

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

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Accounting  
Well File  
Revised: March 9, 2018

RECEIVED  
AUG 06 2018

Status  
PRELIMINARY ☒  
FINAL ☐  
REVISED ☐

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

Date: 8/1/2018  
API No. 30-039-21340  
DHC No. DHC 4040AZ  
Lease No. NMSF078277  
Federal

Well Name  
San Juan 29-5 Unit

Well No.  
#7A

Unit Letter	Section	Township	Range	Footage	County, State
I	7	T29N	R05W	1700'FSL & 810'FEL	Rio Arriba, New Mexico

Completion Date: 7/31/2018  
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- 6%, MV- 94%

APPROVED BY	DATE	TITLE	PHONE
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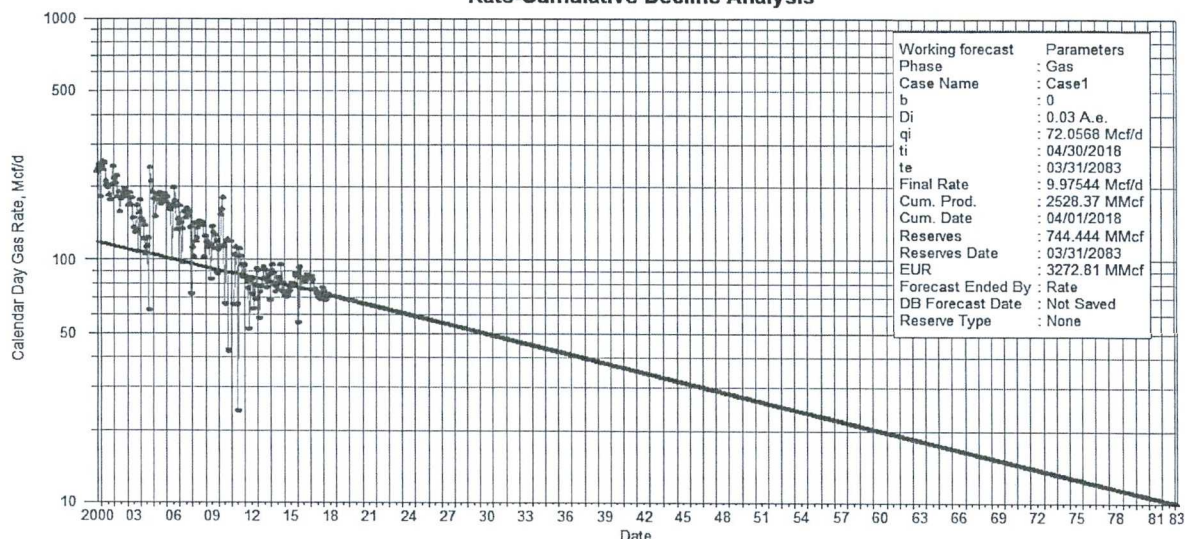
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DISTRICT III

NMOCD

## San Juan 29-5 Unit 7A 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.

**San Juan 29-5 Un 007A (MESAVERDE) - 30.1044.0452.00**  
**Rate-Cumulative Decline Analysis**



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	1.098	744.4	94%
PC	0.05	957	6%

Date	Mcf/d
May-18	71.96
Jun-18	71.78
Jul-18	71.6
Aug-18	71.41
Sep-18	71.23
Oct-18	71.05
Nov-18	70.87
Dec-18	70.69
Jan-19	70.51
Feb-19	70.34
Mar-19	70.16
Apr-19	69.98
May-19	69.81
Jun-19	69.63
Jul-19	69.45
Aug-19	69.27
Sep-19	69.1
Oct-19	68.92
Nov-19	68.75
Dec-19	68.57
Jan-20	68.39
Feb-20	68.22
Mar-20	68.05
Apr-20	67.88
May-20	67.71
Jun-20	67.54
Jul-20	67.36
Aug-20	67.19
Sep-20	67.02
Oct-20	66.85
Nov-20	66.68
Dec-20	66.51
Jan-21	66.34
Feb-21	66.18
Mar-21	66.01
Apr-21	65.85
May-21	65.68
Jun-21	65.51
Jul-21	65.34
Aug-21	65.18
Sep-21	65.01
Oct-21	64.85
Nov-21	64.68
Dec-21	64.52
Jan-22	64.35
Feb-22	64.19
Mar-22	64.03
Apr-22	63.87