

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.		5. Lease Serial No. Multiple--See Attached
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator XTO ENERGY INCORPORATED Contact: SHERRY PACK E-Mail: sherry_pack@xtoenergy.com		7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached
3a. Address 500 WILLINOIS STREET SUITE 100 MIDLAND, TX 79701	3b. Phone No. (include area code) Ph: 432-620-6709 Fx: 432-224-1126	8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		9. API Well No. Multiple--See Attached
		10. Field and Pool, or Exploratory CHERRY CANYON NASH DRAW
		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 Venting and/or Flaring
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recomplate 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

NASH 42 BATTERY

Associated Wells:

- NASH UNIT #001 30-015-21277 S
- NASH UNIT #006 30-015-21803 F
- NASH UNIT #014 30-015-27510 S
- NASH UNIT #020 30-015-27877 F
- NASH UNIT #038 30-015-29737 F
- NASH UNIT #042H 30-015-37194 F
- NASH UNIT #049H 30-015-38663 F
- NASH UNIT #050H 30-015-38991 F

Revised

ACCEPTED FOR RECORD

NMOCD AB 8/20/16

NM OIL CONSERVATION

ARTESIA DISTRICT

AUG 29 2016

RECEIVED

14. I hereby certify that the foregoing is true and correct. Electronic Submission #278278 verified by the BLM Well Information System For XTO ENERGY INCORPORATED, sent to the Carlsbad Committed to AFMSS for processing by CATHY QUEEN on 06/19/2015 (15CQ0378SE)	
Name (Printed/Typed) SHERRY PACK	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 11/11/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>CHRISTOPHER WALLS</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>08/22/2016</u>
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 Carlsbad		

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #278278 that would not fit on the form

5. Lease Serial No., continued

NMNM0556857
NMNM0556859
NMNM0556863
STATE

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

891014168B
891014168X

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM70992C	STATE	NASH UNIT 1	30-015-21277-00-S3	Sec 13 T23S R29E SENE 1980FNL 660FEL
NMNM70992C	STATE	NASH UNIT 14	30-015-27510-00-S1	Sec 13 T23S R29E NENE 660FNL 500FEL
NMNM70992C	NMNM0556857	NASH UNIT 20	30-015-27877-00-S1	Sec 18 T23S R30E NENW 1230FNL 1350FWL
NMNM70992C	NMNM0556859	NASH UNIT 38	30-015-29737-00-S1	Sec 13 T23S R29E SESW 330FSL 2450FWL
NMNM70992C	NMNM0556863	NASH UNIT 42H	30-015-37194-00-S1	Sec 18 T23S R30E SWNW 2015FNL 505FWL
NMNM70992C	STATE	NASH UNIT 6	30-015-21803-00-S2	Sec 18 T23S R30E SWNW 1980FNL 330FWL
NMNM70992X	NMNM0556863	NASH UNIT 49H	30-015-38663-00-S1	Sec 13 T23S R29E NENE 510FNL 500FEL
NMNM70992X	NMNM0556863	NASH UNIT 50H	30-015-38991-00-S1	Sec 13 T23S R29E NESE 1980FSL 200FEL
NMNM70992X	NMNM0556863	NASH UNIT 51H	30-015-38365-00-S1	Sec 18 T23S R30E SWSW 660FSL 210FWL

32. Additional remarks, continued

NASH UNIT #051H 30-015-38365 F

On 11/1/2014 we discovered that we had been intermittently flaring at our Nash 42H battery due to Enterprise (3rd party) Compressor problems.

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

Pursuant to **NTL-4A III**, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

Condition of Approval to Flare Gas

1. The first 24 hours of a temporary emergency flare* is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as disposition code "23".
2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08". If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B.. As an alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.

3. Approval not to exceed 90 days, if flaring is still required past 90 days submit new request for approval.
4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration. Report unavoidably lost (first 24 hrs of unexpected event) and avoidably lost (exceeding the first 24 hrs or flared gas that has been approved as avoidably lost by the Authorized Officer) volumes and durations on the Subsequent Report.

5. In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
7. This approval does not authorize any additional surface disturbance.
8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

*Temporary Emergency Flaring is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.