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Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

NMOCD
MAY 18 2018
DISTRICT III

Distribution:
NMOCD Original
BLM 5 Copies
Accounting
Well File
Revised: March 9, 2018

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☒

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

Date: **5/7/2018**

API No. **30-039-29571**
DHC No. **DHC 2053**
Lease No. **NMSF079051B**
Federal

Well Name
San Juan 28-6 Unit

Well No.
105E

Unit Letter	Section	Township	Range	Footage	County, State
Surf - M	**35**	**T28N**	**R06W**	**330' FSL & 900' FWL**	**Rio Arriba, New Mexico**

kp

Completion Date
2/22/2018

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- 97%, DK- 3%

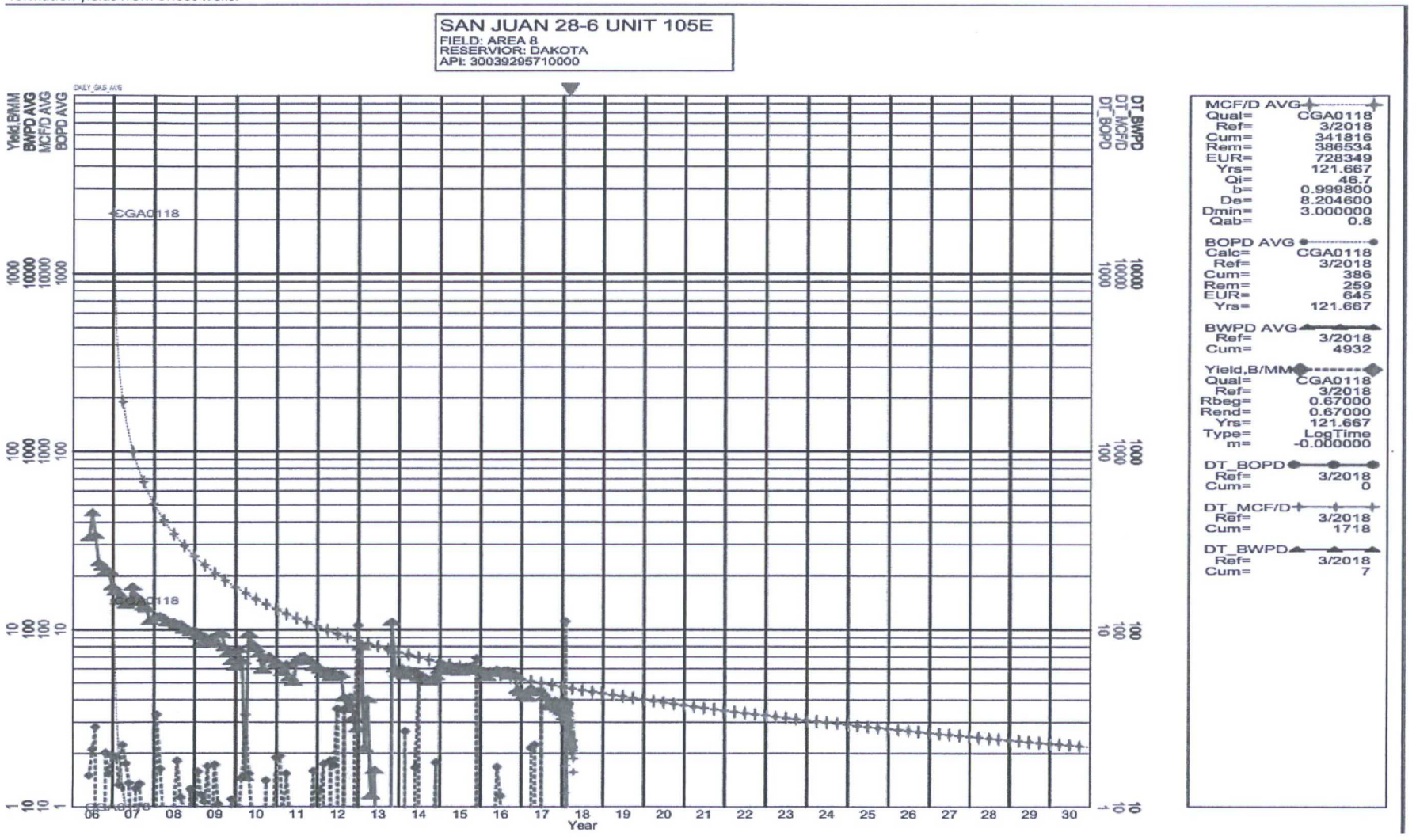
APPROVED BY	DATE	TITLE	PHONE
William Tambekou	5/15/2018	Petroleum Engineer	505-564-7746
X		Area Operations Manager	713-209-2449
Nick Kunze			

NMOCD

San Juan 28-6 Unit 105E Subtraction Allocation

Date	Mcfd
Mar-18	46.5
Apr-18	46.1
May-18	45.8
Jun-18	45.5
Jul-18	45.1
Aug-18	44.8
Sep-18	44.5
Oct-18	44.2
Nov-18	43.9
Dec-18	43.6
Jan-19	43.3
Feb-19	43.0
Mar-19	42.7
Apr-19	42.4
May-19	42.1
Jun-19	41.8
Jul-19	41.5
Aug-19	41.3
Sep-19	41.0
Oct-19	40.7
Nov-19	40.5
Dec-19	40.2
Jan-20	40.0
Feb-20	39.7
Mar-20	39.5
Apr-20	39.2
May-20	39.0
Jun-20	38.7
Jul-20	38.5
Aug-20	38.2
Sep-20	38.0
Oct-20	37.8
Nov-20	37.6
Dec-20	37.3
Jan-21	37.1
Feb-21	36.9
Mar-21	36.7
Apr-21	36.5
May-21	36.3
Jun-21	36.0
Jul-21	35.8
Aug-21	35.6
Sep-21	35.4
Oct-21	35.2
Nov-21	35.0
Dec-21	34.8
Jan-22	34.7
Feb-22	34.5

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 exceding 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	0.67	386.534	3%
MV	5.42	1498	97%