

Bureau of Land Management
Bakersfield Field Office
Operator Seminar

May 8, 2003

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Overview of BLM Roles and Responsibilities Statistics

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“Who Is the BLM?”

Who Are We?

BLM is part of the Department of Interior

**Manage mineral estate on 700 million acres of
Public Land (47 million in CA)**

11 million acres of oil and gas production

Mostly in 12 western states

Largest mineral owner in U.S.

“Multiple Use” Mandate

Bureau of Land Management

Bakersfield Field Office

Field Office Manager - Ron Fellows (661-391-6006)

Programs

Minerals (Oil and Gas and Hardrock)

Fire

Range Mgmt

Recreation

Wild Horse and Burro

Lands

Biological Resources (environmental)

Archeology

**Operations (engineering - roads, bridges,
etc.)**

Others

Bureau of Land Management Bakersfield Field Office

90 employees total

18 Oil and Gas employees

Assistant Field Office Manager

Patricia Gradek (661-391-6131)

**Oil and Gas - Statewide Operations
Responsibilities managed by
Bakersfield Field Office**

BLM Oil and Gas Properties in California

- Nearly 300 leases with about 8,000 wells
- Last year federal leases in California produced approximately 46,000 barrels of oil and 17.2 million cubic feet of natural gas per day.
- At 15,000+ BPD, ChevronTexaco's Section 22-G Lease in the Midway Sunset Field is the highest producing federal lease in the country.



Bakersfield BLM Oil and Gas SubTeams

- **Drilling and Production**
- **Inspection and Enforcement**
- **Surface Compliance**
- **Reservoir Management**
- **Leasing**

Additional Areas of Focus

- **Electronic Permitting**
- **Idle/Orphan Wells**
- **Automated Fluid Minerals Support System (AFMSS)**
- **Partnerships**
- **Oil and Gas Conference**

Leasing, Bonds, Assignments and Transfers

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Oil and Gas Leasing



Oil and Gas Leasing

CFR 3100

Authority

- Mineral Leasing Act of 1920.
 - Required to offer public lands for oil and gas leasing.
- Federal Onshore Oil & Gas Leasing Reform Act of 1987.
 - All lands must be offered competitively first.



May 8, 2002 Lease Sale

Leasing (cont'd)

- Next lease sale June 4, 2003 in Bakersfield.
- Nominations by ‘expression of interest’ or ‘presale offer’ to the BLM State Office.
- June 6th – Deadline for nominations for September 10th lease sale.
- September 5th - Deadline for nominations for December 10th lease sale.
- www.ca.blm.gov/caso/compsales.html for sale notices

Leasing (cont'd)

- BLM State Office - verifies lands are actually available for leasing. If the lands are available, the State Office forwards the information to Bakersfield and any other affected Field Office.
- The Field Office identifies the appropriate surface stipulations to attach to each parcel.
- Bakersfield – surface stipulations, drainage stipulations.

Leasing (cont'd)

- Coordinate with biologist and botanist.
- Send list of lands back to the State Office for the final preparation of the Lease Sale Notice.
- Press release - Lease Sale Notice is available, provides the details on the lease sale.
- www.ca.blm.gov/caso/compsales.html

Leasing (cont'd)

- Oral competitive auction on all the parcels.
- Parcels not leased available for noncompetitive lease beginning the day after the sale.
- New leases are issued for a period of 10 years with a base royalty rate of 12 ½ percent.
- All leases continue so long as they are producing in paying quantities.

Lease Bonds

- A bond is a guarantee. It's assurance, *not insurance*.
- Assures that any outstanding liabilities are not burdened on the United States.
- Bonds are filed on BLM Form 3000-4 *Oil and Gas or Geothermal Lease Bond*.
- Sureties must be FDIC approved.
 - www3.fdic.gov.

Lease Bonds

- Types
 - Surety
 - Certificate of Deposit
 - Cashier's check
 - Letter of Credit
- Minimum Amounts
 - \$20,000 lease bond
 - \$75,000 statewide bond
 - \$150,000 nationwide bond
- Factors
 - Idle well inventory and age
 - Lease status
 - Compliance history
 - Track record
- All bonds are in addition to bonds required by CDOGGR

Oil and Gas or Geothermal Lease Bond Form 3000-4

Form 3000-4
(June 1985)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-354)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 8508)
Act of December 24, 1970 (30 U.S.C. 9001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

Lease Serial Number (For Individual Bond Only)

CHECK ONE: OIL AND GAS GEOTHERMAL RESOURCES

CHECK ONE:

SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT _____

(name)

of _____

(address)

as principal, and _____

(name)

of _____

(address)

, as surety,

are held and firmly bound unto the United States of America in the sum of _____

dollars (\$ _____)

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That _____

(name)

of _____

(address)

, as principal, is held and firmly

bound unto the United States of America in the sum of _____

dollars (\$ _____), lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1962 (31 U.S.C. 9305), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions or stipulations set forth in this bond and the enforcement of granting rights and interests in Federal lands, must be paid to the principal. The principal hereby, for himself, heirs, assigns, administrators, executors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal (surety shall apply this bond to the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations set forth in this bond and the instruments granting rights and interests in Federal lands, in the case of any default in the performance of the conditions and stipulations of such instruments, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any charges, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a severance of the oil and gas and geothermal deposits in the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource title contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for

CHECK ONE:

NATIONWIDE BOND - Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

STATEWIDE BOND - Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of _____

INDIVIDUAL BOND - Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND - This bond shall cover:

NPR-A LEASE BOND - The terms and conditions of a single lease.

NPR-A WIDE BOND - The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on reverse)

Surface Owner Bond

- Used only when agreement with landowner cannot be reached
- Amount sufficient to cover estimated damage
- Will be rarely encountered
- Prevents landowner holdouts.

Stockraising Homestead Act Bond for Lands Under Lease or Sales Contract Form 3814-1

<p>Form 3814-1 (November 1991)</p>	<p>UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT STOCKRAISING HOMESTEAD ACT BOND FOR LANDS UNDER LEASE OR SALES CONTRACT <i>Act of December 29, 1916 (39 Stat. 862), as amended; Act of June 17, 1949 (61 Stat. 201); and Act of June 21, 1949 (61 Stat. 215).</i></p>	<p>FORM APPROVED OMB NO. 1064-0110 Expires August 31, 1994</p> <hr/> <p>State Office</p> <hr/> <p>Identification Number</p>
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KNOW ALL MEN BY THESE PRESENTS, That _____
(Give full name(s) and address(es))

citizen(s) of the United States, or having declared (my) (our) intention to become citizen(s) of the United States, as principal(s), and

(Give full name(s) and address(es))

as sureties, are held and firmly bound unto the United States of America, for the use and benefit of the hereinafter-mentioned entryman or owner of the hereinafter-described land, whereof homestead entry has been made subject to the Act of December 29, 1916 (39 Stat. 862), in the sum of _____ dollars (\$ _____) lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, and administrators, successors and assigns, and each and every one of us and them, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, That whereas the aforesaid principal(s) has _____ acquired from the United States the _____ deposit(s) (together with the right to mine and remove the same) State, lying, and being with the _____

of Section _____, Township _____, Range _____, _____ Meridian, _____ State, and whereas Homestead Entry, Serial Number _____ has been made at _____ State Office, of the surface of said above-described land, under the provisions of said Act of December 29, 1916, by _____

NOW, THEREFORE, if the above-bounden parties or any of them, or their successors and assigns, or the heirs of any of them, their executors or administrators, upon demand, shall make good and sufficient recompense, satisfaction and payment, unto the said entryman or owner, his heirs, executors or administrators, or successors and assigns, for all damages to crops or tangible improvements upon said homesteaded land or to the value of said land for grazing as the said entryman or owner shall suffer or sustain or a court of competent jurisdiction may determine and fix in an action brought on this bond or undertaking, by reason of the mining and removing by the principal(s) of the above-described mineral deposits from said described land, or occupancy or use of said surface, as permitted to said principal(s) under the provisions of said Act of December 29, 1916, as amended, by _____

then this obligation shall be null and void, otherwise and in default of a full and complete compliance with either or any of said obligations, and same remain in full force and effect.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make in any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on reverse)

Assignments/Transfers

- Any oil and gas lease may be assigned or subleased.
- Assignments must be approved by the BLM before they are considered valid by the Dept. of Interior.
- 43 CFR Part 3106 governs the assignment of record title interest and transfers of operating rights.

Assignments/Transfers

- All assignments and Transfers must be filed in the BLM State Office in Sacramento, not just with the County and/or State
- Assignment of Record Title must be filed on BLM Form 3000-3.
- Bakersfield Field Office makes recommendations for approval or rejection of assignments and transfers.

Assignment of Record Title Interest Form 3000-3

Form 3000-3
(January 1978)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

ASSIGNMENT OF RECORD TITLE INTEREST IN A LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)

Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 4508)

FORM APPROVED
OMB NO. 1004-0034
Expires December 31, 2001

Lease Serial No.

Lease Effective Date
(Anniversary Date)

New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

Assignee*

Street

City, State, ZIP Code

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not attach documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
				e	f
a	b	c	d	e	f

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands.

Assignment approved for attached land description.

Assignment approved effective _____

Assignment approved for land description indicated on reverse of this form.

By _____
(Authorized Officer)

(Title) (Date)

(Continued on reverse)

Transfer of Operating Rights Form 3000-3a

Form 3000-3a
(January 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

**TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

FORM APPROVED
OMB NO. 1004-0034
Expires: December 31, 2001
Lease Serial No. _____

Type or print plainly in ink and sign in ink.

PART A: TRANSFER

Transferee (Sublessee)*
Street
City, State, ZIP Code

*If more than one transferee, check here and list the name(s) and address(es) of all additional transferees on the reverse of this form or on a separate attached sheet of paper.

This transfer is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Operating Rights (sublease) Overriding Royalty, payment out of production or other similar interests or payments

2. This transfer (sublease) conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not admit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
				e	f
a	b	c	d		

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE
UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

Transfer approved effective _____

By _____ (Authorized Officer) _____ (Title) _____ (Date)

(Continued on reverse)

Assignments/Transfers

Change of ownership of interests in a Federal oil and gas lease can be made by

- Assignment of Record Title
- Transfer of Operating Rights
- Corporate Mergers
- Name Changes.

Assignments/Transfers (cont'd)

- **Record Title:** The lessee's (primary ownership) interest in a lease which includes the obligation to pay rent, and the rights to assign and relinquish the lease.
- **Operating Rights:** The interest which is created out of a right to enter upon the leased lands and conduct operations in accordance with the terms of the lease.

Overriding Royalty

- An Overriding Royalty Interest (ORI) in a Federal oil and gas lease is considered an interest once it's created by reservation or transfer – it is subject to further transfer.
- The Federal oil and gas regulations require that all transfers of overriding royalty interest be filed with the BLM.

References:

- Regulations that govern the BLM's oil & gas leasing program may be found in the Code of Federal Regulations, Title 43, Parts 3000 & 3100. The regulations can be found in any BLM office including law libraries and the public libraries.
- BLM provides oil & gas information on-line at:
www.ca.blm.gov/caso/oil.html

BLM provides forms on-line at: www.nc.blm.gov/blmforms/

United States Department of the Interior

Bureau of Land Management Electronic Forms

[First Time User Instructions \(OmniForm and Adobe Acrobat\)](#)

[BLM Forms](#)

[Links to Other Government Forms Websites](#)

[Link to NBC Home Page](#)

[Disclaimer Statement](#)

[Privacy Act Statement](#)

[DOI Acceptable Use Statement](#)

Oil and Gas or Geothermal Forms

Number	Title	PDF	OmniForm
3000-2	Competitive Oil and Gas or Geothermal Resources Lease Bid	31k	33k
3000-3	Assignment of Record Title Interest in a Lease for Oil and Gas or Geothermal Resources	160k	46k
3000-3a	Transfer of Operating Rights (Sublease) in a Lease for Oil and Gas or Geothermal Resources	159k	45k
3000-4	Oil and Gas or Geothermal Lease Bond	36k	28k
3000-4a	Oil and Gas or Geothermal Exploration Bond	28k	30k
3100-11	Offer to Lease and Lease for Oil and Gas PLEASE NOTE: Our regulations (43 CFR 3110.4(a)) require that both sides of this form be submitted on <u>one page</u> for noncompetitive lease offers.	43k	54k
3150-4	Notice of Intent to Conduct Oil and Gas Geophysical Exploration Operations	10k	
3160-3	Application for Permit to Drill or Reenter	27k	34k
3160-4	Well Completion or Recompletion Report and Log	35k	132k
3160-5	Sundry Notices and Reports on Well	33k	36k

PLEASE NOTE: Refer to the "First Time User Instructions" at the beginning of this web page, if you need help with these software packages.

APD and Sundry Notice Procedures

Silvet Holcomb
Petroleum Engineer
sholcomb@ca.blm.gov

Applications For Permit To Drill (APD)

Sundry Notices

Knowledge of Federal Regulations



- Code of Federal Regulations (43 CFR)
- Onshore Oil and Gas Orders (1-7)

Application for Permit to Drill
(APD)

FORM 3160-3

Application for Permit to Drill (APD)

Form 3166-3 (August 1999)		FORM APPROVED OMB No. 1804-0116 Expires November 30, 2000	
UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT APPLICATION FOR PERMIT TO DRILL OR REENTER			
1a. Type of Work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.	
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No.	
2. Name of Operator		9. API Well No.	
3a. Address		10. Field and Pool, or Exploratory	
3b. Phone No. (include area code)		11. Sec., T., R., M., or blk. and Survey or Area	
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface At proposed prod. area		12. County or Parish	
14. Distance in miles and direction from nearest town or post office*		13. State	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest trap, unit line, if any)		16. No. of Acres in lease	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well	
21. Elevation (Show whether DF, KDB, RT, GL, etc.)		19. Proposed Depth	
22. Approximate date work will start*		20. BLM/BIA Bond No. on file	
23. Estimated duration			
24. Attachments			
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:			
1. Well plat certified by a registered surveyor.		4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).	
2. A Drilling Plan.		5. Operator certification.	
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPD shall be filed with the appropriate Forest Service Office).		6. Such other site specific information and/or plans as may be required by the authorized officer.	
25. Signature		Name (Printed/Typed)	
Title		Date	
Approved by (Signature)		Name (Printed/Typed)	
Title		Office	
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.			
Conditions of approval, if any, are attached.			
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within the jurisdiction.			
*(Instructions on reverse)			

Guidelines for Preparing the APD

Thirteen Point Surface Use Program

Eight Point Drilling Plan

Thirteen Point Surface Use Program

1. Existing roads to the well.
2. Access roads to be constructed.
3. Location of existing wells.
4. Location of facilities if well is productive.
5. Construction materials.
6. Location and type of water supply.
7. Methods for handling waste.

Thirteen Point Surface Use Program (cont'd)

8. Ancillary facilities.
9. Well site layout.
10. Plans for reclamation of the surface.
11. Surface Ownership.
12. Certification.
13. Other information.

Surface Ownership

Split Estate Lands

Split Estate Lands

Lands involving private or state surface overlying federal minerals.

What you already know

Obtain an oil and gas operations bond under 43
CFR 3104

What is new ?

A second bond is required under 43 CFR 3814 **IF** no agreement between the surface owner and lessee or operator can be reached.

Instruction Memorandum No. 2003-131

Permitting Oil and Gas Operations on Split
Estate Lands

Purpose

Clarifies the policy, procedures and conditions for approving oil and gas operations on split estate lands.

Policy/Action

BLM will not consider an APD or SN administratively or technically complete until the federal lessee or its operator certifies that:

- an agreement with the surface owner exists, or
- until the lessee or its operator complies with Onshore Oil and Gas Order No.1

Onshore Oil and Gas Order No. 1

- enter into good-faith negotiations, or
- compensate the surface owner

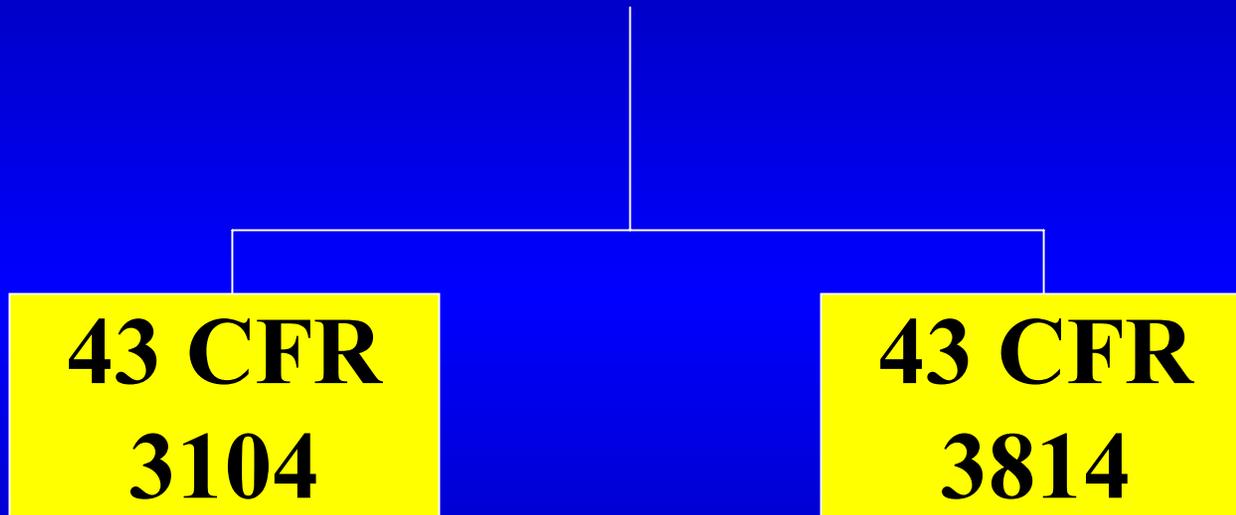
The APD or SN shall include one
of the following:

1. A surface owner agreement for access to enter the leased lands,
2. A waiver from the surface owner for access to the leased lands,

The APD or SN shall include one of the following:

3. An agreement regarding compensation to the surface owner for damages.
4. An adequate bond to cover damages to crops and tangible improvements.

Remember!



Eight Point Drilling Program

1. Tops of important geologic markers.
2. Depths of the top and the bottom of:
 - fresh water,
 - oil, gas, or
 - other mineral-bearing formations.

Eight Point Drilling Program (cont'd)

3. BOPE schematic showing
 - sizes,
 - pressure ratings,
 - testing procedures and
 - testing frequency.

4. Drilling equipment and casing program.

Eight Point Drilling Program (cont'd)

5. Drilling Mud:

- type and characteristics
- quantities
- weighting material, and
- monitoring equipment

Eight Point Drilling Program (cont'd)

6. Testing, logging, and coring.
7. Bottom hole pressure and temperatures.
8. Additional information.

Application for Permit to Drill

An APD shall be administratively and technically complete:

- evidence of bond coverage,
- 8 Point Drilling Plan, and
- 13 Point Surface Use Program

Application for Permit to Drill (cont'd)

- Submit APD in triplicate.
- BLM posts the APD for 30 days for public comment.
- Onsite inspection is conducted within 15 days of receipt of the APD.

