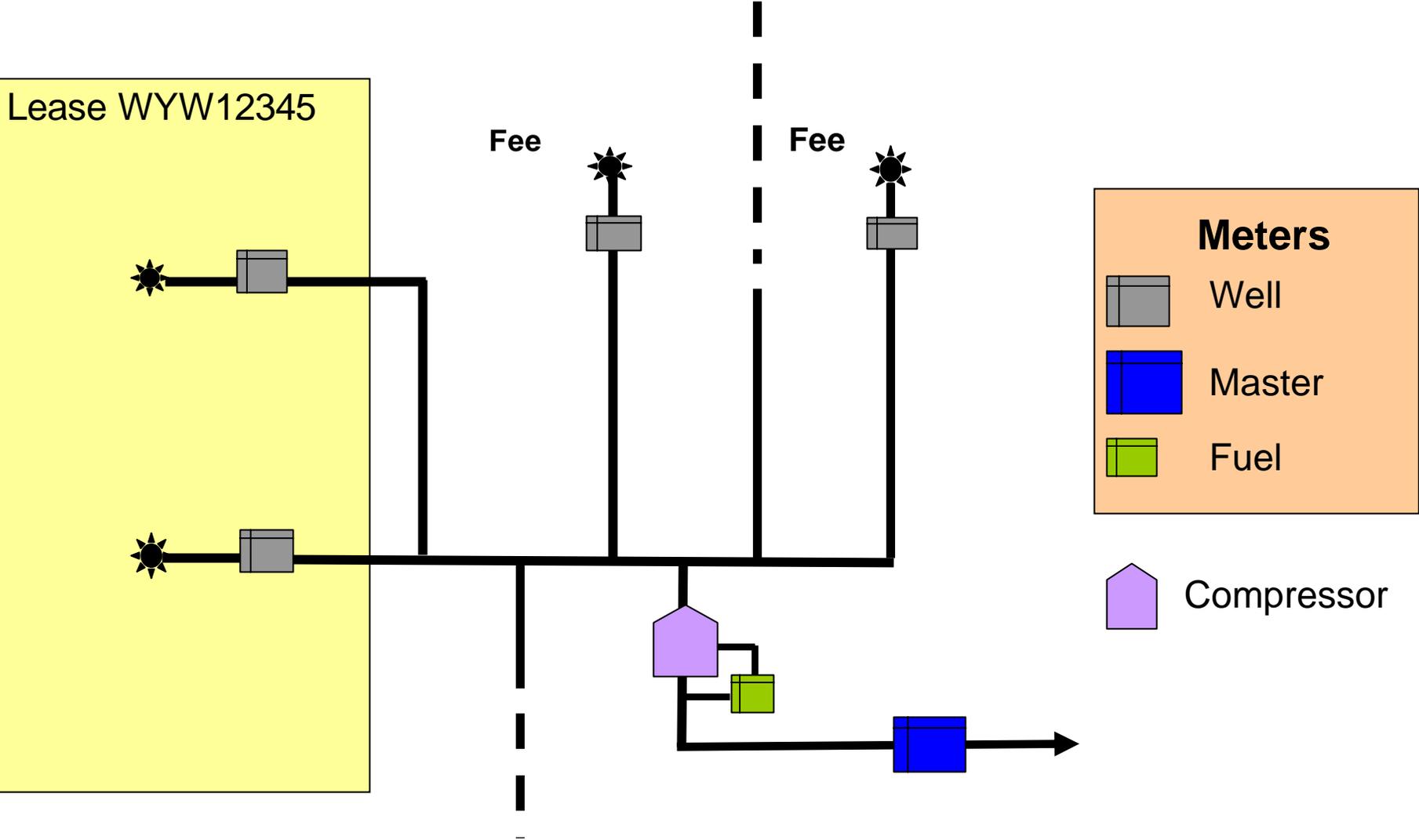


A photograph of an industrial facility, likely a coalbed methane (CBM) wellhead or processing plant. The scene is dominated by large, horizontal, yellowish-brown pipes running across the foreground and middle ground. Several valves with blue-handled actuators are visible on these pipes. In the background, there are more pipes, a metal structure, and a person wearing a hard hat and safety gear, partially obscured by the equipment. The setting appears to be an outdoor or semi-enclosed industrial area with a brick wall on the left and a windowed structure in the background. The overall lighting is bright, suggesting daylight.

