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# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

Status  
PRELIMINARY   
FINAL   
REVISED

NMOCD  
MAY 18 2018  
DISTRICT III

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

Date: 5/7/2018

API No. 30-039-29352  
DHC No. DHC 4019AZ  
Lease No. NMSF078305  
Federal

Well Name  
**San Juan 29-5 Unit**

Well No.  
**#4B**

Unit Letter **K**    Section **6**    Township **T29N**    Range **R05W**    Footage **1465'FSL & 2370'FWL**

County, State  
**Rio Arriba,  
New Mexico**

Completion Date **4/30/2018**    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 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- 3%, MV- 97%

APPROVED BY	DATE	TITLE	PHONE
<i>William Tambekou</i>	<i>5/15/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X <i>[Signature]</i>		Area Operations Manager	713-209-2449
Nick Kunze			

NMOCD

## San Juan 29-5 Unit 4B 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
Apr-18	93.24
May-18	92.89
Jun-18	92.55
Jul-18	92.21
Aug-18	91.86
Sep-18	91.53
Oct-18	91.2
Nov-18	90.87
Dec-18	90.55
Jan-19	90.22
Feb-19	89.92
Mar-19	89.61
Apr-19	89.3
May-19	88.99
Jun-19	88.69
Jul-19	88.39
Aug-19	88.08
Sep-19	87.79
Oct-19	87.49
Nov-19	87.2
Dec-19	86.91
Jan-20	86.62
Feb-20	86.35
Mar-20	86.07
Apr-20	85.79
May-20	85.52
Jun-20	85.25
Jul-20	84.98
Aug-20	84.7
Sep-20	84.44
Oct-20	84.18
Nov-20	83.92
Dec-20	83.66
Jan-21	83.4
Feb-21	83.15
Mar-21	82.91
Apr-21	82.66
May-21	82.41
Jun-21	82.17
Jul-21	81.92
Aug-21	81.68
Sep-21	81.44
Oct-21	81.2
Nov-21	80.97
Dec-21	80.73
Jan-22	80.5
Feb-22	80.28
Mar-22	80.05



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
MV	1.297	961.9	97%
PC	0.05	802	3%