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Revised: March 9, 2018

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Date: 5/7/2018

API No. 30-039-29218

DHC No. DHC 3983AZ

Lease No. NMSF078343

Federal

Commingle Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Well Name

San Juan 29-5 Unit

Well No.

#18C

Unit Letter

D

Section

5

Township

T29N

Range

R05W

Footage

885' FNL & 835' FWL

County, State

Rio Arriba,
New Mexico

Completion Date

4/27/2018

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- 41%, MV- 59%

APPROVED BY

William Tambekou

DATE

5/15/2018

TITLE

Petroleum Engineer

PHONE

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X

Area Operations Manager

713-209-2449

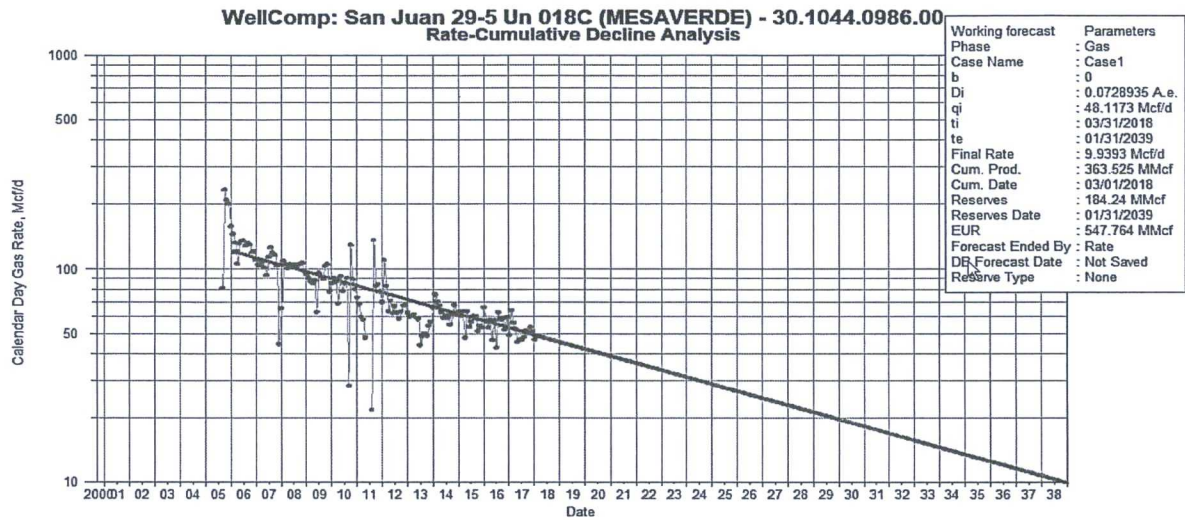
Nick Kunze

NMOCD

San Juan 29-5 Unit 18C Subtraction Allocation

Date	Mcfd
Apr-18	47.97
May-18	47.67
Jun-18	47.37
Jul-18	47.07
Aug-18	46.77
Sep-18	46.47
Oct-18	46.18
Nov-18	45.89
Dec-18	45.6
Jan-19	45.31
Feb-19	45.03
Mar-19	44.76
Apr-19	44.47
May-19	44.19
Jun-19	43.92
Jul-19	43.64
Aug-19	43.36
Sep-19	43.09
Oct-19	42.81
Nov-19	42.54
Dec-19	42.28
Jan-20	42.01
Feb-20	41.75
Mar-20	41.49
Apr-20	41.23
May-20	40.97
Jun-20	40.71
Jul-20	40.45
Aug-20	40.19
Sep-20	39.94
Oct-20	39.69
Nov-20	39.44
Dec-20	39.19
Jan-21	38.94
Feb-21	38.7
Mar-21	38.46
Apr-21	38.22
May-21	37.98
Jun-21	37.74
Jul-21	37.5
Aug-21	37.26
Sep-21	37.03
Oct-21	36.8
Nov-21	36.56
Dec-21	36.33
Jan-22	36.1
Feb-22	35.88
Mar-22	35.66

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	0.307	184.2	59%
PC	0.05	802	41%