

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.

5. Lease Serial No.
LC029419A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
CHEVRON U.S.A. INC.

3a. Address
15 SMITH ROAD
MIDLAND, TEXAS 79705

3b. Phone No. (include area code)
432-687-7375

7. If Unit of CA/Agreement, Name and/or No.
NMNM71030C

8. Well Name and No.
SKELLY UNIT #750

9. API Well No.
30-015-38284

10. Field and Pool or Exploratory Area
FREN; GLORIETA-YESO

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1252' FSL, & 94' FEL, SECTION 22, UL: P, T-17S, R-31E

11. County or Parish, State
EDDY, NEW MEXICO

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"/> Fracture Treat	<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 checked="" type="checkbox"/> Other NOTICE OF
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	WRITTEN ORDER
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	#12CD150W

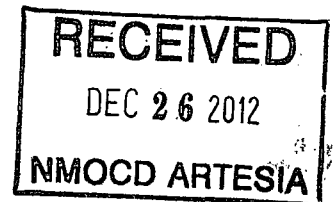
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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.)

PLEASE FIND ATTACHED, THE REQUESTED INFORMATION FROM CHERYL DE MONTIGNY, PETROLEUM ENGINEERING TECHNICIAN, BLM, CARLSBAD OFFICE, TO SATISFY NOTICE OF WRITTEN ORDER #12CD150W.

Copy of written order (signed & dated)
Water Disposal Onshore Order #7
H2S ROEs
Site Security Plan
Site Security Diagram
Skelly Fren Field System Map

**There are no Public areas within the 100PPM or Public Roads within the 500PPM so Public Protection Plan is not necessary.

Accepted for record
NMOCB
JWDade 1/3/13



ANY QUESTIONS SHOULD BE DIRECTED TO DAVID PAGANO, HES SPECIALIST, CHEVRON, AT 575-396-4414, EXTENSION 275.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

ACCEPTED FOR RECORD

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
DENISE PINKERTON

Title REGULATORY SPECIALIST

DEC 21 2012

/s/ JD Whitlock Jr

Signature

Date 10/31/2012

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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

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)

OPERATOR'S COPY

Number 12CD150W

Page 1 of 2

☒ Certified-Mail - Return
Receipt Requested
7011297000208956610

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	
Lease	NMLC029419A
CA	
Unit	
PA	

Bureau of Land Management Office	Operator
CARLSBAD FIELD OFFICE	CHEVRON USA INCORPORATED
Address 620 E GREENE STREET CARLSBAD NM 88220	Address ONE CC 15 SMITH ROAD
Telephone 575-234-5911	Attention MIDLAND TX 79705
Inspector DE MONTIGNY	Attn Addr

Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
SKELLY UNIT	750	SESE 22	17S	31E	NMP	EDDY	NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
08/30/2012	15:17	09/30/2012		43 CFR 3162.1(a), 43 CFR 3162.7-5(9)(b)

Remarks:

AN INSPECTION IS BEING PERFORMED ON FEDERAL LEASE LC029419A, SKELLY 750, SEC 22, T17S, R31E EDDY COUNTY, NEW MEXICO. YOUR COOPERATION & ASSISTANCE WILL BE APPRECIATED.

1. PROVIDE THE FOLLOWING H2S CONCENTRATION INFORMATION:

PER ONSHORE ORDER #6.III.C.2., TEST AND PROVIDE THE H2S CONCENTRATION OF THE GAS STREAM FOR ALL WELLS AND PRODUCTION FACILITIES.

a) IF H2S IS PRESENT AT 100 PPM OR MORE SUBMIT THE CALCULATIONS AND THE RADIUS OF EXPOSURE. PROVIDE THE 500 PPM RADIUS OF EXPOSURE, IF APPLICABLE.

b) IF H2S IS PRESENT SUBMIT THE PPM ON H2S IN THE STORAGE TANK VAPORS FOR THE FACILITY.

(Remarks continued on following page(s).)

When the Written Order is complied with, sign this notice and return to above address:

Company Representative Title Regulatory Specialist Signature [Signature] Date 10-31-2012

Company Comments See all attached copies along w/ 3160-5
Satisfying requests from BLM

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation 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. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3153.1(a). Failure to comply with the INC may result in assessments as outlined in 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 frame 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 3153.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, 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 decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice 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 [Signature] Date 8/30/12 Time 15:17

FOR OFFICE USE ONLY

Number	Date	Type of Inspection
51		PI

BLM Remarks, continued

c) IF H2S IS PRESENT SUBMIT THE PPM OF H2S AT A DESIGNATED DISTANCE FROM THE TANKS, AS APPLICABLE.
d) SUBMIT A COMPLETE COPY OF THE PUBLIC PROTECTION PLAN, IF APPLICABLE.

