

NMOCD

MAY 11 2018

DISTRICT III

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Revised: March 9, 2018

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Status

PRELIMINARY ☒FINAL ☐REVISED ☐

Commingled Type

SURFACE ☐ DOWNHOLE ☒

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLED ☐

Date: 5/7/2018

API No. 30-039-29273

DHC No. DHC 4829

Lease No. Fee

Well Name

San Juan 29-5 Unit

Well No.

#62F

Unit Letter

K

Section

7

Township

T29N

Range

R05W

Footage

1755' FSL & 2475' FWL

County, State

Rio Arriba,
New Mexico

Completion Date

5/1/2018

Test Method

HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☐ OTHER ☒

JUSTIFICATION OF ALLOCATION: Hilcorp requests that production for the downhole commingled be allocated using the subtraction method. The base formations are the Dakota and 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 - 5%, MV - 93%, DK - 2%

APPROVED BY

DATE

5/22/18

TITLE

PHONE

X

Area Operations Manager

713-209-2449

Nick Kunze

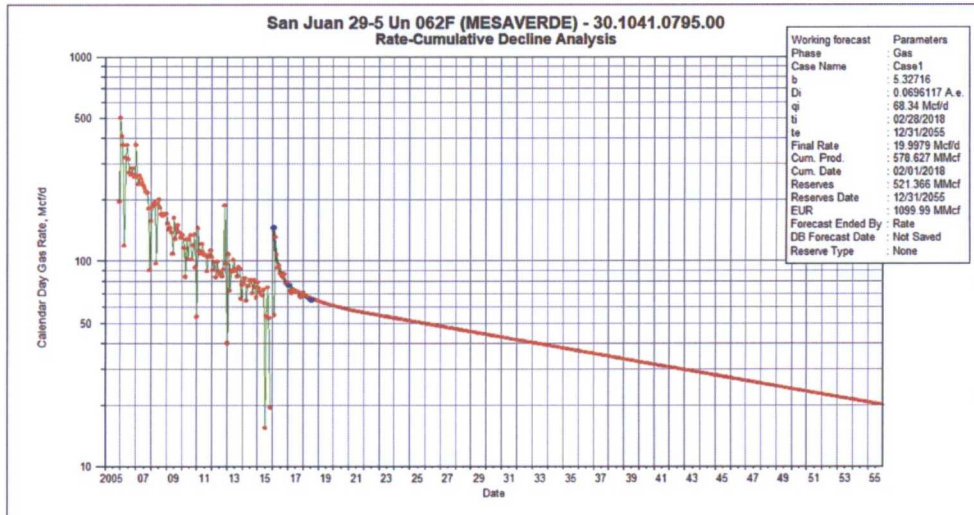
San Juan 29-5 Unit 62F Subtraction Allocation

Mesaverde

Dakota

| Date | Mcf/d | Date | Mcf/d |
|--------|-------|--------|-------|
| May-18 | 67.15 | May-18 | 10.09 |
| Jun-18 | 66.71 | Jun-18 | 10.05 |
| Jul-18 | 66.29 | Jul-18 | 10 |
| Aug-18 | 65.88 | Aug-18 | 9.95 |
| Sep-18 | 65.48 | Sep-18 | 9.91 |
| Oct-18 | 65.11 | Oct-18 | 9.86 |
| Nov-18 | 64.75 | Nov-18 | 9.82 |
| Dec-18 | 64.39 | Dec-18 | 9.78 |
| Jan-19 | 64.05 | Jan-19 | 9.73 |
| Feb-19 | 63.73 | Feb-19 | 9.69 |
| Mar-19 | 63.43 | Mar-19 | 9.65 |
| Apr-19 | 63.12 | Apr-19 | 9.61 |
| May-19 | 62.82 | May-19 | 9.57 |
| Jun-19 | 62.53 | Jun-19 | 9.53 |
| Jul-19 | 62.25 | Jul-19 | 9.49 |
| Aug-19 | 61.97 | Aug-19 | 9.45 |
| Sep-19 | 61.7 | Sep-19 | 9.41 |
| Oct-19 | 61.44 | Oct-19 | 9.37 |
| Nov-19 | 61.19 | Nov-19 | 9.33 |
| Dec-19 | 60.94 | Dec-19 | 9.29 |
| Jan-20 | 60.7 | Jan-20 | 9.25 |
| Feb-20 | 60.47 | Feb-20 | 9.21 |
| Mar-20 | 60.24 | Mar-20 | 9.18 |
| Apr-20 | 60.02 | Apr-20 | 9.14 |
| May-20 | 59.8 | May-20 | 9.1 |
| Jun-20 | 59.59 | Jun-20 | 9.07 |
| Jul-20 | 59.38 | Jul-20 | 9.03 |
| Aug-20 | 59.17 | Aug-20 | 8.99 |
| Sep-20 | 58.97 | Sep-20 | 8.96 |
| Oct-20 | 58.78 | Oct-20 | 8.92 |
| Nov-20 | 58.58 | Nov-20 | 8.89 |
| Dec-20 | 58.4 | Dec-20 | 8.85 |
| Jan-21 | 58.21 | Jan-21 | 8.82 |
| Feb-21 | 58.04 | Feb-21 | 8.79 |
| Mar-21 | 57.86 | Mar-21 | 8.75 |
| Apr-21 | 57.69 | Apr-21 | 8.72 |
| May-21 | 57.52 | May-21 | 8.69 |
| Jun-21 | 57.35 | Jun-21 | 8.66 |
| Jul-21 | 57.19 | Jul-21 | 8.62 |
| Aug-21 | 57.03 | Aug-21 | 8.59 |
| Sep-21 | 56.87 | Sep-21 | 8.56 |
| Oct-21 | 56.71 | Oct-21 | 8.53 |
| Nov-21 | 56.56 | Nov-21 | 8.5 |
| Dec-21 | 56.41 | Dec-21 | 8.47 |
| Jan-22 | 56.26 | Jan-22 | 8.43 |
| Feb-22 | 56.12 | Feb-22 | 8.4 |
| Mar-22 | 55.98 | Mar-22 | 8.38 |
| Apr-22 | 55.84 | Apr-22 | 8.35 |

Base formations are the Dakota and Mesaverde. The added formation to be commingled is the Pictured Cliffs. The subtraction method applies average monthly production forecasts to the base formations using historic production. All production from this well exceeding the sum of the forecasts will be allocated to the new formation.



| Formation | Yield (bbl/MM) | Remaining Reserves (MMcf) | % Oil Allocation |
|-----------|----------------|---------------------------|------------------|
| DK | 0.36 | 50.6 | 2% |
| MV | 1.54 | 521.4 | 93% |
| PC | 0.05 | 802 | 5% |