



Jeffrey Doerr
Environmental Specialist, Permian Permitting

May 4, 2026

Cotton Draw Section 9 Recycling Containment: Cessation of Operations Extension

State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division, District II
811 S. First St.
Artesia, NM 88210

Via Electronic Submittal

RE: C-147- Cessation of Operations Extension Request (May 1, 2026 - October 31, 2026)
Cotton Draw Recycling Containment
T25S-R32E Section 9, Lea County, New Mexico

Dear NMOCD Representative:

Chevron USA Inc. submits the enclosed C-147 and monthly containment and leak detection inspections for Cotton Draw Section 9 Recycling Containment [fVV2307337448] (1RF-503). In accordance with NMAC 19.15.34.13 OPERATIONAL REQUIREMENTS FOR RECYCLING CONTAINMENTS requesting a 6-month cessation of operations extension.

The last 20% usage was September 2025; Chevron USA Inc. requests the 6-month extension to be valid from May 1, 2026, through October 31, 2026.

Should you have any questions or require additional information, please contact me at your convenience.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeff Doerr".

Enclosure

Chevron USA Inc.
6301 Deauville Blvd. Midland, TX 79706
jeffrey.doerr@chevron.com

State of New Mexico
Energy Minerals and Natural Resources
Department Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

https://www.emnrd.nm.gov/ocd/ocd-e-permitting/

Recycling Facility and/or Recycling Containment

Type of Facility: [] Recycling Facility [x] Recycling Containment*

Type of action: [] Permit [] Registration
[] Modification [] Extension Cessation of Operations Extension
[] Closure [x] Other (explain) May 1, 2026 - October 31, 2026

* 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): Cotton Draw Section 9 Recycling Containment
OCD Permit Number: 1RF-503 (For new facilities the permit number will be assigned by the district office)
U/L or Qtr/Qtr A Section 9 Township 25 Range 32 County: Lea
Surface Owner: [x] Federal [] State [] Private [] Tribal Trust or Indian Allotment

2. [] Recycling Facility:
Location of recycling facility (if applicable): Latitude Longitude NAD83
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. [x] Recycling Containment:
[] Annual Extension after initial 5 years (attach summary of monthly leak detection inspections for previous year)
Center of Recycling Containment (if applicable): Latitude 32.150801 Longitude -103.67564 NAD83
[] For multiple or additional recycling containments, attach design and location information of each containment
[x] Lined [x] Liner type: Thickness 60 mil [] LLDPE [x] HDPE [] PVC [] Other
[] String-Reinforced
Liner Seams: [x] Welded [] Factory [] Other Volume: 699,647 bbl Dimensions: L 1,500 x W 750 x D 15
[] 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 \$ 1.3 million (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 Eight-foot-tall chain link fence with three strands of barbed wire. Please see attached (Sec. VIII.B) regarding fencing for details

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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> 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. - Written confirmation or verification from the municipality; written approval obtained from the municipality	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Minerals Division	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; topographic map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within a 100-year floodplain. FEMA map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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). - Topographic map; visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; aerial photo; satellite image	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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. - NM Office of the State Engineer - iWATERS database search; visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; topographic map; visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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.

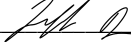
- Design Plan - based upon the appropriate requirements.
- Operating and Maintenance Plan - based upon the appropriate requirements.
- Closure Plan - based upon the appropriate requirements.
- Site Specific Groundwater Data -
- Siting Criteria Compliance Demonstrations -
- Certify that notice of the 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): Jeffrey Doerr Title: Environmental Specialist

Signature:  Date: 05/04/2026

e-mail address: Jeffrey.Doerr@Chevron.com Telephone: 432-813-8905

11.

OCD Representative Signature: Victoria Venegas Approval Date: 05/13/2026

Title: Senior Environmental Scientist OCD Permit Number: 1RF-503 fVV2307337448

OCD Conditions _____

Additional OCD Conditions on Attachment

Cotton Draw Section 9 Frac Pond & Recycle Facility [fVV2307337448] 1RF-503

Pond	Operator	Completed Date	Facility Status	Berm Condition	Berm Liner	Bird Deterrent	Liner Condition	Fence Condition	Operator Notes
CD - Pond 9 West	Paul Frier	1/7/2026	Out of Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None
CD - Pond 9 East	Paul Frier	1/7/2026	In Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None
CD - Pond 9 West	Paul Frier	2/4/2026	Out of Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None
CD - Pond 9 East	Paul Frier	2/4/2026	In Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None
CD - Pond 9 West	Paul Frier	3/4/2026	Out of Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None
CD - Pond 9 East	Paul Frier	3/4/2026	In Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None
CD - Pond 9 West	Paul Frier	4/1/2026	Out of Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None
CD - Pond 9 East	Paul Frier	4/1/2026	In Service	Good Condition	Good Condition	In place; Good Condition	No issues found	Good Condition	None

Venegas, Victoria, EMNRD

From: Venegas, Victoria, EMNRD
Sent: Wednesday, May 13, 2026 10:38 AM
To: jeffrey.doerr@chevron.com
Subject: 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448]
Attachments: C-147 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] 05.13.2026.pdf

1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448]

Good morning Mr. Doerr.

The Oil Conservation Division has reviewed the cessation of operations extension request for the 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448], received from [4323] CHEVRON USA INC on 05/04/2026, Application ID **581769**. The request for an extension of the cessation of operations is approved with the following conditions for approval:

- 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] extension of the cessation of operations is approved from May 1, 2026, through October 31, 2026. 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 the 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 and operate 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 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 to the OCD using a C-147 with the "Other" box checked and "Notice of fluid detection" written as the explanation of "Other."
 - [4323] CHEVRON USA INC 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 OCD using a C-147 with the "Other" box checked. "Recommencement of Operations - Incremental Fluid Level Test" should be written as the explanation of "Other." 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 affects 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-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] 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 logs available for review by the division upon request as per 19.15.34.13.A.

Please let me know if you have any additional questions.

Best regards,

Victoria Venegas • Senior Environmental Scientist
EMNRD - Oil Conservation Division
506 W. Texas Ave. Artesia, NM 88210
575.909.0269 | Victoria.Venegas@emnrn.nm.gov

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 581769

CONDITIONS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 581769
	Action Type: [C-147] Water Recycle Long (C-147L)

CONDITIONS

Created By	Condition	Condition Date
vvenegas	<ul style="list-style-type: none"> • 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [FVV2307337448] extension of the cessation of operations is approved from May 1, 2026, through October 31, 2026. 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 provide written notice to the OCD, at least 72 hours, but no more than one week, prior to the recommencement of operations. 	5/13/2026