

Glossary

Glossary

This glossary contains definitions of the technical terms used in this report and employed by respondents in completing Form EIA--23, "Annual Survey of Domestic Oil and Gas Reserves," or Form EIA--64A, "Annual Report of the Origin of Natural Gas Liquids Production," for the report year 1998.

Acquisitions: The volume of proved reserves gained by the purchase of an existing fields or properties.

Adjustments: The quantity which preserves an exact annual reserves balance within each State or State subdivision of the following form:

Published Proved Reserves at End of Previous Report Year
+ Adjustments
+ Revision Increases
- Revision Decreases
- Sales
+ Acquisitions
+ Extensions
+ New Field Discoveries
+ New Reservoir Discoveries in Old Fields
- Report Year Production
= Published Proved Reserves at End of Report Year

These adjustments are the yearly changes in the published reserve estimates that cannot be attributed to the estimates for other reserve change categories because of the survey and statistical estimation methods employed. For example, variations as a result of changes in the operator frame, different random samples or imputations for missing or unreported reserve changes, could contribute to adjustments.

Affiliated (Associated) Company: An "affiliate" of, or a person "affiliated" with, a specific person is a person that directly, or indirectly through one or more intermediaries: controls; or is controlled by; or is under common control with, the person specified. (See **Person and Control**)

Control: The term "control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise. (See **Person**)

Corrections: (See **Revisions**)

Crude Oil: A mixture of hydrocarbons that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Crude oil may also include:

1. Small amounts of hydrocarbons that exist in the gaseous phase in natural underground reservoirs but are liquid at atmospheric pressure after being recovered from oil well (casinghead) gas in lease separators, and that subsequently are comingled with the crude stream without being separately measured
2. Small amounts of nonhydrocarbons produced with the oil.

When a State regulatory agency specifies a definition of crude oil which differs from that set forth above, the State definition is to be followed and its use footnoted on Schedule B of Form EIA--23.

Extensions: The reserves credited to a reservoir because of enlargement of its proved area. Normally the ultimate size of newly discovered fields, or newly discovered reservoirs in old fields, is determined by wells drilled in years subsequent to discovery. When such wells add to the proved area of a previously discovered reservoir, the increase in proved reserves is classified as an extension.

Field: An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both.

Field Area: A geographic area encompassing two or more pools that have a common gathering and metering system, the reserves of which are reported as a single unit. This concept applies primarily to the Appalachian region. (See **Pool**)

Field Discovery Year: The calendar year in which a field was first recognized as containing economically recoverable accumulations of oil and/or gas.

Field Separation Facility: A surface installation designed to recover lease condensate from a produced natural gas stream frequently originating from more than one lease, and managed by the operator of one or more of these leases. (See **Lease Condensate**)

Gross Working Interest Ownership Basis: Gross working interest ownership is the respondent's working interest in a given property plus the proportionate share of any royalty interest, including overriding royalty interest, associated with the working interest. (See **Working Interest** and **Royalty** (including **Overriding Royalty**) **Interest**)

Indicated Additional Reserves of Crude Oil: Quantities of crude oil (other than proved reserves) which may become economically recoverable from existing productive reservoirs through the application of improved recovery techniques using current technology. These recovery techniques may:

1. Already be installed in the reservoir, but their effects are not yet known to the degree necessary to classify the additional reserves as proved
2. Be installed in another similar reservoir, where the results of that installation can be used to estimate the indicated additional reserves.

Indicated additional reserves are not included in proved reserves due to their uncertain economic recoverability. When economic recoverability is demonstrated, the indicated additional reserves must be transferred to proved reserves as positive revisions.

Lease Condensate: A mixture consisting primarily of pentanes and heavier hydrocarbons which is recovered as a liquid from natural gas in lease or field separation facilities, exclusive of products recovered at natural gas processing plants or facilities.

Lease Separator: A lease separator is a facility installed at the surface for the purpose of (a) separating gases from produced crude oil and water at the temperature and pressure conditions of the separator, and/or (b) separating gases from that portion of the produced natural gas stream which

liquefies at the temperature and pressure conditions of the separator.

