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<h1 style="margin: 0;">Hilcorp Energy Company</h1> <h2 style="margin: 0;">PRODUCTION ALLOCATION FORM</h2>						Distribution: BLM 4 Copies Regulatory Accounting Well File Revised: March 9, 2006																								
Commingle Type SURFACE <input type="checkbox"/> DOWNHOLE <input checked="" type="checkbox"/>						Status PRELIMINARY <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> REVISED <input type="checkbox"/>																								
Type of Completion NEW DRILL <input type="checkbox"/> RECOMPLETION <input checked="" type="checkbox"/> PAYADD <input type="checkbox"/> COMMINGLE <input type="checkbox"/>						Date: 8/14/2018  API No. 30-039-21735 DHC No. DHC-4032 Lease No. SF-079290 Federal																								
Well Name <b>San Juan 28-7 Unit</b>						Well No. <b>258</b>																								
Unit Letter <b>K</b>	Section <b>23</b>	Township <b>T028N</b>	Range <b>R07W</b>	Footage <b>2480' FSL &amp; 1615' FWL</b>	County, State <b>Rio Arriba, New Mexico</b>																									
Completion Date <b>8/3/2018</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- 98%, DK- 2%																														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">APPROVED BY</th> <th style="width: 15%;">DATE</th> <th style="width: 30%;">TITLE</th> <th style="width: 25%;">PHONE</th> </tr> </thead> <tbody> <tr> <td><i>William Tambokou</i></td> <td><i>8/31/2018</i></td> <td><i>Petroleum Engineer</i></td> <td><i>505-564-7746</i></td> </tr> <tr> <td>X <i>Christine Brock</i></td> <td><i>8/14/18</i></td> <td>Regulatory/Operations Tech</td> <td>505-324-5155</td> </tr> <tr> <td>Christine Brock</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>							APPROVED BY	DATE	TITLE	PHONE	<i>William Tambokou</i>	<i>8/31/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>	X <i>Christine Brock</i>	<i>8/14/18</i>	Regulatory/Operations Tech	505-324-5155	Christine Brock											
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