14-466

OCD Hobbs

Form 3160-5
(August 2007)

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMLC033706A

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
VARIOUS VARIOUS

2. Name of Operator
CHEVRON U.S.A. INC.

Contact: DENISE PINKERTON
E-Mail: leakejd@chevron.com

9. API Well No.

3a. Address
15 SMITH ROAD
MIDLAND, TX 79705

3b. Phone No. (include area code)
Ph: 432-687-7375

HOBBS OCD

10. Field and Pool, or Exploratory
PENROSE; SKELLY GRAYBURG

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 8 T22S R37E Mer NMP

FEB 19 2014

RECEIVED

11. County or Parish, and State
LEA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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.)

Following a BLM recommendation, a new method of measurement for oil sales shall be added to the C.P. Falby. The selected equipment to perform the measurement is a LACT unit that will be installed inside battery limits. The scope of the work to be performed is: install LACT unit, re-locate a power supply pole including transformers and power supply cables going to the btry, and clear the are for the haul trucks to circulate. These changes will address BLM recommendation while eliminating the risk of personnel exposure to H2S, which is a potential hazard for truck drivers while performing level measurements at the top of the oil tank. The changes will also reduce the risk of structure damage by trucks since these are currently driving backward to get to the load point. The addition of a LACT unit will allow to have more accurate measure of the sales volumes reported to authorities.
The following wells are going into this battery:
30-025-10117 C.P. Falby A #1

SEE ATTACHED FOR CONDITIONS OF APPROVAL

SUBJECT TO LIKE APPROVAL BY STATE

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

Electronic Submission #217452 verified by the BLM Well Information System
For CHEVRON U.S.A. INC., sent to the Hobbs
Committed to AFMSS for processing by KURT SIMMONS on 08/20/2013 ()

Name *(Printed/Typed)* DENISE PINKERTON — Title REGULATORY SPECIALIST

Signature (Electronic Submission) — Date 08/19/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

APPROVED
FEB - 3 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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