Application for Permit to Drill (cont'd)

- Within 7 days, the operator is notified as to whether or not the application is complete.
- If any missing data is not submitted within 45 days of the date of any oral or written notice, the APD shall be returned to the operator.

Notice of Staking (NOS)

Prior to filing an APD, the operator may file an NOS.

NOTICE OF STAKING

NOTICE OF STAKING Please be used in place of Application of Permit to Drill (Form 366-3)		6 Lease Number	
1 Old Well _____ Gas Well _____ Other (Specify)		7 Wellhead, Allowance or Trade Name:	
2 Name of Operator:		8 Gas Agreement Name:	
3 Name of Specific Comm. Permit:		9 Firm or Lease Name:	
4 Address & Phone No. of Operator or Agent:		10 Well No.	
5 Surface Location of Well:		11 Field or Wellbore Name:	
Attach: a) Sketch showing road entry area, pad, pad dimensions, and well location. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		12 Sec., T., R., M., or BLS and Survey of Area:	
13 Firmness (Observe?)	14 Estimated Well Depth	15 County, Parish, or Borough	16 State
17 Additional Information (per application; shall include surface owner's name, address and if known, telephone number)			

18 Signed _____ Title _____ Date _____

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the survey of all operations and notify you accordingly. The location must be marked and access road must be flagged prior to the survey.

Notice of Staking (NOS)

Submitting a Notice of Staking is a way to start the 30 day clock when the APD is not yet fully prepared.

Notice of Staking (NOS)

- If you know the location of the proposed well, it will only take a few minutes to fill out this form.
- All you need is:
Lease Number, well name & location, formation, depth, your address and phone number, and a map showing the well location.

Notice of Staking (NOS)

Even when an NOS has been filed, you must still file an APD.

APD/NOS Processing Timeframe

- BLM posts the APD/NOS for 30 days for public comments.
- Unless there are surface issues or waiting for additional information from the operator, all APDs are processed within 30 days.

APD/NOS Processing Timeframe (cont'd)

- When the NOS option is followed, the BLM shall strive to process the APD within 10 days of the APD's receipt.
- E.g., if the APD is received 28 days after the NOS was filed, the permit will take up to 38 days (may be less).

5 Day Notice for Production Startup

- BLM shall be notified within 5 business days of the start of production.
- The notification may be made orally by leaving a message on our 24 hour notification line or via email.
- If verbal notification has been made, follow-up written notification must be made within 15 calendar days of the verbal notification.

Well Completion/Recompletion Report

Form 3160-4

Well Completion/Recompletion Report

Form 3160-4
(August 1989)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: November 30, 2000

1a. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Dry Other		6. If Indian, Allottee or Tribe Name	
1b. Type of Completion: <input type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Reavr., Other _____		7. Unit or CA Agreement Name and No.	
2. Name of Operator		8. Lease Name and Well No.	
3. Address		9. API Well No.	
3a. Phone No. (include area code)		10. Field and Pool, or Exploratory	
4. Location of Well (Report location clearly and in accordance with Federal requirements)* At surface At top prod. interval reported below At total depth		11. Sec., T., R., M., on Block and Survey or Acct.	
14. Date Spudded		15. Date T.D. Reached	
16. Date Completed <input type="checkbox"/> D & A <input type="checkbox"/> Ready to Prod.		17. Elevations (DF, RKB, RV, GIL)*	
18. Total Depth: MD TVD		19. Plug Back T.D.: MD TVD	
20. Depth Bridge Plug Set: MD TVD		21. Type Electric & Other Mechanical Logs Run (Submit copy of each)	
22. Was well cased? <input type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input type="checkbox"/> No <input type="checkbox"/> Yes (Submit copy)			

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (w/l.)	Top (MD)	Bottom (MD)	Stage Cement Depth	No. of Stk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)

25. Producing Intervals				26. Perforation Record			
Formation		Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A)							
B)							
C)							
D)							

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

(See instructions and spaces for additional data on reverse side)

Well Completion/Recompletion Report

- Actual well data (location, spud date, depth, tubulars, etc.)
- Completion intervals
- Well tests
- Due 30 days after completion/recompletion
- To avoid duplication we will also accept CDOGGR's One Page Well Summary Report (OG-100) and Well History (OG-103) itemized daily report, in lieu of form 3160-4



Sundry Notice

Form 3160-5



Sundry Notice (Form 3160-5)

Form 3160-5
(September 2003)

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 re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator

3a. Address

3b. Phone No. (include area code)

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

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

9. APD Well No.

10. Field and Pool, or Exploratory Area

11. County or Parish, State

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

TYPE OF SUBMISSION	TYPE OF ACTION				
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen, directionalize or recomplet horizontally, give subsurface location and measured and true vertical depths of all pertinent markers and zones. Attach the fiscal under which the work will be performed or provide the fiscal No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operations result in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

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

Name (Printed/Typed) _____ Title _____

Signature _____ Date _____

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicant to conduct operations thereon.

Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations or to any matter within its jurisdiction.

(Instructions on reverse)

Sundry Notices

- Many downhole operations
- Production measurement methods
- Commingling proposals
- Surface disturbance
- Rights-Of-Ways

Sundry Notices (cont'd)

- Sump closure
- Road mix
- Idle well issues
- Other

No Sundry Notices Required

- No change in downhole schematic
- Frac'ing/acidizing the well
- Running tubing
- Well cleanout
- Removing scale from pipe

Sundry Notice Processing Timeframe

- There is no time requirement in regulations for Sundry Notices.
- Most are processed within 10 days.
- Some may take as long as one month.
- Urgent/emergency situations: verbal approvals may be granted.

APD's and Sundry Notices

	Total APD's	Total SN's
FY98	608	373
FY99	216	386
FY00	136	595
FY01	85	905
FY02	94	1223
FY03	62	686
(YTD)		



Silvet Holcomb

661-391-6137

sholcomb@ca.blm.gov

Electronic Permitting

James Haerter

Petroleum Geologist

jhaerter@ca.blm.gov



BLM Electronic Permitting

BLM WIS implemented April 2000

Processed nearly 20,000 BLM permits
in 3 years



Permit Applications

Form 3160-3 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE (Other instructions reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT

11. SEC. T., R., M., BLOCK AND SURVEY OR AREA

12. COUNTY OR PARISH 13. STATE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, T. O (Also to nearest dtg, unit line, if any)

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

20. ROTARY OR CABLE TOOLS

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

22. APPROX. DATE WORK WILL START*

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM. If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED _____ TITLE _____ DATE 3-Feb-00

(This space for Federal or State office use)

PERMIT No. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Supports most Federal Oil & Gas Permits

- ✓ NOS's and APD's
- ✓ Sundry Notices
- ✓ Well Completions

BLM Electronic Permitting



The screenshot shows a Netscape browser window titled "WIS Home Page - Netscape". The address bar displays "http://www.wispermits.org/". The main content area features a header with a photograph of an oil pumpjack on the left and the text "Bureau of Land Management Well Information System" on the right. Below the header is a green banner with the text "Welcome to the Bureau of Land Management's Well Information System (WIS)". The main body of the page contains a paragraph describing the WIS system, followed by a list of links for users to log on, request accounts, contact information, guides, PC requirements, FAQs, and email contact.

Bureau of Land Management
Well Information System

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Welcome to the Bureau of Land Management's Well Information System (WIS).

WIS allows approved oil and gas operators to submit permit applications and reports electronically for wells on Federal lands, using the Internet. This includes the BLM forms for Notice of Staking (NOS), Application for Permit to Drill (APD), Well Completion Report, and Sundry Notice. Operators can also attach the required documents in PC files for these permits/reports.

Your options for using WIS are:

- [Logon to WIS](#)
- [Request user account for WIS](#)
- [See a list of people you can contact for more information about WIS](#)
- [See "How To" guides for entering an NOS, APD, Well Completion or Sundry](#)
- [See the specific PC requirements for using WIS](#)
- [Read the WIS frequently-asked questions and answers](#)
- [Send us an email about the WIS website](#)



Bureau of Land Management

Well Information System



Please log in to use the Bureau of Land Management's Well Information System (WIS).

Enter your WIS user name and password below, then press the Submit button.

User Name:

Password:

SUBMIT

[Return to WIS Home Page](#)

[Forgot Your Password?](#)



Well Information System

Main Menu

Welcome *GENE THIBODEAU* from *ABC PETROLEUM, INC.*

File a NEW Permit Application/Report with:

[Notice of Staking \(NOS\)](#)

[Application for Permit to Drill \(APD\)](#)

[Well Completion Report \(WC\)](#)

[Sundry Notice \(SN\)](#)

Find a Permit/Report with:

[View Recently Filed Permits/Reports \(30 days or newer\)](#)

[View/Edit Drafts Not Submitted to BLM](#)

[Search for a Specific Well, Facility or Case](#)

[Return to WIS Home Page](#)

Maintain your account with:

[WIS Problem Reports/Change Requests](#)

[Change Your WIS Password](#)

[Change Your WIS User Profile](#)

[Read the latest WIS announcements \(last updated 10/1/2001\)](#)

[View Previously Filed Permit/Reports](#)

For a list of options and/or to view, add, or remove attachments, click the ID Number.

Displaying 1 Through 1 Records

Sent Date	Send To	ID#	Type	Status	Case Number	Well/Facility Name and Number	API Well #	Disposition Date	Attachments	Note
3/27/03 09:58 AM	BLM Test Region	15526	BLM Application for Permit to Drill or Deepen	RECVD	COC08497	PINK PEARL #42			2 Attachments	

[Return to Operator Main Menu](#)

[Search](#)

[Refresh](#)

[Print Page](#)

Form Status Menu - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Print Mail News RSS Feeds

Address <https://www.wispermits.org/ec/OPERATOR/navigation/formoption.asp> Go Links >>

Form Status Menu

Application for Permit to Drill

This Application for Permit to Drill was received by the BLM Well Information System and will be processed by the test BLM office.

Current status of Transaction Number **15525**:

- Date Sent: **3/27/2003**
- Current status of submission: **RECVD**
- Sent to BLM office: **test**
- Lease number: **COC08497**
- Submitted attachments: **2**
- Well name(s) and number(s):
PINK PEARL #42

To edit, view, or add a note, [click here](#) this note is for your (the operator's) use only and will not be sent to the BLM

To use this Application for Permit to Drill to file another [click here](#).

To view or print this Application for Permit to Drill, [click here](#).

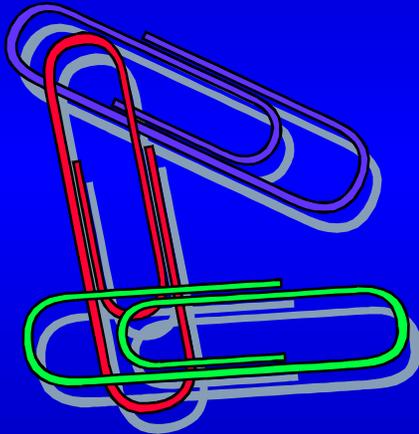
To add/view or remove attachments previously submitted for this Application for Permit to Drill, [click here](#).

To return to the Previous Submissions screen, [click here](#).

To return to the Operator Main Menu, [click here](#).

Done Internet

Supporting Documents

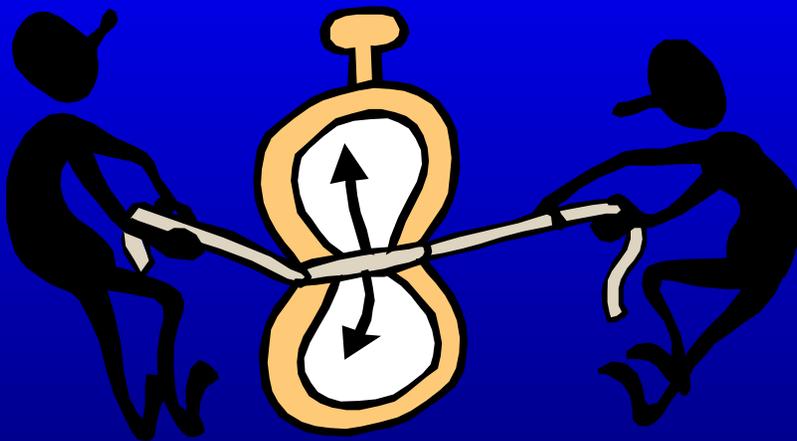


Various formats accepted

- ✓ “.doc & .wpd” files
- ✓ Spreadsheets
- ✓ Graphics files
(jpeg, gif, pdf, etc.)
- ✓ “scanned” documents

Electronic Approvals

- ✓ sent via email
- ✓ graphic (pdf) file with COA's
- ✓ permanent electronic record
- ✓ cc to state and other SME's





Electronic Data Interchange

The future – exchanging data directly (database to database) or in “batch files”

- ✓ with operators
- ✓ with other federal & state agencies

How do I participate?

- Online at www.wispermits.org
- Email pbrown@sc.blm.gov or jhaerter@ca.blm.gov
- Phone Paul Brown (303) 236-8586 or Jim Haerter (661) 391-6141



NEPA Compliance, Other Laws and Regulations

Shane Barrow

Surface Compliance Specialist

sbarrow@ca.blm.gov

Environmental Clearance Processes and Laws

- Sundry or APD
- Copy to Resources begins surface review
- Field Check
- Stipulations to Minerals for final approval
- Required for both private and Federal surface

Laws and Regulations

- NEPA – National Environmental Policy Act of 1969
 - Requires Environmental Assessment (EA)
 - Resource Management Plan and Environmental Impact Statement
- Endangered Species Act of 1973
- The Antiquities Act of 1906 and The National Historic Preservation Act
- Common Sense

Cultural Resources, Laws and Regulations

Kim Cuevas

Archaeologist

kcuevas@ca.blm.gov

What Are Cultural Resources?

Cultural resources consist of remains or sites associated with human activities and include the following:

- ❖ Prehistoric and ethnohistoric native American archaeological sites.
- ❖ Historic archaeological sites.
- ❖ Elements or areas of the natural landscape which have traditional cultural significance.





Key Federal Cultural Resource Laws

- ❖ Antiquities act of 1906
- ❖ National historic preservation act of 1966
(section 106)
- ❖ Archaeological resources protection act of
1979
- ❖ Native American graves protection and
repatriation act of 1990

Oil and Gas Programmatic Biological Opinion

Amy Kuritsubo

Wildlife Biologist

akuritsubo@ca.blm.gov

Oil and Gas Programmatic Biological Opinion

- Compliance with Federal Endangered Species Act
 - 📖 BLM must consult if “may affect”
 - 📖 Need permit to “take” listed animal
 - 📖 Conservation mandate to all federal agencies

Oil and Gas Programmatic Biological Opinion

- Meet APD and Sundry Notice
Timeframes
 - ⌚ Typical consultation = 3 months to 1 + years
 - ⌚ Programmatic = about 1 week after receiving consultant report
- Predictable

Oil and Gas Programmatic Biological Opinion

- Only 10% need consultation
 - 👍 Most projects can be sited to avoid impacts



Kern & Kings County Oil Fields



Oil and Gas Programmatic Biological Opinion

- Consultation completed ahead of time
- Qualifying projects can be covered
 - ☒ < 10 acres disturbance
 - ☒ < 10 miles long
 - ☒ Oil and gas related
 - ☒ Kern and Kings counties

Oil and Gas Programmatic Biological Opinion

- Valid until 2016
 - ☒ Stay below limits for acres disturbed
 - ☒ Provide reports to FWS
 - ☒ Meet annually with FWS
 - ☒ Make changes as necessary
 - ☒ Comply with program

2016					
September					

Oil and Gas Programmatic Biological Opinion

- Pre-determined survey, mitigation, monitoring and compensation criteria
- Requirements vary depending on role of area in conservation strategy









Project Name: Oxy Thunderball Gas Pipeline
Applicant: Occidental of Elk Hills
Oil and Gas Programmatic Zone: Red and Green

Case File/Lease/Serial Number: CA43746

Date: 19 March 2002

San Joaquin Valley Oil and Gas Programmatic Opinion
Applicable Provisions

General Guidelines for Conserving Habitat and Minimizing Project Impacts

Habitat disturbance will be minimized and conducted in a manner that reduces, as much as possible, the potential for take of individuals of a listed species. Existing roads and routes of travel will be used, to the greatest extent practicable. Natural drainage patterns will be maintained to the greatest extent practicable.

Large draws and drainages with saltbush will be avoided to the greatest extent practicable.

The area of disturbance will be reduced to the smallest practical area, considering topography, placement of facilities, location of burrows, nesting sites or dens, public health and safety, and other limiting factors.

Work area boundaries will be delineated with flagging, temporary fencing or other marking to minimize surface disturbance associated with vehicle straying.

To the extent practicable, previously disturbed areas will be used to stockpile excavated materials, storage of equipment, digging of slurry and borrow pits, locations of trailers, parking of vehicles, and other surface-disturbing actions.

All oil spills will be contained closest to the source site as possible. The Service will be notified within 48 hours of any oil spill.

The use of all terrain vehicles (ATVs) will be considered for projects that require cross-country travel (such as project survey staking, geophone placement and retrieval).

Project employees will be directed to exercise caution when commuting within listed species habitats. T&C¹ The speed limit on unpaved roads not maintained by the county, shall be a maximum of 20 MPH², in order to minimize wildlife casualties.

Cross-country travel by vehicles is prohibited, unless specifically authorized by BLM for the project.

Project employees will be provided with written guidance governing vehicle use restrictions, speed limits on unpaved roads, and fire prevention and hazards.

A worker education program will be conducted for all employees working on the project sites in listed species habitats. The education program will include identification of listed species and their habitats, project mitigation measures and stipulations, reporting requirements, and penalties for failure of compliance.

T&C All spills of hazardous materials within endangered species habitats shall be cleaned up immediately.

Actions during evening hours when some listed species are active and vulnerable to vehicle or equipment-induced injury or mortality will be minimized.

Trash and food items will be contained in closed containers and removed daily.

¹ T&C = term and condition from the September 28, 2001 Biological Opinion.
² CR = conservation recommendation from the September 28, 2001 Biological Opinion.

² Redline = change from July 17, 1996 Biological Opinion



August 23, 2000

14" Fresh Water Pipeline
Lokern Area
Serial Number CA 42020

MS. AMY KURITSUBO
BUREAU OF LAND MANAGEMENT
3801 PEGASUS DRIVE
BAKERSFIELD, CA 93308

Dear Ms. Kuritsubo:

Chevron agrees to implement the mitigation measures specified in the San Joaquin Valley Oil and Gas Programmatic Opinion, Applicable Provisions, during construction of the subject pipeline. We will compensate for impacts to previously undisturbed habitat at 3:1 for permanent impacts and 1:1:1 for temporary impacts. Chevron will conduct a post-construction survey to make a final determination of impacted habitat and will provide acreage compensation using conservation credits established for our Lokern HCP.

Please advise me if there are any other requirements from your agency that we would need to comply with.

Thank you for your help in this matter. Should you have any questions or require additional information, please contact me at 633-4447.

