

NMOC

MAY 11 2018

DISTRICT III

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 Well File
 Revised: March 9, 2018

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 5/7/2018

API No. 30-039-26528

DHC No. DHC-2053 3987 AZ

Lease No. E-290-38

State

Well Name

San Juan 27-5 Unit

Well No.

40F

Unit Letter
Surf - NSection
16Township
T27NRange
R05WFootage
1175'FSL & 1980'FWLCounty, State
Rio Arriba,
New Mexico

Completion Date

5/4/2018

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- 47%, DK- 53%

APPROVED BY

DATE

TITLE

PHONE

X

5/22/18

Area Operations Manager

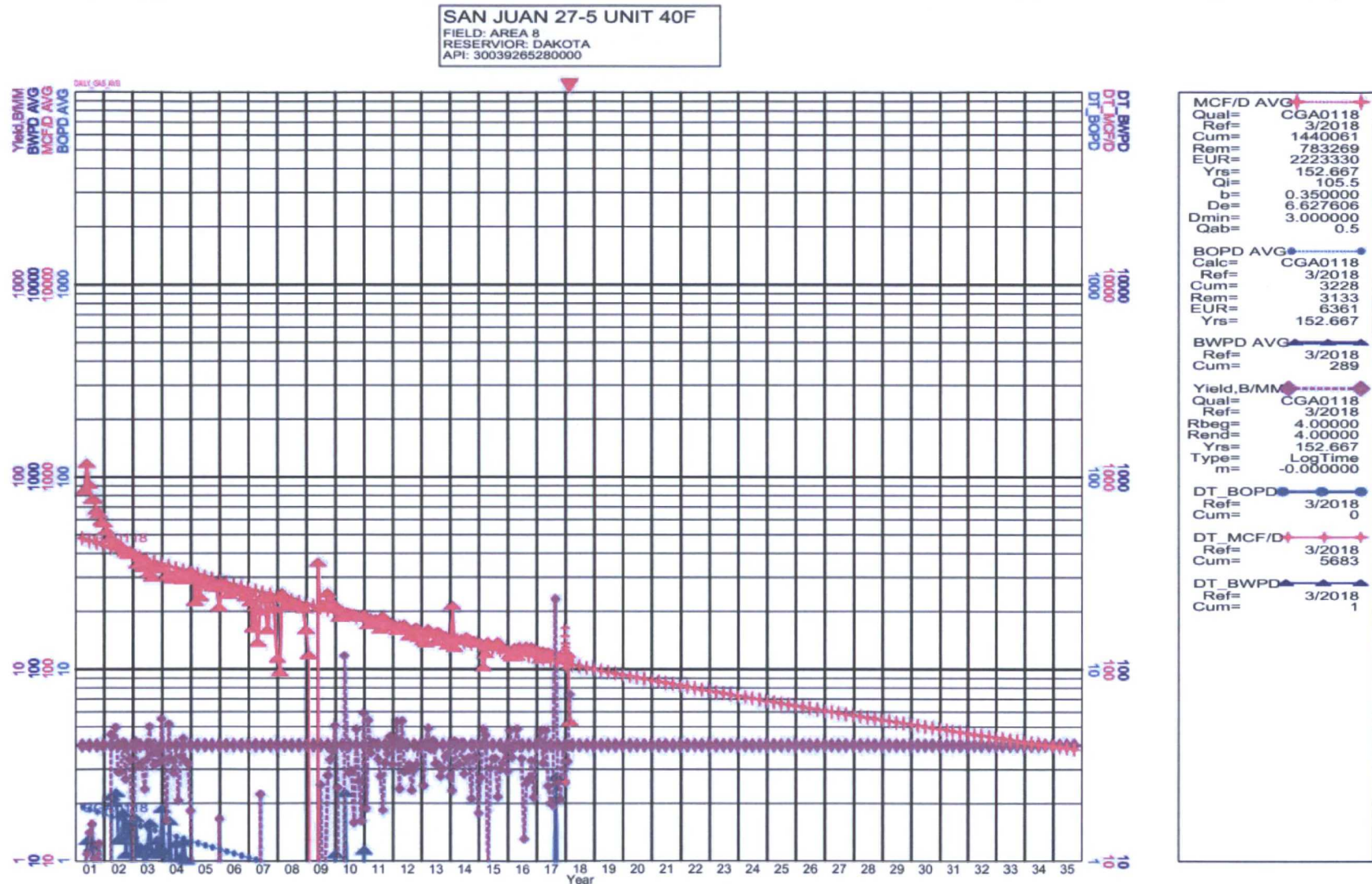
713-209-2449

Nick Kunze

San Juan 27-5 Unit 040F Subtraction Allocation

Date	Mcf/d
Apr-18	104.6
May-18	104.0
Jun-18	103.4
Jul-18	102.8
Aug-18	102.2
Sep-18	101.6
Oct-18	101.1
Nov-18	100.5
Dec-18	99.9
Jan-19	99.4
Feb-19	98.8
Mar-19	98.2
Apr-19	97.7
May-19	97.1
Jun-19	96.6
Jul-19	96.1
Aug-19	95.5
Sep-19	95.0
Oct-19	94.5
Nov-19	93.9
Dec-19	93.4
Jan-20	92.9
Feb-20	92.4
Mar-20	91.9
Apr-20	91.4
May-20	90.9
Jun-20	90.4
Jul-20	89.9
Aug-20	89.4
Sep-20	88.9
Oct-20	88.4
Nov-20	88.0
Dec-20	87.5
Jan-21	87.0
Feb-21	86.5
Mar-21	86.1
Apr-21	85.6
May-21	85.2
Jun-21	84.7
Jul-21	84.2
Aug-21	83.8
Sep-21	83.4
Oct-21	82.9
Nov-21	82.5
Dec-21	82.0
Jan-22	81.6
Feb-22	81.2
Mar-22	80.7

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	4	783.269	53%
MV	3.74	749	47%