2. SUBMIT A SITE FACILITY DIAGRAM; i.e.; See Attach Requirements (Identify all wells going to this facility)

3. SUBMIT WATER DISPOSAL PLAN. (See Attachment)

4. PLAN OF DEVELOPMENT MAPS IN INCLUSIVE & NON LEGIBLE SUBMIT UPDATED MAPS TO ED FERNANDEZ.

INQUIRIES/CORRESPONDENCE PERTAINING TO THIS ORDER CAN BE DIRECTED TO:

BUREAU OF LAND MANAGEMENT
ATTN: CHERYL DE MONTIGNY
PETROLEUM ENGINEERING TECHNICIAN
BUREAU OF LAND MANAGEMENT
620 EAST GREENE STREET
CARLSBAD, NM 88220

E-MAIL: cdemonti@blm.gov
OFFICE: (575) 234-5911

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.

Glorieta-Yeso

2. Amount of water produced from each formation in barrels per day.

12,000 BWPD from the Glorieta-Yeso

3. How water is stored on the lease.

Water is stored in closed top steel tanks and there is approx 2,500 bbls of water stored.

4. How water is moved to disposal facility.

Water is moved via pipeline to the disposal cailities.

5. Operator's of disposal facility

Chevron USA Inc.

- a. Lease name or well name and number

SKU 952 (30-015-32895), SKU 902 (30-015-29322), SKU 51 (30-015-05348),
SKU 905 (30-015-31371) and SKU 950 (30-015-32437)

- b. Location by $\frac{1}{4}$ $\frac{1}{4}$ Section, Township, and Range of the disposal system

940 disposal system: NW4 NW4, Section 22, Township 17S, Range 31E

905 disposal system: NE4 NE4, Section 14, Township 17S, Range 31E

Chevron Vacuum FMT Skelly Central Tank Battery & Skelly 940 Battery H2S ROEs									
Battery / Sattelite	Volume Estimate in mcf/d	Volume Estimate in scf/d	H2S PPM	H2S Mole %	H2S Mole % / 100	100PPM ROE	500PPM ROE	Distance from Public Area	Distance from Public Road
Skelly Central BTY (907 Bty) - Sales Gas	1976	1976000	6000	0.6	0.006	474	216	> 3000	1721
Skelly 940 BTY - Sales Gas	4734	4734000	4000	0.4	0.004	635	290	> 3000	2890
Skelly Central BTY (907 Bty) - Tank Flash	99.4	99400	20000	2	0.02	155	71	> 3000	1721
Skelly 940 BTY - Tank Flash	99.4	99400	20000	2	0.02	155	71	> 3000	2890
Skelly Central BTY (907 Bty) - Combined	2075.4	2075400	6670.52	0.667	0.007	522	239	> 3000	1721
Skelly 940 BTY - Combined	4833.4	4833400	4329.04	0.433	0.004	676	309	> 3000	2890
NOTE: A PUBLIC PROTECTION PLAN IS NOT REQUIRED AS THERE ARE NO PUBLIC AREAS or ROAD WITHIN THE BATTERY RADIUS OF EXPOSURE									

Row H Calc = $(\$D4*\$G4*1.589)^{0.6258}$

Row J Calc = $(\$D4*\$G4*0.455)^{0.6258}$

Chevron Vacuum FMT Skelly Central Tank Battery & Skelly 940 Battery Well H2S ROEs

Well Name	Collection Point	API #	Volume Estimate in mcf/d	Volume Estimate in scf/d	H2S PPM *	H2S Mole %	H2S Mole % / 100	100PPM ROE	500PPM ROE	Distance from Public Area	Distance from Public Road
SU 635	SKELLY 940-941	3001537657	93.0	32500	10000	1	0.01	50	23	> 3000	> 3000
SU 660	SKELLY 940-941	3001537245	75.6	31000	10000	1	0.01	48	22	> 3000	1011
SU 669	SKELLY 940-941	3001538348	62.7	62670	10000	1	0.01	75	34	> 3000	881
SU 672	SKELLY 940-941	3001537881	64.0	29000	10000	1	0.01	46	21	> 3000	2195
SU 678	SKELLY 940-941	3001537474	38.0	13000	10000	1	0.01	28	13	> 3000	> 3000
SU 679	SKELLY 940-941	3001537820	27.0	17000	10000	1	0.01	33	15	> 3000	2797
SU 682	SKELLY 940-941	3001537477	79.0	22000	10000	1	0.01	39	18	> 3000	> 3000
SU 700	SKELLY UNIT	3001537981	60.0	60000	10000	1	0.01	73	33	> 3000	> 3000
SU 707	SKELLY UNIT	3001538352	181.0	178000	10000	1	0.01	145	66	> 3000	452
SU 710	SKELLY 940-941	3001537969	55.0	48000	10000	1	0.01	64	29	> 3000	2594
SU 711	SKELLY UNIT	3001538014	140.0	63000	10000	1	0.01	75	34	> 3000	> 3000
SU 714	SKELLY UNIT	3001538449	126.0	100000	10000	1	0.01	101	46	> 3000	2829
SU 718	SKELLY UNIT	3001537882	93.0	93000	10000	1	0.01	96	44	> 3000	1057
SU 719	SKELLY UNIT	3001537883	49.0	36000	10000	1	0.01	53	24	> 3000	1115
SU 722	SKELLY UNIT	3001538377	119.0	100000	10000	1	0.01	101	46	> 3000	1332
SU 753	SKELLY 940-941	3001538252	86.0	56000	10000	1	0.01	70	32	> 3000	451
SU 757	SKELLY 940-941	3001538363	68.0	68000	10000	1	0.01	79	36	> 3000	362
SU 759	SKELLY 940-941	3001538672	117.0	117000	10000	1	0.01	111	51	> 3000	492
SU 767	SKELLY 940-941	3001537476	74.0	72500	10000	1	0.01	82	38	> 3000	275
SU 771	SKELLY 940-941	3001538104	45.0	45000	10000	1	0.01	61	28	> 3000	1138
SU 782	SKELLY 940-941	3001538015	71.0	64000	10000	1	0.01	76	35	> 3000	892
SU 783	SKELLY 940-941	3001537885	68.0	68000	10000	1	0.01	79	36	> 3000	455
SU 810	SKELLY 940-941	3001538450	130.0	130000	10000	1	0.01	119	54	> 3000	1288
SU 820	SKELLY 940-941	3001537886	34.0	34000	10000	1	0.01	51	23	> 3000	> 3000
SU 828	SKELLY UNIT	3001538443	117.0	117000	10000	1	0.01	111	51	> 3000	> 3000