Very truly yours,

Matt Leong
Environmental & Safety Engineer

cc: Mr. John Seymour, Chevron USA
Ms. Randi McCormick, Bio Resources Consulting



Customized provisions

Concurrence letter







Oil and Gas Programmatic Biological Opinion

After Construction

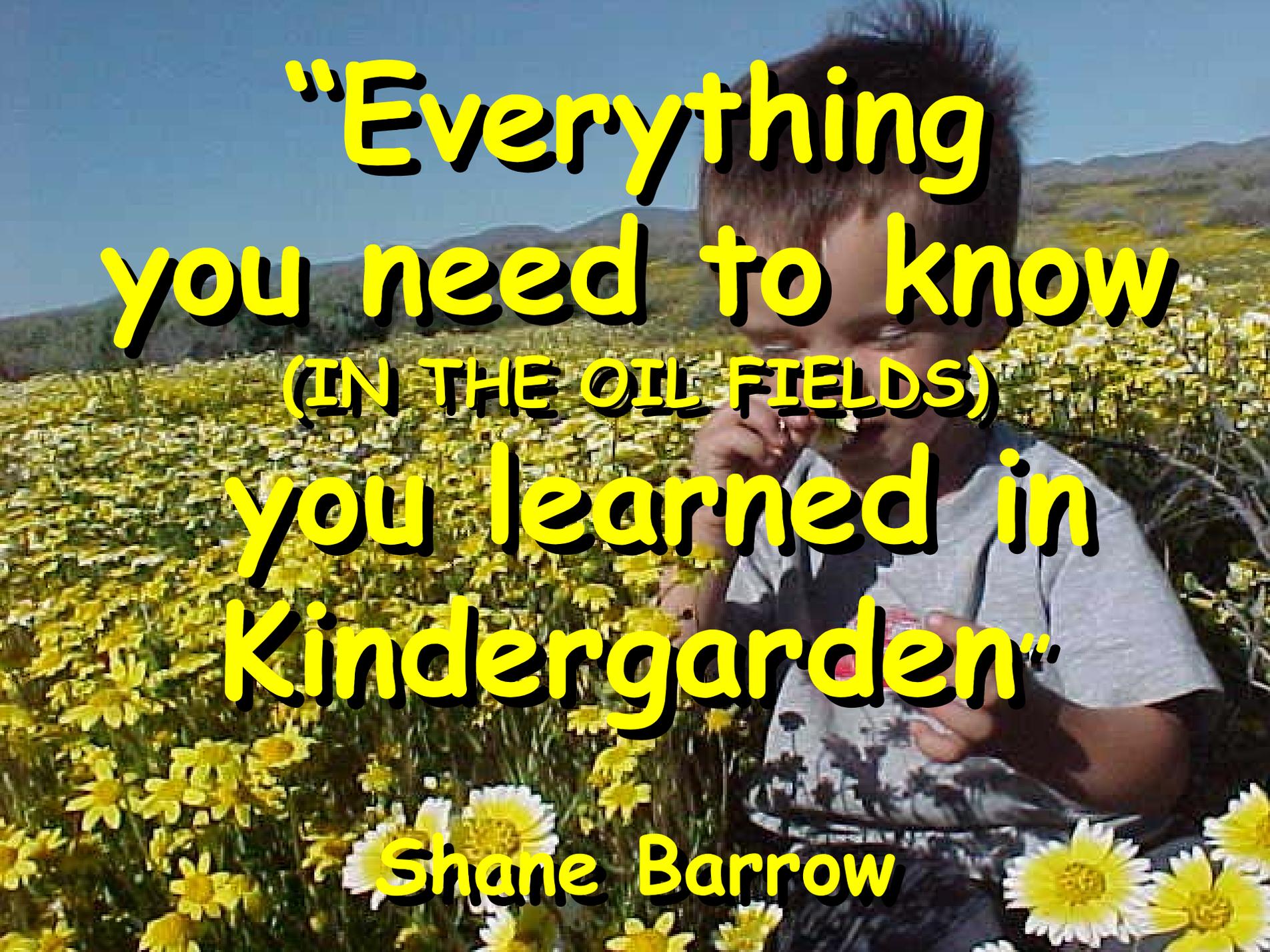
- Post construction report
- Revisions to disturbance estimates
- Confirmation of compensation dedication
- BLM submits annual report to FWS

Lease Operational Requirements when in habitat

Shane Barrow

Surface Protection Specialist

sbarrow@ca.blm.gov

A young boy with dark hair is sitting in a field of yellow daisies. He is wearing a grey t-shirt and is eating a snack. The background shows a clear blue sky and distant hills. The text is overlaid on the image in a large, bold, yellow font with a black outline.

**"Everything
you need to know
(IN THE OIL FIELDS)
you learned in
Kindergarden"**

Shane Barrow

1. SHARE EVERYTHING



- Multiple Use Ethic
- Let's try to get the oil/gas out of the ground, and do it in an environmentally responsible manner

2. PLAY FAIR

- Same Rules for everyone
- No favorites



3. DON'T HIT PEOPLE



4. PUT THINGS BACK WHERE YOU FOUND THEM

- Rehabilitation
- Restoration



4. PUT THINGS BACK WHERE YOU FOUND THEM

- Protection



5. DON'T TAKE THINGS THAT AREN'T YOURS

- **Protection of our Public Trust**
- **Professional conduct on the leasehold**
- **Ask if you're not sure – Alert! Dozer drivers**



6. SAY YOU'RE SORRY WHEN YOU HURT SOMEBODY

- Accidents do happen, spills do occur
- Take all measures to protect against them
- Say you're sorry and...



7. CLEAN UP YOUR OWN MESS

- Keep sumps adequately netted/grated



7. CLEAN UP YOUR OWN MESS

- **Fix all leaks in pipelines, Equipment & Stuffing Boxes**



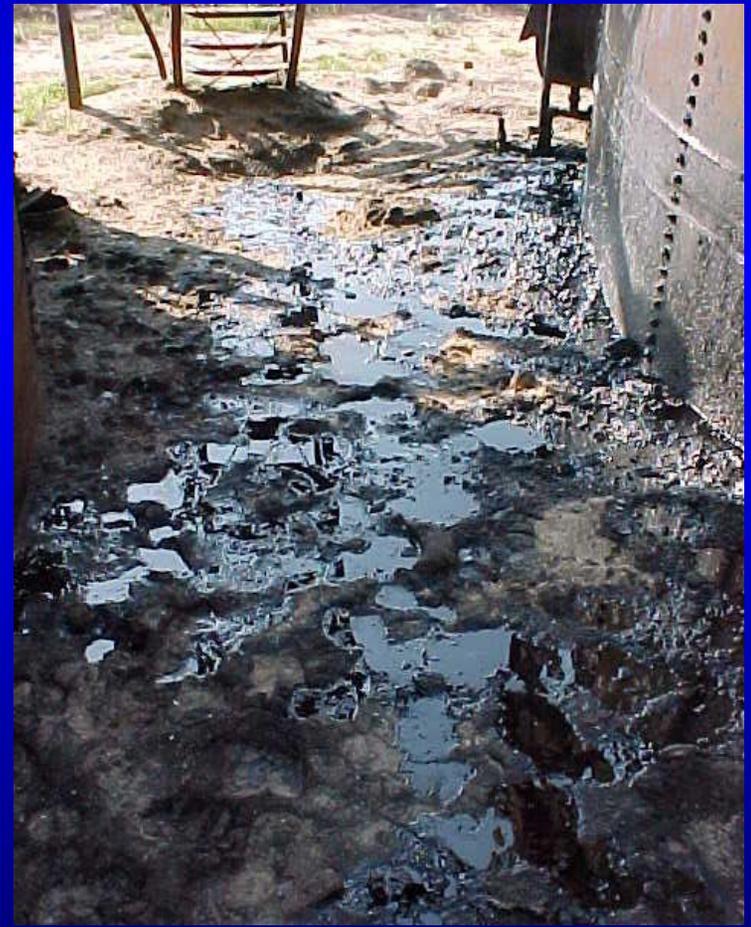
7. CLEAN UP YOUR OWN MESS

- Always keep lids on buckets/containers



7. CLEAN UP YOUR OWN MESS

- Repair leaking tanks



8. WASH YOUR HANDS BEFORE YOU EAT



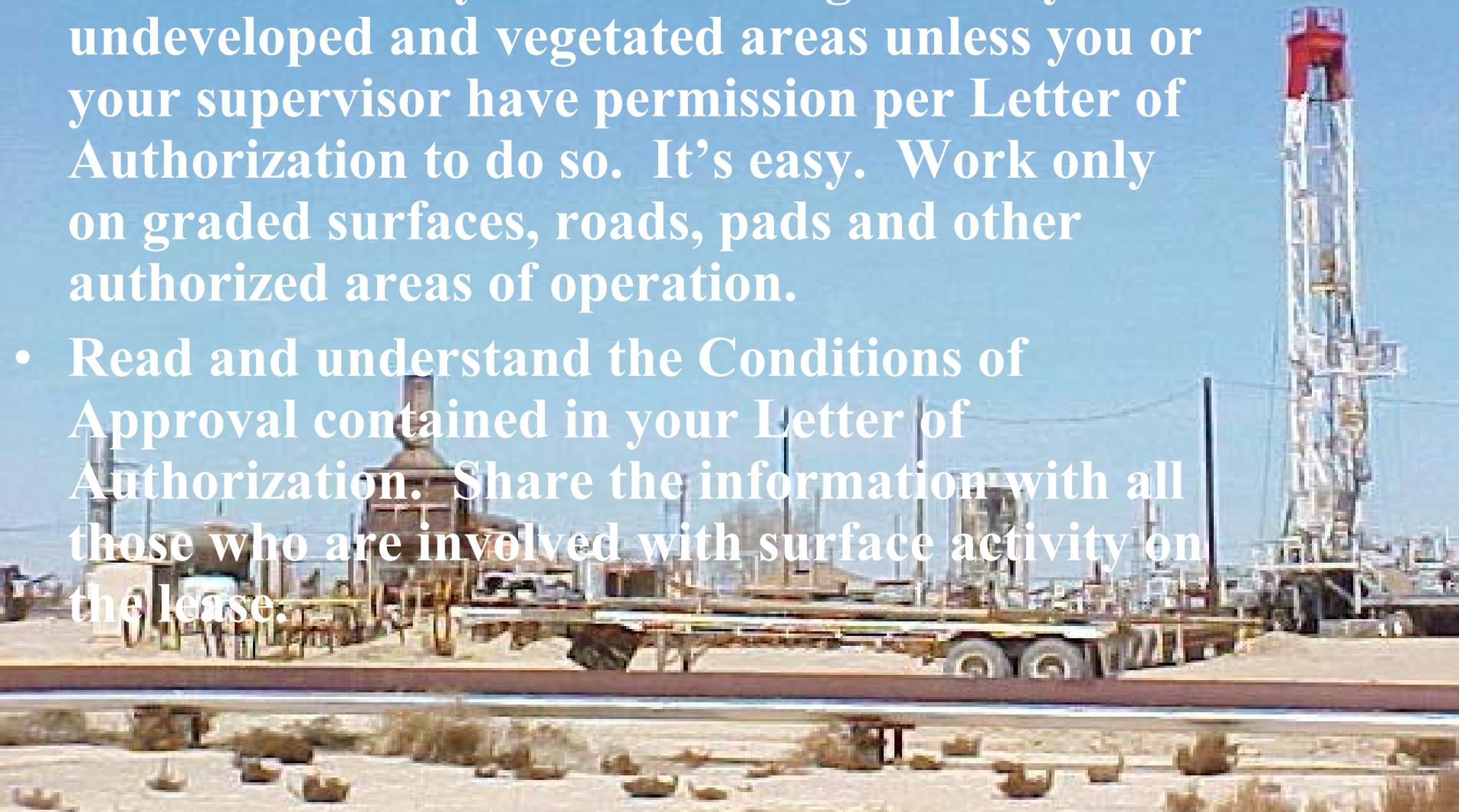
9. FLUSH

- *Always* a good Rule of thumb...and here are some other good rules:



Rules of thumb:

- Strive for avoidance of wildlife at all times. Be aware of where you are working and stay out of undeveloped and vegetated areas unless you or your supervisor have permission per Letter of Authorization to do so. It's easy. Work only on graded surfaces, roads, pads and other authorized areas of operation.
- Read and understand the Conditions of Approval contained in your Letter of Authorization. Share the information with all those who are involved with surface activity on the lease.



RULES OF THUMB (cont'd):

- It is important for lessee to have a single contact person for all surface issues concerning your federal leases. Value of a good and steady contact person cannot be overstated. It helps prevent confusion and potential mistakes.
- Again, be aware of where you are on the leasehold. Stay out of undeveloped areas unless you have authorization. Read and understand the Conditions of Approval contained in your authorization.

11. TAKE A NAP EVERY AFTERNOON



12. WATCH OUT FOR TRAFFIC, HOLD HANDS, AND STICK TOGETHER



- **Cooperation & Coordination**

13. ALL THINGS MUST DIE

- Let's not accelerate the process



13. ALL THINGS MUST DIE



13. ALL THINGS MUST DIE



- **Not like this!**

14. REMEMBER THE
FIRST WORD YOU
LEARNED-

LOOK...



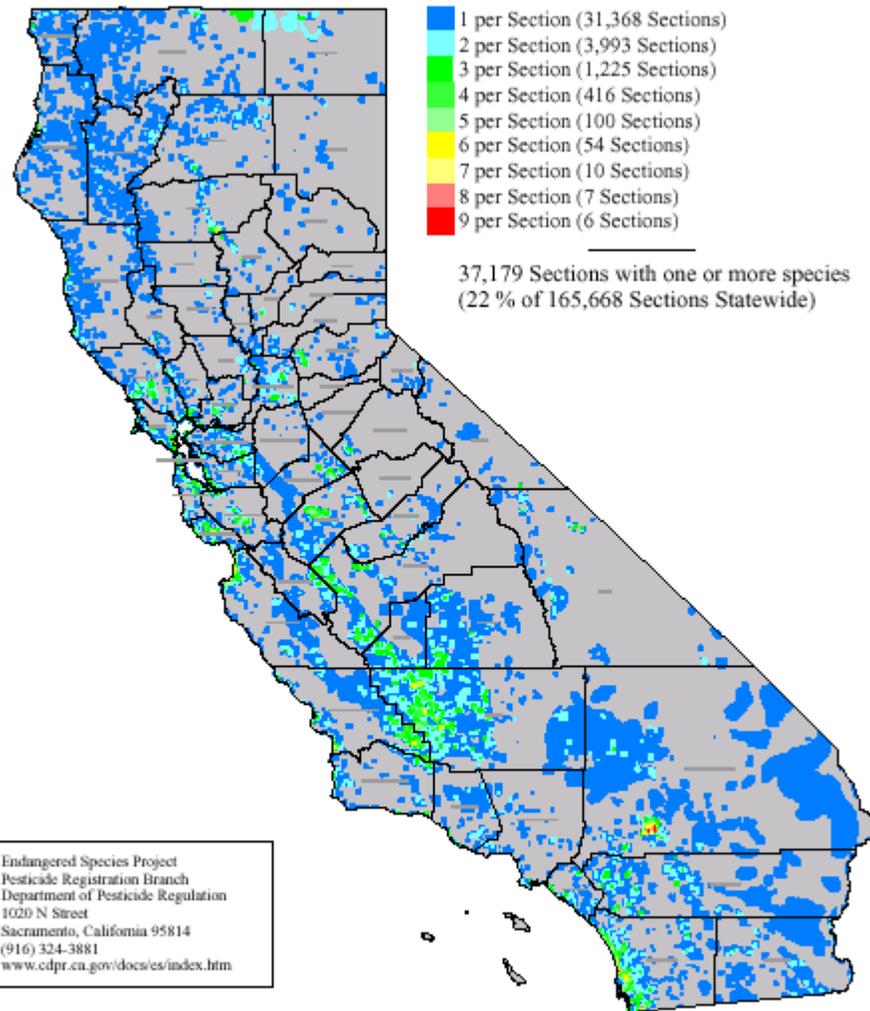
Ways to Minimize Impacts

- Move well(s) to one side of pad
- Rotate orientation of pad
- Reroute pipelines/flowlines
- Locate well on developed surface
- Locate well adjacent to road
- Multiple wells on a single pad

**FEDERALLY LISTED
THREATENED OR
ENDANGERED SPECIES**

Federally Listed Species in California

Number of Species* per Section



www.cdpr.ca.gov

*Federally Listed Endangered, Threatened, Proposed Endangered, Proposed Threatened and Category 1 Candidate Species per California Department of Fish and Game Natural Diversity Database (August, 1997)

Bakersfield Cactus



California Jewelflower



A close-up photograph of the San Joaquin Woolly Threads plant. The image shows several green, elongated, and slightly curved leaves with a slightly waxy or woolly texture. Small, bright yellow flowers are visible, some in full bloom and others as buds. The background is a soft-focus green, suggesting a natural outdoor setting. The text "San Joaquin Woolly Threads" is overlaid in blue on the lower-left portion of the image.

