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Revised: March 9, 2018

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

Farmington Field Office  
Bureau of Land Management

Status  
PRELIMINARY   
FINAL   
REVISED

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

Date: 4/4/2018  
API No. 30-039-30154  
DHC No. DHC 3970AZ  
Lease No. NMSF079521A  
Federal

Well Name  
San Juan 28-5 Unit

Well No.  
#62E

Unit Letter A	Section 31	Township T28N	Range R05W	Footage 90' FNL & 305' FEL	County, State Rio Arriba, New Mexico
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Completion Date: 3/20/2018  
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- 89%, DK- 11%

APPROVED BY	DATE	TITLE	PHONE
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Nick Kunze			

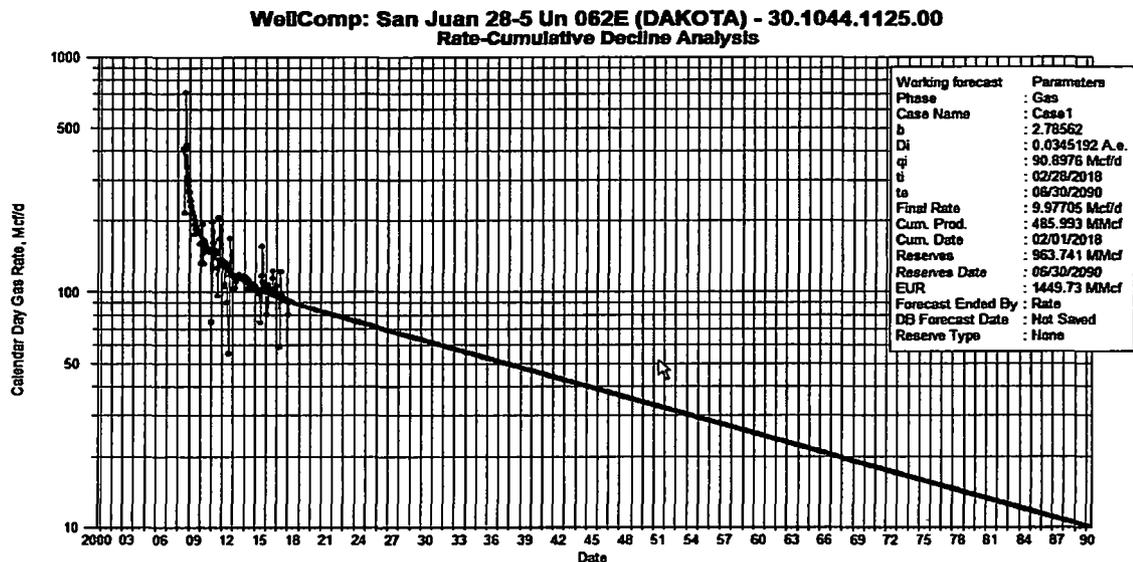
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DISTRICT III

NMOCD

## San Juan 28-5 Unit 62E Subtraction Allocation

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.

Date	Mcf/d
Mar-18	90.76
Apr-18	90.48
May-18	90.21
Jun-18	89.93
Jul-18	89.67
Aug-18	89.4
Sep-18	89.14
Oct-18	88.88
Nov-18	88.62
Dec-18	88.37
Jan-19	88.11
Feb-19	87.87
Mar-19	87.64
Apr-19	87.4
May-19	87.15
Jun-19	86.92
Jul-19	86.68
Aug-19	86.45
Sep-19	86.21
Oct-19	85.99
Nov-19	85.76
Dec-19	85.54
Jan-20	85.31
Feb-20	85.1
Mar-20	84.88
Apr-20	84.67
May-20	84.45
Jun-20	84.24
Jul-20	84.02
Aug-20	83.81
Sep-20	83.59
Oct-20	83.38
Nov-20	83.17
Dec-20	82.96
Jan-21	82.74
Feb-21	82.54
Mar-21	82.34
Apr-21	82.13
May-21	81.92
Jun-21	81.71
Jul-21	81.5
Aug-21	81.29
Sep-21	81.09
Oct-21	80.88
Nov-21	80.68
Dec-21	80.47
Jan-22	80.26
Feb-22	80.07



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	0.65	963.74	11%
MV	2.97	1741	89%