

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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Accounting
Well File

Revised: March 9, 2018

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

Commingle Type
SURFACE ☐ DOWNHOLE ☒

Type of Completion
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 11/19/2018

API No. 30-039-20317
DHC No. DHC 4023AZ
Lease No. NMSF079049B
Federal

Well Name
San Juan 28-6 Unit

Well No.
#151

Unit Letter	Section	Township	Range	Footage	County, State
G	34	T28N	R06W	1650'FNL & 1650'FEL	Rio Arriba, New Mexico

Completion Date

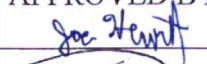
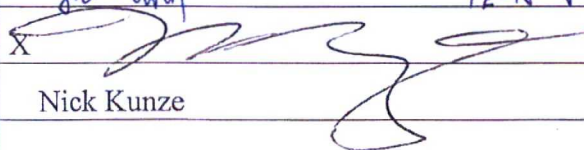
11/17/2018

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- 100%, DK- 0%

APPROVED BY	DATE	TITLE	PHONE
	12-18-18	Geq	564-7740
		Area Operations Manager	713-209-2449
Nick Kunze			

NMOCD

OPERATOR

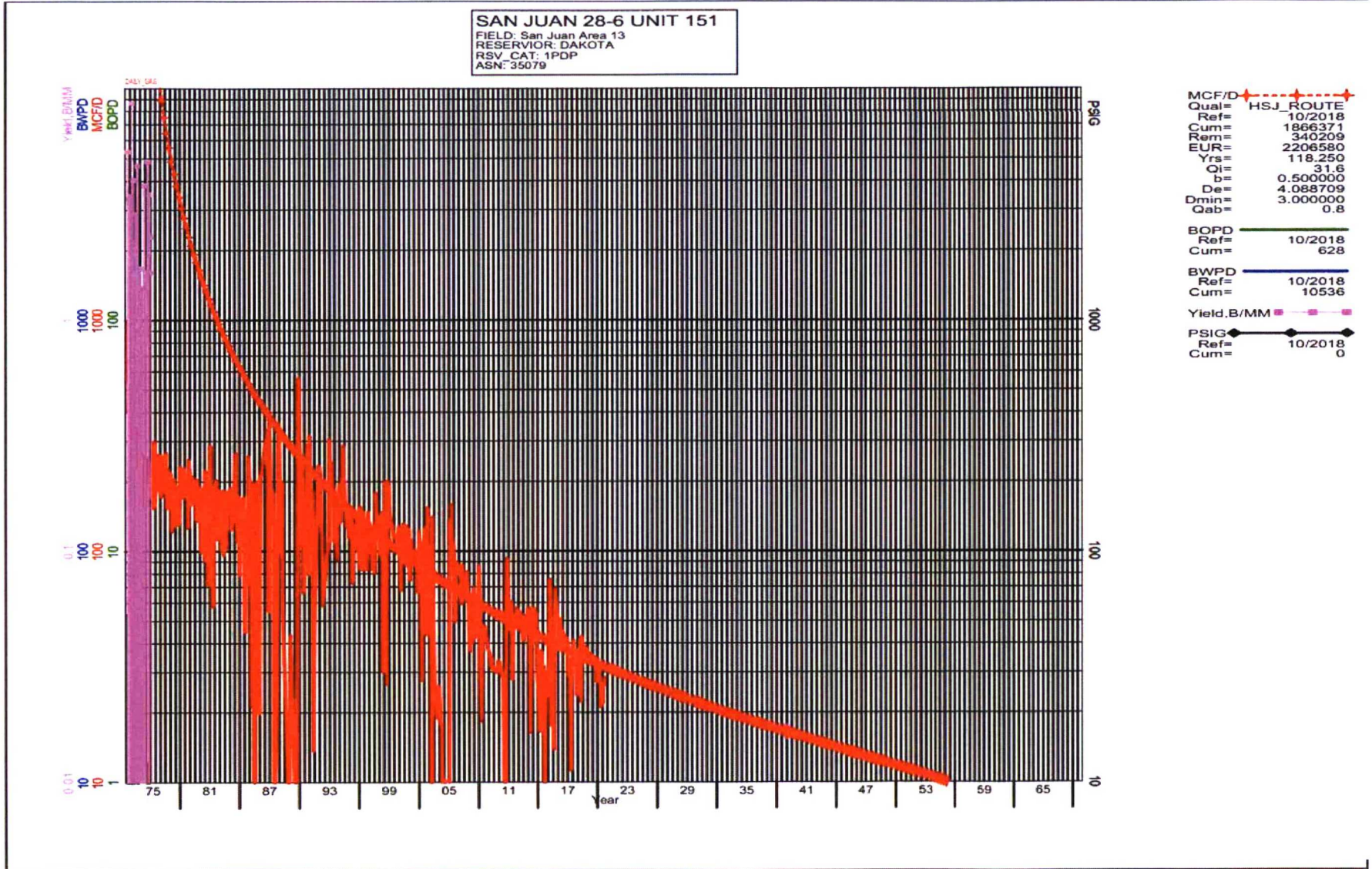
APR 17 2019

DISTRICT III

San Juan 28-6 Unit 151 Subtraction Allocation

Date	Mcf/d
Nov-18	31.5
Dec-18	31.3
Jan-19	31.2
Feb-19	31.1
Mar-19	31.0
Apr-19	30.9
May-19	30.8
Jun-19	30.7
Jul-19	30.6
Aug-19	30.5
Sep-19	30.4
Oct-19	30.3
Nov-19	30.2
Dec-19	30.1
Jan-20	30.0
Feb-20	29.9
Mar-20	29.8
Apr-20	29.7
May-20	29.6
Jun-20	29.5
Jul-20	29.4
Aug-20	29.3
Sep-20	29.2
Oct-20	29.1
Nov-20	29.0
Dec-20	28.9
Jan-21	28.8
Feb-21	28.7
Mar-21	28.6
Apr-21	28.5
May-21	28.4
Jun-21	28.3
Jul-21	28.2
Aug-21	28.1
Sep-21	28.0
Oct-21	27.9
Nov-21	27.8
Dec-21	27.7
Jan-22	27.6
Feb-22	27.6
Mar-22	27.5
Apr-22	27.4
May-22	27.3
Jun-22	27.2
Jul-22	27.1
Aug-22	27.0
Sep-22	26.9
Oct-22	26.8

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	0	340.029	0%
MV	2.63	1515	100%