MULTI-UNIT WELLS

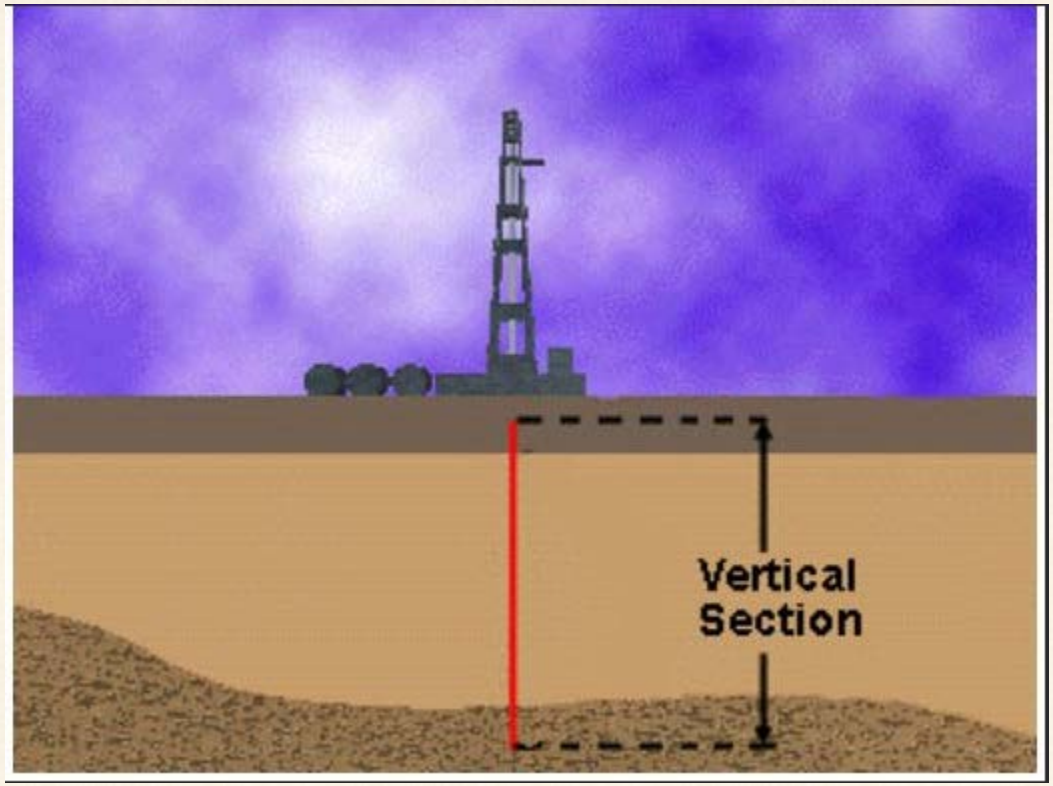
ONRR Reporter Training

What are we going to cover?

- Understand the difference between a vertical well, a horizontal well, and a multi-unit horizontal well
- Take a high level look at spacing orders
- Look at the traditional way of reporting OGORs and ONRR-2014s
- Look at the multi-unit well allocation method of reporting OGORs and ONRR-2014s
- Examples
- Follow-up questions

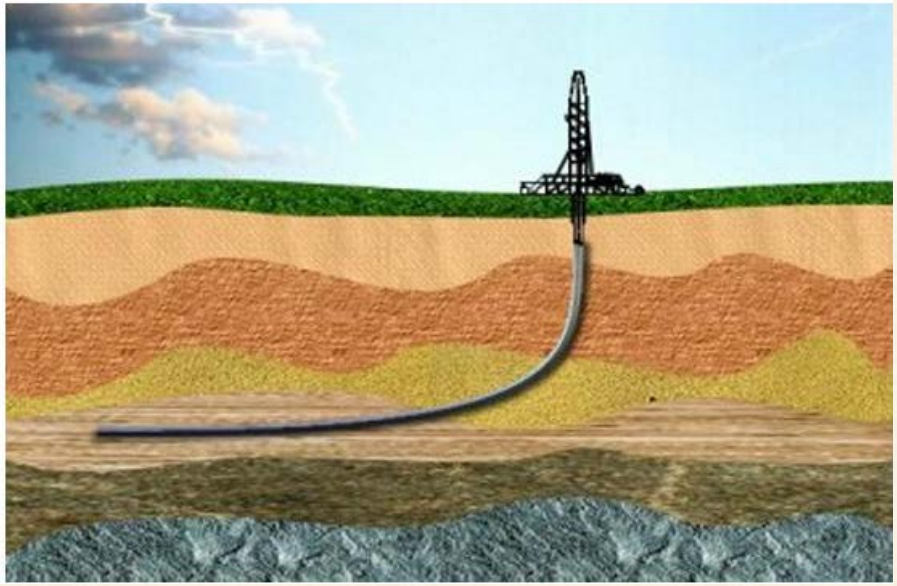
Vertical Well

Vertical well – a borehole that is aimed directly beneath a target (aimed straight down at a reservoir)

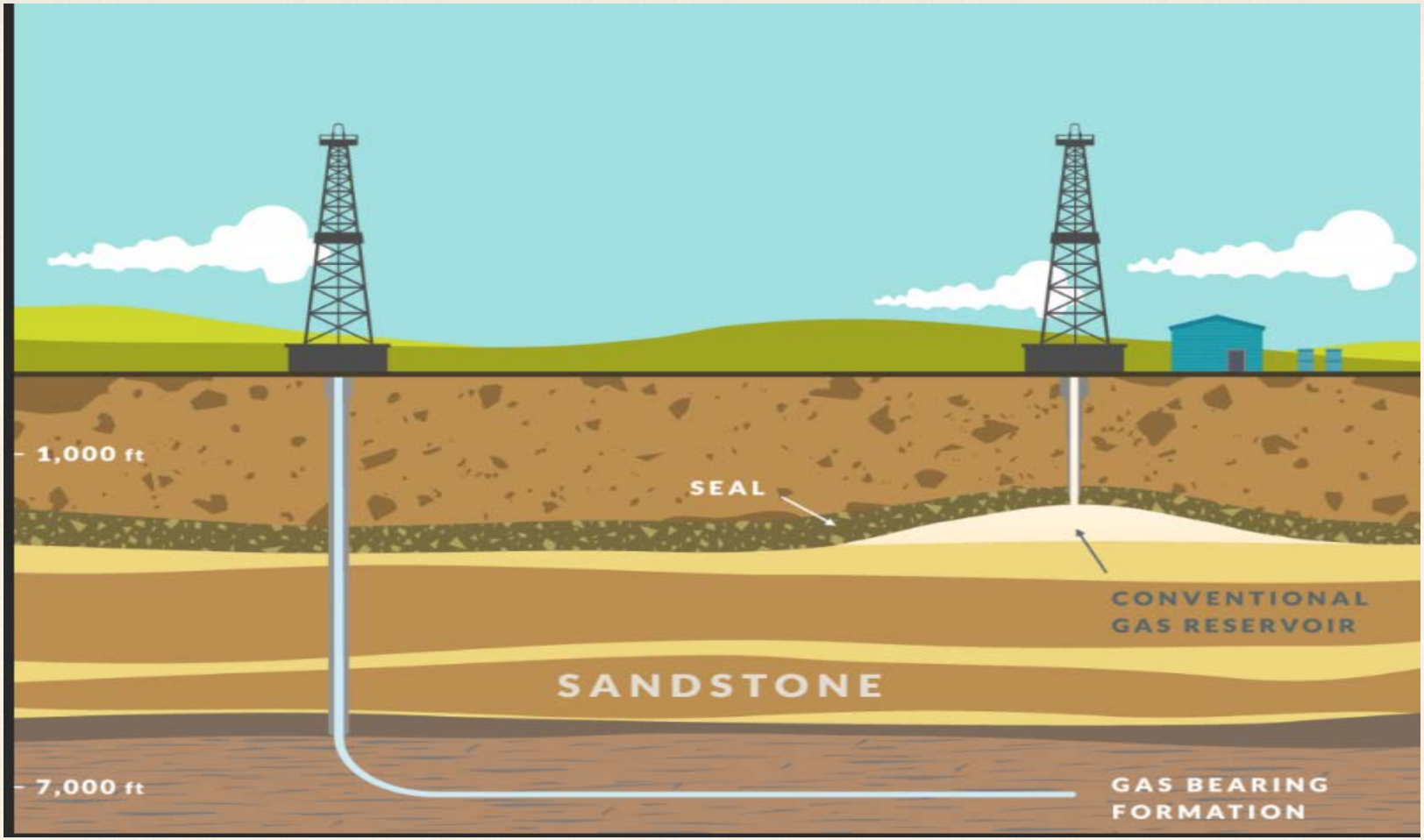


Horizontal Well

Horizontal well – an oil or gas well drilled at an angle of at least eighty degrees from a vertical wellbore. The horizontal well is a type of directional drilling technique. The well will run parallel through the producing formation rather than perpendicular.