Natural Gas: A mixture of hydrocarbon compounds and small quantities of various nonhydrocarbons existing in the gaseous phase or in solution with crude oil in natural underground reservoirs at reservoir conditions. The principal hydrocarbons normally contained in the mixture are methane, ethane, propane, butane, and pentanes. Typical nonhydrocarbon gases which may be present in reservoir natural gas are water vapor, carbon dioxide, helium, hydrogen sulfide, and nitrogen. Under reservoir conditions, natural gas and the liquefiable portions occur either in a single gaseous phase in the reservoir or in solution with crude oil, and are not distinguishable at the time as separate substances. (See **Natural Gas, Associated--Dissolved** and **Natural Gas, Nonassociated**)

Natural Gas, Associated--Dissolved: The combined volume of natural gas which occurs in crude oil reservoirs either as free gas (associated) or as gas in solution with crude oil (dissolved).

Natural Gas, "Dry": The actual or calculated volumes of natural gas which remain after:

1. The liquefiable hydrocarbon portion has been removed from the gas stream (i.e., gas after lease, field, and/or plant separation)
2. Any volumes of nonhydrocarbon gases have been removed where they occur in sufficient quantity to render the gas unmarketable.

Natural Gas, Nonassociated: Natural gas not in contact with significant quantities of crude oil in a reservoir.

Natural Gas Liquids: Those hydrocarbons in natural gas which are separated from the gas through the processes of absorption, condensation, adsorption, or other methods in gas processing or cycling plants. Generally such liquids consist of propane and heavier hydrocarbons and are commonly referred to as condensate, natural gasoline, or liquefied petroleum gases. Where hydrocarbon components lighter than propane are recovered as liquids, these components are included with natural gas liquids.

Natural Gas Processing Plant: A facility designed to recover natural gas liquids from a stream of natural gas which may or may not have passed through lease separators and/or field separation facilities. Another function of the facility is to control the

quality of the processed natural gas stream. Cycling plants are considered natural gas processing plants.

Natural Gas, Wet After Lease Separation: The volume of natural gas remaining after removal of lease condensate in lease and/or field separation facilities, if any, and after exclusion of nonhydrocarbon gases where they occur in sufficient quantity to render the gas unmarketable. Natural gas liquids may be recovered from volumes of natural gas, wet after lease separation, at natural gas processing plants. (See **Lease Condensate, Lease Separator, and Field Separation Facility**)

Net Revisions: (See **Revisions**)

New Field: A field discovered during the report year.

New Field Discoveries: The volumes of proved reserves of crude oil, natural gas and/or natural gas liquids discovered in new fields during the report year.

New Reservoir: A reservoir discovered during the report year.

New Reservoir Discoveries in Old Fields: The volumes of proved reserves of crude oil, natural gas, and/or natural gas liquids discovered during the report year in new reservoir(s) located in old fields.

Nonproducing Reservoirs: Reservoirs in which proved liquid or gaseous hydrocarbon reserves have been identified, but which did not produce during the last calendar year regardless of the availability and/or operation of production, gathering, or transportation facilities.

Old Field: A field discovered prior to the report year.

Old Reservoir: A reservoir discovered prior to the report year.

Operator, Gas Plant: The person responsible for the management and day--to--day operation of one or more natural gas processing plants as of December 31 of the report year. The operator is generally a working interest owner or a company under contract to the working interest owner(s). Plants shut down during the report year are also to be considered "operated" as of December 31. (See **Person**)

Operator, Oil and/or Gas Well: The person responsible for the management and day--to--day operation of one or more crude oil and/or natural gas wells as of December 31 of the report year. The operator is generally a working interest owner or a company under contract to the working interest owner(s). Wells included are those which have proved reserves of crude oil, natural gas, and/or lease condensate in the reservoirs associated with them, whether or not they are producing. Wells abandoned during the report year are also to be considered "operated" as of December 31. (See **Person, Proved Reserves of Crude Oil, Proved Reserves of Natural Gas, Proved Reserves of Lease Condensate, Report Year, and Reservoir**)

Ownership: (See **Gross Working Interest Ownership Basis**)

Parent Company: The parent company of a business entity is an affiliated company which exercises ultimate control over that entity, either directly or indirectly through one or more intermediaries. (See **Affiliated (Associated) Company and Control**)

Person: An individual, a corporation, a partnership, an association, a joint--stock company, a business trust, or an unincorporated organization.

