Area: «TEAM»

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
BLM 4 Copies
Regulatory
Accounting
Well File
Revised: March 9, 2006

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

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

Date: **1/18/18**

API No. **30-039-26736**
DHC No. **DHC410AZ**
Lease No. **E-4425-46**
State

Well Name
San Juan 28-7 Unit

Well No.
#166M

Unit Letter	Section	Township	Range	Footage	County, State
Surf- E	**16**	**T027N**	**R07W**	**1725' FNL & 800' FWL**	**San Juan County, New Mexico**

Completion Date
11/22/2017

Test Method
HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☐ OTHER ☒

JUSTIFICATION OF ALLOCATION: **Hilcorp Energy 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.**

The condensate will be allocated based on historical yields. Dakota - 24%, Mesaverde - 76%

APPROVED BY	DATE	TITLE	PHONE
William Tambekou	1/23/2018	Petroleum Engineer	505-564-7746
X Christine Brock	1/18/18	Operations/Regulatory Tech	505-324-5155
Christine Brock			

RECEIVED
JAN 19 2018
Farmington Field Office
Bureau of Land Management

OIL CONS. DIV DIST. 3
JAN 24 2018

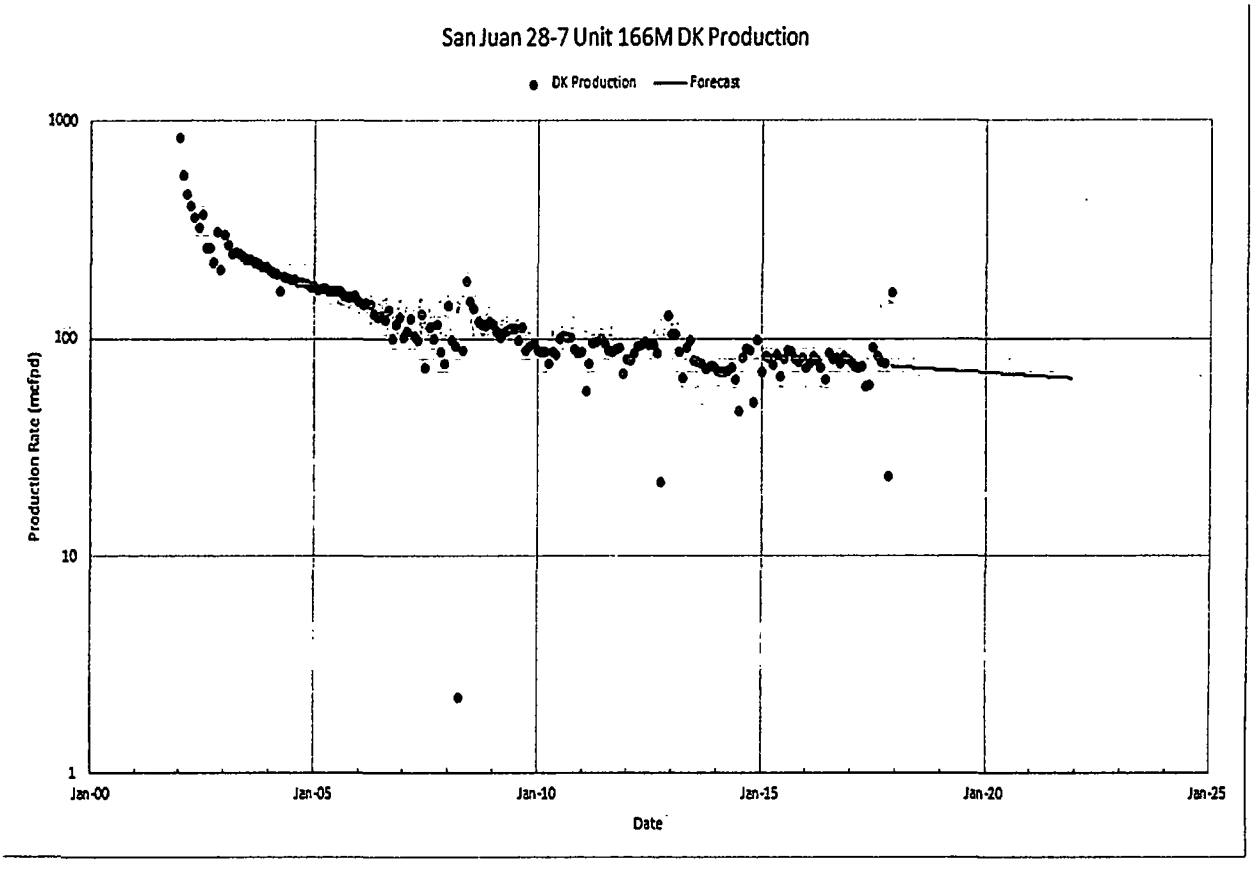
NMOCD

2

San Juan 28-7 Unit 166M Subtraction Allocation

Date	Mcfd
17-Nov	74.45
17-Dec	74.25
18-Jan	74.05
18-Feb	73.86
18-Mar	73.67
18-Apr	73.48
18-May	73.29
18-Jun	73.1
18-Jul	72.91
18-Aug	72.72
18-Sep	72.54
18-Oct	72.35
18-Nov	72.17
18-Dec	71.98
19-Jan	71.79
19-Feb	71.61
19-Mar	71.44
19-Apr	71.25
19-May	71.07
19-Jun	70.89
19-Jul	70.7
19-Aug	70.52
19-Sep	70.34
19-Oct	70.16
19-Nov	69.98
19-Dec	69.8
20-Jan	69.61
20-Feb	69.44
20-Mar	69.26
20-Apr	69.08
20-May	68.91
20-Jun	68.73
20-Jul	68.55
20-Aug	68.37
20-Sep	68.2
20-Oct	68.02
20-Nov	67.85
20-Dec	67.67
21-Jan	67.5
21-Feb	67.33
21-Mar	67.16
21-Apr	66.99
21-May	66.82
21-Jun	66.65
21-Jul	66.47
21-Aug	66.3
21-Sep	66.13
21-Oct	65.96
21-Nov	65.79

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 exceding the forecast will be allocated to the new formation.



Formation	Yied (bbl/MM)	Remaining Reserves (MMcf)	% Allocation
Dakota	3.37	625.7	24%
Mesaverde	9.96	658	76%

*DK yield is based on prior 10 years of production

*MV yield is based on average of offsets in 9 surrounding sxns