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Hilcorp Energy Company

San Juan Field Office
Bureau of Land Management

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Revised: March 9, 2006

PRODUCTION ALLOCATION FORM

NMOC

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

Commingle Type
SURFACE ☐ DOWNHOLE ☒

JUN 22 2018

Type of Completion
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

DISTRICT III

Date: 5/11/2018

API No. 30-039-20384

DHC No. DHC-4008-AZ

Lease No. SF-079289-A

Federal

Well Name
San Juan 28-7 Unit

Well No.
159

Unit Letter	Section	Township	Range	Footage	County, State
G	22	T028N	R07W	1750' FNL & 1460' FEL	Rio Arriba, New Mexico

Completion Date: 5/24/2018

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 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- 99%, DK- 1%

APPROVED BY	DATE	TITLE	PHONE
William Tambekou	6/19/2018	Petroleum Engineer	505-564-7746
X Christine Brock	6/11/18	Regulatory/Operations Tech	505-324-5155
Christine Brock			

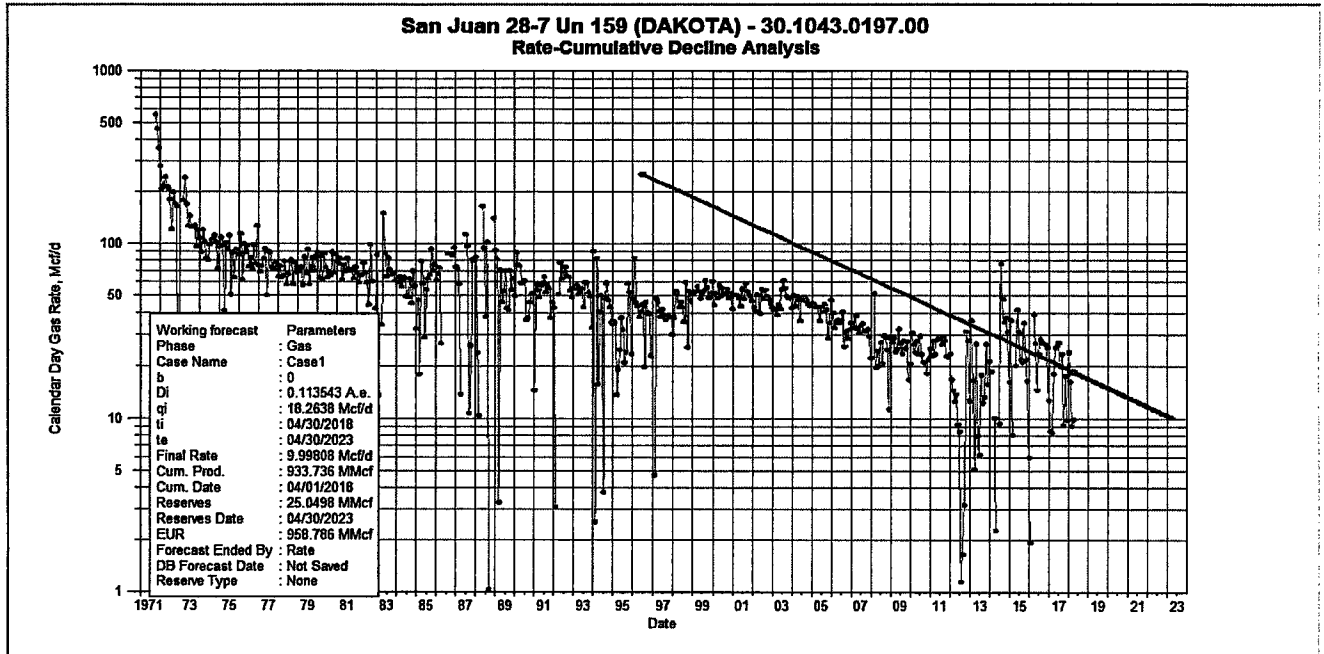
NMOC

San Juan 28-7 Unit 159 Subtraction Allocation

Date	Mcf/d
5/2018	18.17
6/2018	17.99
7/2018	17.81
8/2018	17.63
9/2018	17.45
10/2018	17.28
11/2018	17.1
12/2018	16.93
1/2019	16.76
2/2019	16.6
3/2019	16.44
4/2019	16.27
5/2019	16.11
6/2019	15.95
7/2019	15.79
8/2019	15.63
9/2019	15.47
10/2019	15.32
11/2019	15.16
12/2019	15.01
1/2020	14.86
2/2020	14.71
3/2020	14.57
4/2020	14.42
5/2020	14.28
6/2020	14.13
7/2020	13.99
8/2020	13.85
9/2020	13.71
10/2020	13.57
11/2020	13.44
12/2020	13.3
1/2021	13.17
2/2021	13.04
3/2021	12.91
4/2021	12.78
5/2021	12.66
6/2021	12.53
7/2021	12.4
8/2021	12.28
9/2021	12.16
10/2021	12.03
11/2021	11.91
12/2021	11.79
1/2022	11.67
2/2022	11.56
3/2022	11.45
4/2022	11.33

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 using historic production. All production from this well exceeding the forecast will be allocated to the new formation.

San Juan 28-7 Unit 159 DK Forecast



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Allocation
DK	1.029735	25.0498	1%
MV	7.05	902	99%