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Well File
Revised: March 9, 2006

Hilcorp Energy Company

AUG 19 2019

PRODUCTION ALLOCATION FORM

FARMINGTON FIELD OFFICE

Status
PRELIMINARY
FINAL
REVISED

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

Date: 03/18/2019

API No. 30-045-25499
DHC No. DHC-4914AZ
Lease No. NMSF080724A

Well Name
Zachry

Well No.
#41

Unit Letter O	Section 12	Township T28N	Range R10W	Footage 552' FSL & 1945' FEL	County, State San Juan, New Mexico
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Completion Date 03/07/2019	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 Armenta 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. **MV- 78%, GL- 22%**

APPROVED BY	DATE	TITLE	PHONE
X <i>Cherylene Weston</i>	<i>3-18-19</i>	Operations/Regulatory Tech	505-564-0779
Cherylene Weston			

ACCEPTED FOR RECORD

NMOCD

ACCEPTED FOR RECORD

AUG 22 2019

AUG 26 2019

AUG 20 2019

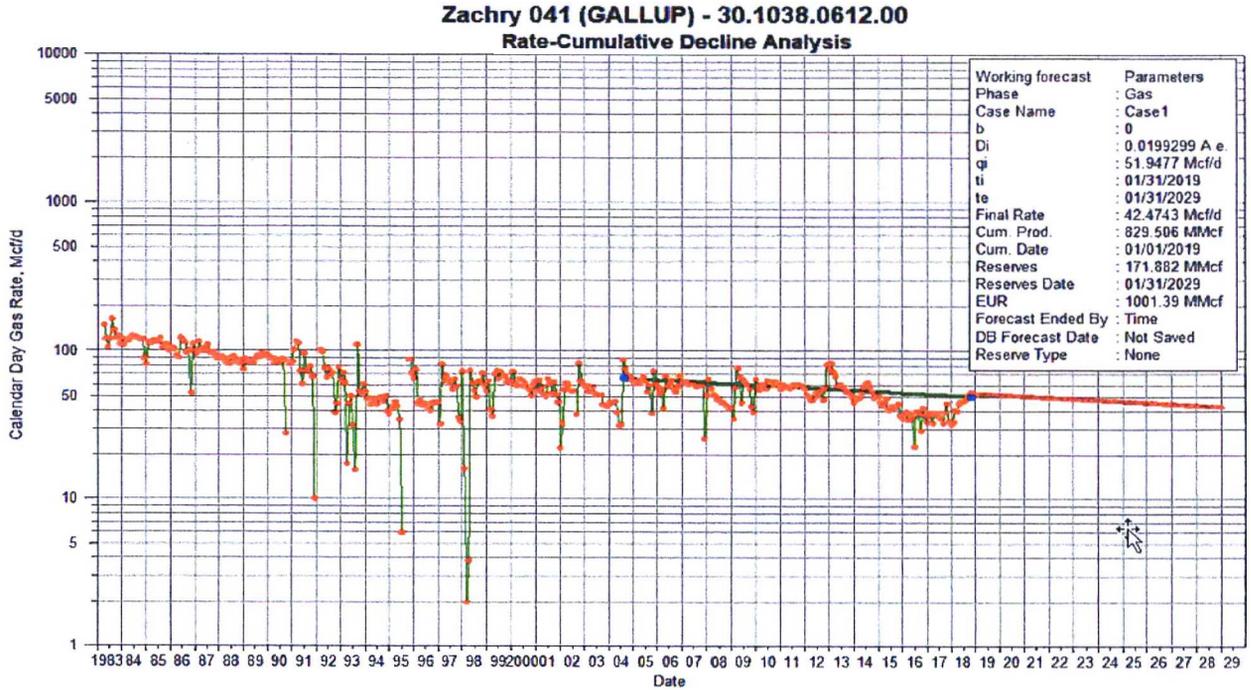
FARMINGTON FIELD OFFICE
By: *YVUB*

DISTRICT III
NMOCD

FARMINGTON FIELD OFFICE
BY: *GA*

Date	Rate
2/2019	51.91
3/2019	51.82
4/2019	51.74
5/2019	51.65
6/2019	51.56
7/2019	51.48
8/2019	51.39
9/2019	51.3
10/2019	51.22
11/2019	51.13
12/2019	51.04
1/2020	50.96
2/2020	50.87
3/2020	50.79
4/2020	50.7
5/2020	50.62
6/2020	50.53
7/2020	50.45
8/2020	50.36
9/2020	50.28
10/2020	50.19
11/2020	50.11
12/2020	50.02
1/2021	49.94
2/2021	49.86
3/2021	49.78
4/2021	49.69
5/2021	49.61
6/2021	49.53
7/2021	49.44
8/2021	49.36
9/2021	49.28
10/2021	49.19
11/2021	49.11
12/2021	49.03
1/2022	48.94
2/2022	48.86
3/2022	48.79
4/2022	48.7
5/2022	48.62
6/2022	48.54
7/2022	48.46
8/2022	48.38
9/2022	48.29
10/2022	48.21
11/2022	48.13
12/2022	48.05
1/2023	47.97

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 using historic production. All production from this well exceeding the forecast will be allocated to the new formation.



Zone	Yield (bbl/MM)	Reserves (MMcf)	Allocation
Gallup	33.5	171.882	21.9%
Mesaverde	36.2	566	78.1%