

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

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

Status  
PRELIMINARY   
FINAL   
REVISED

Date: 4/5/2018

API No. 30-045-08766  
DHC No. DHC-3994-AZ  
Lease No. SF-078161  
Federal

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

Well Name  
**Shults Federal**

Well No.  
**1**

Unit Letter <b>F</b>	Section <b>01</b>	Township <b>T029N</b>	Range <b>R11W</b>	Footage <b>1767' FNL &amp; 1610' FWL</b>	County, State <b>San Juan, New Mexico</b>
-------------------------	----------------------	--------------------------	----------------------	---	--

Completion Date <b>3/23/2018</b>	Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>
-------------------------------------	---

JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingle be allocated using the subtraction method. The base formation is the Basin 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- 36%, DK- 64%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	<i>4/10/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X- <i>Christine Brock</i>	<i>4/5/18</i>	Regulatory/Operations Tech	505-324-5155
Christine Brock			

NMOCD

NMOCD

APR 12 2018

DISTRICT III