

PETRO OPERATING LLC
PRODUCTION REPORTING PROCEDURE
Form 7

Objective

Step by step instructions to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and gaining accurate timely filing to comply with industry regulations.

Step by Step Process

Production shall be reported for each completed formation in every well. Additionally, operators shall report all oil and gas wells that exist and are not plugged and abandoned on the "Monthly Report of Operations", Form 7. A well must be reported from the month that it is spudded until it has been reported for one month as abandoned. Every formation that is completed in a well shall be reported from the time that it is completed until it has been abandoned and reported for one month. Every well is uniquely identified by its API number and each completion is identified by the Colorado Oil and Gas Conservation Commission ("COGCC") Formation Code for the completed formation name.

Step 1

Petro Operating reporting group retrieves third party field information through ZSCADA along with purchaser reports.

Step 2

Petro Operating reporting group enters Form 7 information under the COGCC guidelines provided below. See Form 7 Example – Exhibit A

Step 3

Petro Operating reporting group sends to reporting head for.

Step 4

Petro Operating reporting group sends to management for approval to send to the COGCC.

Step

Petro Operating reporting group files Form 7 with the COGCC prior to the filing deadline.

Sample Form – Exhibit A – Form 7 Example

INFORMATION OBTAINED FROM COGCC'S WEBSITE - FORM 7 MONTHLY REPORT OF OPERATIONS:

Revisions

All Form 7 revisions must be submitted in the format in which they were originally submitted. Any revisions prior to January 1999 shall be submitted on the previously used Form 7 that reported production on a lease basis. Forms must be marked as a revision and all the data for the lease or well completion must be submitted.

API Numbers

The API number for a well is a national standard to uniquely identify all oil and gas wells, and wells associated with oil and gas operations.

Identifier Description	Digits	API	State code for Colorado	2
State Code				
API County			Code for county in which the well is located.	3
API Sequence			Unique sequence number for the county.	5
API Sidetrack			Sidetrack number increments by one for each additional wellbore.	2
05	123	06857	00	
Colorado State Code	Weld County Code	Sequence Number	Sidetrack	

The API number used to report will not include the state code "05". On the report the number should be provided as a single number including leading zeros in the sequence and sidetrack numbers; for example, **1230685700**.

A sidetrack is any wellbore that extends from the originally drilled wellbore. A well may have more than one actively producing sidetrack.

FORMATION CODES:

STATUS CODES:

Volumes

Gas production is reported in 1000 cubic feet (MCF) volumes pressure adjusted to 14.73 pounds per square inch atmosphere (psia) at sixty (60) degrees Fahrenheit.

Oil and water production are both reported in Barrels (bbls) which is equivalent to forty-two (42) U.S. gallons adjusted to sixty (60) degrees Fahrenheit.

Oil adjustments are reported in Bbls and should reflect how the volume affected the tank. In other words if the volume in the tank was dropped because of the adjustment then the value will need to be reported as a negative number (e.g. water is drained from the tank bottom). An example of a positive adjustment would be hot oil recovered, this might also be reported in a following month when the oil is sold and it should not be counted as royalty sales.

Inventory

In order to establish that oil production and sales data are correct it is necessary to run a balancing equation. In order to perform this equation it is necessary for the operator to provide a Beginning of Month (BOM) and End of Month (EOM) inventory. This value should be an allocated volume based on the each contributing completion in the stock tank. The equation used by the COGCC to validate balancing will be: $BOM + Produced - Sold \pm Adjustment = EOM$.

No inventory is allowed for gas production. Gas volumes will be balanced by this equation: Produced = Flared + Used + Shrinkage + Sold.

Quality

The quality of the products sold shall be monitored and reported on each report. For oil sales the quality value shall be its specific gravity and for gas sales the quality value shall be its BTU content per MCF. This value should be the weighted average of the oil runs made in the month or the last gas analysis value.

Water Disposition Codes

All produced waters shall be reported on the Form 7. The method of water disposition is to be reported by a single character code.

- M Commercial Disposal facility
- C Central Disposal pit or well
- P Onsite Pit
- I Injected on lease
- S Surface Discharge

Injection

Injection well operations are to be reported on the Form 7. Injection activities that are not to be reported on the form are the disposal of fluids other than produced water or fluids used for enhanced recovery. These disposal operations are to be reported on the Monthly Report of Fluids Injected, Form 14. The volume of gas injected shall be reported in the produced/injected gas column and water injection volumes shall be reported under the water produced/injected column. Injection pressures are to be monitored and reported on the Form 7 with a value for gas and/or water with both tubing and casing pressures reported

Electronic Reporting

Operators are encouraged to report using electronic methods to eliminate paper work and to greatly streamline the process of data submittal and processing for both the operator and the COGCC. Below is a table describing the data fields on the Form 7 and the order that they need to appear in the electronic data file. Each well completion shall consist of a complete line of data with each field separated by a comma. In order to maintain sequence each data field must be accounted for even if it is null. Do not insert zeros for null values, i.e. if the well is shut in then there should be null values in the production data fields. Files should be submitted with a ".csv" extension the rest of the file name is not critical. There is no cover page or submittal page requirement. Electronic submissions may be made via removable storage media, 3.5" floppy disk or cd rom, or by email; the email address is "ogcc.eforms@state.co.us".

HISTORICAL RECORD EXAMPLE

FORM	PRODUCTI ON DATE	DATE FILED	FILED TO	SUPERVIS OR REVIEW	MANAGER REVIEW
7	January 2020	3/16/2020	Teri Ikenouye	KNanke	ITewelde
7	February 2020	4/14/2020	Teri Ikenouye	KNanke	ITewelde
7	March 2020	5/14/2020	Teri Ikenouye	KNanke	ITewelde
7	April 2020	6/9/2020	Teri Ikenouye	KNanke	ITewelde
Corrected 7	To update formation codes	6/9/2020	Teri Ikenouye	KNanke	ITewelde