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Revised: March 9, 2018

Hilcorp Energy Company

Farmington 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: 6/21/2019

API No. 30-045-24390

DHC No. 4961

Lease No. NMSF078543

Well Name

San Juan 32-7 Unit

Well No.

62

Unit Letter

M

Section

27

Township

32N

Range

07W

Footage

970' FSL & 805' FWL

County, State

San Juan,
New Mexico

Completion Date

5/24/2019

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- 0%, MV- 100%**

APPROVED BY	DATE	TITLE	PHONE
Amanda Walker	6/21/2019	Operations/Regulatory Tech – Sr.	505.324.5122
X <i>A Walker</i>			

ACCEPTED FOR RECORD

NMOCD

JUL 32 2019

DISTRICT III

NMOCD

JUL 11 2019

FARMINGTON FIELD OFFICE
BY: *[Signature]*