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Revised: March 9, 2018

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

Status  
PRELIMINARY ☒  
FINAL ☐  
REVISED ☐

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

Date: 3/11/2019  
API No. 30-045-34450  
DHC No. 4064 AZ  
Lease No. NMSF080750

Well Name  
**Sunray F**

Well No.  
**1F**

Unit Letter <b>I</b>	Section <b>26</b>	Township <b>30N</b>	Range <b>10W</b>	Footage <b>2565' FSL &amp; 885' FEL</b>	County, State <b>San Juan, New Mexico</b>
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Completion Date <b>3/4/2019</b>	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: DK- 5%, MV- 95%

APPROVED BY <i>[Signature]</i>	DATE <b>3/27/19</b>	TITLE <b>AFM</b>	PHONE <b>505 564 7731</b>
<i>[Signature]</i> Priscilla Shorty	<b>3/11/19</b>	Operations/Regulatory Tech – Sr.	<b>505.324.5188</b>

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DISTRICT III