Area: «TEAM»

Hilcorp Energy Company **PRODUCTION ALLOCATION FORM**	Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006
	Status PRELIMINARY ☒ FINAL ☐ REVISED ☐
Commingle Type SURFACE ☐ DOWNHOLE ☒ Type of Completion NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐	Date: **10/1/2018**
	API No. **30-039-27021** DHC No. **DHC-~~4032~~** 4833 Lease No. **NMSF-078423** **Federal**
Well Name **San Juan 29-7 Unit**	Well No. **80B**

Unit Letter	Section	Township	Range	Footage	County, State
E	**9**	**T029N**	**R07W**	**1540' FNL & 1065' FWL**	**Rio Arriba, New Mexico**

Completion Date	Test Method
8/29/2018	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 Basin Dakota & Mesaverde and the added formation to be commingled is the Pictured Cliffs. 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 – 17%, MV- 74%, DK- 9%

APPROVED BY	DATE	TITLE	PHONE
X Christine Brock	10/2/18	Regulatory/Operations Tech	505-324-5155
Christine Brock			

RECEIVED OCT 04 2018
Farmington Field Office
Bureau of Land Management

NMOCD
AUG 01 2019
DISTRICT III

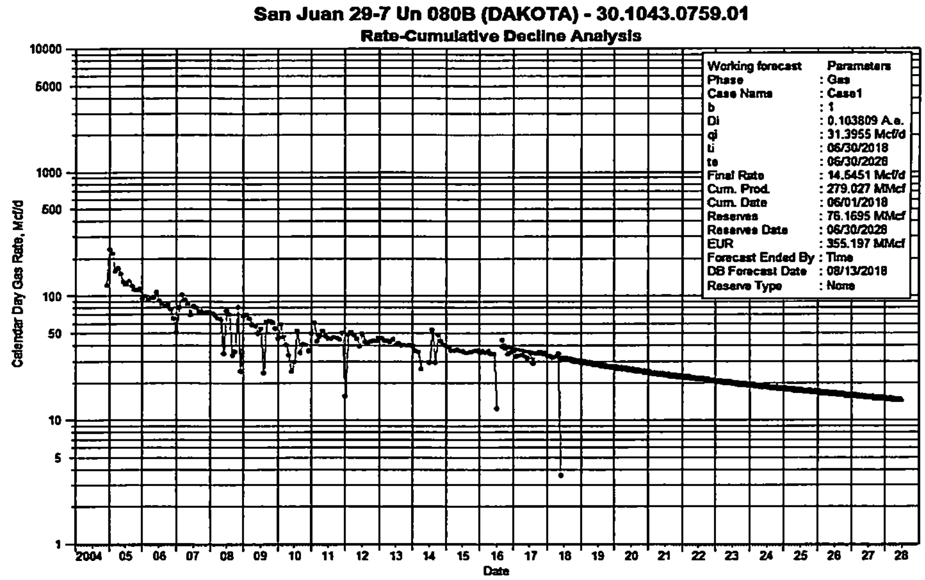
ACCEPTED FOR RECORD
JUL 19 2019
FARMINGTON FIELD OFFICE
BY:

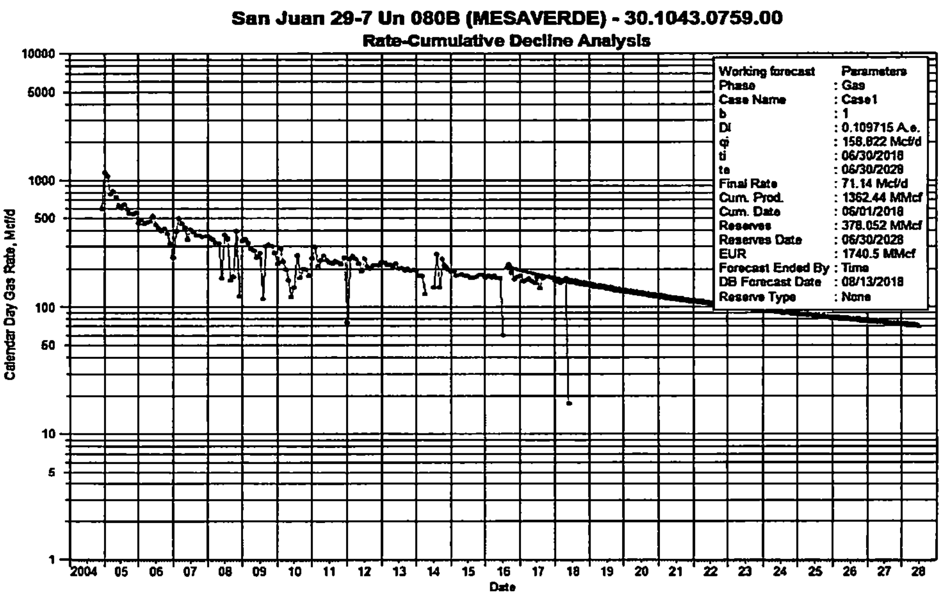
NMOCD

San Juan 29-7 Unit 80B Subtraction Allocation

Date	DK Rat	MV Rate
8/2018	30.94	156.37
9/2018	30.65	154.8
10/2018	30.36	153.26
11/2018	30.08	151.76
12/2018	29.8	150.28
1/2019	29.53	148.81
2/2019	29.27	147.43
3/2019	29.02	146.08
4/2019	28.76	144.71
5/2019	28.51	143.37
6/2019	28.26	142.05
7/2019	28.02	140.75
8/2019	27.77	139.46
9/2019	27.54	138.21
10/2019	27.3	136.98
11/2019	27.08	135.78
12/2019	26.85	134.6
1/2020	26.63	133.41
2/2020	26.42	132.29
3/2020	26.21	131.18
4/2020	26	130.08
5/2020	25.79	128.99
6/2020	25.59	127.92
7/2020	25.39	126.87
8/2020	25.19	125.82
9/2020	24.99	124.8
10/2020	24.8	123.8
11/2020	24.61	122.81
12/2020	24.43	121.84
1/2021	24.24	120.87
2/2021	24.07	119.97
3/2021	23.9	119.07
4/2021	23.72	118.16
5/2021	23.55	117.26
6/2021	23.38	116.38
7/2021	23.21	115.51
8/2021	23.05	114.63
9/2021	22.88	113.79
10/2021	22.72	112.96
11/2021	22.56	112.13
12/2021	22.41	111.33
1/2022	22.25	110.52
2/2022	22.11	109.76
3/2022	21.96	109.01
4/2022	21.81	108.24
5/2022	21.67	107.49
6/2022	21.52	106.74

Base formation is the Basin Dakota & Mesaverde and the added formation to be commingled is the Pictured Cliffs. The subtraction method applies an average monthly production forecast to the base formation using historic production. All production from this well exceding the forecast will be allocated to the new formation.





Formation	Yied (bbl/MM)	Remaining Reserves (MMcf)	% Allocation
DK	1.33	76	17%
MV	1.19	378	74%
PC	0.04	1442	9%