

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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Accounting
Well File

Revised: March 9, 2018

Status

PRELIMINARY ☒

FINAL ☐

REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 8/1/2018

API No. 30-039-29553

DHC No. DHC 4039AZ

Lease No. NMSF078410

Federal

Well Name

San Juan 29-5 Unit

Well No.

#21C

Unit Letter
B

Section
8

Township
T29N

Range
R05W

Footage
400'FNL & 2500'FEL

County, State
Rio Arriba,
New Mexico

Completion Date

7/7/2018

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- 5%, MV- 95%

APPROVED BY	DATE	TITLE	PHONE
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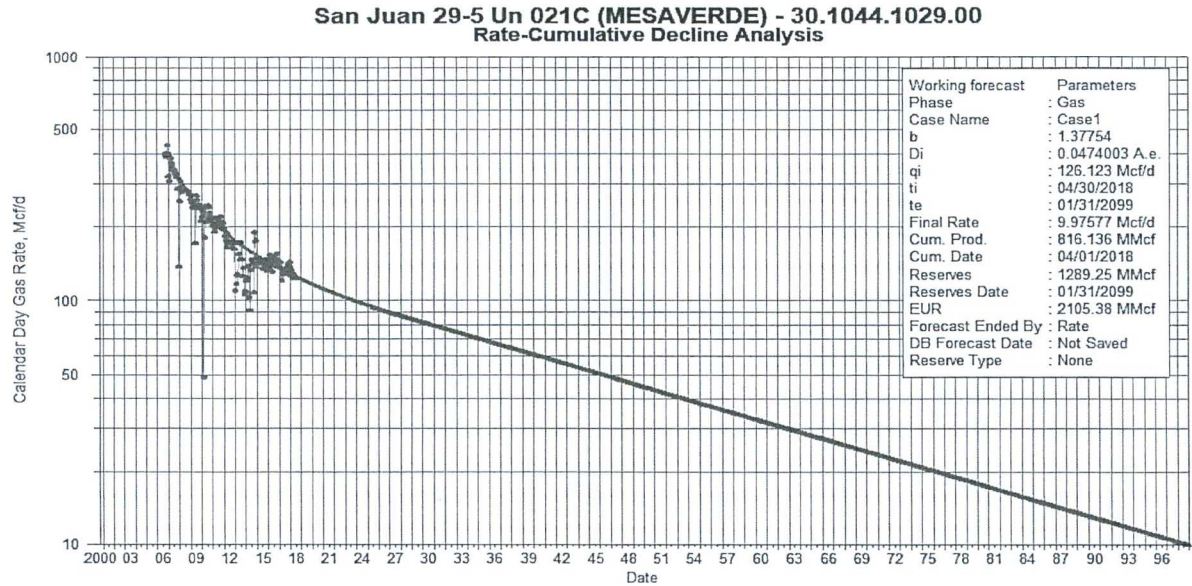
AUG 07 2018

DISTRICT III

San Juan 29-5 Unit 21C Subtraction Allocation

Date	Mcfd
May-18	125.9
Jun-18	125.3
Jul-18	124.8
Aug-18	124.3
Sep-18	123.8
Oct-18	123.3
Nov-18	122.8
Dec-18	122.3
Jan-19	121.8
Feb-19	121.3
Mar-19	120.9
Apr-19	120.4
May-19	119.9
Jun-19	119.4
Jul-19	119
Aug-19	118.5
Sep-19	118.1
Oct-19	117.6
Nov-19	117.2
Dec-19	116.7
Jan-20	116.3
Feb-20	115.9
Mar-20	115.4
Apr-20	115
May-20	114.6
Jun-20	114.2
Jul-20	113.7
Aug-20	113.3
Sep-20	112.9
Oct-20	112.5
Nov-20	112.1
Dec-20	111.7
Jan-21	111.3
Feb-21	110.9
Mar-21	110.6
Apr-21	110.2
May-21	109.8
Jun-21	109.4
Jul-21	109
Aug-21	108.7
Sep-21	108.3
Oct-21	107.9
Nov-21	107.6
Dec-21	107.2
Jan-22	106.8
Feb-22	106.5
Mar-22	106.2
Apr-22	105.8

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	0.704	1289.25	95%
PC	0.05	957	5%