	9.38	50.3	15%
MV	3.08	902	85%