**San Joaquin
Woolly Threads**

Kern Mallow



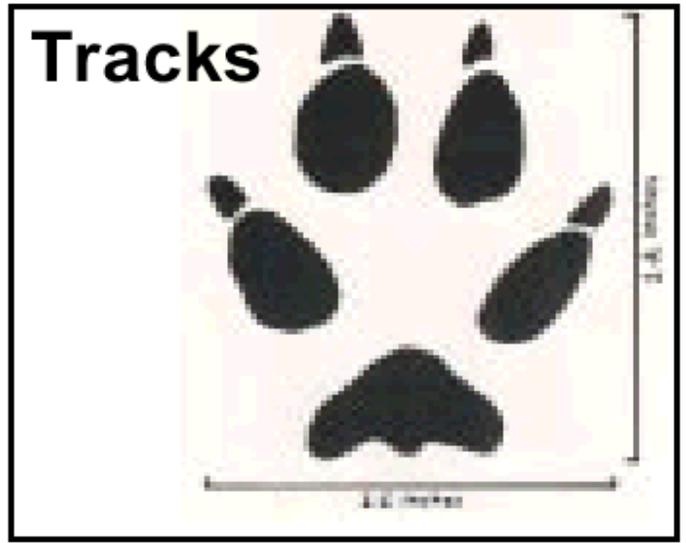
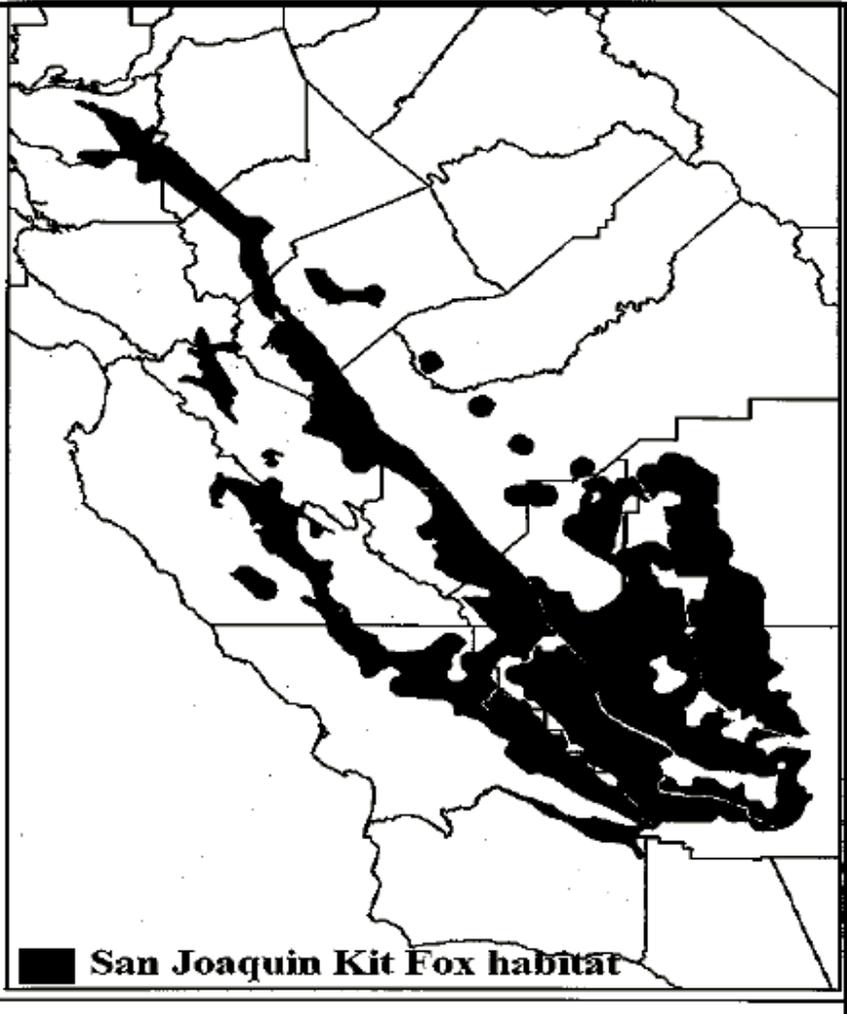
Hoovers Woolly Star



San Joaquin Kit Fox



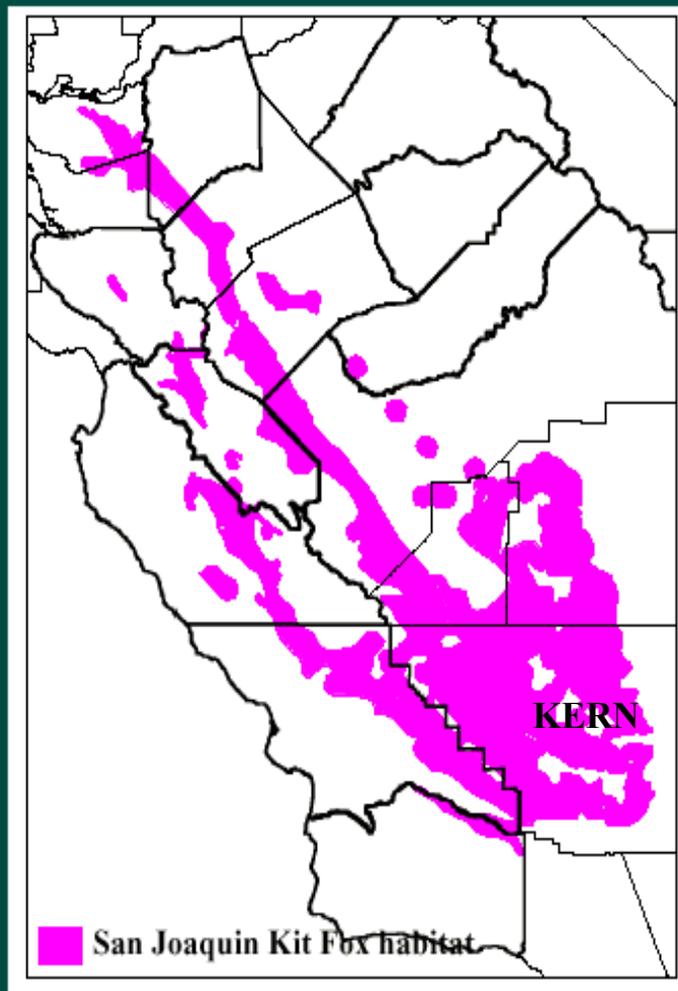
San Joaquin Kit Fox



Biology - Kit Foxes spend most of the day in their soft, sandy burrows and leave hunting for the twilight and nighttime hours. They feed primarily on ground squirrels, kangaroo rats, desert cottontails mice, insects, carrion and ground-nesting birds.

Kit Foxes appear to survive without drinking water, an adaptation to desert conditions, obtaining all their water in the form of preformed and metabolic water from their prey. The foxes are capable of breeding at age one, but may not breed their first year. Reproductive females clean and enlarge natal or

Kit Fox Range (Counties)



- Northern: Alameda, Contra Costa, San Joaquin.
- Central: Fresno, Kings, Madera, Merced, San Benito, Stanislaus, Tulare.
- Southern: Kern, San Luis Obispo, Santa Barbara, Ventura.

Blunt Nosed Leopard Lizard



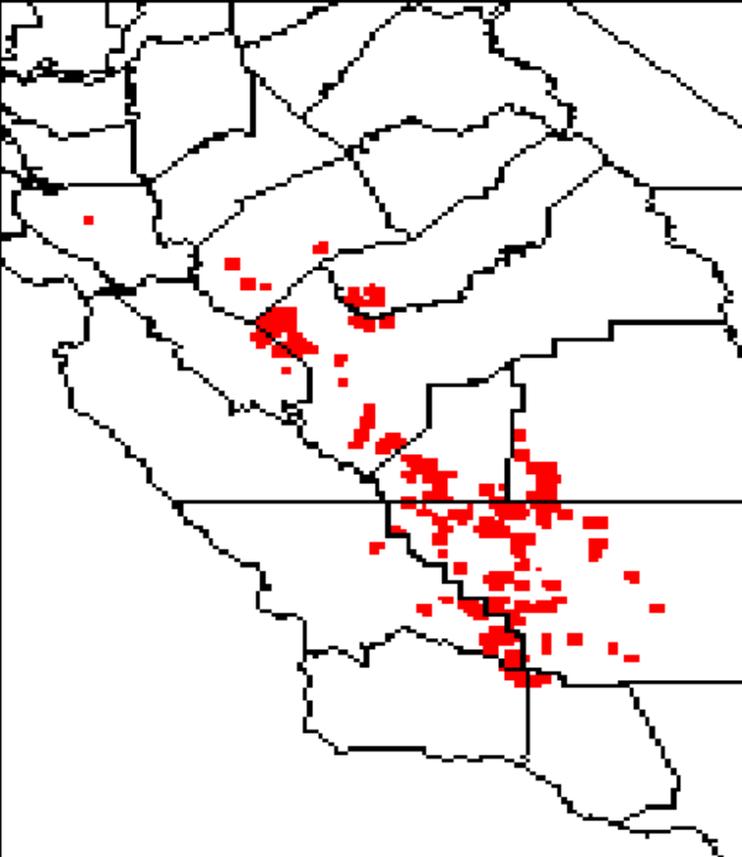
Blunt-Nosed Leopard Lizard

Distribution

Blunt-nosed leopard lizards can be found at elevations ranging from 30 m (100 ft) to 790 m (2600 ft) above sea level. The California Department of Fish and Game's Natural Diversity Data Base lists currently occupied habitat in the following Counties: Merced, Madera, Fresno, San Benito, Kings, Tulare, Kern, San Luis Obispo, Santa Barbara, and Ventura.

Behavior

Blunt-nosed leopard lizards are diurnal, active when ambient temperatures reach 25-35 C (77-95 F) and soil temperatures reach 30-50 C (86-122 F). On hotter days they are



Source: CDFG NDDDB, 1997

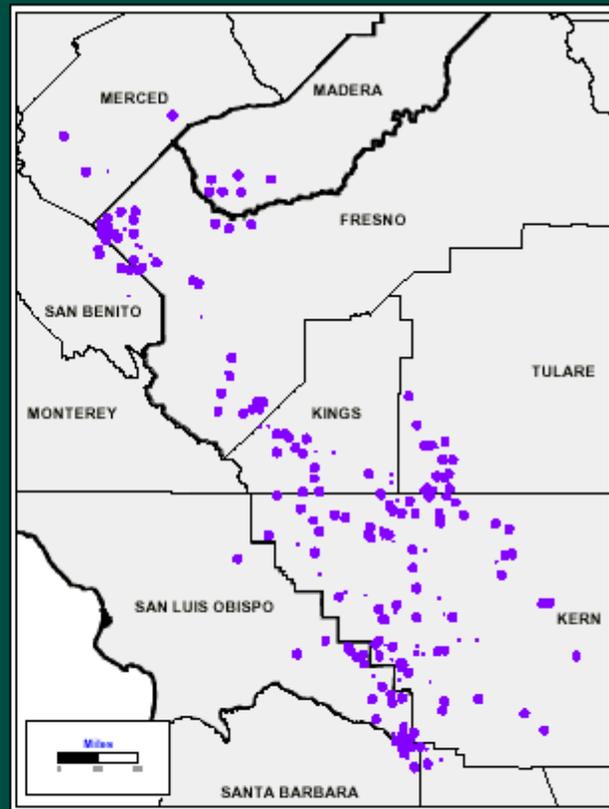
active in the early morning and late afternoon.

Blunt-nosed leopard lizards hibernate in Winter and are active mid-Spring to mid-Fall. After they emerge in March or April, adults remain active until the end of June or July, whereas juveniles hatch in August and remain active into September or October.

Blunt-nosed Leopard Lizard

Currently Occupied Habitat

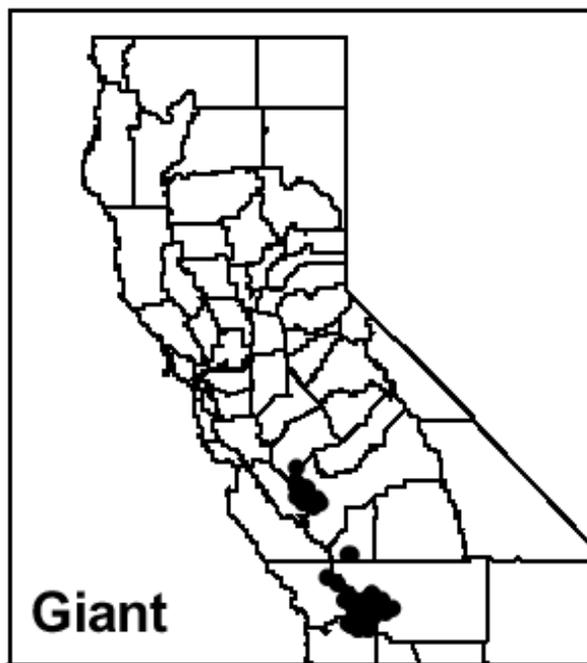
- Preferred habitats:
Alkali flats and sparsely vegetated plains.
- Can be found from 30 to 730 m above sea level (100-2200 feet).
- Counties: Merced, Madera, Fresno, San Benito, Kings, Tulare, Kern, San Luis Obispo, Santa Barbara, Ventura.



Giant Kangaroo Rat



Kangaroo Rats: Biology and Distribution



Distribution

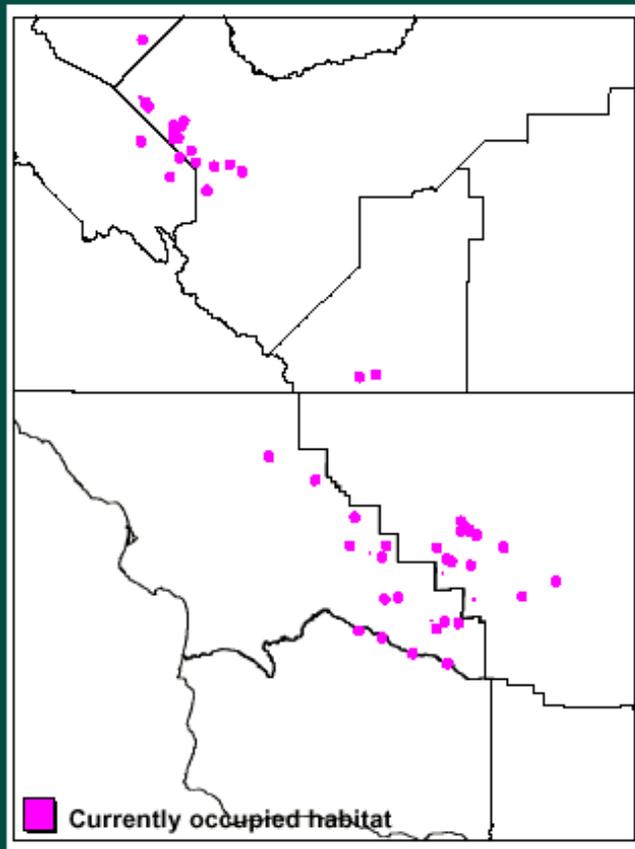
Kangaroo Rats can be found primarily in sparsely vegetated areas where fine soils are the predominant substrate. The Giant Kangaroo Rat is known to occur in Merced, Fresno, San Benito, Kings, Kern, San Luis Obispo, and Santa Barbara counties.

Tipton Kangaroo Rats prefer habitats such as alkali marshes and plains; with scattered woody shrubs. They can be found in parts of Kings, Tulare and Kern counties.

Stephen's Kangaroo Rats prefer coastal sage scrub and open grasslands. Currently occupied habitat can be found in parts of western Riverside and in northern San Diego counties.

Fresno Kangaroo Rats have been described as occupying alkali marsh habitats. Currently occupied habitats are found in southwestern Madera, central Fresno, and northern Kings counties.

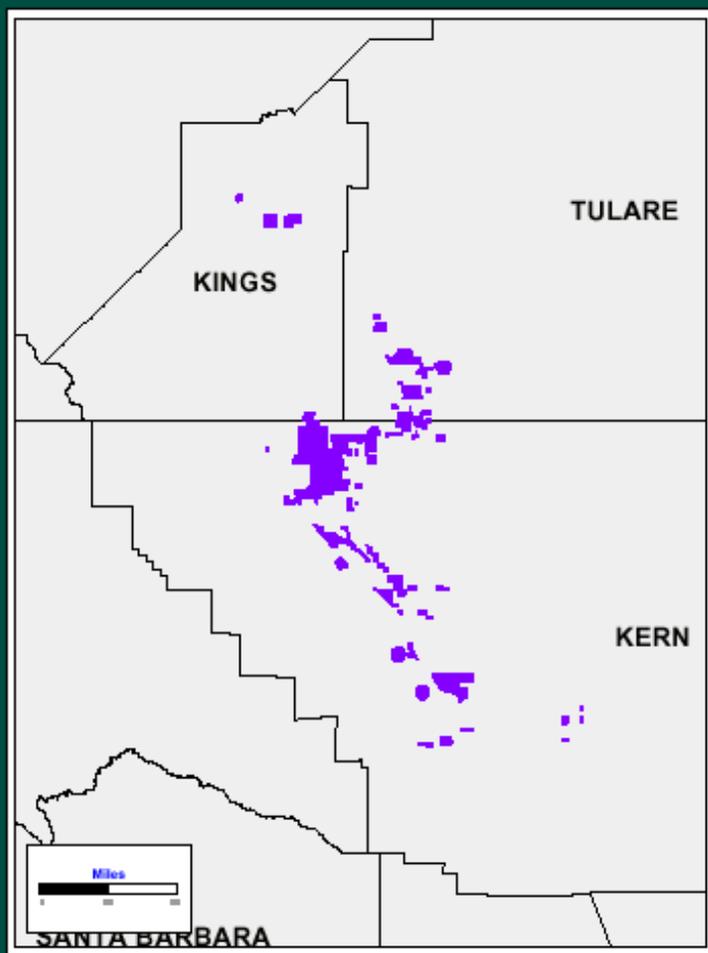
Giant Kangaroo Rat Range



- Currently occupied habitat amounts to only 2% of its former range.
- Open areas with fine soils in southwestern San Joaquin Valley.
- Counties: Merced, Fresno, San Benito, Kings, Kern, San Luis Obispo, Santa Barbara

Tipton Kangaroo Rat

Currently Occupied Habitat



- Preferred Habitats: Alkali Marshes and Plains. Scattered woody shrubs (i.e., salt bush).
- They prefer elevated terrain for burrows (road berms, canal banks and railroad beds).
- Counties: Kings, Tulare, Kern.

California Condor



Endangered Species Habitat (Section 22)



Small Areas (Section 22)





Potential Kit Fox Burrows

**Don't Drive Across Grassy
Areas!**





**Grassy Area with Kit
Fox Natal Den Site**





Routine Oilfield Work

Routine Oilfield Work



Routine Oilfield Work



Thank you
from BLM & all the Critters



Petroleum Engineering Technicians Staff, Areas of Responsibility, General Compliance

George Garcia

Supervisory Petroleum Engineering Technician

ggarcia@ca.blm.gov

BUREAU OF LAND MANAGEMENT

Inspection and Enforcement



Kent Varvel – Environmental Protection Specialist - Spill Reporting and Clean-up guidelines

Inspector Jim Robinson – Onshore Orders

Inspector Gabe Garcia - Production Accountability Review

Inspector Rod Sparks – Safety on drilling rigs – BOPE's and H2S

Inspector Kevin Coodey - Site security on sales tanks and LACT units

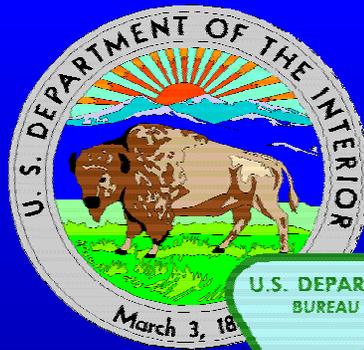
Inspector Glen Garnand – INC process and compliance history

Inspection & Enforcement History



Inspection & Enforcement

History



Authority

- ▶ Authorized Officer - Patricia D. Gradek, Assistant Field Manager for Minerals
- ▶ Authorized Representatives – any BLM representative Patty delegates authority to
- ▶ Minerals Leasing Act 1920
- ▶ Federal Oil and Gas Royalty Management Act (FOGRMA) 1982
- ▶ Code of Federal Regulations (43 CFR)

Onshore Orders

→ #1- Approval of Operations

→ #2- Drilling Operations

→ #3- Site Security

→ #4- Measurement of Oil

→ #5- Measurement of Gas

→ #6- Hydrogen Sulfide
Operations

→ #7- Disposal of
Produced Water

Role of the Inspectors

To ensure compliance by lessees and operators with the various regulations applicable to oil and gas operations on Federal lands by inspecting operations and documenting violations.



