

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1009 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

Form C-141
Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

PAB 1608330651 **Release Notification and Corrective Action**
NAB 1608338406 **OPERATOR** Initial Report Final Report

Name of Company	Chevron USA Inc. 4323	Contact	David A. Pagano
Address	15 Smith Rd., Midland, TX, 79705	Telephone No.	wk: 575-396-4414X275 cell: 505-787-9816
Facility Name	Skelly Central Tank Battery	Facility Type	Oil Production Batteries
Surface Owner	Federal BLM	Mineral Owner	Federal
		API No.	

SKU 907 BTY (CTB) - Latitude: 32.819634 / Longitude: -103.872881

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
J	22	17S	31E					Eddy

NATURE OF RELEASE

Type of Release	Gases to a Flare	Volume of Release	19.85MSCF	Volume Recovered	0 MSCF
Source of Release	Flare	Date and Hour of Occurrence	07/27/11 7:30AM	Date and Hour of Discovery	07/27/11 7:30AM
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Geoffrey Leking		
By Whom?	Josie DeLeon	Date and Hour	7-27-11, 10:00AM		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			
If a Watercourse was Impacted, Describe Fully.* N/A					
Describe Cause of Problem and Remedial Action Taken.*					
<p>On July 27, 2011, due to an unforeseeable increase in production from the field, and an increase in compression from the other third-party gas producers going to the Frontier commercial sales gas line, caused a significant, sustained pressure increase in the sales line rose and we were unable to get our gas into the sales line. This development was beyond our control and unanticipated. The facility heater treater that routes gas to the sales line was rated at a pressure of 40 psi, and the sales line was at 60 psi. Therefore, since the heater treater vessel was not designed to handle an increase in pressure to over 40 psi, we were unable to boost our pressure to meet the demand of the significant increase in the sales line. As a result, Chevron routed the gas to the control/combustion device, the facility flare, to minimize emissions as much as possible and maintain safe operations.</p> <p>Chevron immediately began the process effort of identifying a solution and mitigate potential impacts and further minimize emissions. Two additional interim measures were implemented: 1) the field personnel reduced or shut in, to the extent practicable, the amount of gas being produced and routed to the facility, and 2) a temporary, supplemental compressor was used to boost the pressure to direct a portion of the gas into the sales line resulting in approximately 225 MCF of gas routed/recovered to the sales line rather than the flare.</p> <p>To mitigate the emissions, a small compressor was used to boost the pressure to get more gas into the sales line, which resulted in a reduction of flaring approximately 225mcf per day. However, despite Chevron's interim measures, the significant, sustained pressure in the sales line resulted in some continued flaring while a more permanent resolution was being developed. During this time additional design possibilities were being developed and reviewed with an emphasis on safety, health and environment. Upon adoption of a design plan, installation of a two phase separator, designed to handle the higher pressure, was installed upstream of the heater treater. Installation was complete May 11, 2012 and the new separator successfully routes the gas into the sales line.</p> <p>To reduce emissions, the gas was flared. There was a significant capital expenditure of approximately \$ 1.0 million in addition to the utilization of both third party vendors/contractors and Chevron employees.</p>					
Describe Area Affected and Cleanup Action Taken.*					
To minimize flaring during this time, 50-60% of the wells were shut-in.					

2RP-3620

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>David Pagano</i>		<u>OIL CONSERVATION DIVISION</u>	
Printed Name: David A. Pagano		Approved by Environmental Specialist: <i>[Signature]</i>	
Title: Health & Environmental Specialist		Approval Date: 3/23/16	Expiration Date: N/A
E-mail Address: dpagn@chevron.com		Conditions of Approval: FINAL	Attached <input type="checkbox"/>
Date: 07/20/12	Phone: 505-787-9816		

* Attach Additional Sheets If Necessary

Bratcher, Mike, EMNRD

DGRID # 4323

From: Bratcher, Mike, EMNRD
Sent: Tuesday, July 24, 2012 8:12 AM
To: 'Pagano, David (David.Pagano)'; Leking, Geoffrey R, EMNRD
Subject: RE: Final C-141 Flaring reports for Skelly CTB & 940 Batteries

↓ → 30-015-32599
Skelly Unit 940

Mr. Pagano,

The Form C-141s submitted need to include unit letter, section, township & range. If the flaring event occurred at a well site, please include the API Number. Also, the Form C-141 submitted for the Skelly Central Tank Battery, does not have a signature.

