

OCD Artesia

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

5. Lease Serial No.
NMNM117119

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
RUSTLER BLUFF 25 26 28 FEDERAL 1H

2. Name of Operator
CHEVRON USA INC

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

9. API Well No.
30-015-43055

3a. Address
1616 W. BENDER BLVD
HOBBS, NM 88240

3b. Phone No. (include area code)
Ph: 575-263-0431
Fx: 575-263-0445

10. Field and Pool, or Exploratory
HAY HOLLOW; BONE SPRING

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 25 T26S R28E Mer NMP SWSW 205FSL 660FWL

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 |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Change to Original APD |
| | <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 shall 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 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.)

CHEVRON USA INC IS REQUESTING ADMINISTRATIVE APPROVAL FOR A SURFACE FLOW LINE. CHEVRON HAS DETERMINED WE WILL NEED TO BURY THE FLOW LINES FROM THE RUSTLER BLUFF 25 26 28 FEDERAL #1H TO THE CENTRAL TANK BATTERY. DUE TO HIGH SALES LINE PRESSURE IN THE AREA. THE FLOW LINE FROM RUSTLER BLUFF 25 26 28 FEDERAL #1H TO THE RUSTLER BLUFF 25 CENTRAL TANK BATTERY WILL BE ABOVE 125 PSI AND WILL NEED TO BE BURIED. ATTACHED IS THE FLOW LINE PLAT THAT SHOWS THE DIG PATH FOR THE BURIED FLOW LINE. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT CHRISTOPHER SMITH/ FACILITIES ENGINEER FOR CHEVRON AT 432-687-7249.

THIS SUNDRY REPLACES EC 314610

NM OIL CONSERVATION
ARTESIA DISTRICT

NOV 09 2015

Accepted for record
NMOC

RECEIVED

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

Electronic Submission #317088 verified by the BLM Well Information System
For CHEVRON USA INC, sent to the Carlsbad

Name (Printed/Typed) CINDY H MURILLO

Title PERMITTING SPECIALIST

Signature (Electronic Submission)

Date 09/21/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Steve Caffey

Title FIELD MANAGER

NOV 2 2015
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.

Office CARLSBAD FIELD OFFICE

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

R 28 E

| LEGEND | |
|--------|-------------------|
| □ | Proposed Well |
| --- | Section Line |
| --- | Proposed Pipeline |

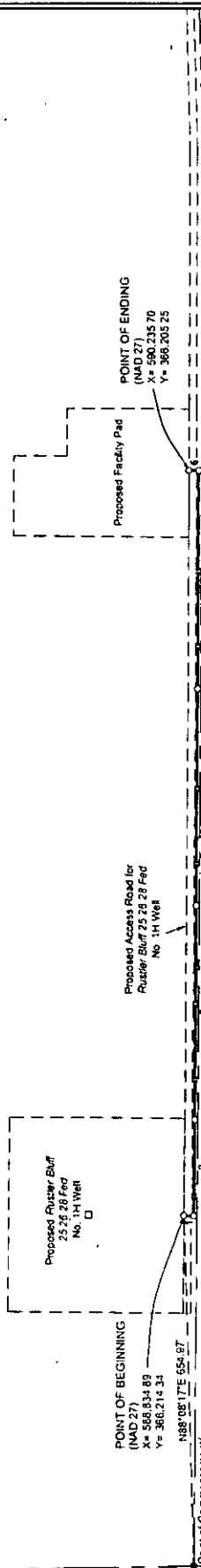
NOTE:
Please be advised, that while reasonable efforts are made to locate and verify pipelines and utilities using our standard pipeline locating equipment, it is not possible to be 100% effective. As such, we advise using caution when performing this work. There is a possibility that pipelines and other hazards, such as fiber optic cables, PVC pipelines, etc. may occur undetected on site.

NOTE:
Many states maintain information centers that establish links between those who dig (excavators) and those who own and operate underground facilities (owners). It is a simple matter for those states to lawfully require excavators to contact the center for assistance in locating and marking underground utilities. For guidance, New Mexico One Call, www.onecall.org.

