

11.22.02

H₂S rule adopted, 3-0

=

Surface commingling adopted (repealed), 3-0

Surface commingling:

appears:

Brooks

Elanyim, Foppiano

Elanyim:

303, 309 - very confusing

→ refers to "liquid hydrocarbons" - but should also apply to gas -

→ no specific application - application process is unclear - (application form developed)

→ combine attributes of 303 and 309 in one rule

workgroup formed to revise rules

industry, law firms, BLM, OCS

recommendation: Repeal 303B, 309B, 309C

amend - 303, 309

Basic regulatory concept is that commingling is prohibited

if surface commingling to be approved, gas stream must be of common ownership?

certified by a land man (will make approval quicker)

★ is there a regulatory or reporting reason not to ~~can~~ call separate leases the same lease???

★ off lease storage > why need to regulate? measurement

detailed requirements become a part of new C-107-B

(production must be segregated by pool, unless exception can be granted) (exceptions granted when commingling saves \$, prevents extra equipment)

★ why segregate in the first place?

★ what kinds of situations will qualify for an exemption?

Richard E

Foppiano

"Lease" - not defined
assigned names & numbers by OCD
reference to names & numbers used by OCD?

B(2) geographic area of a pool -

common ownership - specific to (so, could be numerous lease documents) (2 contiguous lease documents could be considered one lease)

processes diverge when ownership diverse

* rule broken down to account for differences -
identical ownership - smoother, faster

top allowable ≠ allocation methods - identical ownership
well test - test each well, then allocate
meters - continuous metering, not one time test -
subtraction method allocation against
outflow reasons
other methods approved by OGD

allocation methods - diverse ownership
≠ well test

correlative rights issues
more of concern here

* diverse ownership:
procedure C-107-B

allocation: metering (continuation of present practice)

manual: provisions now in the rule (hadn't been revised - 30 yrs. old)

low production gas rules can be exempted (marginal wells)
from requirement of metering -
> 15 mcf/day

* <meter may be inaccurate as well>

procedure (in rule)

★ Additions - in rule now?
prove up additions in advance?

Rule 1107 modification??
(new form)

B(4)(d)(vii)(viii)

approval, even if given, is contingent upon
approvals of BLM and SLO

Jami - no support for lack of letter of
land office - AS support for

notice vs. letter of approval - BLM/SLO

=
new draft

* another rule requiring
separate metering of gas wells

- revise rule → distribute revised language
distribute to interested parties
- record open until - December 6