

Additional data for EC transaction #319557 that would not fit on the form

5. Lease Serial No., continued

FEE
 NMLC032099B
 STATE

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM70948A	FEE	EMSU 355	30-025-04636-00-S1	Sec 14 T21S R36E NENW 660FNL 1980FWL
NMNM70948A	STATE	EMSU 385	30-025-04650-00-S1	Sec 15 T21S R36E SWNW 1980FNL 660FWL
NMNM70948A	STATE	EMSU 387	30-025-04645-00-S1	Sec 15 T21S R36E SWNE 1980FNL 1980FEL
NMNM70948A	NMLC032099B	EMSU 389	30-025-04631-00-S1	Sec 14 T21S R36E SWNW 1980FNL 660FWL
NMNM70948A	FEE	EMSU 395	30-025-29821-00-S1	Sec 14 T21S R36E NESW 1780FSL 1780FWL
NMNM70948A	STATE	EMSU 397	30-025-04646-00-S1	Sec 15 T21S R36E NESE 1980FSL 660FEL
NMNM70948A	STATE	EMSU 734	30-025-34851-00-S1	Sec 15 T21S R36E NWNW 225FNL 300FWL
NMNM70948A	STATE	EMSU 735	30-025-34826-00-S1	Sec 15 T21S R36E NWNW 275FNL 1220FWL
NMNM70948A	STATE	EMSU 736	30-025-34852-00-S1	Sec 15 T21S R36E NWNE 208FNL 2490FEL
NMNM70948A	STATE	EMSU 737	30-025-34853-00-S1	Sec 15 T21S R36E NWNE 210FNL 1420FEL
NMNM70948A	STATE	EMSU 746	30-025-37356-00-S1	Sec 15 T21S R36E SENE 1380FNL 0010FEL 32.482358 N Lat, 103.244613 W Lon
NMNM70948A	STATE	EMSU 747	30-025-35167-00-S1	Sec 15 T21S R36E NENE 1200FNL 1310FEL
NMNM70948A	STATE	EMSU 748	30-025-34632-00-S1	Sec 15 T21S R36E SWNE 1510FNL 2543FEL
NMNM70948A	STATE	EMSU 749	30-025-34641-00-S1	Sec 15 T21S R36E NENW 1205FNL 1330FWL
NMNM70948A	STATE	EMSU 774	30-025-35166-00-S1	Sec 15 T21S R36E SENW 2630FNL 1330FWL
NMNM70948A	STATE	EMSU 775	30-025-35459-00-S1	Sec 21 T21S R36E NWSE 2630FSL 3570FEL
NMNM70948A	STATE	EMSU 776	30-025-35460-00-S1	Sec 15 T21S R36E SENE 2610FNL 1310FEL

32. Additional remarks, continued

EUNICE MONUMENT SO. UNIT 746 GRBG/SA API #30-025-37356
 EUNICE MONUMENT SO. UNIT 747 GRBG/SA API #30-025-35167
 EUNICE MONUMENT SO. UNIT 748 GRBG/SA API #30-025-34632
 EUNICE MONUMENT SO. UNIT 749 GRBG/SA API #30-025-34641
 EUNICE MONUMENT SO. UNIT 774 GRBG/SA API #30-025-35166
 EUNICE MONUMENT SO. UNIT 775 GRBG/SA API #30-025-35459
 EUNICE MONUMENT SO. UNIT 776 GRBG/SA API #30-025-35460

DCP plant repairs - started flaring 9/11/15 at 67 mcf

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 without incurring a royalty obligation in the following circumstances:

- A. Emergencies. 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. Well Purging and Evaluation Tests. 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. Initial Production Tests. 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 temporary emergency flare* 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.. Volumes for avoidably lost gas shall be 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). 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.