COMMINGLE PRODUCTION ALLOCATION METHODOLOGY FORMULAS FOR RECOMPLETIONS

I. **Allocation Formula from Subtraction Method** - Production is allocated to each zone based on the difference between commingled production and the estabished decline of the lower zone.

* Forecast future monthly production rates for the existing zone from the established decline trend of that zone.

* Subtract the forecasted rate from the commingled rate to obtain the allocated production rate for the upper zone.

* Upper zone allocation = Upper zone rate/(Combined rates).

* Lower zone allocation = Lower zone rate/(Combined rates).

* **Example**: Lower zone forcasted rate = 300 MCFGD
Commmingled rate = 750 MCFGD

Upper zone rate = 750 - 300 = 450 MCFD

Upper zone allocation = [450/750]*100 = 60%

Lower zone allocation = [300/750]*100 = 40%