



# MULTI-UNIT WELLS

## ONRR Reporter Training





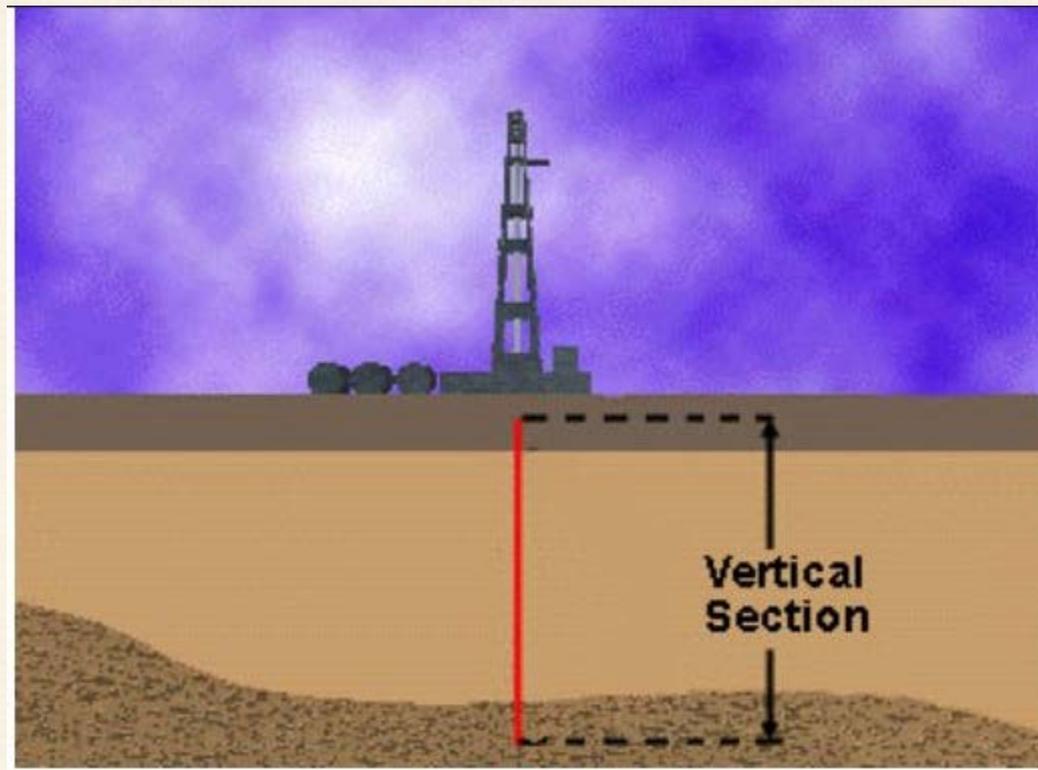
# What are we going to cover?

- 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

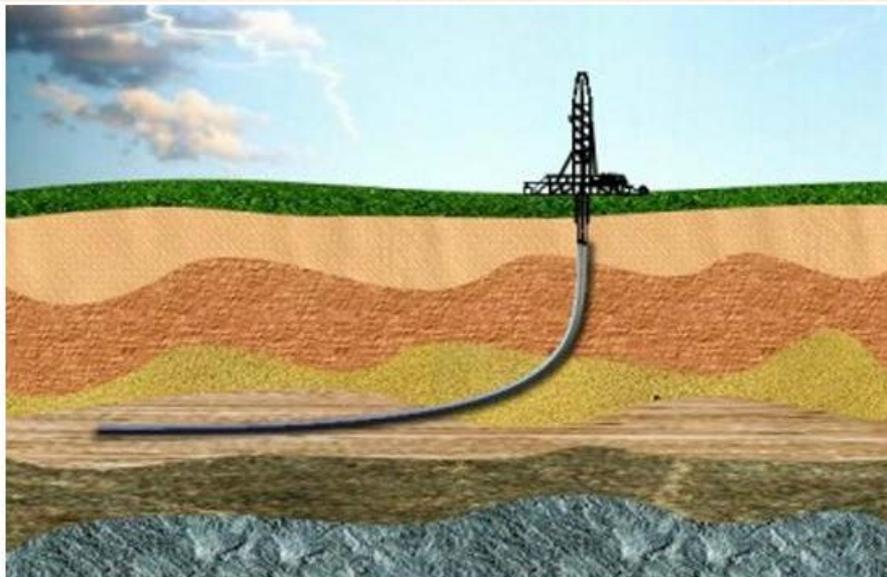
Vertical well – a borehole that is aimed directly beneath a target (aimed straight down at a reservoir)





