

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

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.
NMNM0415461

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
8910124050

SUBMIT IN TRIPLICATE - Other instructions on page 2
ARTESIA DISTRICT

8. Well Name and No.
OLD INDIAN DRAW 3

9. API Well No.
30-015-21504-00-S1

10. Field and Pool or Exploratory Area
INDIAN DRAW

11. County or Parish, State
EDDY COUNTY, NM

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
CHEVRON USA INCORPORATED

Contact: CINDY H MURILLO
E-Mail: CHERRERAMURILLO@CHEVRON.COM

3a. Address
6301 DEAUVILLE BLVD
MIDLAND, TX 79706

3b. Phone No. (include area code)
Ph: 575.263.0431
Fx: 575.263.0445

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 19 T22S R28E NWNE 660FNL 1980FEL

12. CHECK THE 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"/> Hydraulic Fracturing	<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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Venting and/or Flaring
	<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 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.

CHEVRON USA INS REQUESTS TO FLARE AT THE ABOVE LOCATION. OLD INDIAN DRAW UNIT PRODUCES AND FLARES A VERY LOW VOLUME OF SOUR GAS (~40,000 PPM H₂S CONTENT, THAT IS NOT FEASIBLE TO SWEETEN AND SELL) THROUGH AN APPROVED FLARE STACK. THIS LOW VOLUME FLARING WILL CONTINUE TO REDUCE OVER TIME, AND BE NECESSARY THROUGH THE REMAINING ECONOMIC LIFE OF THE OLD INDIAN DRAW UNIT.

REPORTED FLARE VOLUMES FOR SEPTEMBER 2018 THROUGH JANUARY 2019 ARE AS FOLLOWS, FOR A TOTAL OF 915 MCF THAT AVERAGED 6.0 MCFPD.

SEPTEMBER 2018 205 MCF
OCTOBER 2018 230 MCF
NOVEMBER 2018 186 MCF
DECEMBER 2018 171 MCF
JANUARY 2019 123 MCF

Accepted for record
NMOC 3/12/19
AB

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #456262 verified by the BLM Well Information System
For CHEVRON USA INCORPORATED, sent to the Carlsbad
Committed to AFMS for processing by PRISCILLA PEREZ on 02/28/2019 (19PP1185SE)

Name (Printed/Typed) CINDY H MURILLO

Title PERMITTING SPECIALIST

Signature (Electronic Submission)

Date 02/28/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By /s/ Jonathon Shepard

Petroleum Engineer
Carlsbad Field Office

FEB 28 2019
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.

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)

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

Additional data for EC transaction #456262 that would not fit on the form

32. Additional remarks, continued

THE ASSOCIATED OIL PRODUCTION FROM THE 8 ACTIVE DELAWARE OIL PRODUCERS DURING THIS PERIOD WAS BETWEEN 60 - 81 BOPD, RESULTING IN AN AVERAGE GOR AROUND 85 SCG/STB. ALL PRODUCED GAS FLARED, AND THE TOTAL DAILY VOLUME IS MEASURED BY THE USE OF CAMERON MC-111 (ELECTRONIC DIGITAL) TURBINE FLOW ANALYZERS LOCATED ON THE GAS OUTLET OF THE PRODUCTION AND TEST SEPARATORS.

CHEVRON INC HAS ATTACHED THEIR APPROVED NMOCD FORM C-129(APPLICATION FOR EXCEPTION TO NO FLARE RULE) THAT IS VALID UNTIL APRIL 18,2019 , AND WILL CONTINUE TO BE RENEWED IN 90 DAY INCREMENTS.

