

LRE OPERATING, LLC  
ENRON STATE #2  
Artesia; Glorieta-Yeso & Artesia, Queen-Grayburg-San Andres  
D Section 32 T17S R28E  
5/4/2012  
API#: 30-015-31920

## Commingle Allocation Calculations

During October 2011, this commingled oil well averaged **5.0 BOPD & 34 MCF/D**. On 11/3/11, a payadd workover was completed in the lower zone (Yeso) and again commingled with the existing upper zone (San Andres) as per DHC-3962 & PC-1096.

Following the payadd workover in the Yeso an IP Test was conducted on this commingled well on 12/23/11 for **7 BOPD & 43 MCF/D**. Therefore, the well's allocation should be revised from the former (DHC-3962) allocation of:

<u>ZONE</u>	<u>OIL</u>	<u>GAS</u>
Artesia, Glorieta-Yeso (96830)	87%	64%
Artesia, Qn-Gbg-SA (3230)	13%	36%

Therefore, using these old allocations, & production before the payadd workover, the split was:

<u>ZONE</u>	<u>OIL (BOPD)</u>	<u>GAS (MCF/D)</u>
Artesia, Glorieta-Yeso (96830)	<b><u>4.4</u></b>	<b><u>21.8</u></b>
Artesia, Qn-Gbg-SA (3230)	<b><u>0.6</u></b>	<b><u>12.2</u></b>

The average oil production for the lower zone should now be:  $7 - 0.60 = \mathbf{6.4 \text{ BOPD}}$

The average gas production for the lower zone should now be:  $43 - 12.2 = \mathbf{30.8 \text{ MCF/D}}$

The average oil production for the upper zone should still be: **0.6 BOPD**

The average gas production for the upper zone should still be: **12.2 MCF/D**

### RECOMMENDED NEW OIL ALLOCATION

$$\% \text{ Lower Zone} = \frac{6.4}{7.0} = \mathbf{91\%}$$

$$\% \text{ Upper Zone} = \frac{0.6}{7.0} = \mathbf{9\%}$$

### RECOMMENDED NEW GAS ALLOCATION

$$\% \text{ Lower Zone} = \frac{30.8}{43} = \mathbf{72\%}$$

$$\% \text{ Upper Zone} = \frac{12.2}{43} = \mathbf{28\%}$$

