

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

Distribution:  
NMOCD Original  
BLM 5 Copies  
Accounting  
Well File  
Revised: March 9, 2018

Status  
PRELIMINARY ☒  
FINAL ☐  
REVISED ☐

Commingle Type  
SURFACE ☐ DOWNHOLE ☒  
Type of Completion  
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 11/14/2018

API No. 30-045-09977  
DHC No. 4075AZ  
Lease No. FEE

Well Name  
**ZELLA CALLOWAY**

Well No.  
**1**

Unit Letter	Section	Township	Range	Footage	County, State
<b>A</b>	<b>03</b>	<b>30N</b>	<b>11W</b>	<b>845' FNL &amp; 835' FEL</b>	<b>SAN JUAN, New Mexico</b>

Completion Date	Test Method
<b>11/2/2018</b>	HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>

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: DK- 16%, MV- 84%

APPROVED BY	DATE	TITLE	PHONE
X <i>Amanda Walker</i>	11/14/18	Operations/Regulatory Tech – Sr.	505.324.5122

NMOCD

NOV 19 2018

DISTRICT III