WELLS INCLUDED AT THE CTB DURING THIS PERIOD ARE AS FOLLOWS:

OLD INDIAN DRAW #3	30-015-21504✓
OLD INDIAN DRAW #7	30-015-21765
OLD INDIAN DRAW #8	30-015-21766
OLD INDIAN DRAW #9	30-015-21767
OLD INDIAN DRAW #13	30-015-21957
OLD INDIAN DRAW #14	30-015-21901
OLD INDIAN DRAW #19	30-015-22079
OLD INDIAN DRAW #22	30-015-22102

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico NMOCD-DIST. II ARTESIA
Energy Minerals and Natural Resources RECEIVED
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

A. Applicant Chevron USA INC.,

whose address is 6301 Deauville Blvd, Midland, TX 79706

herby requests an exception to Rule 19.15.18.12 for 90 days or until

 , Yr 2018, for the following described tank battery (or LACT):

Name of Lease Old Indian Draw Name of Pool Indian Draw; Delaware

Location of Battery: Unit Letter I Section 18 Township 22S Range 28 E

Number of wells producing into battery 8 wells 2 state -30-015-21901 & 30-015-22079

B. Based upon oil production of 80 -105 barrels per day, the estimated * volume

of gas to be flared is 7 - 14 MCF; Value \$ \$21 - \$52 (if H2S removed) per day.

C. Name and location of nearest gas gathering facility: Big Eddy Unit #218 (30-015-36297)

D. Distance 5000' Estimated cost of connection \$102,000 plus \$15,000 /Month to treat

E. This exception is requested for the following reasons: Old Indian Draw Unit produces and flares a

very low volume of sour gas (~40,000 PPM H2S content, that is not feasible to sweeten and sell)

through an approved Flare Stack. This low volume flaring will continue to reduce over time, and

be necessary through the remaining economic life of the Old Indian Draw Unit. **Chevron has approved

BLM form 3160-5 that is valid until March 18, 2019 and will continue to be renewed in 190 day

increments** 8 wells total- 6 Federal wells and 2 State wells. (Old Indian Draw #14 and Old Indian
Draw #19.)

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature Cindy Herrera Murillo

Printed Name Cindy Herrera-Murillo
& Title Permitting Specialist

E-mail Address eeof@chevron.com

Date 01/10/2019 Telephone No. 575-263-0431

OIL CONSERVATION DIVISION

Approved Until APRIL 18, 2019

By Ana Maria Rosamonte

Title B.O.S. / O

Date 1/18/2019

CONDITIONS OF APPROVAL ATTACHED

* Gas-Oil ratio test may be required to verify estimated gas volume.

NEW MEXICO OIL CONSERVATION DIVISION

DISTRICT 2 OFFICE
811 S. FIRST STREET
ARTESIA, NM 88210

(575)748-1283

CONDITIONS OF APPROVAL for FLARING or VENTING GAS

1. Venting gas is absolutely not allowed.
2. Prior to flaring gas, C-129 must be filed & approved. Blanket approval cannot be given for this operation.
3. Flared volumes of gas are to be metered & reported.
4. Flares WILL be manned at all times. Brush should be cut down to 1 or 2 inches around flare stack at least a radial distance of 2 times the height of the flare stack.
5. Flares WILL NOT be left unattended.
6. No flaring operations to be conducted during red-flag days.
<http://www.gacc.nifc.gov/swcc> (go to "Predictive Services" on SWCC website) to check for Red Flag Warnings.
7. Follow safe practices for flaring guidelines.
8. Permit may be rescinded at any time by NMOCD.
9. If well is able to be connected to a gas gathering system, it will be done so as soon as possible.
10. Flaring of gas is prohibited. The State Forester grants an exception to the prohibition on open fires for the flaring of natural gas when the following conditions are met. Unless flaring is needed for safety purposes, flaring pursuant to this exception shall not be done on days that are "red flag days" as determined by the National Weather Service or on days when the sustained wind is in excess of 25 miles per hour in the area.
11. The day is not a "red flag day" as determined by the National Weather Service and the sustained wind is not in excess of 25 miles per hour in the area.
12. The local fire department and county dispatch are notified at least 24 hours in advance of anticipated releases that will result in flaring. If flaring is done by an automated system then the schedule of flaring shall be provided to the local fire department and county dispatch. The area is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of one and one half times the height of the stack.
13. At least one adult is on site with communications equipment adequate to reach county dispatch and the local fire department in the event of a fire. The individual should also be equipped with a shovel and a water backpack pump or other equipment to deliver water to suppress a fire.
14. If flaring is to take place at an unmanned facility, then the area around the flare stack is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of three times the height of the stack.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Donald Griego, State Forester
Forestry Division



