

C-147 Variance request (Salado Draw 1RF-11)

NMOCD,

Chevron MCBU is requesting a six month "Variance" from NMOCD for our Salado Draw 1RF-11 (section 23) Recycling Water Containments Structures (RWCS), due to the recent decrease in commodity oil prices, as a result of the coronavirus impacts on reduced demand and geopolitical pressures increasing supply. Chevron is managing our risk and exposure to the coronavirus, but we are also revamping our business plan, development strategy and activity levels in response to the current market and price environment. These impacts and strategy changes will defer the frac schedule beyond the six-month extension for the below registered RWCS listed below.

- **Previous extension approval: Section 23 (RWCS) – 1RF-11**
 - The request for a six-month extension for the determination of cessation of operations was approved by NMOCD per 19.15.34.13 NMAC. The extension is specifically for operations from May 1, 2020 through October 31, 2020.
- **Chevron will adhere to the following condition**
 - Section 23 RWCS will maintain a volume of water that weighs equivalent to the liner plus 20% safety factor.
- **Chevron is submitting the following options to allow for flexibility**
 - Leave both RWCSs with the current treated produced water (TPW) as long as we maintain a volume of water that weighs equivalent to the liner plus 20% safety factor. Chevron estimates that water to equal 0.5 ft. of water in the RWCS. This will ensure the liner is protected from the elements.
 - If the water volume drops below the liner weight plus 20% safety factor (less than 0.5 ft of water), then Chevron will add water to maintain the minimum weight.

Thank you,

Tony Vallejo
HES Specialist - Factory Performance Support
Chevron MCBU
6301 Deauville Blvd/N3210
Midland, Tx 79706
O: [432-687-7524](tel:432-687-7524)
C: [325-450-1413](tel:325-450-1413)
jvallejo@chevron.com



Safety is as simple as ABC - Always Be Careful