

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTNMOCD
HobbsFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS 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.*5. Lease Serial No.
NMNM26395

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM1318098. Well Name and No.
PERLA NEGRA FEDERAL COM 1H ✓9. API Well No.
30-025-41131-00-S110. Field and Pool, or Exploratory
LEA11. County or Parish, and State
LEA COUNTY, NM ✓**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

XTO ENERGY INCORPORATED

Contact: SHERRY PACK

E-Mail: sherry_pack@xtoenergy.com

3a. Address

500 W ILLINOIS STREET SUITE 100
MIDLAND, TX 79701

3b. Phone No. (include area code)

Ph: 432-620-6709
Fx: 432-224-1126

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 24 T19S R34E SWSW 330FSL 400FWL

HOBBS OCD

JUL 06 2016

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other
Venting and/or Flaring

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

PERLA NEGRA FEDERAL COM 1H BTY

ASSOCIATED WELLS:

PERLA NEGRA FEDERAL COM #001H F 30-025-41131 LEA;BONE SPRING ✓

PERLA NEGRA FEDERAL COM #002H F 30-025-42709 LEA;BONE SPRING ✓

PERLA NEGRA FEDERAL COM #003H F 30-025-42710 LEA;BONE SPRING ✓

PERLA NEGRA FEDERAL COM #004H F 30-025-42577 LEA;BONE SPRING ✓

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

The unexpected malfunction of equipment maintained by TARGA's (3RD PARTY GAS PURCHASER) plant has

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #340225 verified by the BLM Well Information System
For XTO ENERGY INCORPORATED, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 06/01/2016 (16PP0714SE)

Name (Printed/Typed) SHERRY PACK

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 05/25/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Accepted for Record Only

MSB/OCD 7/9/2016

Additional data for EC transaction #340225 that would not fit on the form

32. Additional remarks, continued

caused emergency flaring from the PERLA NEGRA FEDERAL COM 1H BTY of max 350 mcf/d until necessary repairs completed. The volumes flared as a result of this equipment malfunction constitute "unavoidably

lost" production under NTL 4A Section II.C.(2) ("Unavoidably lost" production shall mean "(2) that oil or gas which is lost because of line failures, equipment malfunctions, blowouts, fires, or otherwise") and NTL 4A Section III.A. ("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.

During temporary emergency situations, such as compressor or other equipment failures"). For at least this reason, the flared volumes are not royalty bearing under NTL 4A. Flare discovery date: 5/11/2016.

TARGA MALFUNCTION/FAILURES CAUSING US TO FLARE AS OF 5/10/16 AND MAX 350 MCFD.

350
COA

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

This field office has evaluated the attached Notice of Intent as a request for flaring/venting beyond NTL-4A allowable thresholds (reasons, timeframes and volumes), and has determined the following Conditions of Approval apply.

Condition of Approval to Flare Gas

1. Comply with NTL-4A requirements
2. Subject to like approval from NMOCD
3. **Flared volumes are considered "avoidably lost" and will require payment of royalties. Volumes shall be reported on OGOR "B" reports as disposition code "08**
4. "Avoidably lost" flare volumes shall be metered due to their royalty bearing status. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time.
5. 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 (form 3160-5).
6. This approval does not authorize any additional surface disturbance.
7. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
8. Approval not to exceed 90 days, if flaring is still required past 90 days submit new request for approval.
9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a sundry form 3160-5.

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.

43CFR3162.7-1 (a) The operator shall put into marketable condition, if economically feasible, all oil, other hydrocarbons, gas and sulphur produced from the leased land.

43CFR3162.1 (a) The operating rights owner or operator, as appropriate, shall comply with applicable laws and regulations; with the lease terms, Onshore Oil and Gas Orders, NTL's; and with other orders and instructions of the authorized officer. These include, but are not limited to, conducting all operations in a manner which ensures the proper handling, measurement, disposition, and site security of leasehold production; which protects other natural resources and environmental quality; which protects life and property; and which results in maximum ultimate economic recovery of oil and gas with minimum waste and with minimum adverse effect on ultimate recovery of other mineral resources.