SU 832	SKELLY 940-941	3001537984	97.0	27000	10000	1	0.01	44	20	> 3000	> 3000
SU 843	SKELLY 940-941	3001537985	52.0	41200	10000	1	0.01	58	26	> 3000	> 3000
SU 849	SKELLY 940-941	3001537517	99.0	11000	10000	1	0.01	25	12	> 3000	> 3000
SU 901	SKELLY 940-941	3001529326	2.1	2100	10000	1	0.01	9	4	> 3000	> 3000
SU 907	SKELLY UNIT	3001531385	27.0	16000	10000	1	0.01	32	15	> 3000	1992
SU 908	SKELLY UNIT	3001531375	41.0	5000	10000	1	0.01	15	7	> 3000	2326
SU 912	SKELLY UNIT	3001531664	13.0	5000	10000	1	0.01	15	7	> 3000	2732
SU 914	SKELLY UNIT	3001531665	202.0	11000	10000	1	0.01	25	12	> 3000	2501
SU 930	SKELLY UNIT	3001531666	38.0	30000	10000	1	0.01	47	22	> 3000	2979
SU 931	SKELLY UNIT	3001531667	43.0	14000	10000	1	0.01	29	13	> 3000	> 3000
SU 933	SKELLY UNIT	3001531975	46.0	46000	10000	1	0.01	62	28	> 3000	> 3000
SU 935	SKELLY 940-941	3001531977	16.0	16000	10000	1	0.01	32	15	> 3000	> 3000
SU 936	SKELLY UNIT	3001532595	74.0	2000	10000	1	0.01	9	4	> 3000	> 3000
SU 937	SKELLY UNIT	3001532596	30.0	16000	10000	1	0.01	32	15	> 3000	> 3000
SU 938	SKELLY 940-941	3001532597	3.0	3000	10000	1	0.01	11	5	> 3000	> 3000
SU 939	SKELLY 940-941	3001532598	34.0	14000	10000	1	0.01	29	13	> 3000	> 3000
SU 940	SKELLY 940-941	3001532599	3.0	1000	10000	1	0.01	6	3	> 3000	> 3000
SU 941	SKELLY 940-941	3001532600	1.4	1300	10000	1	0.01	7	3	> 3000	> 3000
SU 943	SKELLY 940-941	3001532962	1.3	1100	10000	1	0.01	6	3	> 3000	1824
SU 944	SKELLY 940-941	3001532963	6.0	6000	10000	1	0.01	17	8	> 3000	> 3000
SU 945	SKELLY 940-941	3001532964	30.0	18000	10000	1	0.01	34	16	> 3000	> 3000
SU 946	SKELLY 940-941	3001532965	40.0	24000	10000	1	0.01	41	19	> 3000	2709
SU 947	SKELLY 940-941	3001532966	24.0	1400	10000	1	0.01	7	3	> 3000	1920
SU 948	SKELLY 940-941	3001532967	10.0	4600	10000	1	0.01	15	7	> 3000	> 3000
SU 949	SKELLY 940-941	3001532968	85.0	2500	10000	1	0.01	10	5	> 3000	> 3000
SU 958	SKELLY 940-941	3001534318	84.0	12200	10000	1	0.01	27	12	> 3000	> 3000
SU 959	SKELLY 940-941	3001534327	4.1	4100	10000	1	0.01	14	6	> 3000	> 3000
SU 960	SKELLY 940-941	3001534326	44.0	3000	10000	1	0.01	11	5	> 3000	> 3000
SU 961	SKELLY 940-941	3001534324	49.0	49000	10000	1	0.01	64	29	> 3000	2607
SU 962	SKELLY 940-941	3001534325	6.1	166000	10000	1	0.01	138	63	> 3000	592
SU 963	SKELLY 940-941	3001534646	2.4	930	10000	1	0.01	5	2	> 3000	> 3000
SU 964	SKELLY 940-941	3001534686	14.0	1700	10000	1	0.01	8	4	> 3000	> 3000
SU 965	SKELLY 940-941	3001534647	30.1	1300	10000	1	0.01	7	3	> 3000	> 3000
SU 976	SKELLY 940-941	3001538251	92.0	92000	10000	1	0.01	96	44	> 3000	> 3000

