

**C-147 Extension request (Cotton Draw 1RF-503)**

NMOCD,

Chevron MCBU kindly request a **“6-month Extension”** from NMOCD for our Cotton Draw 1RF-503 (Section 9) Recycling Water Containment Structure (RWCS), due to a recent Federal Unit issue with the BLM, SLO, and Devon Energy. This issue arose in late 2022 due to a re-interpretation of the use of BLM straddle-comms by a non-unit operator. This issue has caused the halt of all new drilling/frac'ing in our Cotton Draw development, thereby causing our frac ponds (RWCS) to not be utilized as anticipated. Chevron, Devon, BLM, and NMSLO are actively working towards a resolution, which we anticipate by 2024, when we again be using the frac ponds (RWCS) in our development. May 2023 was the last water usage 20% withdrawn from the RWCS.

Thank you for your time and support.

Thank you,

**Tony Vallejo**

**Sr. Workforce Safety & Environmental Specialist - Factory  
Chevron USA Inc. (MCBU)**

6301 Deauville Blvd/N3210

Midland, Tx 79706

C: [325-450-1413](tel:325-450-1413)

[jvallejo@chevron.com](mailto:jvallejo@chevron.com)



***Safety is as simple as ABC - Always Be Careful***

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 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  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-147  
Revised April 3, 2017

# Recycling Facility and/or Recycling Containment

Type of Facility:  Recycling Facility  Recycling Containment\*  
Type of action:  Permit  Registration  
 Modification  Extension  
 Closure  Other (explain) Extension of cessation of

operations request from December 1<sup>st</sup>, 2023, to May 31<sup>st</sup>, 2024

\* 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/B Section 9 Township 25 Range 32 County: Lea  
Surface Owner:  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.  
 **Recycling Containment:** (Location: U/L: A/B, Section: 9, T25S, R32E)  
 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  
 Lined  Liner type: Thickness 60 mil  LLDPE  HDPE  PVC  Other \_\_\_\_\_  
 String-Reinforced  
Liner Seams:  Welded  Factory  Other Field Volume: 699,947 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 \$ \_\_\_\_\_ (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

Yes  No  
 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.

Yes  No  
 NA

- Written confirmation or verification from the municipality; written approval obtained from the municipality

Within the area overlying a subsurface mine.

Yes  No

- Written confirmation or verification or map from the NM EMNRD-Mining and Minerals Division

Within an unstable area.

Yes  No

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; topographic map

Within a 100-year floodplain. FEMA map

Yes  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).

Yes  No

- Topographic map; visual inspection (certification) of the proposed site

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

Yes  No

- Visual inspection (certification) of the proposed site; aerial photo; satellite image

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.

Yes  No

- NM Office of the State Engineer - iWATERS database search; visual inspection (certification) of the proposed site

Within 500 feet of a wetland.

Yes  No

- US Fish and Wildlife Wetland Identification map; topographic map; visual inspection (certification) of the proposed site

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): Tony Vallejo Title: Sr. Workforce Safety & Environmental Specialist - Factory

Signature: Tony Vallejo Date: 10/31/2023

e-mail address: jvallejo@chevron.com Telephone: 325-450-1413

11.

OCD Representative Signature: Victoria Venegas Approval Date: 11/14/2023

Title: Environmental Specialist OCD Permit Number: 1RF-503

OCD Conditions \_\_\_\_\_

Additional OCD Conditions on Attachment

Cotton Draw Sec 9 Pond (1RF-503)  
Section 9 West Weekly Inspections

DATE	BIRD DETERRENT ISSUES	FLUID IN LEAK DETECTION	FENCE ISSUES	BERM OR LINER ISSUES	NOTES
8/5/2023	NO	NO	NO	NO	
8/12/2023	NO	NO	NO	NO	
8/19/2023	NO	NO	NO	NO	
8/26/2023	NO	NO	NO	NO	
9/2/2023	NO	NO	NO	NO	
9/9/2023	NO	NO	NO	NO	
9/16/2023	NO	NO	NO	NO	
9/23/2023	NO	NO	NO	NO	
9/30/2023	NO	NO	NO	NO	
10/7/2023	NO	NO	NO	NO	
10/14/2023	NO	NO	NO	NO	
10/21/2023	NO	NO	NO	NO	
10/28/2023	NO	NO	NO	NO	