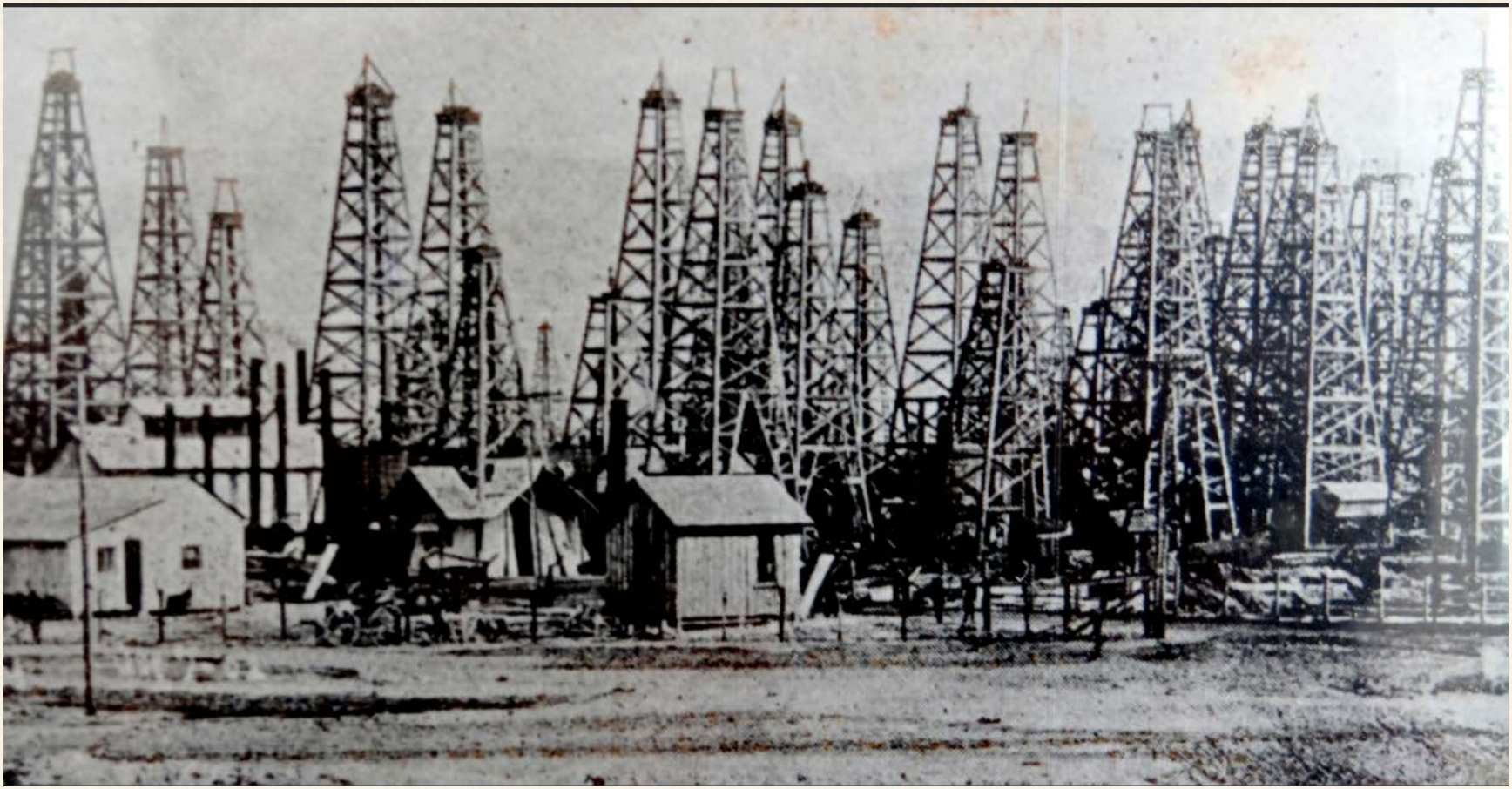


Vertical and Horizontal Well Simulation Comparison



Oklahoma Historical Photo

Understanding Spacing in Oklahoma



Spacing Order Defined

- Drilling and spacing order is issued by the State Office of the Oklahoma Corporation Commission and establishes a geographical area in which only one oil and/or gas well can be initially drilled and produced from the geological formation listed in the order. The spacing unit communitizes all the royalty interest owners for the purpose of sharing.

- One well can be drilled and completed - the order will specify the permitted location where the spacing unit well may be drilled.

Standard Sizes of Drilling and Spacing Units

- A <u>vertical</u> well can be located no closer to the spacing unit boundaries for the specified feet for each of the square or rectangular spacing units listed below:

Square Units:		Rectangular Units:	
640 acres	1,320 feet	320 acres	660 feet
160 acres	660 feet	80 acres	330 feet
40 acres	330 feet	20 acres	165 feet
10 acres	165 feet		

- A <u>horizontally</u> drilled well has different footage setback requirements. For a horizontal 640 acre spacing unit, the legal well location may be 660 feet from the spacing unit boundary.

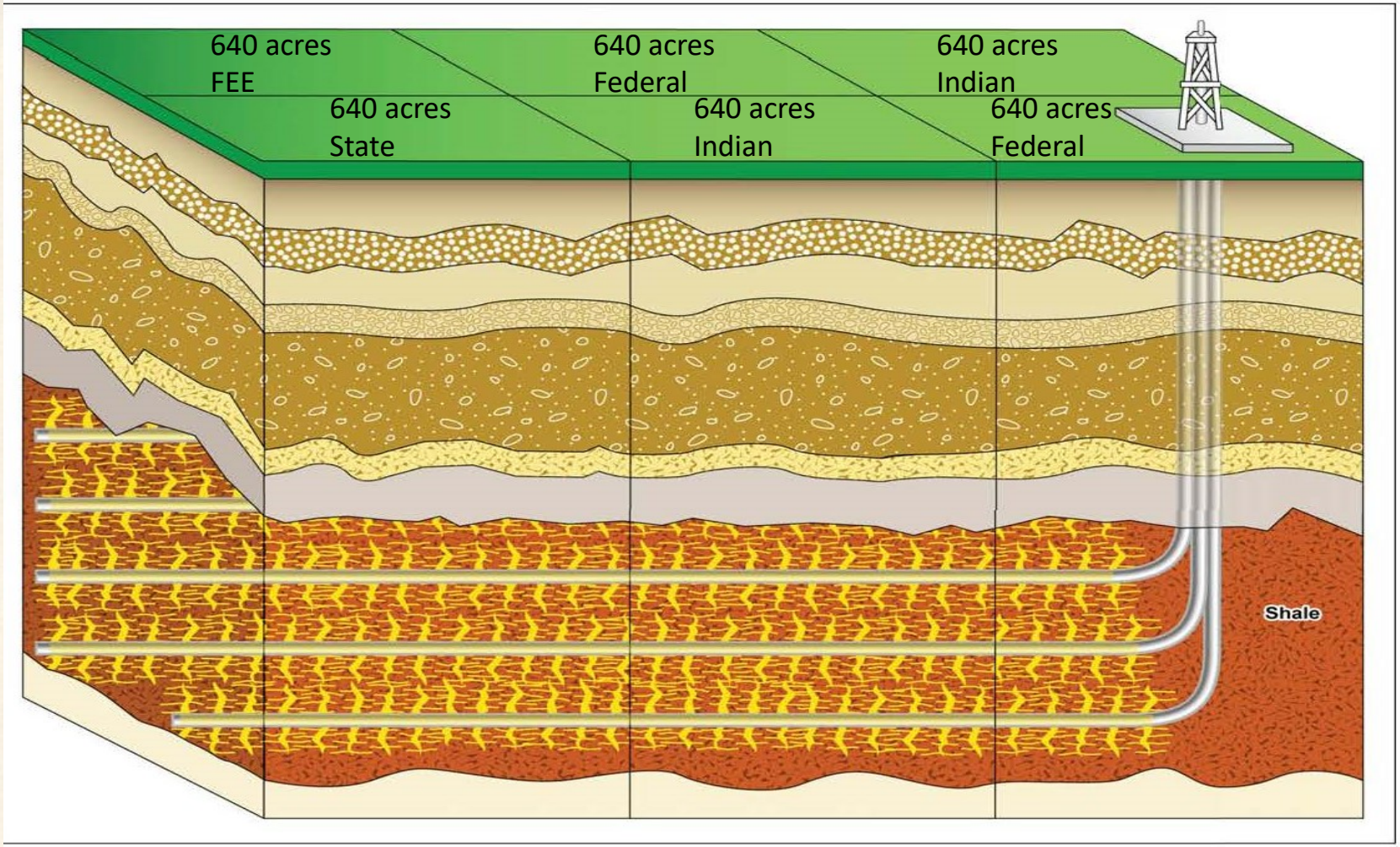
- <u>Horizontal</u> wells are sometimes identified with an "H" in the well name.
  - Example: Miller #1H-3 or Miller #1-3H

What is a Multi-unit Well?

- A horizontal well in a shale reservoir where the completion interval of the well is located in more than one spacing unit formed for the same shale reservoir - the well is producing from the reservoir in two or more such spacing units

- In short, a multi-unit horizontal well is a well that extends through and produces from more than one spacing unit

What is a Multi-unit Well?