SU 978	SKELLY 940-941	3001536062	114.0	62670	10000	1	0.01	75	34	> 3000	> 3000
SU 979	SKELLY 940-941	3001538342	81.0	142000	10000	1	0.01	125	57	> 3000	1791
SU 980	SKELLY 940-941	3001536063	82.0	51000	10000	1	0.01	66	30	> 3000	2590
SU 987	SKELLY 940-941	3001536497	56.0	41000	10000	1	0.01	58	26	> 3000	1684
SU 995	SKELLY 940-941	3001536473	70.0	70000	10000	1	0.01	81	37	> 3000	> 3000
SU 646	SKELLY 940-941	3001538362	40.0	34000	10000	1	0.01	51	23	> 3000	276
SU 655	SKELLY 940-941	3001539145	112.0	109800	10000	1	0.01	107	49	> 3000	> 3000
SU 665	SKELLY 940-941	3001539347	33.0	33000	10000	1	0.01	50	23	> 3000	2507
SU 673	SKELLY 940-941	3001540093	59.0	59000	10000	1	0.01	72	33	> 3000	2880
SU 689	SKELLY UNIT	3001538013	46.0	46000	10000	1	0.01	62	28	> 3000	> 3000
SU 699	SKELLY UNIT	3001540104	32.0	32000	10000	1	0.01	49	23	> 3000	> 3000
SU 703	SKELLY UNIT	3001538344	56.0	54900	10000	1	0.01	69	32	> 3000	199
SU 713	SKELLY UNIT	3001540094	18.0	18000	10000	1	0.01	34	16	> 3000	> 3000
SU 715	SKELLY 940-941	3001538346	68.0	27500	10000	1	0.01	45	21	> 3000	658
SU 724	SKELLY UNIT	3001538253	49.0	48000	10000	1	0.01	64	29	> 3000	2284
SU 725	SKELLY UNIT	3001538378	104.0	102000	10000	1	0.01	102	47	> 3000	1741
SU 747	SKELLY 940-941	3001540096	138.0	138000	10000	1	0.01	123	56	> 3000	2014
SU 750	SKELLY 940-941	3001538284	43.0	42200	10000	1	0.01	59	27	> 3000	1206
SU 769	SKELLY 940-941	3001538361	46.0	45100	10000	1	0.01	61	28	> 3000	184
SU 785	SKELLY 940-941	3001540097	68.0	66700	10000	1	0.01	78	36	> 3000	182
SU 802	SKELLY 940-941	3001538347	144.0	141200	10000	1	0.01	125	57	> 3000	1252
SU 827	SKELLY 940-941	3001538350	125.0	122500	10000	1	0.01	114	52	> 3000	> 3000
SU 829	SKELLY 940-941	3001537983	35.0	34300	10000	1	0.01	52	24	> 3000	> 3000
SU 833	SKELLY 940-941	3001538448	301.0	295100	10000	1	0.01	198	91	> 3000	> 3000

NOTE: A PUBLIC PROTECTION PLAN IS NOT REQUIRED AS THERE ARE NO PUBLIC AREAS OR ROAD WITHIN THE WELL RADIUS OF EXPOSURE

Row H Calc $= (\$D4 * \$G4 * 1.589)^{0.6258}$

Row J Calc $= (\$D4 * \$G4 * 0.455)^{0.6258}$

* Note 10,000 PPM used for entire field as this was the highest concentration found for sample of Wells

CHEVRON VACUUM FMT SITE SECURITY PLAN
FREN FIELD, SKELLY UNIT

Skelly Unit #907 Battery & Skelly Unit #940 Battery

Sec. 21, T17S, R31E & Sec. 22, T17S, R31E

Eddy County, New Mexico

Leases: NMNM-98122 & NMLC029419A

Unit of Agreement: NMNM71030C

1) SELF INSPECTION

Chevron Vacuum FMT field operator will perform daily tank gauges on the active production tanks and will record the daily reading on Chevron's daily production log. Production tanks that have become filled and are awaiting sales will be isolated by closing off and sealing the fill valves. The field operator will perform daily checks of all sealed valves to insure the integrity of the seals. Monthly records of daily production will be maintained in Chevron Vacuum FMT Field Office, 56 Texas Cp Road, Lovington NM, 88240. Seal changes will be recorded on the daily production report by the field operator.

2) STORAGE AND SALES FACILITIES - SEALS

a) All lines entering or leaving all oil storage tanks shall have valves capable of being effectively sealed in the closed position. During the sales phase, and prior to taking the top gauge, all valves that would allow unmeasured production to enter or leave the sales tank shall be effectively sealed in the closed position. Any equipment needed for effective sealing, excluding the seals, shall be located at the site.

b) Additionally, all valves or combinations of valves and tankage that provide access to the production prior to measurement for sales or lease use will be appropriately sealed.

c) Valves on any tank which contains oil or is connected to the production equipment will be sealed as required in the production or selling phase.