# 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.

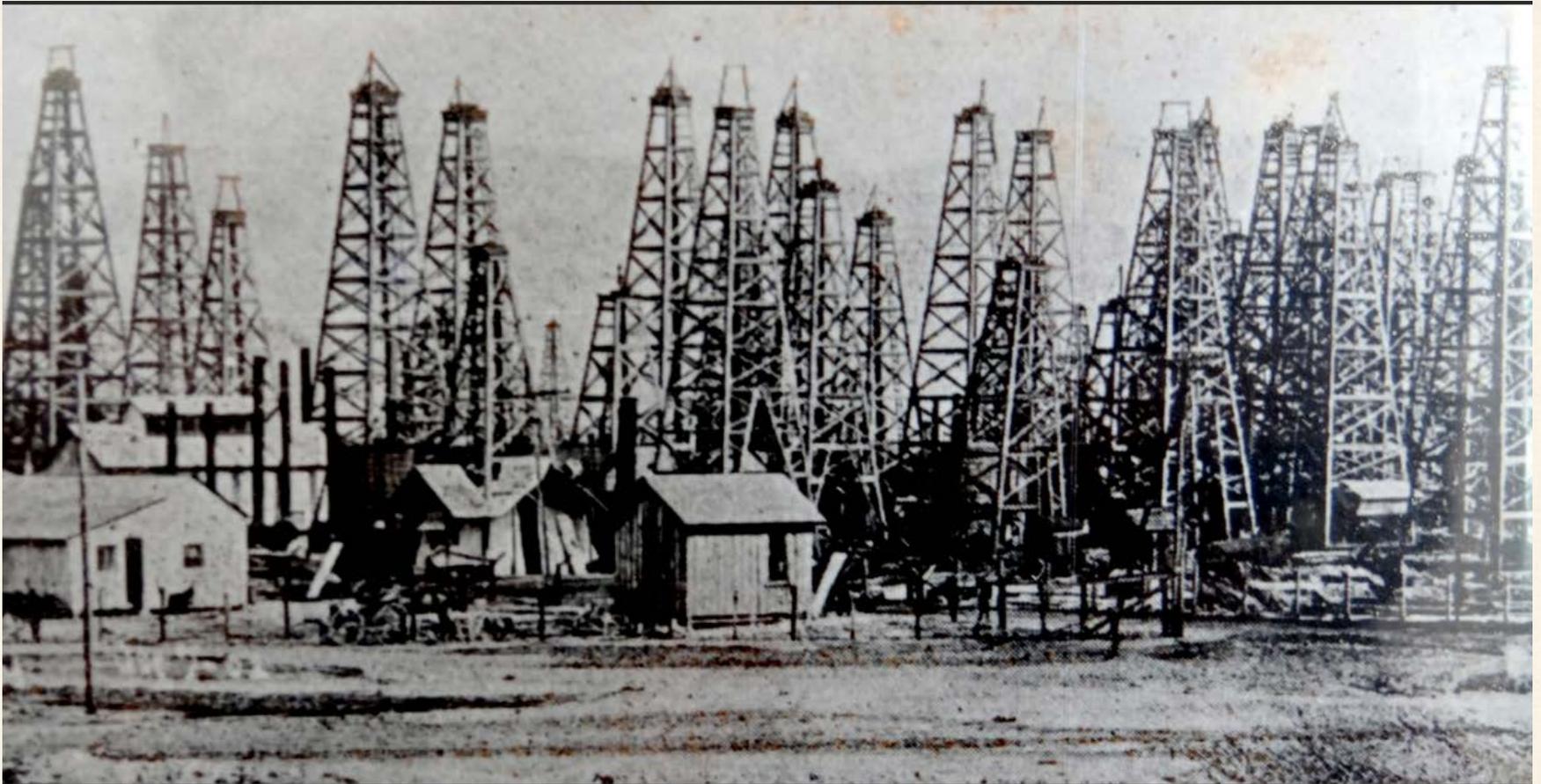






# Oklahoma Historical Photo

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 vertical 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:

<u>Square Units:</u>		<u>Rectangular Units:</u>	
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 horizontally 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.
- Horizontal wells are sometimes identified with an “H” in the well name.
  - Example: Miller #1H-3 or Miller #1-3H



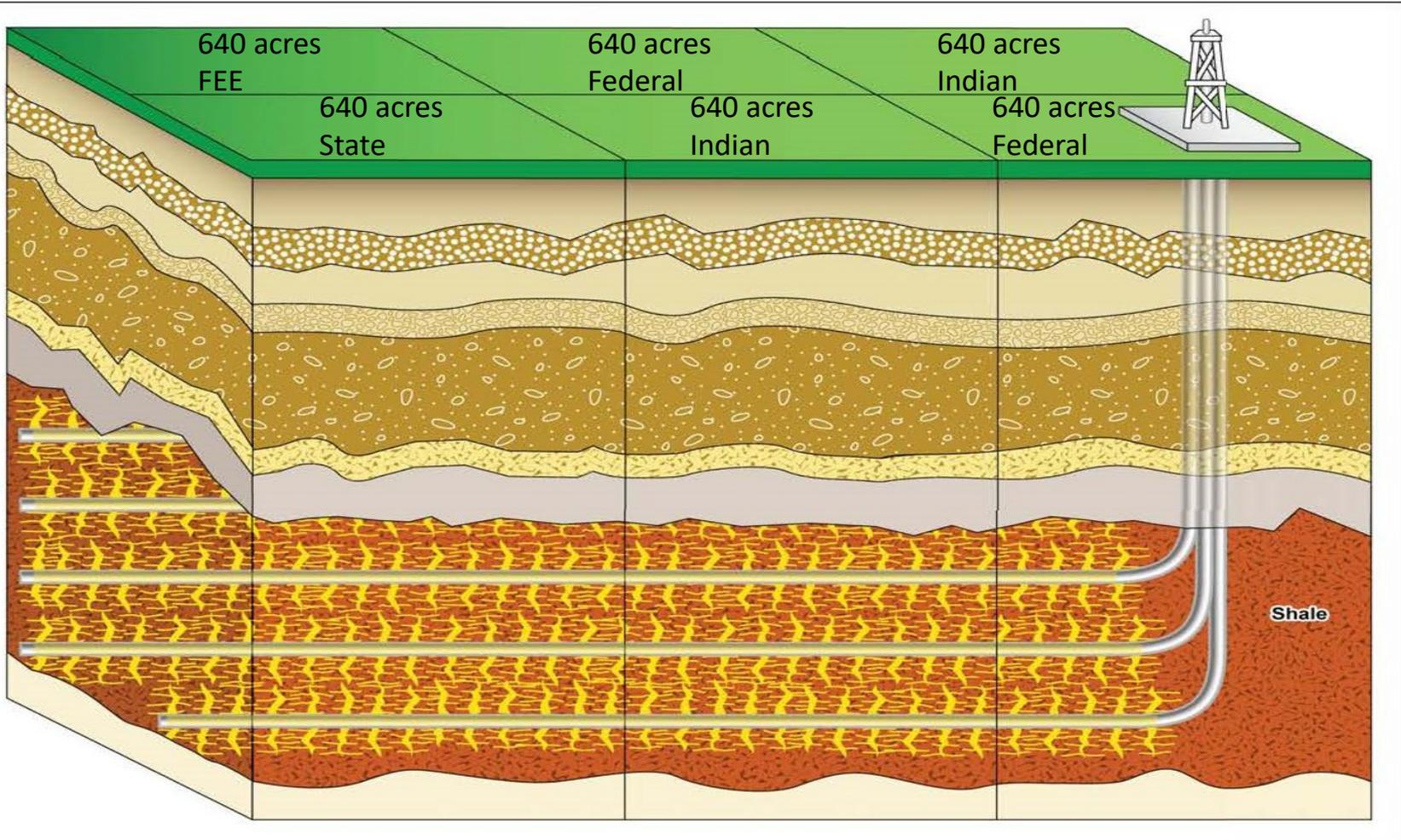
# What is a Multi-unit Well?

