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Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY
FINAL
REVISED

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

NMOCD
MAY 18 2018
DISTRICT III

Date: 5/9/2018

API No. 30-039-29450
DHC No. DHC 3982AZ
Lease No. NMSF078281
Federal

Well Name
San Juan 29-5 Unit

Well No.
#25B

Unit Letter H	Section 18	Township T29N	Range R05W	Footage 2100'FNL & 100'FEL	County, State Rio Arriba, New Mexico
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Completion Date 4/28/2018	Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>
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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 - 5%, MV- 95%

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

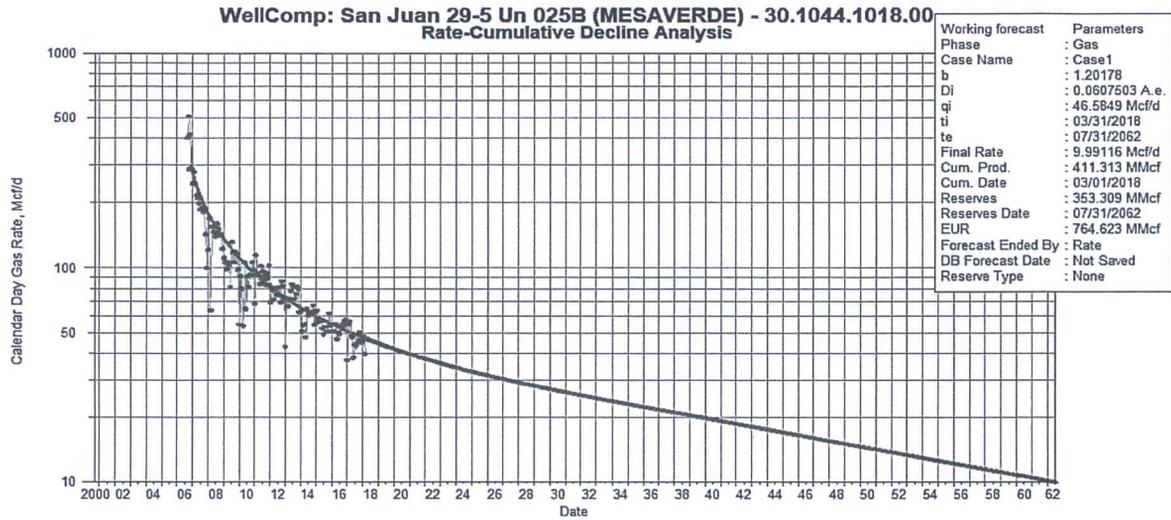
NMOCD

KP

San Juan 29-5 Unit 25B Subtraction Allocation

Date	Mcf/d
Apr-18	46.46
May-18	46.21
Jun-18	45.96
Jul-18	45.72
Aug-18	45.47
Sep-18	45.23
Oct-18	45
Nov-18	44.77
Dec-18	44.53
Jan-19	44.3
Feb-19	44.08
Mar-19	43.87
Apr-19	43.65
May-19	43.43
Jun-19	43.21
Jul-19	43
Aug-19	42.79
Sep-19	42.58
Oct-19	42.37
Nov-19	42.17
Dec-19	41.96
Jan-20	41.76
Feb-20	41.57
Mar-20	41.37
Apr-20	41.18
May-20	40.99
Jun-20	40.8
Jul-20	40.61
Aug-20	40.42
Sep-20	40.24
Oct-20	40.05
Nov-20	39.87
Dec-20	39.69
Jan-21	39.51
Feb-21	39.34
Mar-21	39.18
Apr-21	39
May-21	38.83
Jun-21	38.66
Jul-21	38.5
Aug-21	38.33
Sep-21	38.16
Oct-21	38
Nov-21	37.84
Dec-21	37.68
Jan-22	37.52
Feb-22	37.37
Mar-22	37.22

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	2.073	353.3	95%
PC	0.05	802	5%