DISCLAIMER: At this time, C.H. Fenstermaker & Associates, LLC has not performed nor was asked to perform any type of engineering, hydrological modeling, flood plain, or "No Rise" certification analyses, including but not limited to determining whether the proposed pipeline and related facilities in connection with the proposed pipeline, will be in compliance with applicable federal, state, and local laws, regulations, and codes. Fenstermaker makes no warranty or representation of any kind as to the foregoing issues, and persons or entities using this information shall do so at their own risk.

Sec. 25

Bureau of Land Management



PROPOSED FLOWLINE
±1,438.27', ±87.17 Rods

Sec. 36

State of New Mexico

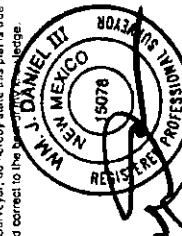
METES AND BOUNDS DESCRIPTION OF A
PROPOSED FLOWLINE LOCATED IN
SECTION 25 OF T26S-R28E
EDDY COUNTY, NEW MEXICO

SURVEY OF A PROPOSED FLOWLINE 1,438.27 FEET OR 87.17 RODS IN LENGTH CROSSING BUREAU
OF LAND MANAGEMENT LAND IN SECTION 25 OF TOWNSHIP 26 SOUTH RANGE 28 EAST, EDDY
COUNTY, NEW MEXICO
COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 25 TOWNSHIP 26 SOUTH RANGE 28
EAST AT A FOUND 2" IRON PIPE, THENCE NORTH 88 DEGREES 08 MINUTES 17 SECONDS EAST
554.97 FEET TO THE POINT OF BEGINNING, SAID POINT OF BEGINNING HAVING THE FOLLOWING
COORDINATES: X=588,334.89 Y=366,214.34 (NEW MEXICO STATE PLANE COORDINATE SYSTEM,
EAST ZONE, NAD 27).
THENCE SOUTH 00 DEGREES 13 MINUTES 08 SECONDS WEST 19.03 FEET;
THENCE SOUTH 45 DEGREES 37 MINUTES 31 SECONDS EAST 142.44 FEET;
THENCE SOUTH 48 DEGREES 39 MINUTES 25 SECONDS EAST 401.05 FEET;
THENCE SOUTH 48 DEGREES 39 MINUTES 25 SECONDS EAST 407.28 FEET;
THENCE SOUTH 48 DEGREES 39 MINUTES 25 SECONDS EAST 409.99 FEET;
THENCE NORTH 00 DEGREES 11 SECONDS EAST 18.48 FEET TO THE POINT OF ENDING
SAID POINT OF ENDING HAVING THE FOLLOWING COORDINATES: X=590,235.70
Y=366,205.25 (NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, NAD 27).
THE BEARINGS RECITED HEREON ARE ORIENTED TO NEW MEXICO STATE PLANE COORDINATE
SYSTEM, EAST ZONE, NAD 27.

THIS DESCRIPTION REPRESENTS A SURVEY MADE ON THE GROUND FOR A RIGHT OF WAY
EASEMENT AND INTENDED SOLELY FOR THAT PURPOSE. THIS DESCRIPTION DOES NOT
REPRESENT A BOUNDARY SURVEY.

FOR THE EXCLUSIVE USE OF

I, WM. J. DANIEL III, Registered Professional
Land Surveyor, do hereby state this plan is true
and correct to the best of my knowledge.



Wm. J. Daniel III
Registration No. 15078

Scale: 1"=200'
0 100' 200'

| COURSE | BEARING | DISTANCE |
|--------|-----------------|----------|
| 1 | S 00° 13' 08" W | 19.03 |
| 2 | S 45° 37' 31" E | 142.46 |
| 3 | S 48° 39' 25" E | 401.05 |
| 4 | S 48° 39' 25" E | 407.28 |
| 5 | S 48° 39' 25" E | 409.99 |
| 6 | N 00° 28' 11" E | 18.48 |

SURFACE USE PLAT

CHEVRON U.S.A. INC.