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 ****

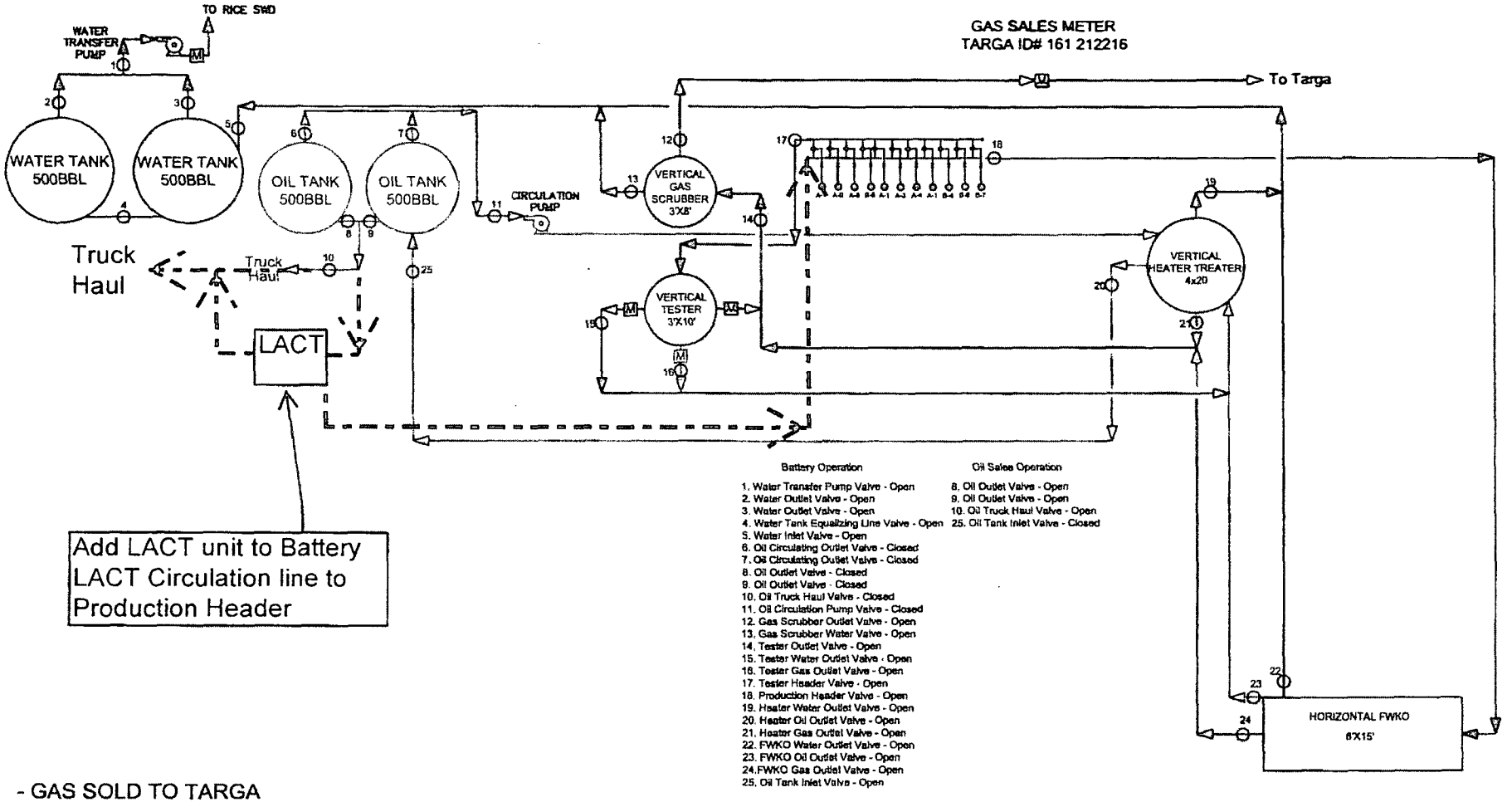
MSB/OCD 2/20/2014

FEB 20 2014

Additional data for EC transaction #217452 that would not fit on the form

32. Additional remarks, continued

30-025-10118 C.P. Falby A #3
30-025-10120 C.P. Falby A #4
30-025-38372 C.P. Falby A #6
30-025-39048 C.P. Falby A #7
30-025-10106 C.P. Falby B #4
30-025-37938 C.P. Falby B #5
30-025-39981 C.P. Falby B #6
30-025-39982 C.P. Falby B #7
Please find attachments



Battery Operation

1. Water Transfer Pump Valve - Open
2. Water Outlet Valve - Open
3. Water Outlet Valve - Open
4. Water Tank Equalizing Line Valve - Open
5. Water Inlet Valve - Open
6. Oil Circulating Outlet Valve - Closed
7. Oil Circulating Outlet Valve - Closed
8. Oil Outlet Valve - Closed
9. Oil Outlet Valve - Closed
10. Oil Truck Haul Valve - Closed
11. Oil Circulation Pump Valve - Closed
12. Gas Scrubber Outlet Valve - Open
13. Gas Scrubber Water Valve - Open
14. Tester Outlet Valve - Open
15. Tester Water Outlet Valve - Open
16. Tester Gas Outlet Valve - Open
17. Tester Header Valve - Open
18. Production Header Valve - Open
19. Heater Water Outlet Valve - Open
20. Heater Oil Outlet Valve - Open
21. Heater Gas Outlet Valve - Open
22. FWKO Water Outlet Valve - Open
23. FWKO Oil Outlet Valve - Open
24. FWKO Gas Outlet Valve - Open
25. Oil Tank Inlet Valve - Open

