CANYON LARGO UNIT PRODUCTION ALLOCATION METHODS

PERFORMANCE FIXED PERCENTAGE

- METHOD FOR SIMILAR STREAMS (I.E. GAS/GAS, OIL/OIL):
- BASED STRICTLY ON WELL PERFORMANCE

  PRODUCTION TESTING OF NEW DRILLS

  HISTORICAL PRODUCTION

BTU ADJUSTED FIXED PERCENTAGE

- METHOD FOR MIXED OIL/GAS STREAMS
- CALCULATED FROM BTU CONTENT OF PRODUCTION STREAM
- EXAMPLE:

  Qt = 100 MCF/D
  BTU = 1,245 MMBTU / MCF

  BTU (DK) = 1,175 MMBTU / MCF
  BTU (GL) = 1,300 MMBTU / MCF

  BTU ALLOCATION:
  1,245 = 1,175 * X + 1,300 (1 - X)
  SOLVING FOR X,
  X = 44% = DAKOTA ALLOCATION
  (1 - X) = 56% = GALLUP ALLOCATION

GAS PRODUCTION ALLOCATION WOULD BE BASED ON THESE PERCENTAGES.

OIL PRODUCTION ALLOCATION WOULD BE BASED ON A SIMILAR CALCULATION WITH API GRAVITY.

CANYON LARGO UNIT

BTU CONTENT VS TIME
MMBTU PER MCF