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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

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

Date: 7/11/2018
API No. 30-039-23910
DHC No. DHC 3998AZ
Lease No. NMSF079403
Federal

Well Name
San Juan 27-5 Unit

Well No.
#108E

Unit Letter M	Section 15	Township T27N	Range R05W	Footage 530'FSL & 90'FWL
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County, State
**Rio Arriba,
New Mexico**

Completion Date: **7/5/2018**
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 Measverde. 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 - 69%, DK - 31%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	<i>7/18/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X <i>[Signature]</i>		Area Operations Manager	713-209-2449
Nick Kunze			

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

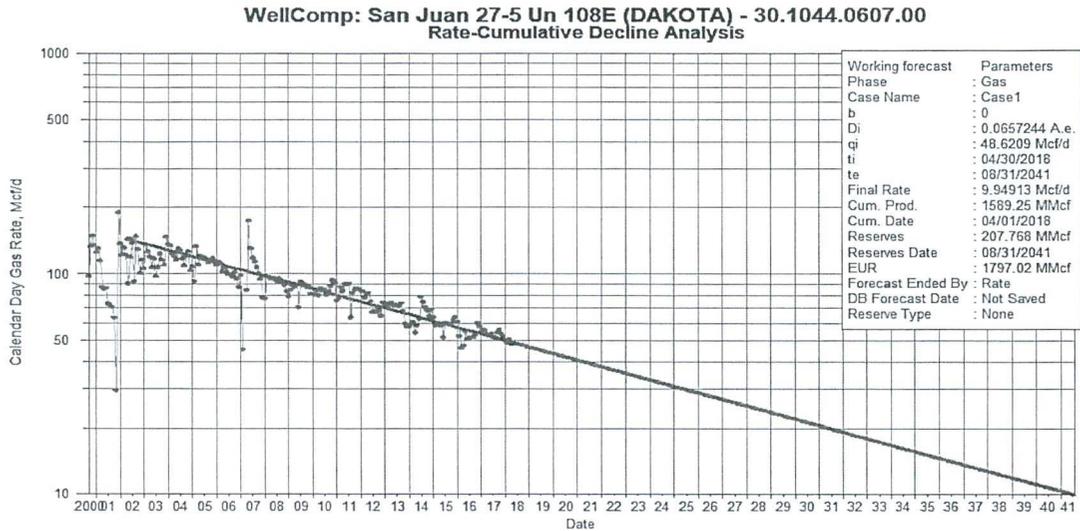
NMOCD
JUL 19 2018
DISTRICT III

NMOCD

San Juan 27-5 Unit 108E Subtraction Allocation

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.

Date	Mcf/d
May-18	48.48
Jun-18	48.21
Jul-18	47.93
Aug-18	47.66
Sep-18	47.39
Oct-18	47.12
Nov-18	46.85
Dec-18	46.59
Jan-19	46.32
Feb-19	46.07
Mar-19	45.81
Apr-19	45.55
May-19	45.3
Jun-19	45.04
Jul-19	44.79
Aug-19	44.53
Sep-19	44.28
Oct-19	44.02
Nov-19	43.78
Dec-19	43.53
Jan-20	43.28
Feb-20	43.04
Mar-20	42.8
Apr-20	42.55
May-20	42.31
Jun-20	42.07
Jul-20	41.84
Aug-20	41.6
Sep-20	41.36
Oct-20	41.13
Nov-20	40.89
Dec-20	40.66
Jan-21	40.43
Feb-21	40.21
Mar-21	39.99
Apr-21	39.76
May-21	39.53
Jun-21	39.31
Jul-21	39.09
Aug-21	38.86
Sep-21	38.64
Oct-21	38.42
Nov-21	38.21
Dec-21	37.99
Jan-22	37.77
Feb-22	37.57
Mar-22	37.36
Apr-22	37.15



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	5.436	207.768	31%
MV	2	1282	69%