Inspectors and assignments

<u>Inspectors</u>	<u>Office phone</u>	<u>County & Fields of Inspection</u>
George Garcia Supervisor 1690	(661) 391-6149	
Glen Garnand Area #1 1692	(661) 391-6178	Kern - Midway-Sunset Fresno - Coalinga/Jacallitos/Pleasant Valley LA - Placerita/AlisoCanyon/Sawtelle San Luis Obispo - Midway-Sunset
Rod Sparks Area #2 1694	(661) 391-6135	Kern - Midway-Sunset/Poso/Mt. Pose Ventura - Sespe Kings - Kettleman Middle Dome Fresno - Kettleman North Dome San Benito - Vallecitos LA - Placerita
Jim Robinson Area #3 1699	(661) 391-6139	Kern - Lost Hills/McKittrick/Belgian Anticline/ Asphalto/Chico Martinez/Semitropic Kings - Kettle North Dome Fresno - Kettleman North Dome Sacramento - Decker Island/Rio Vista Solano - Rio Vista/Maine Praire Contra Costa - Dutch Slough/River Break Gas Sutter - Tisdale East Glenn - Malton Black San Joaquin - Vernalis

Inspectors and assignments (cont'd)

Mike Davis
Area #4 1693

(661) 391-6147

**Kern - Midway-Sunset/Buena
Vista/Kern Front/Capitola Park/
Cienega Canyon/Wheeler Ridge/
South Cuyama/Russell Ranch
Santa Barbara - Cat Canyon/
Ventura - Silverthread/South Mountain
San Luis Obispo - Russell Ranch/
Morales Canyon**

Vacant
Area #5 1698

(661) 391-6xxx

**Kern - Kern River/Kern Bluff/
Kern Front/Round Mountain/
Edison/Ant Hill
Los Angeles - Castaic Hills/Tapia
/Oak Canyon/Long Beach
Riverside - Prado Corona
Monterey - San Ardo**

Inspection and Enforcement main telephone contact lines.

(661) 391-6130 (661) 391-6151

Operator



Examples of Royalties Realized from: Major Operator X

BIG Lease Y

$$\begin{array}{rclcl} 472,000 \text{ bbls./Mo.} & \times & \$20.00/\text{bbl.} & = & \$9,440,000 \text{ /Mo.} \\ \$9,440,000 \text{ /Mo.} & \times & 4.8\% & = & \$ 453,120 \text{ /Mo.} \end{array}$$

$$\$442,000 / 2 = \underline{\underline{\$226,560/\text{month Federal} *}}$$

*All royalties split 50:50 with the State.

Only You!

Can help us maintain the quality of the environment and accountability of royalties on Public Lands and Minerals.



Spill Reporting And Clean-up Guidelines

Kent Varvel

Environmental Protection Specialist

kvarvel@ca.blm.gov

Incident Reporting Requirements on BLM Lands

Class I Incident

Requirement

- Spill of 100 bbls or more of oil and/or water if not contained on a developed surface
- Any spill, venting or fire in a sensitive area such as a water way, urban area or in wildlife habitat
- Equipment failures or accidents that release 500 MCF or more of gas
- Any fire that consumes 100 bbl or more of oil, or 500 MCF or more of gas
- Any life threatening or fatal injury
- Any loss of well control
- Any release of reportable quantities of hazardous substances

Call BLM
immediately and fax a
written report within
15 days

BLM 24hr call number 661-391-6130

BLM Fax number 661-391-6156

Incident Reporting Requirements on BLM Lands

Class II Incident

Requirement

- Spills of 100 bbls or more of oil and/or water if contained on a developed surface
- Any spill between 10 bbl and 100 bbl of oil and/or water and on a developed surface
- Equipment failures or accidents that release between 50 and 500 MCF of gas
- Any fire that consumes from 10 to 100 bbls of oil, or 50 to 500 MCF of gas

No Phone call required* Fax a written report within 15 days

BLM Fax number 661-391-6156

* = A courtesy call to the BLM is appreciated

Guidelines for Clean Up of Heavy Crude Oil on Federal Leases

Clean Up on Developed Surfaces

- Roads
- Tank batteries
- Well pads
- Compressor pads
- Other barren compacted work surfaces

Tank Farm Spill



Within secondary containment and on developed surface >100 barrels, contained by a facility berm – FAX a report to BLM within 15 days.

Tank Farm Spill



Escaped secondary containment still on developed surface >100 barrels, not contained – notify BLM immediately

Blowout, Flowline Leak



Surface flow on developed surface < 10 barrels – no notification required.

Pipeline Leak



Leak or blow out of a flow line >10 barrels and < 100 barrels on developed surface – FAX a report to BLM within 15 days

Clean Up on Undeveloped Surfaces and Sensitive Areas

- Wildlife and urban parks
- Designated natural areas
- Wildlife refuges
- Urban and suburban areas such as: homes, offices, shops
- Schools

Clean Up on Undeveloped Surfaces and Sensitive Areas (Cont'd)

- Farms
- Ephemeral or dry drainages
- Tributaries with or without standing or flowing water
- Actual or potential wildlife habitat

Well Blowout



Oil covering the developed well pads and machinery and also on the only wildlife habitat around <10 barrels, wildlife habitat affected – immediately notify BLM

Pipeline Leak



**Flow of the spill down an undeveloped surface ephemeral drainage with wildlife habitat
>10 barrels down an ephemeral drainage and wildlife habitat – immediately notify BLM**

Pipeline Leak

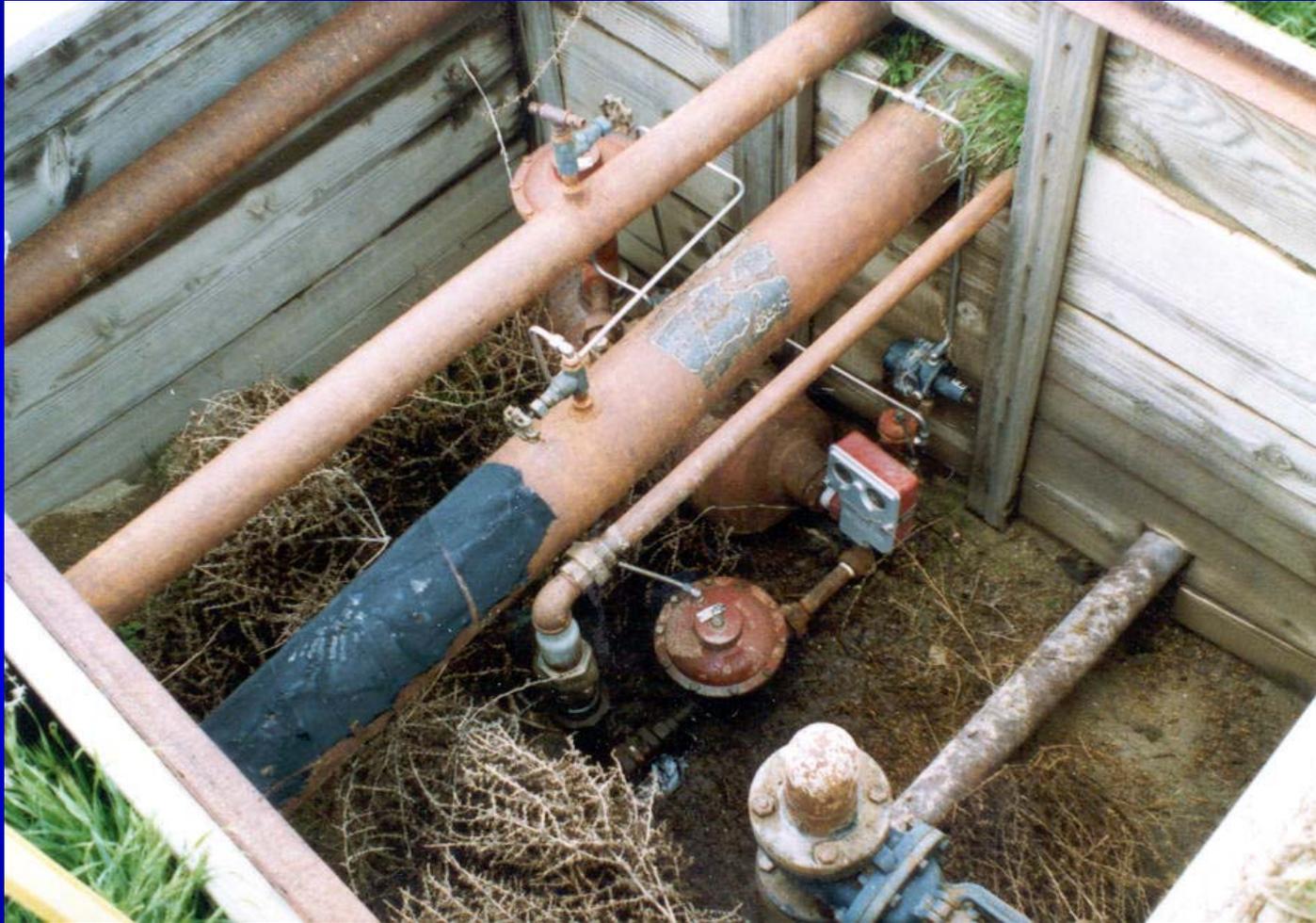


Hot water flush, dam construction, and bell hole vacuum truck recovery on undeveloped surface.

Other Spills Requiring Immediate Notification

- Any reportable quantities of hazardous materials
- Any quantity of a hydrocarbon liquid of 45 API gravity or higher

Gas Condensate Pipeline Leak



Condensate recovery station below ground surface, spill of a reportable quantity of a flammable hazardous material – immediately notify BLM and the local LEA

Gas Condensate Pipeline Leak



Leak of gas condensate directly into the ground, spill of a reportable quantity of a flammable hazardous material – immediately notify BLM and the local LEA

BLM 24 Hour Telephone Number
1-661-391-6130

OES 24 Hour Reporting Number
1-800-852-7550

Onshore Orders



Jim Robinson

Petroleum Engineering Technician (Inspector)

jrobinson@ca.blm.gov

Onshore Orders

→ #1- Approval of Operations

→ #2- Drilling Operations

→ #3- Site Security

→ #4- Measurement of Oil

→ #5- Measurement of Gas

→ #6- Hydrogen Sulfide
Operations

→ #7- Disposal of
Produced Water

Production Accountability Review



Bakersfield Field Office

Gabe Garcia

Petroleum Engineering Technician (Inspector)

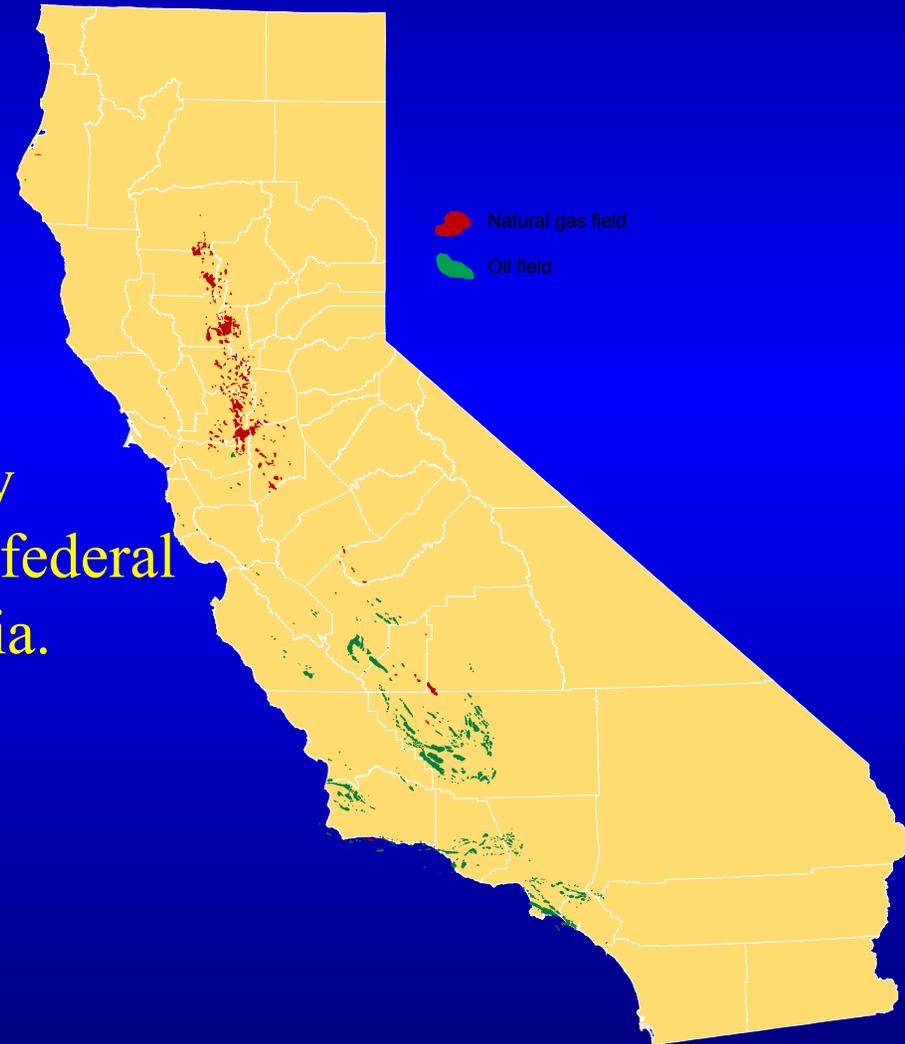
grgarcia@ca.blm.gov



Bakersfield Field Office

Ensures

that all oil and gas operators properly measure and report production from federal oil & gas leases throughout California.



Year 2001

Statistics

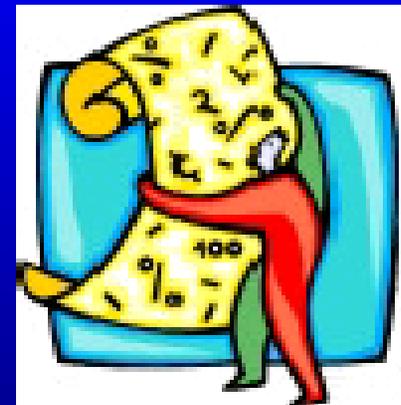
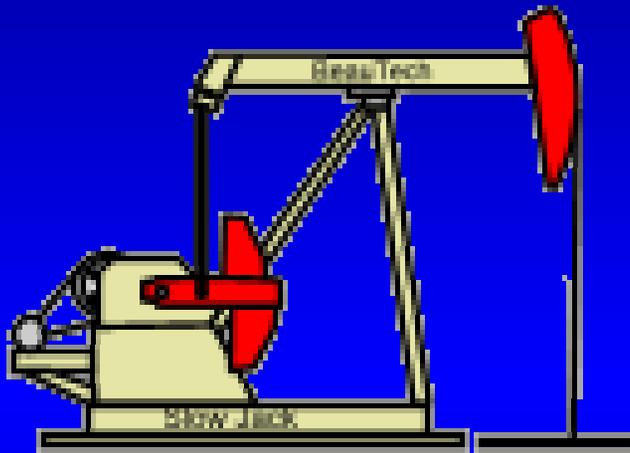
- 300 Active Leases
- 8,323 Wells
- 118 Lessees/Operators
- 61 Agreements
- 16.8 Million Barrels of Oil
- 6.3 Billion Cubic Ft. of Gas

 **28.2 Million**

External Contacts

- Minerals Management Service (MMS)
- State Controllers Office
 - Royalty verification
 - Audits
- Lessee/Operator

Production Accountability Review



1. Assignment

- PET Supervisor identifies/prioritizes leases.
- PET Supervisor assigns to the inspector by area.
- PET may note discrepancies or areas of concern during routine inspection.

2. Office Review

- Pull 3 yr. Average and 6 months of production reports - verify sales
- Verify all data

➔ PAR encompasses reviewing the Oil and Gas Operations Report (MMS-OGOR 4054) and comparing it to the run tickets/LACT printouts and/or gas charts for accuracy.

TEXACO
CRUDE OIL RUN TICKET

NUMBER
3261

MONTHLY RUN NO. **2** DATE **10 23 2001**

FIELD LOCATION FROM
MIDWAY SUNSET
C-35
SEC. 35 T. 31 R. 22
SAC. 19349

TEXACO
STA. 31

REMARKS
2465316.4
2461172.2

THE FOLLOWING CRUDE OIL IN BULK OF 42 U.S. GALLONS PER BARREL

TANK OR METER #	FEET	INCHES	GROSS	TEMP	CARRIER	PL	TR	TC	SH	GROSS @ 60°	10THS
H I											
L O											

A.P.I. GRAVITY OF SAMPLE
OBSERVED **17.4** TEMP **145** CORRECTED **13.0** B.S. & W. % **1.6**

METER

THIS DELIVERY NO.	BARREL READING CLOSING	10THS
AA 2 9 3	4 6 5 3 1 6	3
AA 2 9 2	4 6 1 1 7 2	2

LAST DELIVERY NO. BARREL READING OPENING

TEMP COMPENSATED YES NO OBS BARRELS

METER FACTOR **1.0063** BS&W 60° F BARRELS

AVG. TEMP **171.5** TEMP FACT. **0.95983** NET BARRELS **3938.74**

OPEN TIME **2:14** DATE **10-23-01** TERT **Ron Redfield**

SEAL # **73444** OTHER CO

CLOSE TIME **6:14** DATE **11-01-01** TERT **Ron Redfield**

SEAL # **7387** OTHER CO

TEXACO
CRUDE OIL RUN TICKET

NUMBER
3237

MONTHLY RUN NO. **1** DATE **10 11 2001**

FIELD LOCATION FROM
MIDWAY SUNSET
C-35
SEC. 35 T. 31 R. 22
SAC. 19349

TEXACO
STA. 31

REMARKS
2461172.2
2460943.7

THE FOLLOWING CRUDE OIL IN BULK OF 42 U.S. GALLONS PER BARREL

TANK OR METER #	FEET	INCHES	GROSS	TEMP	CARRIER	PL	TR	TC	SH	GROSS @ 60°	10THS
H I											
L O											

A.P.I. GRAVITY OF SAMPLE
OBSERVED **17.4** TEMP **145** CORRECTED **13.0** B.S. & W. % **1.6**

METER

THIS DELIVERY NO.	BARREL READING CLOSING	10THS
AA 2 9 2	4 6 1 1 7 2	-
AA 2 9 1	4 5 0 9 4 3	6

LAST DELIVERY NO. BARREL READING OPENING

TEMP COMPENSATED YES NO OBS BARRELS

METER FACTOR **1.0069** BS&W 60° F BARRELS

AVG. TEMP **169.8** TEMP FACT. **0.96045** NET BARRELS **9933.81**

OPEN TIME **2:14** DATE **10-23-01** TERT **Ron Redfield**

SEAL # **73444** OTHER CO

CLOSE TIME **2:14** DATE **11-01-01** TERT **Ron Redfield**

SEAL # **73444** OTHER CO

OGOR Document Header

DOCR	3160-01017033	Period	2001-07	MMS ID	CAS019302	MMS Oper	4140	TEXACO EXPLORATION & PROD./INC	
Amended?	N	Accepted?	N	Proprietary?	N	AFMSS Case	CAS019302	AFMSS Operator	TEXACO CALIFORNIA INCORPORATED
Signed	09/27/2001	Entered	09/27/2001	Updated	09/27/2001	Orig Load	10032001	Cur Load	
Begin Volume	13003	Dip Codes		GAS Produced	0	Dip Codes		Dip Codes	
Oil/Condensate Produced	472236	10		Sold		WATER Produced	1427410		
Sold	471961			Placed/Vented		Injected	947012		
Spilled/Lost				Used On Lease		Disposed in Pit			
Used On Lease				Injected		Other Disposition	-480398	51	
Injected				Other Disposition	0	Contact	WALT R. VANCIEVER		
Other Disposition	0			Transfired		Phone	(713) 750-7283 x		
End Volume	13279			To					
Average API	10.9			Average BTUs					

Disposition Code Descriptions
10 - Produced into inventory prior to sales
14 - Injected on Lease/Agreement
51 - OTHER from 5160 conversion

Other Disposition Description
PIPED TO STEAM PLANT

Contact operator/lessee by letter

Requesting:

- Run Tickets
- Well Tests
- Oil Allocation Schedule
- Seal Records
- Site Security Plan
- Orifice Meter & Temperature Charts
- Detailed Gas Volume Report
- Gas Allocation Report
- Gas Purchase Statement
- Gas Chart Integration Results
- Gas Meter Calibration Reports
- Gas Specific Gravity Determination

PAR Steps

- Verify documentation in AFMSS
- Complete Production Accountability Checklist
- Pull & compare Monthly Report of Operations with run tickets/charts for accuracy
- If discrepancies are found, a summary is submitted to the Supervising PET for review and the following actions:

Discrepancies

Minor

- The operator is contacted by telephone and advised to correct problem and/or to schedule a meeting.

