



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene St.
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

RECEIVE
JUL 17 2000
REGULATORY

IN REPLY REFER TO:
3162.7 (080)
NM25336

CERTIFIED-RETURN RECEIPT REQUESTED
Z 402 942 383

Arco Permian
P O Box 1610
Midland TX 79702

RE: NM25336
Leggett Federal
NESE SEC 22, T20S, R21E
Eddy County, New Mexico

HOBBS OFFICE
JUL 17 2000
DATE REC'D

RECEIVED
JUL 13 2000
LAND
ADMINISTRATION

JUL 11 2000

Gentlemen:

As you are aware, the Bureau of Land Management (BLM) is the agency responsible for ensuring the correct reporting of production from oil and gas leases operated on Federal and Indian lands. In order to meet this objective, the BLM has developed a Production Accountability Inspection (PAI) program on selected Federal and Indian oil and gas properties to determine how accurately your production records match the volumes you reported on the Monthly Report of Operations (MRO) Form MMS-3160.

Your operations on the referenced lease have been selected and your cooperation and assistance will be appreciated. In accordance with the requirements of 43 CFR 3162.7-5(b)(6), you are ordered to submit the following source documents, procedures, and formulas used to calculate the volumes of oil, gas, or water reported on the 3160(s) for the month(s) of February 2000 to April 2000.

1. If producing gas, submit:
 - a. Gas Chart Integration or (Electric Flow Meter reports) showing wellhead MCF.
 - b. Latest Meter Calibration Report
 - c. Gas Purchaser Statements.
2. If producing oil, submit:
 - a. Run tickets for oil measured through LACT meters, or by tank gauging.
 - b. Calibrated Tank Tables for stock tanks where oil is measured by tank gauging.
 - c. Meter Proving report for period prior to sale(s) if oil is measured by LACT.
 - d. Oil Purchasers Statement.
 - e. Copies of seal records. RUN TICKETS ARE NOT SEAL RECORDS. Seal records should include: dates installed/removed, seal no., tank no., valve (drain

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12967 and 12968 Exhibit No. 5A
Submitted by:
BP AMERICA PRODUCTION COMPANY

5A

sales, fill or equalizer) and remarks,
f. Copies of pumper statements.

3. Allocation methods and factors for the oil and gas produced and sold if applicable.

Pursuant to 43 CFR 3162.4-1(a) the operator shall keep accurate and complete records with respect to all lease operations including but not limited to production facilities and equipment, and producing operations. Title 43 CFR 3162.4-1(b) requires that upon request, the operator shall transmit to the authorized officer copies of records maintained in compliance with paragraph (a) of this section.

Title 43 CFR 3162.4-1(d) requires that all records and reports shall be maintained for 6 years from the date they were generated. In addition, if the Authorized Officer (AO) notifies the record holder that the BLM has initiated or is participating in an audit or investigation involving such records, the records shall be maintained until the AO releases the record holder from the obligation to maintain such records. Under 43 CFR 3162.75(b)(6), such records and measurements shall be available to any AO upon request.

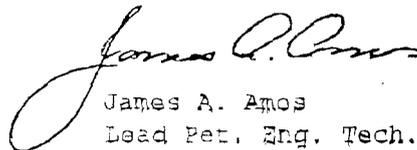
Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly and wilfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

All documents must be properly identified by Federal or Indian lease numbers, and include the information requested above. All documents are to be submitted to this office: Bureau of Land Management, P. O. Box 1778, Carlsbad, NM 88221 within 20 business days of receipt of this order. To facilitate any communication or requests for additional data, please provide the name, address, and phone number of the person who should be our primary contact in regard to this letter. Failure to comply as noted above will result in a notice of violation, and may result in an assessment or civil penalty under 43 CFR 3163.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the decision described above, before the State Director. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, NM 87502-0115. Such request shall not result in a suspension of the orders unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions, please contact Jim Amos at this office at (505) 234-5909.

Sincerely,


James A. Amos
Lead Pet. Eng. Tech.