Form 3160-5 (June 2015)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Artesia

FORM APPROVED OMB NO. 1004-0137 Expires: January 31, 2018

5. Lease Serial No. NMNM02887A

SUNDKIN	TIICES AND KEPOKIS 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	

abandoned we	6. If Indian, Allottee of	or Tribe Name					
SUBMIT IN TRIPLICATE - Other instructions on page 2					7. If Unit or CA/Agreement, Name and/or No. 891000558D		
1. Type of Well					8. Well Name and No. JAMES RANCH UNIT 7		
Ø Oil Well ☐ Gas Well ☐ Ott 2. Name of Operator	9. API Well No.						
2. Name of Operator Contact: TRACIE J CHER BOPCO LP E-Mail: tjcherry@basspet.com					30-015-21247-0	00-S1	
3a. Address P O BOX 2760 MIDLAND, TX 79702			iclude area code) 2277		Field and Pool or Exploratory Area LOS MEDANOS		
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)					11. County or Parish, State		
Sec 6 T23S R31E SWNE 198				EDDY COUNTY, NM			
12. CHECK THE AI	PPROPRIATE BOX(ES)	TO INDICATE	NATURE O	F NOTICE,	REPORT, OR OTH	IER DATA	
TYPE OF SUBMISSION			ACTION				
Notice of Intent ■	☐ Acidize	Deepen	ı	☐ Producti	on (Start/Resume)	■ Water Shut-Off	
_	☐ Alter Casing	•	lic Fracturing	☐ Reclama	tion	☐ Well Integrity	
☐ Subsequent Report	☐ Casing Repair		onstruction	☐ Recomp		☑ Other Venting and/or Flari	
☐ Final Abandonment Notice	☐ Change Plans		d Abandon	-	rily Abandon	ng	
	☐ Convert to Injection	Plug Ba		☐ Water D			
13. Describe Proposed or Completed Ope If the proposal is to deepen directions Attach the Bond under which the wor following completion of the involved testing has been completed. Final Ab determined that the site is ready for fi BOPCO, LP respectfully subm 90-days, January - March 201 Wells producing to this battery JAMES RANCH UNIT 007* / 3 JAMES RANCH UNIT 030B / 3 JAMES RANCH 065B / 30-01 JAMES RANCH 065B / 30-01 JAMES RANCH UNIT 079B / 3 JAMES RANCH UNIT 079B / 3 JAMES RANCH UNIT 079 / 30	ally or recomplete horizontally, it will be performed or provide operations. If the operation respondent Notices must be file inal inspection. This is sundry for Notice of the inal inspection. This is sundry for Notice of the inal inspection. The are as follows: The are as foll	give subsurface locathe Bond No. on file ults in a multiple cord only after all request for the location of lo	ations and measure with BLM/BIA Might Black Might Blac	red and true ver Required sub impletion in a n ing reclamation for SEE AT	tical depths of all pertin sequent reports must be ew interval, a Form 316 , have been completed a AM OIL (ARTI DE	ent markers and zones. filed within 30 days 0-4 must be filed once and the operator has CONSERVATION ESIA DISTRICT C 2 7 2016	
14. I hereby certify that the foregoing is	Electronic Submission #3				System /	1) //	
Comm	For B nitted to AFMSS for process	OPCO LP, sent is ing by JENNIFE			(17JAS0166SE)	′ / //	
Name (Printed/Typed) TRACIE J	CHERRY	Ti	tle REGUL	ATORY ANA	LYST		
Signature (Electronic S		Da	132, 13, 11		PROVED		
	THIS SPACE FO	R FEDERAL (OR STATE	OFFICE US	F 21 1/16		
Approved By Conditions of approval, if any, are attached certify that the applicant holds legal or equivalent would entitle the applicant to condu	d. Approval of this notice does	not warrant or subject lease	itle	BOREAU	DE LAND MIN EM SBAD FIEL ONCE	/W// W/	
***		5 ()	office	/ /	17	<i>1</i>	
Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent s	ct operations thereon. U.S.C. Section 1212, make it a c	crime for any person	office I knowingly and I its jurisdiction.	willfully to mal	ke to any department or	agency of the United	
Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent s (Instructions on page 2) ** RIM DEVI	ct operations thereon. U.S.C. Section 1212, make it a c	crime for any persor to any matter within	n knowingly and its jurisdiction.	/ 			

Additional data for EC transaction #361397 that would not fit on the form

32. Additional remarks, continued

JAMES RANCH UNIT 079D / 30-015-31056-00-C3 JAMES RANCH UNIT 114H / 30-015-37925-00-S1 JAMES RANCH UNIT 115H / 30-015-38118-00-S1

Estimated amount to flare is 100 MCFD, depending on pipeline conditions. Flaring will be intermittent and is necessary due to restricted pipeline capacity.

Gas is commingled at the flare to reduce the number flare stacks that would be needed for individual well locations.

Gas volumes will be metered prior to flaring, allocated back to each well and reported on monthly production reports

BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 575-234-5972

Pursuant to **NTL-4A III**, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis <u>without incurring a royalty</u> obligation in the following circumstances:

- A. <u>Emergencies.</u> During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. <u>Well Purging and Evaluation Tests.</u> During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. <u>Initial Production Tests.</u> During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

Condition of Approval to Flare Gas

- 1. The first 24 hours of a <u>temporary emergency flare*</u> is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as either disposition code "21" or "22".".
- 2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. <u>Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08"</u>. If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B.. As an alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.

- 3. Approval not to exceed 90 days, if flaring is still required past 90 days submit new request for approval.
- 4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration. Report unavoidably lost (first 24 hrs of unexpected event) and avoidably lost (exceeding the first 24 hrs or flared gas that has been approved as avoidably lost by the Authorized Officer) volumes and durations on the Subsequent Report.

- 5. In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
- 6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
- 7. This approval does not authorize any additional surface disturbance.
- 8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of (1) an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or (2) an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

*<u>Temporary Emergency Flaring</u> is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.