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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

Date: 5/7/2018

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

API No. 30-039-26528

DHC No. DHC 2053-3987AZ

Lease No. E-290-38

State

Well Name  
**San Juan 27-5 Unit**

Well No.  
**40F**

Unit Letter <b>Surf - N</b>	Section <b>16</b>	Township <b>T27N</b>	Range <b>R05W</b>	Footage <b>1175' FSL &amp; 1980' FWL</b>	County, State <b>Rio Arriba, New Mexico</b>
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Completion Date <b>5/4/2018</b>	Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>
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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- 47%, DK- 53%

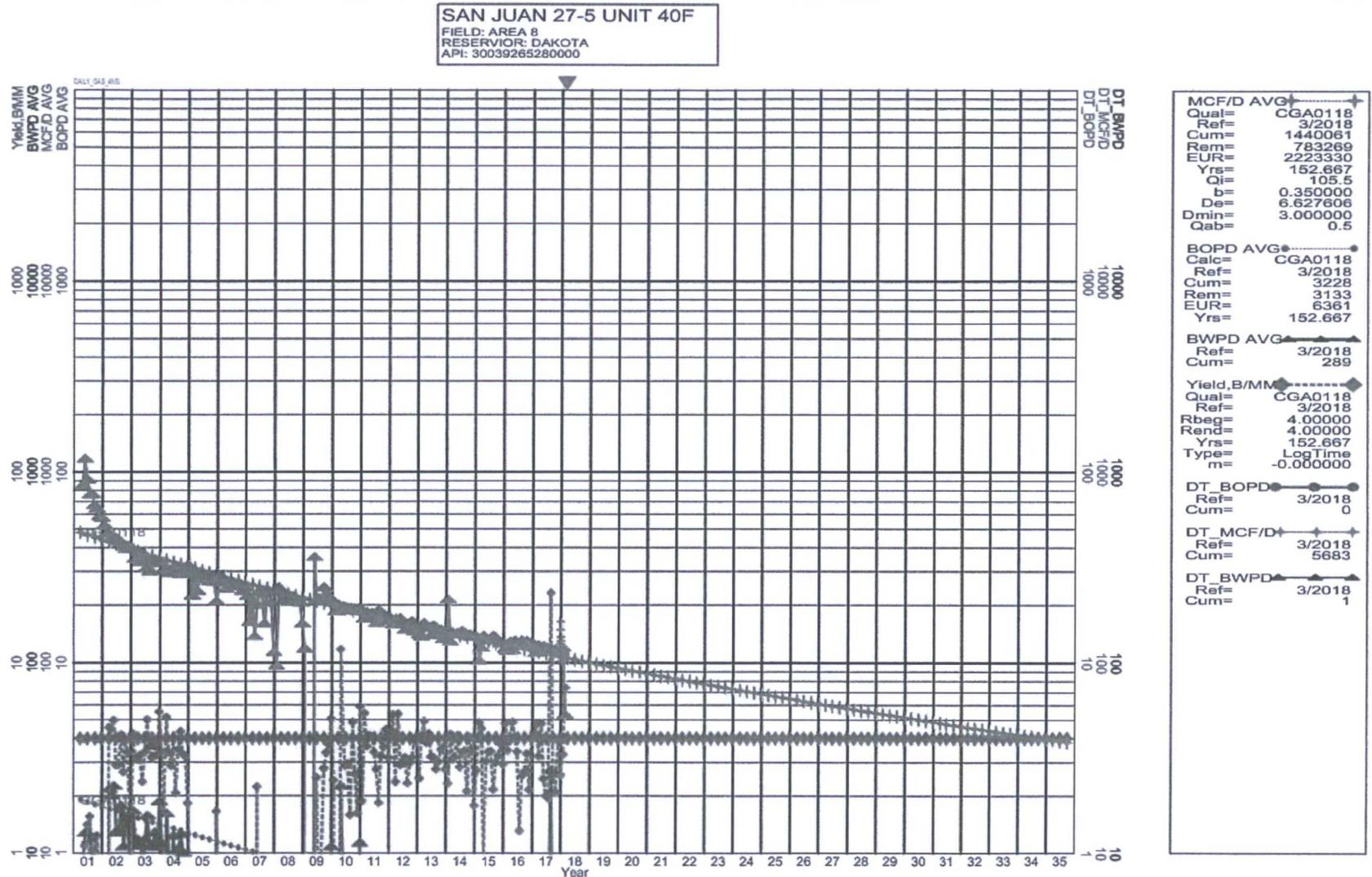
APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	<i>5/15/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X		Area Operations Manager	713-209-2449
Nick Kunze			

NMOCD

### San Juan 27-5 Unit 040F Subtraction Allocation

Date	Mcf
Apr-18	104.6
May-18	104.0
Jun-18	103.4
Jul-18	102.8
Aug-18	102.2
Sep-18	101.6
Oct-18	101.1
Nov-18	100.5
Dec-18	99.9
Jan-19	99.4
Feb-19	98.8
Mar-19	98.2
Apr-19	97.7
May-19	97.1
Jun-19	96.6
Jul-19	96.1
Aug-19	95.5
Sep-19	95.0
Oct-19	94.5
Nov-19	93.9
Dec-19	93.4
Jan-20	92.9
Feb-20	92.4
Mar-20	91.9
Apr-20	91.4
May-20	90.9
Jun-20	90.4
Jul-20	89.9
Aug-20	89.4
Sep-20	88.9
Oct-20	88.4
Nov-20	88.0
Dec-20	87.5
Jan-21	87.0
Feb-21	86.5
Mar-21	86.1
Apr-21	85.6
May-21	85.2
Jun-21	84.7
Jul-21	84.2
Aug-21	83.8
Sep-21	83.4
Oct-21	82.9
Nov-21	82.5
Dec-21	82.0
Jan-22	81.6
Feb-22	81.2
Mar-22	80.7

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 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	4	783.269	53%
MV	3.74	749	47%