

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

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 NMOCD Original  
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 Accounting  
 Well File  
 Revised: March 9, 2018

Farmington Field Office  
 Bureau of Land Management

Status  
 PRELIMINARY   
 FINAL   
 REVISED

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

Date: 12/12/2018  
 API No. 30-039-26625  
 DHC No. DHC 3997AZ  
 Lease No. NMSF079392  
 Federal

Well Name  
**San Juan 27-5 Unit**

Well No.  
**#138F**

Unit Letter <b>A</b>	Section <b>19</b>	Township <b>T27N</b>	Range <b>R05W</b>	Footage <b>835'FNL &amp; 660'FEL</b>	County, State <b>Rio Arriba, New Mexico</b>
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Completion Date: **11/16/2018**  
 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 - 100%, DK - 0%

APPROVED BY	DATE	TITLE	PHONE
<i>Joe Hemmitt</i>	12-18-18	Geo	564-7740
X <i>Nick Kunze</i>		Area Operations Manager	713-209-2449
Nick Kunze			

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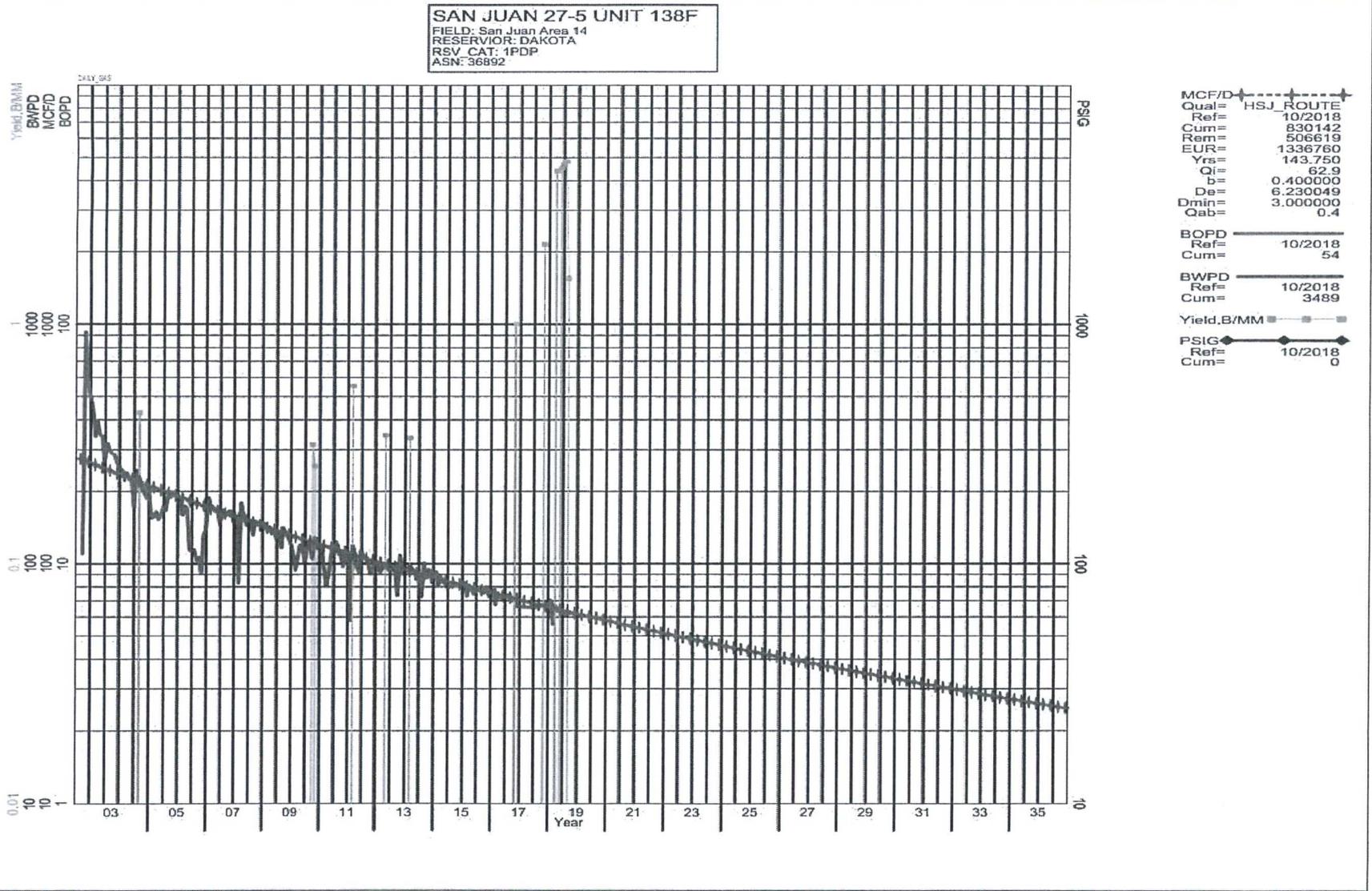
DISTRICT III

NMOCD

### San Juan 27-5 Unit 138F Subtraction Allocation

Date	Mcfd
Nov-18	62.4
Dec-18	62.0
Jan-19	61.7
Feb-19	61.4
Mar-19	61.0
Apr-19	60.7
May-19	60.4
Jun-19	60.1
Jul-19	59.7
Aug-19	59.4
Sep-19	59.1
Oct-19	58.8
Nov-19	58.5
Dec-19	58.2
Jan-20	57.9
Feb-20	57.6
Mar-20	57.3
Apr-20	57.0
May-20	56.7
Jun-20	56.4
Jul-20	56.1
Aug-20	55.8
Sep-20	55.5
Oct-20	55.2
Nov-20	54.9
Dec-20	54.7
Jan-21	54.4
Feb-21	54.1
Mar-21	53.8
Apr-21	53.6
May-21	53.3
Jun-21	53.0
Jul-21	52.8
Aug-21	52.5
Sep-21	52.2
Oct-21	52.0
Nov-21	51.7
Dec-21	51.4
Jan-22	51.2
Feb-22	50.9
Mar-22	50.7
Apr-22	50.4
May-22	50.2
Jun-22	49.9
Jul-22	49.7
Aug-22	49.4
Sep-22	49.2
Oct-22	48.9

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 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 (MMcfd)	% Oil Allocation
DK	0	506.619	0%
MV	1.84	1174	100%