- 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**

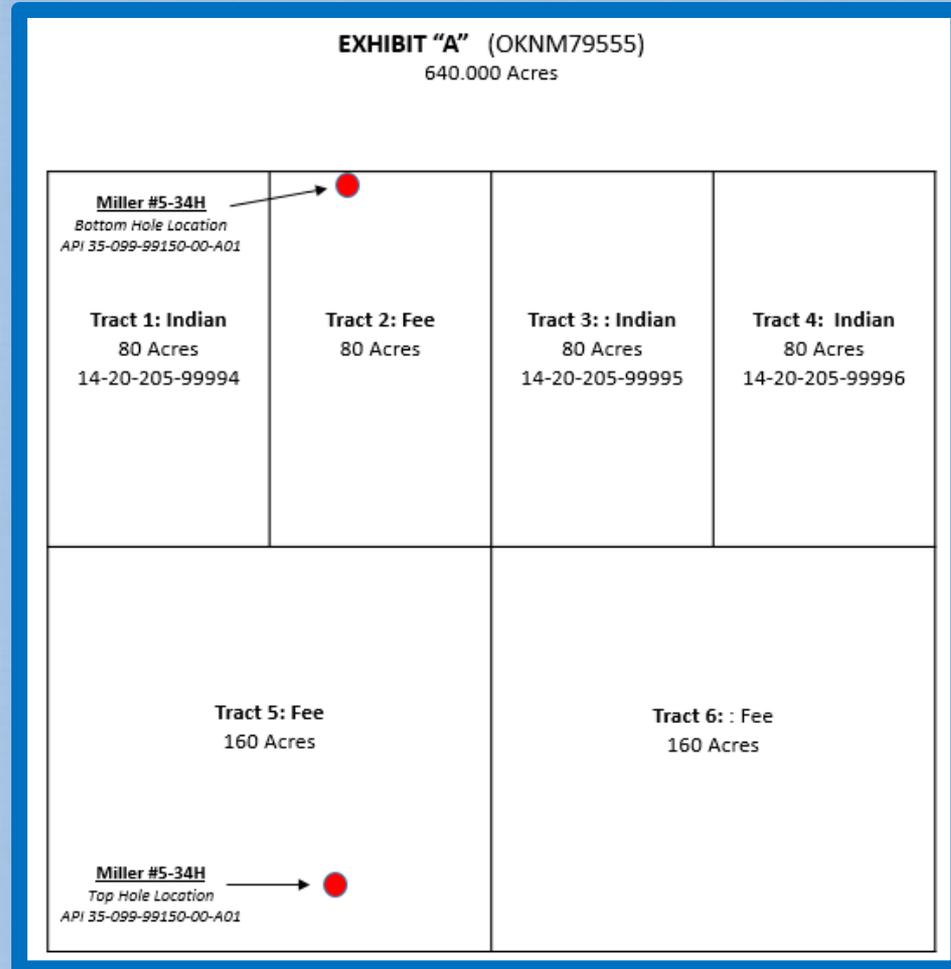




# Example #1

## Stacked CAs

### Plot Plan OKNM79555





# Example #1

## Stacked CAs

### EXHIBIT "A" (OKNM13123)

640.000 Acres

<p><b>Miller #5-34H</b> Bottom Hole Location API 35-099-99150-00-A02</p> <p><b>Track 4 : Indian</b> 80 Acres 14-20-205-99993</p>	<p><b>Track 3: FEE</b> 80 Acres</p>	<p><b>Track 2: Indian</b> 80 Acres 14-20-205-99992</p>	<p><b>Track 1: Indian</b> 80 Acres 14-20-205-99991</p>
<p><b>Track 5: Fee</b> 160 Acres</p> <p><b>Miller #5-34H</b> Top Hole Location API 35-099-99150-00 A02</p>		<p><b>Track 6: Fee</b> 160 Acres</p>	

