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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: 8/13/2018

API No. 30-045-35152

DHC No. DHC 4024AZ

Lease No. NMSF078439

Federal

Well Name

Johnston Federal

Well No.

#9F

Unit Letter

B

Section

35

Township

T31N

Range

R09W

Footage

749' FNL &amp; 1453' FEL

County, State

San Juan, New Mexico

Completion Date

8/10/2018

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- 66%, DK- 34%

APPROVED BY

William Tamboreau

DATE

8/14/2018

TITLE

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DISTRICT III