

**C-147 Bonding Modification & Extension request (Salado Draw 1RF-11)**

Date: 2/19/24

NMOCD,

Chevron MCBU is requesting a bonding modification from NMOCD for our 1RF-11 Salado Draw Section 23 Recycling Facility and Containment-Facility ID [fTO1706148730] (Recycling Water Containment Structure; RWCS), due to allowing options to comply with the conditions of approval of utilizing 20% fluid capacity during a 6-month period. Currently, existing bonding C-147 (1RF-11) 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-11):

- 1RF-11 Salado Draw Section 23 Recycling Facility and Containment-Facility ID [fTO1706148730] will operate as originally permitted. [4323] CHEVRON USA INC will comply with all conditions previously approved for permit 1RF-11 Salado Draw Section 23 Recycling Facility and Containment-Facility ID [fTO1706148730]. No changes will be made to operation, maintenance and monitoring procedures, or closure procedures.

Chevron MCBU is also requesting a "6-month Extension" from NMOCD for our Salado Draw 1RF-11 (Section 23) Recycling Water Containment Structure (RWCS), due to well pad frac schedule shift for the next 6 months. September 2023 was the last water usage 20% withdrawn from the RWCS.

Thank you for your time and support.

**Thank you,  
Tony Vallejo**

**Sr. Workforce Safety & Environmental Specialist - Factory  
Chevron USA Inc. (MCBU)**

6301 Deauville Blvd/N3210

Midland, Tx 79706

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

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

[jvallejo@chevron.com](mailto:jvallejo@chevron.com)



***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) "Extension of cessation of

operations request from April 1<sup>st</sup> to September 30<sup>th</sup>, 2024.

\* 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): Salado Draw T26S R32E Sections 13 and 23 Recycling Facility & Containment  
OCD Permit Number: 1RF-11 (For new facilities the permit number will be assigned by the district office)  
U/L or Qtr/Qtr A Section 23 Township 26 South Range 32 East County: Lea  
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.

☒ **Recycling Facility:** (Location: U/L M, Section 13, T26S, R32E)  
Location of recycling facility (if applicable): Latitude 32.036234 Longitude -103.636212 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:** (Location: U/L A, Section 23, T26S, R32E)  
☐ Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)  
Center of Recycling Containment (if applicable): Latitude 32.033156 Longitude -103.639194 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: 698.060 bbl Dimensions: L 925' x W 700' 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 \$ 1,090,586.57 (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: Sr. Workforce Safety & Environmental Specialist - Factory

Signature: Tony Vallejo Date: 2/19/2024

e-mail address: jvallejo@chevron.com Telephone: 325-450-1413

11.

OCD Representative Signature: Victoria Venegas Approval Date: 02/22/2024

Title: Environmental Specialist OCD Permit Number: 1RF-11

☒ 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

February 8, 2024

Attn: Tony

RE: Salado Draw Section 23 Frac Ponds

Tony,

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 that it drains properly. This cost does not include pulling any water out of the ponds if there is any to dispose of and or any dust control during reclamation. Total Lump sum below.

Liner removal: \$ 705,282.00

Fence removal: \$39,994.73.

Labor: \$342,000.00

Seed mix & installation: \$ 3,309.84

Total Lump Sum: \$1,090,586.57

If you have any questions, please call.

