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Revised: March 9, 2006

Hilcorp Energy Company

AUG 19 2019

PRODUCTION ALLOCATION FORM

FARMINGTON FIELD OFFICE

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 03/18/2019

API No. 30-045-25499

DHC No. DHC-4914AZ

Lease No. NMSF080724A

Well Name

Zachry

Well No.

#41

Unit Letter

O

Section

12

Township

T28N

Range

R10W

Footage

552' FSL & 1945' FEL

County, State

San Juan, New Mexico

Completion Date

03/07/2019

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 Armenta Gallup 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- 78%, GL- 22%

APPROVED BY	DATE	TITLE	PHONE
X <i>Cherylene Weston</i>	3-18-19	Operations/Regulatory Tech	505-564-0779
Cherylene Weston			

ACCEPTED FOR RECORD

NMOCD

ACCEPTED FOR RECORD

AUG 22 2019

AUG 26 2019

AUG 20 2019

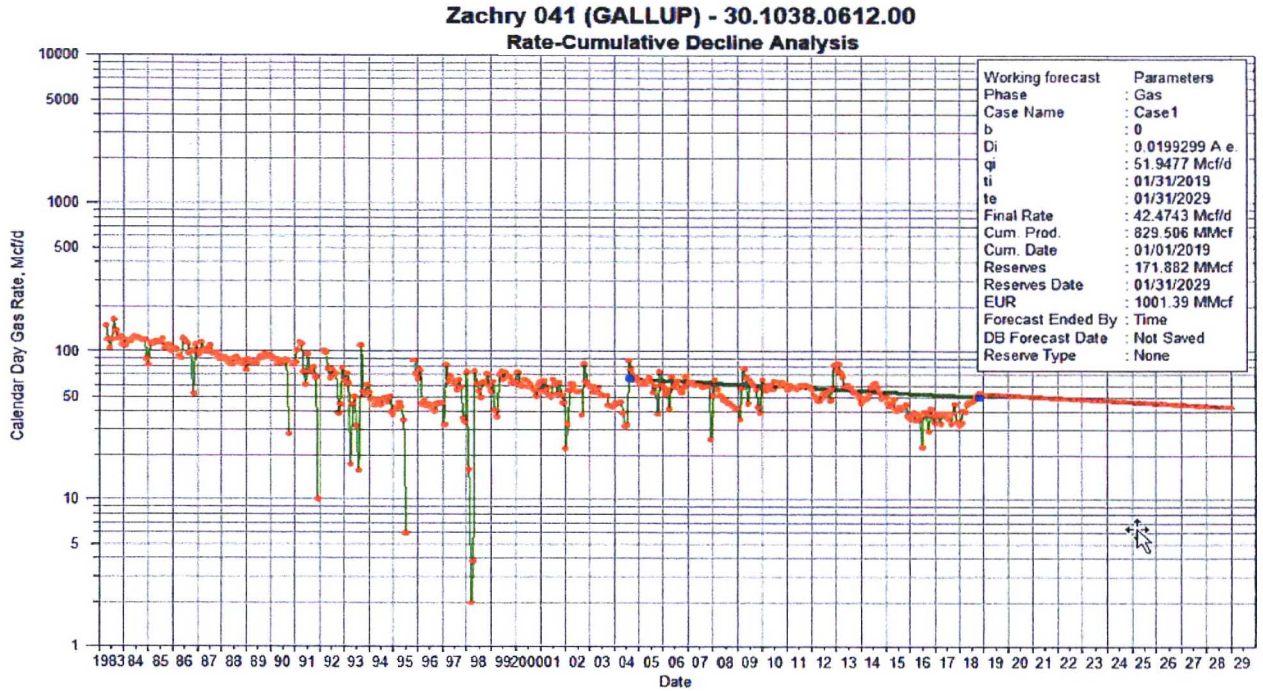
FARMINGTON FIELD OFFICE
By: *YUB*

DISTRICT III
NMOCD

FARMINGTON FIELD OFFICE
By: *GA*

Date	Rate
2/2019	51.91
3/2019	51.82
4/2019	51.74
5/2019	51.65
6/2019	51.56
7/2019	51.48
8/2019	51.39
9/2019	51.3
10/2019	51.22
11/2019	51.13
12/2019	51.04
1/2020	50.96
2/2020	50.87
3/2020	50.79
4/2020	50.7
5/2020	50.62
6/2020	50.53
7/2020	50.45
8/2020	50.36
9/2020	50.28
10/2020	50.19
11/2020	50.11
12/2020	50.02
1/2021	49.94
2/2021	49.86
3/2021	49.78
4/2021	49.69
5/2021	49.61
6/2021	49.53
7/2021	49.44
8/2021	49.36
9/2021	49.28
10/2021	49.19
11/2021	49.11
12/2021	49.03
1/2022	48.94
2/2022	48.86
3/2022	48.79
4/2022	48.7
5/2022	48.62
6/2022	48.54
7/2022	48.46
8/2022	48.38
9/2022	48.29
10/2022	48.21
11/2022	48.13
12/2022	48.05
1/2023	47.97

Base formation is the Gallup 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.



Zone	Yield (bbl/MM)	Reserves (MMcf)	Allocation
Gallup	33.5	171.882	21.9%
Mesaverde	36.2	566	78.1%