

NMOC

JUN 05 2019

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DISTRICT III

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
 NMOC Original
 BLM 5 Copies
 Farmington Field Office Accounting
 Bureau of Land Management Well File
 Revised: March 9, 2018

Status
 PRELIMINARY
 FINAL
 REVISED

Date: 5/20/19
 API No. 30-045-11699
 DHC No. 4906
 Lease No. NMSF078115

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

Well Name
GRENIER

Well No.
16

Unit Letter P	Section 06	Township 31N	Range 11W	Footage 1150' FSL & 1010' FEL	County, State San Juan, New Mexico
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Completion Date 5/7/2019	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: **DK- 33%, MV- 67%**

APPROVED BY	DATE	TITLE	PHONE
X <i>Amanda Walker</i>		Operations/Regulatory Tech – Sr.	505.324.5122
Amanda Walker	5/20/2019		

- Royalty Interests are common.

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APPROVED
[Signature]
 5/30/19