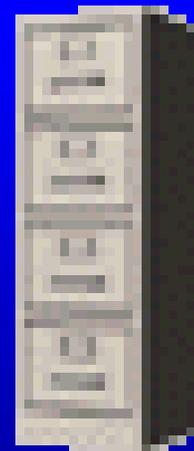


Major

- Major discrepancies are pursued in accordance with 43 CFR 3163.2(f)(1) with civil penalties and/or law enforcement action.

“Documentation”

- Documentation is made in AFMSS and filed in the case file.



Production Accountability Review Team

Utilizing a variety of tools and professional staff we are responsible for protecting the public's interest in minerals produced from federal lands.



Safety on Drilling Rigs

BOPE & H₂S

Rod Sparks

Petroleum Engineering Technician (Inspector)

rsparks@ca.blm.gov

Safety on the Drilling & Workover Rig

One main concern of the BLM is BOPE:

1. The proper use of the Blowout Preventer Equipment (BOPE) as per Onshore Order #2 or as approved in the Application for Permit to Drill (APD) or the Sundry Notice.
2. The BOPE will be inspected by a BLM Inspector to ensure:
 - That the equipment being used is what was approved and is in safe working order.
 - To witness the pressure testing of such equipment (3M or above).



Safety on the Drilling & Workover Rig



3. Any variation from the approved APD shall have prior approval from the BLM Engineer.
4. New BLM 2M requirements to function test daily

Safety on the Drilling & Workover Rig

Another main concern is working in and around H₂S gas.

1. What type of equipment is required in the approved APD?
2. Is the required equipment properly installed and in working order?
3. Are the Employees trained & knowledgeable of H₂S safety procedures?
4. Does the Operator have a contingency plan on site for inspection by the BLM inspector?

The Operator shall take all precautions necessary to provide necessary protection for the health and safety of life and the protection of property.

43 CFR 3162.5-3

Site Security Sealing Requirements

Kevin Coodey

Petroleum Engineering Technician (Inspector)

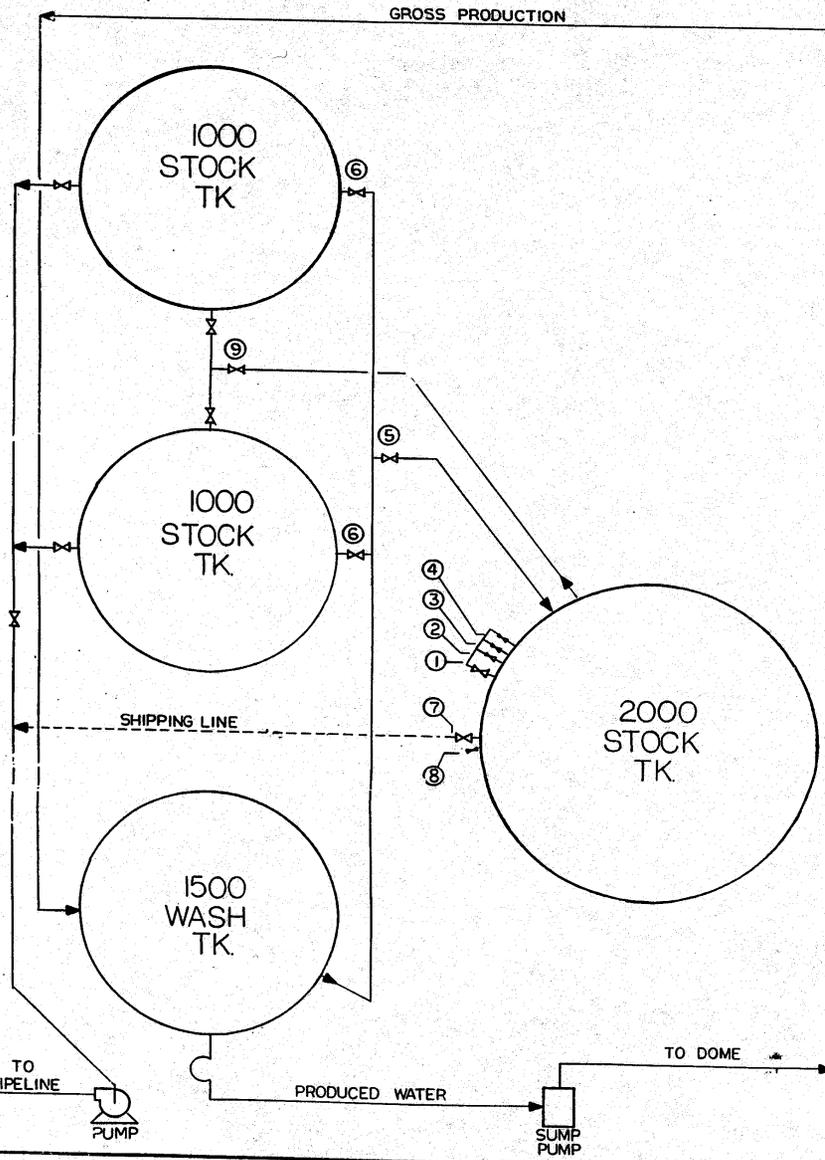
kcoodey@ca.blm.gov

43 CFR 3162.7-5

***Federal requirements for establishment and maintenance
of a Site Security Plan**

SITE SECURITY DIAGRAM

COALINGA MONTEREY TANK 10494



VALVE	POSITION PRODUCING	SHIPPING
1. Drain 3"	Normally closed-except H ₂ O bleed	Closed
2. Bottom Sample 1"	Normally closed - Sample ² only	Closed
3. Middle Sample 1"	Normally closed - Sample only	Closed
4. Upper Sample 1"	Normally closed - Sample only	Closed
5. Fill 6"	Open	Closed
6. Circulating 4"	Closed	Closed
7. Shipping 6"	Closed	Open
8. Bottom Sample 1/2"	Closed - Sample only	Closed
9. Overflow 6"	Closed	Closed

- #1 Drain valve to remain closed and sealed except when water bleeding the tank. Pumper is to be present. Valves 2, 3, 4, & 8 will be used only to check BS&W cut and levels.
- #5 Normally open when the tank is being filled. Closed and sealed to ship.
- #6 Used to circulate fluid to wash tank or other tanks in facility and are normally closed.
- #7 Open when shipping - Normally closed and sealed.
- #8 Sample valve. Normally closed

BY-PASS WITH UNSEALED VALVE



*Unsealed Valves

*Sales Line has an unsealed by-pass

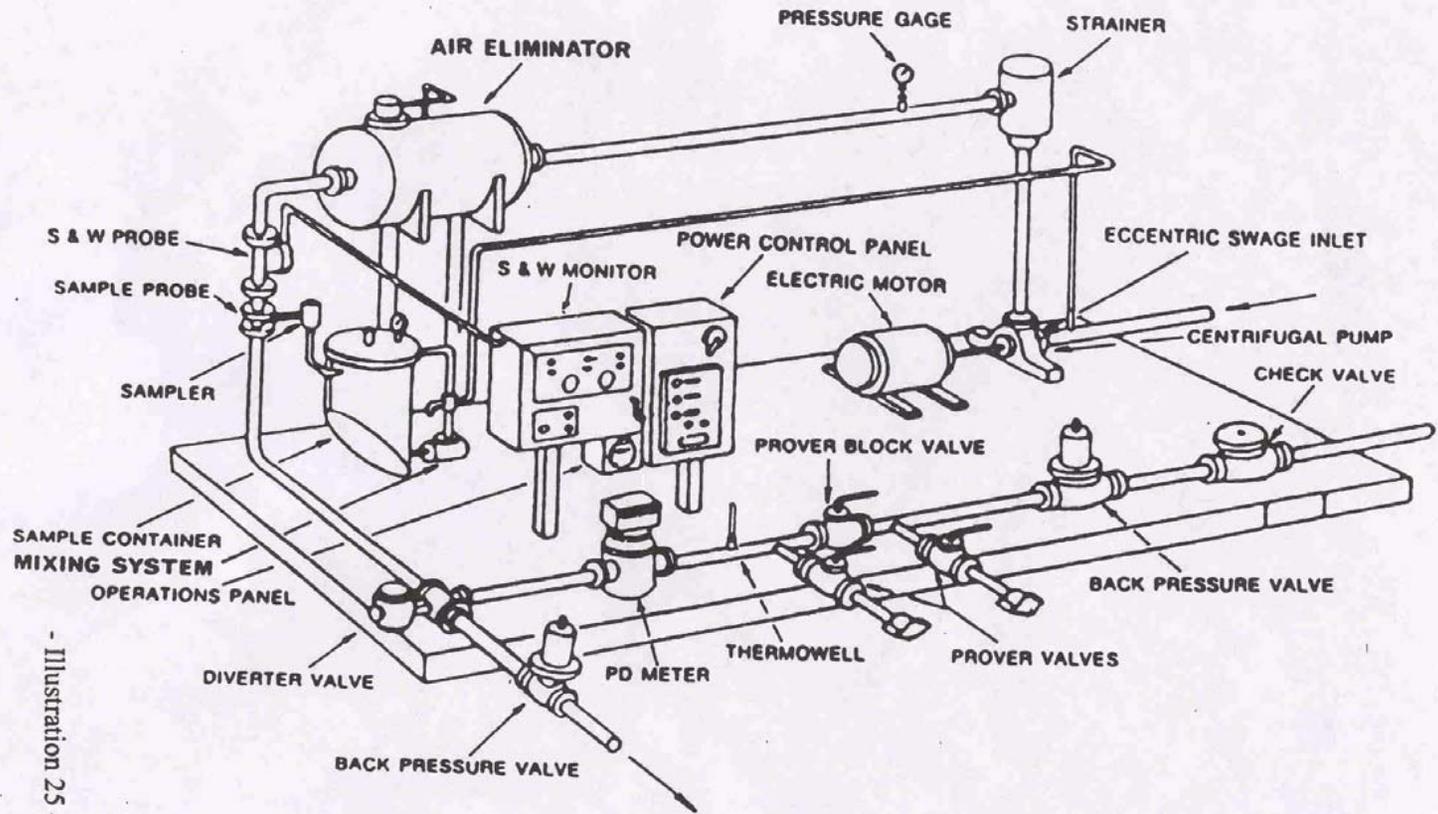
*This is a violation.

PROPERLY SEALED VALVE



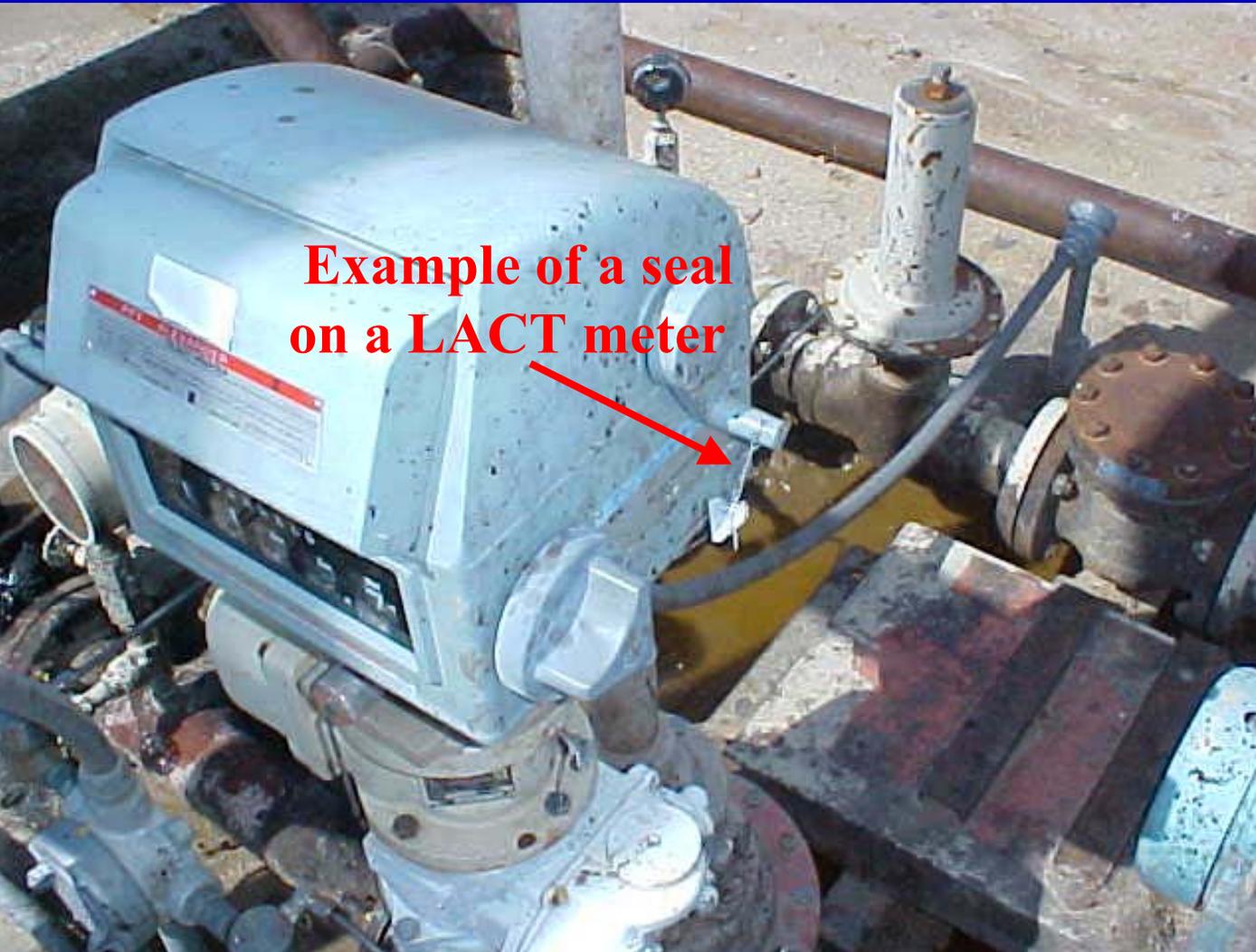
- *A numbered seal is installed through the valve nut.
- *The valve cannot be opened without destroying the seal.

LEASE AUTOMATIC CUSTODY TRANSFER METER



- Illustration 25 -

LEASE AUTOMATIC CUSTODY TRANSFER METER



**Example of a seal
on a LACT meter**

*There are specific regulations for LACT meter seal requirements.

*Several Components must be properly sealed on LACT meters.

INEFFECTIVELY SEALED

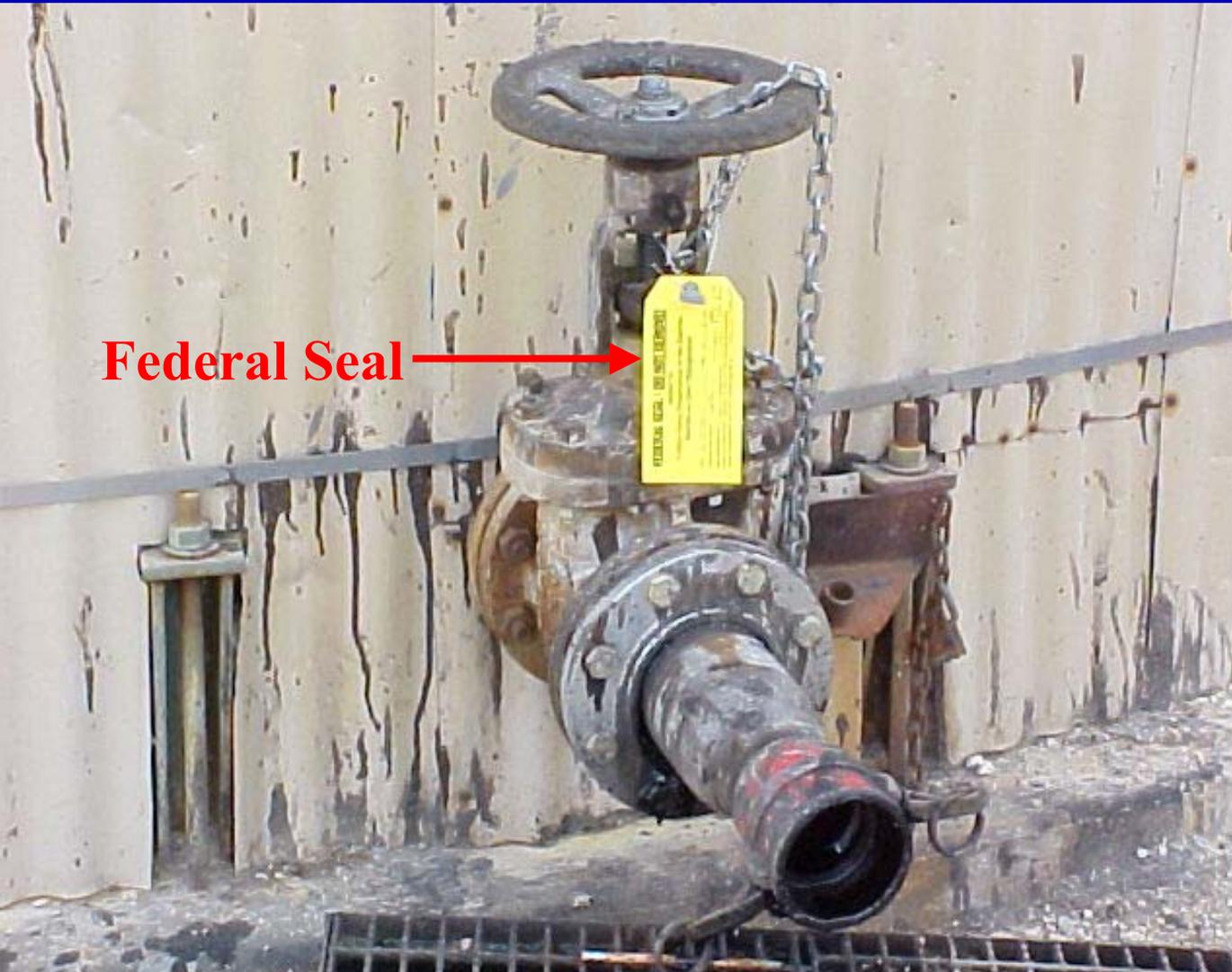


*A numbered seal has not been installed.

