

Trilogy Exception # 21 Response

Administrative Order PLC 184 issued by the New Mexico Oil Conservation Division, in conjunction with the New Mexico State Land Office and the Bureau of Land Management's Carlsbad Field Office, approved of our allocation method to report allocated sales volumes for the CPD back to the wells based on the allocation meters (Items 1&2). The Bureau of Land Management has audited the PLC 184 allocation methods two times, once on the Leggett Federal for the months of February, March, and April of 2000, and again on the Sweet Thing Federal Unit for the months of November and December of 2001. BLM did not take exception to the methods, did not issue any Written Orders or Notice of Incidents of Noncompliance concerning either of these audits. Both audits had to include all of the wells and meters associated with the PLC 184 in order to balance.

In September of 1999 an Ajax DPC 360 compressor was installed to compress the gas for PLC 184. The manufacturer's fuel gas usage rate is calculated at 70 mcfpd for a 24 hour run time. On March 1, 2001 this compressor was replaced with a larger Caterpillar 3516 Compressor. The manufacturer's fuel usage rate is calculated at 241 mcfpd for a 24 hour run time (Item 3). This is a difference of 171 mcfpd in fuel usage or 5130 mcf per month. Measurement errors were found in five months out of forty-one months reviewed. One month is July 1999. When the error is corrected according to the Bureau of Land Management's Onshore Oil and Gas Order #5 Gas Measurement the CPD less than meters changes from the stated 21% to 4.7%. The same is true for August 1999. The CPD less than meters changes from 20% to 0.7% (Items 2&4). These errors were due to a DP Measurement Pulse Error recorded in the Totalflow events log. The same is true for December 1999, January and February 2001. These measurement errors will be corrected in consensus with the Bureau of Land Management's Carlsbad Field Office I&E personnel. The total volume to be corrected should result in a decrease of the allocation volumes by approximately 25,792 mcf. This will reduce the excepted difference between allocation meters and sales meter volume total listed on page 1 of attachment T from 69,340 mcf to 48,072 mcf. If the theory presented in Exception # 21 were extended past September 2001 until February 2002 the balance would be (-417) mcf and growing. The corrected average difference between the allocation meters and the sales meter from 3/99 through 2/01 is 3,302 mcf per month. The corrected average difference between the allocation meters and the sales meter from 3/01 through 9/01 is (-4454) mcf per month. This is an average variance of 7,756 mcf per month. If you subtract the average increase in fuel usage of 5,130 mcf per month the variance is decrease to 2,626 mcf per month or 1.7% of the average monthly volume for 3/01 through 9/01.

The majority of the allocation meters in place when we purchased the leases from Stevens & Tull were dry flow Barton chart meters without temperature recorders. The meter tubes and volume calculations are based on AGA 3 '85 edition specifications in compliance with Onshore Oil and Gas Order No. 5; Gas Measurement. We have replaced all of the chart recorders with Totalflow Electronic Flow Meters with temperature recorders. The first of these meters was replaced on December 19, 2000 on the Nasser Federal Upper Penn. The flowing characteristics of heading up and dying off of this well made chart integration difficult. There are also some differences in lab analysis used to calculate the volumes for the allocation meters and the sales meter. These differences account for the remaining 1.7% difference.

BEFORE THE OIL CONSERVATION
DIVISION

Santa Fe, New Mexico

Case Nos. 12967 and 12968 Exhibit No. 19

Submitted by: Trilogy Operating Inc.

Hearing Date: January 9, 2003



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrenberg

Director

Oil Conservation Division

COMMINGLING ORDER PLC-184

ARCO Permian
P.O. Box 1089
Eunice, New Mexico 88231

Attention: Mr. Robert L. Manthei

The above named company is hereby authorized to commingle Indian Loafer Draw-Upper Pennsylvanian (Gas - 79122) and Little Box Canyon-Morrow (Gas - 80240) Pool production from the following wells:

Well: Crooked Canyon "35" Federal No. 1 (API No. 30-015-30559)
Description: E/2 of Section 35, Township 20 South, Range 21 East, NMPM;

Well: Leggett Federal No. 1 (API No. 30-015-25228)
Description: E/2 of Section 22, Township 20 South, Range 21 East, NMPM;

Well: Sweet Thing Federal Unit No. 1 (API No. 30-015-28130)
Sweet Thing Federal Unit No. 2 (API No. 30-015-30338)
Description: W/2 of Section 6, Township 21 South, Range 22 East, NMPM;
All of Section 31, Township 20 1/2 South, Range 22 East, NMPM;

Well: B & C Federal "25" No. 1 (API No. 30-015-30842)
Description: S/2 of Section 25, Township 20 South, Range 21 East, NMPM;

Well: Sweet Thing "36" State No. 1 (API No. 30-015-30004)
Well: Sweet Thing "36" State No. 2 (API No. 30-015-30850)
Description: All of Section 36, Township 20 1/2 South, Range 21 East, NMPM;

Well: Little Box State No. 2 (API No. 30-015-30224)
Little Box State No. 3 (API No. 30-015-30434)
Little Box State No. 4 (API No. 30-015-30486)
Description: All of Section 36, Township 20 South, Range 21 East, NMPM;

ARCO Permian

Commingling Order PLC-184

July 26, 2001

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Well: Nasser Federal "1" No. 1 (API No. 30-015-27865)

Description: N/2 of Section 1, Township 21 South, Range 21 East, NMPM;

Well: Hilltop Federal No. 1 (API No. 30-015-25229)

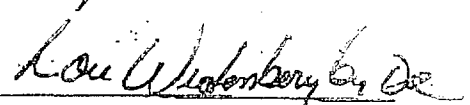
Description: W/2 of Section 1, Township 21 South, Range 21 East, NMPM;

All in Eddy County, New Mexico.

