

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
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 Accounting
 Well File
 Revised: March 9, 2018

RECEIVED
 AUG 22 2018

Farmington
 Bureau of Land Management

Status
 PRELIMINARY
 FINAL
 REVISED

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

Date: 8/13/2018
 API No. 30-039-30063
 DHC No. DHC 3999AZ
 Lease No. NMSF079391
 Federal

NMOCD

AUG 25 2018

DISTRICT III

Well Name
San Juan 27-5 Unit

Well No.
#163E

Unit Letter	Section	Township	Range	Footage	County, State
K	18	T27N	R05W	2355'FSL & 2695'FWL	Rio Arriba, New Mexico

Completion Date	Test Method
7/16/2018	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: MV - 39%, DK - 61%

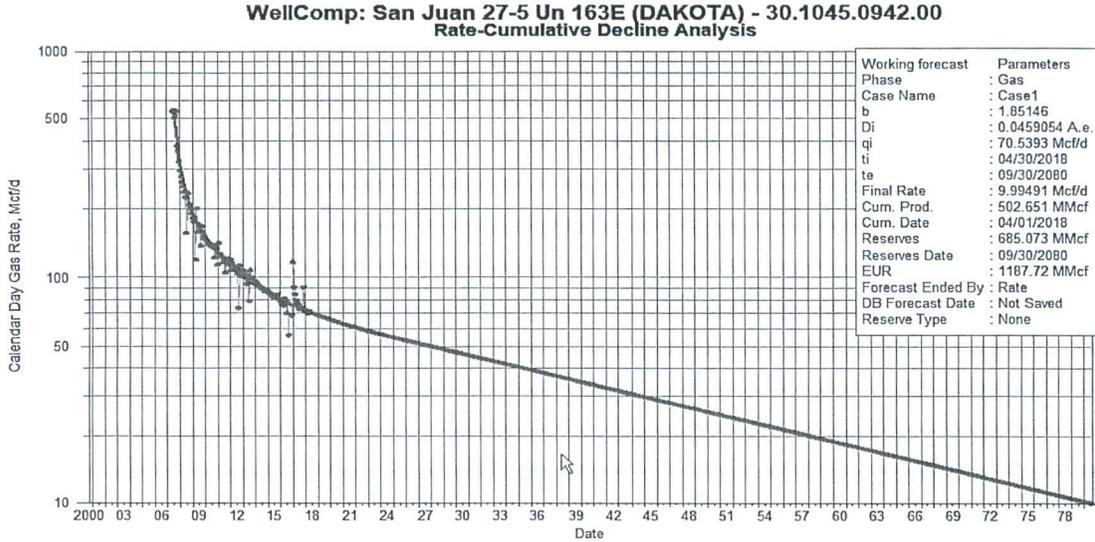
APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	8/23/2018	<i>Petroleum Engineer</i>	505-564-7746
X <i>[Signature]</i>		Area Operations Manager	713-209-2449
Nick Kunze			

NMOCD

San Juan 27-5 Unit 163E Subtraction Allocation

Date	Mcf/d
May-18	70.39
Jun-18	70.11
Jul-18	69.82
Aug-18	69.54
Sep-18	69.26
Oct-18	68.99
Nov-18	68.72
Dec-18	68.45
Jan-19	68.19
Feb-19	67.93
Mar-19	67.68
Apr-19	67.43
May-19	67.18
Jun-19	66.92
Jul-19	66.68
Aug-19	66.43
Sep-19	66.19
Oct-19	65.95
Nov-19	65.71
Dec-19	65.47
Jan-20	65.24
Feb-20	65.01
Mar-20	64.79
Apr-20	64.56
May-20	64.34
Jun-20	64.12
Jul-20	63.9
Aug-20	63.68
Sep-20	63.46
Oct-20	63.25
Nov-20	63.04
Dec-20	62.83
Jan-21	62.62
Feb-21	62.42
Mar-21	62.22
Apr-21	62.02
May-21	61.82
Jun-21	61.62
Jul-21	61.43
Aug-21	61.23
Sep-21	61.04
Oct-21	60.85
Nov-21	60.66
Dec-21	60.47
Jan-22	60.28
Feb-22	60.11
Mar-22	59.93
Apr-22	59.75

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	1.373	685.07	61%
MV	0.57	1053	39%