May 30, 2018

News Release

Contact: Wendy Mason 505-476-3209, wendy.mason@state.nm.us
Beth Wojahn 505-476-3226, beth.wojahn@state.nm.us

**Energy, Minerals and Natural Resources Department
Cabinet Secretary and State Forester Announce
Fire Restrictions on All State Lands in New Mexico**

SANTA FE, NM –New Mexico Energy, Minerals and Natural Resources Secretary Ken McQueen and State Forester Donald Griego today announced restrictions on fireworks, smoking, campfires and open fires on all state-owned land, as incidences of wildfires increase. Fire danger throughout the state is high due to warm temperatures, low humidity, high winds, and the abundance of dry, fine fuels. The restrictions will go into effect at 12:01 a.m. on Friday, June 1, 2018 and remain in effect until further notice on all state lands.

"We're urging all New Mexicans to follow the restriction guidelines on state lands and to be vigilant on their own private land to help protect lives and property from wildfire in their communities," said State Forester Donald Griego. "We also encourage local municipalities and counties to consider necessary and appropriate restrictions for their area if they haven't done so already."

State Forestry will continue to coordinate with other jurisdictions including federal, counties and municipalities to ensure that appropriate protections are in place as fire danger and wildfires increase.

SMOKING, FIREWORKS, CAMPFIRE, OPEN BURNING, AND OPEN FIRES ARE PROHIBITED ON STATE- OWNED LAND UNLESS THE FOLLOWING CONDITIONS ARE MET:

Smoking is prohibited except in enclosed buildings, within vehicles equipped with ashtrays, and on paved or surfaced roads, developed recreation sites, or while stopped in an area at least three feet in diameter that is barren or cleared of all flammable material.

Fireworks use is prohibited on lands covered wholly or in part in timber, brush, grass, grain, or other flammable vegetation. The State Forester is allowing exceptions to the ban on fireworks where they are a part of a public exhibit approved by the local fire department.

Campfires are prohibited unless the following exceptions are met. An exception is granted where cooking or heating devices use kerosene, white gas, or propane as a fuel in an improved camping area that is cleared of flammable vegetation for at least 30 feet or has a water source. New Mexico

State Parks are included in this prohibition and may have more stringent park fire restrictions in place. For more information, contact the local State Park Office or visit nmparks.com.

Flaring of natural gas is prohibited. Unless flaring is needed for safety purposes, flaring shall not be done on days that are "red flag days" as determined by the National Weather Service or on days when the sustained wind is in excess of 25 miles per hour in the area. The State Forester grants an exception to the prohibition on open fires for the flaring of natural gas when the following conditions are met:

1. The day is not a "red flag day" as determined by the National Weather Service and the sustained wind is not more than 25 miles per hour in the area.
2. The local fire department and county dispatch are notified at least 24 hours in advance of anticipated releases that will result in flaring. If flaring is done by an automated system, then the schedule of flaring shall be provided to the local fire department and county dispatch. The area is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of one and one-half times the height of the stack.
3. At least one adult is on site with communications equipment adequate to reach county dispatch and the local fire department in the event of a fire. The individual should also be equipped with a shovel and a water backpack pump or other equipment to deliver water to suppress a fire.
4. If flaring is to take place at an unmanned facility, then the area around the flare stack is mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris shall be cleared in the area for a distance of three times the height of the stack.

Other exceptions may be requested

The State Forester may allow additional exemptions upon receiving a written request and granting subsequent approval in writing. You may apply for exemptions other than those listed above for flaring or agricultural burning on the Forestry Division website at nmforestry.com. The exemptions provided above for flaring and agricultural burning do not require written approval so long as the conditions listed are met.

The State Forester may allow exemptions from the above upon receiving a written request and granting subsequent approval in writing. You may apply for an exemption on the Forestry Division website at nmforestry.com.

An exemption does not relieve a person from any civil or criminal liability associated with an uncontrolled fire, including costs associated with wildland fire suppression.

For details and the legal restriction notification, log onto nmforestry.com or call (505) 476-3325.