Production shall be allocated by separately metering the production from each well, utilizing allocation meters, prior to commingling.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Artesia district office of the Division upon commencement of commingling operations.



LORI WROTENBERY,
Division Director

LW/DRC

cc: Oil Conservation Division - Artesia
State Land Office-Oil & Gas Division
Bureau of Land Management-Carlsbad

YC: Amy Spang - HOO
ARTESIA

Item 1
- 09

OPERATOR'S COPY

Original

7099-3220-0003-7761-626

Duplicate

7099-3220-0003-7761-7011

Form 3160-5
(June 1990)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

ARCO Permian

3. Address and Telephone No.

P.O. Box 1089, Eunice, NM 88231

505-394-1649

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Various

FORM APPROVED

Budget Bureau No. 1004-0135

Expires March 31, 1993

5. Lease Designation and Serial No.

See Attached Application

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

See Attached

Application

9. API Well No.

See Attached Application

10. Field and Pool or exploratory Area

Various

11. County or Parish, State

Eddy

NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment☐ Recompletion☐ Plugging Back☐ Casing Repair☐ Altering Casing☐ Other☐ Change of Plans☐ New Construction☐ Non-Routine Fracturing☐ Water Shut-Off☐ Conversion to Injection☐ Dispose Water

(Note: Report results of multiple completion on Completion or Recompletion Report and Log.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is direction give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

ARCO Permian requests permission to conduct surface commingling of gas, off lease measurement of gas, and to utilize an alternate method of measurement of gas as per the attached application.

Please note that co-owner notification has been made.

ROW numbers that are associated with this application are as follows:

NM-102283, NM-92518, NM-102284, NM-92582, RW-25380, RW-22680

BLM FILE IN NM27451
Lease Correspondence.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct

Signed

[Signature]

Title Sr. Administrative Assistant

Date 12/21/00

(This space for Federal or State office use)

Approved by

[Signature]

Title

PETROLEUM ENGINEER

Date

APR 30 2001

Conditions of approval, if any:

Item 1 pg 3 of 9

Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
505-627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions of Approval**

Approval of surface commingling and off-lease storage and/or measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the facility.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.

9/3/96 -- acs (fn:offlease.01)

Item 1
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CRA BLM FORMATAPPLICATION FOR SURFACE COMMINGLING, OFF LEASE
MEASUREMENT AND ALTERNATE METHOD OF MEASUREMENT

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88221-1778

ARCO Permian (Operator's Name) is requesting approval for surface commingling and off-lease measurement and alternate method of measurement of gas production from the following formation(s) and well(s) on Federal Lease

No. NM25336 ; Lease Name: Crooked Canyon 35 Federal

No. NM25336 ; Lease Name: Leggett Federal

Well

<u>No.</u>	<u>API #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>30-015-30559</u>	<u>NESE</u>	<u>35</u>	<u>20S</u>	<u>21E</u>	<u>Little Box Canyon Morrow</u>
<u>1</u>	<u>30-015-24381</u>	<u>NESE</u>	<u>22</u>	<u>20S</u>	<u>21E</u>	<u>Indian Loafer Draw Upper P.</u>

No. NMNM91032A ; Lease Name: Sweet Thing Federal Unit

Well

<u>No.</u>	<u>API #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>30-015-28130</u>	<u>SENW</u>	<u>6</u>	<u>21S</u>	<u>22E</u>	<u>Little Box Canyon Morrow</u>
<u>2</u>	<u>30-015-30338</u>	<u>NWNW</u>	<u>31</u>	<u>20.5S</u>	<u>22W</u>	<u>Little Box Canyon Morrow</u>

No. NM93457 ; Lease Name: B&C 25 Federal

Well

<u>No.</u>	<u>API #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>30-015-30842</u>	<u>SWSW</u>	<u>25</u>	<u>20S</u>	<u>21E</u>	<u>Little Box Canyon Morrow</u>

No. VA0802-3 ; Lease Name: Sweet Thing 36 State

No. VA1541 ; Lease Name: Little Box State

Well

<u>No.</u>	<u>API #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>30-015-30004</u>	<u>SESE</u>	<u>36</u>	<u>20.5S</u>	<u>21E</u>	<u>Little Box Canyon Morrow</u>
<u>2</u>	<u>30-015-30850</u>	<u>Lot 1</u>	<u>36</u>	<u>20.5S</u>	<u>21E</u>	<u>Indian Loafer Draw Upper P.</u>
<u>2</u>	<u>30-015-30224</u>	<u>SESW</u>	<u>36</u>	<u>20 S</u>	<u>21E</u>	<u>Little Box Canyon Morrow</u>
<u>3</u>	<u>30-015-30434</u>	<u>SENW</u>	<u>36</u>	<u>20 S</u>	<u>21E</u>	<u>Little Box Canyon Morrow</u>
<u>4</u>	<u>30-015-30486</u>	<u>SESW</u>	<u>36</u>	<u>20 S</u>	<u>21E</u>	<u>Indian Loafer Draw Upper P.</u>

