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Hilcorp Energy Company

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Revised: March 9, 2018

PRODUCTION ALLOCATION FORM

NMOCD

MAY 18 2018

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

DISTRICT III

Date: 5/9/2018

API No. 30-039-29334

DHC No. DHC 3991AZ

Lease No. NMSF078277

Federal

Well Name

San Juan 29-5 Unit

Well No.

#20C

Unit Letter

C

Section

07

Township

T29N

Range

R05W

Footage

295'FNL & 2120'FWL

County, State

Rio Arriba,
New Mexico

Completion Date

4/28/2018

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 Mesaverde and the added formation to be commingled is the Pictured Cliffs. 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- 98%, PC- 2%

APPROVED BY

DATE

TITLE

PHONE

William Tambekou

5/15/2018

Petroleum Engineer

505-564-7746

X

Area Operations Manager

713-209-2449

Nick Kunze

NMOCD

San Juan 29-5 Unit 20C Subtraction Allocation

Date	Mcf/d
Apr-18	69.61
May-18	69.34
Jun-18	69.08
Jul-18	68.82
Aug-18	68.56
Sep-18	68.3
Oct-18	68.05
Nov-18	67.8
Dec-18	67.55
Jan-19	67.3
Feb-19	67.06
Mar-19	66.83
Apr-19	66.59
May-19	66.36
Jun-19	66.12
Jul-19	65.89
Aug-19	65.66
Sep-19	65.43
Oct-19	65.21
Nov-19	64.99
Dec-19	64.77
Jan-20	64.54
Feb-20	64.33
Mar-20	64.12
Apr-20	63.91
May-20	63.7
Jun-20	63.49
Jul-20	63.28
Aug-20	63.08
Sep-20	62.87
Oct-20	62.67
Nov-20	62.47
Dec-20	62.28
Jan-21	62.08
Feb-21	61.89
Mar-21	61.7
Apr-21	61.51
May-21	61.32
Jun-21	61.14
Jul-21	60.95
Aug-21	60.76
Sep-21	60.58
Oct-21	60.4
Nov-21	60.22
Dec-21	60.04
Jan-22	59.86
Feb-22	59.7
Mar-22	59.53

Base formation is the Mesaverde and the added formation to be commingled is the Pictured Cliffs. 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.



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	2.657	683.7	98%
PC	0.05	802	2%