

C-147 Variance request (Hayhurst NM 2RF-120)

NMOCD,

Chevron MCBU is requesting a six month "Variance" from NMOCD for our Hayhurst NM 2RF-120 (section 2) Recycling Water Containments Structures (RWCS), due to the recent decrease in commodity oil prices, as a result of the coronavirus impacts on reduced demand and geopolitical pressures increasing supply. Chevron is managing our risk and exposure to the coronavirus, but we are also revamping our business plan, development strategy and activity levels in response to the current market and price environment. These impacts and strategy changes will defer the frac schedule beyond the six-month extension for the below registered RWCS listed below.

- **Previous extension approval: Section 2 (RWCS) – 2RF-120 (A & B)**
 - The request for a six-month extension for the determination of cessation of operations was approved by NMOCD per 19.15.34.13 NMAC. The extension variance is specifically for operations from August 1, 2020 through January 31, 2021.
- **Chevron will adhere to the following condition**
 - Both RWCSs (A-East and B-West) will maintain a volume of water that weighs equivalent to the liner plus 20% safety factor.
- **Chevron is submitting the following options to allow for flexibility**
 - Leave both RWCSs with the current treated produced water (TPW) as long as we maintain a volume of water that weighs equivalent to the liner plus 20% safety factor. Chevron estimates that water to equal 0.5 ft. of water in the RWCS. This will ensure the liner is protected from the elements.
 - If the water volume drops below the liner weight plus 20% safety factor (less than 0.5 ft of water), then Chevron will add brackish water to maintain the minimum weight.

Thank you,

Tony Vallejo

Senior Workforce Safety and Environmental Specialist - Factory

Chevron USA Inc. (MCBU)

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Midland, Tx 79706

O: [432-687-7524](tel:432-687-7524)

C: [325-450-1413](tel:325-450-1413)

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Safety is as simple as ABC - Always Be Careful

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-147
Revised March 31, 2015

Recycling Facility and/or Recycling Containment

Type of Facility: ☒ Recycling Facility ☒ Recycling Containment*
Type of action: ☐ Permit ☐ Registration
☐ Modification ☐ Extension
☐ Closure ☒ Other (explain) RWCS Variance

* At the time C-147 is submitted to the division for a Recycling Containment, a copy shall be provided to the surface owner.

Be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.

Operator: Chevron U.S.A. Inc. (For multiple operators attach page with information) OGRID #: 4323
Address: 1400 Smith Street, Houston TX 77002
Facility or well name (include API# if associated with a well): "HH NM Sec 2 Frac Pond and Recycle Facility"
OCD Permit Number: 2RF-120 (A and B) (For new facilities the permit number will be assigned by the district office)
U/L or Qtr/Qtr N Section 2 Township 26 South Range 27 East County: Eddy
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.

☒ **Recycling Facility:** (Location: U/L N, Section 2, T26S, R27E)
Location of recycling facility (if applicable): Latitude 32.065644 Longitude -104.165003 NAD: ☐ 1927 ☒ 1983
Proposed Use: ☐ Drilling* ☒ Completion* ☐ Production* ☐ Plugging*
**The re-use of produced water may NOT be used until fresh water zones are cased and cemented*
☐ Other, *requires permit for other uses. Describe use, process, testing, volume of produced water and ensure there will be no adverse impact on groundwater or surface water.*
☒ Fluid Storage
☒ Above ground tanks ☐ Recycling containment ☐ Activity permitted under 19.15.17 NMAC explain type _____
☐ Activity permitted under 19.15.36 NMAC explain type: _____ ☐ Other explain _____
☐ For multiple or additional recycling containments, attach design and location information of each containment
☐ **Closure Report (required within 60 days of closure completion):** ☐ Recycling Facility Closure Completion Date: _____

3.

