Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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.

HOBBS OCD
JUL 24 2017
RECEIVED

SUBMIT IN TRIPLICATE - Other instructions on page 2

5. Lease Serial No.
NMLC029509A

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.
BAISH A 3

2. Name of Operator
CONOCOPHILLIPS COMPANY
Contact: JEFF KAUSER
E-Mail: Jeffrey.Kauser@conocophillips.com

9. API Well No.
30-025-00618-00-S1

3a. Address
MIDLAND, TX 79710

3b. Phone No. (include area code)
Ph: 432-688-9038

10. Field and Pool or Exploratory Area
BAISH

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 21 T17S R32E SENE 2310FNL 990FEL

11. County or Parish, State
LEA COUNTY, NM

12. CHECK THE 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	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Venting and/or Flaring
	☐ 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 must 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 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.

ConocoPhillips Company requests approval to install an enclosed flare/combustor at the Baish A Battery located in the SENE of Section 21, T17S, R32E, NMPM, Lea County, New Mexico.

The flare will be used solely for the Baish A Battery production. Wells going to the battery include - Baish A #3 30-025-00618,Baish A #5 30-025-00619, Baish A #12 30-025-20568, and Baish A #14 30-025-30363.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

The flare will be 20 inches in diameter and 20 feet in height with an estimated 30-35 MCF/pd.

The flare will be placed on the existing Baish A Battery pad with no addition surface disturbance to take place.

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

Electronic Submission #372950 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 04/18/2017 (17DLM0884SE)

Name *(Printed/Typed)* MYRA HARRISON — Title SURFACE LAND CONTRACT AGENT

Signature (Electronic Submission) — Date 04/13/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By CHARLES NIMMER — Title PETROLEUM ENGINEER — Date 07/17/2017

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 Hobbs

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 ****

Accepted for Record Only
MSB/OCD 7/24/2017

Additional data for EC transaction #372950 that would not fit on the form

32. Additional remarks, continued

The project has become necessary in order to be able to produce from the Battery since Frontier's plant can no longer buy gas due to the high N2 content.

The flare will be used for the life of the well field.

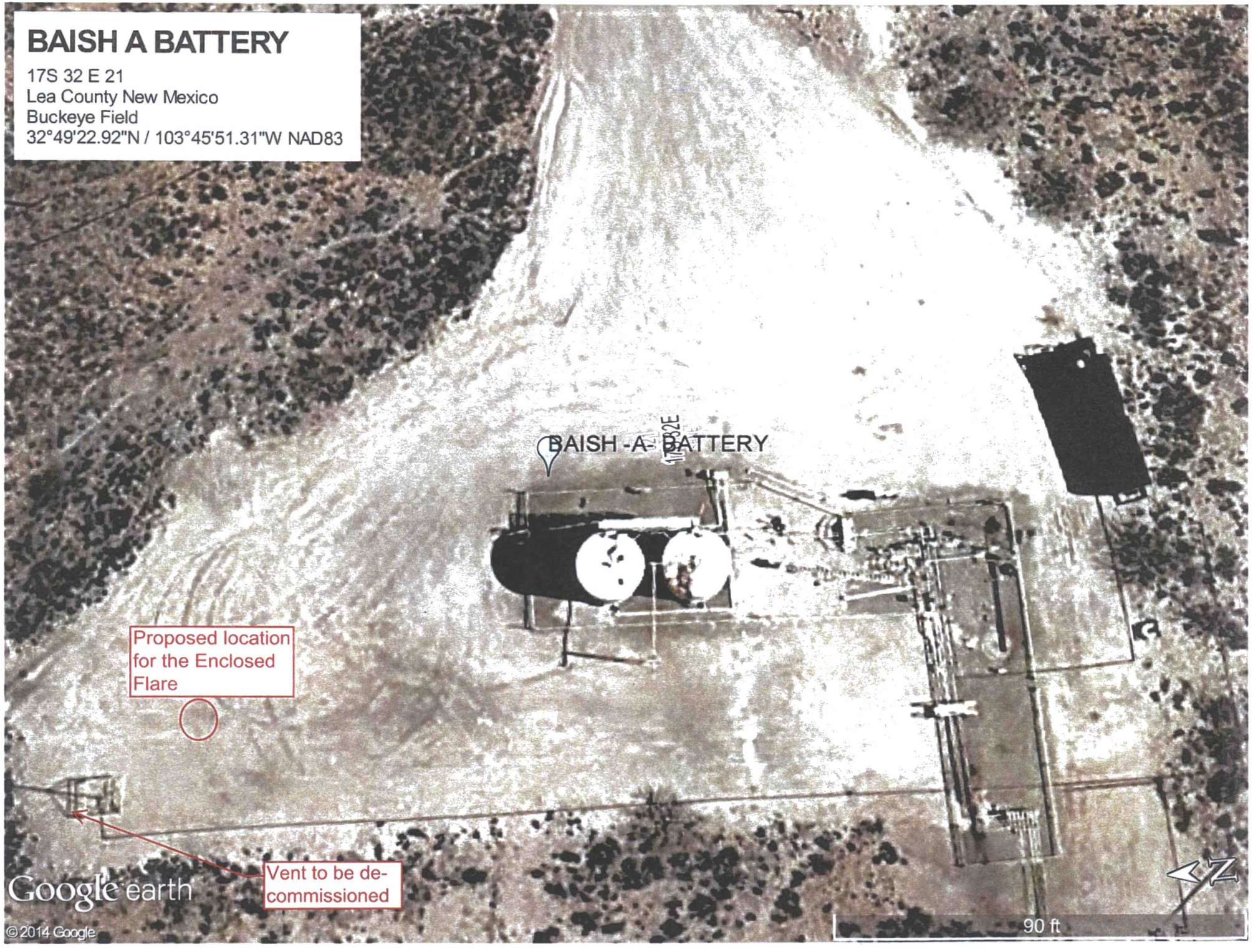
The flare will be used year round from 1/1 to 12/31.