Pool: In general, a reservoir. In certain situations a pool may consist of more than one reservoir. (See **Field Area**)

Plant Liquids: Those volumes of natural gas liquids recovered in natural gas processing plants.

Production, Crude Oil: The volumes of crude oil which are extracted from oil reservoirs during the report year. These volumes are determined through measurement of the volumes delivered from lease storage tanks, (i.e., at the point of custody transfer) with adjustment for (1) net differences between opening and closing lease inventories, and for (2) basic sediment and water. Oil used on the lease is considered production.

Production, Lease Condensate: The volume of lease condensate produced during the report year. Lease condensate volumes include only those volumes recovered from lease or field separation facilities. (See **Lease Condensate**)

Production, Natural Gas, Dry: The volume of natural gas withdrawn from reservoirs during the

report year less (1) the volume returned to such reservoirs in cycling, repressuring of oil reservoirs and conservation operations; less (2) shrinkage resulting from the removal of lease condensate and plant liquids; and less (3) nonhydrocarbon gases where they occur in sufficient quantity to render the gas unmarketable. Volumes of gas withdrawn from gas storage reservoirs and native gas, which has been transferred to the storage category, are not considered production. This is not the same as marketed production, since the latter also excludes vented and flared gas, but contains plant liquids.

Production, Natural Gas, Wet after Lease Separation: The volume of natural gas withdrawn from reservoirs during the report year less (1) the volume returned to such reservoirs in cycling, repressuring of oil reservoirs and conservation operations; less (2) shrinkage resulting from the removal of lease condensate; and less (3) nonhydrocarbon gases where they occur in sufficient quantity to render the gas unmarketable. Volumes of gas withdrawn from gas storage reservoirs and native gas, which has been transferred to the storage category, are not considered production. This is not the same as marketed production, since the latter excludes vented and flared gas.

Production, Natural Gas Liquids: The volume of natural gas liquids removed from natural gas in lease separators, field facilities, gas processing plants or cycling plants during the report year.

Production, Plant Liquids: The volume of liquids removed from natural gas in natural gas processing plants or cycling plants during the report year.

Proved Reserves of Crude Oil: Proved reserves of crude oil as of December 31 of the report year are the estimated quantities of all liquids defined as crude oil, which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Reservoirs are considered proved if economic producibility is supported by actual production or conclusive formation test (drill stem or wire line), or if economic producibility is supported by core analyses and/or electric or other log interpretations. The area of an oil reservoir considered proved includes (1) that portion delineated by drilling and defined by gas--oil and/or oil--water contacts, if any; and (2) the immediately adjoining portions not yet

drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons is considered to be the lower proved limit of the reservoir.

Volumes of crude oil placed in underground storage are not to be considered proved reserves.

Reserves of crude oil which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the "proved" classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.

Estimates of proved crude oil reserves do not include the following: (1) oil that may become available from known reservoirs but is reported separately as "indicated additional reserves"; (2) natural gas liquids (including lease condensate); (3) oil, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; (4) oil that may occur in undrilled prospects; and (5) oil that may be recovered from oil shales, coal, gilsonite, and other such sources. It is not necessary that production, gathering or transportation facilities be installed or operative for a reservoir to be considered proved.

Proved Reserves of Lease Condensate: Proved reserves of lease condensate as of December 31 of the report year are the volumes of lease condensate expected to be recovered in future years in conjunction with the production of proved reserves of natural gas as of December 31 of the report year, based on the recovery efficiency of lease and/or field separation facilities installed as of December 31 of the report year. (See **Lease Condensate and Proved Reserves of Natural Gas**)

Proved Reserves of Natural Gas: Proved reserves of natural gas as of December 31 of the report year are the estimated quantities which analysis of geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Reservoirs are considered proved if economic producibility is supported by actual production or conclusive formation test (drill stem or wire line), or

if economic producibility is supported by core analyses and/or electric or other log interpretations.