Unapproved Allocation

**In the Powder River
Coalbed Methane
Play**

Simple Allocation System



Real Life Example of Discrepancy

20 Mile CDP 1113	Well name	Field Production	Purchaser Statement
	*23A-1113	1015	784
	*34C-1113	10,128	7816
	*32C-1113	5055	3905
	Total		

*Selected wells from a Central Delivery Point (CDP)
Meter handling 8 wells.

MRO Statement Example

(3/29/2001 submission)

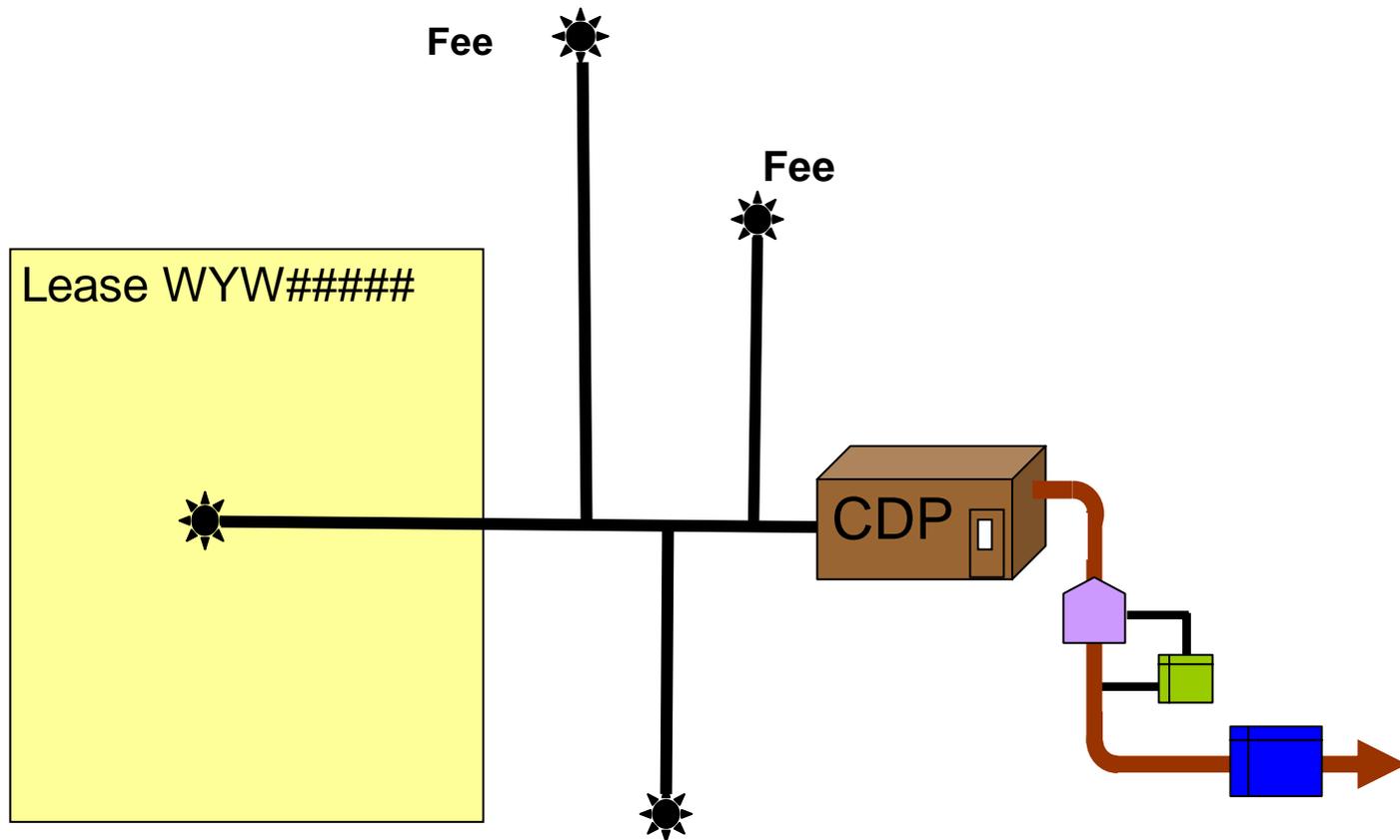
06/2000	<u>Oil</u>	<u>Gas</u>	<u>water</u>
On hand	0	XXXX	XXXX
Produced	0	10,128	12600
Sold	0	7,816	X
Used on Lease	0	2,301	X
.			
BTU	0	974	

