Area: «TEAM»

NMOCD

MAR 29 2018

DISTRICT III

# 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: **3/19/2018**

API No. **30-039-29973**
DHC No. **DHC 3973AZ**
LeaseNo.**NMSF080505A**

| Well Name | Well No. |
|---|---|
| **San Juan 28-6 Unit** | **136F** |

| Unit Letter | Section | Township | Range | Footage | County, State |
|---|---|---|---|---|---|
| **Surf- I** | **12** | **T028N** | **R06W** | **1525' FSL & 1230' FEL** | **Rio Arriba, New Mexico** |

| Completion Date | Test Method |
|---|---|
| **2/23/2018** | HISTORICAL ☒ FIELD TEST ☐ PROJECTED ☐ OTHER ☐ |

| FORMATION | GAS | PERCENT | CONDENSATE | PERCENT |
|---|---|---|---|---|
| **MESAVERDE** | **579 MCF** | **89%** | | **89%** |
| **DAKOTA** | **73 MCF** | **11%** | | **11%** |
| **Total** | **652 MCF** | | | |

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 once additional performance data is obtained. See attached documents for production forecast.
Oil/Condensate production will be allocated based on average formation yields from offset wells.

| APPROVED BY | DATE | TITLE | PHONE |
|---|---|---|---|
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| Nick Kunze | | | |

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