Oil Sales Operation

8. Oil Outlet Valve - Open
9. Oil Outlet Valve - Open
10. Oil Truck Haul Valve - Open
25. Oil Tank Inlet Valve - Closed

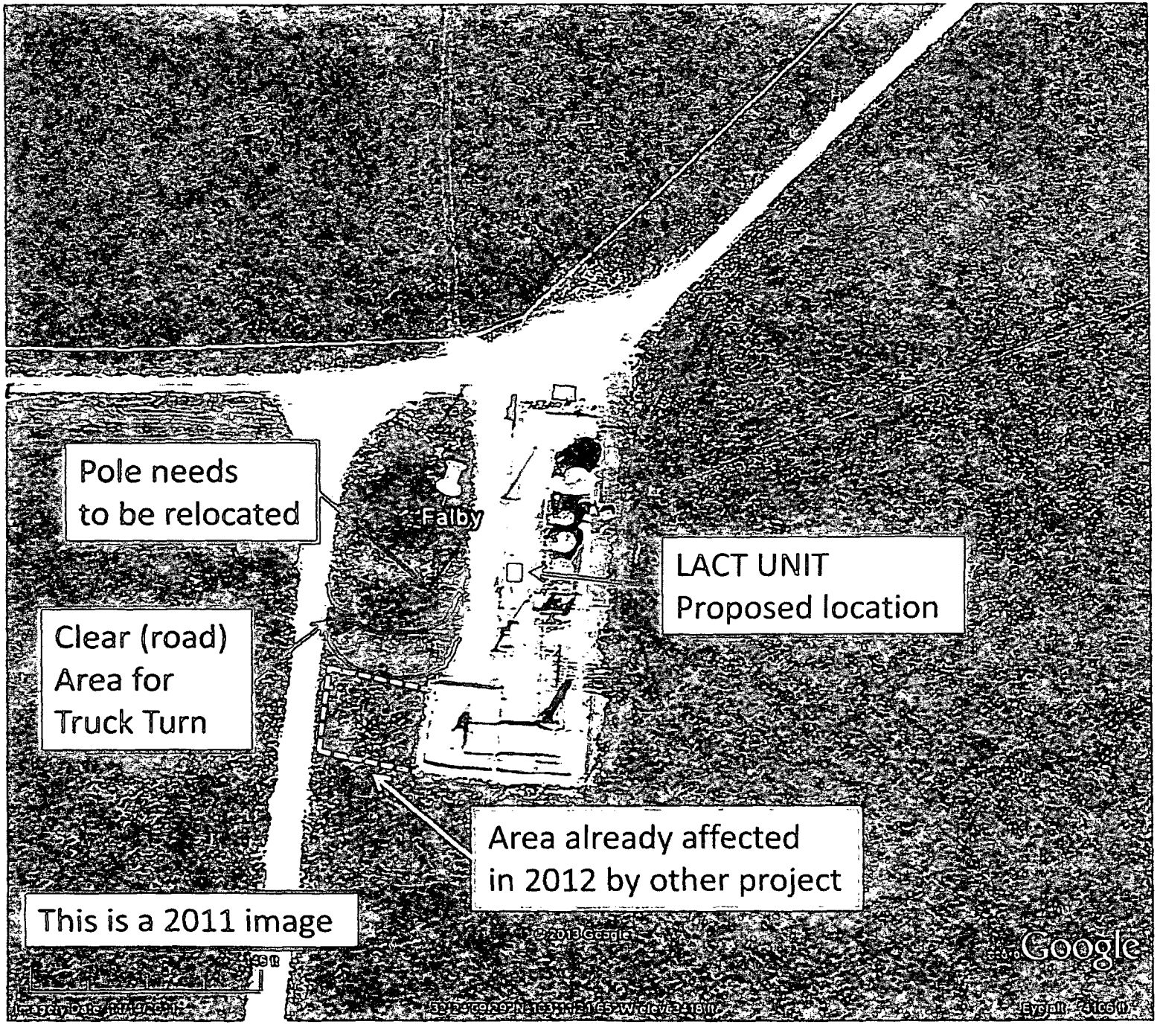
- GAS SOLD TO TARGA
- TURBINE METERS ON TEST SEPARATOR OIL, WATER AND GAS DUMPS
- OIL SOLD VIA TRUCK HAUL
- WATER DISPOSED VIA RICE SWD

Chevron

Chevron
Midcontinent Business Unit

C.P. Falby A & B
Commingled Battery
NE ¼ SW ¼ Section 8 T22S, R37E
Battery 1 Lea County 71–033706

ENGINEERING :	ENG. :	DATE :	SCALE :
OPERATIONS :	DRAWN :	SHEET	OF
FILE :	CK. BY :	DWG NO :	REV.


Pole needs
to be relocated
Falby
LACT UNIT
Proposed location
Clear (road)
Area for
Truck Turn
Area already affected
in 2012 by other project
This is a 2011 image
© 2013 Google
Google

Falby LACT Unit

Opportunity Statement

To install a LACT unit at the Falby battery; based on a Bureau of Land Management (New Mexico) requirement. The opportunity will allow to optimize sales process and controls and to reduce the risk of H2S exposure of personnel performing measurements at the top of the oil tank to validate sales volume.