## Plot Plan OKNM13123



# Example #1

## Allocation Schedule

OKNM79555					OKNM13123				
Tract Nbr	FED/IND/FEE/STATE	Lease Nbr	Acres	% Acres	Tract Nbr	FED/IND/FEE/STATE	Lease Nbr	Acres	% Acres
Tract 1	INDIAN	14-20-205-99994	80	0.125	Tract 1	INDIAN	14-20-205-99991	80	0.125
Tract 2	FEE		80	0.125	Tract 2	INDIAN	14-20-205-99992	80	0.125
Tract 3	INDIAN	14-20-205-99995	80	0.125	Tract 3	FEE		80	0.125
Tract 4	INDIAN	14-20-205-99996	80	0.125	Tract 4	INDIAN	14-20-205-99993	80	0.125
Tract 5	FEE		160	0.250	Tract 5	FEE		160	0.250
Tract 6	FEE		160	0.250	Tract 6	FEE		160	0.250
		Total Acres	640	1.000			Total Acres	640	1.000
		Total Indian	240	0.375			Total Indian	240	0.375
		Total FEE	400	0.625			Total FEE	400	0.625
		Total Acres	640	1.0000			Total Acres	640	1.0000
-----					-----				
Effective Date	5/23/2008				Effective Date	12/15/2014			
1st Production Date	10/3/2015				1st Production Date	10/3/2015			
API Well Numbers	35-099-99110-00-S01	Miller # 1-34H			API Well Numbers	35-099-99150-00-A02	Miller #5-34H		
	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							



# 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



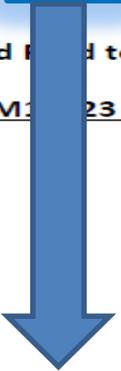
# Example #1 - Production

Production Month: June 2019

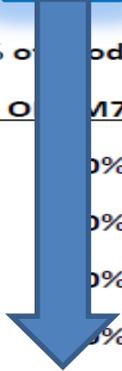
Production for each well:

API Well Number	Oil Produced bbl	Gas Produced Mcf	% of Prod Rptd to OKNMS 23	% of Prod. Rptd to OKNMS 179555
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%
<b>Total Production</b>	<b>2,500</b>	<b>5,900</b>	<b>0%</b>	<b>100%</b>

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**

Home » Documents List » OGOR » OGOR Part A - Well Production

Seconds until next auto-save: 275

AutoSave:

**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
<input type="checkbox"/>	> 1	Add	350999915000	A01	Miller #5-34H	11-PGW			30	472	943	0	0
<input type="checkbox"/>	> 2	Add	350999911000	S01	Miller #1	11-PGW			30	100	800	0	0
<input type="checkbox"/>	> 3	Add	350999912000	S01	Miller #2	11-PGW			30	100	800	0	0
<input type="checkbox"/>	> 4	Add	350999913000	S01	Miller #3	11-PGW			30	100	400	0	0
<input type="checkbox"/>	> 5	Add	350999914000	S01	Miller #4	11-PGW			30	100	300	0	0
<input type="checkbox"/>	> 6	Add	350999916000	S01	Miller #6	11-PGW			30	200	300	0	0
<input type="checkbox"/>	> 7	Add	350999917000	S01	Miller #7	11-PGW			30	100	200	0	0
<input type="checkbox"/>	> 8	Add	350999918000	S01	Miller #8	11-PGW			30	100	300	0	0
<input type="checkbox"/>	> 9	Add	350999919000	S01	Miller #9	11-PGW			30	300	700	0	0
<input type="checkbox"/>	> 10	Add	350999921000	S01	Miller #10	11-PGW			30	300	500	0	0
<input type="checkbox"/>	> 11	Add	350999922000	S01	Miller #11	11-PGW			30	500	500	0	0
<input type="checkbox"/>	> 12	Add	350999923000	S01	Miller #12	11-PGW			30	100	100	0	0

**Line Commands**

**Total Volume**

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



# Example #1

## eCommerce – OGOR-A

 **Office of Natural Resources Revenue**

Home » Documents List » OGOR » OGOR Part A - Well Production

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

Seconds until next auto-save: 290

AutoSave:

**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	
<input type="checkbox"/>	>	1	Add	350999915000	<b>A02</b>	Müller #5-34H	11-PGW			0	28	57	0	0

