UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NMOCD SUNDRY NOTICES AND REPORTS ON WELLS Hobbs

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

5. Lease Serial No. NMNM0309376

Do not use the abandoned we	to re-enter an uch proposals.	6. If Indian, Allo	ottee or Tribe Name	
SUBMIT IN	s on page	7. If Unit or CA	/Agreement, Name and/or No.	
Type of Well ☐ Gas Well ☐ Oth	ner /	AAR		d No. DERAL COM 1H
Name of Operator COG OPERATING LLC	Contact: BRIAN I E-Mail: bmaiorino@concho.		9. API Well No. 30-025-410	097
3a. Address ONE CONCHO CENTER 600 MIDLAND, TX 79701	one No. (include area code) 32-221-0467	10. Field and Po WC-025 G0	ol or Exploratory Area 06 S253206M	
4. Location of Well (Footage, Sec., T		11. County or Pa	arish, State	
Sec 6 T19S R32E NENE 330	FNL 380FEL		LEA COUN	ITY, NM
12. CHECK THE AI	PPROPRIATE BOX(ES) TO INC	DICATE NATURE O	F NOTICE, REPORT, OR	OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTION			
Notice of Intent	☐ Acidize ☐] Deepen	☐ Production (Start/Resum	e) 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	
Attach the Bond under which the wor following completion of the involved testing has been completed. Final At determined that the site is ready for f	ally or recomplete horizontally, give subst rk will be performed or provide the Bond I operations. If the operation results in a n pandonment Notices must be filed only af	urface locations and measur No. on file with BLM/BIA nultiple completion or reco ter all requirements, include	red and true vertical depths of all . Required subsequent reports mumpletion in a new interval, a Forr	pertinent markers and zones. ust be filed within 30 days n 3160-4 must be filed once
•		SEE	ATTACHED FO)B
# of wells to flare: 1 Haas 6 Fed Com 1H, 30-025-		NDITIONS OF A		
bbls oil/day: 40 mcf/day: 50				A
Reason: midstream curtailmer	nt			
14. I hereby certify that the foregoing is Name (Printed/Typed) BRIAN MA	For COG OPERAT Committed to AFMSS for process	ING LLC, sent to the H sing by PRISCILLA PE	obbs	
Signature (Electronic S	Submission)	Date 02/06/20	APPR	COVED / /IX
	THIS SPACE FOR FED			1-11
		T	AUG ?	9/2017/10
		Title	1/1/2	Date
Conditions of approval, if any, are attache certify that the applicant holds legal or equ which would entitle the applicant to condu		BURYAY OF EACH CARLSBAD F	D MANAGEMENT IELD OFFICEX	
Title 18 U.S.C. Section 1001 and Title 43 States any false, fictitious or fraudulent	U.S.C. Section 1212, make it a crime for statements or representations as to any ma	any person knowingly and atter within its jurisdiction	willfully to make to any department	ent or agency of the United
(Instructions on page 2) ** OPERA	TOR-SUBMITTED ** OPERAT	OR-SUBMITTED **	OPERATOR-SUBMITT	red **

MUB/OLD 8/24/2017

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-

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