Project definition

The LACT unit will be installed downstream oil tanks. Project includes site preparation and cable installation. There is no infrastructure from communications box to the proposed location.

Stakeholder input

This is a Federal battery, since there is no LACT unit the transportation personnel has to make measures from the top of the tank (thief hatch) every time the oil is delivered. H2S levels are 11,500 ppm; this level is considered high risk.

- MCBU General Standards and Expectations for Construction: Consider the following when determining if a LACT is needed: rate of production, pipeline availability, **and the hazards of gauging on tanks especially in H2S service.**
- Automation: there is another project running in this battery, a new vessel was installed and needs new cables from the communication box to the vessel and the route could pass by the proposed LACT location, this project may take advantage of synergy and share the costs for cabling works.
- BLM requires CVX to use an alternative method of measure; the alternative to existing method is installing a LACT unit. BLM inspector describes de system with the LACT as the point of sale.
- Since it is Federal Lease a Sundry is required.
- Commercial input suggests a delivery rate of 300 barrels per hour for the LACT.
- Electrical team needs to be involved to evaluate moving a power line pole.

Alternative selection

- Purchase a new LACT unit.
- Use surplus equipment from Monument A26, perform inspection and condition it for use at Falby.

Commercial input suggests a delivery rate of 300 bph (barrels per hour) for the LACT. This constraint requires changing the pump of the surplus LACT since current capacity is 157 bph.

Alternative Comparison

None of the alternatives will have downtime since works can be performed at the battery without impacting production.

ALTERNATIVE ANALYSIS					
Alternative	**Cost ($)**	**Schedule (weeks)**	**Loss of Production (days)**	**Loss of Production ($)**	**Total Cost ($)**
Install a new LACT unit	196,121	14 weeks	0	0	196,121
Use surplus equipment	159,151	10 weeks	0	0	157,877
Install alternative method for tank level measure.	N/A	12 weeks	0	0	N/A

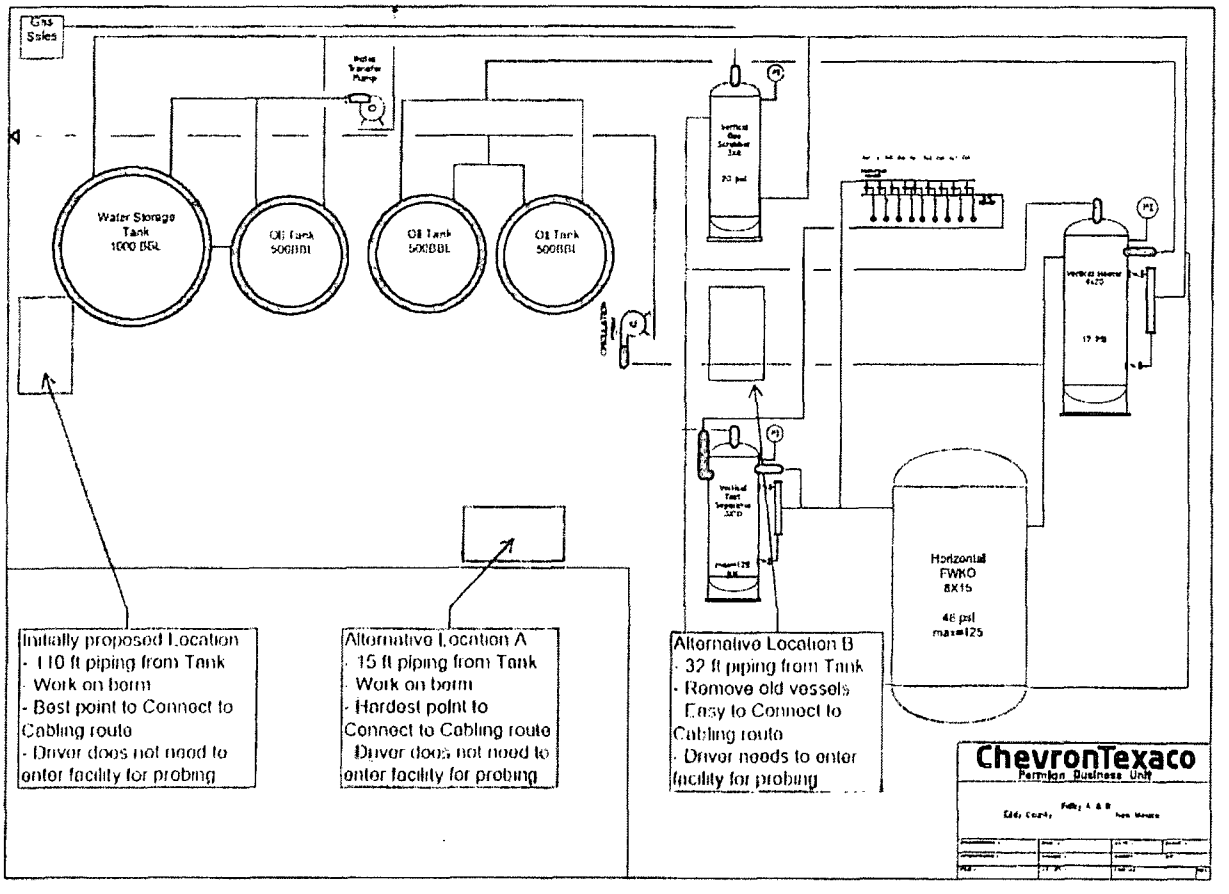
Another variable was considered in the alternative analysis due to pressure drop in the piping system. This is the Location of the LACT unit in the Battery.

