

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

Distribution:  
 NMOCD Original  
 BLM 5 Copies  
 Accounting  
 Well File  
 Revised: March 9, 2018

Status  
 PRELIMINARY   
 FINAL   
 REVISED

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

Date: 5/20/2019

API No. 30-045-11042  
 DHC No. 4897 AZ  
 Lease No. Private

Well Name  
**Dusenberry**

Well No.  
**3**

Unit Letter <b>I</b>	Section <b>01</b>	Township <b>31N</b>	Range <b>12W</b>	Footage <b>1830' FSL &amp; 1075' FEL</b>	County, State <b>San Juan, New Mexico</b>
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Completion Date <b>5/9/2019</b>	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 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: DK- 1%, MV- 99%

APPROVED BY	DATE	TITLE	PHONE
<i>[Signature]</i>	<i>5/20/19</i>	<b>GEOLOGIST DISTRICT #3</b>	<i>505 334-6178 x114</i>
X <i>Priscilla Shorty</i>	5/20/2019	Operations/Regulatory Tech – Sr.	505.324.5188
Priscilla Shorty			

NMOCD

MAY 21 2019

DISTRICT III