3) REMOVAL OF CRUDE OIL FROM STORAGE FACILITIES

Oil is sold thru a lact unit at both these facilities. The Chevron Vacuum FMT field operator will witness Lease Automatic Custody Transfer (LACT) unit shake out of oil and opening and closing at time of sales for verification and all measurements of the oil Purchaser on the tank run tickets. Purchaser will supply monthly run ticket for all LACT unit sales for the month. The field operator will also maintain detailed seal records in the company's field office. Copies of run tickets and seal records will be maintained in Chevron's field office

a) Chevron Vacuum FMT shall require the transporter / purchaser to record on a run ticket prior to sales or removal of any crude oil from the lease, as a minimum, the following:

- Name of the Seller

- Federal lease number(s), or as appropriate, the communitization agreement number or the unit agreement name and number and participating area identification
- The location of the tank by quarter, quarter section, section, township and range (public land surveys) or by the legal land description
- A unique number, the date, and the tank number and capacity
- Opening gauge and temperature
- Name of gauger and operator representative, if present at time of sale
- Number of the tank seal removed

b) Chevron Vacuum FMT shall require that the run ticket be completed upon the completion of the sales or removal of oil from the lease to show the following:

Closing gauge (second gauge) and temperature

- Observed gravity and sediment and water (S&W) content
- Number of the seal installed
- Signature of the gauger
- Signature of the operator representative (within 2 business days after the sales or removal).

c) All valves on lines entering or leaving the sales tank(s) shall be effectively sealed.

d) Once the seals have been broken, the purchaser shall be responsible for the entire contents of the tank until resealed.

4) THEFT OR MISHANDLING OF OIL

In the event theft or mishandling of oil is discovered, Chevron Vacuum FMTs Operating Supervisor in Hobbs NM, will immediately verbally report the theft or mishandling to the authorized officer of the BLM. This oral report will be followed up by a written report from Chevron's Operating Supervisor within ten (10) business days.

The incident report will include the following:

- a) Company name and name of individual reporting the incident(s)
- b) Lease number, communitization agreement number, or unit agreement name and number and participating area, as appropriate
- c) Location of facility where the incident occurred by quarter, quarter section, section, township, and range or legal land description
- d) The estimated volume of oil or condensate removed
- e) The way access was obtained to the production or how the mishandling occurred
- f) the individual who discovered the incident
- g) Date and time of the discovery of the incident
- h) Whether the incident was or was not reported to local law enforcement agencies and company security.

5) BY PASS AROUND METERS OR TANKS

There is no by-pass equipment installed at this facility.

