

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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Accounting
Well File
Revised: March 9, 2018

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

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

AUG 7 2018

DISTRICT 141

NMOCD

Date: 8/14/2018

API No. 30-039-27599
DHC No. DHC 4046AZ
Lease No. NMNM012698
Federal

Well Name
San Juan 29-6 Unit

Well No.
#17C

Unit Letter	Section	Township	Range	Footage	County, State
O	1	T29N	R06W	500'FSL & 1900'FEL	Rio Arriba, New Mexico

Completion Date	Test Method
8/12/2018	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- 9%, MV- 91%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambelon</i>	<i>8/20/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X <i>[Signature]</i>		Area Operations Manager	713-209-2449
Nick Kunze			

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AUG 17 2018

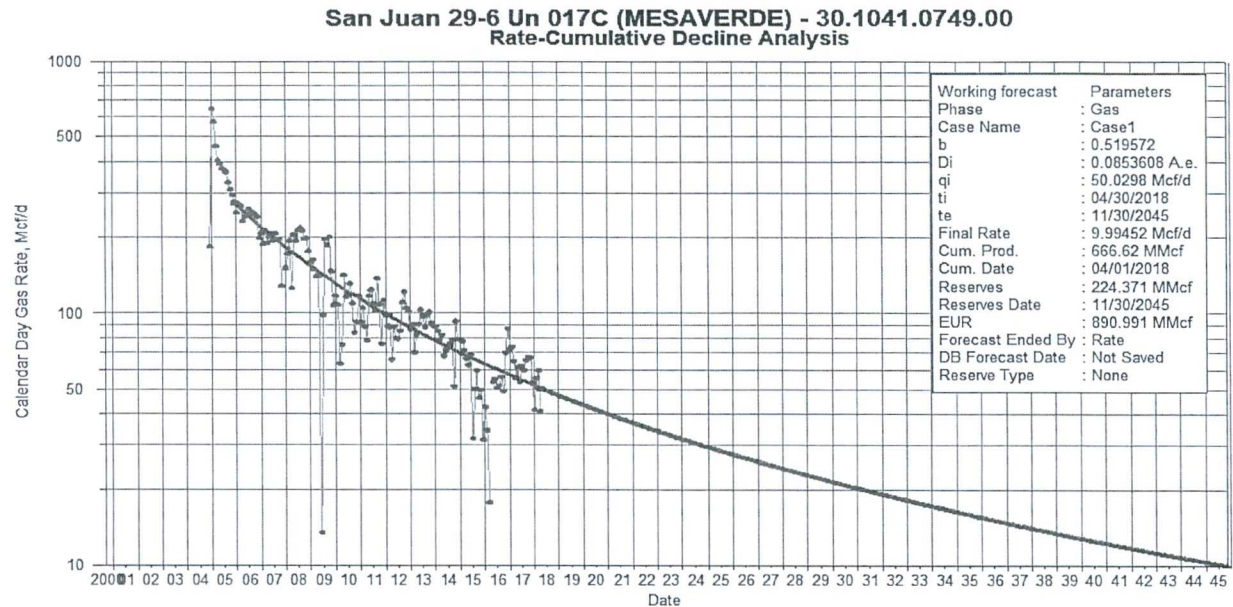
NMOCD

Farmington Field Office
Bureau of Land Management

San Juan 29-6 Unit 17C Subtraction Allocation

Date	Mcf/d
May-18	49.84
Jun-18	49.46
Jul-18	49.09
Aug-18	48.71
Sep-18	48.35
Oct-18	47.99
Nov-18	47.63
Dec-18	47.28
Jan-19	46.93
Feb-19	46.59
Mar-19	46.26
Apr-19	45.93
May-19	45.59
Jun-19	45.26
Jul-19	44.94
Aug-19	44.61
Sep-19	44.29
Oct-19	43.98
Nov-19	43.66
Dec-19	43.36
Jan-20	43.05
Feb-20	42.75
Mar-20	42.45
Apr-20	42.16
May-20	41.87
Jun-20	41.58
Jul-20	41.29
Aug-20	41
Sep-20	40.72
Oct-20	40.44
Nov-20	40.17
Dec-20	39.9
Jan-21	39.62
Feb-21	39.37
Mar-21	39.11
Apr-21	38.85
May-21	38.59
Jun-21	38.34
Jul-21	38.08
Aug-21	37.83
Sep-21	37.58
Oct-21	37.33
Nov-21	37.09
Dec-21	36.85
Jan-22	36.61
Feb-22	36.38
Mar-22	36.15
Apr-22	35.92

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	2.14	224.4	91%
PC	0.05	957	9%