

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

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Accounting
Well File
Revised: March 9, 2018

Status
PRELIMINARY ☒
FINAL ☐
REVISED ☐

Date: 8/8/2018

API No. 30-039-30020
DHC No. DHC 4000AZ
Lease No. NMSF079363
Federal

Commingle Type
SURFACE ☐ DOWNHOLE ☒

Type of Completion
NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Well Name
San Juan 28-6 Unit

Well No.
#158E

Unit Letter
H

Section
11

Township
T27N

Range
R06W

Footage
1445'FNL & 940'FEL

County, State
Rio Arriba,
New Mexico

Completion Date
7/15/2018

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 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 - 89%, DK - 11%

APPROVED BY	DATE	TITLE	PHONE
William Tambekou	8/23/2018	Petroleum Engineer	505-564-7746
X		Area Operations Manager	713-209-2449

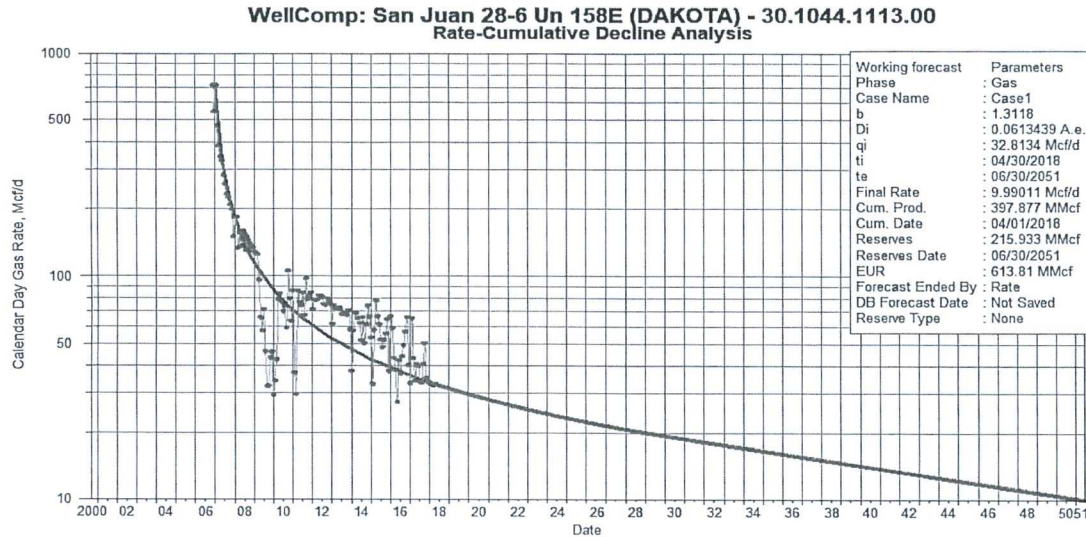
Nick Kunze

NMOCD

San Juan 28-6 Unit 158E Subtraction Allocation

Date	Mcf/d
May-18	32.72
Jun-18	32.54
Jul-18	32.37
Aug-18	32.19
Sep-18	32.02
Oct-18	31.85
Nov-18	31.68
Dec-18	31.51
Jan-19	31.35
Feb-19	31.19
Mar-19	31.04
Apr-19	30.88
May-19	30.72
Jun-19	30.57
Jul-19	30.42
Aug-19	30.26
Sep-19	30.11
Oct-19	29.97
Nov-19	29.82
Dec-19	29.68
Jan-20	29.53
Feb-20	29.39
Mar-20	29.25
Apr-20	29.12
May-20	28.98
Jun-20	28.85
Jul-20	28.71
Aug-20	28.58
Sep-20	28.45
Oct-20	28.32
Nov-20	28.19
Dec-20	28.06
Jan-21	27.94
Feb-21	27.82
Mar-21	27.7
Apr-21	27.58
May-21	27.45
Jun-21	27.34
Jul-21	27.22
Aug-21	27.1
Sep-21	26.98
Oct-21	26.87
Nov-21	26.76
Dec-21	26.64
Jan-22	26.53
Feb-22	26.42
Mar-22	26.32
Apr-22	26.21

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.



Formation	Yield (bbl/MM)	Remaining Reserves (MMcf)	% Oil Allocation
DK	1.124	215.933	11%
MV	1.77	1074	89%