**Line Commands**

#Lines to Display:

**Total Volume**

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



# Example #1

## ONRR-2014 Reporting

### Formula for ONRR Form 2014

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

$$\begin{array}{l} \text{Total} \\ \text{Volume Sold} \end{array} \times \begin{array}{l} \text{Allocation} \\ \text{Schedule} \end{array} \times \begin{array}{l} \text{Ownership} \\ \% \end{array} = \text{Sales Volume}$$

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

$$\begin{array}{l} \text{100\% Of the} \\ \text{Well's Royalty} \\ \text{Bearing Volume} \end{array} \times \begin{array}{l} \text{Production} \\ \text{Allocation} \\ \text{Factor} \end{array} \times \begin{array}{l} \text{Allocation} \\ \text{Schedule} \end{array} \times \begin{array}{l} \text{Ownership} \\ \% \end{array} = \text{Sales Volume}$$



# 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



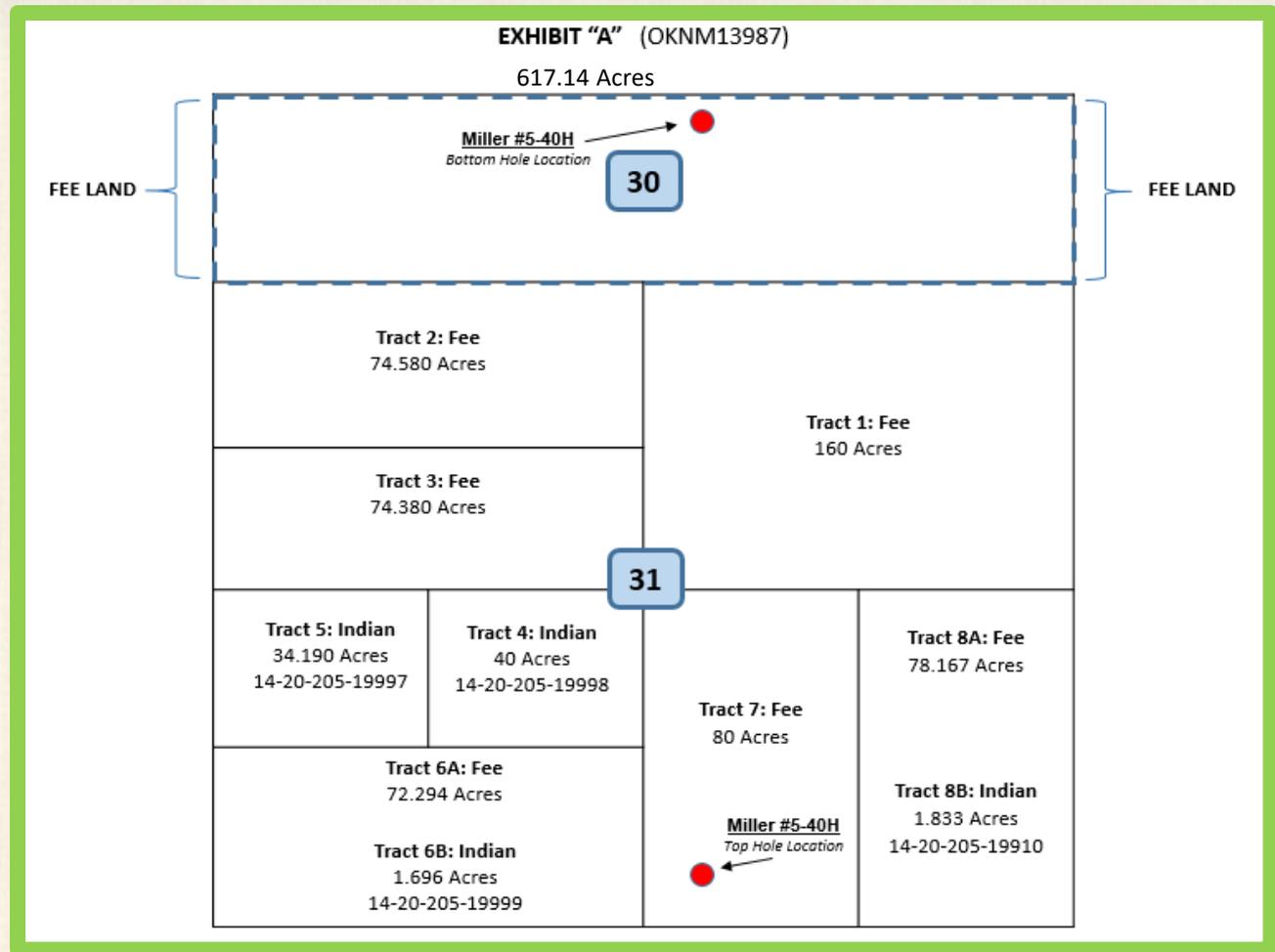
## EXAMPLE #2

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

<b>OKNM13987</b>				
<u>Tract Nbr</u>	<u>FED/IND/FEE/STATE</u>	<u>Lease Nbr</u>	<u>Acres</u>	<u>% Acres</u>
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	<u>80</u>	<u>0.1296</u>
		Total Acres	617.14	1.000
		<b>Total Indian</b>	<b>228.18</b>	<b>0.3697</b>
		<b>Total FEE</b>	<b>388.96</b>	<b>0.6303</b>
		<b>Total Acres</b>	<b>617.14</b>	<b>1.0000</b>
-----				
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:**

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



# 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

 Office of Natural Resources Revenue

Home » Documents List » OGOR » OGOR Part A - Well Production

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
<input type="checkbox"/>	>	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

