



AllenCo Energy, Inc.

March, 30,2018

Tamara Lopez
Department of Conservation, Division of Oil, Gas & Geothermal
5816 Corporate Ave
Suite 100
Cypress, CA 90630

Dear Tamara,

The St James Lease is ready to start up. The final inspection of the fire system by the LA Building Dept. and the LA Fire Dept. was completed March 29, 2018.

The first step is to commission the gas system and the gas measurement systems so that the gas pressure built up on the wells over the past 4 years can be bled down and the gas can be burned in the micro turbines currently permitted by the SCAQMD and on site. This gas pressure must be bled down prior to the commencement of any idle well testing.

Once the gas pressure is bled down the rest of the process system must be commissioned. In order to safely circulate wells or clean wells out to perform idle well testing it is imperative to use the process system. The system is closed and there won't be any vapor releases. The system is calibrated so volumes pumped into a well and volumes pumped out of a well can be accurately measured, recovered and oil water and gas can be safely separated.

Well SJ#5 is an approved injector well and any excess water can be safely re-injected into the formation.

When circulating the wells prior to idle well testing it is expected that small amounts of crude oil will be recovered with the produced water. To safely separate the oil, water and gas it is necessary to use the free water knockout. It is not expected to have enough oil to sell oil. Any recovered oil can be stored in the tanks in the facility. These tanks have been rebuilt and are currently fit for service.

In any case it is not expected to have oil sales.

Via email a gas system startup check list was emailed to you which is the foundation of the PHA and the MOC. AllenCo would like to conduct a walk through to review the gas system startup so that you can see just exactly how the gas system will be commissioned and the gas build up on the wells will be bled down.

Sincerely,
Eric Witten
Engineering Consultant on behalf of AllenCo Energy, Inc.



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St James Lease Startup Checklist

Task #	Task Description	Person Performing Task and comments	Approved & Completed by Signature, Date and Time
1	Close main gas line in the wellbay (Valve #1 on Drawing)	Tim Parker	
2	Select well #15 as the first well to open	Tim Parker	
2b	Install a choke valve on Well 15 flowline to control gas flow without using the wellhead valve.	Tim Parker / Production Operator	
2c	With the main gas line valve closed open well 15 very slowly. Monitor the pressure on the gas main line	Tim Parker	
2d	Check the wellbay for leaks. Use a gas sniffer and check each connection point for signs of any gas.	Tim Parker / Production Operator	
2d1	If a leak is detected, close well 15. Slowly open the main gas line valve and bleed the pressure into the gas system piping.	Did this occur? Y or N	
2d2	Repair leak	Did this occur? Y or N	
2d3	Close main line gas valve in the wellbay		
2d4	Check the wellbay for leaks. Use a gas sniffer and check each	If there are no leaks sign and move to step #3	



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	connection point for signs of any gas.		
3	Once the wellbay leak test is complete close the gas main line valve located at the East end of the process center on the inlet side of the process center.		
3a	Slowly open well #15		
3b	Check all connections for leaks. Fix as required by closing well #15 and the main gas valve in the wellbay.	Was there a leak? Was it repaired?	
3c	Re-test if a leak was detected	Note if a re-test was performed	
4	Close all inlet valves from the main gas line to the stock tanks		
5	Close the gas line inlet valve to the FWKO		
6	Close the inlet valve to the gas compressor		
7	Close the valve just downstream of the gas coalescer and just upstream of the microturbines		
8	Connect the GEM gas purge filter system		
9	Open the main line gas valve on the East side of the process center		
10	Check the entire system for leaks		



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		Was this done?	
10a	Repair leaks by first closing well #15. Second bleed down the system through the GEM equipment		
10b	Open well #15		
10c	Check the entire system for leaks		
11	Check all pressure gauges and make sure the pressure has equalized across the entire system.		
12	Record the readings on all 7 gas meters		
13	Bleed the air out of the gas line through the GEM equipment.		
14	Once the methane is 100% at the GEM equipment slowly open the valve to the FWKO. Continue to bleed the gas through the GEM equipment. Once the methane is 100% at the GEM equipment prepare the micro turbines for start up		
15	Check that the gas system pressures are equal across the main gas line.		
16	Flow the gas through the GEM system until all pressure are constant and consistent. Shut down the GEM equipment and close any		



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	valves isolating the main gas line from the GEM equipment		
17	Check that the gas system pressures are equal across the main gas line.		
18	Sign that the main gas line system has been completely purged of air.		
19	Take a gas sample of well #15 and send to the lab. Follow chain of custody procedures as required by the lab.		
20	As wells are opened to the gas system take a gas sample for each new well and send to the lab. Follow chain of custody procedures as required by the lab.		
21	Record all seven gas meter readings at 1 hour intervals. Record on the lease operator's log.		
22	Keep the gas meter and gas tank pad system to the tanks closed until the need to ship fluid from the FWKO.		
23	Check all gas lines, connections, valves for leaks. If a leak is detected shut down the operation and bleed the system down through the GEM system and repair the leak.		
24	Startup the turbines.		



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	Run each turbine until the proper temperature of operation is achieved before starting the next turbine. Record the gas line pressure before starting the next turbine.		
25	After all leaks have been repaired, all pressure are constant and the turbines are operating normally, disconnect the GEM System and demob.		
26	Install choke valves on each well gas flow line before adding wells to the gas system.		
27	Check fluid levels in all wells. Record in each well's production report		
28	Prepare SJ#5 to receive fluid. Write up a step by step procedure to follow before opening the well.		
29	Open the pad gas lines to the tanks. Monitor the gas meter and the pressure regulator operation to be sure there aren't any leaks or malfunctions.		
30	Open the gas valve to the gas compressor. Check for leaks.		
31	Do not ship oil to the oil shipping pipeline until that pipeline is de-watered and ready for service. If oil needs to be shipped use a truck		



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	for oil removal.		
32	Continue to record the gas meter readings at 1 hour intervals until the gas pressure has been bled down through the turbines.		
33	Continue to run the turbines until the gas pressures are returned to normal. As the gas pressure falls it may be necessary to shutdown turbines that are not needed in order to keep the fuel system pressure high enough to operate a turbine.		