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Hilcorp Energy Company

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Accounting
Well File
Revised: March 9, 2018

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

Date: 5/7/2018

API No. 30-039-26528

DHC No. DHC 2053-3987AZ

Lease No. E-290-38

State

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Well Name

San Juan 27-5 Unit

Well No.

40F

Unit Letter

Surf - N

Section

16

Township

T27N

Range

R05W

Footage

1175' FSL & 1980' FWL

County, State

Rio Arriba,
New Mexico

Completion Date

5/4/2018

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- 47%, DK- 53%

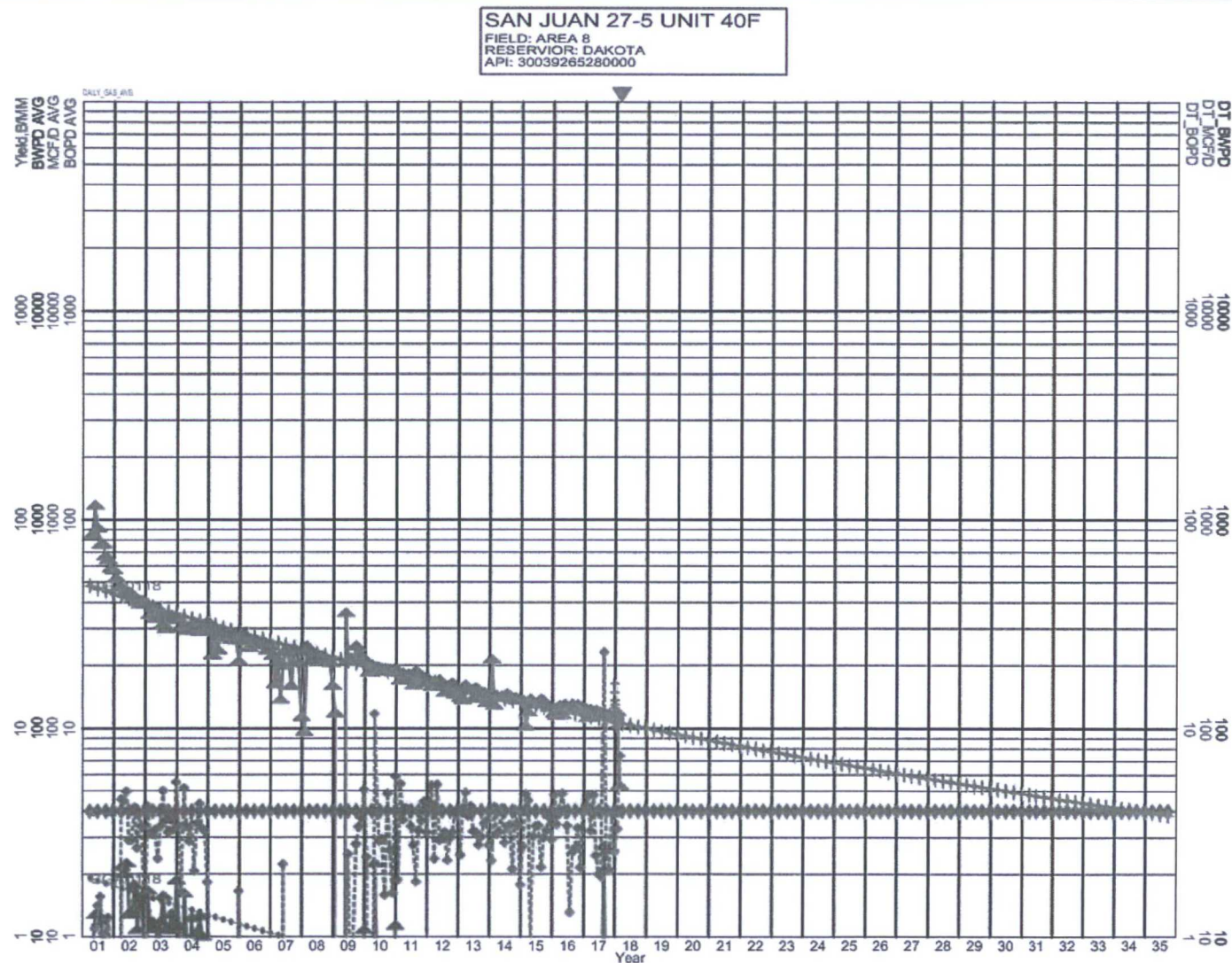
APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	5/15/2018	Petroleum Engineer	505-564-7746
X		Area Operations Manager	713-209-2449
Nick Kunze			

NMOCD

San Juan 27-5 Unit 040F Subtraction Allocation

Date	Mcf/d
Apr-18	104.6
May-18	104.0
Jun-18	103.4
Jul-18	102.8
Aug-18	102.2
Sep-18	101.6
Oct-18	101.1
Nov-18	100.5
Dec-18	99.9
Jan-19	99.4
Feb-19	98.8
Mar-19	98.2
Apr-19	97.7
May-19	97.1
Jun-19	96.6
Jul-19	96.1
Aug-19	95.5
Sep-19	95.0
Oct-19	94.5
Nov-19	93.9
Dec-19	93.4
Jan-20	92.9
Feb-20	92.4
Mar-20	91.9
Apr-20	91.4
May-20	90.9
Jun-20	90.4
Jul-20	89.9
Aug-20	89.4
Sep-20	88.9
Oct-20	88.4
Nov-20	88.0
Dec-20	87.5
Jan-21	87.0
Feb-21	86.5
Mar-21	86.1
Apr-21	85.6
May-21	85.2
Jun-21	84.7
Jul-21	84.2
Aug-21	83.8
Sep-21	83.4
Oct-21	82.9
Nov-21	82.5
Dec-21	82.0
Jan-22	81.6
Feb-22	81.2
Mar-22	80.7

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.



MCF/D AVG	
Qual=	CGA0118
Ref=	3/2018
Cum=	1440061
Rem=	783269
EUR=	2223330
Yrs=	152.667
Qi=	105.5
b=	0.350000
De=	6.627606
Dmin=	3.000000
Qab=	0.5
BOPD AVG	
Calc=	CGA0118
Ref=	3/2018
Cum=	3228
Rem=	3133
EUR=	6361
Yrs=	152.667
BWPD AVG	
Ref=	3/2018
Cum=	289
Yield, B/MM	
Qual=	CGA0118
Ref=	3/2018
Rbeg=	4.00000
Rend=	4.00000
Yrs=	152.667
Type=	LogTime
m=	-0.000000
DT_BOPD	
Ref=	3/2018
Cum=	0
DT_MCF/D	
Ref=	3/2018
Cum=	5683
DT_BWPD	
Ref=	3/2018
Cum=	1

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	4	783.269	53%
MV	3.74	749	47%