

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: 8/13/2018

API No. 30-039-30063
DHC No. DHC 3999AZ
Lease No. NMSF079391
Federal

Well Name
San Juan 27-5 Unit

Well No.
#163E

Unit Letter K
Section 18
Township T27N
Range R05W
Footage 2355' FSL & 2695' FWL

County, State
Rio Arriba,
New Mexico

Completion Date 7/16/2018
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 Dakota and the added formation to be commingled is the Mesaverde. 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: MV - 39%, DK - 61%

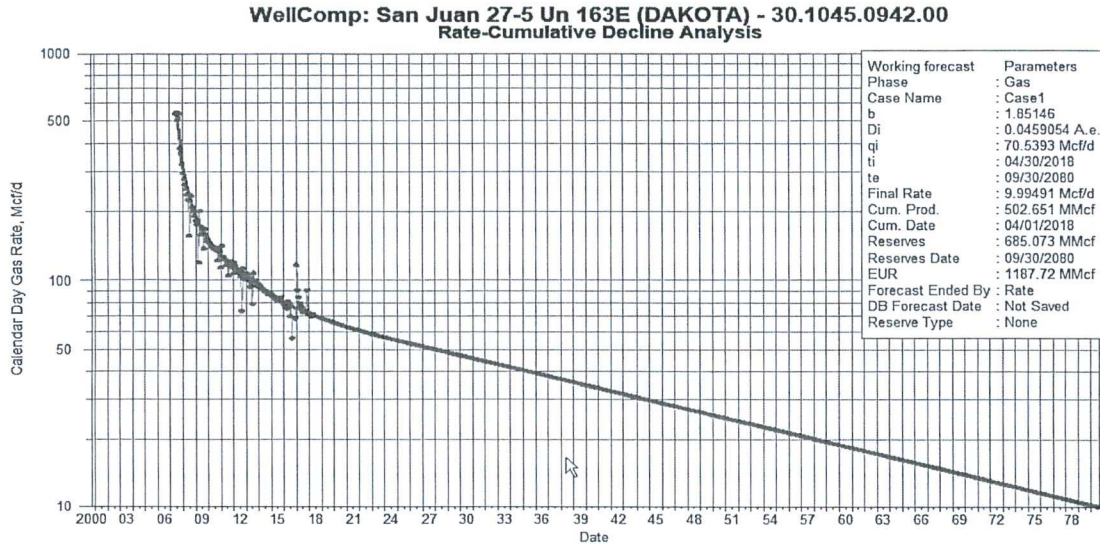
APPROVED BY	DATE	TITLE	PHONE
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X		Area Operations Manager	713-209-2449

Nick Kunze

NMOCD

San Juan 27-5 Unit 163E Subtraction Allocation

Base formation is the Dakota and the added formation to be commingled is the MesaVerde. 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
DK	1.373	685.07	61%
MV	0.57	1053	39%

Date	Mcf/d
May-18	70.39
Jun-18	70.11
Jul-18	69.82
Aug-18	69.54
Sep-18	69.26
Oct-18	68.99
Nov-18	68.72
Dec-18	68.45
Jan-19	68.19
Feb-19	67.93
Mar-19	67.68
Apr-19	67.43
May-19	67.18
Jun-19	66.92
Jul-19	66.68
Aug-19	66.43
Sep-19	66.19
Oct-19	65.95
Nov-19	65.71
Dec-19	65.47
Jan-20	65.24
Feb-20	65.01
Mar-20	64.79
Apr-20	64.56
May-20	64.34
Jun-20	64.12
Jul-20	63.9
Aug-20	63.68
Sep-20	63.46
Oct-20	63.25
Nov-20	63.04
Dec-20	62.83
Jan-21	62.62
Feb-21	62.42
Mar-21	62.22
Apr-21	62.02
May-21	61.82
Jun-21	61.62
Jul-21	61.43
Aug-21	61.23
Sep-21	61.04
Oct-21	60.85
Nov-21	60.66
Dec-21	60.47
Jan-22	60.28
Feb-22	60.11
Mar-22	59.93
Apr-22	59.75