

APR 05 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: 4/4/18

API No. 30-045-20268  
DHC No. DHC4004AZ  
Lease No. E-2940  
State

Well Name  
State E Gas Com

Well No.  
#1

Unit Letter <b>O</b>	Section <b>16</b>	Township <b>T029N</b>	Range <b>R010W</b>	Footage <b>820' FSL &amp; 1800' FEL</b>	County, State <b>San Juan, New Mexico</b>
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Completion Date <b>3/27/2018</b>	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. MV- 97%, DK- 3%

APPROVED BY	DATE	TITLE	PHONE
X <i>Kandis Roland</i> Kandis Roland	<i>4/4/18</i>	Regulatory/Operations Tech	505-324-5149