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Revised: March 9, 2018

## Hilcorp Energy Company

Farmington Field Office  
Bureau of Land Management

## PRODUCTION ALLOCATION FORM

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 4/4/2018

API No. 30-039-29358

DHC No. DHC 1995

Lease No. NMSF079391

Well Name

San Juan 27-5 Unit

Well No.

137P

Unit Letter

I

Section

18

Township

T27N

Range

R05W

Footage

2415'FSL &amp; 205'FEL

County, State

Rio Arriba,  
New Mexico

Completion Date

4/4/2018

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- 70%, DK- 30%

APPROVED BY

DATE

TITLE

PHONE

*William Tambakou*

4/9/2018

Petroleum Engineer

505-564-7746

X

Area Operations Manager

713-209-2449

Nick Kunze

NMOCD

NMOCD

APR 12 2018

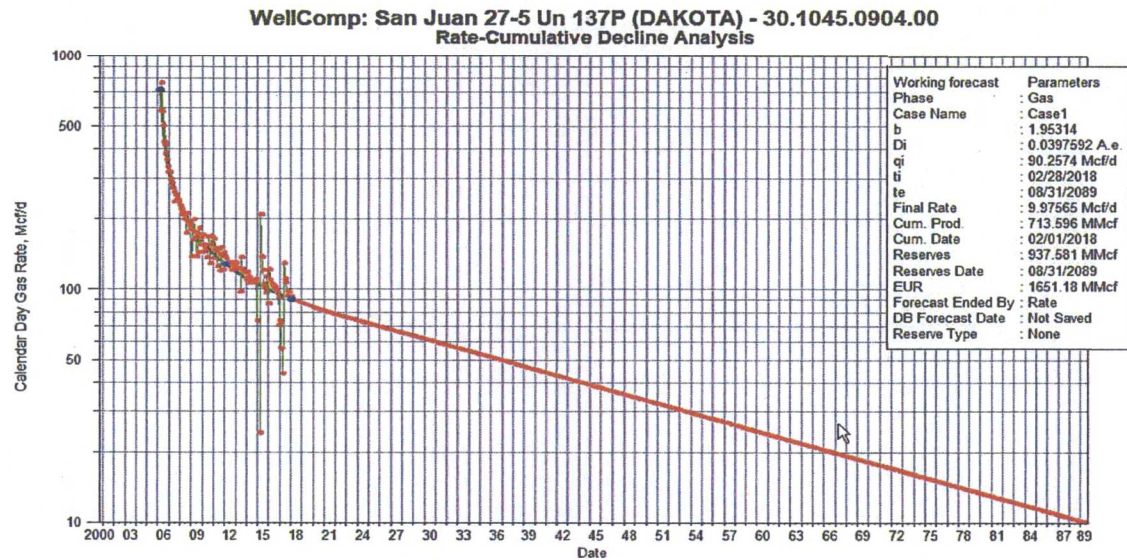
DISTRICT III

2

## San Juan 27-5 Unit 137P Subtraction Allocation

Date	Mcf/d
Mar-18	90.1
Apr-18	89.78
May-18	89.47
Jun-18	89.16
Jul-18	88.86
Aug-18	88.55
Sep-18	88.25
Oct-18	87.95
Nov-18	87.66
Dec-18	87.37
Jan-19	87.08
Feb-19	86.8
Mar-19	86.53
Apr-19	86.25
May-19	85.97
Jun-19	85.7
Jul-19	85.43
Aug-19	85.15
Sep-19	84.89
Oct-19	84.62
Nov-19	84.36
Dec-19	84.1
Jan-20	83.84
Feb-20	83.59
Mar-20	83.34
Apr-20	83.09
May-20	82.84
Jun-20	82.59
Jul-20	82.35
Aug-20	82.11
Sep-20	81.87
Oct-20	81.63
Nov-20	81.39
Dec-20	81.16
Jan-21	80.92
Feb-21	80.7
Mar-21	80.48
Apr-21	80.26
May-21	80.03
Jun-21	79.81
Jul-21	79.59
Aug-21	79.37
Sep-21	79.15
Oct-21	78.94
Nov-21	78.72
Dec-21	78.51
Jan-22	78.3
Feb-22	78.1

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	1.228	937.58	30%
MV	3.01	906	70%