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Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☒NMOCD
MAY 18 2018
DISTRICT IIICommingle Type
SURFACE ☐ DOWNHOLE ☒
Type of Completion
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 5/7/2018

API No. 30-039-29557
DHC No. DHC 1992
Lease No. E-290-3
StateWell Name
San Juan 27-5 UnitWell No.
40N

Unit Letter	Section	Township	Range	Footage	County, State
Surf - F	16	T27N	R05W	1540'FNL & 2045'FWL	Rio Arriba, New Mexico

Completion Date	Test Method
2/19/2018	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 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- 69%, DK- 31%

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

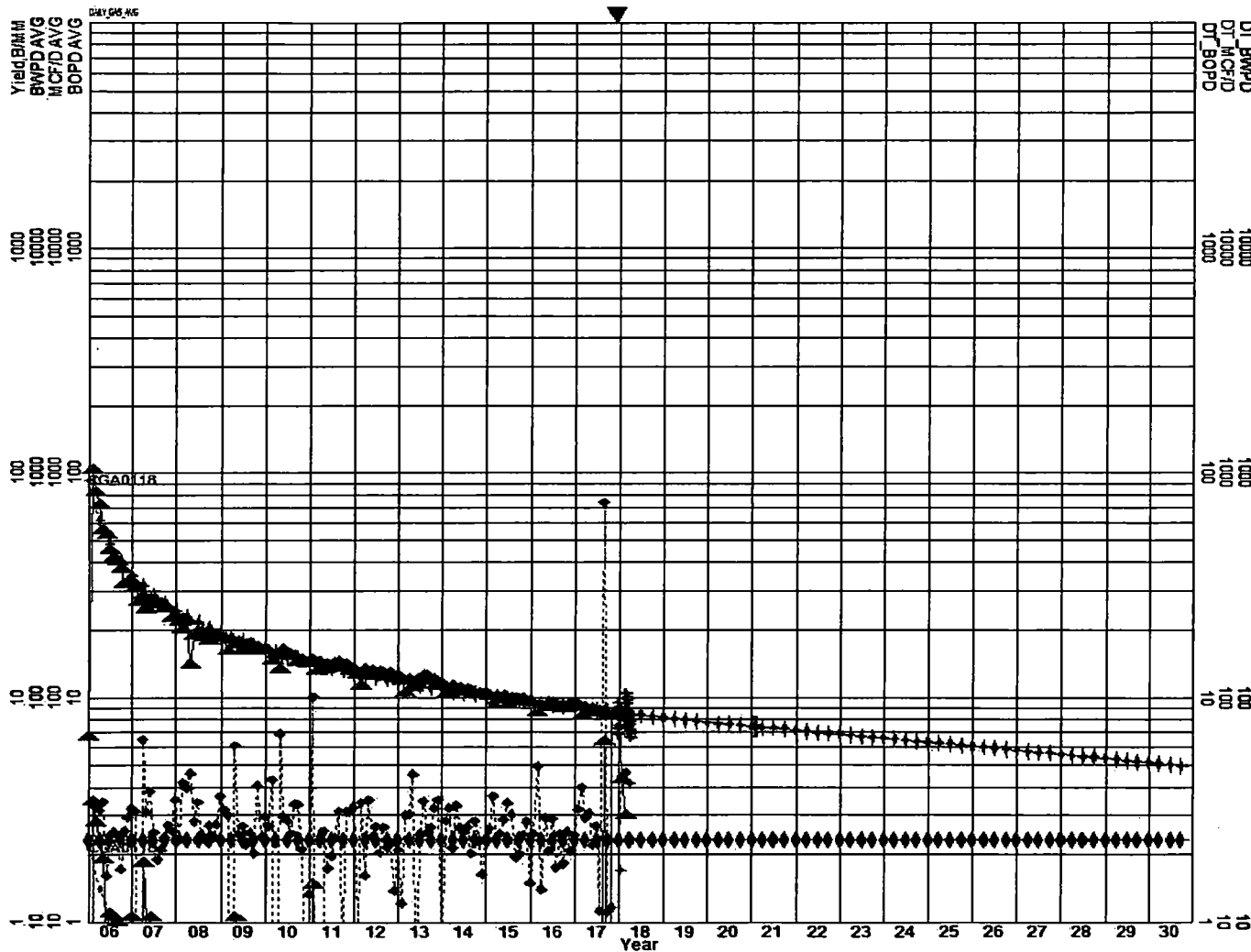
NMOCD

San Juan 27-5 Unit 040N Subtraction Allocation

Date	Mcf/d
Mar-18	84.0
Apr-18	83.6
May-18	83.3
Jun-18	82.9
Jul-18	82.6
Aug-18	82.3
Sep-18	81.9
Oct-18	81.6
Nov-18	81.3
Dec-18	81.0
Jan-19	80.6
Feb-19	80.3
Mar-19	80.0
Apr-19	79.7
May-19	79.4
Jun-19	79.1
Jul-19	78.8
Aug-19	78.5
Sep-19	78.2
Oct-19	77.9
Nov-19	77.6
Dec-19	77.3
Jan-20	77.1
Feb-20	76.8
Mar-20	76.5
Apr-20	76.2
May-20	76.0
Jun-20	75.7
Jul-20	75.4
Aug-20	75.2
Sep-20	74.9
Oct-20	74.6
Nov-20	74.4
Dec-20	74.1
Jan-21	73.9
Feb-21	73.6
Mar-21	73.4
Apr-21	73.1
May-21	72.9
Jun-21	72.6
Jul-21	72.4
Aug-21	72.1
Sep-21	71.9
Oct-21	71.7
Nov-21	71.4
Dec-21	71.2
Jan-22	70.9
Feb-22	70.7

Base formation is the 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. Oil production will be allocated based on average formation yields from offset wells.

SAN JUAN 27-5 UNIT 40N
FIELD: AREA 8
RESERVOIR: DAKOTA
API: 30039295570000



MCF/D AVG	
Qual=	CGA0118
Ref=	12/2017
Cum=	752088
Rem=	736864
EUR=	1488950
Yrs=	103.167
Q1=	85.2
b=	1.600000
De=	4.810932
Dmin=	4.000000
Qab=	1.2
BOPD AVG	
Calc=	CGA0118
Ref=	12/2017
Cum=	2234
Rem=	1700
EUR=	3934
Yrs=	103.167
BWPD AVG	
Ref=	12/2017
Cum=	2998
Yield, B/MM	
Qual=	CGA0118
Ref=	12/2017
Rbeg=	2.300000
Rend=	2.300000
Yrs=	103.167
Type=	LogTime
m=	-0.000000
DT_BOPD	
Ref=	12/2017
Cum=	0
DT_MCF/D	
Ref=	12/2017
Cum=	0
DT_BWPD	
Ref=	12/2017
Cum=	0

Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	2.3	736.864	31%
MV	3.74	992	69%