

NMOCD

MAR 22 2018

DISTRICT III

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Well File

Revised: March 9, 2006

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 3/16/2018

API No. 30-039-27047

DHC No. DHC 3977AZ

Lease No. NMSF-078417

Federal

Well Name

San Juan 28-7 Unit

Well No.

#246M

Unit Letter

O

Section

07

Township

T028N

Range

R007W

Footage

280' FSL & 1630' FEL

County, State

Rio Arriba,
New Mexico

Completion Date

3/14/2018

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. MV- 93%, DK- 7%

APPROVED BY

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3/19/2018

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