Reporting to ONRR: Traditional Reporting

- Reference data analyst will build the agreement in ONRR's financial system using allocation schedule from the Decision Letter (contract), which should match the Serial Register Page allocation schedule (BLM's LR2000)
- Production (OGOR) report reflects 100 percent of the production of the agreement
- Royalty (ONRR-2014) report is based on agreement allocation schedule for allocation of royalty-bearing volumes to the lease(s)

Reporting to ONRR: Multi-unit Well Allocation Method

- Reference data analyst will build the agreement in ONRR's financial system using allocation schedule from the Decision Letter (contract) which should match the Serial Register Page allocation schedule (BLM's LR2000)
- Production (OGOR) report is based on well allocation method described in the Communitization Agreement
- Royalty (ONRR-2014) report is based on well allocation method and allocation schedule described in the Communitization Agreement

Multi-unit Well Examples

Down-Hole Commingled Production – CAs Stacked But In Different Formations

CA Adjacent To Fee Land With A Well That Crosses Out Of The CA - Top Hole Is In The Indian CA And Bottom Hole Is In Fee

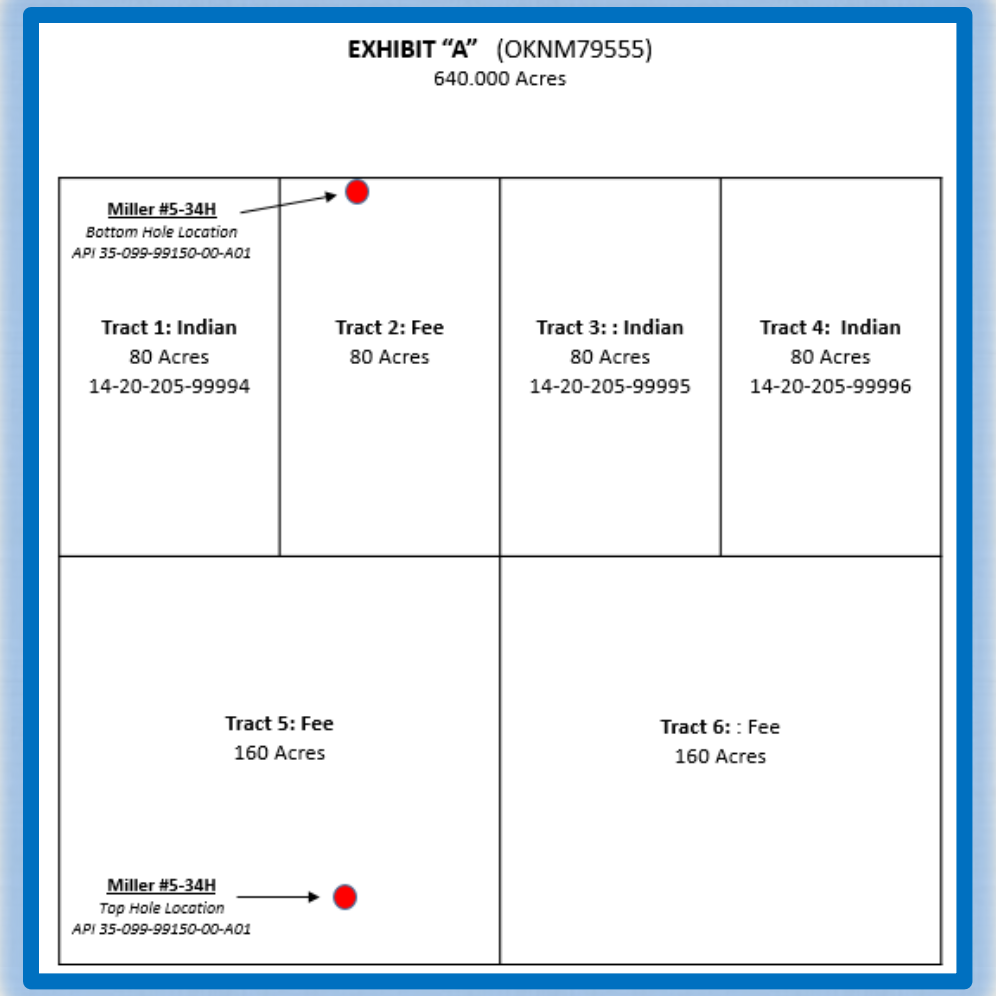
Federal Multi-unit Well CA With Multiple Wells

EXAMPLE #1

Down-Hole Commingled Production – CAs Stacked But In Different Formations

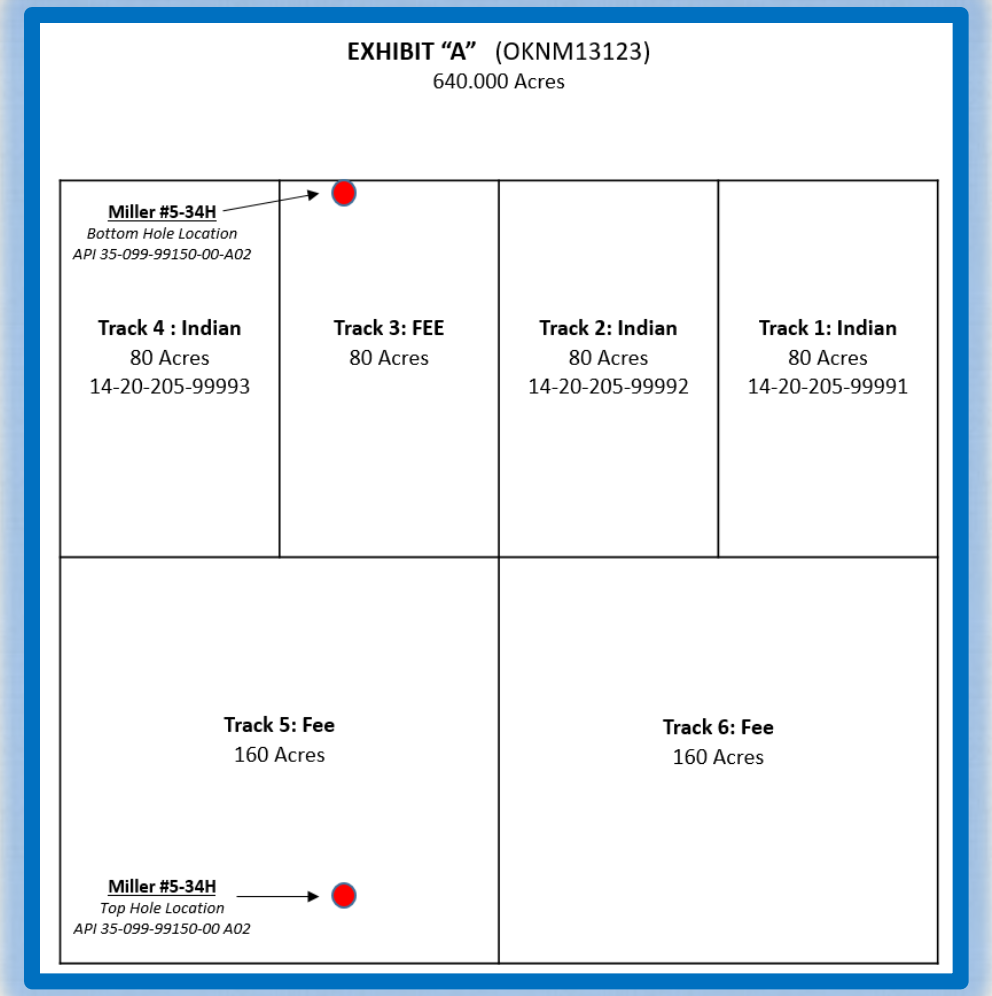
Example #1
Stacked CAs

Plot Plan
OKNM79555



Example #1
Stacked CAs

Plot Plan
OKNM13123



Example #1
Allocation Schedule

OKNM79555				
Tract Nbr	FED/IND/FEE/STATE	Lease Nbr	Acres	% Acres
Tract 1	INDIAN	14-20-205-99994	80	0.125
Tract 2	FEE		80	0.125
Tract 3	INDIAN	14-20-205-99995	80	0.125
Tract 4	INDIAN	14-20-205-99996	80	0.125
Tract 5	FEE		160	0.250
Tract 6	FEE		160	0.250
		Total Acres	640	1.000
		Total Indian	240	0.375
		Total FEE	400	0.625
		Total Acres	640	1.0000
Effective Date	5/23/2008			
1st Production Date	10/3/2015			
API Well Numbers	35-099-99110-00-S01	Miller # 1-34H		
	35-099-99120-00-S01	Miller # 2-34H		
	35-099-99130-00-S01	Miller # 3-34H		
	35-099-99140-00-S01	Miller #41-34H		
	35-099-99150-00-A01	Miller #5-34H		
	35-099-99160-00-S01	Miller # 6-34H		
	35-099-99170-00-S01	Miller #71-34H		
	35-099-99180-00-S01	Miller # 8-34H		
	35-099-99190-00-S01	Miller # 9-34H		
	35-099-99210-00-S01	Miller # 10-34H		
	35-099-99220-00-S01	Miller # 11-34H		
	35-099-99230-00-S01	Miller # 12-34H		