Thank you,

Mike Bratcher
NMOCD District 2
811 S. First Street
Artesia, NM 88210
575-748-1283 Ext. 108
575-626-0857
mike.bratcher@state.nm.us

From: Pagano, David (David.Pagano) [<mailto:David.Pagano@chevron.com>]
Sent: Friday, July 20, 2012 3:07 PM
To: Bratcher, Mike, EMNRD; Leking, Geoffrey R, EMNRD
Subject: Final C-141 Flaring reports for Skelly CTB & 940 Batteries

Mr. Bratcher & Mr. Leking,

Attached is the C-141 Final Reports for the flaring that occurred at our Skelly Central Tank Battery (CTB) & Skelly 940 Battery. Please contact me if you have any additional information or questions.

Regards,

David A. Pagano
MCA Health & Environmental Specialist (Oil Area – Vacuum/Buckeye, Dollarhide & Sundown)
56 Texas Camp Rd., Lovington, NM 88260
☎ Phone: 575-396-4414 x275
☎ Cell: 505-787-9816
☎ Fax: 575-396-6913
dpgn@chevron.com

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David Pagano
*MCA Health & Environmental
Specialist (Oil Area –
Vacuum/Buckeye, Dollarhide
& Sundown)*
56 Texas Camp Rd.,
Lovington, NM 88260

Mid Continent/Alaska SBU
HES Department
Chevron USA, Inc

July 20, 2012

Mr. Mike Bratcher
Environmental Specialist
NMOCD
811 S. 1st St.
Artesia, NM 88210

**RE: Chevron U.S.A. Inc. C-141 Initial and Final Reports
Skelly 907 and Skelly 940 Facilities
Eddy County, NM**

Dear Mr. Bratcher:

On August 10, 2011, Chevron U.S.A. Inc. (Chevron) submitted a timely written notification via Form C-141 following the verbal notification on July 27, 2011 of the gas release and flaring for the Skelly 907 facility per New Mexico Administrative Code 19.15.29.10(A) and (B). The initial verbal and written notifications were made to Mr. Geoffrey Leking in the Hobbs district office. Upon preparing the final notification, Chevron realized that because the facilities are in Eddy County, reporting to the Artesia office is more appropriate and is correcting that misunderstanding with this submission.

In addition, Chevron determined that the initial report should have included a separate submittal for the nearby Skelly 940 facility that is in the same area and field and was flaring simultaneously with the Skelly 907 facility due to the same unforeseeable/unanticipated cause.

As detailed in the enclosed final notification reports, immediately upon discovering the significant development with the commercial sales-line, Chevron diligently initiated measures to minimize emissions and pursued resolution using a multitude of resources. Additionally, 50-60% of the wells were shut-in to mitigate emissions. Also, please accept this letter, the attached copy of the original initial C-141, and final notification for each location as clarification of events which reflect actions at both locations. If you have any questions or concerns, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "David Pagano".
David Pagano

Enclosures

Bratcher, Mike, EMNRD

From: Pagano, David (David.Pagano) [David.Pagano@chevron.com]
Sent: Friday, July 20, 2012 3:07 PM
To: Bratcher, Mike, EMNRD; Leking, Geoffrey R, EMNRD
Subject: Final C-141 Flaring reports for Skelly CTB & 940 Batteries
Attachments: NMOCD C-141 Final Skelly CTB & 940 Bty flaring.pdf; Skelly CTB 7-27-11initial C-141.pdf

Mr. Bratcher & Mr. Leking,

Attached is the C-141 Final Reports for the flaring that occurred at our Skelly Central Tank Battery (CTB) & Skelly 940 Battery. Please contact me if you have any additional information or questions.

Regards,

David A. Pagano

MCA Health & Environmental Specialist (Oil Area – Vacuum/Buckeye, Dollarhide & Sundown)

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