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE MEASUREMENT AND ALTERNATE METHOD OF MEASUREMENT

No. NM27451 ; Lease Name: Nasser Federal
No. NM27451 ; Lease Name: Hilltop Federal

Well

No.	API #	Loc.	Sec.	Twp.	Rng.	Formation
<u>1</u>	<u>30-015-27865</u>	<u>SENE</u>	<u>01</u>	<u>21S</u>	<u>21E</u>	<u>Little Box Canyon Morrow</u>
<u>1</u>	<u>30-015-27865</u>	<u>SENE</u>	<u>01</u>	<u>21S</u>	<u>21E</u>	<u>Indian Loafer Draw Upper P.</u>
<u>1</u>	<u>30-015-25229</u>	<u>SENW</u>	<u>01</u>	<u>21S</u>	<u>21E</u>	<u>Indian Loafer Draw Upper P.</u>

Production from the wells involved is as follows:

Well Name and No.	BOPD	Oil Gravity	MCFPD	METER #
<u>Crooked Canyon 35 Fed #1</u>	<u> </u>	<u> </u>	<u>20</u>	<u>646456</u>
<u>Leggett Federal #1</u>	<u> </u>	<u> </u>	<u>2</u>	<u>646191</u>
<u>Sweet Thing Fed Ut. #1</u>	<u> </u>	<u> </u>	<u>43</u>	<u>646209</u>
<u>Sweet Thing Fed Ut. #2</u>	<u> </u>	<u> </u>	<u>19</u>	<u>646266</u>
<u>B&C 25 Federal #1</u>	<u> </u>	<u> </u>	<u>56</u>	<u>646548</u>
<u>Sweet Thing 36 State #1</u>	<u> </u>	<u> </u>	<u>26</u>	<u>646290</u>
<u>Little Box State #2</u>	<u> </u>	<u> </u>	<u>17</u>	<u>646159</u>
<u>Little Box State #3</u>	<u> </u>	<u> </u>	<u>0</u>	<u>646159</u>
<u>Little Box State #4</u>	<u> </u>	<u> </u>	<u>942</u>	<u>646175</u>
<u>Sweet Thing 36 State #2</u>	<u> </u>	<u> </u>	<u>523</u>	<u>646589</u>
<u>Nasser Federal #1</u>	<u> </u>	<u> </u>	<u>917</u>	<u>646217</u>
<u>Nasser Federal #1</u>	<u> </u>	<u> </u>	<u>17</u>	<u>646241</u>
<u>Hilltop Federal #1</u>	<u> </u>	<u> </u>	<u>9</u>	<u>646365</u>

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and locations of all leases and wells that will contribute production to the proposed commingling. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The measuring facility is located at SENE ($\frac{1}{4}$ $\frac{1}{4}$), Sec. 1, T 21 S, R 21 E, on Lease No. NM27451, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

All gas sold is measured separately and allocated back to each lease based on it's percent of contribution to the total volume sold. Lease use fuel is calculated and allocated on the same percent base back to each lease.

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE MEASUREMENT
AND ALTERNATE METHOD OF MEASUREMENT

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the least instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: Robert L. Manthei
Name: Robert L. Manthei
Title: Operations Supervisor
Date: 12/07/00

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMISSIONER'S RESOURCES

Phone (505) 827-5760

Fax (505) 827-5766

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-5739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

August 28, 2001

ARCO Permian

P. O. Box 1089

Eunice, NM 88231

Attention: Mr. Robert L. Manthei

Re: Application to Surface Commingle
Crooked Canyon 35 Federal, Leggett Federal, Sweet Thing Federal Unit, B&C 25 Federal, Sweet
Thing 36 State, Little Box State, Nasser Federal, Hilltop Federal
Indian Loafer Draw Upper Penn & Little Box Canyon (Morrow Gas) Pools
Sections 01, 06,, 22, 25, 31, 35, 36, T20.5S-21E
Eddy County, New Mexico

Dear Mr. Manthei:

We are in receipt of your letter of August 13, 2001. Your letter requests our approval to surface commingle and sell through one central sales point the Indian Loafer Draw-Upper Pennsylvanian and Little Box Canyon-Morrow Pool production from the following wells:

Well Name and Number	Description
Crooked Canyon "35" Federal No. 1	E/2 Sec. 35-20S-21E
Leggett Federal No. 1	E/2 Sec. 22-20S-21E
Sweet Thing Federal Unit No. 1	W/2 Sec. 6-21S-22E
Sweet Thing Federal Unit No. 2	All Sec. 31-20½S-22E
B & C Federal "25" No. 1	S/2 Sec. 25-20S-21E
Sweet Thing "36" State No. 1	All Sec. 36 20½S-21E
Sweet Thing "36" State No. 2	All Sec. 36 20½S-21E
Little Box State No. 2	All Sec. 36-20S-21E
Little Box State No. 3	All Sec. 36-20S-21E
Little Box State No. 4	All Sec. 36-20S-21E
Nasser Federal "1" No. 1	N/2 Sec. 1-21S-21E
Hilltop Federal No. 1	W/2 Sec. 1-21S-21E

It is our understanding that the above-mentioned production will be allocated by separately metering the production from each well, utilizing allocation meters, prior to commingling.

