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Revised: March 9, 2018

Hilcorp Energy Company

Farmington Field Office
Bureau of Land Management

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY
FINAL
REVISED

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

Date: 4/4/2018
API No. 30-039-29354
DHC No. DHC 3986AZ
Lease No. NMSF079193
Federal

Well Name
San Juan 28-6 Unit

Well No.
#119E

Unit Letter O	Section 22	Township T28N	Range R06W	Footage 115' FSL & 2615' FEL	County, State Rio Arriba, New Mexico
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Completion Date 3/19/2018	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- 98%, DK- 2%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekop</i>	<i>4/9/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X		Area Operations Manager	713-209-2449
Nick Kunze			

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APR 12 2018

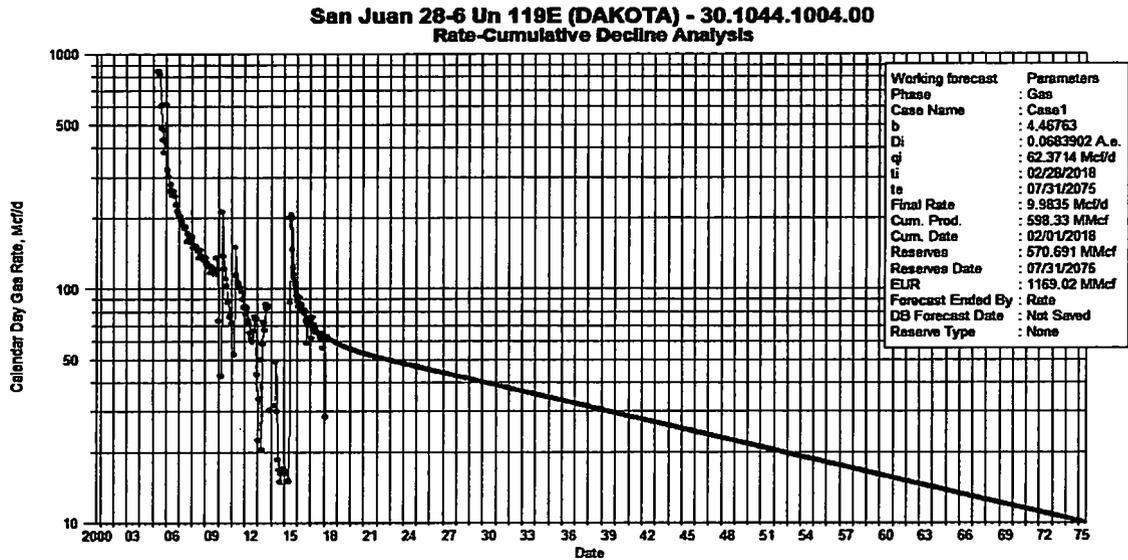
DISTRICT III

NMOCD

San Juan 28-6 Unit 119E Subtraction Allocation

Date	Mcf/d
Mar-18	62.15
Apr-18	61.74
May-18	61.33
Jun-18	60.94
Jul-18	60.57
Aug-18	60.2
Sep-18	59.85
Oct-18	59.51
Nov-18	59.17
Dec-18	58.85
Jan-19	58.54
Feb-19	58.24
Mar-19	57.96
Apr-19	57.67
May-19	57.39
Jun-19	57.12
Jul-19	56.86
Aug-19	56.59
Sep-19	56.34
Oct-19	56.1
Nov-19	55.86
Dec-19	55.62
Jan-20	55.39
Feb-20	55.17
Mar-20	54.95
Apr-20	54.74
May-20	54.53
Jun-20	54.32
Jul-20	54.12
Aug-20	53.92
Sep-20	53.72
Oct-20	53.53
Nov-20	53.35
Dec-20	53.16
Jan-21	52.98
Feb-21	52.81
Mar-21	52.64
Apr-21	52.47
May-21	52.31
Jun-21	52.14
Jul-21	51.98
Aug-21	51.82
Sep-21	51.66
Oct-21	51.51
Nov-21	51.36
Dec-21	51.21
Jan-22	51.06
Feb-22	50.92

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. Oil production will be allocated based on average formation yields from offset wells.



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.2289	570.7	2%
MV	4.16	1409	98%