

Hilcorp Energy Company

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 Accounting
 Well File
 Revised: March 9, 2018

PRODUCTION ALLOCATION FORM

Farmington Field Office
 Bureau of Land Management

Status
 PRELIMINARY
 FINAL
 REVISED

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

Date: 7/31/2018
 API No. 30-039-26700
 DHC No. DHC 347AZ
 Lease No. NMSF-078640

Well Name
San Juan 28-7 Unit

Well No.
#154E

Unit Letter	Section	Township	Range	Footage	County, State
P	17	T27N	R07W	790'FSL & 1180'FEL	Rio Arriba, New Mexico

Completion Date	Test Method
7/23/2018	HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>

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: DK- 4%, MV- 96%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	<i>8/6/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
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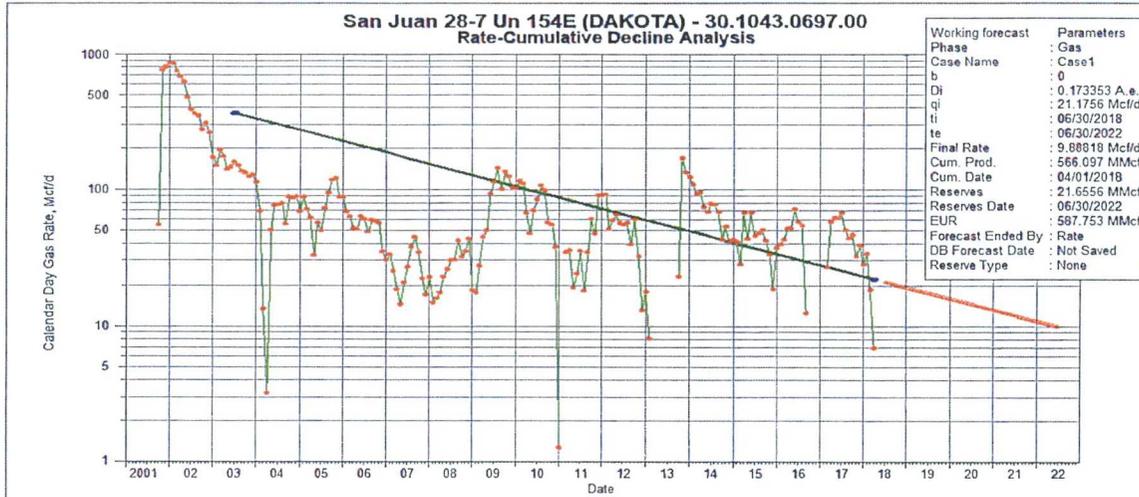
AUG 07 2018

DISTRICT III

San Juan 28-7 Unit 154E Subtraction Allocation

Date	Mcf/d
7/2018	21.01
8/2018	20.67
9/2018	20.34
10/2018	20.02
11/2018	19.71
12/2018	19.4
1/2019	19.08
2/2019	18.79
3/2019	18.51
4/2019	18.21
5/2019	17.93
6/2019	17.64
7/2019	17.37
8/2019	17.09
9/2019	16.82
10/2019	16.55
11/2019	16.29
12/2019	16.04
1/2020	15.78
2/2020	15.53
3/2020	15.29
4/2020	15.05
5/2020	14.81
6/2020	14.58
7/2020	14.35
8/2020	14.12
9/2020	13.9
10/2020	13.68
11/2020	13.46
12/2020	13.25
1/2021	13.04
2/2021	12.84
3/2021	12.64
4/2021	12.44
5/2021	12.25
6/2021	12.05
7/2021	11.86
8/2021	11.67
9/2021	11.49
10/2021	11.31
11/2021	11.13
12/2021	10.95
1/2022	10.78
2/2022	10.61
3/2022	10.45
4/2022	10.29
5/2022	10.13
6/2022	9.97

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	10.55	21.6556	4%
MV	9.90	561	96%