ARCO Permian
August 28, 2001
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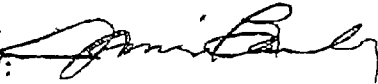
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pn

pc: Reader File
OCD-Attention: David Catanach, Ben Stone,
BLM-Roswell, Attn: Mr. Armando Lopez

Item 1

19.15.6.403 NATURAL GAS FROM GAS WELLS TO BE MEASURED

A. All natural gas produced shall be accounted for by metering or other method approved by the Division and reported to the Division by the transporter of the gas. Gas produced from a gas well and delivered to a gas transportation facility shall be reported by the owner or operator of the gas transportation facility. Gas produced from a gas well and required to be reported under this rule, which is not delivered to and reported by a gas transportation facility shall be reported by the operator of the well.

B. An operator may apply to the OCD District Supervisor, using Form C-136, for approval of one of the following procedures for measuring gas:

(1) In the event a well is not capable of producing more than 15 MCFD, a measurement method agreed upon by the operator and transporter whereby the parties establish by annual test the producing rate of said well under normal operating conditions and apply that rate to the period of time the well is in a producing status. If such well is capable of producing greater than 5 MCFD, a device shall be attached to the line which will determine the actual time period that the well is flowing.

(2) Any well which has a producing capacity of 100 MCFD or less and which is on a multi-well lease may be produced without being separately metered when the gas is measured using a lease meter at a Central Point Delivery (CPD). The ownership of the lease must be common throughout including working interest, royalty and overriding royalty ownership.

(3) If normal operating conditions change, either party may request a new well test, the cost of which will be borne by the party so requesting unless otherwise agreed upon.

C. Operators and transporters shall report the well volumes on Forms C-115 and C-111 based upon the approved method of measurement and, in the case of a CPD, upon the method of allocation of production to individual wells approved by the District Supervisor.

[1-1-50, 12-23-91...2-1-96; 19.15.6.403 NMAC - Rn, 19 NMAC 15.F.403, 12-14-01]

BUREAU OF LAND MANAGEMENT
43 CFR 3160

Federal Register / Vol 54, No. 36
 Tuesday, February 24, 1989
 Effective date: March 27, 1989

Onshore Oil and Gas Operations; Federal and Indian Oil & Gas Leases;
Onshore Oil and Gas Order No. 5; Measurement of Gas

III.B. General

All gas production shall be measured in accordance with an authorized method of measurement. As set out in 43 CFR 3162.7-3, gas produced from leases, units, unit participating areas, and communitization agreements subject to the Bureau of Land Management, as such jurisdiction is defined in 43 CFR 3161.1, may be by orifice meter or other methods acceptable to the authorized officer. The requirements and minimum standards for gas measurement are set out below.

The requirements of this Order are based on the standards and specifications published by the American Gas Association (AGA) and officially designated as ANSI/API 2530 and AGA Committee Report No. 3, second edition, 1985, hereafter referred to AGA Committee Report No. 3. The AGA published standards and specifications are considered to be appropriate for proper gas measurement by both the Department of the Interior and the Oil and Gas Industry. The requirements set minimum standards necessary to promote conservation of natural resources and to ensure proper measurement of gas production for sales and allocation purposes, so that the Federal Government and Indian mineral owners will receive the royalties due under governing oil and gas leases.

All future sales and allocation facilities sales and allocation facilities and sales or allocation facilities in existence on the effective date of this Order, unless covered by a valid variance, shall meet the minimum

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standards prescribed in this Order, provided, however, that all gas produced from or allocated to Federal and Indian (except Osage) oil and gas leases wherein the gas is measured through sales or allocation meters handling 100 MCF per day or less on a monthly basis are exempt from the standards in Section III.C.1, C.2, and C.4 of this Order. The authorized officer may, where appropriate and necessary for proper measurement, work with the operators in designating consolidated gas sales and/or allocation meter stations.

Meter installations constructed in accordance with the AGA Committee Report No. 3 standards in effect at that time shall not automatically be required to retrofit if the standards are revised. The Bureau will review any revised standards, and when it is deemed necessary will amend the Order accordingly through the rulemaking process. The intent of these minimum standards is to ensure that when equipment malfunctions that could result in inaccurate measurement occur, proper corrective actions are taken, the authorized officer is notified, and an amended production report is submitted.

Failure to comply with these minimum standards will be considered as noncompliance and an incident of noncompliance (INC) will be issued. Operators who discover noncompliance with these minimum standards and take immediate corrective action will not be issued an INC. If the authorized officer or his representative is present when an operator discovers a malfunction or uses incorrect procedures as specified in this Order, an INC will be issued unless immediate corrective action is taken. Failure of equipment will not be considered a violation. However, the incidents of noncompliance which may result from equipment failure are considered violations and a partial list is as follows:

III.C.20. Gas Measurement by Orifice Meter

If, for any reason, the measuring equipment is out of service or malfunctioning so that the quantity of gas delivered is not known, the volume delivered during this period shall be estimated using one of the following methods, in this order of priority:

- a. Record data on check metering equipment if used in lieu of main meter recordings. If check meters are not installed or are found to be recording inaccurately; then,
- b. Base corrections on the percentage error found during the instrument test. If that is not feasible; then,
- c. Estimate the quantity of gas run, based on deliveries made under similar conditions when the metering equipment was registering accurately.

