Form 3160-5 (June 2015)

NMOCD UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Artesia

SUNDRY NOTICES AND REPORTS ON WELLS

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

FORM APPROVED

5. Lease Serial No. NMLC068431

| Do not use thi abandoned we | 6. If Indian, Allottee o | r Tribe Name | | | |
|---|---|---|--|--|--|
| | Oscionii oroo-o (Arb) | | | * | |
| SUBMIT IN | 7. If Unit or CA/Agree 891000303X | ement, Name and/or No. | | | |
| 1. Type of Well ☐ Gas Well ☐ Oth | 8. Well Name and No. POKER LAKE UN | IIT 261 | | | |
| 2. Name of Operator Contact: TRACIE J CHERRY BOPCO LP E-Mail: tjcherry@basspet.com | | | 9. API Well No. 30-015-34877-0 | 0-S1 | |
| 3a. Address P O BOX 2760 MIDLAND, TX 79702 | 3b. Phone No. (include area code) Ph: 432-683-2277 | | 10. Field and Pool or I NASH DRAW-D | 10. Field and Pool or Exploratory Area NASH DRAW-DELAWARE | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) | | | 11. County or Parish, | State | |
| Sec 21 T24S R30E NWSE 1980FSL 1880FEL | | | EDDY COUNTY | /, NM | |
| 12. CHECK THE AI | PPROPRIATE BOX(ES) TO | O INDICATE NATURE OF | F NOTICE, REPORT, OR OTH | IER DATA | |
| TYPE OF SUBMISSION | TYPE OF ACTION | | | | |
| Notice of Intent ■ Notice of Intent | ☐ Acidize | □ Deepen | ☐ Production (Start/Resume) | ■ Water Shut-Off | |
| _ | ☐ Alter Casing | ☐ Hydraulic Fracturing | ☐ Reclamation | ■ Well Integrity | |
| ☐ Subsequent Report | ☐ Casing Repair | ■ New Construction | ☐ Recomplete | | |
| ☐ Final Abandonment Notice | ☐ Change Plans | ☐ Plug and Abandon | ☐ Temporarily Abandon | ng | |
| | ☐ Convert to Injection | ☐ Plug Back | ☐ Water Disposal | | |
| following completion of the involved | l operations. If the operation result pandonment Notices must be filed in al inspection. Inits this sundry for Notice of the control of the | ts in a multiple completion or reco- only after all requirements, includi- Intent to intermittently flare | ONSERVATIONED FOR ASTRICATIONS OF APP | 0-4 must be filed once and the operator has | |
| | Electronic Submission #369 | i (| 1 03/14/2017 (17PP0462SE) | | |
| Signature (Electronic S | Submission) | Date 03/13/20 | | | |
| | THIS SPACE FOR | FEDERAL OR STATE | OF ICEAUSE 1/2017 | | |
| Approved By Conditions of approval, if any, are attache certify that the applicant holds legal or equivalent would entitle the applicant to conductive the second of the | uitable title to those rights in the su act operations thereon. U.S.C. Section 1212, make it a cri | office Office me for any person knowingly and | CARLSBAD FIELD ON CE | | |
| States any false, fictitious or fraudulent | statements or representations as to | any matter within its furisdiction. | W | / / | |

Additional data for EC transaction #369637 that would not fit on the form

32. Additional remarks, continued

POKER LAKE UNIT 362H / 30-015-40799-00-S1 / POKER LAKE UNIT 430H / 30-015-42374-00-S1 / POKER LAKE UNIT 431H / 30-015-42246-00-X1 /

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, 43 CFR 3179

Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. 43 CFR 3179.105 Emergencies (a) An operator may flare or, if flaring is not feasible given the emergency, vent gas royalty-free under §3179.4 (a) (vi) of this subpart during an emergency. For purposes of this subpart, an "emergency" is a temporary, infrequent and unavoidable situation in which the loss of gas or oil is uncontrollable or necessary to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment. For purposes of royalty assessment, an "emergency" is limited to a short-term situation of 24 hours or less (unless the BLM agrees that the emergency conditions necessitating venting or flaring extend for a longer period) caused by an unanticipated event or failure that is out of the operator's control and was not due to operator negligence.
- B. 43 CFR 3179.4 Determining when the loss of oil or gas is avoidable or unavoidable.
 (2) Avoidably lost oil or gas means: Lost oil or gas that is not "unavoidably lost," as defined in paragraph (a) of this section; waste oil that became waste oil through operator negligence; and, any "excess flared gas," as defined in §3179.7.
- C. 43 CFR 3179.5 When lost production is subject to royalty.
 - (a) Royalty is due on all avoidably lost oil or gas.
 - (b) Royalty is not due on any unavoidably lost oil or gas.

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). 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":

 These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5).

 Volumes flared beyond limits defined in 43 CFR 3179.7 are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with 43 CFR 3179.

 Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08".
 - 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 43 CFR 3179.4, 3179.103 3179.105. 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, shall be in accordance with 43 CFR 3179.4, 43 CFR 3179.5, 43 CFR 3179.9 and 43 CFR 3179.10
- 6. The operator must estimate or measure all volumes of gas vented or flared gas by one of the following methods.
 - Measure the flare gas by a meter. The meter shall meet all requirements for a sales meter as per Federal Regulations, 43 CFR 3175 (due to volume of gas being flared).
 Include meter serial number on Sundry Notice (Form 3160-5).
 - ii. Calculate the volume of the flared gas based on the results of a regularly performed GOR test and measured values for the volumes of oil production and gas sales, so as to allow BLM to independently verify the volume, rate, and heating value of the gas flared.

Regulation Ref: Link to 43 CFR 3179 **Waste Prevention and Resources Conservation**; https://www.ecfr.gov/cgi-

bin/retrieveECFR?gp=1&SID=dbd49eda8cdc488870172ed096d47be9&ty=HTML&h=L&mc=true &n=sp43.2.3170.3179&r=SUBPART