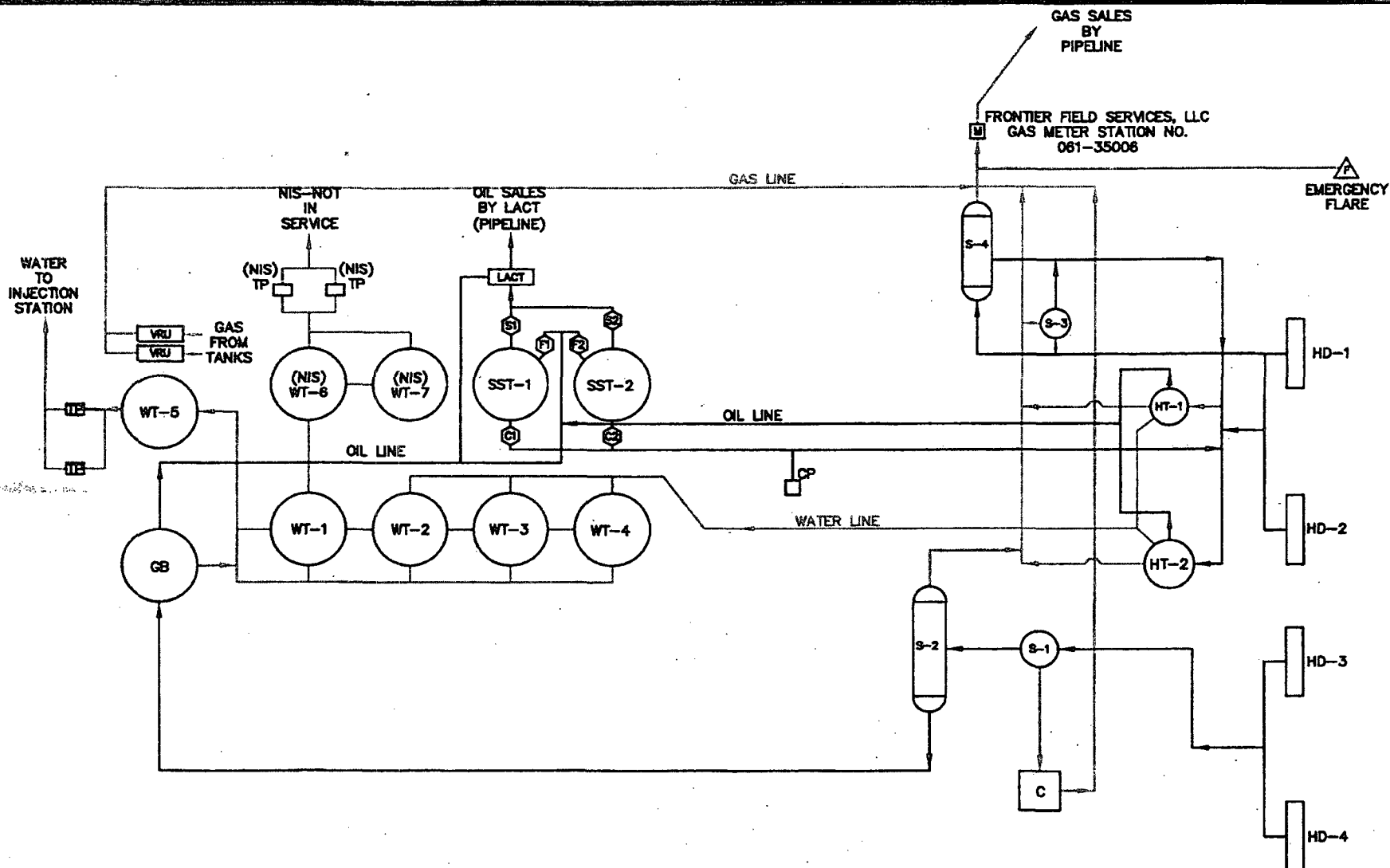
6) RECORD KEEPING

Chevron Vacuum FMT shall maintain lease production and seal records for a minimum of six (6) years. These records will be kept in Chevron field office and will be readily available to the authorized BLM officer or authorized representative upon request. The maintained records will include all of the following as a minimum.

- a) Documentation of the number of each seal and the valve on which the seal is used, the date of installation or the removal of the seal(s) for each storage tank, including the reason for removal or installation of each such seal.

7) THE LEASES COMPRISING THIS FACILITY ARE LISTED AS FOLLOWS.

- a) Leases: Skelly Unit #907 (NMNM-98122) & Skelly Unit #940 (NMLC029419A)
- b) Unit of Agreement: NMNM71030C



CLOSED PRODUCTION SYSTEM

1. OIL SALES BY LACT UNIT

2. SEAL REQUIREMENTS

A. PRODUCTION PHASE:

VALVES (C1, C2) SEALED CLOSED

B. SALES PHASE (FROM SST-1)

VALVES (C1, C2) SEALED CLOSED

VALVES (F1, S2) SEALED CLOSED

VALVE (S1) OPEN

NOT TO SCALE

DATE:
10/23/2012
DESG. BY:
IM
FILE:
HAZARDOUS/1543
SHELLY UNIT 940 TANK BATTERY

SKELLY UNIT 940 TANK BATTERY
SITE SECURITY DIAGRAM
LC 029419A, NW/4 OF NW/4
SECTION 22, T17S, R31E
EDDY COUNTY, NEW MEXICO









LOCATION OF SITE SECURITY PLAN
CHEVRON USA INC.
56 TEXAS CAMP ROAD
LOVINGTON, NM 88260

TETRA TECH, INC.
MIDLAND, TEXAS



LEGEND

SST-1, SST-2, 500 BBL OIL TANKS
WT-1, WT-2 , WT-3, WT-4, WT-5, WT-6
WT-7, 500 BBL WATER TANKS
(WT-6 AND WT-7, NOT IN SERVICE)
GB, 1500 BBL GUNBARREL
HT-1, 8' X 20' HEATER TREATER
HT-2, 8' X 20' HEATER TREATER
S-1, 6' X 20' SEPARATOR
S-2, 10' X 30' SEPARATOR
S-3, 30" X 10' SEPARATOR
S-4, 8' X 15' SEPARATOR

 **VALVE**
 **CIRCULATING PUMP**
 **TRANSFER PUMP**
 **GAS METER**
 **VAPOR RECOVERY UNIT**
 **GAS COMPRESSOR**
 **LEASE AUTOMATIC CUSTODY TRANSFER UNIT**
 **EMERGENCY FLARE**

HD-1 WELL HEADER (WELL #, 940,944
938,946,947,948,949,945,943 AND 941)
HD-2 WELL HEADER (WELL #, 959,958,960
962,827,965,963,964,901,935 AND 939)
HD-3 WELL HEADER (WELL #, 747,698,757,
828,759,725,715,979,833,829 AND 737)
HD-4 WELL HEADER (WELL #, 995,835,849
976,980,843,987,978,832,710 AND 753)