Violation: Minor.

Corrective Action: Estimate volumes delivered during those periods cited using one or more of the approved methods identified in the order of priority and, when necessary, submit an amended report showing corrected volumes.

Abatement Period: 60 days.

Item 2

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UNIVERSAL COMPRESSION

FAX COVERDATE: 12/16/02TO: COMPANY BP

DEPARTMENT _____

FAX NUMBER (505) 894-1624ATTENTION: Bob Monta

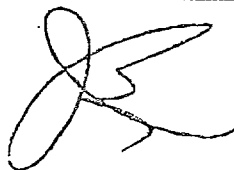
FROM: Jim Brown

District Manager

Universal Compression, Inc., Midland, Texas

OF PAGES 2 (INCLUDING COVER)IF ALL PAGES NOT RECEIVED, PLEASE CALL 915-570-5851
FAX NUMBER IS 915-570-5852THIS TRANSMISSION IS INTENDED SOLELY FOR THE PERSON NAMED
ABOVE AND MAY CONTAIN CONFIDENTIAL INFORMATION. IF THIS FAX IS
RECEIVED IN ERROR, PLEASE CONTACT 915-570-5851 TO MAKE
ARRANGEMENTS FOR ITS RETURN.

MESSAGE:

Fuel Corp. - DPL-360\$100 BTU/HP-HR@ 360 HP= 70 MCFDThanks,UNIVERSAL COMPRESSION, INC.
306 WEST WALL, SUITE 1217
MIDLAND, TEXAS 79701
TELEPHONE: 915-570-5851
FAX: 915-570-5852
CELL: 915-556-4414
jbrown@universalcompression.com

Item 3

Pg 1 of 4

12/30/2002 MON 11:47 FAX

Ajax Engine Product Definition
Performance at Rated Conditions of 1500 ft. and 65 deg.F
BHP based on 100 deg.F ambient temperature
report #Jasprod (revised 6/17/96)

1	Unit	Cyl	Bore	Stroke	APM	BHP (100 deg)	BMEP	BSFC	Mox g/Bhp -h	CO g/Bhp -h	HCT g/Bhp -h	Stk dia. in.	Stk ht. in.	Stk temp deg.F	Exh flow scfm	Exh flow lb/m	Exh vel ft/m	Exh lb/ Bhp-h
2																		
3																		
4																		
5	EA-15	1	5.00	6.5	900	14	49.6	9900	4.0	3.0	7.0	4.00	31	500	140	9.60	1606	23.32
6	EA-22	1	6.50	8.0	650	21	48.5	9900	4.0	3.0	7.0	5.00	44	500	200	8.00	1467	22.71
7	EA-30	1	7.25	8.0	650	29	53.1	9900	4.0	3.0	7.0	5.00	80	500	250	9.99	1833	20.82
8	C-30	1	7.50	10.0	525	29	49.2	9400	4.0	3.0	7.0	5.00	101	450	260	10.86	1907	22.84
9	C-42	1	8.50	10.0	525	40	53.6	9900	4.0	3.0	7.0	6.00	137	565	380	14.23	1935	21.17
10	E-42	1	8.50	10.0	525	40	53.6	9900	4.0	3.0	7.0	6.00	137	565	380	14.23	1935	21.17
11																		
12	DP-60	1	9.50	12.0	475	58	56.5	9000	4.0	1.5	4.0	8.00	158	548	500	19.19	1432	19.99
13	DP-81	1	10.50	12.0	475	78	62.4	8500	6.0	1.0	3.5	10.00	164	545	610	23.29	1118	17.97
14	DP-80	1	11.00	14.0	400	77	57.1	8900	3.0	2.5	8.0	10.00	164	470	610	25.17	1118	19.67
15	DP-160	2	11.00	14.0	400	154	57.1	8900	3.0	2.5	8.0	10.00	164	470	1220	50.34	1118	19.67
16	DP-125	1	13.25	16.0	380	120	56.7	8500	4.5	2.5	11.0	12.00	190	470	960	39.62	1222	19.81
17	DP-165	1	15.00	16.0	380	158	58.4	8500	5.0	1.5	11.0	13.25	260	450	1210	51.03	1264	19.83
18																		
19	DP-115	1	13.25	16.0	360	110	55.0	9000	3.0	2.2	14.0	12.00	190	440	880	37.52	1120	20.39
20	DP-230	2	13.25	16.0	360	221	55.0	9000	3.0	2.2	14.0	12.00	190	440	1770	75.48	1127	20.51
21	DP-250	2	13.25	16.0	380	240	56.7	8500	5.0	2.5	10.0	12.00	190	460	1910	79.67	1216	19.92
22	DP-325	2	15.00	16.0	380	312	57.5	8400	5.0	1.5	11.0	13.25	260	450	2420	102.06	1264	19.83
23																		
24	OPC-60	1	9.50	12.0	475	58	56.5	9000	4.0	1.5	4.0	8.00	150	540	500	19.19	1432	19.99
25	OPC-120	2	9.50	12.														

