

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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

Status
 PRELIMINARY
 FINAL
 REVISED

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

Date: **8/13/2018**
 API No. **30-039-07659**
 DHC No. **DHC 4042AZ**
 Lease No. **NMNM03188**
 Federal

Well Name
San Juan 29-5 Unit

Well No.
#22

Unit Letter L	Section 8	Township T29N	Range R05W	Footage 1790'FSL & 890'FWL	County, State Rio Arriba, New Mexico
-------------------------	---------------------	-------------------------	----------------------	--	--

Completion Date: **8/5/2018** (AP)
 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- 8%, MV- 92%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	<i>8/20/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X <i>[Signature]</i>		Area Operations Manager	713-209-2449
Nick Kunze			

RECEIVED

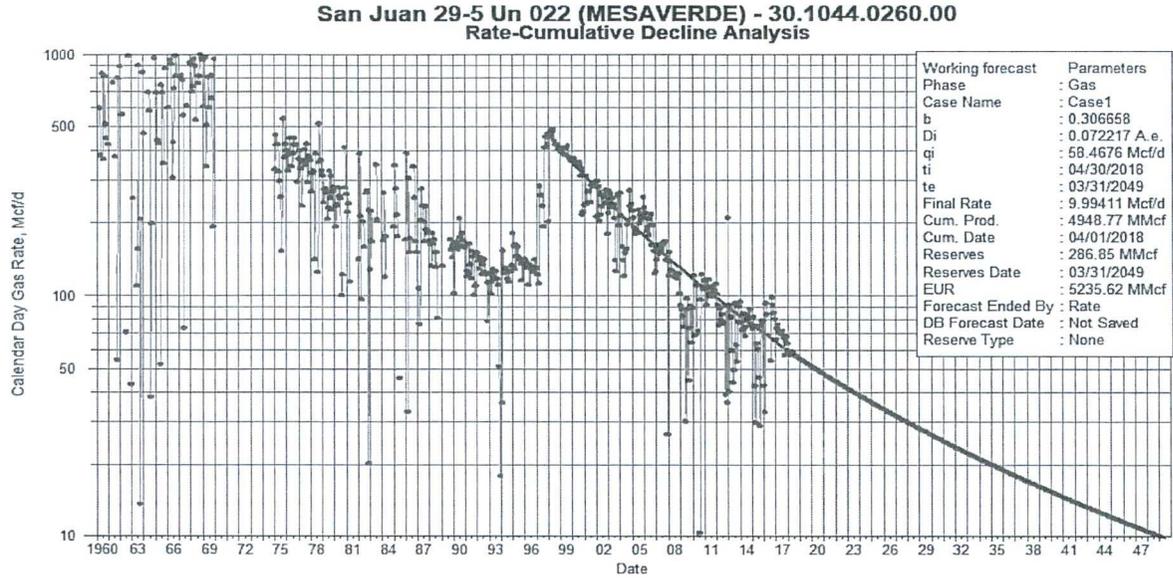
AUG 17 2018

NMOCD

Farmington Field Office
 Bureau of Land Management

San Juan 29-5 Unit 22 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	2.018	286.85	92%
PC	0.05	957	8%

Date	Mcf/d
May-18	58.28
Jun-18	57.91
Jul-18	57.55
Aug-18	57.18
Sep-18	56.82
Oct-18	56.47
Nov-18	56.12
Dec-18	55.77
Jan-19	55.41
Feb-19	55.08
Mar-19	54.75
Apr-19	54.41
May-19	54.08
Jun-19	53.74
Jul-19	53.41
Aug-19	53.08
Sep-19	52.76
Oct-19	52.43
Nov-19	52.11
Dec-19	51.8
Jan-20	51.48
Feb-20	51.17
Mar-20	50.87
Apr-20	50.56
May-20	50.25
Jun-20	49.95
Jul-20	49.65
Aug-20	49.35
Sep-20	49.05
Oct-20	48.76
Nov-20	48.47
Dec-20	48.18
Jan-21	47.89
Feb-21	47.61
Mar-21	47.34
Apr-21	47.06
May-21	46.78
Jun-21	46.51
Jul-21	46.23
Aug-21	45.96
Sep-21	45.69
Oct-21	45.42
Nov-21	45.16
Dec-21	44.89
Jan-22	44.63
Feb-22	44.38
Mar-22	44.13
Apr-22	43.87