OKNM13123				
Tract Nbr	FED/IND/FEE/STATE	Lease Nbr	Acres	% Acres
Tract 1	INDIAN	14-20-205-99991	80	0.125
Tract 2	INDIAN	14-20-205-99992	80	0.125
Tract 3	FEE		80	0.125
Tract 4	INDIAN	14-20-205-99993	80	0.125
Tract 5	FEE		160	0.250
Tract 6	FEE		160	0.250
		Total Acres	640	1.000
		Total Indian	240	0.375
		Total FEE	400	0.625
		Total Acres	640	1.0000
Effective Date	12/15/2014			
1st Production Date	10/3/2015			
API Well Numbers	35-099-99150-00-A02	Miller #5-34H		

Example #1
Allocation Factor

Production Allocation Factor

A.	Well Name:	Miller #5-34H
B.	First Production Date:	10/3/2015
C.	Percentage of Production Assigned to OKNM79555:	94.3333% (0.943333)
D.	API Number assigned to this Allocation Factor:	35-099-99150-00-A1
E.	Percentage of Production Assigned to OKNM13123:	5.6667% (0.056667)
F.	API Number assigned to this Allocation Factor:	35-099-99150-00-A2

Note: An official letter from BLM will be issued for both CAs – OKNM79555 and OKNM13123 – giving guidance for:

1. Approved Allocation Method for Agreement Identification Number
2. First Production Memo
3. Production Allocation Factor
4. Additional CA Wells
5. Reports to be filed with the Office of Natural Resources Revenue

Example #1 - Production

Production Month: June 2019

Production for each well:

API Well Number	Oil Produced	Gas Produced	% of Prod Rptd to	% of Prod. Rptd to
	bbl	Mcf	OKNM123	OM79555
35-099-99110-00	100	800		0%
35-099-99120-00	100	800		0%
35-099-99130-00	100	400		0%
35-099-99140-00	100	300		0%
35-099-99150-00	500	1,000	5.6667%	94.3333%
35-099-99160-00	200	300	0%	100%
35-099-99170-00	100	200	0%	100%
35-099-99180-00	100	300	0%	100%
35-099-99190-00	300	700	0%	100%
35-099-99210-00	300	500	0%	100%
35-099-99220-00	500	500	0%	100%
35-099-99230-00	100	100	0%	100%
Total Production	2,500	5,900	0%	100%

A02

A01

Example #1
OGOR Reporting

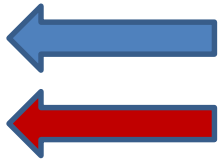
Formula for OGOR (ONRR Form-4054)

Production X Allocation Factor = OGOR A (oil/gas) volume

OKNM13123 - Production

500 (oil) X 5.6667% = 28.3335 bbl

1,000 (gas) X 5.6667% = 56.6667 MCF



A02

A02

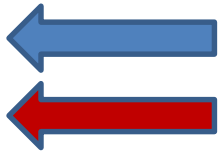
Oil 28.335 + 471.6665 = 500

Gas 56.6667 + 943.3333 = 1,000

OKNM79555 - Production

500 (oil) X 94.3333% = 471.6665 bbl

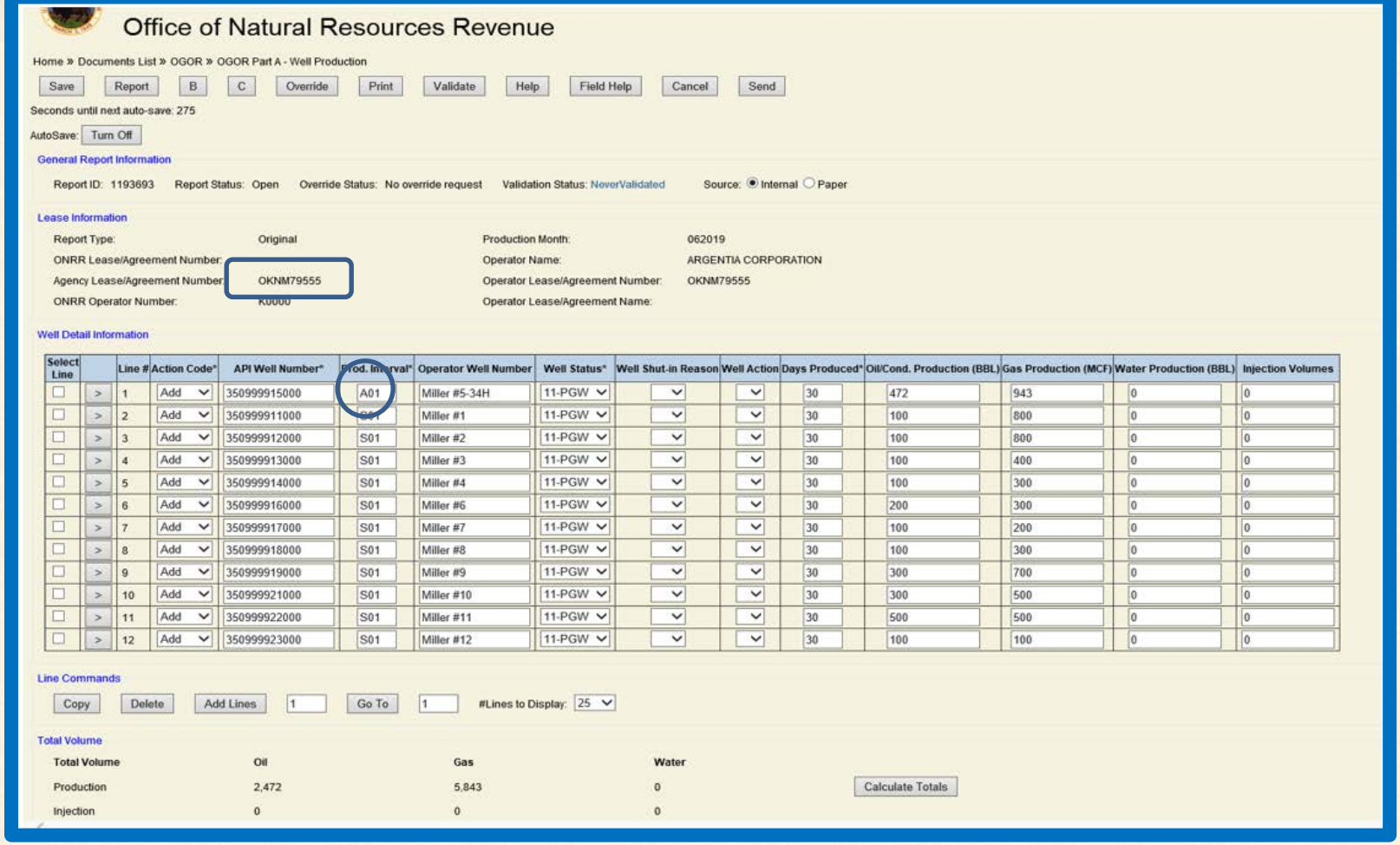
1,000 (gas) X 94.3333% = 943.3333 MCF



A01

A01

Example #1
eCommerce – OGOR-A



Office of Natural Resources Revenue

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Save | Report | B | C | Override | Print | Validate | Help | Field Help | Cancel | Send

Seconds until next auto-save: 275

AutoSave: Turn Off

General Report Information

Report ID: 1193693 Report Status: Open Override Status: No override request Validation Status: NeverValidated Source: Internal Paper

Lease Information

Report Type:	Original	Production Month:	062019
ONRR Lease/Agreement Number:		Operator Name:	ARGENTIA CORPORATION
Agency Lease/Agreement Number:	OKNM79555	Operator Lease/Agreement Number:	OKNM79555
ONRR Operator Number:	K0000	Operator Lease/Agreement Name:	

Well Detail Information

Select Line		Line #	Action Code*	API Well Number*	Prod. Interval*	Operator Well Number	Well Status*	Well Shut-in Reason	Well Action	Days Produced*	Oil/Cond. Production (BBL)	Gas Production (MCF)	Water Production (BBL)	Injection Volumes
☐	>	1	Add	350999915000	A01	Miller #5-34H	11-PGW			30	472	943	0	0
☐	>	2	Add	350999911000	[illegible]	Miller #1	11-PGW			30	100	800	0	0
☐	>	3	Add	350999912000	S01	Miller #2	11-PGW			30	100	800	0	0
☐	>	4	Add	350999913000	S01	Miller #3	11-PGW			30	100	400	0	0
☐	>	5	Add	350999914000	S01	Miller #4	11-PGW			30	100	300	0	0
☐	>	6	Add	350999916000	S01	Miller #6	11-PGW			30	200	300	0	0
☐	>	7	Add	350999917000	S01	Miller #7	11-PGW			30	100	200	0	0
☐	>	8	Add	350999918000	S01	Miller #8	11-PGW			30	100	300	0	0
☐	>	9	Add	350999919000	S01	Miller #9	11-PGW			30	300	700	0	0
☐	>	10	Add	350999921000	S01	Miller #10	11-PGW			30	300	500	0	0
☐	>	11	Add	350999922000	S01	Miller #11	11-PGW			30	500	500	0	0
☐	>	12	Add	350999923000	S01	Miller #12	11-PGW			30	100	100	0	0