Section 3: Equipment Information

Unit No. (1)	Type of Unit Serial No. (2)	Manufacturer and Model No.	Size of Unit	Date of Installation(4)	Type and Sulfur Content of Fuel (5)	Amount of Fuel Per Year (6)	Turbo Charged? yes/no
* 1	Natural Gas Fueled Compressor Engine	Caterpillar 3516 LE	1150 hp (3a)	On Receipt	Sweet Natural Gas	87.9 MMcf/yr	Yes
			1133 hp (3b)				
2	Natural Gas Fueled Stack Pack (Heater Treater)	TBD	1500 MBtu (3a)	Existing	Sweet Natural Gas	14.6 MMscf/yr	N/A
			1500 MBtu (3b)				
3	210 bbl Tank	N/A	(3a)	Existing			N/A
			(3b)				
4	210 bbl Tank	N/A	(3a)	Existing			N/A
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				
			(3a)				
			(3b)				

Item 3
Pg 3 of 4

bp-Nasser Federal #1 Engine Emissions

Emission Unit: 1
Source Description: natural gas-fueled compressor engine

Engine Type:

Manufacturer: Caterpillar
Model: 3516 LE
Turbo/Normal: Turbo
Lean/Rich: Low Emission
2/4 cycle: 4

Horsepower Calculations

Sea level horsepower: 1,150
RPM: 1,200
Altitude: 4540
Derate percent per 1000 ft: 3%
Derate starting elevation: 4000
Site rated hp: 1131

Mfg. Data
Mfg. Data

Emission Calculations

Uncontrolled emissions

NO _x	CO	NMHC	Units	
2.00	1.60	0.40	g/hp-hr	Unit emissions from mfg. data
5.0	4.0	1.0	lb/hr	Unit emissions * hp / 453.6 g/lb
21.8	17.5	4.4	tons/yr	lb/hr * 8760 hr/yr / 2000 lb/ton

Fuel Consumption

7,973 BTU/hp-hr	Fuel consumption	Mfg. Data
900 BTU/scf	Fuel heat value	Typical Natural Gas
10.02 Mscf/hr	Fuel consumption	Fuel Consumption / Fuel heat value * site rated hp
✕ 87.80 MMcf/yr	Annual fuel usage	Assume 8760 hrs/yr operation

Exhaust Parameters

847 deg F	Exhaust temp	Mfg. Data
6720 cfm	Stack flow	Mfg. Data
0.8 ft	Stack diameter	Engineering Estimate
205.3 ft/s	Stack velocity	Stack Flow (cfm) / Stack Area (ft ²) * 1 min / 60 s
24.0 ft	Stack height	Engineering Estimate

Item 3
Pg 4 of 4

Totalflow Standard Meter Events Report (Report Code: 310)
 Printed date: 12/20/2002

page 1

Meter: 646258

Location: SWEET THING #2 (CISCO)

Collection Time: 10/01/1999 13:26:27

Firmware Revision: EH

SYSTEM:

LEASE:

OPERATOR:

STATE:

PRODUCER:

BUYER:

Effective dates: 06/01/1999 thru 09/01/1999

Date/Time	Description	Old Value	New Value	Seq
06/01/99 13:55:00	Site Code		-3.0000	
06/16/99 14:15:00	Site Code		-165.0000	
06/16/99 14:19:00	DP calib check (In H2O)	0.0000	0.0313	
06/16/99 14:21:00	DP calib check (In H2O)	15.0000	15.0313	
06/16/99 14:22:00	DP calib check (In H2O)	45.0000	45.0313	
06/16/99 14:24:00	DP calib check (In H2O)	75.0000	75.0313	
06/16/99 14:24:00	DP calib check (In H2O)	105.0000	105.0000	
06/16/99 14:26:00	DP calib check (In H2O)	150.0000	150.0000	
06/16/99 14:26:00	DP calib check (In H2O)	120.0000	120.0625	
06/16/99 14:27:00	DP calib check (In H2O)	90.0000	90.0313	
06/16/99 14:29:00	DP calib check (In H2O)	60.0000	60.0000	
06/16/99 14:30:00	DP calib check (In H2O)	30.0000	30.1250	
06/16/99 14:31:00	DP calib check (In H2O)	30.0000	30.0625	
06/16/99 14:31:00	DP calib check (In H2O)	0.0000	0.0313	
06/16/99 14:34:00	SP calib check (PSIA)	12.5938	12.5938	
06/16/99 14:37:00	SP calib check (PSIA)	112.5938	112.6875	
06/16/99 14:38:00	SP calib check (PSIA)	512.5938	512.6563	
06/16/99 14:40:00	SP calib check (PSIA)	1012.5938	1012.6563	
06/16/99 14:40:00	SP calib check (PSIA)	12.5938	12.6563	
06/16/99 14:46:00	Site Code		-165.0000	
06/16/99 14:46:00	Site Code		-3.0000	
06/16/99 16:02:00	Site Code		-3.0000	
07/02/99 17:49:00	Site Code		-3.0000	
07/20/99 09:27:00	Site Code		-165.0000	
07/20/99 09:31:00	DP calib check (In H2O)	0.0000	0.1563	
07/20/99 09:35:00	DP calib check (In H2O)	15.0000	15.2500	
07/20/99 09:36:00	DP calib check (In H2O)	45.0000	45.1563	
07/20/99 09:37:00	DP calib check (In H2O)	75.0000	75.1563	
07/20/99 09:38:00	DP calib check (In H2O)	105.0000	105.1563	
07/20/99 09:39:00	DP calib check (In H2O)	150.0000	150.1250	
07/20/99 09:40:00	DP calib check (In H2O)	120.0000	120.1563	
07/20/99 09:41:00	DP calib check (In H2O)	90.0000	90.0625	
07/20/99 09:41:00	DP calib check (In H2O)	60.0000	60.1250	
07/20/99 09:43:00	DP calib check (In H2O)	30.0000	30.1875	
07/20/99 09:43:00	DP calib check (In H2O)	0.0000	0.1563	
07/20/99 09:44:00	DP low calib (In H2O)	0.0000	0.0000	
07/20/99 09:44:00	Site Code		-1.0000	
07/20/99 09:47:00	DP low calib (In H2O)	0.0000	0.0000	
07/20/99 09:47:00	DP high calib (In H2O)	150.0000	150.0000	
07/20/99 09:47:00	DP mid calib (In H2O)	75.0000	75.0000	
07/20/99 09:48:00	DP calib check (In H2O)	0.0000	0.0000	
07/20/99 09:49:00	DP calib check (In H2O)	15.0000	15.0313	
07/20/99 09:50:00	DP calib check (In H2O)	45.0000	45.0313	
07/20/99 09:51:00	DP calib check (In H2O)	75.0000	75.0000	
07/20/99 09:52:00	DP calib check (In H2O)	105.0000	105.0938	
07/20/99 09:53:00	DP calib check (In H2O)	150.0000	150.0625	
07/20/99 09:55:00	DP calib check (In H2O)	120.0000	120.0625	
07/20/99 09:55:00	DP calib check (In H2O)	90.0000	90.0000	
07/20/99 09:56:00	DP calib check (In H2O)	60.0000	60.0000	
07/20/99 09:57:00	DP calib check (In H2O)	30.0000	30.0625	
07/20/99 09:57:00	DP calib check (In H2O)	0.0000	0.0000	
07/20/99 09:58:00	SP calib check (PSIA)	12.6875	12.7188	
07/20/99 10:01:00	SP calib check (PSIA)	402.6875	402.7500	
07/20/99 10:02:00	SP calib check (PSIA)	512.6875	512.7813	
07/20/99 10:03:00	SP calib check (PSIA)	1012.6875	1012.5313	
07/20/99 10:09:00	Temperature bias (Deg F)	0.3000	0.0000	
07/20/99 10:10:00	Site Code		-3.0000	
07/20/99 10:13:00	Site Code		-165.0000	
07/20/99 10:17:00	Reset time and date	7/20/99	10:10:00	
08/03/99 12:11:00	Site Code		-3.0000	
09/01/99 12:17:00	Site Code		-3.0000	
09/01/99 12:20:00	Fb	115.1380	433.5049	
09/01/99 12:20:00	Orifice Diameter (Inches)	0.7500	1.3750	

Item 4
 Pg 1 of 3

Thu Dec 19 22:47:28 2002
Daily Flow Data

TOTALFLOW Archive Report
Meter: 646258

page 2
SWEET THING #2 (CISCO)

Date	DP In H2O	SP PSIA	Tf Deg F	Volume MCF	Energy MMBTU	Integral	Flow Time Percent
08/01/99	222.38	347.00	80.66	939.121	1049.94	285.934	100.00
08/02/99	221.91	199.31	75.06	698.740	781.19	216.413	100.00
08/03/99	197.03	206.00	79.81	308.451	344.85	96.042	57.50
08/04/99	158.66	361.97	79.38	812.798	908.71	246.418	100.00
08/05/99	221.69	172.59	74.06	651.430	728.30	202.572	100.00
08/06/99	222.94	107.94	79.94	507.607	567.50	160.163	100.00
08/07/99	100.75	399.56	83.34	197.343	220.63	61.274	69.50
08/08/99	172.25	318.72	82.22	789.600	882.77	240.554	100.00
08/09/99	223.38	168.16	85.84	637.752	713.01	198.661	100.00
08/10/99	223.47	97.00	82.44	479.220	535.77	151.760	100.00
08/11/99	221.72	100.53	83.72	434.542	485.82	137.477	90.00
08/12/99	224.34	113.88	86.28	514.043	574.70	162.062	100.00
08/13/99	224.56	93.84	87.03	469.852	525.29	149.006	100.00
08/14/99	223.91	92.56	82.97	467.547	522.72	148.317	100.00
08/15/99	224.44	92.28	87.03	465.552	520.49	147.726	100.00
08/16/99	224.56	91.44	87.47	463.199	517.86	147.031	100.00
08/17/99	184.09	223.03	95.16	219.161	245.02	68.503	48.00
08/18/99	223.66	225.50	86.09	723.123	808.45	223.382	100.00
08/19/99	218.81	99.75	86.00	473.204	529.04	149.775	100.00
08/20/99	152.66	200.22	87.03	363.618	406.53	113.701	88.50
08/21/99	29.31	150.16	86.59	197.482	220.79	60.753	100.00
08/22/99	32.72	88.81	82.66	179.420	200.59	55.503	100.00
08/23/99	26.13	334.72	77.69	124.078	138.72	37.785	72.00
08/24/99	3.69	359.06	72.84	7.207	8.06	2.155	6.00
08/25/99	0.00	12.47	77.91	0.000	0.00	0.000	0.00
08/26/99	0.00	13.31	81.59	0.000	0.00	0.000	0.00
08/27/99	158.28	427.78	72.59	495.064	553.48	148.957	55.50
08/28/99	103.59	426.13	86.50	715.028	799.40	215.505	100.00
08/29/99	96.06	428.31	86.38	691.579	773.19	208.335	100.00
08/30/99	13.66	407.28	84.47	184.311	206.06	55.468	92.50
08/31/99	2.00	426.25	93.38	0.079	0.09	0.024	0.00
Monthly:	146.86	218.89	83.04	13210.153	14768.95	4091.259	79.98

