

NMOC

MAY 11 2018

DISTRICT III

Distribution:
NMOC Original
BLM 5 Copies
Accounting
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. 30-039-29557

DHC No. DHC 1992

Lease No. E-290-3

State

Well Name
San Juan 27-5 Unit

Well No.
40N

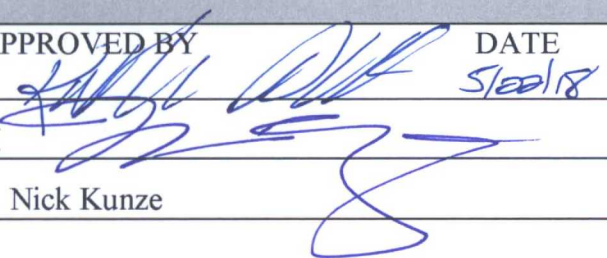
Unit Letter	Section	Township	Range	Footage	County, State
Surf - F	16	T27N	R05W	1540'FNL & 2045'FWL	Rio Arriba, New Mexico

Completion Date: 2/19/2018

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- 69%, DK- 31%

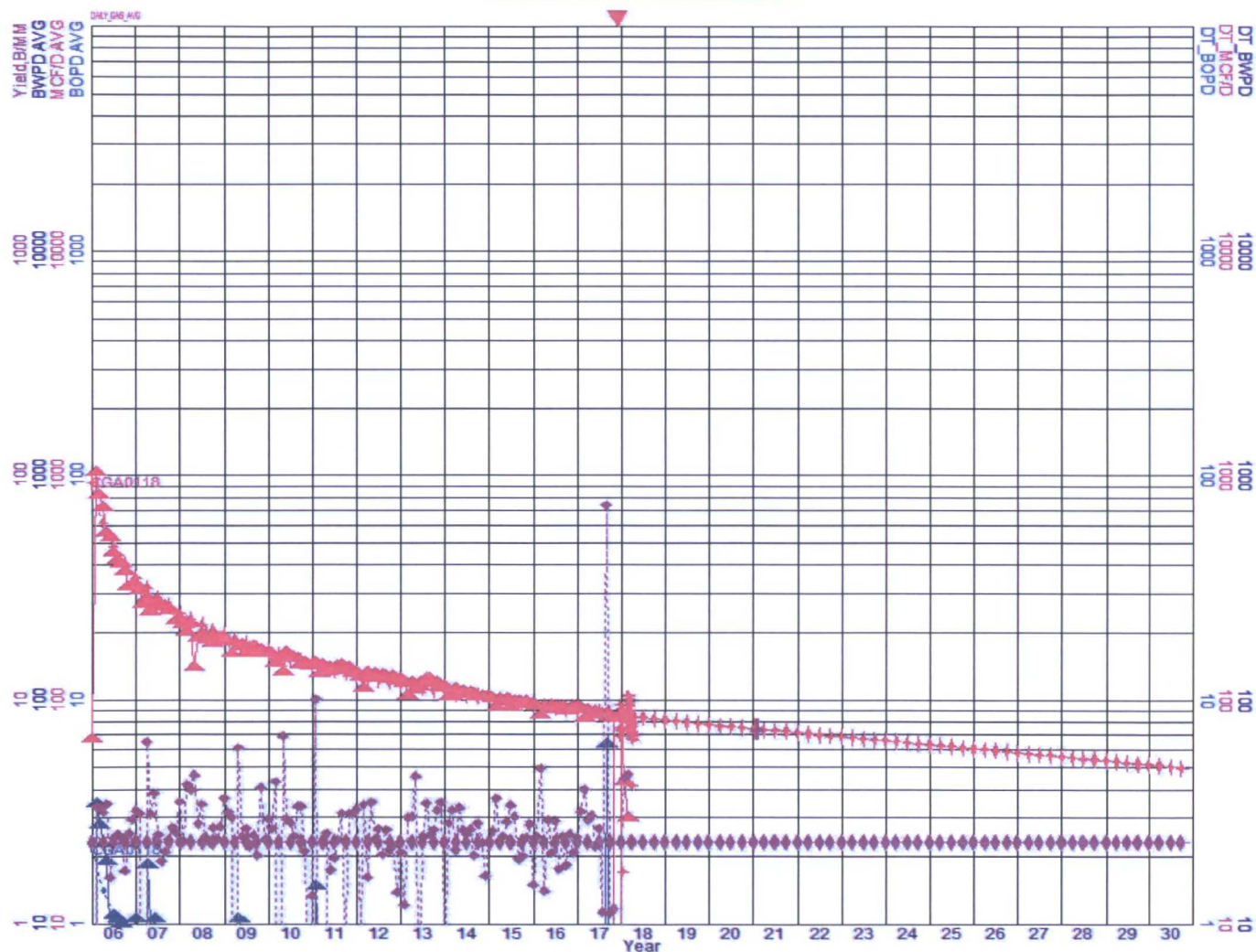
APPROVED BY	DATE	TITLE	PHONE
X 	5/10/18	Area Operations Manager	713-209-2449
Nick Kunze			