*This valve can be partially opened.

FEDERAL SEAL INSTALLED

Federal Seal →



*A BLM Inspector placed a Federal seal on this ineffectively sealed valve.

*An assessment of \$250 will be issued if this seal is broken without contacting the BLM.

Written Orders, Incidents of Non-Compliance

Glen Garnand

Petroleum Engineering Technician (Inspector)

ggarnand@ca.blm.gov



Authority



43 CFR 3162.1(a)

The operator shall comply with:

- ➔ Applicable laws
- ➔ Regulations
- ➔ Lease terms
- ➔ Onshore Orders
- ➔ Notices To Lessees
- ➔ Orders and instructions of the Authorized Officer (AO)



What is a Violation



A Violation is Something Specific in:

- Applicable laws
- Regulations
- Lease terms
- Onshore Orders
- Notices To Lessees
- Orders and instructions of the Authorized Officer (AO)



If a violation exists....



- An INC will be issued in accordance with 43 CFR 3163.1
- Every violation is a separate INC and must be documented accordingly
- Identify the gravity of the violation (Major or Minor)



Major Violation



Noncompliance that causes or threatens immediate, substantial and adverse impact to:

- **Public health and Safety**
- **Environment**
- **Production Accountability**
- **Royalty Income**



Minor Violation



Those violations that do not rise to the level of a major violation.

Continued noncompliance of a minor violation may lead to a major violation.

Incident of Noncompliance

Form 3163-6
(December 1989)

Number 03-038-00

Page 1 of 1

Certified Mail - Return Receipt Requested
Z 190 983 465

Hand Delivered Received by _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification

SED _____

Lease CAS019378

CA _____

Unit _____

PA _____

Bureau of Land Management Office BAKERSFIELD FIELD OFFICE		Operator INCORPORATED	
Address 3801 PEGASUS DRIVE BAKERSFIELD CA 93308		Address BAKERSFIELD CA 93302	
Telephone 661.391.6130		Attention	
Inspector DONALD MOREN		Attn Addr	
Site Name '32 US'	Well or Facility B	Township 26S	Range 21E
Site Name (FACILITY)	Well or Facility	Meridian MTD	Section 32
			1/4 1/4 SWNW

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24-hour clock)	Violation	Gravity of Violation
02/03/2000	09:15	Ordinance Order No. 3, II.B.1.	MAJOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
02/04/2000	02/03/2000		43 CFR 3163.1(i)

Remarks

When violation is corrected, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

WARNING

Incidents of Noncompliance correction and reporting transpires begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 100(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 or willfully" 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.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 4015 Wilson Blvd., Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer _____ Date _____ Time _____

FOR OFFICE USE ONLY

Number 14	Date	Assessment	Penalty	Termination
Type of Inspection SS				

Agency name

Recipient

Place of Violation

Major or Minor

Date violation found

Explanation of Violation

Signature and Title When INC is Completed

Corrective Date



Written Order



If the situation does not meet a specific regulatory requirement, a Written Order will be issued.

- Written order is not a violation
- Issued for Problem(s) identified during inspection
- May list multiple infractions
- Does not count against operator's compliance rating



Written Order Components



- Identifies the problem/issue
- States the requirements
- Includes an abatement date
- Failure to comply language
- Appeal language

Written Order (letter form)

3100(F)
CASO21030
W.O.#01-011-02
CA-0160-92

Certified Mail NO.70000520002196301945
RETURN RECEIPT REQUESTED

Midway Sunset Field
Kern County, Ca. |

Dear

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 land. In order to meet this objective, the BLM periodically conducts Production Accountability Review (PAR's) to determine how accurately production records match the volume reported on the Monthly Report of Operations (MMS Form-3160), or Oil and Gas Operations Report (OGOR).

Your operations on the above referenced lease will be evaluated, and your cooperation and assistance is necessary. In accordance with the requirements of 43 CFR 3162.7-5(b)(6), you are required to submit the following source documents for the time period below for the federal lease. All documents are to be submitted to this office within twenty calendar days of receipt of this notice or by March 14, 2002 to the attention of Glen Garnand.

Review period is July 2001

- Run Tickets
- Oil production allocation schedule
- Well test/Shut in reports

Written Order (INC form)

Form 3163-18
(October, 1999)

Number 03-002-01

Page 1 of 2

Certified Mail - Return Receipt Requested
Z 190 663 653

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

IDENTIFICATION
SID _____
Lease CASO19376
CA _____
Unit _____
PA _____

NOTICE OF WRITTEN ORDER

Bureau of Land Management Office: BAKERSFIELD FIELD OFFICE Operator _____
Address: 3801 PEGASUS DRIVE
BAKERSFIELD CA 93308 Address _____
Telephone: 661.391.6130 Attention _____

Inspector: RICK ROMERO

Site Name	Well or Facility	1/4 1/4 Section	Township	Range	County	State	Meridian
<u>USL</u>	<u>5-4D</u>	<u>SENW 32</u>	<u>26S</u>	<u>21E</u>	<u>KERN</u>	<u>CA</u>	<u>MTD</u>
<u>USL</u>	<u>10-2A</u>	<u>NENE 32</u>	<u>26S</u>	<u>21E</u>	<u>KERN</u>	<u>CA</u>	<u>MTD</u>
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	County	State	Meridian

The following condition(s) were found by Bureau of Land Management inspectors on the date and at the site(s) listed above:

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
<u>01/17/2001</u>		<u>02/28/2001</u>	<u>03/01/2001</u>	<u>43 CFR 3162.5-1</u>

Remarks:

Written order - This lease was inspected by BLM inspector Rick Romero on 01/17/01. The following items were found to be in noncompliance with environmental regulations as noted in 43 CFR 3162.5-1. On that date Mr. Romero issued you a verbal warning to cease and desist from the following activities. Well environments unsatisfactory. Surface disturbances have not been kept to a minimum as required per original conditions of approval for the referenced wells. It was observed by the inspector that sumps for the purpose of work over operations had been dug off the approved surface locations thus damaging adjoining habitat. At well 5-4D a sump had been dug approximately 60' west of the well location. On a subsequent visit by the inspector on January 26, 2001 it was noted that the sump now contains oil which must be removed and disposed of prior to backfilling. It was also (Remarks continued on following page(s).)

When the Written Order is completed with, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3163.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 1000(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 or willfully" 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.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 4015 Wilson Blvd, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer _____ Date _____ Time _____

FOR OFFICE USE ONLY

Number 3 Date _____ Type of Inspection PI

Rights of Way

Sue Lopez

Realty Specialist

slopez@ca.blm.gov

Rights-Of-Way

[www.ca.blm.gov/bakersfield/
rowappprocess.html](http://www.ca.blm.gov/bakersfield/rowappprocess.html)



**BUREAU OF
LAND MANAGEMENT**
Bakersfield Field Office



Rights-Of-Way

**Bakersfield
Field Office:**

- [Home](#)
- [News](#)
- [Information](#)
- [Recreation](#)
- [Carrizo Plain](#)
- [What We Do](#)
- [BLM Facts](#)
- [Directory](#)
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- [FAQs](#)
- [Feedback](#)

■ [BLM California
Home page](#)

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Home page](#)

■ [Bookstore](#)

Many times individuals and companies apply to the Bakersfield Field Office to obtain a right-of-way. A right-of-way grant is an authorization to use a specific piece of public land for certain projects, such as roads, pipelines, transmission lines, and communication sites. The grant authorizes rights and privileges for a specific use of the land for a specific period of time.



It is important to call or meet with the Bakersfield Field Office realty specialist to discuss your specific right-of-way project well in advance of your projected construction date. The realty specialist will discuss with you timeframes, requirements for processing fees, and the need for completion of environmental documentation of the project, to include requirements for specific resource surveys of the project route by an archaeologist, wildlife biologist, botanist, etc.

When do I need a ROW from BLM?

- Each situation is unique
- But Generally.....

When do I need a ROW from BLM?

- Crosses Federal Surface
- You are not the Lessee or Operator of the Lease

How Do I Apply?

- Standard Form 299
- Detailed description of construction requirements
- NEPA requirements

Processing the ROW

- 3 to 6 months depending on:
 - New construction
 - Project size
- Fees
 - Non-refundable processing fee = \$125 to \$925
 - Rental: annual basis, based on acreage
 - Monitoring fee: one-time
- Assignments
 - SF 299 + \$50 (per ROW)
 - Currently in compliance and agree to original terms
- Can be rejected or denied if not in the public interest

Rights-Of-Way



The Bakersfield Field Office manages approximately 590,000 acres of public land in south and central California. Our management objectives are to provide healthy, sustainable, biologically diverse ecosystems contributing goods, services and other social and cultural needs for local communities, the region and nation.

Questions about the right-of-way application process should be directed to the Bakersfield Field Office realty staff.

Bakersfield Field Office:

[\[Home\]](#) [\[News\]](#) [\[Information\]](#) [\[Recreation\]](#) [\[Carrizo Plain\]](#) [\[What We Do\]](#) [\[BLM Facts\]](#) [\[Directory\]](#)

Bureau of Land Management
Bakersfield Field Office
3801 Pegasus Drive
Bakersfield, CA 93308
(661) 391-6000



This is a U.S. Government computer system. Before continuing please read this [Disclaimer](#), [Privacy Policy](#), and [Kid's Privacy Policy](#).

If You Have Any Questions

Call

Linda Estrada 661-391-6126

Sue Lopez 661-391-6032

Dan Vaughn 661-391-6125

Geophysical Activities NOI, Bonds, NEPA, NOC

Nora DeDios
Realty Specialist
ndedios@ca.blm.gov

Oil & Gas Geophysical Exploration

CFR 3150

Geophysical activity relating to the search for evidence of oil and gas on public lands.

There are two categories of Geophysical

Exploration permits:

- 1) Notice of Intent – (NOI) BLM **surface disturbance**; requires a NEPA/EA document by BLM before it can be permitted.
- 2) Notice of Intent - **existing disturbance**, staying on existing roads; does not require a NEPA/EA document.

Casual Use Permit

- Required for activities that involve practices which do not ordinarily lead to any disturbance or damage to lands or resources.
- Does not require BLM approval.

Notice of Intent to Conduct O&G Geophysical Exploration Operations Form 3150-4

Form 3150-4
August 1978

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
(with this filing only)
Regulation Chapter 18, 1005

NOTICE OF INTENT TO CONDUCT OIL, GAS OR
GEOPHYSICAL EXPLORATION OPERATIONS

Company Name _____
Address _____
City _____ State _____
Appl. No. _____ (Make this the only number)

Project Name _____
Type of Work _____
Bureau District/State Office _____
County _____
City _____ State _____
Appl. No. _____ (Make this the only number)

I hereby declare my intent to conduct Oil and Gas Geophysical Exploration Operations under and upon Public Lands upon discovery of lands for Exploration, Reclamation and Reversion. A map shall be furnished showing the approximate location of the lands to be used by Public Lands. The required fee or combination of fees as set forth in the rule for the general classes and shall have been received and full notice is hereby for specific purposes to accompany the Bureau of Reclamation.

Approximate Date of Commencement of Operations _____
The type of operation to be conducted is:

TECHNIQUE	METHOD
<input type="checkbox"/> Seismic	<input type="checkbox"/> Surface area
<input type="checkbox"/> Gravimetric	<input type="checkbox"/> Fluid sediment
<input type="checkbox"/> Other (specify) _____	<input type="checkbox"/> Sonar
	<input type="checkbox"/> Other _____

Type and amount of equipment _____
Company personnel _____
Contractor(s) _____
Date Access Permits/Authorization _____
Permit(s) Number(s) Under Public Lands _____

The undersigned agrees that the cost of geophysical exploration shall be computed in compliance with all Federal, State and local laws, ordinances or regulations which are applicable. Federal regulations are contained in 43 CFR 1600. The State of Utah, Public Lands Act, also requires applicants to submit a plan with sufficient detail to identify areas for public land to state the general terms and conditions relative to such projects and any other specific special conditions developed by the local Authorized Officer.

Signature of Applicant (Corporate Representative) _____
Signature of Authorized Land Management (Bureau District Office) _____

Date _____
Date _____

Office _____
Office _____

This is U.S.G.C. Section 1031 and Title 43 U.S.C. Section 1153, which is a crime for any person knowingly and willfully to make to any Department or Agency of the United States any false, fictitious or fraudulent statements or representations or to any matter within its jurisdiction.

Oil and Gas or Geothermal Exploration Bond

BLM Bond Form 3000-4a

<p>Form 3000-4a (June 1988)</p>	<p>UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT</p>	<p>Bond Number</p>
<p>OIL AND GAS OR GEOTHERMAL EXPLORATION BOND</p> <p>Act of February 25, 1920 (30 U.S.C. 181 et seq.) Act of August 7, 1947 (30 U.S.C. 351-359) Department of the Interior Appropriations Act, FY 1961 (42 U.S.C. 6508) Act of December 24, 1970 (30 U.S.C. 1001-1025) Other Oil and Gas and Geothermal Leasing Authorities as Applicable</p>		
<p>CHECK ONE: <input type="checkbox"/> OIL AND GAS EXPLORATION <input type="checkbox"/> GEOTHERMAL RESOURCES EXPLORATION</p>		
<p>CHECK ONE: <input type="checkbox"/> SURETY BOND</p>		
<p>KNOW ALL BY THESE PRESENTS, THAT _____ (name)</p> <p>of _____ (address)</p> <p>as principal, and _____ (name)</p> <p>of _____ (address), as surety,</p> <p>are held and firmly bound unto the United States of America in the sum of _____</p> <p>_____ dollars (\$ _____) lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.</p>		
<p><input type="checkbox"/> PERSONAL BOND</p>		
<p>KNOW ALL BY THESE PRESENTS, That _____ (name)</p> <p>of _____ (address), as principal, is held and firmly</p> <p>bound unto the United States of America in the sum of _____</p> <p>_____ dollars (\$ _____), lawful money of the United States which sum may be increased or decreased by a rider hereto executed in the same manner as this bond.</p>		
<p>The principal, in order to more fully assure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1962 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) authorizing exploration activities on Federal lands, must be paid to the principal. The principal hereby for himself, his heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.</p>		
<p>The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions as set forth in this bond and the instruments authorizing exploration activities on Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall leave full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.</p>		
<p>This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, upon which exploration operations will be conducted, who has a statutory right to compensation in connection with a reservation, of the oil and gas and geothermal deposits in the United States; and (3) any lease, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, on which geophysical exploration operations will be conducted, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.</p>		
<p>CHECK ONE:</p> <p><input type="checkbox"/> This bond shall cover all exploration operations conducted in the United States by or on behalf of the principal on Federal surface administered by the Bureau of Land Management (BLM) and on all Federal leases regardless of surface ownership (except those within the National Forest System), including the National Petroleum Reserve in Alaska (NPR-A) provided a rider is obtained.</p> <p><input type="checkbox"/> This bond shall cover all exploration operations conducted by or on behalf of the principal on Federal surface administered by BLM and on all Federal leases regardless of surface ownership (except those within the National Forest System) within the single State of _____</p> <p><input type="checkbox"/> This bond shall cover a single exploration operation conducted by or on behalf of the principal on Federal surface administered by BLM and on all Federal leases regardless of surface ownership (except those within the National Forest System) as set forth on reverse.</p>		
<p>(Continued on reverse)</p>		

Geophysical Bonding Requirements

- A Statewide bond in the amount of \$25,000;
- A Nationwide bond in the amount of \$50,000.

Geophysical Bonding Requirements (cont'd)

If you have a statewide or a nationwide BLM bond for oil & gas operations and wish to conduct geophysical exploration on lands that are unleased, you may obtain a rider to the existing bond to include 'exploration operations.'

Notice of Completion of O&G Exploration Operations BLM Form 3150-5

Form 3150-5 January 2004	UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT	FIELD OFFICE FORM NO. 3150-5 (10/02) Expires: October 31, 2002
NOTICE OF COMPLETION OF OIL AND GAS EXPLORATION OPERATIONS		
Company Name		BLM Case Number
Address		Case Number
City	State	Case Class
Latitude	Planar Number (include area/cont)	
1. List the public lands described in the Notice of Intent to Conduct Oil and Gas Exploratory Exploration Operations that were entered by the proponent activities. Give description of land by Township, Range, and Section(s).		
2. Number of surface acres completed on public land.		
3. Admit that part of land immediately entered the location and any access roads. The acreage must be a minimum total of 1.00,000 ² (2 acres 100,000 sq ft) or equivalent. If requirements are not met, they must be paid in full. BLM's location on record number followed.		
4. Describe the hole plugging process used, if applicable to the project.		
5. If required by the authorized officer, attach a copy of the "Hole Plugging Log" describing methods for all operations. Specify whether holes were run on the, identify state water level, flooding holes, blocked or gravel holes, lost hole locations etc.		
6. Describe surface disturbance other than those permitted by the permit.		
I Certify that the oil and gas exploration operations approved under the Notice of Intent, Case No. _____ and described above were completed on _____ at _____ BLM Office and conditions attached to the approval notice were complied with.		
Signature of Approving Official or Representative		Date
_____ (Date)		
<small>This is U.S.G. Form 3150-5 and Title 43, U.S.C. Section 1712, which is a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations and any forged, altered, or counterfeit documents.</small>		
<small>Continuation sheet</small>		

Royalty Rate Reduction Programs

Jeff Prude

Petroleum Engineer

jprude@ca.blm.gov

In Recognition Of:

- Downturn in oil and gas prices
- Increasing dependence on imported fuel, and
- Weak domestic oil industry



The BLM Has Implemented Several Royalty Reduction Programs

- **Generally marginal economic**
 - **Stripper well property**
 - **Heavy oil**
- Text of regulations found at 43 CFR
3103.4



Program Objectives

- **Promote development**
- **Enable operators to place marginal wells back on production**
- **Provide economic incentive to implement enhanced recovery projects**
- **Delay plugging until oil recovery maximized**
- **Promote job stability in oil industry**
- **Benefit U.S. Economy and Nat'l defense**

Marginal Economics RRR Requirements



- **General lease information**
- **Well information**
- **Detailed financial statement**

Stripper Property RRR Requirements

- **Less than 15 BOPD per eligible well (eligible well - produce or inject 15 or more days/month)**
- **Includes both producers and injectors**
- **No approval required, only notification**
- **Royalty rate is based on production rate, varying from 0.5% for <1 BOPD per well to 12.5% for >15 BOPD per well**

Stripper Property Calculation

Formula:

$$RR\% = 0.5 + (0.8 \times \text{Avg. BOPD/Well})$$

Example:

20 Producing Wells
5 Injection Wells
3 Shut-in Producing wells
5000 BOPM Total production for May

$$\text{Avg. BOPD/Well} = \frac{5000}{25 \times 31} = 6.45 \text{ BOPD/Well}$$

Rounded Down to 6 BOPD/Well

$$\text{Royalty Rate} = 0.5 + 0.8(6) = 5.3\%$$

Royalty Rate – Stripper Properties

Up to	1 BOPD/Well	0.5%	Royalty Rate
	2	1.3	
	3	2.1	
	4	2.9	
	5	3.7	
	6	4.5	
	7	5.3	
	8	6.1	
	9	6.9	
	10	7.7	
	11	8.5	
	12	9.3	
	13	10.1	
	14	10.9	
	15	11.7	
Over	15	12.5	

Stripper RRR Savings

Original royalty due at \$20.00/Bbl :

$$5000 \times \$20.00 \times .125 = \$12,500$$

Royalty due under Stripper RRR :

$$5000 \times \$20.00 \times .053 = \$5,300$$

Savings = \$7,200 per month



Stripper Properties RRR

- **Qualifying period**
- **Qualifying rate**
- **Subsequent years**
- **Notify MMS within 60 days after end of 12 mos**
- **Failure to notify - property returns to qualifying rate**
- **No manipulation allowed**
- **Self certification - no approval required**

Stripper RRR (Cont'd)

- **Qualifying period**
 - August 1, 1990 thru July 31, 1991, or whenever the rate was first less than 15 BOPD/well
- **Qualifying rate**
 - Use formula shown earlier. This is the maximum rate for the remainder of the lease life, as long as the program remains in effect
- **Subsequent years**
 - **Calculate average production**
 - Use new rate if lower than qualifying rate
 - Use qualifying rate if production has risen
 - Royalty can decrease, but will never rise above qualifying rate

Stripper Properties RRR (Cont.)

