

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

| | | |
|---|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMLC065876A |
| 2. Name of Operator CHEVRON USA INC | | 6. If Indian, Allottee or Tribe Name |
| Contact: LAURA BECERRA E-Mail: LBECERRA@CHEVRON.COM | | 7. If Unit or CA/Agreement, Name and/or No. NMNM138440 |
| 3a. Address 1616 W. BENDER BLVD HOBBS, NM 88240 | 3b. Phone No. (include area code) Ph: 432-687-7665 | 8. Well Name and No. SD WE 24 FED P24 5H |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 24 T26S R32E SESE 200FSL 1235FEL 32.021488 N Lat, 103.623810 W Lon | | 9. API Well No. 30-025-43674-00-S1 |
| | | 10. Field and Pool or Exploratory Area JENNINGS JENNINGS-UPPER BONE SPRING SH |
| | | 11. County or Parish, State LEA COUNTY, NM |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input checked="" type="checkbox"/> Water Disposal | |

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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

ATTACHED YOU WILL FIND THE WATER DISPOSAL ONSHORE ORDER #7 FORM SALADO DRAW 24 CTB. THE INFORMATION APPLIES TO THE FOLLOWING WELLS:

SD WE 24 FED P24 5H - 30-025-43640
SD WE 24 FED P24 6H - 30-025-43641
SD WE 24 FED P24 7H - 30-025-43642

THIS SUNDRY IS A CORRECTIVE ACTION TO ADDRESS NOTICE OF INCIDENTS OF NONCOMPLIANCE # 19JLS32, A COPY IS ATTACHED. INFORMATION HAS BEEN EMAILED TO JON STATON @ BLM.

| | |
|---|-----------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #450251 verified by the BLM Well Information System For CHEVRON USA INC, sent to the Hobbs Committed to AFMSS for processing by DEBORAH MCKINNEY on 01/23/2019 (19DLM0201SE) | |
| Name (Printed/Typed) LAURA BECERRA | Title PERMITTING SPECIALIST |
| Signature (Electronic Submission) | Date 01/11/2019 |
| 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 BUREAU OF LAND MANAGEMENT CARLSBAD FIELD 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.

(Instructions on page 2)

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

OPERATOR COPY

V181213

Number 19JLS32

Page of

☒ Certified Mail - Return
Receipt Requested
70160340000019468667

☐ Hand Delivered Received
by

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

| | |
|----------------|-------------|
| Identification | |
| ID | |
| License | NMLC065876A |
| CA | NMNM138440 |
| Unit | |
| PA | |

| | | | |
|--|------------------------------------|--|------------------------|
| Bureau of Land Management Office HOBBS INSPECTION OFFICE | | Operator CHEVRON USA INC | |
| Address 414 WEST TAYLOR HOBBS NM 88240 | | Address 1616 W. BENDER BLVD HOBBS NM 88240 | |
| Telephone 575.393.3612 | | Attention CINDY H MURILLO | |
| Inspector STATION | | Attn Addr 1616 W. BENDER BLVD HOBBS NM 88240 | |
| Site Name SD WE 24 FED P24 | Well/Facility FMP 5H | 1/4 1/4 Section SESE 24 | Township 26S |
| | | Range 32E | Meridian NMP |
| | | County LEA | State NM |
| Site Name SD WE 24 FED P24 CTB | Well/Facility FMP SDWE24 | 1/4 1/4 Section 26S | Township 26S |
| | | Range 32E | Meridian NMP |
| | | County LEA | State NM |

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

| Date | Time (24 - hour clock) | Violation | Gravity of Violation |
|--------------------------------------|------------------------|------------------------------|----------------------|
| 12/21/2018 | 09:18 | 43 CFR 3162.5-1(b) | MINOR |
| Corrective Action To Be Completed By | Date Corrected | Assessment for Noncompliance | Assessment Reference |
| 01/18/2019 | | | 43 CFR 3163.1() |

Remarks

This office does not have a approval for water disposal on file. Submit to this office on a Sundry Notice (3160-5) a NOI for a water disposal approval. Failure to comply will result in monetary assessments.

When Violation is corrected, sign this notice and return to above address

Company Representative Title Permitting Specialist Signature [Signature] Date 1/11/2019

Company Comments Please find attached Water Disposal Onshore Order # 7 for SD WE 24 FED P24 wells 5H, 6H and 7H.

Included you will also find the rest of the wells for Salado Draw 24 CTB, SD WE 24 FED P23 wells 1H, 2H, 3H and 4H.

WARNING

Incidents of Noncompliance correction and reporting timetranses begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(n)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

| | | |
|---|-------------------------|---------------------|
| Signature of Bureau of Land Management Authorized Officer <u>[Signature]</u> | Date <u>2018/221</u> | Time <u>9:18</u> |
|---|-------------------------|---------------------|

FOR OFFICE USE ONLY

| | | | | |
|---------------------------------|------|------------|---------|-------------|
| Number 33 | Date | Assessment | Penalty | Termination |
| Type of Inspection PI | | | | |

WATER DISPOSAL ONSHORE ORDER #7

The following information is needed before your method of water disposal can be considered for approval.

1. Name(s) of formation (s) producing water on the lease.
_____ Bone Spring _____
2. Amount of water produced from each formation in barrels per day.
_____ 24 CTB: 5,500 BBLS _____
3. How water is stored on the lease.
_____ 3 (750 Barrel Oil Tanks) 3 (750 Barrel Water Tanks) _____
4. How water is moved to disposal facility.
_____ Transfer pumps, recycle facility or 3rd party takeaway _____
5. Operators of disposal facility
 - a. Lease name or well name and number: Chevron does not dispose this water – it either recycles or sends to third party takeaway. ✓
 - b. Location by ¼ ¼ Section, Township and Range of the disposal system

 - c. The appropriate NMOCD permit number:

| Salado Draw 24 CTB – Sec. 24, T26S-R32E NMP; Lea Co, NM | | | | |
|---|--------------|------------|-------|-------------------|
| WELL | API | LEASE | ¼ Sec | |
| SD WE 24 FED P23 1H | 30-025-43318 | NMNM118722 | SWSW | Sec 24, T26S-R32E |
| SD WE 24 FED P23 2H | 30-025-43296 | NMNM118722 | SWSW | Sec 24, T26S-R32E |
| SD WE 24 FED P23 3H | 30-025-43297 | NMNM118722 | SWSW | Sec 24, T26S-R32E |
| SD WE 24 FED P23 4H | 30-025-43298 | NMNM118722 | SESW | Sec 24, T26S-R32E |
| SD WE 24 FED P24 5H | 30-025-43674 | NMNM118722 | SESE | Sec 24, T26S-R32E |
| SD WE 24 FED P24 6H | 30-025-43673 | NMNM118722 | SESE | Sec 24, T26S-R32E |
| SD WE 24 FED P24 7H | 30-025-43675 | NMNM118722 | SESE | Sec 24, T26S-R32E |