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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 ☐

Commingled Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLED ☐

Date: 8/23/2018

API No. 30-039-20064

DHC No. DHC 4027AZ

Lease No. NMSF079522

Federal

Well Name

San Juan 28-5 Unit

Well No.

#68

Unit Letter

M

Section

33

Township

T28N

Range

R05W

Footage

965'FSL & 890'FWL

County, State

Rio Arriba,
New Mexico

Completion Date

8/4/2018

Test Method

HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☐ OTHER ☒

JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingled 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 - 87%, DK - 13%

APPROVED BY

DATE

TITLE

PHONE

X

Nick Kunze

Area Operations Manager

713-209-2449

ACCEPTED FOR RECORD

OCT 03 2018

FARMINGTON FIELD OFFICE

By: _____

NMOCD

OCT 09 2018

DISTRICT III

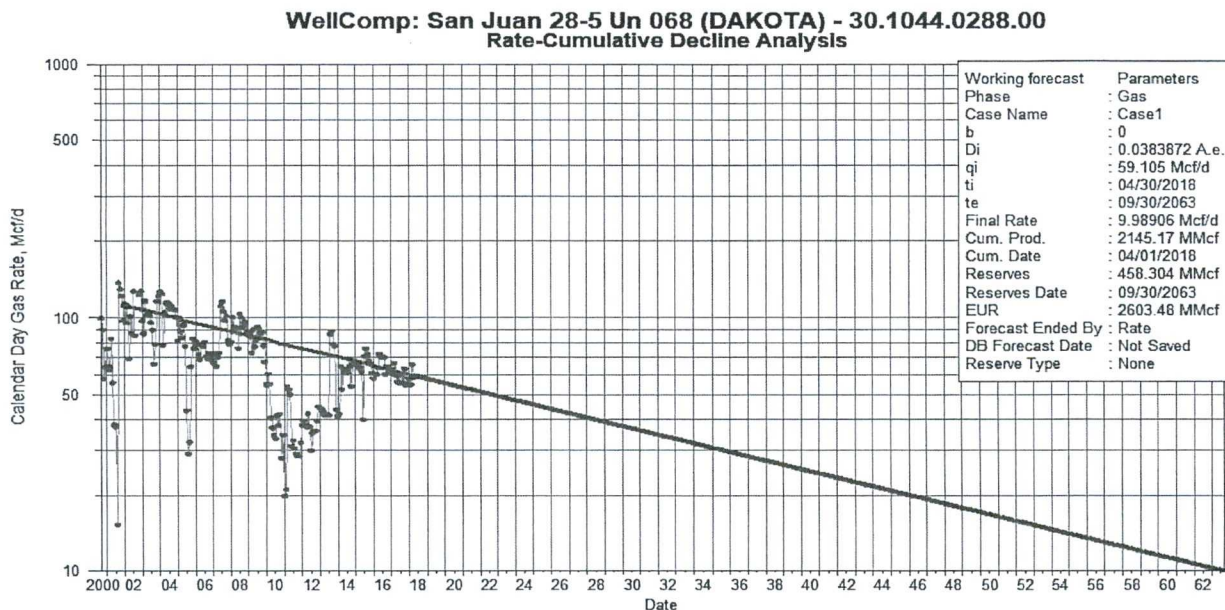
NMOCD

2

San Juan 28-5 Unit 68 Subtraction Allocation

Date	Mcf/d
May-18	59.01
Jun-18	58.81
Jul-18	58.62
Aug-18	58.43
Sep-18	58.24
Oct-18	58.05
Nov-18	57.86
Dec-18	57.67
Jan-19	57.48
Feb-19	57.3
Mar-19	57.12
Apr-19	56.93
May-19	56.74
Jun-19	56.56
Jul-19	56.37
Aug-19	56.19
Sep-19	56
Oct-19	55.82
Nov-19	55.64
Dec-19	55.46
Jan-20	55.27
Feb-20	55.1
Mar-20	54.92
Apr-20	54.74
May-20	54.56
Jun-20	54.38
Jul-20	54.21
Aug-20	54.03
Sep-20	53.85
Oct-20	53.67
Nov-20	53.5
Dec-20	53.32
Jan-21	53.15
Feb-21	52.98
Mar-21	52.81
Apr-21	52.64
May-21	52.47
Jun-21	52.3
Jul-21	52.13
Aug-21	51.95
Sep-21	51.78
Oct-21	51.61
Nov-21	51.45
Dec-21	51.28
Jan-22	51.11
Feb-22	50.95
Mar-22	50.79
Apr-22	50.62

Base formation is the Dakota and the added formation to be commingled is the Mesa Verde. 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.



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	1.172	458.3	13%
MV	2.37	1521	87%