The area of a gas reservoir considered proved includes: (1) that portion delineated by drilling and defined by gas--oil and/or gas--water contacts, if any; and (2) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons is considered to be the lower proved limit of the reservoir.

Volumes of natural gas placed in underground storage are not to be considered proved reserves.

For natural gas, wet after lease separation, an appropriate reduction in the reservoir gas volume has been made to cover the removal of the liquefiable portions of the gas in lease and/or field separation facilities and the exclusion of nonhydrocarbon gases where they occur in sufficient quantity to render the gas unmarketable.

For dry natural gas, an appropriate reduction in the gas volume has been made to cover the removal of the liquefiable portions of the gas in lease and/or field separation facilities, and in natural gas processing plants, and the exclusion of nonhydrocarbon gases where they occur in sufficient quantity to render the gas unmarketable.

It is not necessary that production, gathering, or transportation facilities be installed or operative for a reservoir to be considered proved. It is to be assumed that compression will be initiated if and when economically justified.

Proved Reserves of Natural Gas Liquids: Proved reserves of natural gas liquids as of December 31 of the report year are those volumes of natural gas liquids (including lease condensate) demonstrated with reasonable certainty to be separable in the future from proved natural gas reserves, under existing economic and operating conditions.

Proved Ultimate Recovery: The sum of proved reserves and cumulative production. It is expected to change over time for any field, group of fields, State, or Country. Proved Ultimate Recovery does not represent the maximum recoverable volume of resources for an area. It is instead a gauge of how much has already been produced plus proved reserves. Proved reserves of crude oil or natural gas are the estimated quantities of petroleum which

geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. When deterministic proved reserves estimation methods are used, the term reasonable certainty is intended to express a high degree of confidence that the estimated quantities will be recovered. When probabilistic methods are used there should be at least a 90 percent probability that the actual quantities recovered will exceed the estimate.

Report Year: The calendar year to which data reported in this publication pertain.

Reserves: (See **Proved Reserves**)

Reserve Additions: Consist of adjustments, net revisions, extensions to old reservoirs, new reservoir discoveries in old fields, and new field discoveries.

Reserves Changes: Positive and negative revisions, extensions, new reservoir discoveries in old fields, and new field discoveries, which occurred during the report year.

Reservoir: A porous and permeable underground formation containing an individual and separate natural accumulation of producible hydrocarbons (oil and/or gas) which is confined by impermeable rock or water barriers and is characterized by a single natural pressure system.

Revisions: Changes to prior year--end proved reserves estimates, either positive or negative, resulting from new information other than an increase in proved acreage (extension). Revisions include increases of proved reserves associated with the installation of improved recovery techniques or equipment. They also include correction of prior report year arithmetical or clerical errors and adjustments to prior year--end production volumes to the extent that these alter reported prior year reserves estimates.

Royalty (Including Overriding Royalty) Interests: These interests entitle their owner(s) to a share of the mineral production from a property or to a share of the proceeds therefrom. They do not contain the rights and obligations of operating the property, and normally do not bear any of the costs of exploration, development, and operation of the property.

Sales: The volume of proved reserves deducted from an operator's total when selling an existing field or properties.

Subdivision: A prescribed portion of a given State or other geographical region defined in this publication for statistical reporting purposes.

Subsidiary Company: A company which is controlled through the ownership of voting stock, or a corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group. (See **Control**)

Total Discoveries: The sum of extensions, new reservoir discoveries in old fields, and new field discoveries, which occurred during the report year.

Total Liquid Hydrocarbon Reserves: The sum of crude oil and natural gas liquids reserves volumes.

Total Operated Basis: The total reserves or production associated with the wells operated by an individual operator. This is also commonly known as the "gross operated" or "8/8ths" basis.

Working Interest: A working interest permits the owner(s) to explore, develop and operate a property. The working interest owner(s) bear(s) the costs of exploration, development and operation of the property, and in return is (are) entitled to a share of the mineral production from the property or to a share of the proceeds therefrom.