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Revised: March 9, 2018

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐Commingle Type
SURFACE ☐ DOWNHOLE ☒Type of Completion
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 5/9/2018

API No. 30-039-29450
DHC No. DHC 3982AZ
Lease No. NMSF078281
FederalWell Name
San Juan 29-5 UnitWell No.
#25B

Unit Letter	Section	Township	Range	Footage	County, State
H	18	T29N	R05W	2100'FNL & 100'FEL	Rio Arriba, New Mexico

Completion Date	Test Method
4/28/2018	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 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: PC - 5%, MV- 95%

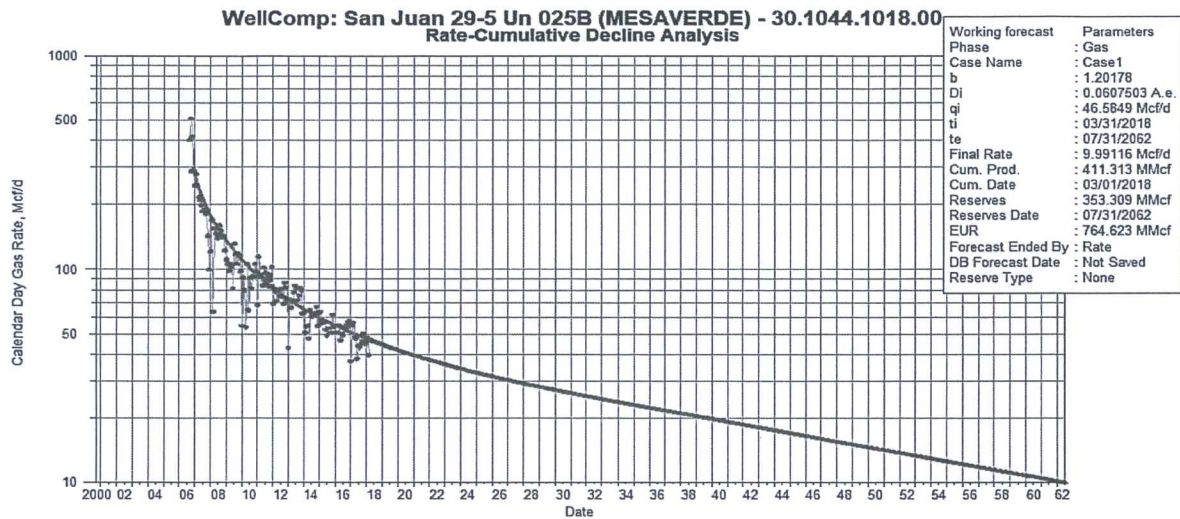
APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	5/15/2018	<i>Petroleum Engineer</i>	505-564-7746
X		Area Operations Manager	713-209-2449
Nick Kunze			

NMOCD

San Juan 29-5 Unit 25B Subtraction Allocation

Date	Mcf/d
Apr-18	46.46
May-18	46.21
Jun-18	45.96
Jul-18	45.72
Aug-18	45.47
Sep-18	45.23
Oct-18	45
Nov-18	44.77
Dec-18	44.53
Jan-19	44.3
Feb-19	44.08
Mar-19	43.87
Apr-19	43.65
May-19	43.43
Jun-19	43.21
Jul-19	43
Aug-19	42.79
Sep-19	42.58
Oct-19	42.37
Nov-19	42.17
Dec-19	41.96
Jan-20	41.76
Feb-20	41.57
Mar-20	41.37
Apr-20	41.18
May-20	40.99
Jun-20	40.8
Jul-20	40.61
Aug-20	40.42
Sep-20	40.24
Oct-20	40.05
Nov-20	39.87
Dec-20	39.69
Jan-21	39.51
Feb-21	39.34
Mar-21	39.18
Apr-21	39
May-21	38.83
Jun-21	38.66
Jul-21	38.5
Aug-21	38.33
Sep-21	38.16
Oct-21	38
Nov-21	37.84
Dec-21	37.68
Jan-22	37.52
Feb-22	37.37
Mar-22	37.22

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	2.073	353.3	95%
PC	0.05	802	5%