

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
BLM 4 Copies
Regulatory
Accounting
Well File
Revised: March 9, 2006

Status
PRELIMINARY
FINAL
REVISED

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

Date: **02/11/2019**

API No. **30-045-25146**
DHC No. **DHC-4066AZ**
Lease No. **E-6515**

NMOC

Well Name
State B Gas Com

Well No.
#1E

Unit Letter E	Section 16	Township T29N	Range R10W	Footage 1800' FNL & 1180' FWL	County, State San Juan, New Mexico
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Completion Date 02/02/2019	Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>
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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.

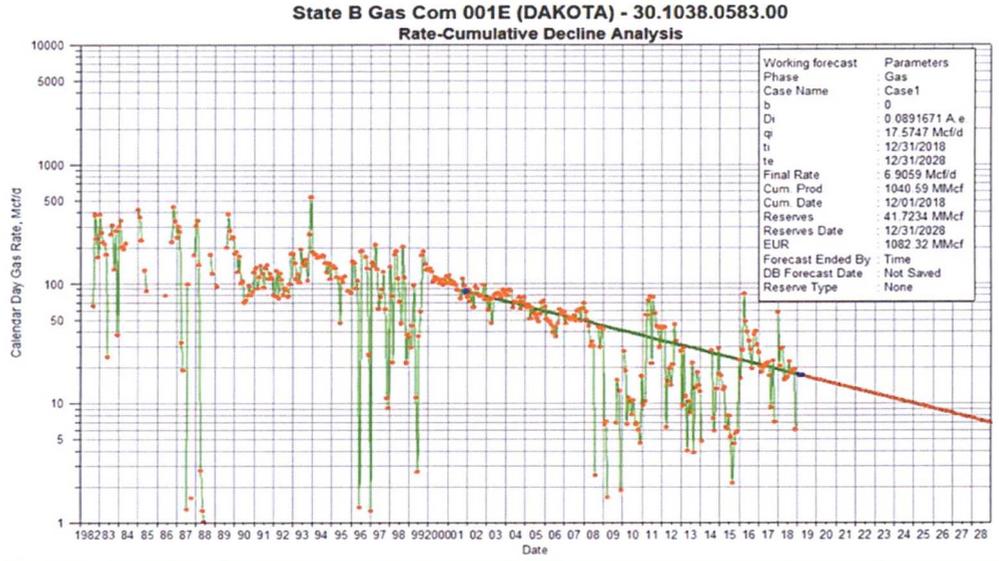
Oil production will be allocated based on average formation yields from offset wells. **MV- 86%, DK- 14%**

APPROVED BY	DATE	TITLE	PHONE
X <i>Cherylene Weston</i>	<i>2-11-19</i>	Operations/Regulatory Tech	505-564-0779
Cherylene Weston			

State B Gas Com 1E Subtraction Allocation

Date	Mcfd
2/2019	17.51
3/2019	17.37
4/2019	17.24
5/2019	17.11
6/2019	16.98
7/2019	16.84
8/2019	16.71
9/2019	16.58
10/2019	16.45
11/2019	16.32
12/2019	16.2
1/2020	16.07
2/2020	15.95
3/2020	15.82
4/2020	15.7
5/2020	15.58
6/2020	15.46
7/2020	15.34
8/2020	15.22
9/2020	15.1
10/2020	14.98
11/2020	14.87
12/2020	14.75
1/2021	14.64
2/2021	14.52
3/2021	14.41
4/2021	14.3
5/2021	14.19
6/2021	14.08
7/2021	13.97
8/2021	13.86
9/2021	13.75
10/2021	13.65
11/2021	13.54
12/2021	13.44
1/2022	13.33
2/2022	13.23
3/2022	13.13
4/2022	13.03
5/2022	12.93
6/2022	12.83
7/2022	12.73
8/2022	12.63
9/2022	12.53
10/2022	12.43
11/2022	12.34
12/2022	12.24
1/2023	12.14

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.



Formation	Yield (bbl/MM)	Reserves (MMcf)	Allocation
Dakota	6.78	41.723	14%
Mesaverde	2.03	878	86%