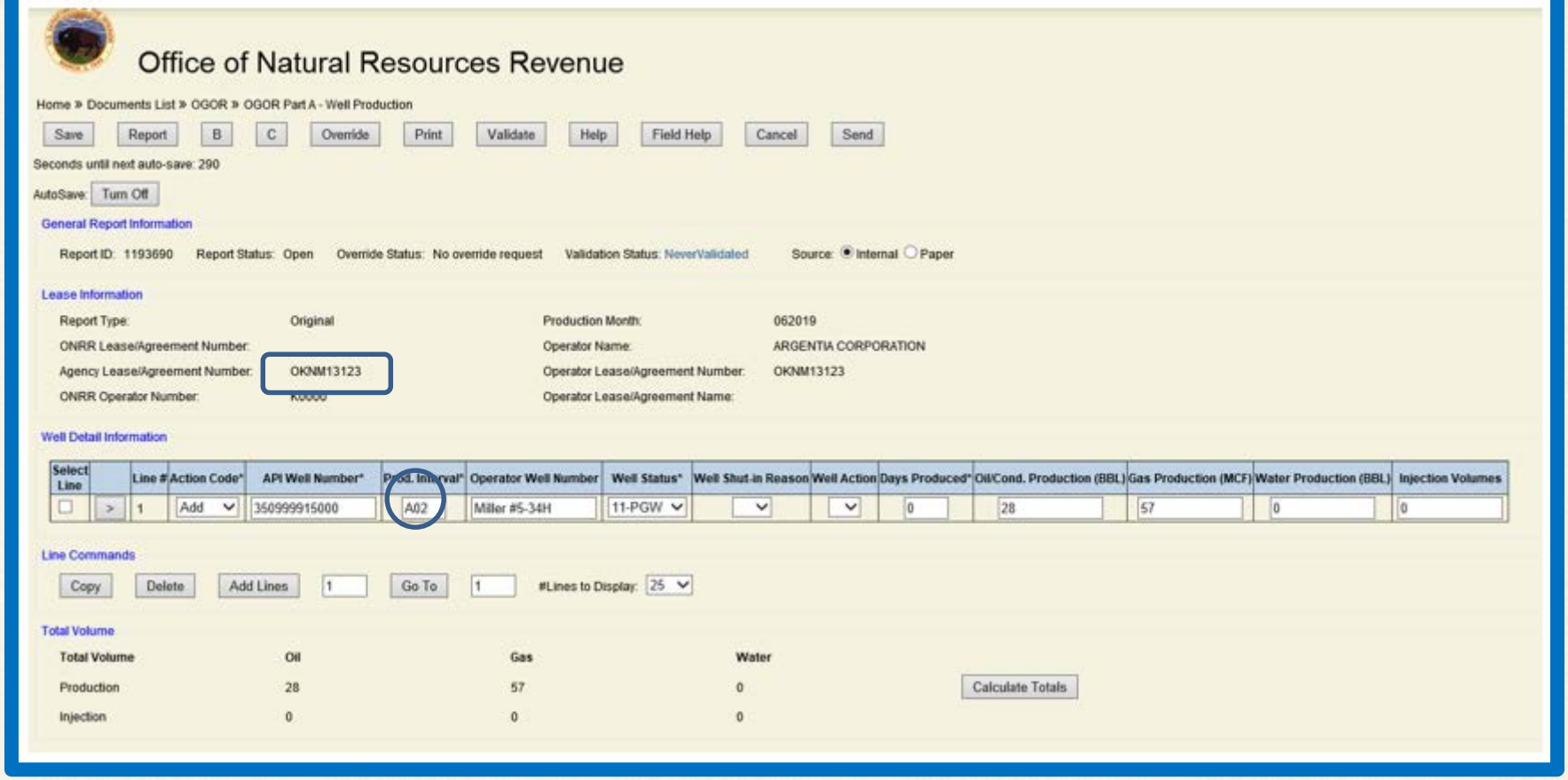
Line Commands

Copy | Delete | Add Lines 1 | Go To 1 | #Lines to Display: 25

Total Volume

Total Volume	Oil	Gas	Water	
Production	2,472	5,843	0	Calculate Totals
Injection	0	0	0	

Example #1
eCommerce – OGOR-A



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Seconds until next auto-save: 290

AutoSave: Turn Off

General Report Information

Report ID: 1193690 Report Status: Open Override Status: No override request Validation Status: NeverValidated Source: Internal Paper

Lease Information

Report Type:	Original	Production Month:	062019
ONRR Lease/Agreement Number:		Operator Name:	ARGENTIA CORPORATION
Agency Lease/Agreement Number:	OKNM13123	Operator Lease/Agreement Number:	OKNM13123
ONRR Operator Number:	K0000	Operator Lease/Agreement Name:	

Well Detail Information

Select Line		Line #	Action Code*	API Well Number*	Prod. Interval*	Operator Well Number	Well Status*	Well Shut-in Reason	Well Action	Days Produced*	Oil/Cond. Production (BBL)	Gas Production (MCF)	Water Production (BBL)	Injection Volumes
☐	>	1	Add	350999915000	A02	Miller #5-34H	11-PGW			0	28	57	0	0

Line Commands

Copy | Delete | Add Lines 1 | Go To 1 | #Lines to Display: 25

Total Volume

Total Volume	Oil	Gas	Water
Production	28	57	0
Injection	0	0	0

Calculate Totals

Example #1
ONRR-2014 Reporting

Formula for ONRR Form 2014

Formula for reporting on tracts that do not have a multi-unit well:

Total Volume Sold	X	Allocation Schedule	X	Ownership %	=	Sales Volume

Formula for reporting on multi-unit well for each CA:

100% Of the Well's Royalty Bearing Volume	X	Production Allocation Factor	X	Allocation Schedule	X	Ownership %	=	Sales Volume

Example #1
eCommerce – ONRR-2014

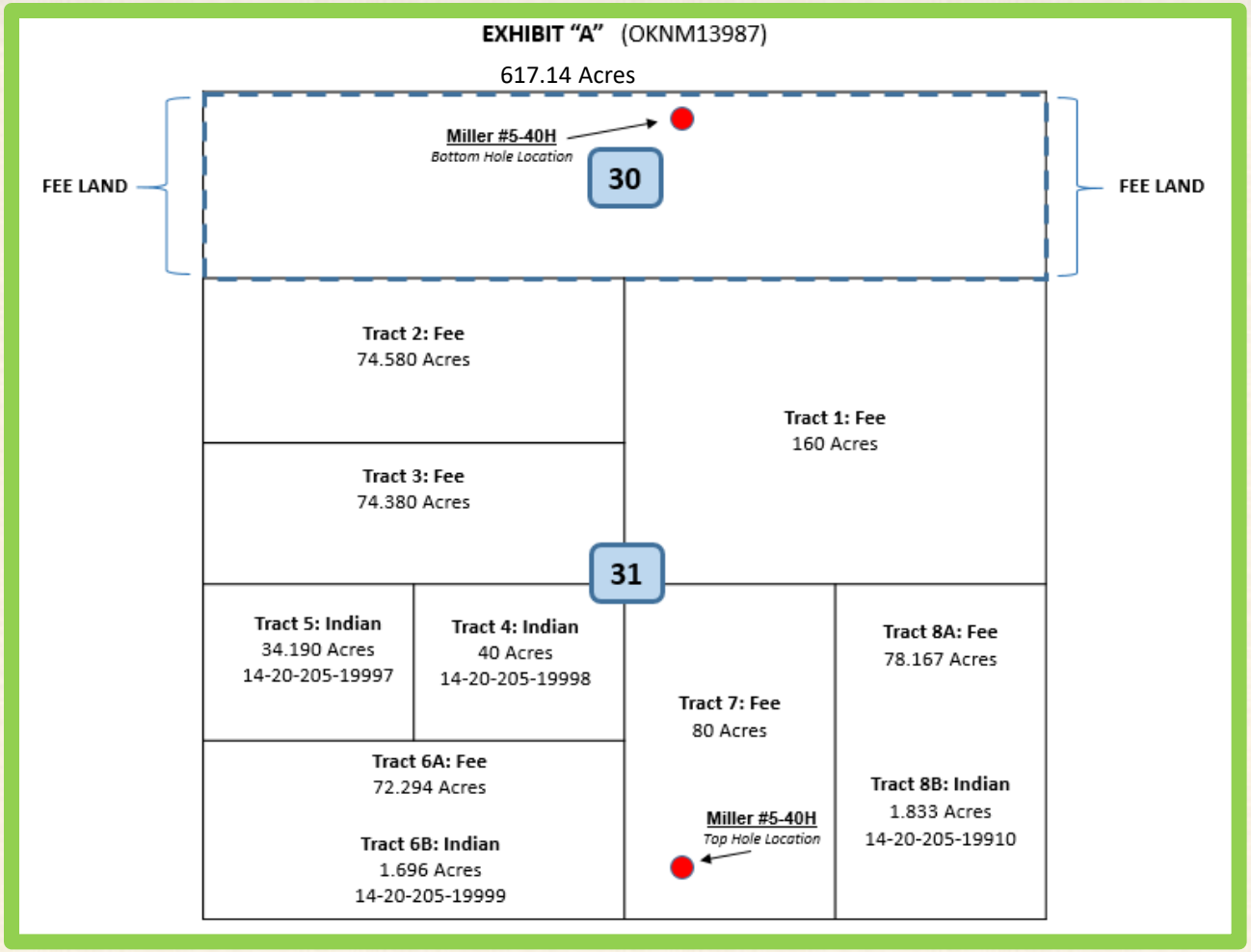
LINE	PREPARERS USE	LEASE NO.	AGREEMENT NUMBER	API WELL	PC	SALES TYPE CODE	SALES DATE	TC	ARC	SALES VOLUME	GAS MMBTU	SALES VALUE	RVPA	TA	PA	RVLA	PM
1		5181999940	NM 79555		01	ARMS	06/2019	01		250.00	0.00	2500.00	312.50	0.00	0.00	312.50	03
2	Miller #5-34H	5181999940	NM 79555	3509999150A01	01	ARMS	06/2019	01		58.95	0.00	589.50	73.69	0.00	0.00	73.69	03
3		5181999940	NM 79555		04	ARMS	06/2019	01		612.50	612.50	1225.00	153.13	0.00	0.00	153.13	03
4	Miller #5-34H	5181999940	NM 79555	3509999150A01	04	ARMS	06/2019	01		117.92	117.92	235.84	29.48	0.00	0.00	29.48	03
5		5181999950	NM 79555		01	ARMS	06/2019	01		250.00	0.00	2500.00	312.50	0.00	0.00	312.50	03
6	Miller #5-34H	5181999950	NM 79555	3509999150A01	01	ARMS	06/2019	01		58.95	0.00	589.50	73.69	0.00	0.00	73.69	03
7		5181999950	NM 79555		04	ARMS	06/2019	01		612.50	612.50	1225.00	153.13	0.00	0.00	153.13	03
8	Miller #5-34H	5181999950	NM 79555	3509999150A01	04	ARMS	06/2019	01		117.92	117.92	235.84	29.48	0.00	0.00	29.48	03
9		5181999960	NM 79555		01	ARMS	06/2019	01		250.00	0.00	2500.00	312.50	0.00	0.00	312.50	03
10	Miller #5-34H	5181999960	NM 79555	3509999150A01	01	ARMS	06/2019	01		58.95	0.00	589.50	73.69	0.00	0.00	73.69	03
11		5181999960	NM 79555		04	ARMS	06/2019	01		612.50	612.50	1225.00	153.13	0.00	0.00	153.13	03
12	Miller #5-34H	5181999960	NM 79555	3509999150A01	04	ARMS	06/2019	01		117.92	117.92	235.84	29.48	0.00	0.00	29.48	03
13	Miller #5-34H	5181999910	NM 13123	3509999150A02	01	ARMS	06/2019	01		3.54	0.00	354.10	44.30	0.00	0.00	44.30	03
14	Miller #5-34H	5181999920	NM 13123	3509999150A02	01	ARMS	06/2019	01		3.54	0.00	354.10	44.30	0.00	0.00	44.30	03
15	Miller #5-34H	5181999930	NM 13123	3509999150A02	01	ARMS	06/2019	01		3.54	0.00	354.10	44.30	0.00	0.00	44.30	03
16	Miller #5-34H	5181999910	NM 13123	3509999150A02	04	ARMS	06/2019	01		7.08	7.08	14.16	1.77	0.00	0.00	1.77	03
17	Miller #5-34H	5181999920	NM 13123	3509999150A02	04	ARMS	06/2019	01		7.08	7.08	14.16	1.77	0.00	0.00	1.77	03
18	Miller #5-34H	5181999930	NM 13123	3509999150A02	04	ARMS	06/2019	01		7.08	7.08	14.16	1.77	0.00	0.00	1.77	03

