

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

RECEIVED

JUL 16 2018

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Accounting
Well File
Revised: March 9, 2018

Farmington Office
Bureau of Land Management

Status

PRELIMINARY ☒

FINAL ☐

REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 7/12/2018

API No. 30-039-26910

DHC No. DHC 4051AZ

Lease No. NMSF078281

Federal

Well Name

San Juan 29-5 Unit

Well No.

#24A

Unit Letter

H

Section

17

Township

T29N

Range

R05W

Footage

1821'FNL & 520'FEL

County, State

Rio Arriba,

New Mexico

Completion Date

7/9/2018

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: PC - 4%, MV - 96%

APPROVED BY

William Tambekou

DATE

7/18/2018

TITLE

Petroleum Engineer

PHONE

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X

Area Operations Manager

713-209-2449

Nick Kunze

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

NMOCD

JUL 19 2018

DISTRICT III

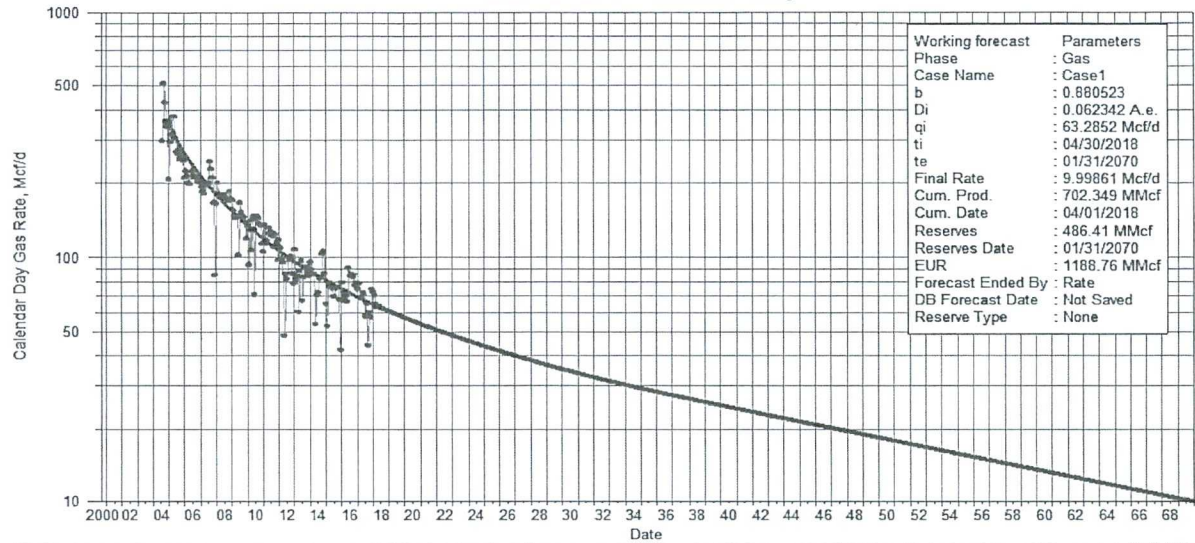
NMOCD

San Juan 29-5 Unit 24A Subtraction Allocation

Date	Mcf/d
May-18	63.11
Jun-18	62.76
Jul-18	62.42
Aug-18	62.07
Sep-18	61.74
Oct-18	61.41
Nov-18	61.08
Dec-18	60.75
Jan-19	60.42
Feb-19	60.11
Mar-19	59.81
Apr-19	59.5
May-19	59.19
Jun-19	58.88
Jul-19	58.57
Aug-19	58.27
Sep-19	57.97
Oct-19	57.67
Nov-19	57.38
Dec-19	57.09
Jan-20	56.8
Feb-20	56.52
Mar-20	56.24
Apr-20	55.96
May-20	55.69
Jun-20	55.41
Jul-20	55.14
Aug-20	54.87
Sep-20	54.6
Oct-20	54.34
Nov-20	54.08
Dec-20	53.82
Jan-21	53.56
Feb-21	53.31
Mar-21	53.07
Apr-21	52.82
May-21	52.57
Jun-21	52.32
Jul-21	52.08
Aug-21	51.83
Sep-21	51.59
Oct-21	51.36
Nov-21	51.12
Dec-21	50.89
Jan-22	50.65
Feb-22	50.43
Mar-22	50.21
Apr-22	49.99

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.

WellComp: San Juan 29-5 Un 024A (MESAVERDE) - 30.1044.0896.00
Rate-Cumulative Decline Analysis



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	2.131	486.41	96%
PC	0.05	957	4%