San Juan 27-5 Unit 040N Subtraction Allocation

Date	Mcf/d
Mar-18	84.0
Apr-18	83.6
May-18	83.3
Jun-18	82.9
Jul-18	82.6
Aug-18	82.3
Sep-18	81.9
Oct-18	81.6
Nov-18	81.3
Dec-18	81.0
Jan-19	80.6
Feb-19	80.3
Mar-19	80.0
Apr-19	79.7
May-19	79.4
Jun-19	79.1
Jul-19	78.8
Aug-19	78.5
Sep-19	78.2
Oct-19	77.9
Nov-19	77.6
Dec-19	77.3
Jan-20	77.1
Feb-20	76.8
Mar-20	76.5
Apr-20	76.2
May-20	76.0
Jun-20	75.7
Jul-20	75.4
Aug-20	75.2
Sep-20	74.9
Oct-20	74.6
Nov-20	74.4
Dec-20	74.1
Jan-21	73.9
Feb-21	73.6
Mar-21	73.4
Apr-21	73.1
May-21	72.9
Jun-21	72.6
Jul-21	72.4
Aug-21	72.1
Sep-21	71.9
Oct-21	71.7
Nov-21	71.4
Dec-21	71.2
Jan-22	70.9
Feb-22	70.7

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.

SAN JUAN 27-5 UNIT 40N
FIELD: AREA 8
RESERVIOR: DAKOTA
API: 30039295570000



MCF/D AVG	CGA0118
Qual=	12/2017
Ref=	752086
Cum=	736864
Rem=	1488950
EUR=	103.167
Yrs=	85.2
Qi=	1.600000
b=	4.810932
De=	4.000000
Dmin=	1.2
Qab=	
BOPD AVG	CGA0118
Qual=	12/2017
Ref=	2234
Cum=	1700
Rem=	3934
EUR=	103.167
Yrs=	
BWPD AVG	CGA0118
Qual=	12/2017
Ref=	2998
Cum=	
Rem=	
EUR=	
Yrs=	
Yield, B/MM	CGA0118
Qual=	12/2017
Ref=	2.30000
Rbeg=	2.30000
Rend=	103.167
Yrs=	LogTime
Type=	-0.000000
m=	
DT_BOPD	CGA0118
Qual=	12/2017
Ref=	0
Cum=	
Rem=	
EUR=	
Yrs=	
DT_MCF/D	CGA0118
Qual=	12/2017
Ref=	0
Cum=	
Rem=	
EUR=	
Yrs=	
DT_BWPD	CGA0118
Qual=	12/2017
Ref=	0
Cum=	
Rem=	
EUR=	
Yrs=	

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	2.3	736.864	31%
MV	3.74	992	69%