

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

RECEIVED

JUL 16 2018

Distribution:
NMOCD Original
BLM 5 Copies
Accounting
Well File
Revised: March 9, 2018

Farmington Field Office
Bureau of Land Management

Status

PRELIMINARY ☒

FINAL ☐

REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 7/10/2018

API No. 30-039-29468

DHC No. DHC 3995AZ

Lease No. NMSF078410

Federal

Well Name

San Juan 29-5 Unit

Well No.

#22B

Unit Letter

D

Section

08

Township

T29N

Range

R05W

Footage

140'FNL & 895'FWL

County, State

Rio Arriba,
New Mexico

Completion Date

7/3/2018

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 - 9%, MV - 91%

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

NMOCD

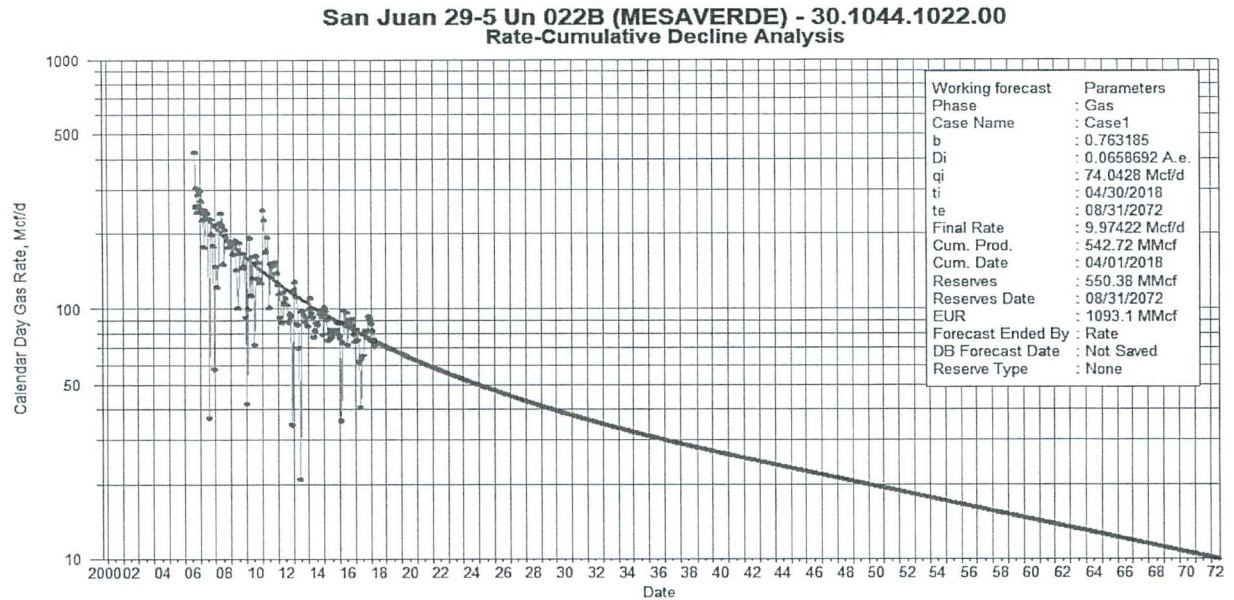
JUL 19 2018

DISTRICT III

NMOCD

San Juan 29-5 Unit 22B Subtraction Allocation

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	0.879	550.4	91%
PC	0.05	957	9%

Date	Mcfd
May-18	73.82
Jun-18	73.4
Jul-18	72.97
Aug-18	72.55
Sep-18	72.13
Oct-18	71.72
Nov-18	71.31
Dec-18	70.91
Jan-19	70.51
Feb-19	70.12
Mar-19	69.75
Apr-19	69.36
May-19	68.97
Jun-19	68.59
Jul-19	68.22
Aug-19	67.84
Sep-19	67.47
Oct-19	67.11
Nov-19	66.74
Dec-19	66.39
Jan-20	66.02
Feb-20	65.68
Mar-20	65.34
Apr-20	64.99
May-20	64.65
Jun-20	64.31
Jul-20	63.97
Aug-20	63.64
Sep-20	63.31
Oct-20	62.98
Nov-20	62.66
Dec-20	62.34
Jan-21	62.01
Feb-21	61.71
Mar-21	61.41
Apr-21	61.1
May-21	60.79
Jun-21	60.49
Jul-21	60.18
Aug-21	59.88
Sep-21	59.58
Oct-21	59.29
Nov-21	59
Dec-21	58.71
Jan-22	58.42
Feb-22	58.15
Mar-22	57.87
Apr-22	57.6