EXAMPLE #2

CA Adjacent To Fee Land With A Well That Crosses Out Of The CA - Top Hole Is In The Indian CA And Bottom Hole Is In Fee

Example #2
Bottom Hole Located Outside CA

Plot Plan
OKNM13987



Example #2
Allocation Schedule

OKNM13987				
Tract Nbr	FED/IND/FEE/STATE	Lease Nbr	Acres	% Acres
Tract 1	FEE		160	0.2593
Tract 2	FEE		74.58	0.1208
Tract 3	FEE		74.38	0.1205
Tract 4	INDIAN	14-20-205-19998	40	0.0648
Tract 5	INDIAN	14-20-205-19997	34.19	0.0554
Tract 6A/6B	FEE/INDIAN	14-20-205-19999	73.99	0.1199
Tract 7	FEE		80	0.1296
Track 8A/8B	FEE/INDIAN	14-20-205-19910	80	0.1296
		Total Acres	617.14	1.000
		Total Indian	228.18	0.3697
		Total FEE	388.96	0.6303
		Total Acres	617.14	1.0000
Effective Date	12/15/2014			
1st Production Date	10/3/2015			
API Well Numbers	35-099-99150-00-A01	Miller #5-40H		

Example #2
Allocation Factor

Production Allocation Method Factor

A.	Well Name:	Miller #5-40H
B.	First Production Date:	10/3/2015
C.	Length of Entire Completion Interval:	9,168
D.	Length of Completion Interval in OKNM13987:	4,894 feet
E.	Length of Completion Interval in Section 30:	4,274 feet
F.	Production Allocation Factor for OKNM13987:	4,894 ft. / 9,168 ft. (0.533813%)
G.	API Number assigned to this Allocation Factor:	35-099-99150-00-A1

Note: an official letters from BLM will be issued for CA OKNM13987 – giving guidance for:

1. Approved Allocation Method for Agreement Identification Number
2. First production
3. Production Allocation Factor
4. Additional CA Wells
5. Reports to be filed with the Office of Natural Resources Revenue

Example #2
Production

Production Month: June 2019

Production for each well:

API Number	Oil Produced	Gas Produced	% of Prod Rptd to
	bbl	Mcf	OKNM13987
35-099-99150-00	500	1,000	53.3813%
Total Production	500	1,000	

Example #2
OGOR Reporting

Formula for OGOR (Form ONRR-4054)

Production X Allocation Factor = OGOR A (oil/gas) volume

OKNM13987 - Production

500 (oil) X 53.3813% = 266.9065 bbl ← A01

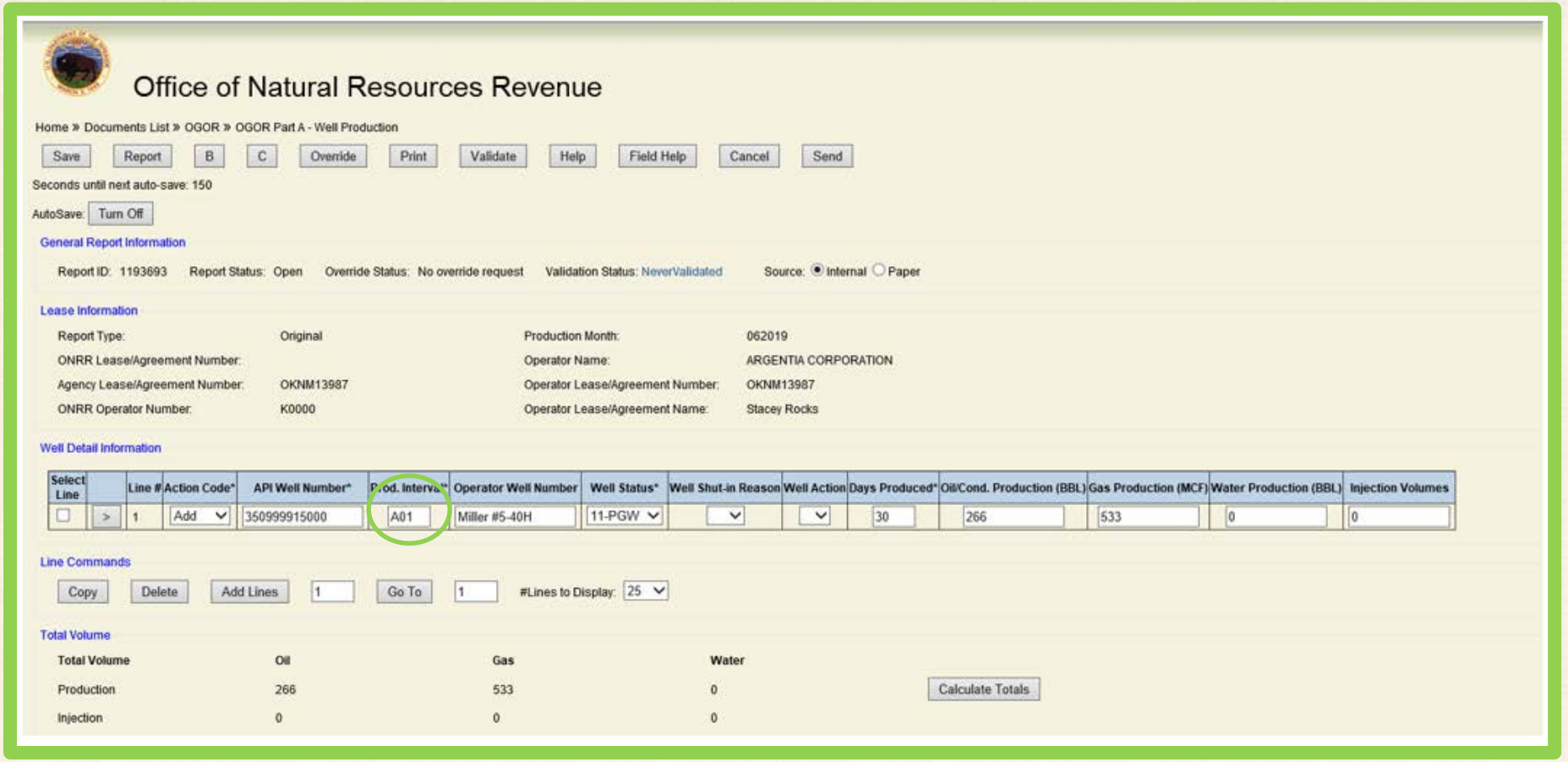
1,000 (gas) X 53.3813% = 533.813 Mcf ← A01

