

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
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 Accounting
 Well File
 Revised: March 9, 2018

Status
 PRELIMINARY
 FINAL
 REVISED

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

Date: **3/26/19**
 API No. **30-045-25463**
 DHC No. **4904-0**
 Lease No. SF080724-A

Well Name
Zachry

Well No.
37

Unit Letter	Section	Township	Range	Footage	County, State
I	11	28N	10W	1725' FSL & 475' FEL	San Juan County, New Mexico

Completion Date	Test Method
3/15/2019	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 Gallup 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: GL- 14%, MV- 86%

APPROVED BY	DATE	TITLE	PHONE
X. <i>Christine Brock</i>	<i>3/26/19</i>	Operations/Regulatory Tech – Sr.	505-324-5155
Christine Brock			
		<i>Dave Mankiewicz</i>	
		<i>3/28/19</i>	

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DISTRICT III