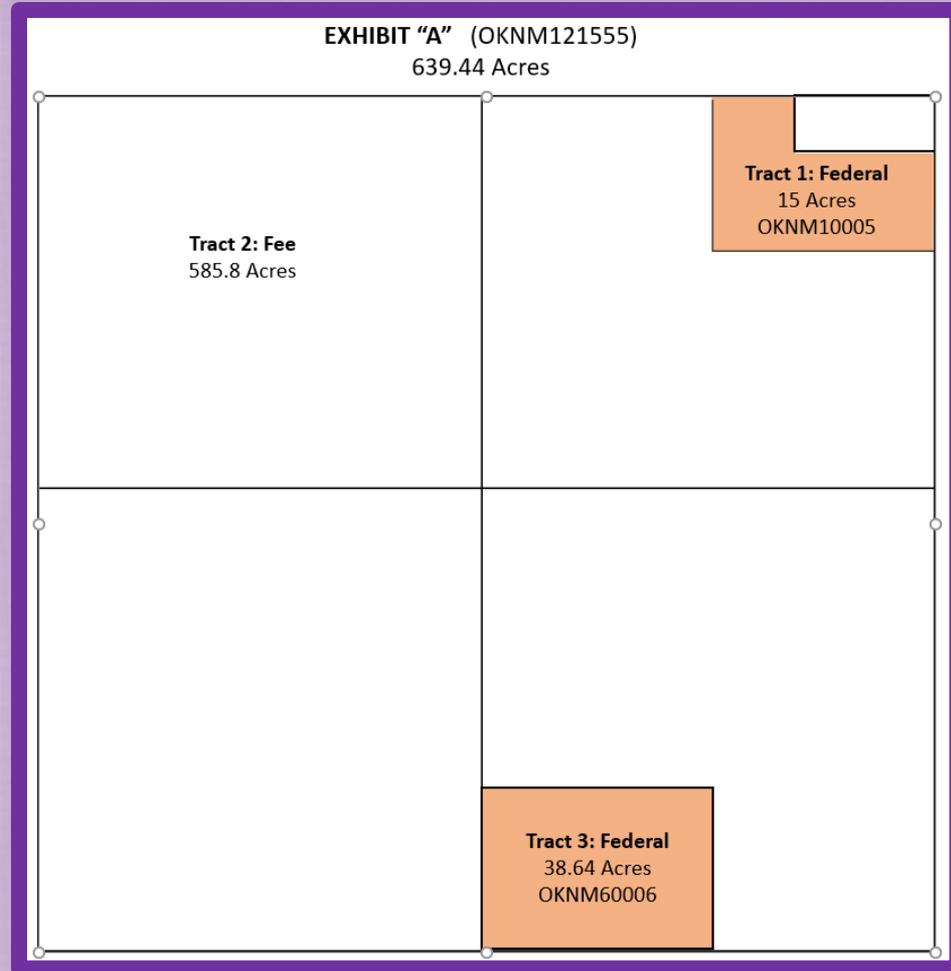




# Example #3

## Federal CA with Multiple Wells

### Plot Plan OKNM121555

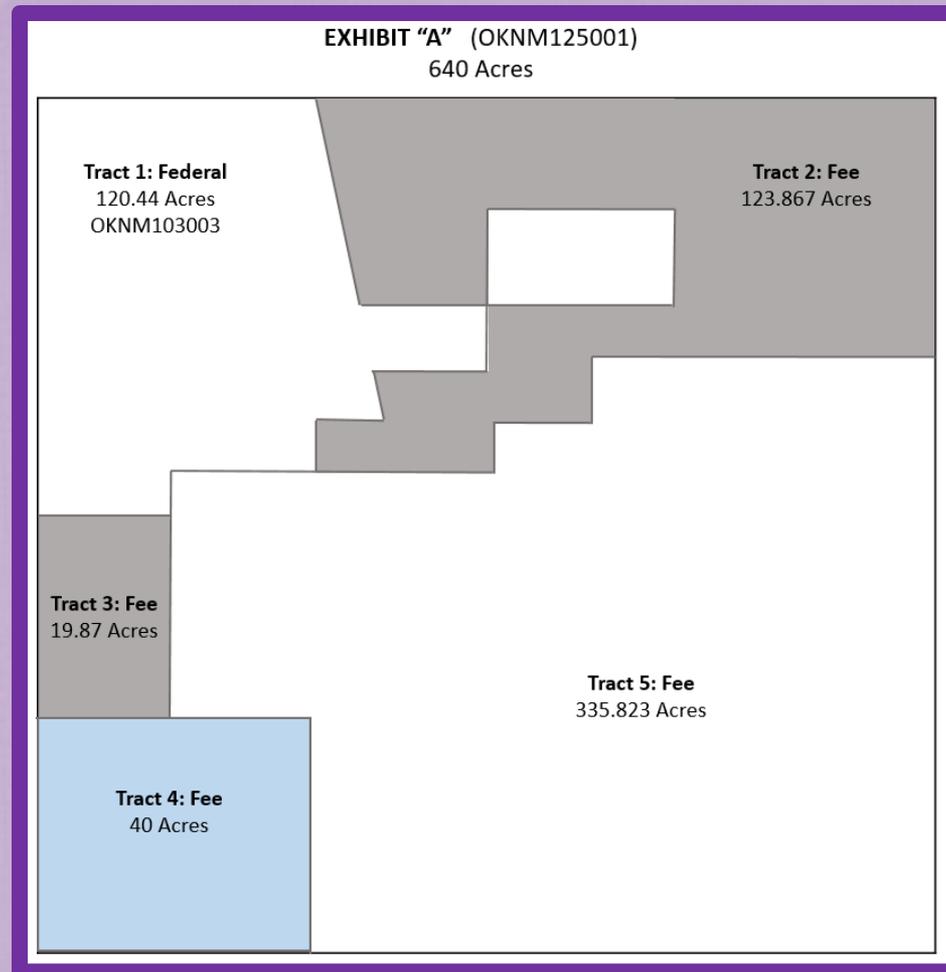




# Example #3

## 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



A02



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%
<b>Total Production</b>	<b>1,600</b>	<b>3,300</b>		





# 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:**

$$\begin{array}{ccccccc} \text{Total} & & \text{Allocation} & & \text{Ownership} & & \\ \text{Volume} & \times & \text{Schedule} & \times & \% & = & \text{Sales Volume} \\ \text{Sold} & & & & & & \end{array}$$

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

$$\begin{array}{ccccccc} \text{100\% Of the} & & \text{Production} & & \text{Allocation} & & \text{Ownership} \\ \text{Well's Royalty} & \times & \text{Allocation} & \times & \text{Schedule} & \times & \% \\ \text{Bearing Volume} & & \text{Factor} & & & & = \text{Sales Volume} \end{array}$$



# 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

