'I	UNITED STATE PEPARTMENT OF THE I BUREAU OF LAND MANA	INTERIOR Arte	sia ON 5. Lease Serial N		
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an			NMLC061705B 6. If Indian, Allottee or Tribe Name		
abandoned well. Use form 3160-3 (APD) for such proposals.					
SUBMIT IN TRIPLICATE - Other instructions on reverse side.			7. If Unit or CA/ 891000303	7. If Unit or CA/Agreement, Name and/or No. 891000303E	
1. Type of Well Gas Well Other				8. Well Name and No. POKER LAKE UNIT 78	
2. Name of Operator Contact: TRACIE J CHERRY BOPCO LP E-Mail: tjcherry@basspet.com			. 9. API Well No. 30-015-275	36-00-S1	
3a. Address P O BOX 2760 MIDLAND, TX 79702		3b. Phone No. (include area code Ph: 432-683-2277	e) 10. Field and Po POKER LA	ol, or Exploratory KE	
4. Location of Well (Footage, Sec.,	T., R., M., or Survey Description	<u>າ</u>	11. County or Pa	rish, and State	
Sec 25 T24S R30E NENE 660FNL 660FEL			EDDY COL	EDDY COUNTY, NM	
12. CHECK APP	PROPRIATE BOX(ES) TO	O INDICATE NATURE OF	NOTICE, REPORT, OR OT	HER DATA	
TYPE OF SUBMISSION		TYPE OF ACTION			
Notice of Intent		Deepen	Production (Start/Resum		
Subsequent Report	Alter Casing	Fracture Treat	Reclamation	Well Integrity	
· ·	Casing Repair	New Construction Plug and Abandon	Recomplete Temporarily Abandon	Venting and/or Flari	
Final Abandonment Notice	Convert to Injection		□ Water Disposal	ng	
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Additional data for EC transaction #350784 that would not fit on the form

32. Additional remarks, continued

POKER LAKE UNIT 100 / 30-015-27961-00-S1 POKER LAKE UNIT 099 / 30-015-32823-00-S1 POKER LAKE UNIT 315H / 30-015-39166-00-S POKER LAKE UNIT 330H / 30-015-39253-00-S POKER LAKE UNIT 333H / 30-015-39294-00-S POKER LAKE UNIT 335H / 30-015-39252-00-S POKER LAKE UNIT 327H / 30-015-39251-00-S	
POKER LAKE UNIT 327H / 30-015-39251-00-S	
POKER LAKE UNIT 328H / 30-015-39293-00-S POKER LAKE UNIT 337H / 30-015-39691-00-S	
POKER LAKE UNIT 339H / 30-015-40659-00-S	

Estimated amount to flare is 200 MCFD, depending on pipeline conditions. Flaring will be intermittent and is necessary due to restricted pipeline capacity.

Gas is commingled at the flare to reduce the number flare stacks that would be needed for individual well locations.

Gas volumes will be metered prior to flaring, allocated back to each well and reported on monthly production reports

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 <u>without</u> <u>incurring a royalty</u> obligation in the following circumstances:

- A. <u>Emergencies.</u> 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. <u>Well Purging and Evaluation Tests.</u> 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. <u>Initial Production Tests.</u> 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. <u>Routine or Special Well Tests.</u> 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

- The first 24 hours of a <u>temporary emergency flare*</u> 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.. <u>Volumes for avoidably lost gas shall be</u> 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). <u>Include method for volume determination and duration</u>. <u>Report unavoidably lost (first 24 hrs</u> <u>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.</u>

- 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, <u>oil well gas may not be vented or flared unless</u> <u>approved in writing by the Supervisor</u>. 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.

*<u>Temporary Emergency Flaring</u> 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.