

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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Regulatory
Accounting
Well File

Revised: March 9, 2006

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

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

NMOC

Date: 2/11/2019

API No. **30-045-24649**
DHC No. **DHC-4086-AZ**
Lease No. **FEE**

Well Name
Garcia Gas Com B

FEB 14 2019

Well No.
1

Unit Letter **M** Section **21** Township **T029N** Range **R10W** Footage **790' FSL & 590' FWL**

County, State
**San Juan,
New Mexico**

Completion Date **1/30/2019** 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. DK – 12% , MV – 88%

APPROVED BY	DATE	TITLE	PHONE
X <i>Christine Brock</i>	<i>2/12/19</i>	Regulatory/Operations Tech	505-324-5155
Christine Brock			

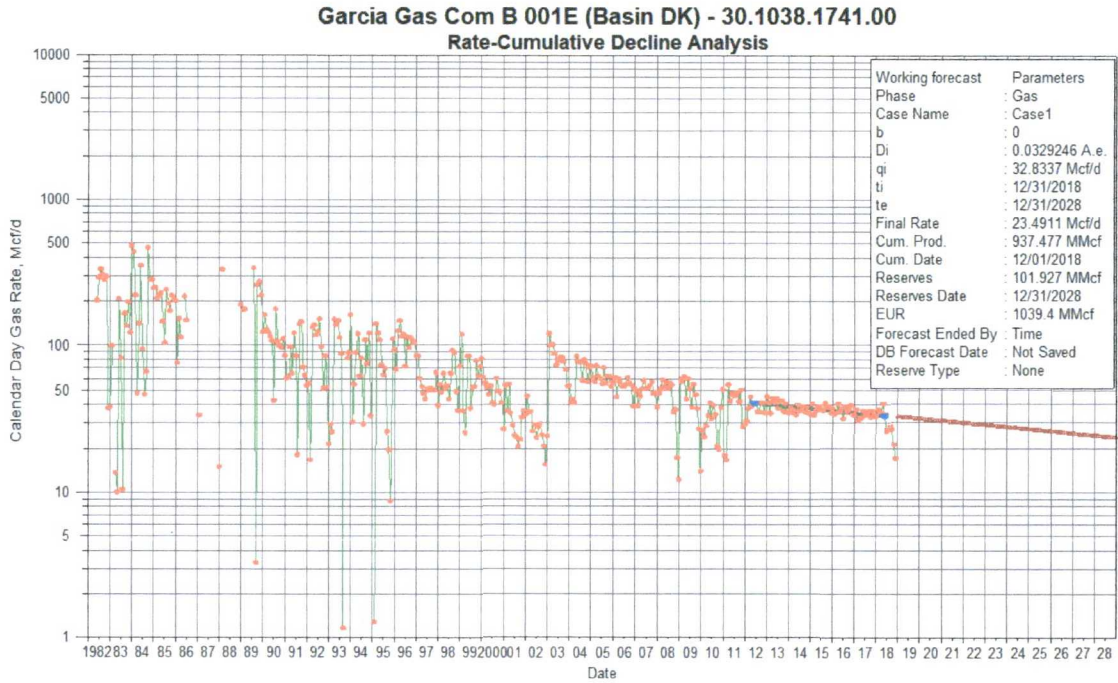
Garcia Gas Com B 1E Subtraction Allocation

Date	Mcf/d
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2/2019	32.79
3/2019	32.7
4/2019	32.61
5/2019	32.52
6/2019	32.43
7/2019	32.34
8/2019	32.25
9/2019	32.16
10/2019	32.07
11/2019	31.98
12/2019	31.89
1/2020	31.8
2/2020	31.71
3/2020	31.62
4/2020	31.53
5/2020	31.45
6/2020	31.36
7/2020	31.27
8/2020	31.18
9/2020	31.1
10/2020	31.01
11/2020	30.92
12/2020	30.84
1/2021	30.75
2/2021	30.66
3/2021	30.58
4/2021	30.5
5/2021	30.41
6/2021	30.33
7/2021	30.24
8/2021	30.16
9/2021	30.07
10/2021	29.99
11/2021	29.9
12/2021	29.82
1/2022	29.74
2/2022	29.65
3/2022	29.57
4/2022	29.49
5/2022	29.41
6/2022	29.33
7/2022	29.25
8/2022	29.17
9/2022	29.08
10/2022	29
11/2022	28.92
12/2022	28.84
1/2023	28.76

Base formation is the Basin 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.

Garcia Gas Com B1E DK Forecast



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Allocation
DK	6.3	102	12%
MV	5.17	914	88%