☒ **Recycling Containment:**
☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)
Center of Recycling Containment (if applicable): Latitude 32.071130 Longitude -104.166990 NAD: ☐ 1927 ☒ 1983
☐ For multiple or additional recycling containments, attach design and location information of each containment
☒ Lined ☒ Liner type: Thickness 60 mil ☐ LLDPE ☒ HDPE ☐ PVC ☒ Other _____
☐ String-Reinforced
Liner Seams: ☒ Welded ☐ Factory ☒ Other Field Volume: 587,330 bbl Dimensions: L 796' x W 683' x D 23'
☐ Recycling Containment Closure Completion Date: _____

4.

Bonding:

- ☒ Covered under bonding pursuant to 19.15.8 NMAC per 19.15.34.15(A)(2) NMAC (These containments are limited to only the wells owned or operated by the owners of the containment.)
- ☐ Bonding in accordance with 19.15.34.15(A)(1). Amount of bond \$ _____ (work on these facilities cannot commence until bonding amounts are approved)
- ☐ Attach closure cost estimate and documentation on how the closure cost was calculated.

5.

Fencing:

- ☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
- ☐ Alternate. Please specify _____

6.

Signs:

- ☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
- ☐ Signed in compliance with 19.15.16.8 NMAC

7.

Variances:

Justifications and/or demonstrations that the proposed variance will afford reasonable protection against contamination of fresh water, human health, and the environment.

Check the below box only if a variance is requested:

- ☒ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. If a Variance is requested, include the variance information on a separate page and attach it to the C-147 as part of the application.
- If a Variance is requested, it must be approved prior to implementation.**

8.

Siting Criteria for Recycling Containment

Instructions: The applicant must provide attachments that demonstrate compliance for each siting criteria below as part of the application. Potential examples of the siting attachment source material are provided below under each criteria.

General siting

Ground water is less than 50 feet below the bottom of the Recycling Containment.

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☐ No
☐ NA

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

☐ Yes ☐ No
☐ NA

- Written confirmation or verification from the municipality; written approval obtained from the municipality

Within the area overlying a subsurface mine.

☐ Yes ☐ No

- Written confirmation or verification or map from the NM EMNRD-Mining and Minerals Division

Within an unstable area.

☐ Yes ☐ No

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; topographic map

Within a 100-year floodplain. FEMA map

☐ Yes ☐ No

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

☐ Yes ☐ No

- Topographic map; visual inspection (certification) of the proposed site

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

☐ Yes ☐ No

- Visual inspection (certification) of the proposed site; aerial photo; satellite image

Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application.

☐ Yes ☐ No

- NM Office of the State Engineer - iWATERS database search; visual inspection (certification) of the proposed site

Within 500 feet of a wetland.

☐ Yes ☐ No

- US Fish and Wildlife Wetland Identification map; topographic map; visual inspection (certification) of the proposed site

9.

Recycling Facility and/or Containment Checklist:

Instructions: Each of the following items must be attached to the application. Indicate, by a check mark in the box, that the documents are attached.

- ☐ Design Plan - based upon the appropriate requirements.
☐ Operating and Maintenance Plan - based upon the appropriate requirements.
☐ Closure Plan - based upon the appropriate requirements.
☐ Site Specific Groundwater Data -
☐ Siting Criteria Compliance Demonstrations –
☐ **Certify that notice of the C-147 (only) has been sent to the surface owner(s)**

10.

Operator Application Certification:

I hereby certify that the information and attachments submitted with this application are true, accurate and complete to the best of my knowledge and belief.

Name (Print): Tony Vallejo Title: Senior Workforce Safety and Environmental Specialist – Factory

Signature: Tony Vallejo Date: November 4, 2020

e-mail address: jvallejo@chevron.com Telephone: O: 432-687-7524 or C: 325-450-1413

11.

OCD Representative Signature: _____ **Approval Date:** _____

Title: _____ **OCD Permit Number:** _____

- ☐ OCD Conditions _____
☐ Additional OCD Conditions on Attachment