Fee Production

500 (oil) X 46.6187% = 233.0935 bbl ← No Reporting

1,000 (gas) X 46.6187% = 466.187 Mcf ← No Reporting

Example #2
eCommerce – OGOR-A



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Save | Report | B | C | Override | Print | Validate | Help | Field Help | Cancel | Send

Seconds until next auto-save: 150

AutoSave: Turn Off

General Report Information

Report ID: 1193693 Report Status: Open Override Status: No override request Validation Status: NeverValidated Source: Internal Paper

Lease Information

Report Type:	Original	Production Month:	062019
ONRR Lease/Agreement Number:		Operator Name:	ARGENTIA CORPORATION
Agency Lease/Agreement Number:	OKNM13987	Operator Lease/Agreement Number:	OKNM13987
ONRR Operator Number:	K0000	Operator Lease/Agreement Name:	Stacey Rocks

Well Detail Information

Select Line		Line #	Action Code*	API Well Number*	Prod. Interval*	Operator Well Number	Well Status*	Well Shut-in Reason	Well Action	Days Produced*	Oil/Cond. Production (BBL)	Gas Production (MCF)	Water Production (BBL)	Injection Volumes
☐	>	1	Add	350999915000	A01	Miller #5-40H	11-PGW			30	266	533	0	0

Line Commands

Copy | Delete | Add Lines 1 | Go To 1 | #Lines to Display: 25

Total Volume

Total Volume	Oil	Gas	Water
Production	266	533	0
Injection	0	0	0

Calculate Totals

Example #2
ONRR-2014 Reporting

Formula for ONRR Form 2014

Formula for reporting on tracts that do not have a multi-unit well:

Total Volume Sold	X	Allocation Schedule	X	Ownership %	=	Sales Volume

Formula for reporting on multi-unit well for each CA:

100% Of the Well's Royalty Bearing Volume	X	Production Allocation Factor	X	Allocation Schedule	X	Ownership %	=	Sales Volume

Example #2
eCommerce – ONRR-2014

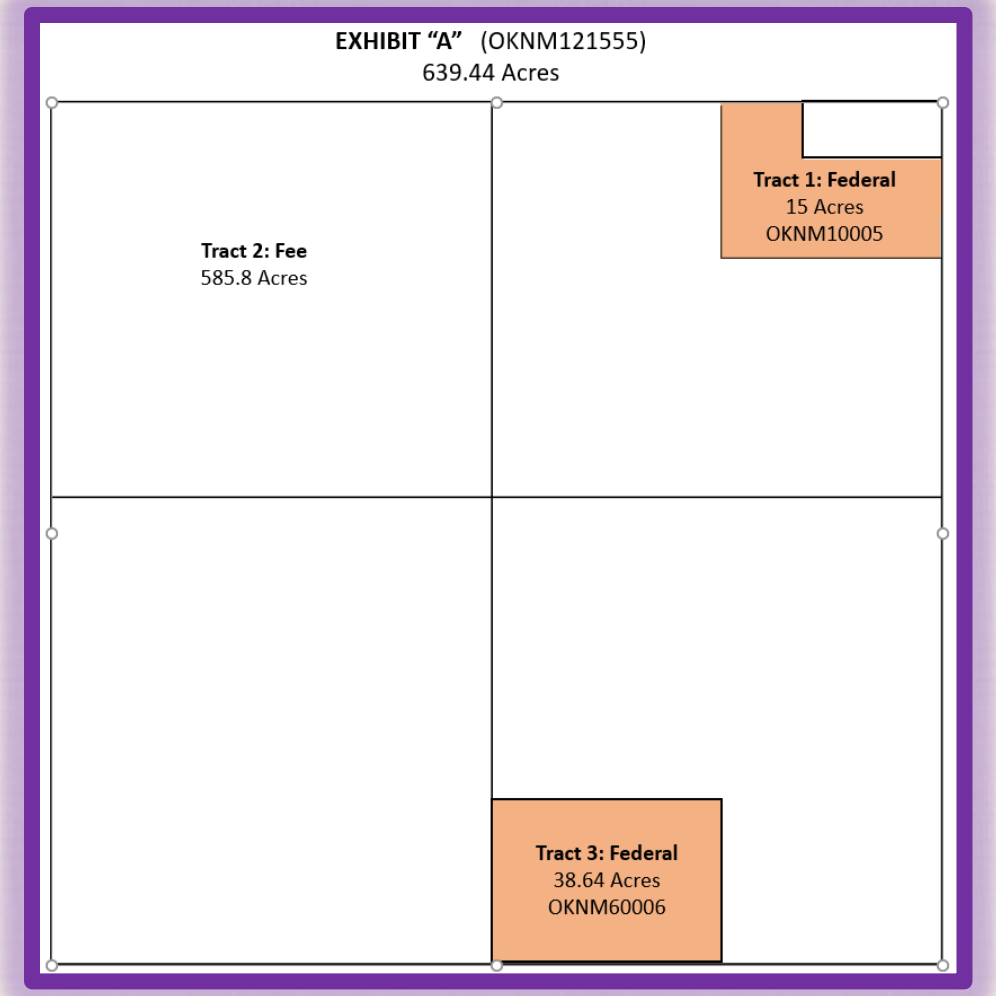
LINE	PREPARERS USE	LEASE NO.	AGREEMENT NUMBER	API WELL	PC	SALES TYPE CODE	SALES DATE	TC	ARC	SALES VOLUME	GAS MMBTU	SALES VALUE	RVPA	TA	PA	RVLA	PM
1	Miller #5-34H	5181999980	NM 13987	3509999150A01	01	ARMS	06/2019	01		17.30	0.00	173.00	21.63	0.00	0.00	21.63	03
2	Miller #5-34H	5181999970	NM 13987	3509999150A01	01	ARMS	06/2019	01		14.79	0.00	147.90	18.49	0.00	0.00	18.49	03
3	Miller #5-34H	5181999990	NM 13987	3509999150A01	01	ARMS	06/2019	01		32.00	0.00	320.00	40.00	0.00	0.00	40.00	03
4	Miller #5-34H	5181999100	NM 13987	3509999150A01	01	ARMS	06/2019	01		34.59	0.00	345.90	43.28	0.00	0.00	43.28	03
5	Miller #5-34H	5181999980	NM 13987	3509999150A01	04	ARMS	06/2019	01		34.59	38.04	235.84	29.48	0.00	0.00	29.48	03
6	Miller #5-34H	5181999970	NM 13987	3509999150A01	04	ARMS	06/2019	01		29.57	32.58	589.50	73.69	0.00	0.00	73.69	03
7	Miller #5-34H	5181999990	NM 13987	3509999150A01	04	ARMS	06/2019	01		64.00	70.40	235.84	29.48	0.00	0.00	29.48	03
8	Miller #5-34H	5181999100	NM 13987	3509999150A01	04	ARMS	06/2019	01		69.18	76.10	152.20	19.02	0.00	0.00	19.02	03