Cotton Draw Sec 9 Pond (1RF-503)  
Section 9 East Weekly Inspections

DATE	BIRD DETERRENT ISSUES	FLUID IN LEAK DETECTION	FENCE ISSUES	BERM OR LINER ISSUES	NOTES
8/5/2023	NO	No	No	No	
8/12/2023	NO	No	No	No	
8/19/2023	NO	No	No	No	
8/26/2023	NO	No	No	No	
9/2/2023	NO	No	No	No	
9/9/2023	NO	No	No	No	
9/16/2023	NO	No	No	No	
9/23/2023	NO	No	No	No	
9/30/2023	NO	No	No	No	
10/7/2023	NO	No	No	No	
10/14/2023	NO	No	No	No	
10/21/2023	NO	No	No	No	
10/28/2023	NO	No	No	No	

**Venegas, Victoria, EMNRD**

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**From:** Venegas, Victoria, EMNRD  
**Sent:** Tuesday, November 14, 2023 2:24 PM  
**To:** Vallejo, Tony  
**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] 11.14.2023.pdf

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

Good afternoon Mr. Vallejo,

NMOCD has reviewed the cessation of operations extension request for 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] received from [4323] CHEVRON USA INC 10/31/2023. The extension of the cessation of operations is approved with the following conditions of approval:

- 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] extension of cessation of operations is approved from December 1, 2023, to May 31, 2024. Per NMAC 19.15.34.13.C extensions are considered for a maximum length of six months. **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 [OCD Online](#) 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 containment 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 OCD via [OCD Online](#) using a C-147 (long form) with the "Other" box checked and "Notice of fluid detection" written as the explanation of "Other."
  - Upon notification of fluid detection in the leak detection system, the OCD will verify the source of water (condensation versus produced water).
  - If the detected fluid is confirmed to be condensation, the OCD will issue a written approval to proceed with the incremental fluid level test.
  - If the detected fluid is confirmed to be produced water, [4323] CHEVRON USA INC must comply with 19.15.34.13 NMAC. [4323] CHEVRON USA INC must provide written notification to [OCD Online](#) on the actions taken to comply with 19.15.34.13 NMAC.
  - After fluid is detected in the leak detection system, the incremental fill test cannot continue until after a written approval to proceed is issued by the OCD.

- [4323] CHEVRON USA INC must submit copies of the detailed containment inspection records for the prior three months and a report detailing the incremental fluid level test process and results through the [OCD Online](#) system using a C-147 (long form) with the “Other” box checked. “Recommendation of Operations - Incremental Fluid Level Test” should be written as the explanation of “Other.” Form C-147 must be completed and include information in sections 1 General Information, 2 Recycling Facility, 3 Recycling Containment, 4 Bonding, and 10 Operator Application Certification. Section 9 Recycling Facility and/or Containment Checklist may also need to be partially completed. 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 will affect 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 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.

Please let me know if you have any other questions.

Regards,

**Victoria Venegas** • Environmental Specialist

Environmental Bureau

EMNRD - Oil Conservation Division

506 W. Texas Ave. Artesia, NM 88210

(575) 909-0269 | [Victoria.Venegas@emnrd.nm.gov](mailto:Victoria.Venegas@emnrd.nm.gov)

<https://www.emnrd.nm.gov/oed/>



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**District II**  
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**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 281497

**CONDITIONS**

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 281497
	Action Type: [C-147] Water Recycle Long (C-147L)

**CONDITIONS**

Created By	Condition	Condition Date
vvenegas	NMOCD has reviewed the cessation of operations extension request for 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] received from [4323] CHEVRON USA INC 10/31/2023. The extension of the cessation of operations is approved with the following conditions of approval: • 1RF-503 - COTTON DRAW SECTION 9 RECYCLING CONTAINMENT FACILITY ID [fVV2307337448] extension of cessation of operations is approved from December 1, 2023, to May 31, 2024. Per NMAC 19.15.34.13.C extensions are considered for a maximum length of six months.	11/14/2023