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The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3325 • Fax (505) 476-3330

www.emnrd.state.nm.us

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martínez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



March 6, 2018

FOR IMMEDIATE RELEASE

Contact: Beth Wojahn (505) 476-3226 E-Mail: Beth.Wojahn@state.nm.us

**Notice to Oil and Gas Facilities and Operators Flaring Gas in
New Mexico**

SANTA FE, NM – The Oil Conservation Division (OCD) encourages all oil and gas facilities with flare stacks and well operators that are flaring gas to upgrade their *Fire Awareness Programs* this year. New Mexico State Forestry reports that 370 fires burned 33,154 acres on state and private land in calendar year 2017.

Open flames and gas flares should be monitored carefully and oil and gas operators should create a defensible space to help prevent wildfires. Defensible Space is the area around a structure where combustible vegetation that can spread fire has been cleared, reduced or replaced. This space acts as a barrier between a structure and an advancing wildfire.

This means that as a general rule of thumb, the area around staffed flaring facilities should be mowed and maintained at a length not to exceed 4 inches and all other flammable products or debris should be cleared in the area for a distance of at least one and one half times the height of the stack.

If flaring is to take place at an unstaffed facility, then the mowed area around the flare stack should be increased to three times the height of the stack. On "red flag" days local fire departments should be notified prior to the flaring operations.

During the course of the upcoming fire season, it may become necessary for New Mexico State Forestry to issue fire restrictions on State and private land. Log on to www.nmforestry.com for updates or to get information on how to contact your local State Forestry District office. For the latest fire weather information please visit USDA Forest Service website:

http://gacc.nifc.gov/swcc/predictive/outlooks/monthly/swa_monthly.pdf

The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

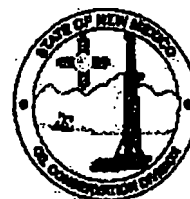
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David R. Catanach, Division Director
Oil Conservation Division



**OIL CONSERVATION DIVISION
NOTICE TO OIL AND GAS OPERATORS**

Vented & Flared Volumes Reporting Communication

On October 19, 2015, the Oil Conservation Division issued a Notice to Operators that implemented the "Non-Transported Disposition" Code "F" for flared gas and to report vented volumes utilizing the existing "V" code for any vented gas. The change became effective for November, 2015 production month with reporting date of January 15, 2016.

The Gas Capture Committee's continuing evaluation of volumes being reported determined that not all Operators are following the requirement to report flared and vented volumes. Out of 603 well Operators active in the state, only 51 Operators are reporting volumes using the "V" and "F" code.

It is very important that all Operators in New Mexico report flared and vented volumes since part of the evaluation will help determine any policy or requirements setting goals for reduction of flared gas.

We urge all companies to work with their operations and production accounting groups to ensure proper production reporting.

DAVID R. CATANACH, Director

March 8, 2017

Instructions on filing Form C-115

http://www.emnrd.state.nm.us/OCD/documents/C115_FullInstructions10.2017.pdf

RULES

19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115):

A. An operator shall file a form C-115 for each non-plugged well completion for which the division has approved a form C-104 and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state, setting forth complete information and data indicated on the forms in the order, format and style the director prescribes. The operator shall estimate oil production from wells producing into common storage as accurately as possible based on periodic tests.

19.15.18.12 CASINGHEAD GAS:

F. Pending connection of a well to a gas-gathering facility, or when a well has been excepted from the provisions of Subsection A of 19.15.18.12 NMAC, the operator shall burn all gas produced and not used and report the estimated volume on form C-115.

Thank you for your assistance in this matter. If you have any questions, please contact the appropriate OCD District Office.

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Conditions of Approval to Flare Gas

1. Approval not to exceed 180 days from date of submission.
2. All flaring under this request is considered to be "avoidably lost" per 43 CFR 3179.4(a)(2)(i – iii). Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "33".

Exceptions:

- a. The first 24 hours of a temporary emergency flare is considered "unavoidably lost" and is therefore royalty free (43 CFR 3179.103(a)). Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). These Volumes are not royalty bearing and shall be reported on OGOR "B" as either disposition code "21" or "22".
- b. If the operator believes that the flared volumes were "unavoidably lost", the operator can submit a request via Sundry Notice (Form 3160-5) with justification for an exception in accordance with 43 CFR 3179.4, 3179.101 - 3179.104.