Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
BLM / NMOCD Original
Accounting
Well File
Revised: September 25, 2019

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

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

Date: 8/10/2023

API No. 30-039-27574
DHC No. 5298
Lease No. E-511-7

Well Name
San Juan 29-7 Unit

Well No.
193

Unit Letter	Section	Township	Range	Footage	County, State
P	**36**	**29N**	**07W**	**875' FSL & 785' FEL**	**Rio Arriba, New Mexico**

Completion Date
7/24/2023

Test Method
HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☐ OTHER ☒

JUSTIFICATION OF ALLOCATION: Hilcorp requests that Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Pictured Cliffs and the added formation (s) to be commingled is the Fruitland Coal. 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(s). There will be no change to the Mesaverde/Dakota current fixed allocation. After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage-based allocation.

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years. FC 95%, PC 5% (Please updated the oil allocation based on the following statement|: **The more recent analysis, included in the subtraction allocation doc, is what we think is the most accurate; based on the updated yield values and a more recent decline curve fit. We were able to utilize more recent data analysis to be able to look at higher precision yield maps as opposed to the first pass that was submitted with the original application.)**

After 4 years oil will be reevaluated and adjust as needed based on average formation yields and new fixed gas allocation.

NAME	DATE	TITLE	PHONE
Amanda Walker	8/10/2023		
X		Operations/Regulatory Tech – Sr.	346.237.2177
For Technical Questions: Sikandar Khan		Reservoir Engineer	sikandar.khan@hilcorp.com

The amended allocation plan shall be used to allocate production from the well to each pool.
All conditions of approval and stipulations within the DHC Order are still in effect except for those stipulating the allocation of production under the prior approved allocation plan.

Dean R McClure
10/06/2023

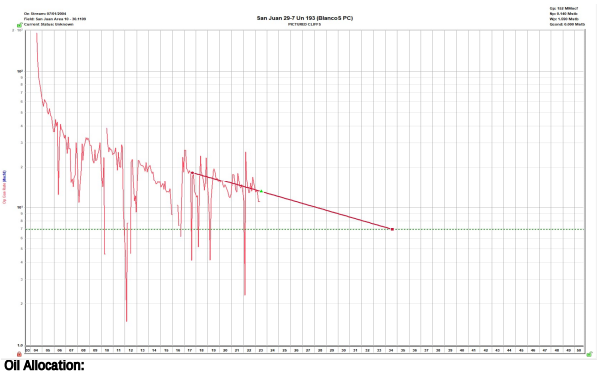
San Juan 29-7 Unit 193 Subtraction Allocation

Date	Mcfd
23-Jul	13.05
23-Aug	13.00
23-Sep	12.94
23-Oct	12.88
23-Nov	12.82
23-Dec	12.75
24-Jan	12.69
24-Feb	12.63
24-Mar	12.57
24-Apr	12.51
24-May	12.45
24-Jun	12.40
24-Jul	12.34
24-Aug	12.28
24-Sep	12.22
24-Oct	12.16
24-Nov	12.10
24-Dec	12.04
25-Jan	11.99
25-Feb	11.93
25-Mar	11.88
25-Apr	11.82
25-May	11.76
25-Jun	11.71
25-Jul	11.65
25-Aug	11.60
25-Sep	11.54
25-Oct	11.48
25-Nov	11.43
25-Dec	11.38
26-Jan	11.32
26-Feb	11.27
26-Mar	11.22
26-Apr	11.16
26-May	11.11
26-Jun	11.06
26-Jul	11.00
26-Aug	10.95
26-Sep	10.90
26-Oct	10.85
26-Nov	10.80
26-Dec	10.74
27-Jan	10.69
27-Feb	10.64
27-Mar	10.59
27-Apr	10.54
27-May	10.49
27-Jun	10.44

Gas Allocation:

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formation is the Pictured Cliffs and the added formation to be commingled is the Fruitland Coal. 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.

After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation.

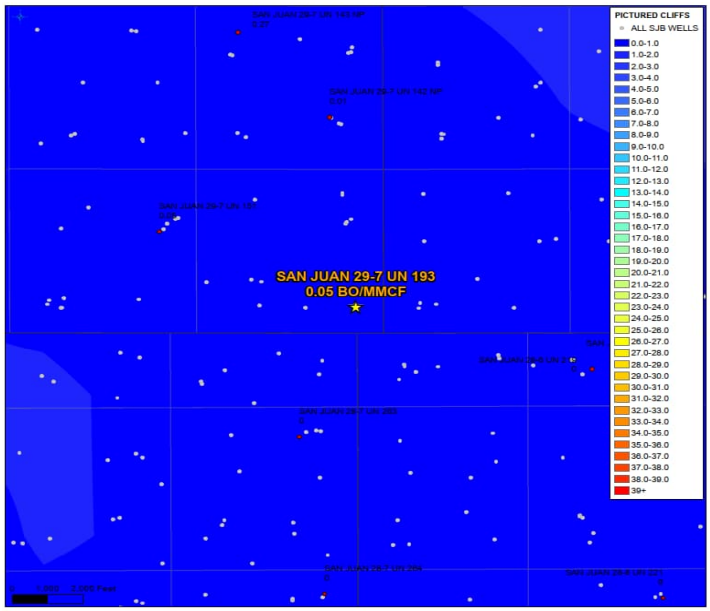


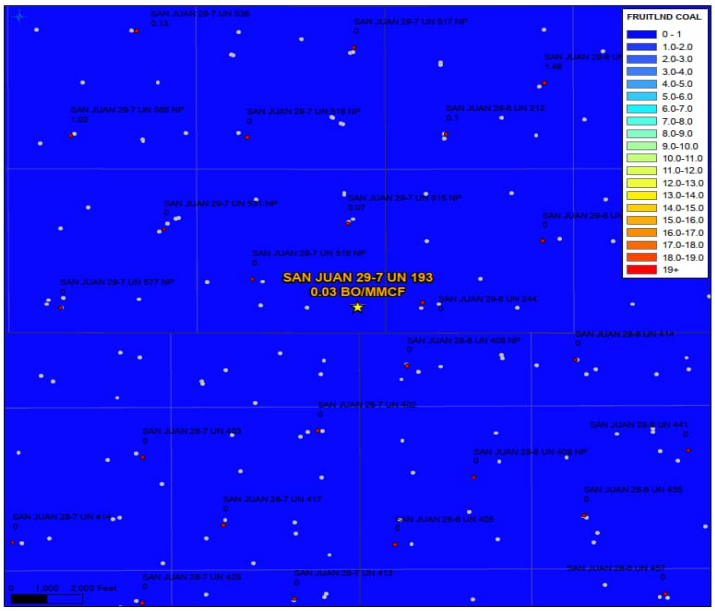
Oil Allocation:

Oil production will be allocated based on average formation yields from offset wells and will be a fixed rate for 4 years.

After 4 years oil will be reevaluated and adjusted as needed based on average formation yields and new fixed gas allocation.

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
PC	0.05	20	5%
FC	0.03	573	95%





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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 273329

CONDITIONS

Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID: 372171
	Action Number: 273329
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	The amended allocation plan shall be used to allocate production from the well to each pool.	10/6/2023
dmcclure	All conditions of approval and stipulations within the DHC Order are still in effect except for those stipulating the allocation of production under the prior approved allocation plan.	10/6/2023