

STOCK TANK PRESSURE VACUUM THIEF HATCH AND VENT LINE VALVE REQUIREMENT WAIVER.

OSO #4 Section III C 1 (a) requires that each sales tank shall be equipped with a pressure-vacuum thief hatch and vent line valve. The purpose of the requirement is to prevent loss of product at low volume and pressure or by flashing of light ends in high gravity oil. Many sites producing, handling and selling Federal or Indian oil within Oklahoma, Kansas and Texas do not have sales tanks which are equipped to meet these requirements, and in many cases it is not economically feasible or technically justifiable.

A fluid with an API gravity below 36 degrees will not have significant flashing of light ends within the normal temperature range. The loss of gas from a low oil volume facility would be insignificant if the sales tank is vented to the atmosphere. The economic burden of equipping each facility to comply with Order No. 4 would cause the premature abandonment of some wells or facilities. OSO #4 provides for granting requests for a variance from the minimum standards.

Therefore, the requirement to install a pressure-vacuum thief hatch and vent line valve is hereby waived when:

1. The API gravity of the produced oil is 36 degrees or less; and,
2. The oil production volume from the well or facility is 10 BOPD or less on an average monthly basis.

No pressure-vacuum thief hatch and vent line is required if both of the above conditions are met. It is not necessary to request approval of a waiver whenever both conditions exist.

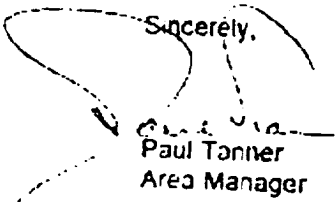
Production facilities not meeting these conditions will continue to be subject to the full requirements of OSO #4. This waiver does not preclude granting a variance under differing circumstances on a case by case basis, upon receipt of an application for a variance, as allowed under OSO #4, Section IV.

PROPOSED NOTICE TO LESSEES AND OPERATORS

Also enclosed is a draft Notice to Lessees and Operators (NTL-TDO-95-1) which establishes minimum standards for economically feasible treatment of produced oil to ensure that the oil production is properly measured for sale or removal. This NTL specifically defines clean, waste and slop oil, and establishes a requirement for prior approval to sell any oil below the prevailing posted field price for treatable oil.

Written comments on the enclosed proposed NTL will be accepted by Dale Pylant, Oklahoma Resource Area, at the address shown on the letterhead, or by facsimile at (405) 793-9932, until December 1, 1994.

Sincerely,


Paul Tanner
Area Manager

Enclosures

- 1--List of wells
- 2--Draft Notice to Lessees and Operators NTL-TDO-95-1

