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Revised: March 9, 2018

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 08/20/2018

API No. 30-039-31145

DHC No. DHC 4014AZ

Lease No. NMSF-078640

Federal

Well Name

San Juan 28-7 Unit

Well No.

#154F

Unit Letter

P

Section

17

Township

T027N

Range

R007W

Footage

842' FSL & 1205' FEL

County, State

Rio Arriba,
New Mexico

Completion Date

08/05/2018

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: DK- 4%, MV- 96%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	<i>8/28/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7146</i>
X <i>Cherylene Weston</i>	<i>8-20-18</i>	Operations/Regulatory Tech	505-564-0779
Cherylene Weston			

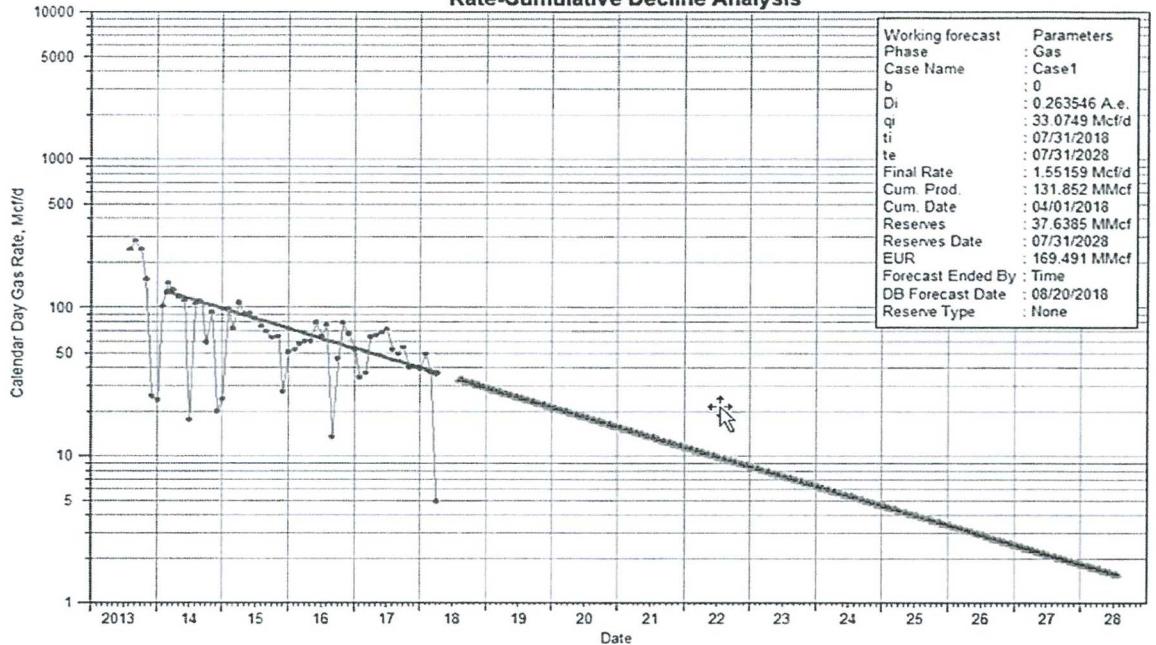
NMOCD

San Juan 28-7 Unit 154F Subtraction Allocation

Date	Mcf/d
8/2018	32.65
9/2018	31.83
10/2018	31.02
11/2018	30.24
12/2018	29.48
1/2019	28.72
2/2019	28.02
3/2019	27.34
4/2019	26.65
5/2019	25.98
6/2019	25.32
7/2019	24.68
8/2019	24.05
9/2019	23.44
10/2019	22.85
11/2019	22.28
12/2019	21.71
1/2020	21.16
2/2020	20.63
3/2020	20.12
4/2020	19.61
5/2020	19.12
6/2020	18.64
7/2020	18.17
8/2020	17.7
9/2020	17.25
10/2020	16.82
11/2020	16.39
12/2020	15.98
1/2021	15.57
2/2021	15.19
3/2021	14.82
4/2021	14.45
5/2021	14.08
6/2021	13.73
7/2021	13.38
8/2021	13.04
9/2021	12.71
10/2021	12.39
11/2021	12.08
12/2021	11.77
1/2022	11.47
2/2022	11.19
3/2022	10.92
4/2022	10.64
5/2022	10.37
6/2022	10.11
7/2022	9.86

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.

San Juan 28-7 Un 154F (DAKOTA) - 30.1043.1228.00 Rate-Cumulative Decline Analysis



Formation	Yield (bbl/MM)	Reserves (MMcf)	% Allocation
DK	6.22	37.638	4.0%
MV	9.90	561	96.0%