DP Percent Low: 1.13 Percent High: 56.16 Min: n/a Max: n/a
 SP Percent Low: 0.00 Percent High: 0.00 Min: n/a Max: n/a
 Tf Percent Low: n/a Percent High: n/a Min: n/a Max: n/a

Backflow: 0.02
 I Mult. Avg: 3024.417

Meter is 150" X 1000 psia

Item 4

Pg 2 of 3

Thu Dec 19 22:47:03 2002
Daily Flow Data

TOTALFLOW Archive Report
Meter: 646258

page 2
SWEET THING #2 (CISCO)

Date	DP In H2O	SP PSIA	Tf Deg F	Volume MCF	Energy MMBTU	Integral	Flow Time Percent	
07/01/99	0.00	12.97	97.28	0.000	0.00	0.000	0.00	-
07/02/99	0.00	12.69	89.19	0.000	0.00	0.000	0.00	-
07/03/99	0.00	12.56	76.81	0.000	0.00	0.000	0.00	-
07/04/99	0.00	12.75	79.69	0.000	0.00	0.000	0.00	-
07/05/99	0.00	12.81	81.72	0.000	0.00	0.000	0.00	-
07/06/99	0.41	12.72	77.84	0.006	0.01	0.002	0.00	-
07/07/99	0.00	12.63	82.06	0.000	0.00	0.000	0.00	-
07/08/99	13.28	944.09	80.16	249.469	278.91	71.775	73.00	-
07/09/99	204.41	453.88	81.84	982.024	1097.90	296.638	100.00	-
07/10/99	219.97	197.25	60.78	707.046	790.48	218.657	100.00	-
07/11/99	221.16	165.69	74.56	638.103	713.40	198.650	100.00	-
07/12/99	222.00	119.75	77.72	536.119	599.38	168.576	100.00	-
07/13/99	222.97	108.69	80.47	509.452	569.57	160.709	100.00	-
07/14/99	223.34	102.78	79.63	495.381	553.84	156.557	100.00	-
07/15/99	89.00	392.03	77.00	373.474	417.54	113.421	86.00	-
07/16/99	145.81	346.38	82.38	758.339	847.82	230.391	100.00	-
07/17/99	221.88	193.09	76.56	689.223	770.55	213.685	100.00	-
07/18/99	219.50	133.22	80.78	552.346	617.52	173.190	99.00	-
07/19/99	0.69	250.53	75.13	0.001	0.00	0.000	0.00	-
07/20/99	0.00	401.38	72.94	0.000	0.00	0.000	0.00	-
07/21/99	0.00	400.34	79.16	0.000	0.00	0.000	0.00	-
07/22/99	223.94	188.81	76.34	616.424	689.16	191.260	94.50	-
07/23/99	148.03	150.69	85.84	433.508	484.66	135.373	99.00	-
07/24/99	223.50	124.78	80.41	548.170	612.85	172.197	100.00	-
07/25/99	221.22	129.72	86.84	551.175	616.21	172.996	100.00	-
07/26/99	203.56	198.50	86.47	649.847	726.53	201.161	100.00	-
07/27/99	223.50	124.75	85.25	540.385	604.15	169.856	100.00	-
07/28/99	68.06	423.16	81.69	206.708	231.10	63.440	83.00	-
07/29/99	70.81	599.31	77.94	73.030	81.65	21.890	16.50	-
07/30/99	91.03	579.84	88.13	749.683	838.15	223.219	97.50	-
07/31/99	98.47	485.31	82.72	717.678	802.36	215.137	100.00	-
Monthly:	115.37	235.58	80.49	11577.591	12943.75	3568.778	62.85	-

DP Percent Low: 6.39 Percent High: 46.53 Min: n/a Max: n/a
 SP Percent Low: 0.00 Percent High: 0.00 Min: n/a Max: n/a
 Tf Percent Low: n/a Percent High: n/a Min: n/a Max: n/a

Backflow: 0.00
 I Mult. Avg: 2446.340

Meter is 150" X 1000 psia

*Item 4
 Pg 3 of 3*