EXAMPLE #3

Federal Multi-unit Well CA With Multiple Wells

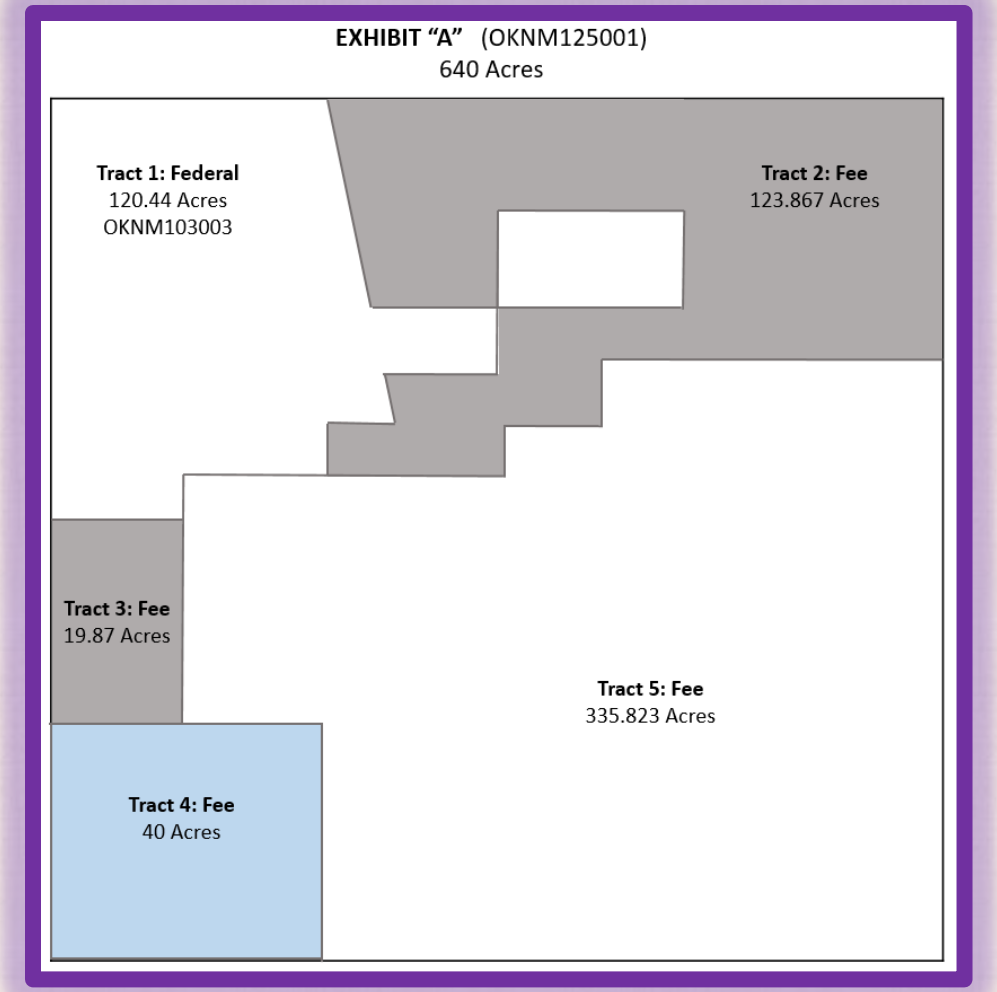
Example #3
Federal CA with Multiple Wells

Plot Plan
OKNM121555



Example #3
Federal CA with Multiple Wells

Plot Plan
OKNM125001



Example #3
Allocation Schedule

OKNM121555				
Tract Nbr	FED/IND/FEE/STATE	Lease Nbr	Acres	% Acres
Tract 1	FEDERAL	OKNM10005	15	0.023458
Tract 2	FEE		585.8	0.916114
Tract 3	FEDERAL	OKNM60006	38.64	0.060428
		Total Acres	639.44	1.000
		Total Federal	53.64	0.083886
		Total FEE	585.8	0.916114
		Total Acres	639.44	1.0000
Effective Date	10/22/2014			
1st Production Date	10/22/2014			
API Well Numbers	35-333-99150-00-A01	3-14MH23		
	35-333-99151-00-A01	1-14MH23		
	35-333-99188-00-S01	3-14		
	35-033-99153-00-A01	4-14MH23		
	35-333-99154-00-A01	2-14MH23		

OKNM125001				
Tract Nbr	FED/IND/FEE/STATE	Lease Nbr	Acres	% Acres
Tract 1	FEDERAL	OKNM103003	120.44	0.18819
Tract 2	FEE		123.867	0.19354
Tract 3	FEE		19.87	0.03105
Tract 4	FEE		40	0.06250
Tract 5	FEE		335.823	0.52472
		Total Acres	640	1.000
		Total Federal	120.44	0.18819
		Total FEE	519.56	0.81181
		Total Acres	640	1.0000
Effective Date	10/22/2014			
1st Production Date	10/22/2014			
API Well Numbers	35-333-99150-00-A02	3-14MH23		
	35-333-99151-00-A02	1-14MH23		
	35-333-99189-00-S01	1-23		
	35-333-99153-00-A02	4-14MH23		
	35-333-99154-00-A02	2-14MH23		

Example #3
Allocation Factor

Production Allocation Factor – OKNM121555

A.	Well Name:	3-14MH23
B.	First Production Date:	10/25/2014
C.	Length of Entire Completion Interval:	9,880 feet
D.	Length of Completion Interval in OKNM121555:	4,870 feet
E.	Length of Completion Interval in OKNM125001:	5,010 feet
F.	Production Allocation Factor for OKNM121555:	4,870 ft./9,880 ft. or 0.492915
G.	Production Allocation Factor for OKNM125001:	5,010 ft./9,880 ft. or 0.507085
H.	API Number assigned to OKNM121555:	35-333-99150-00-A01
I.	API Number assigned to OKNM125001:	35-333-99150-00-A02
J.	Well Name:	1-14MH23
K.	First Production Date:	10/22/2014
L.	Length of Entire Completion Interval:	10,230 feet
M.	Length of Completion Interval in OKNM121555:	5,115 feet
N.	Length of Completion Interval in OKNM125001:	5,115 feet
O.	Production Allocation Factor for OKNM121555:	5,115 ft./10,230 ft. or 0.500000
P.	Production Allocation Factor for OKNM125001:	5,115 ft./10,230 ft. or 0.500000
Q.	API Number assigned to OKNM121555:	35-333-99151-00-A01
R.	API Number assigned to OKNM125001:	35-333-99151-00-A02

Example #3
Allocation Factor (continued)

Production Allocation Factor – OKNM121555

S. Well Name:	2-14MH23
T. First Production Date:	10/22/2014
U. Length of Entire Completion Interval:	10,230 feet
V. Length of Completion Interval in OKNM121555:	5,115 feet
W. Length of Completion Interval in OKNM125001:	5,115 feet
X. Production Allocation Factor for OKNM121555:	5,115 ft./10,230 ft. or 0.500000
Y. Production Allocation Factor for OKNM125001:	5,115 ft./10,230 ft. or 0.500000
Z. API Number assigned to OKNM121555:	35-333-99154-00-A01
AA. API Number assigned to OKNM125001:	35-333-99154-00-A02
BB. Well Name:	4-14MH23
CC. First Production Date:	10/25/2014
DD. Length of Entire Completion Interval:	9,930 feet
EE. Length of Completion Interval in OKNM121555:	4,836 feet
FF. Length of Completion Interval in OKNM125001:	5,094 feet
GG. Production Allocation Factor for OKNM121555:	4,836 ft./9,930 ft. or 0.487009
HH. Production Allocation Factor for OKNM125001:	5,094 ft./9,930 ft. or 0.512991
II. API Number assigned to OKNM121555:	35-333-99153-00-A01
JJ. API Number assigned to OKNM125001:	35-333-99153-00-A02

Example #3
Production

Production Month: June 2019

Production for each well:

A01 → % of Prod Rptd to OKNM121555

A02 → % of Prod. Rptd to OKNM125001

API Well Number	Oil Produced bbl	Gas Produces Mcf	% of Prod Rptd to OKNM121555	% of Prod. Rptd to OKNM125001
35-333-99150-00	100	800	49.2915%	50.7085%
35-333-99151-00	500	1,000	50.0000%	50.0000%
35-333-99153-00	100	200	48.7009%	51.2991%
35-333-99154-00	300	700	50.0000%	50.0000%
35-333-99188-00	500	500	100.000%	
35-333-99189-00	100	100		100.0000%
Total Production	1,600	3,300		

Example #3
OGOR Reporting

Production X Allocation Factor = OGOR A (oil/gas) volume

OKNM121555 - Production

100 (oil)	X	49.2915%	=	49.2915 bbl
500 (oil)	X	50.0000%	=	250.0000 bbl
100 (oil)	X	48.7009%	=	48.7009 bbl
300 (oil)	X	50.0000%	=	150.0000 bbl
500 (oil)	X	100.0000%	=	500.0000 bbl
800 (gas)	X	49.2915%	=	394.3320 Mcf
1,000 (gas)	X	50.0000%	=	500.0000 Mcf
200 (gas)	X	48.7009%	=	97.4018 Mcf
700 (gas)	X	50.0000%	=	350.0000 Mcf
500 (gas)	X	100.0000%	=	500.0000 Mcf

OKNM125001 - Production

100 (oil)	X	50.7085%	=	50.7085 bbl
500 (oil)	X	50.0000%	=	250.0000 bbl
100 (oil)	X	51.2991%	=	51.2991 bbl
300 (oil)	X	50.0000%	=	150.0000 bbl
100 (oil)	X	100.0000%	=	100.0000 bbl
800 (gas)	X	50.7085%	=	405.6680 Mcf
1,000 (gas)	X	50.0000%	=	500.0000 Mcf
200 (gas)	X	51.2991%	=	102.5982 Mcf
700 (gas)	X	50.0000%	=	350.0000 Mcf
100 (gas)	X	100.0000%	=	100.0000 Mcf

Example #3
ONRR-2014 Reporting

Formula for ONRR Form 2014

Formula for reporting on tracts that do not have a multi-unit well:

Total Volume Sold	X	Allocation Schedule	X	Ownership %	=	Sales Volume

Formula for reporting on multi-unit well for each CA:

100% Of the Well's Royalty Bearing Volume	X	Production Allocation Factor	X	Allocation Schedule	X	Ownership %	=	Sales Volume

Caution – What if????

- What happens when the product is put into inventory?
- Is the royalty rate for each lease within the CA affected by the multi-unit well production allocation factor?
- Written examples of comments were provided but I have too many characters for the comments.
- If there may be three version of the CA when and what do I report for the OGOR and the 2014?
- How would a recoupment (Indian or Federal), be handled?

THE END