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 Well File
 Revised: March 9, 2018

Hilcorp Energy Company

Farmington Field Office
 Bureau of Land Management

PRODUCTION ALLOCATION FORM

Status
 PRELIMINARY ☒
 FINAL ☐
 REVISED ☐

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

Date: 7/10/2018

API No. 30-039-27785

DHC No. DHC 4043AZ

Lease No. NMSF-78415A

Well Name
 San Juan 29-5 Unit

Well No.
 #18B

Unit Letter	Section	Township	Range	Footage	County, State
L	05	T29N	R05W	2590'FSL & 295'FWL	Rio Arriba, New Mexico

Completion Date: 07/02/2018

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- 10%, MV- 90%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	7/18/2018	Petroleum Engineer	505-564-7746
X <i>[Signature]</i>		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

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JUL 19 2018

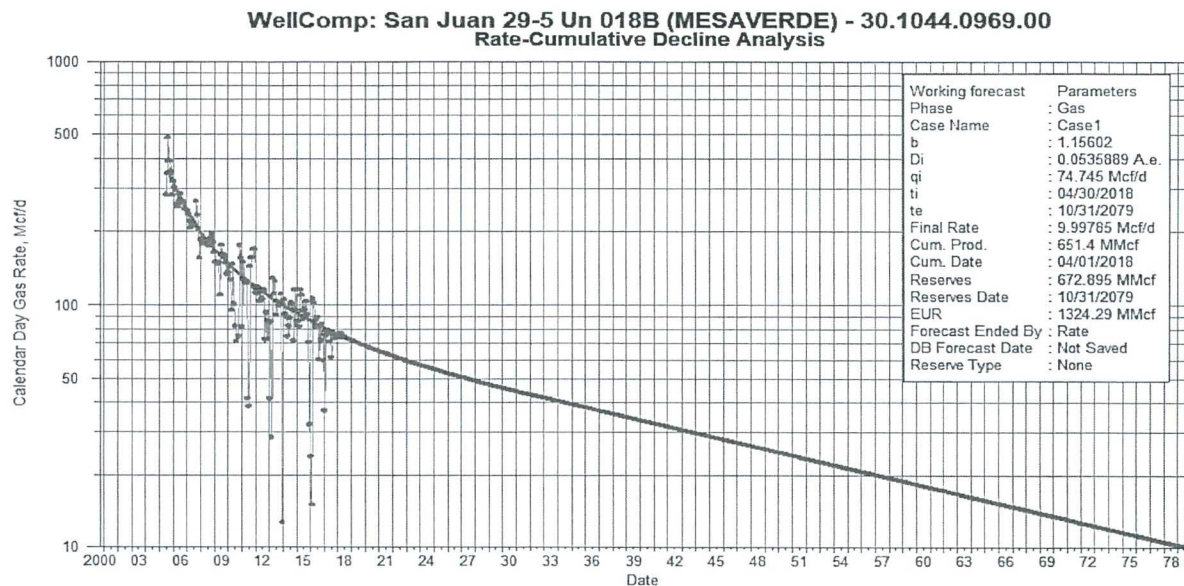
DISTRICT III

NMOCD

San Juan 29-5 Unit 18B Subtraction Allocation

Date	Mcf/d
May-18	74.57
Jun-18	74.21
Jul-18	73.87
Aug-18	73.52
Sep-18	73.18
Oct-18	72.84
Nov-18	72.5
Dec-18	72.17
Jan-19	71.84
Feb-19	71.53
Mar-19	71.22
Apr-19	70.9
May-19	70.58
Jun-19	70.27
Jul-19	69.96
Aug-19	69.65
Sep-19	69.35
Oct-19	69.05
Nov-19	68.75
Dec-19	68.45
Jan-20	68.16
Feb-20	67.87
Mar-20	67.59
Apr-20	67.3
May-20	67.02
Jun-20	66.74
Jul-20	66.47
Aug-20	66.19
Sep-20	65.92
Oct-20	65.65
Nov-20	65.38
Dec-20	65.11
Jan-21	64.85
Feb-21	64.6
Mar-21	64.35
Apr-21	64.09
May-21	63.84
Jun-21	63.58
Jul-21	63.34
Aug-21	63.08
Sep-21	62.84
Oct-21	62.6
Nov-21	62.35
Dec-21	62.12
Jan-22	61.87
Feb-22	61.65
Mar-22	61.42
Apr-22	61.19

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	0.634	672.9	90%
PC	0.05	957	10%