

1RF - 11

**Salado Draw Section 23
Recycling Facility and
Containment
Extension,
Cessation of Operations
Approval**

**Chevron USA Inc
August 3, 2020**

From: [LucasKamat, Susan, EMNRD](#)
To: ["Vallejo, Tony"](#)
Cc: [Connett, Clark](#); [Shi, Wei](#); [Jones, Cullen M](#); [Visairo, Omar](#); [Sule, Abdul A](#)
Subject: RF-11 Salado Draw Section 23 Recycling Facility and Containment Extension Request, Cessation of Operations (May to October 2020)
Date: Monday, August 3, 2020 5:21:00 PM

Good afternoon, Mr. Vallejo.

The Oil Conservation Division ("OCD") has reviewed the determination of removal of fluids pending closure extension request for RF-11 Salado Draw Section 23 Recycling Facility and Containment, received from Chevron USA ("Chevron") on May 19, 2020. The cessation for operations extension request is approved with the following conditions of approval.

- The 1RF-11 Salado Draw Section 23 Recycling Facility and Containment registration/permit expires on December 16, 2021.
- The 1RF-11 Salado Draw Section 23 Recycling Facility and Containment extension of cessation of operations is approved from May 1, 2020 through October 31, 2020.
- Chevron must recycle at least 68,090 bbls of produced water from pond 1 and 73,521 bbls of produced water from pond 2 no later than November 30, 2020, to be considered in operations.
- Chevron will maintain a liquid level in the containment that is at least equal to the weight of the liner plus 20%. Chevron may maintain a higher liquid level if they choose. The 0.5 ft minimum liquid level calculation and the 0.5 ft minimum liquid level included in the variance request is approved.
- Chevron will provide written notice to the OCD (email to ocd.enviro@state.nm.us) 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, Chevron is required to perform an incremental fluid level test for containment liquid levels above the minimum liquid level.
 - Chevron will fill the containment. Chevron will pause filling operations at every 10% of total fluid capacity above the minimum level.
 - Chevron will maintain the liquid level for each 10% volume increase for 24 hours and inspect and operation the leak detection system at the end of the 24-hour period.
 - If there are no liquids present in the leak detection system, Chevron 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. eat the process until the containment full de reached.

If liquids are present, Chevron should immediately cease the incremental fill test and perform a liner inspection. Chevron should provide written notice of the fluid detection and liner inspection findings to the OCD (email to ocd.enviro@state.nm.us) using a C-147 (long form) with the "Other" box checked and "Notice of fluid detection" written as the explanation of "Other."

- Upon notification of fluid detection in the leak detection system, the OCD will verify the source of water (condensation versus produced water).
- If the detected fluid is confirmed to be condensation, the OCD will issue a written approval to proceed with the incremental fluid level test.
- If the detected fluid is confirmed to be produced water, Chevron must comply with 19.15.34.13 NMAC. Chevron must provide written notification (email to ocd.enviro@state.nm.us) on the actions taken to comply with 19.15.34.13 NMAC.
- After fluid is detected in the leak detection system, the incremental fill test cannot continue until after a written approval to proceed is issued by the OCD.
- Chevron must submit copies of the detailed containment inspection records for the prior three (3) months and a report detailing the incremental fluid level test process and results to the OCD.Enviro mailbox 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 recommendation 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.
- Chevron 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).
- Water reuse and recycling from 1RF-11 Salado Draw Section 23 Recycling Facility and Containment is limited to wells owned or operated by Chevron (OGRID # 4323).
- A minimum of 3-feet freeboard must always be maintained in the recycling containment during operations.
- Chevron should notify the surface owner of the cessation of operations extension

request by September 3, 2020.

- Chevron may request a variance for an additional extension to the determination of cessation of operations, which will be reviewed on a case-by-case basis and evaluated on their merit. Extensions are considered for a maximum length of six months. Additional requests must be submitted to OCD (email to ocd.enviro@state.nm.us) on a Form C-147 (long form) as an Extension request and should include a variance request and summary per 19.15.34.16 NMAC and the detailed inspection records for the prior three (3) months. The extension request should be submitted no later than September 30, 2020.

Please keep a copy of this electronic communication for your files, as no paper copy of the approval will be delivered. The signed C-147 will be saved in 1RF-11 Salado Draw Section 23 Recycling Facility and Containment electronic file on the OCD website at <http://ocdimage.emnrd.state.nm.us/imaging//AEOrderFileView.aspx?appNo=pTO1706148913> within 24 hours.

Please do not hesitate to contact me if you have any questions or comments.

Regards,
Susan

Susan A. Lucas Kamat

Environmental Scientist
Oil Conservation Division
Energy, Minerals, and Natural Resources Department
5200 Oakland Avenue, Suite 100
Albuquerque, New Mexico 87113
(505) 670-8745
Susan.LucasKamat@state.nm.us

From: Vallejo, Tony <JVallejo@chevron.com>

Sent: Tuesday, May 19, 2020 1:19 PM

To: Enviro, OCD, EMNRD <OCD.Enviro@state.nm.us>

Cc: LucasKamat, Susan, EMNRD <Susan.LucasKamat@state.nm.us>; Connett, Clark <Clark.Connett@chevron.com>; Shi, Wei <Wei.Shi@chevron.com>; Jones, Cullen M <CullenJones@chevron.com>; Visairo, Omar <Omar.Visairo@chevron.com>; Sule, Abdul A <ASule@chevron.com>

Subject: [EXT] Request: Extension for Salado Draw 1RF-11 Recycling Water Containment Structure (RWCS) operations

Importance: High

NMOCD,

Chevron MCBU is submitting the attached C-147 "Extension" request document for the Salado Draw RWCS (1RF-11) for review and approval.

Thank you,

Tony Vallejo

HES Specialist - Factory Performance Support

Chevron 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



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) _____

* 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 \$ _____ (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: Factory Support HES Specialist

Signature:  Date: May 19, 2020

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

11.

OCD Representative Signature:  Approval Date: August 3, 2020

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

- ☐ OCD Conditions _____
☐ Additional OCD Conditions on Attachment

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Subject: [EXT] Request: Extension for Salado Draw 1RF-11 Recycling Water Containment Structure (RWCS) operations
Attachments: Salado Draw Sec. 23_C-147_RWCS Extension Request May_19_2020.pdf
Importance: High

NMOCD,

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Thank you,

Tony Vallejo
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C-147 Extension request (Salado Draw 2RF-11)

NMOCD,

Chevron MCBU is requesting a six month "Extension" from NMOCD for our Salado Draw 1RF-11 (section 23) Recycling Water Containments Structures (RWCS) from April – September 2020. April 2020 was the last month recycled water was utilized, but after reviewing the water usage for April on Monday (5/18/20), we realized that <20% was used. We have exceeded the six months of not utilizing >20% of the total fluid capacity as of April 30, 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 the 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 and exceed the six-month of not utilizing >20% of the RWCS total fluid capacity.

Thank you,

Tony Vallejo
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