

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

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Accounting  
Well File  
Revised: March 9, 2018

Status  
PRELIMINARY ☒  
FINAL ☐  
REVISED ☐

Date: 8/1/2018

API No. 30-039-20479  
DHC No. DHC 3988AZ  
Lease No. NMSF079051  
Federal

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

Well Name  
San Juan 28-6 Unit

Well No.  
#164


Unit Letter M Section 34 Township T28N Range R06W Footage 830'FSL & 1180'FWL

County, State  
Rio Arriba,  
New Mexico

Completion Date 7/14/2018 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- 87%, DK- 13%

APPROVED BY	DATE	TITLE	PHONE
X  Nick Kunze		Area Operations Manager	713-209-2449

ACCEPTED FOR RECORD

AUG 01 2019

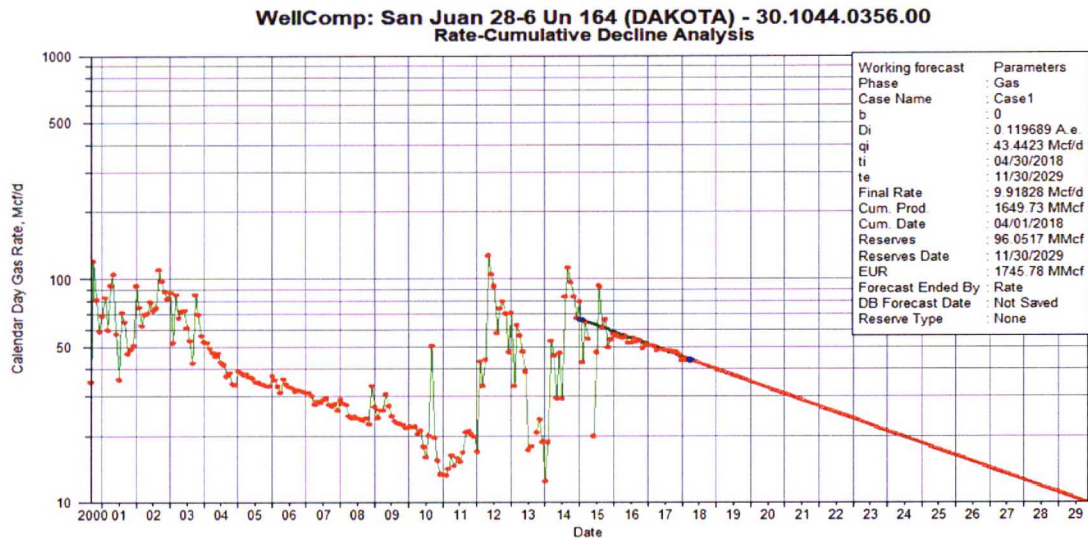
NMOCD

FARMINGTON FIELD OFFICE  
By: 

## San Juan 28-6 Unit 164 Subtraction Allocation

Date	Mcf/d
May-18	43.21
Jun-18	42.75
Jul-18	42.3
Aug-18	41.84
Sep-18	41.4
Oct-18	40.96
Nov-18	40.53
Dec-18	40.1
Jan-19	39.67
Feb-19	39.26
Mar-19	38.86
Apr-19	38.45
May-19	38.04
Jun-19	37.64
Jul-19	37.24
Aug-19	36.84
Sep-19	36.45
Oct-19	36.06
Nov-19	35.68
Dec-19	35.3
Jan-20	34.92
Feb-20	34.56
Mar-20	34.2
Apr-20	33.84
May-20	33.48
Jun-20	33.12
Jul-20	32.77
Aug-20	32.42
Sep-20	32.08
Oct-20	31.74
Nov-20	31.4
Dec-20	31.07
Jan-21	30.73
Feb-21	30.42
Mar-21	30.11
Apr-21	29.79
May-21	29.47
Jun-21	29.16
Jul-21	28.85
Aug-21	28.54
Sep-21	28.24
Oct-21	27.94
Nov-21	27.65
Dec-21	27.35
Jan-22	27.06
Feb-22	26.78
Mar-22	26.51
Apr-22	26.23

Base formation is the Dakota and the added formation to be commingled is the Mesa Verde. 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	5.328	96.05	13%
MV	2.52	1360	87%