Form 3160-5 (June 2015)

## UNITED STATES DEPARTMENT OF THE INTERIOR

NMOCD Artesia

FORM APPROVED OMB NO. 1004-0137 Expires: January 31, 2018

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. NMNM0522A		
					6. If Indian, Allottee or Tribe Name		
SUBMIT IN TRIPLICATE - Other instructions on page 2					7. If Unit or CA/Agreement, Name and/or No. 891000303X		
1. Type of Well ☐ Gas Well ☐ Other					8. Well Name and No. POKER LAKE UNIT CVX JV BS 27H		
2. Name of Operator Contact: TRACIE J CHERRY BOPCO LP E-Mail: tjcherry@basspet.com				9. API Well No. 30-015-42111-00-S1			
3a. Address P O BOX 2760 MIDLAND, TX 79702	3b. Phone No. (include area code) Ph: 432-683-2277		10. Field and Pool or Exploratory Area PADUCA				
4. Location of Well (Footage, Sec., T		11. County or Parish, State					
Sec 3 T25S R31E Lot 03 330F 32.165769 N Lat, 103.767286		EDDY COUNTY, NM					
12. CHECK THE AF	PPROPRIATE BOX(ES)	ΓΟ INDICA	TE NATURE O	F NOTICE,	REPORT, OR OTH	HER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION						
Notice of Intent     ■	☐ Acidize	☐ Dee	pen	☐ Product	ion (Start/Resume)	■ Water Shut-Off	
	☐ Alter Casing	☐ Hyd	raulic Fracturing	☐ Reclam	ation	■ Well Integrity	
☐ Subsequent Report	☐ Casing Repair	■ New Construction		☐ Recomplete		Other Venting and/or Flari	
☐ Final Abandonment Notice	☐ Change Plans	"		☐ Temporarily Abandon		ng	
·	☐ Convert to Injection	Plug	☐ Plug Back ☐ Water I		Disposal		
13. Describe Proposed or Completed Ope If the proposal is to deepen directions Attach the Bond under which the wor following completion of the involved testing has been completed. Final Ab- determined that the site is ready for fi BOPCO, LP respectfully subm	ally or recomplete horizontally, g is will be performed or provide to operations. If the operation resi- pandonment Notices must be file inal inspection.	give subsurface he Bond No. or ults in a multipl d only after all	locations and measu n file with BLM/BIA e completion or reco requirements, includ	red and true ve Required sul impletion in a ing reclamatio	ertical depths of all pertinosequent reports must be new interval, a Form 316	ent markers and zones. filed within 30 days 0-4 must be filed once	
90-days, January - March 201	7.					POPONATION	
Wells producing to this battery POKER LAKE UNIT CVX JV E POKER LAKE UNIT CVX JV E	SEE ATTACHED FOR 27 2016						
Estimated amount to flare is 100 MCFD, depending on pipeline conditions. Flaring WINDITIONS OF APPROVAL intermittent and is necessary due to restricted pipeline capacity.							
Gas volumes will be metered p	prior to flaring, allocated ba	ack to each v	well and reported	on monthly	,	RECEIVED	
production reports							
14. I hereby certify that the foregoing is	Electronic Submission #3		d by the BLM Wel		System	/ / ,	
	IFER SANCHEZ o	n 1/2/19/20/16	, ,				
Name (Printed/Typed) TRACIE J CHERRY			Title REGULATORY ANALYST				
Signature (Electronic S	Date 12/19/2016						
	THIS SPACE FO	R FEDERA	L OR STATE	OFFICE U	SE //	<b>X</b>	
Approved By	· <del></del>		Title	) D	EC 21/2016	Cal Pay May	
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		AND MACE	A WIII	

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.

## 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. 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 <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 either disposition code "21" or "22".".
- 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 reported on OGOR "B" reports as disposition code "08"</u>. 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.