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Stipulations for comingling; Lease No. C-4224 CA No. NRM-758  
OIL & GAS CONS. COMM.

I. Measuring Facilities

- A. Furnish the District Office a complete schematic diagram of the proposed gas sales metering facilities with all components labeled and completely described i.e., meter type, meter size, sampler size, etc. furnish a detailed plat with piping layout.

For the Keenesburg Collection Station, furnish a complete schematic diagram of the liquid separators and all tanks and pits. Indicate which piping systems are open or closed (see enclosure for definitions). Furnish descriptive information on the condensate meter (barrel counter) such as type, model number, serial number, etc. This meter must be calibrated and proved at six-month intervals.

- B. Equipment must be monitored and operated in accordance with the following requirements:

1. Tank Equipment Requirements

To reduce evaporation losses, sales tanks must be equipped with a pressure-vacuum thief hatch and vent-line valve.

Tank seals must be used on the water drain valve on the 60,000 gallon water separation and transfer tanks and the last valve immediately upstream from the liquid (barrel counter) meter. The operators must maintain a record of these seals on the lease.

2. Other Items

Tank calibration; gauging and sampling; gravity, temperature and BS&W corrections; must be made in accordance with the latest industry recognized API and ASTM standards.

- C. The operator must conduct unscheduled proving when requested.
- D. A notice of scheduled proving of the liquid meter dates must be provided, either by writing the next proving date on copies of the latest proving report, or by notifying the Canon City District in writing, at least 10 days before proving will be performed.
- E. A copy of all proving reports must be furnished to the Canon City District.



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II. Allocation (Wellsite) Gas Meter

- A. The allocation meter must be tested semi-annually.
- B. The operator must keep all test data for at least six years.

No special form is required, but must include the following:

- Federal lease of CA number.
- Station or meter number.
- Meter data (make, differential and static range, rotation period).
- Type connections (flange or pipe).
- Orifice data.
- Base data (temperature, atmospheric pressure).
- Time and date of test.
- Instrument error(s) found and certification or correction.
- Signature and affiliation of tester and witness remarks.

III. Sales Meter (Gas)

- A. The same as Part II (except the sales meter must be calibrated at least quarterly).

IV. Condensate Sales

- A. The operator must keep all run tickets or other records of change of ownership or custody of the tank's contents.
- B. Records of condensate sales must be kept for six years.

V. Allocation Calculations

- A. At the BLM's request submit data used for the basis of the allocation calculations for the desired interval.
- B. Gas and condensate allocation data to be submitted are as follows:

1. Plant inlet volume	MCF.
2. Casinghead Gas	MCF.
3. Booster Fuel	MCF.
4. Total theoretical all stationed volume	MCF.
5. Actual condensate volume all stations	BBL.
6. Theoretical condensate volume all stations	BBL.



(e) When requested by the authorized officer, the lessee shall furnish storage for royalty oil, on the leasehold or at a mutually agreed upon delivery point off the leased land without cost to the lessor, for 30 days following the end of the calendar month in which the royalty accrued.

(f) Any records generated under this section shall be maintained for 6 years from the date they were generated or, if notified by the Secretary, or his designee, that such records are involved in an audit or investigation, the records shall be maintained until the recordholder is released by the Secretary from the obligation to maintain them.

§ 3162.7-2 Measurement of oil.

... All oil production shall be measured by tank gauging, positive displacement metering system, or other methods acceptable to the authorized officer, pursuant to methods and procedures prescribed in applicable orders and notices. Where production cannot be measured due to spillage or leakage, the amount of production shall be determined in accordance with the methods and procedures approved or prescribed by the authorized officer.

§ 3162.7-3 Measurement of gas.

All gas production shall be measured by orifice meters or other methods acceptable to the authorized officer on the lease pursuant to methods and procedures prescribed in applicable orders and notices. The measurement of the volume of all gas produced shall be adjusted by computation to the standard pressure and temperature of 14.73 psia and 60° F unless otherwise prescribed by the authorized officer, regardless of the pressure and temperature at which the gas is actually measured. Gas lost without measurement by meter shall be estimated in accordance with methods prescribed in applicable orders and notices.

§ 3162.7-4 Site security on Federal and Indian (except Osage) oil and gas leases.

(a) Definitions—

*Appropriate valves.* Those valves in a particular piping system, i.e., fill lines, equilizer lines, sales lines, circulating lines, drain lines, or other lines, that must be sealed during a given phase of operations.

*Closed system.* A piping arrangement from one or more source points to one or more other points in a system which does not have means of access, i.e., flat plugs, bullplugs, blanking caps, open-ended valves, or combinations thereof.

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*Effectively sealed.* The placement of a seal in such a manner that the position of the sealed fitting may not be altered or the fitting removed from the system without the seal being destroyed.

*Open system.* A piping arrangement from one or more source points to one or more other points in a system which does have a means of access, i.e., flat plugs, bullplugs, blanking caps, open-ended valves, or combinations thereof.

*Production phase.* That period of time or mode of operation during which crude oil is delivered directly to or through production vessels to the storage facilities.

*Sales phase.* That period of time or mode of operation during which crude oil is removed from the storage facilities for sales, transportation or other purposes.

*Seal.* A device, uniquely numbered, which completely secures a fitting.

(b) *Minimum standards.* Each operator of a Federal or Indian (except Osage) lease shall comply with the following minimum standards:

(1) All appropriate valves on lines entering or leaving oil storage tanks shall be effectively sealed during the production phase and during the sales phase. The piping and connections in a closed system which are tamper proof or tamper resistant are essentially protected from unauthorized or undocumented entry, but the piping and connections in an open system shall be protected. For a minimum of 6 years the operator shall maintain a record of seal numbers used and shall document on which valves or connections they were used as well as when they were installed and removed. The site facility diagram(s) shall show which valves will be sealed in which positions during both the production and sales phase, and shall show whether the piping is an open or closed system.

(2) Each Automatic Custody Transfer (ACT) system shall employ meters that have non-resettable totalizers. There shall be no by-pass piping around the ACT. Similarly, there shall be no by-pass piping around gas meters. Equipment which permits changing the orifice plate without bleeding the pressure off the gas meter run is not considered a by-pass.

(3) Where oil is sold via hand gauged volumes, the operator shall minimize the time that oil is stored on leases to that time needed to accumulate an economic run. The operator may retain that oil needed for use on the lease and to provide for delivery of royalty oil.

(4) The operator will deal promptly with any other accumulations of oil in pits or tanks in accordance with the provisions of § 3162.7-1 of this title

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