Respectfully Submitted,

Eric Owens

Project Manager

e.owens@sweattconstruction.com

Cell: (575) 513-8753

Salado Draw (1RF-11) Section 23 North Weekly Inspections					
DATE (Week of)	BIRD DETERRENT ISSUES	FLUID IN LEAK DETECTION ISSUES	FENCE ISSUES	BERM OR LINER ISSUES	NOTES
11/4/2023	Yes	No	No	No	work order written for bird deterrent
11/11/2023	Yes	No	No	No	work order written for bird deterrent
11/18/2023	Yes	No	No	No	work order written for bird deterrent
11/25/2023	Yes	No	No	No	work order written for bird deterrent
12/2/2023	Yes	No	No	No	work order written for bird deterrent
12/9/2023	Yes	No	No	No	work order written for bird deterrent
12/16/2023	Yes	No	No	No	work order written for bird deterrent
12/23/2023	No	No	No	No	no issues
12/30/2023	No	No	No	No	no issues
1/6/2024	No	Yes	No	No	no issues
1/13/2024	No	Yes	No	No	no issues
1/20/2024	No	Yes	No	No	no issues
1/27/2024	No	Yes	No	No	no issues
2/3/2024	No	Yes	No	No	no issues
2/10/2024	No	Yes	No	No	no issues

Salado Draw (1RF-11) Section 23 South Weekly Inspections					
DATE (Week of)	BIRD DETERRENT ISSUES	FLUID IN LEAK DETECTION ISSUES	FENCE ISSUES	BERM OR LINER ISSUES	NOTES
11/4/2023	No	No	No	No	no issues
11/11/2023	No	No	No	No	no issues
11/18/2023	No	No	No	No	no issues
11/25/2023	No	No	No	No	no issues
12/2/2023	No	No	No	No	no issues
12/9/2023	No	No	No	No	no issues
12/16/2023	No	No	No	No	no issues
12/23/2023	No	No	No	No	no issues
12/30/2023	No	No	No	No	no issues
1/6/2024	No	No	No	No	no issues
1/13/2024	No	No	No	No	no issues
1/20/2024	No	No	No	No	no issues
1/27/2024	No	No	No	No	no issues
2/3/2024	No	No	No	No	no issues
2/10/2024	No	No	No	No	no issues

**Venegas, Victoria, EMNRD**

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**From:** Venegas, Victoria, EMNRD  
**Sent:** Thursday, February 22, 2024 11:10 AM  
**To:** Vallejo, Tony  
**Subject:** • 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730]  
**Attachments:** C-147 RF-11 Salado Draw Section 23 Recycling Facility and Containment-Facility ID [fTO1706148730] 02.22.2024.pdf

**1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730]**

Good morning Mr. Vallejo,

NMOCD has reviewed the documentation submitted by [4323] CHEVRON USA INC on 02/19/2024 Application ID 315716, requesting an extension of the cessation for operations for 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730] and a permit modification to allow 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730] to be used to deliver fluids to wells not owned or operated by Chevron.

The extension of the cessation for operations request is approved with the following conditions of approval:

- 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730] registration/permit expires on December 16, 2024.
- Per NMAC 19.15.34.13.C extensions are considered for a maximum length of six months. 1RF-11 Salado Draw Section 23 Recycling Facility and Containment Facility ID [fTO1706148730] extension of cessation of operations is approved from April 1<sup>st</sup>, 2024, through September 30<sup>th</sup>, 2024. **However, if after this 6-month period, the containment was not utilized at a minimum of 20% fluid capacity, no additional extensions would be granted, and the operator would be directed to remove all fluids and proceed with the closure requirements.**
- [4323] CHEVRON USA INC will maintain a liquid level in the containment that is at least equal to the weight of the liner plus 20%. [4323] CHEVRON USA INC may maintain a higher liquid level if they choose.
- [4323] CHEVRON USA INC will provide written notice to OCD, at least 72 hours, but no more than one week, prior to the recommencement of operations. Recommencement of recycling operations means that the operator plans to resume moving fluids through the containment and discharging fluids from the containment.
  - At the resumption of recycling operations, [4323] CHEVRON USA INC is required to perform an incremental fluid level test for containment liquid levels above the minimum liquid level.
  - [4323] CHEVRON USA INC will fill the containment. [4323] CHEVRON USA INC will pause filling operations at every 10% of total fluid capacity above the minimum level.
  - [4323] CHEVRON USA INC will maintain the liquid level for each 10% volume increase for 24 hours and inspect the leak detection system at the end of the 24-hour period.
  - If there are no liquids present in the leak detection system, [4323] CHEVRON USA INC may proceed to fill the next 10% volume and repeat the process until the containment full design capacity minus the 3-feet of freeboard is reached.
  - If liquids are present, [4323] CHEVRON USA INC should immediately cease the incremental fill test and perform a liner inspection. [4323] CHEVRON USA INC should provide written notice of the fluid detection and liner inspection findings using a C-147 (long form) with the "Other" box checked and "Notice of fluid detection" written as the explanation of "Other."
  - If the detected fluid is confirmed to be produced water, [4323] CHEVRON USA INC must comply with 19.15.34.13 NMAC. [4323] CHEVRON USA INC must provide written notification to NMOCD on the actions taken to comply with 19.15.34.13 NMAC.