For the purpose of the alternative selection, lowest cost alternative from previous analysis is the Location A case; existing piping installed in the battery will allow connection of the LACT unit to the system in each potential location therefore minor modifications will be required on any of the alternatives. Differences in cost are movement of one power line pole and battery cabling.

ALTERNATIVE ANALYSIS				
Alternative	**Distance to Oil Tank**	**Berm level of work**	**Cabling route**	**Cost ($)**
Initially proposed location	110	Medium	Lowest	135,391
Location A	15	Medium	Medium	159,151
Location B	32	None	Low	154,399

Best alternative in terms of LACT operation is Location A due to a closer distance to the tanks, which will prevent cavitation and therefore future repairs to the LACT pump. This alternative will also prevent the driver to enter in the battery in the future.

Cabling route is not the best but there is no significant cost increment (less than 4,000) in terms of getting the LACT powered and connected to data.



Simulations on each location were performed and the initially proposed location will force the pump to work significantly below of the NPSH required by the pump. This condition will cause cavitation to occur in the pump, resulting in future problems to operate the LACT, measure devices and will cause future repairs.

Project next phase Plan

If the selected alternative is approved the following key activities will be performed:

- Prepare Material Transfer form to transfer LACT unit to FALBY
- Condition LACT unit for use, in compliance with BLM and Commercial constraint
- Complete MOC for the battery
- Test surplus equipment and condition it for use at Falby.
- Prepare site and install cables.
- Install the LACT unit.
- PSSR.

LACT Meter
Conditions of Approval

Approved 2/3/2014 Subject to conditions of approval. JDB

1. The LACT meter shall be designed, installed and operated in accordance with all applicable API standards, including API 5.6, as may be amended or revised from time to time.

2. The metering facility shall include a temperature probe to monitor the actual oil temperature during custody transfer. This information will be recorded and used in calculating the volume of oil metered during each transaction.

3. The meter shall have a non-resettable totalizer.

4. The custody transfer meter shall be proven and in conformance with Onshore Oil and Gas Order No. 4.III.D. The meter proving is to be witnessed by BLM, contact 575-361-2822; a minimum of 24 hours prior to meter proving. Meter proving records shall be maintained for a period of six years from the date of generation and will be made available for audit upon request.

5. A copy of the meter proving will be submitted to the appropriate BLM office.

6. The run ticket associated with each oil transfer shall include the measured or calculated BS&W, oil gravity and temperature recorded during the transfer. Such records shall be maintained for a period of six years from the date of generation and will be made available for audit upon request.

7. Operator to maintain tank gauging data to be used as a comparison with the LACT meter readings.

8. All other provisions of the Onshore Oil and Gas Orders, especially No. 3 and No. 4 shall be met.

9. This approval may be subject to future review and if determined inadequate with regards to accurate measurement, the approval will be withdrawn.

JDB