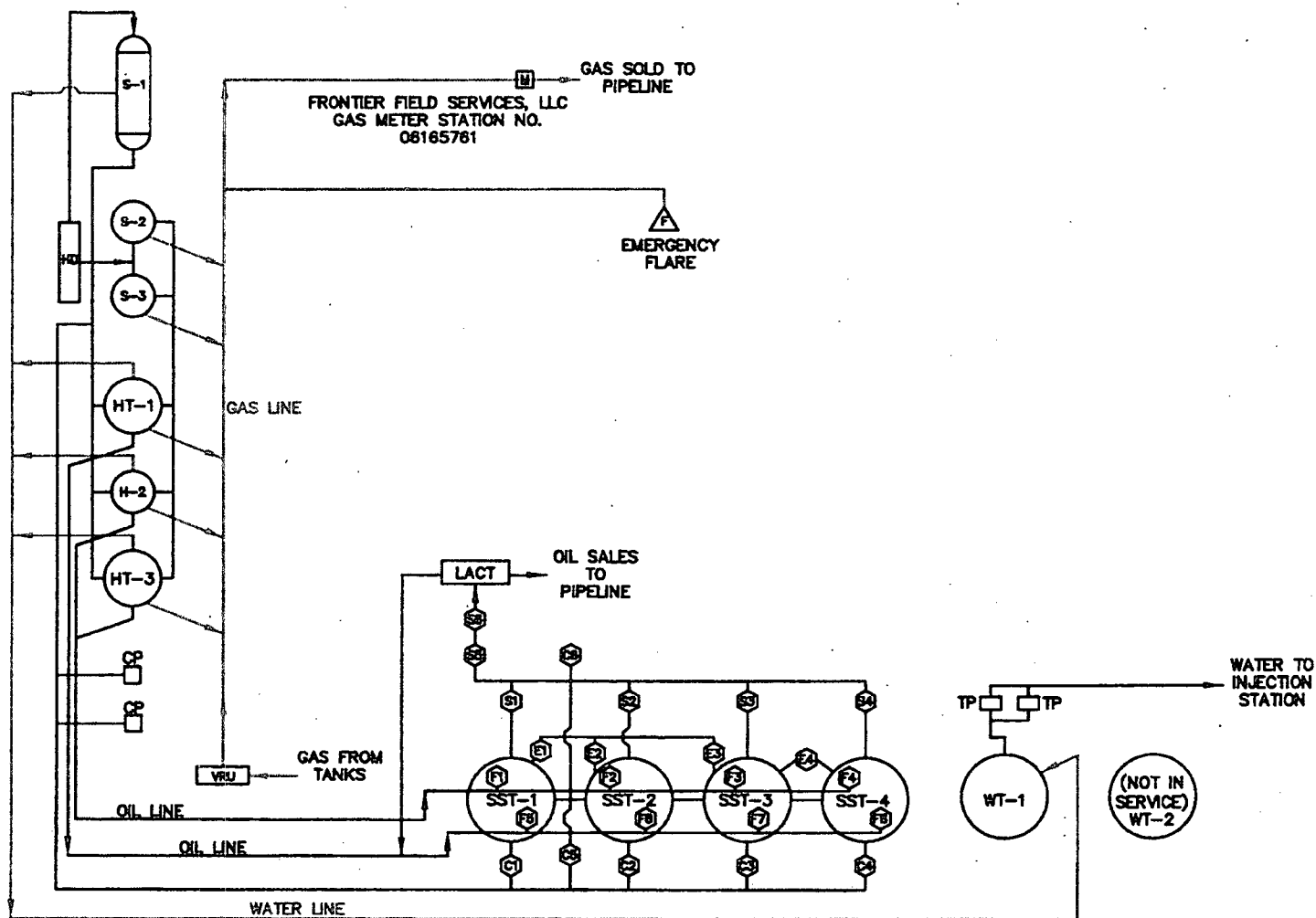
SKELLY UNIT 940 TANK BATTERY
SITE SECURITY DIAGRAM
LC 029419A, NW/4 OF NW/4
SECTION 22, T17S , R31E
EDDY COUNTY, NEW MEXICO

LOCATION OF SITE SECURITY PLAN
CHEVRON USA INC.
56 TEXAS CAMP ROAD
LOVINGTON, NM 88260

TETRA TECH, INC.
MIDLAND, TEXAS



DATE:
10/23/2012
DRG. BY:
IM
FILE:
HA-CHEVRON-1043
WELLY UNIT 940 TO SKELLY



CLOSED PRODUCTION SYSTEM

1. OIL SALES BY LACT UNIT
2. SEAL REQUIREMENTS

A. PRODUCTION PHASE:

VALVES(C1,C2,C3,C4,C5,C8) SEALED CLOSED

B. SALES PHASE (FROM SST-1)

VALVES(C1,C2,C3,C4,C5,C8) SEALED CLOSED

VALVES(E1) SEALED CLOSED

VALVES(F1,F5) SEALED CLOSED

VALVES(S2,S3,S4) SEALED CLOSED

VALVES(S1,S5,S6) OPEN

NOT TO SCALE

DATE:
10/23/2012
DRAWN BY:
IM
FILE:
H:\GEOGRAPHIC\1343
SHELLY UNIT 907 TANK BATTERY

SKELLY UNIT 907 TANK BATTERY
SITE SECURITY DIAGRAM
NM 98122 SW/4 OF NE/4,
SECTION 21, T17S , R31E
EDDY COUNTY, NEW MEXICO








LOCATION OF SITE SECURITY PLAN
CHEVRON USA INC.
56 TEXAS CAMP ROAD
LOVINGTON, NM 88260

TETRA TECH, INC.
MIDLAND, TEXAS



LEGEND

SST-1, SST-2, SST-3, SST-4 500 BBL OIL TANKS
WT-1, WT-2, 500 BBL WATER TANKS (FIBERGLASS)
(WT-2, NOT IN SERVICE)
S-1, 10' X 15' FREE WATER KNOCK OUT(SEPARATOR)
S-2, 3' X 10' SEPARATOR
S-3, 2' X 10' SEPARATOR
HT-1, 8' X 20' HEATER TREATER
HT-2, 4' X 20' (TEST) HEATER TREATER
HT-3, 8' X 20' HEATER TREATER

