

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 April 3, 2017

## Recycling Facility and/or Recycling Containment

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

\* 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): Cotton Draw Section 9 Recycling Containment  
OCD Permit Number: 1RF-503 (For new facilities the permit number will be assigned by the district office)  
U/L or Qtr/Qtr A/B Section 9 Township 25 Range 32 County: Lea  
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.  
☐ **Recycling Facility:**  
Location of recycling facility (if applicable): Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD83  
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:** (Location: U/L: A/B, Section: 9, T25S, R32E)  
☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)  
Center of Recycling Containment (if applicable): Latitude 32.15080 Longitude -103.67564 NAD83  
☐ 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: 699,947 bbl Dimensions: L 1,500 x W 750 x D 15  
☐ 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 \$ 1.3 million (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.

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

☐ Yes ☐ No  
☐ NA

Within the area overlying a subsurface mine.

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

☐ Yes ☐ No

Within an unstable area.

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

☐ Yes ☐ No

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).

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

☐ Yes ☐ No

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

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

☐ Yes ☐ No

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.

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

☐ Yes ☐ No

Within 500 feet of a wetland.

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

☐ Yes ☐ No

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): Zhongke Liu Title: Lead HSE Factory Support SpecialistSignature: *zhongke liu* Date: Sep.18, 2023e-mail address: veralu@chevron.com Telephone: 505-934-8195

11.

OCD Representative Signature: *Victoria Venegas* Approval Date: 10/05/2023Title: Environmental Specialist OCD Permit Number: 1RF-503☐ ~~X~~ OCD Conditions☐ Additional OCD Conditions on Attachment



2401 Pecos Ave.  
P.O. Box 827  
Artesia, NM 88210

An American company,  
reshaping the earth, one location at a time.

((575) 748-1238  
Fax (575) 748-1230

September 13, 2023

Attn: Carrie  
RE: Cotton Draw Frac Ponds

Carrie,

To furnish labor, equipment and materials to remove liners from both ponds and haul off to dispose of, then use a D8 dozer and scrapers to push walls back into the middle of the ponds then recontour the area with the surrounding area so it drains properly. This cost does not include pulling any water out of the ponds if there is any and or dust control, does not include seed which I did not see in the paperwork. The total lump sum is below.

Liner removal: \$601, 298.20  
Fence Removal: \$39,994.73  
Labor: \$657,600.00  
Total Lump Sum: \$1,298,892.93

If you have any questions, please call.

Respectfully Submitted,

Eric Owens  
Project Manager  
e.owens@sweattconstruction.com  
Cell: (575) 513-8753

**C-147 Bonding Modification request (Cotton Draw 1RF-503)**

NMOCD,

Chevron MCBU kindly requests a bonding modification from NMOCD for our Cotton Draw 1RF-503 (Section 9) FRAC POND & RECYCLE FACILITY (Recycling Water Containments Structure; RWCS), to allow options to comply with the conditions of approval of utilizing 20% fluid capacity during a 6-month period. Currently, existing bonding C-147 (2RF-120) only allows Chevron MCBU to utilize the fluid capacity. Modifying the bonding will allow sharing the RWCS fluid with other companies/parties who have drilling/fracking operations in the area. An additional benefit of this modified bonding may also decrease surface disturbance of building multiple RWCSs in the area in the future.

Current, existing C-147 (1RF-503):

- 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [FVV2307337448] will operate as originally permitted. [4323] CHEVRON USA INC will comply with all conditions previously approved for permit 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [FVV2307337448]. No changes will be made to operation, maintenance and monitoring procedures, or closure procedures.

We respectfully ask for a bonding modification from NMOCD for our Cotton Draw 1RF-503 (Section 9) FRAC POND & RECYCLE FACILITY to allow for sharing the fluid with other companies/parties.