MRO Statement Example

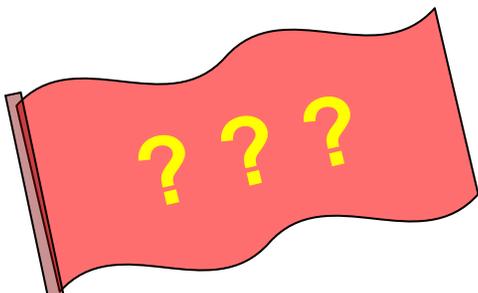
(10/9/2001 submission)

06/2000	<u>Oil</u>	<u>Gas</u>	<u>water</u>
On hand	0	XXXX	XXXX
Produced	0	7,816	12600
Sold	0	7,816	X
Used on Lease	0	0	X
.			
BTU	0	974	

Production Inspection Field Observations





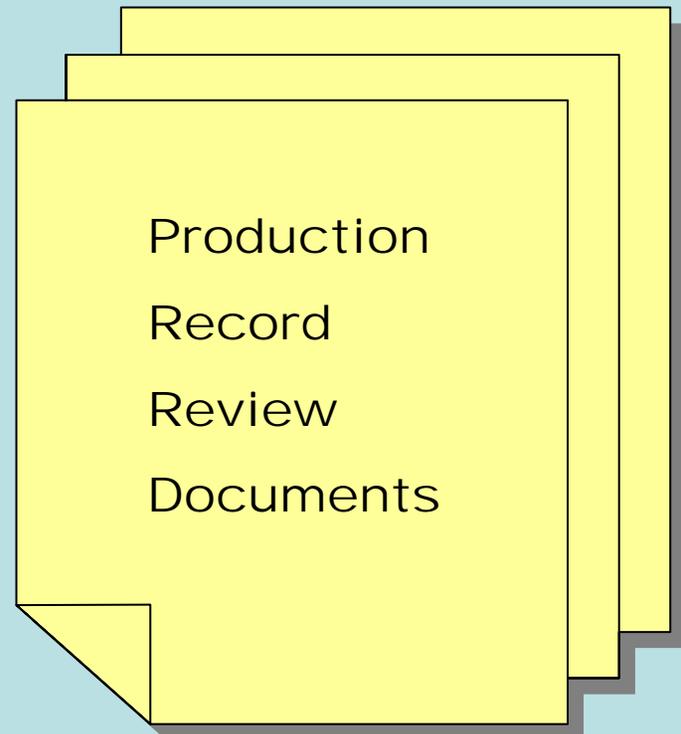


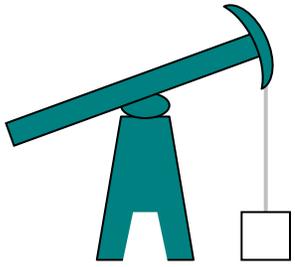
Red Flag

- **PI did not observe, Lease fuel use**
 - No equipment on lease except well
 - Well approved for off-lease measurement - Not commingling
- **MRO showed HIGH fuel use**
- **MRO change in reports**

Next Step: Ordered PR Data

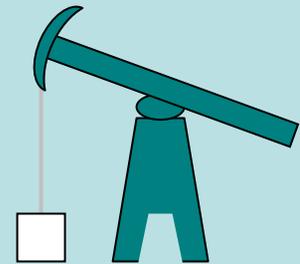
- **Well Volume statement (EFC)**
- **Gatherer/purchaser statement**
- **ETC.....**





Volume Statement From Well Meter (BLM Point of Measurement)

Produced well 12 days



**Total volume produced by well =
10,128 mcf**

MRO Statement Example

(3/29/2001 submission)

06/2000	<u>Oil</u>	<u>Gas</u>	<u>water</u>
On hand	0	XXXX	XXXX
Produced	0	10,128	12600
Sold	0	7,816	X
Used on Lease	0	2,301	X

Volume Statement
for well Meter

974

Produced 10,128

MRO Statement Example (10/9/2001 submission)

06/2000	<u>Oil</u>	<u>Gas</u>	<u>water</u>
On hand	0	XXXX	XXXX
Produced	0	7,816	12600
Sold	0	7,816	X
		0	X

Volume Statement
for well Meter

974

Produced 10,128

Results

- Findings caused a snowball effect
One well in an 8 well CDP
 - Any well measured at this CDP
 - Volume Finding for single month =
7377mcf

Potential Impact & Conclusion

This Operator has nearly 3000 Federal wells in the coalbed methane play. An all have the potential for this issue.

Many more operators have the same issues in the Basin.