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# 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: 7/10/2018

API No. 30-039-30495  
DHC No. DHC 3985AZ  
Lease No. NMSF079491A  
Federal

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

Well No.  
**#113F**

Unit Letter <b>G</b>	Section <b>10</b>	Township <b>T27N</b>	Range <b>R05W</b>	Footage <b>1590'FNL &amp; 1485'FEL</b>	County, State <b>Rio Arriba, New Mexico</b>
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Completion Date <b>6/30/2018</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 - 60%, DK- 40%

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**

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JUL 19 2018

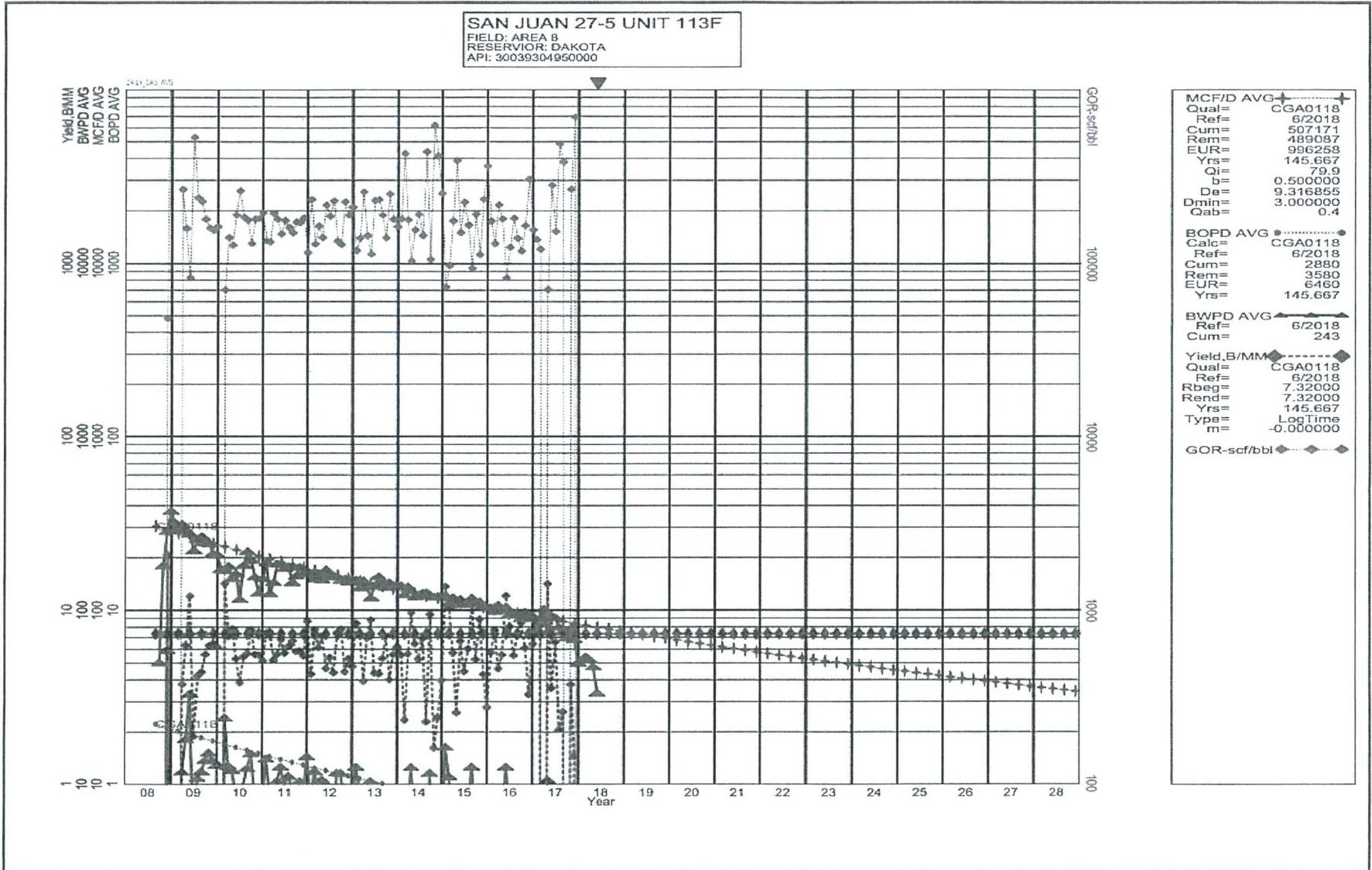
NMOCD

DISTRICT III

### San Juan 27-5 Unit 113F Subtraction Allocation

Date	Mcf/d
Jun-18	79.5
Jul-18	78.9
Aug-18	78.2
Sep-18	77.6
Oct-18	76.9
Nov-18	76.3
Dec-18	75.7
Jan-19	75.1
Feb-19	74.5
Mar-19	73.9
Apr-19	73.3
May-19	72.7
Jun-19	72.1
Jul-19	71.6
Aug-19	71.0
Sep-19	70.4
Oct-19	69.9
Nov-19	69.4
Dec-19	68.8
Jan-20	68.3
Feb-20	67.8
Mar-20	67.2
Apr-20	66.7
May-20	66.2
Jun-20	65.7
Jul-20	65.2
Aug-20	64.7
Sep-20	64.3
Oct-20	63.8
Nov-20	63.3
Dec-20	62.8
Jan-21	62.4
Feb-21	61.9
Mar-21	61.5
Apr-21	61.0
May-21	60.6
Jun-21	60.1
Jul-21	59.7
Aug-21	59.3
Sep-21	58.8
Oct-21	58.4
Nov-21	58.0
Dec-21	57.6
Jan-22	57.2
Feb-22	56.8
Mar-22	56.4
Apr-22	56.0
May-22	55.6

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	7.32	489.087	40%
MV	3.55	1515	60%