

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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Regulatory
Accounting
Well File

Revised: March 9, 2006

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☒

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

NMOC

Date: 3/8/2018

API No. 30-039-22411
DHC No. DHC 3974AZ
Lease No. B-10037-45
State

Well Name
San Juan 29-7 Unit

Well No.
#32E

Unit Letter K Section 32 Township T029N Range R07W Footage 1810' FSL & 1450' FWL

County, State
Rio Arriba,
New Mexico

Completion Date
3/10/2018

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 Basin 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- 77%, DK- 23%

APPROVED BY	DATE	TITLE	PHONE
X <i>Christine Brock</i>	<i>3/26/18</i>	Regulatory/Operations Tech	505-324-5155
Christine Brock			

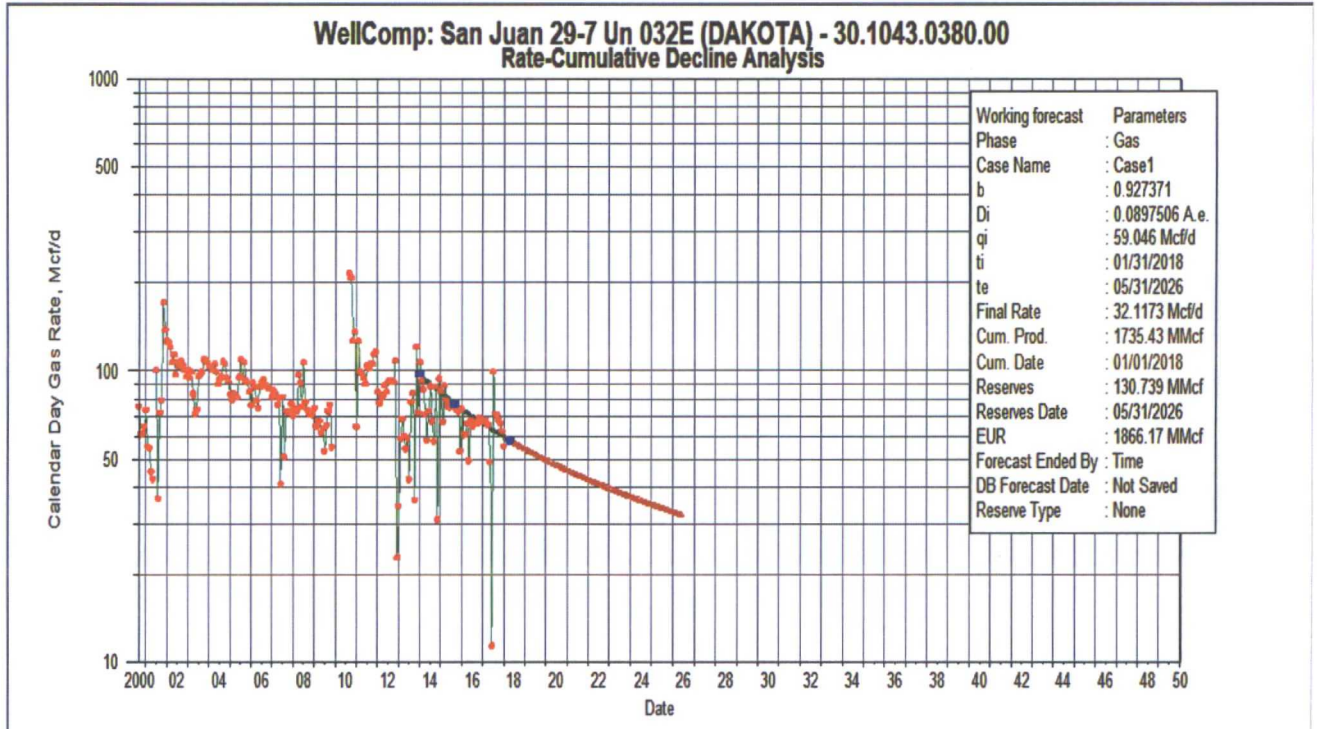
San Juan 29-7 Unit 32E Subtraction Allocation

Date	Mcf/d
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3/1/2018	58.36
4/1/2018	57.89
5/1/2018	57.43
6/1/2018	56.97
7/1/2018	56.53
8/1/2018	56.08
9/1/2018	55.64
10/1/2018	55.21
11/1/2018	54.79
12/1/2018	54.37
1/1/2019	53.96
2/1/2019	53.57
3/1/2019	53.18
4/1/2019	52.79
5/1/2019	52.4
6/1/2019	52.02
7/1/2019	51.64
8/1/2019	51.26
9/1/2019	50.9
10/1/2019	50.53
11/1/2019	50.18
12/1/2019	49.83
1/1/2020	49.47
2/1/2020	49.14
3/1/2020	48.8
4/1/2020	48.47
5/1/2020	48.14
6/1/2020	47.82
7/1/2020	47.5
8/1/2020	47.18
9/1/2020	46.86
10/1/2020	46.55
11/1/2020	46.25
12/1/2020	45.95
1/1/2021	45.65
2/1/2021	45.36
3/1/2021	45.08
4/1/2021	44.8
5/1/2021	44.51
6/1/2021	44.24
7/1/2021	43.96
8/1/2021	43.68
9/1/2021	43.41
10/1/2021	43.15
11/1/2021	42.88
12/1/2021	42.62
1/1/2022	42.36
2/1/2022	42.12

Base formation is the Basin 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.

San Juan 29-7 Unit 32E DK Forecast



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Allocation
DK	4.027383	287.891	23%
MV	3.95263	1010	77%