

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

RECEIVED

JUL 16 2018

Distribution:
 NMOCD Original
 BLM 5 Copies
 Accounting
 Well File
 Revised: March 9, 2018

Farmington Field Office
 Bureau of Land Management

Status

PRELIMINARY
 FINAL
 REVISED

Commingle Type
 SURFACE DOWNHOLE
 Type of Completion
 NEW DRILL RECOMPLETION PAYADD COMMINGLE

Date: 7/10/2018

API No. 30-039-29468
 DHC No. DHC 3995AZ
 Lease No. NMSF078410
 Federal

Well Name
San Juan 29-5 Unit

Well No.
#22B

| | | | | | |
|-------------------------|----------------------|-------------------------|----------------------|---|--|
| Unit Letter D | Section 08 | Township T29N | Range R05W | Footage 140'FNL & 895'FWL | County, State Rio Arriba, New Mexico |
|-------------------------|----------------------|-------------------------|----------------------|---|--|

| | |
|------------------------------------|---|
| Completion Date 7/3/2018 | Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> |
|------------------------------------|---|

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 - 9%, MV - 91%

| APPROVED BY | DATE | TITLE | PHONE |
|-------------------------|------------------|---------------------------|---------------------|
| <i>William Tambekou</i> | <i>7/18/2018</i> | <i>Petroleum Engineer</i> | <i>505-564-7746</i> |
| X <i>[Signature]</i> | | Area Operations Manager | 713-209-2449 |
| Nick Kunze | | | |
| | | | |

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

NMOCD

JUL 19 2018

DISTRICT III

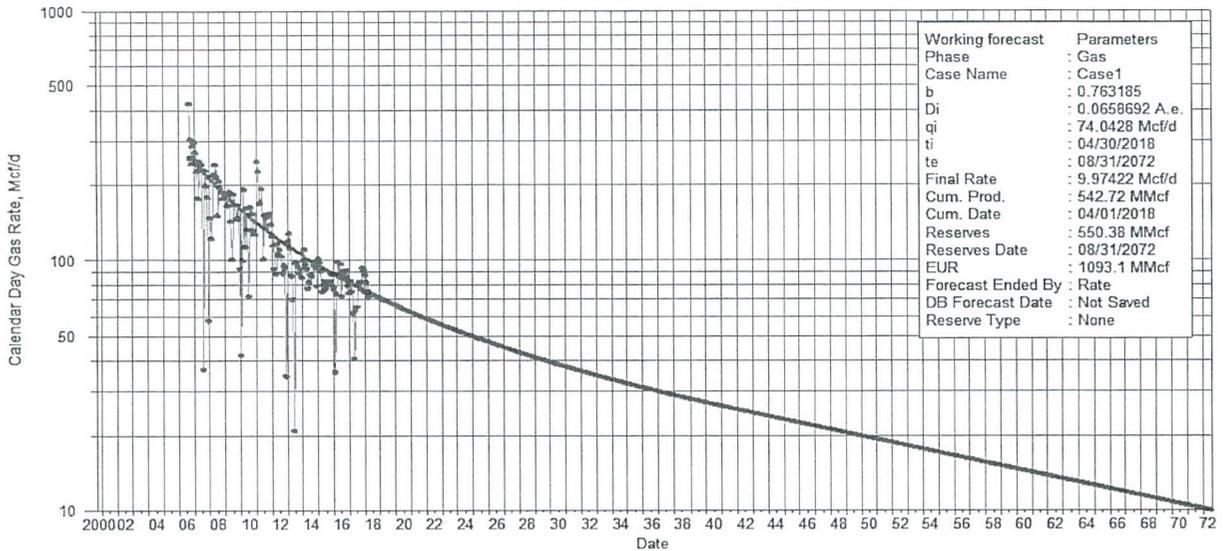
NMOCD

San Juan 29-5 Unit 22B Subtraction Allocation

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.

| Date | Mcf/d |
|--------|-------|
| May-18 | 73.82 |
| Jun-18 | 73.4 |
| Jul-18 | 72.97 |
| Aug-18 | 72.55 |
| Sep-18 | 72.13 |
| Oct-18 | 71.72 |
| Nov-18 | 71.31 |
| Dec-18 | 70.91 |
| Jan-19 | 70.51 |
| Feb-19 | 70.12 |
| Mar-19 | 69.75 |
| Apr-19 | 69.36 |
| May-19 | 68.97 |
| Jun-19 | 68.59 |
| Jul-19 | 68.22 |
| Aug-19 | 67.84 |
| Sep-19 | 67.47 |
| Oct-19 | 67.11 |
| Nov-19 | 66.74 |
| Dec-19 | 66.39 |
| Jan-20 | 66.02 |
| Feb-20 | 65.68 |
| Mar-20 | 65.34 |
| Apr-20 | 64.99 |
| May-20 | 64.65 |
| Jun-20 | 64.31 |
| Jul-20 | 63.97 |
| Aug-20 | 63.64 |
| Sep-20 | 63.31 |
| Oct-20 | 62.98 |
| Nov-20 | 62.66 |
| Dec-20 | 62.34 |
| Jan-21 | 62.01 |
| Feb-21 | 61.71 |
| Mar-21 | 61.41 |
| Apr-21 | 61.1 |
| May-21 | 60.79 |
| Jun-21 | 60.49 |
| Jul-21 | 60.18 |
| Aug-21 | 59.88 |
| Sep-21 | 59.58 |
| Oct-21 | 59.29 |
| Nov-21 | 59 |
| Dec-21 | 58.71 |
| Jan-22 | 58.42 |
| Feb-22 | 58.15 |
| Mar-22 | 57.87 |
| Apr-22 | 57.6 |

San Juan 29-5 Un 022B (MESAVERDE) - 30.1044.1022.00
Rate-Cumulative Decline Analysis



| Formation | Yield (bbl/MM) | Remaining Reserves (MMcf) | % Oil Allocation |
|-----------|----------------|---------------------------|------------------|
| MV | 0.879 | 550.4 | 91% |
| PC | 0.05 | 957 | 9% |