Further background:

This issue arose in late 2022 due to a re-interpretation of the use of BLM straddle-comms by a non-unit operator (this Federal Unit operator is Devon Energy). This issue has caused the halt of all new drilling/fracking in Chevron's Cotton Draw development, thereby causing our RWCS to be not utilized as anticipated. May 2023 was the last water usage 20% withdrawn from the RWCS. Chevron MCBU is proactively working on solutions to meet the minimum 20% usage. Chevron, Devon, BLM, and NMSLO are actively working towards a resolution toward restarting drilling/fracking in Chevron Cotton Draw development area, but currently there is no guarantee of such a practice before the deadline of 20% usage for the RWCS by November 30, 2023 (the 6-month period). Chevron is looking for other options to solve this issue, where one option is to share the RWCS with other companies/parties who have drilling/fracking operations nearby, which requires modifying the bonding on the existing C-147 (1RF-503) to allow not only Chevron, but also other parties/companies to utilize fluid from the RWCS.

Thank you for your time and support.

Best regards,

Vera Zhongke Liu, CSP

Lead HSE Factory Support Specialist, MCBU

6301 Deauville Blvd. | Midland, TX 79706 | N3701

**Chevron USA Incorporated**

Chevron USA Inc.  
6301 Deauville Blvd  
Midland, TX 79706  
Tel 432 687 7524

**Venegas, Victoria, EMNRD**

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**From:** Venegas, Victoria, EMNRD  
**Sent:** Thursday, October 5, 2023 9:32 AM  
**To:** Liu, Zhongke; Vallejo, Tony  
**Subject:** 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] Modification.  
**Attachments:** C-147 1RF-503 - COTTON DRAW SECTION 9 Modification.pdf

**1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448]**

Good morning Ms. Liu,

NMOCD has reviewed the recycling containment permit modification and related documents, submitted by [4323] CHEVRON USA INC on 9/18/2023, for 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] in Unit Letter A, Section 09, Township 25S, Range 32E, Lea County, New Mexico. [4323] CHEVRON USA INC requested a permit modification to allow 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] to be used to deliver fluids to wells not owned or operated by Chevron. The requested permit modification is approved with the following conditions of approval:

- [4323] CHEVRON USA INC will operate 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] as originally permitted on 3/14/2023.
- [4323] CHEVRON USA INC will comply with all conditions previously approved for the 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] permit.
- No Changes to the operations procedures, maintenance, monitoring procedures, or closure procedures will be made aside from the requested modification.
- The closure cost estimated provided in the modification request in the amount of \$1,298,892.93 meets the requirements of NMAC 19.15.34.14 CLOSURE AND SITE RECLAMATION REQUIREMENTS FOR RECYCLING CONTAINMENTS.
- The financial assurance should be mailed to the Oil Conservation Division; Bonding and Compliance; 1220 South St Frances Drive; Santa Fe, NM 87505. NMOCD will notify you when the bond has been received and approved.

Please let me know if you have any additional questions.

Regards,

**Victoria Venegas** • Environmental Specialist

Environmental Bureau

EMNRD - Oil Conservation Division

506 W. Texas Ave. Artesia, NM 88210

(575) 909-0269 | [Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)

<https://www.emnrd.nm.gov/ocd/>



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Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
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Phone:(505) 476-3470 Fax:(505) 476-3462

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

COMMENTS

Action 266453

COMMENTS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 266453
	Action Type: [C-147] Water Recycle Long (C-147L)

COMMENTS

Created By	Comment	Comment Date
vvenegas	[4323] CHEVRON USA INC requested a permit modification to allow 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] to be used to deliver fluids to wells not owned or operated by Chevron. The requested permit modification is approved with the following conditions of approval: • [4323] CHEVRON USA INC will operate 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] as originally permitted on 3/14/2023. • [4323] CHEVRON USA INC will comply with all conditions previously approved for the 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] permit. • No Changes to the operations procedures, maintenance, monitoring procedures, or closure procedures will be made aside from the requested modification.	10/5/2023

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CONDITIONS

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