PROPOSED FLOWLINE
RUSTLER BLUFF 25 28 FED NO. 1H FLOWLINE
SECTION 25, T26S-R28E
EDDY COUNTY, NEW MEXICO

REVISIONS

| | | | |
|------------------|----|-------|-------------|
| PROJ MGR: GDG | No | DATE: | REVISED BY: |
| DATE: 12/05/2014 | No | DATE: | REVISED BY: |

FILENAME: T:\2014\2145500\DWG\Rustler Bluff 25 28 Fed 1H FLOWLINE.dwg

BLM Lease Number: Lease No. NMNM11711
Company Reference: Chevron U.S.A. Inc.
Well Name & Number: Rustler Bluff 25 26 28 Fed #1H

STANDARD STIPULATIONS FOR OIL AND GAS RELATED SITES

A copy of the application (Grant/Sundry Notice) and attachments, including stipulations and map, will be on location during construction. BLM personnel may request to view a copy of your permit during construction to ensure compliance with all stipulations.

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant and for all response costs, penalties, damages, claims, and other costs arising from the provisions of the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. Chap. 82, Section 6901 et. seq., from the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Chap. 109, Section 9601 et. seq., and from other applicable environmental statutes.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et. seq.) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et. seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et. seq.) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the site or related pipeline(s), any oil or other pollutant should be discharged from site facilities, the pipeline(s) or from containers or vehicles impacting Federal lands, the control and total removal, disposal, and cleanup of such oil or other pollutant, wherever found, shall be the responsibility of

the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

5. Sites shall be maintained in an orderly, sanitary condition at all times. Waste materials, both liquid and solid, shall be disposed of promptly at an appropriate, authorized waste disposal facility in accordance with all applicable State and Federal laws. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, petroleum products, brines, chemicals, oil drums, ashes, and equipment.

6. The operator will notify the Bureau of Land Management (BLM) authorized officer and nearest Fish and Wildlife Service (FWS) Law Enforcement office within 24 hours, if the operator discovers a dead or injured federally protected species (i.e., migratory bird species, bald or golden eagle, or species listed by the FWS as threatened or endangered) in or adjacent to a pit, trench, tank, exhaust stack, or fence. (If the operator is unable to contact the FWS Law Enforcement office, the operator must contact the nearest FWS Ecological Services office.)

7. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for this project is **Shale Green**, Munsell Soil Color Chart Number 5Y 4/2.

8. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

9. A sales contract for removal of mineral material (caliche, sand, gravel, fill dirt) from an authorized pit, site, or on location must be obtained from the BLM prior to commencing construction. There are several options available for purchasing mineral material: contact the BLM office (575-234-5972).

10. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

11. Once the site is no longer in service or use, the site must undergo final abandonment. At final abandonment, the site and access roads must undergo "final" reclamation so that the character and productivity of the land are restored. Earthwork for final reclamation must be completed within six (6) months of the abandonment of the site. All pads and facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact. After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful; as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

12. The holder shall stockpile an adequate amount of topsoil where blading occurs. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles. The topsoil will be used for final reclamation.

13. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

- | | |
|--|--|
| <input checked="" type="checkbox"/> seed mixture 1 | <input type="checkbox"/> seed mixture 3 |
| <input type="checkbox"/> seed mixture 2 | <input type="checkbox"/> seed mixture 4 |
| <input type="checkbox"/> seed mixture 2/LPC | <input type="checkbox"/> Aplomado Falcon Mixture |

14. In those areas where erosion control structures are required to stabilize soil conditions, the holder shall install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound management practices. Any earth work will require prior approval by the Authorized Officer.

15. Open-topped Tanks - The operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps

16. The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the

containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock enclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

17. Open-Vent Exhaust Stack Enclosures – The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (Recommended enclosure structures on open-vent exhaust stacks are in the shape of a cone.) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

18. Containment Structures - Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

19. Special Stipulations:

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:

The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.

- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Tank Battery Liners and Berms:

Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, siting valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Construction Mitigation

In order to mitigate the impacts from construction activities on cave and karst resources, the following Conditions of Approval will apply to this APD:

- In the event that any underground voids are encountered during construction activities, construction activities will be halted and the BLM will be notified immediately.
- No blasting to prevent geologic structure instabilities.
- The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.
- Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.
- Stockpiling of topsoil is required. The top soil shall be stockpiled in an appropriate location to prevent loss of soil due to water or wind erosion and not used for berming or erosion control.

Tank Battery COAs Only:

- Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.
- Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

Surface Pipeline COAs Only:

- A leak detection plan will be submitted to the BLM Carlsbad Field Office for approval prior to pipeline installation. The method could incorporate gauges to detect pressure drops, siting valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

Watershed

- The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.
- Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.