

# Hilcorp Energy Company

## PRODUCTION ALLOCATION FORM

NMOCB

Distribution:  
 NMOCB Original  
 BLM 5 Copies  
 Accounting  
 Well File  
 Revised: March 9, 2018

Status  
 PRELIMINARY   
 FINAL   
 REVISED

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

AUG 20 2018

DISTRICT III

Date: 8/13/2018  
 API No. 30-039-29332  
 DHC No. DHC 4045AZ  
 Lease No. NMSF078277  
 Federal

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

Well No.  
**#7B**

Unit Letter <b>G</b>	Section <b>7</b>	Township <b>T29N</b>	Range <b>R05W</b>	Footage <b>2200'FNL &amp; 1600'FEL</b>	County, State <b>Rio Arriba, New Mexico</b>
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Completion Date: **8/4/2018**  
 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>8/20/2018</i>	<i>Petroleum Engineer</i>	<i>505-564-7746</i>
X <i>[Signature]</i>		Area Operations Manager	713-209-2449
Nick Kunze			

RECEIVED

AUG 17 2018

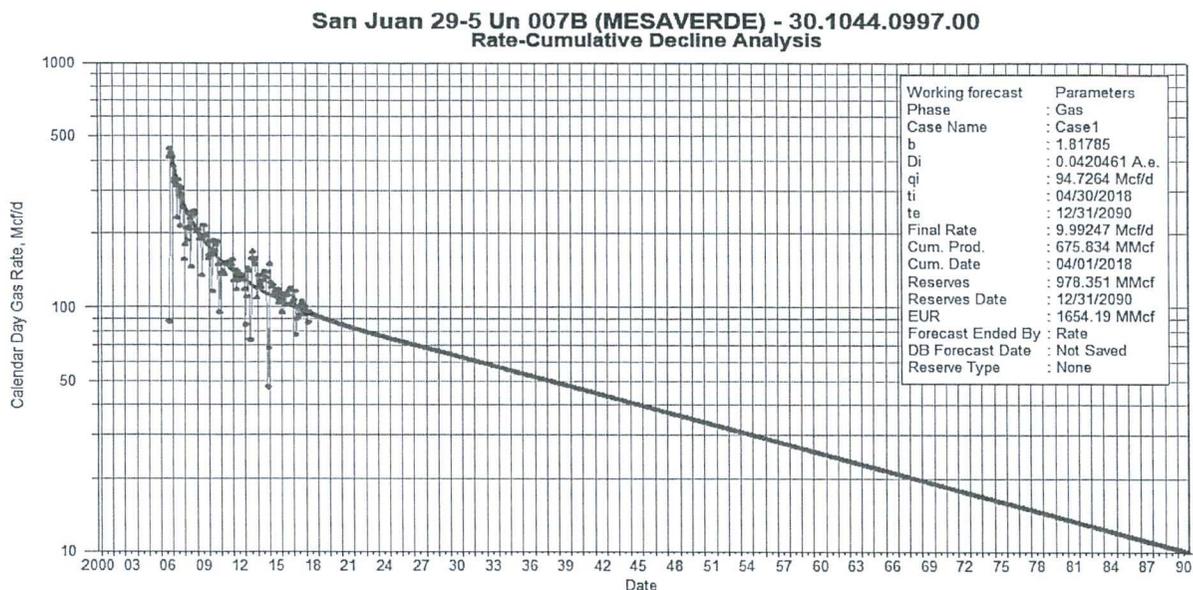
NMOCB

Farmington Field Office  
 Bureau of Land Management

## San Juan 29-5 Unit 7B Subtraction Allocation

Date	Mcf/d
May-18	94.55
Jun-18	94.2
Jul-18	93.85
Aug-18	93.5
Sep-18	93.16
Oct-18	92.83
Nov-18	92.5
Dec-18	92.17
Jan-19	91.84
Feb-19	91.53
Mar-19	91.22
Apr-19	90.9
May-19	90.59
Jun-19	90.28
Jul-19	89.97
Aug-19	89.66
Sep-19	89.36
Oct-19	89.06
Nov-19	88.77
Dec-19	88.47
Jan-20	88.18
Feb-20	87.9
Mar-20	87.61
Apr-20	87.33
May-20	87.05
Jun-20	86.78
Jul-20	86.5
Aug-20	86.22
Sep-20	85.95
Oct-20	85.69
Nov-20	85.42
Dec-20	85.16
Jan-21	84.89
Feb-21	84.64
Mar-21	84.4
Apr-21	84.14
May-21	83.89
Jun-21	83.64
Jul-21	83.39
Aug-21	83.14
Sep-21	82.9
Oct-21	82.66
Nov-21	82.42
Dec-21	82.18
Jan-22	81.94
Feb-22	81.71
Mar-22	81.49
Apr-22	81.26

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	1.466	978.35	97%
PC	0.05	957	3%