 **VALVE**
 **CIRCULATING PUMP**
 **TRANSFER PUMP**
 **GAS METER**
 **VAPOR RECOVERY UNIT**
 **LEASE AUTOMATIC CUSTODY TRANSFER UNIT**
 **EMERGENCY FLARE**

HD WELL HEADER (WELL #. 931,914
912,711,719,930,933,934,714,908,937,936,907,
718,700,707,722,703,914,724,713 AND 699)

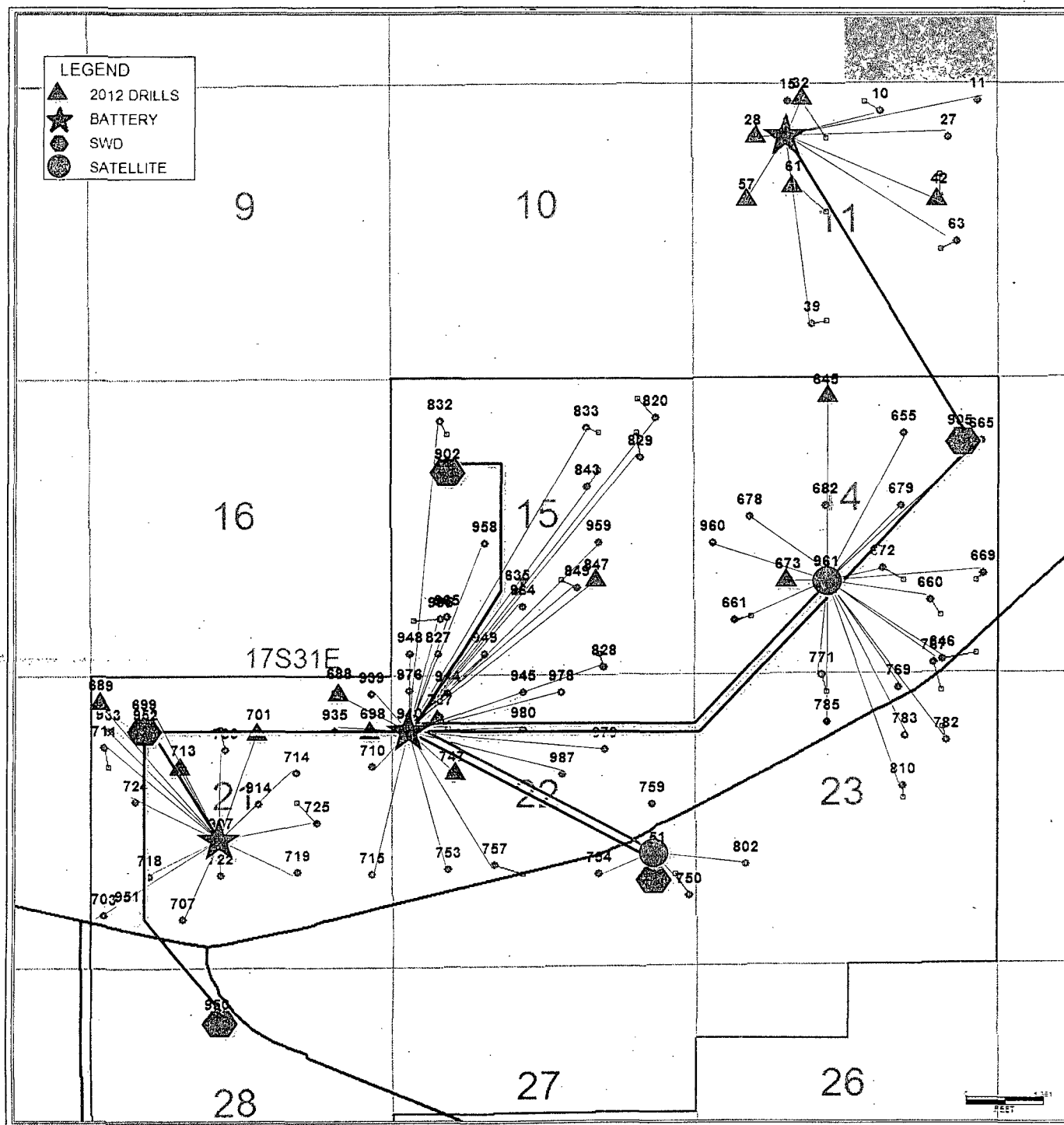
SKELLY UNIT 907 TANK BATTERY
SITE SECURITY DIAGRAM
NM 98122 SW/4 OF NE/4,
SECTION 21, T17S , R31E
EDDY COUNTY, NEW MEXICO

LOCATION OF SITE SECURITY PLAN
CHEVRON USA INC.
56 TEXAS CAMP ROAD
LOVINGTON, NM 88260

TETRA TECH, INC.
MIDLAND, TEXAS



DATE:
10/23/2012
DRG. BY:
IM
FILED
NOVEMBER 15 2012
WELL UNIT 907 TO 908



**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Disposal of Produced Water From Federal Wells
Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
9. Disposal at any other site will require prior approval.
10. Subject to like approval by NMOCD.

4/28/2012