- [4323] CHEVRON USA INC must submit copies of the detailed containment inspection records for the prior three months and a report detailing the incremental fluid level test process and results through the [OCD Online](#) system using a C-147 (long form) with the "Other" box checked. "Recommendation of Operations - Incremental Fluid Level Test" should be written as the explanation of "Other." Form C-147 must be completed and include information in sections 1 General Information, 2 Recycling Facility, 3 Recycling Containment, 4 Bonding, and 10 Operator Application Certification. Section 9 Recycling Facility and/or Containment Checklist may also need to be partially completed. Operators should verify that the resumption of operations notification does not result in any changes to the recycling containment operating and maintenance plan or the closure plan. If the recommencement of operations will affect the operating and maintenance plan or closure plan, operators should check those boxes in section 9 and provide updated plans or plan addendums as attachments to the C-147.
- [4323] CHEVRON USA INC will continue to operate, maintain, and close the 1RF-11 Salado Draw Section 23 Recycling Facility and Containment in compliance with 19.15.34 NMAC, to include but not limited detailed inspection records, removal of trash/oil from containment, and monthly C-148 reporting (even if there is zero activity).
- A minimum of 3-feet freeboard must always be maintained in the recycling containment during operations.
- [4323] CHEVRON USA INC shall inspect the recycling containment and associated leak detection systems weekly while it contains fluids. [4323] CHEVRON USA INC shall maintain a current log of such inspections and make the log available for review by the division upon request as per 19.15.34.13.A.

The requested permit modification to allow 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730] to be used to deliver fluids to wells not owned or operated by [4323] CHEVRON USA INC is approved with the following conditions of approval:

- [4323] CHEVRON USA INC will operate 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730] as originally permitted.
- [4323] CHEVRON USA INC will comply with all conditions previously approved for the 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730] 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 \$1,090,586.57 meets the requirements of NMAC 19.15.34.14 CLOSURE AND SITE RECLAMATION REQUIREMENTS FOR RECYCLING CONTAINMENTS.
- The financial assurance should be mailed to:

EMNRD - Oil Conservation Division  
Administration & Compliance Bureau  
Attn: Bond Administrator  
1220 S. St. Francis Drive | Santa Fe, NM 87505.  
(505) 660-2501

- NMOCDC will notify you when the bond has been received and approved.

**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/oed/>



**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
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**

CONDITIONS  
  
Action 315716

CONDITIONS

Operator:  CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID:  4323
	Action Number:  315716
	Action Type:  [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	1RF-11 Salado Draw Section 23 Recycling Facility and Containment Facility ID [FTO1706148730] extension of cessation of operations is approved from April 1st, 2024, through September 30th, 2024. However, if after this 6-month period, the containment was not utilized at a minimum of 20% fluid capacity, no additional extensions would be granted, and the operator would be directed to remove all fluids and proceed with the closure requirements. The requested permit modification to allow 1RF-11 SALADO DRAW SECTION 23 RECYCLING FACILITY AND CONTAINMENT FACILITY ID [FTO1706148730] to be used to deliver fluids to wells not owned or operated by [4323] CHEVRON USA INC is approved.	2/22/2024