- **Program termination**
 - If WTI oil price for 6 mos. is above \$28/bbl., plus inflation, w/1991 as the base year
 - Any time after September 10, 1997 w/ 6 mos notice
- **Evaluation of effectiveness**
 - In 1998, DOE/BLM conclusion – rule has been effective in increasing stripper production

*****Program continues until further notice*****

Stripper Properties (Cont'd)

- **What does this mean to you?**
- **In California alone, there are nearly 200 BLM properties which have applied for stripper property royalty relief**
- **There are numerous cases where operators have not provided timely follow-up information**
- **Other cases where operator never applied at all**



Heavy Oil Royalty Rate Reduction

- Effective date June 1996
- All properties w/ oil gravity < 20  API
- Royalty rate varies based on gravity
 - Ranges from 12.5% for 20  API
 - Down to 0.5% for 6  API
- No approval required - only notification
- Applies regardless of production rate

Heavy Oil RRR (Cont'd)

Weighted Avg. API Gravity

Royalty Rate

6 degrees

0.5%

7

1.4

8

2.2

9

3.1

10

3.9

11

4.8

12

5.6

13

6.5

14

7.4

15

8.2

16

9.1

17

9.9

18

10.8

19

11.6

20 degrees and above

12.5

Heavy Oil RRR (Cont'd)

Example:

Production rate = 470,000 BOPM

Average gravity = 11.8 deg. API (round down to 11.0)

Oil price = \$20.00

Current royalty = $470,000 \times \$20.00 \times .125 = \$1,175,000$

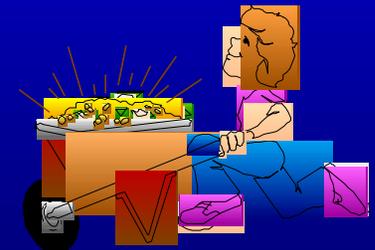
Reduced royalty rate = 4.8% from chart

Royalty due under heavy oil RRR

= $470,000 \times \$20.00 \times .048 = \$451,200$

SAVINGS

= **\$723,800 per month**



Heavy Oil RRR (cont'd)

- **Program termination**
 - Anytime after Sept. 10, 1999, w/ 6 months notice
 - If WTI price for 6 months is above \$24/bbl, plus inflation, w/ 1991 as the base year
- **Evaluation of effectiveness**
 - BLM/DOE began a study in 2000 to determine effectiveness, currently on hold
 - Industry input critical
 - Maintain documentation of expenditures & additional reserves
- **Over \$130 million in relief in California during past 7 years !!!**

Idle Well Management Program

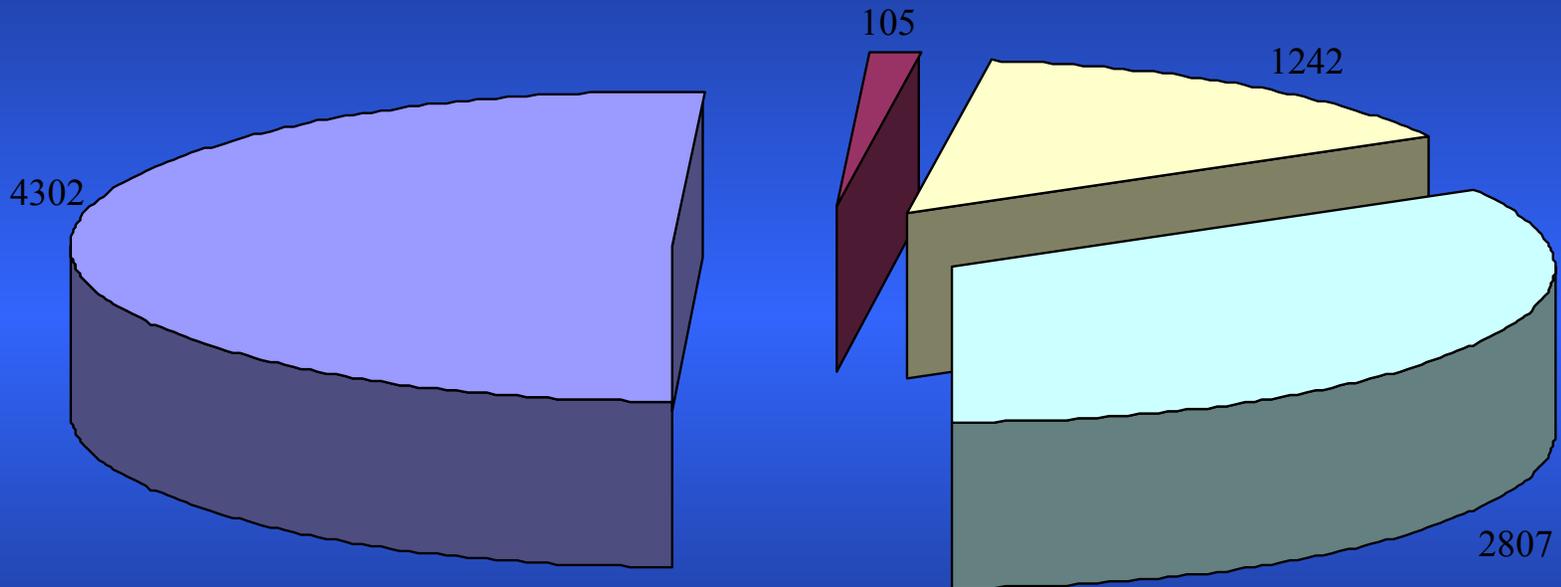


John Kaiser

Petroleum Engineer

jkaiser@ca.blm.gov

BLM Wells - California



Producing Oil Wells Producing Gas Wells Injection and Monitoring Shut-in wells

Idle Well Objectives

- Reduce the number of Idle Wells on Federal Leases
- Coordinate closely with DOGGR
- Clearly communicate to all Federal Operators our Objectives and plan of action
- Emphasize:
 - We much prefer returning wells to production over P&A
 - Operator decides order in which to abandon idle wells
 - Abandonment of Federal wells counts the same in CDOGGR 3206 requirements



Background

- Coordinated closely with CDOGGR
- Presentation to Oil and Gas Workgroup
- Presentation to Oil and Gas Industry Conference
- Letter to all Operators introducing new PE and reaffirming commitment to address LTIW problem
- BLM California IW Policy 3-15-02

Important Definitions

- Temporarily Abandoned (TA) well: A well not capable of producing in paying quantities but needs to be retained for future use. DOES NOT contain equipment sufficient to produce the well at a “flip of a switch.”
- Shut-in (SI) well: A well capable of producing in paying quantities but has other circumstances preventing such.
- Orphan well: A well with no associated financially responsible party.

Is my well SI or TA ???

- Does it have all of the equipment to produce?
 - Yes
 - It is a SI well and it can be so for 180 days without a request (sundry notice) to change status.
 - No – see below
- If ANY or all of the production equipment has been removed?
 - It is a TA well and can be that way for only 30 days before a request for that status (sundry notice) must be submitted.

Orphan Wells

- 125 orphan wells on BLM lands in California (currently).
- 23 orphan wells were “adopted” at the competitive lease sale on May 8, 2002.
- 16 more orphan wells will be up for lease at the June 6 lease sale.
- BLM in cooperation with CDOGGR abandoned 14 wells, 1 sump and 1 tank setting FY02.
- BLM and DOGGR have contracted for 104 wells and 2 sumps for FY03. Work has begun!
- Over 100 more “potential orphan” wells.
- Large numbers of wells on marginal leases with inadequate bond coverage.

Approvals

- No well may be TA for more than 30 days without prior approval (BFO). Approvals are for no more than 12 months at a time.
- BLM requirements for integrity testing of TA wells are identical to CDOGGR – provide BLM a copy of the test when submitting TA sundries.
- No well may be shut-in for more than 180 days (CA BLM policy) without prior approval (BFO).
- Justification is required prior to SI approval.

2001 5 25



SAM
FT2

2001 3 13



11 1:54 PM

**If your company hasn't been submitting TA and SI
well requests on a sundry notice to the BLM...**

**Then you have no shut-in or TA wells
or...**

We need to talk

John Kaiser

391-6142

5 10:38 AM



Memorandum of Understanding
BLM – CDOGGR
Oil and Gas Workgroup

May 8, 2003

Patty Gradek

Assistant Field Manager, Minerals

Hal Bopp

Deputy Supervisor, CDOGGR, District 4

Abbreviations / Acronyms

AFMSS	-Automated Fluid Minerals Support System	LEA	-law enforcement agency
AO	-Authorized Officer	MMS	-Minerals Management Service
APD	-application for permit to drill	NEPA	-National Environmental Policy Act
API	-American Petroleum Institute	NOC	-notice of completion
BFO	-Bakersfield Field Office	NOI	-notice of intent
BLM	-Bureau of Land Management	NOS	-notice of staking (or new old stock)
CA	-Communitization Agreement	OES	-Office of Emergency Services
CFR	-Code of Federal Regulations	OMB	-Office and Management and Budget
CE	-Categorical Exclusion	OO	-Onshore Order
COA	-conditions of approval	PAR	-Production Accountability Review
DOD	-Department of Defense	PET	-Petroleum Engineering Technician
DOE	-Department of Energy	P/L	-pipeline
DOGGR	-Division of Oil, Gas, and Geothermal Resources	POW	-producing oil well
EA	-Environmental Assessment	RMP	-Resource Management Plan
EC	-Electronic Commerce aka E Permitting	ROW	-right of way
EIR	-Environmental Impact Report	RRR	-royalty rate reduction
EPA	-Environmental Protection Agency	SCO	-State Controllers Office
ESA	-Endangered Species Act	SI	-shut-in
FOGRMA	-Federal Oil and Gas Royalty Management Act	SMA(E)	-surface management agency(entity)
FOOGLRA	-Federal Onshore Oil and Gas Leasing Reform Act (Reform Act of 1987)	SR	-subsequent report
GIS	-geographic information system	SN	-sundry notice
I&E	-Inspection and Enforcement	TA	-temporarily abandoned
INC	-Incident of Non-Compliance	UA	-unit agreement
IW	-idle well	USC	-University of Southern California
LACT	-lease automated custody transfer	USDOI	-US Department of the Interior
		USFWS	-US Fish and Wildlife Service
		WIS	-well information server

Speaker Biographies

Patty Gradek has been the manager for BLM's Minerals program in the Bakersfield Field Office for the past eight years. She has been with the BLM for 25 years and has worked as a Hydrologist, Hazardous Materials Program Coordinator, and Team Leader for a multi-agency Bioregional planning team. Prior to working for BLM, she worked as a Hydrologist and Forestry Technician with the U.S. Forest Service. In her current position she supervises a staff of 20 people who have responsibility for the Oil and Gas, Solid Minerals, GIS and Hazardous Materials programs for the Bakersfield Field Office. She has a B.S. degree in Natural Resource Management and an M.S. degree in Hydrology from Humboldt State University.

Shane Barrow has been a public servant for the BLM for 6 years. He has been the lead Oil and Gas Surface Specialist in Resources for the past 2 years. He is responsible for environmental inspections for all drilling permits and Sundries, and he also works cross discipline in Recreation, Wilderness, Range, Wildlife, Habitat Restoration, and Archeology. He received his BS from CSU Sacramento and MS in Natural Resource Management in 2000, with an emphasis on Habitat Restoration and Landscape Conservation.

Kevin Coodey is currently a Petroleum Engineering Technician (Inspector) in the Student Career Employment Program (SCEP) at the BLM Bakersfield Field Office. He has been with the BLM for about a year and a half. While working at the BLM, Kevin has also been pursuing a Bachelor's Degree in Geology from California State University Bakersfield. He will be graduating on June 14, 2003.

Kim Cuevas is currently an archaeologist working in the cultural resources program with the U.S. Dept. of the Interior, Bureau of Land Management in Bakersfield, California. She has been with the Bureau for five years. Ms. Cuevas holds a Bachelor's degree in Anthropology from the University of Maine, Orono and a Masters degree in Anthropology from California State University, Bakersfield.

Nora DeDios is currently a Realty Specialist with the BLM in the Minerals Division located in Bakersfield. She has held this position since 1994. Nora has an Associates of Arts degree from Bakersfield College and a Paralegal Certificate from Cal State.

Bonnie Edgerly is a land law examiner with the BLM California State Office in Sacramento. She has been with BLM for 20 years. Bonnie started her career with BLM in Anchorage, AK in 1982. In 1988, Bonnie transferred to the California State Office and has been working in oil and gas leasing for the last 15 years.

Gabriel Garcia is currently a Petroleum Engineer Technician (Inspector) with the U.S. Department of the Interior Bureau of Land Management located in Bakersfield, California. This is his first year with the BLM. While attending College he worked four summers for Nuevo Energy Company as an Operator. Mr. Garcia holds a B.S. degree in Biological Science from Chico State University, and is currently working on a Master's degree at Cal State University, Bakersfield.

Speaker Biographies

George Garcia is currently the Inspection and Enforcement Supervisor for the BLM at the Bakersfield Field Office. He began his Federal career 32 years ago in the US Army and served 13 months in Viet Nam as a Medical Corpsman. He has held numerous positions with the Department of Defense, Veteran's Administration, US Geological Survey, Minerals Management Service, and Bureau of Land Management. Prior to coming to California, he also worked in New Mexico and Colorado for the BLM. Mr. Garcia has an AA degree in Liberal Arts from El Paso Community College and an AS in Math from the University of Texas at El Paso.

Glen Garnand graduated from Deming High School in Deming, New Mexico and then attended New Mexico State University. Glen came to us from New Mexico after leaving his law enforcement background from State and Local government. He began his Federal career 3 years ago and is a Petroleum Engineering Technician (Inspector) out of the Bakersfield field office.

James Haerter has been employed as a Petroleum Geologist with the Bureau of Land Management in Bakersfield, California for the past 10 years. Mr. Haerter has specialized in technical computing and data management issues related to the oil and gas industry. Prior to his tenure with the BLM, he worked as a reservoir geologist with ARCO Oil and Gas Company for three years. His industry background also includes 5 years as a mud-logger and wellsite geologist on wildcat wells throughout the Rocky Mountain region. Mr. Haerter holds a B.S. degree in Geology from the University of North Dakota, and a M.S. in Geology from Colorado State University. In 2001, he received a Master's Certificate in Project Management from George Washington University.

Silvet Holcomb is a Petroleum Engineer with the BLM and currently is the lead for processing drilling permits and Sundry Notices. Over the past 14 years, she has worked as lead in the Reservoir Management and the Inspection and Enforcement Programs. Silvet holds a B.S. and an M.S. degree in petroleum engineering from Montana Tech.

John Kaiser is currently a Petroleum Engineer with the U.S. Dept. of Interior Bureau of Land Management located in Bakersfield, California. He is the Lead for the Idle/Orphan Well Program as well as the Lead on the NPR-2 transfer project. Prior to coming to work for the BLM, John worked as a senior Reservoir Engineer for the Department of Energy at Elk Hills. Interestingly, John's first job when he graduated in 1984 was with the BLM Bakersfield District as a Production Engineer. Mr. Kaiser holds a B.S. degree in Petroleum Engineering from the Colorado School of Mines and a M.S. degree in Petroleum Engineering from the University of Southern California. Go Orediggers! Go Trojans!

Speaker Biographies

Amy Kuritsubo is a Wildlife Biologist with the U.S. Dept. of Interior Bureau of Land Management located in Bakersfield, California. She began her career with the BLM in Burns, Oregon in 1981, then moved on to the BLM's King Range National Conservation Area. She has worked as a biologist for BLM in Bakersfield since 1984. Amy is also an instructor for the BLM National Training Center's Endangered Species Management and Consultation Class. Amy has a B.S. degree in Wildlife Management from Humboldt State University.

Sue Lopez started her career with BLM 18 years ago in the Division of Administration. Sue is one of three Realty Specialists in the Resources Division. She has held this position since 1997.

Jeff Prude is currently a Petroleum Engineer with the U.S. Dept. of Interior Bureau of Land Management located in Bakersfield, California. He has held a number of positions during the past 16 years with the BLM including Branch Chief of Reservoir Management, District Oil and Gas Program Lead, and manager of the Oil and Gas Division Inspection and Enforcement Staff. Prior to coming to work for the BLM, he worked for 11 years as a senior engineer for ARCO Oil and Gas in Texas, Louisiana, Oklahoma, and Alaska. Mr. Prude holds a B.S. degree in petroleum engineering from Texas Tech University.

Jim Robinson is a Petroleum Engineering Technician (Inspector) in the BLM office in Bakersfield, and has been with the BLM for a little over a year. He has 22 years experience in the oil and gas industry handling environmental, health and safety issues throughout most of the western United States. Jim has a B.S. degree in Environmental Science from University of LaVerne.

Rod Sparks is a Petroleum Engineering Technician (Inspector) for the BLM out of the Bakersfield Field Office. He started his career in the oil & gas industry almost 31 years ago. The first 28 years were spent working on drilling, workover, and production rigs throughout the states of California and Louisiana, as well as the Gulf of Mexico, Venezuela, Argentina & Brazil. In August of this year, he will have been with the BLM for 3 years. HE LOVES HIS JOB!

Kent Varvel is currently assigned as an Environmental Protection Specialist with the Hazardous Management and Resource Restoration Program in the Bakersfield Field Office of the Bureau of Land Management, United States Department of Interior. Previous assignments include agricultural management work with the United States Department of Agriculture, Cooperative for American Relief Everywhere and the Colorado State University Cooperative Extension Service. Mr. Varvel holds a Certificate in Hazardous Materials Management from Wayne State University / BLM-USDI, an M.S. degree from Cal Poly S.L.O., a B.S. degree from Colorado State University, and a B.A. degree from the University of Colorado.