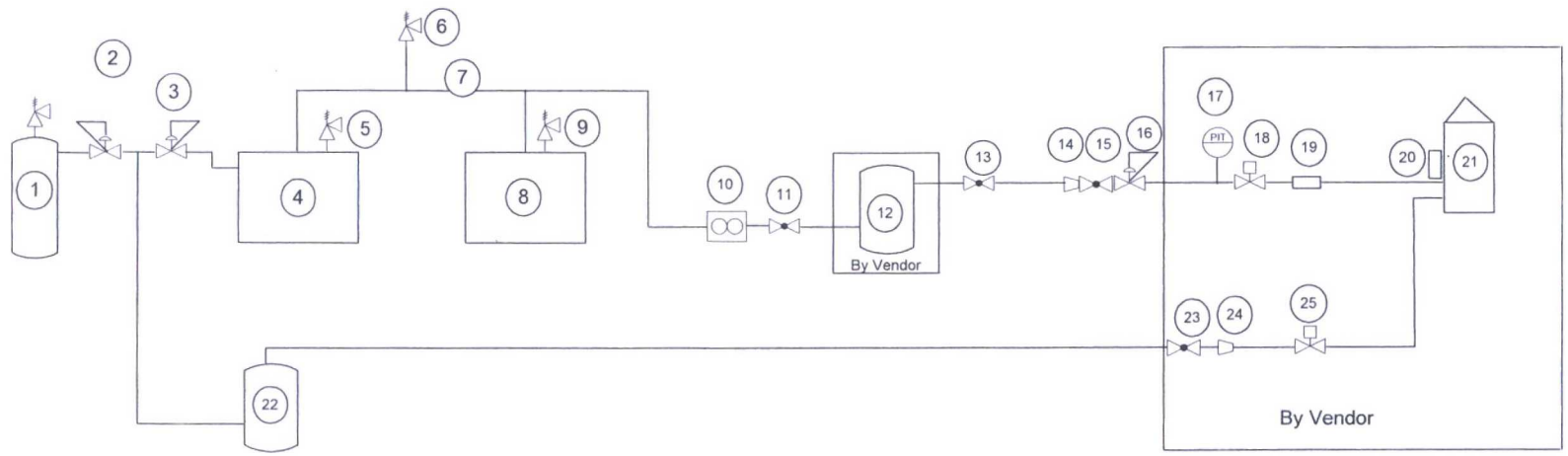
Construction of the flare will take place on or near July 1, 2017. Estimated construction time is approximately 2 months.

Please contact ConocoPhillips Company's local Surface Land Contract Agent, Myra Harrison at 575-441-1805 for additional information or assistance concerning this project.

BAISH A BATTERY

17S 32 E 21
Lea County New Mexico
Buckeye Field
32°49'22.92"N / 103°45'51.31"W NAD83





Notes:

1. Heater treater
2. Back pressure valve
3. Pressure regulator
4. Oil tank 16oz
5. Thief hatch currently set at 16oz
6. Enardo currently set at 4oz
7. 4" IPC vent pipe
8. Water tank 16oz
9. Thief hatch currently set 16oz
10. Flowmeter
11. 4" Ball valve
12. AB-20 knockout pot
13. 4 " Ball valve
14. 4"x 1½" Swage
15. 1½" Ball Valve
16. Pressure regulator
17. Pressure transmitter
18. Shutdown valve
19. Flame arrestor
20. BMS
21. Combustor with bird protection screen
22. Fuel gas scrubber
23. 1" Ball valve
24. 1"x1/4" Swage
25. Shutdown valve

No	Date	Revisions	By	Appr	Date	
A	4/3/17	Issued for review	BB			ConocoPhillips
						Baish A PFS for Combustor

EMISSION SOURCE INVENTORY — PERMIAN ASSET — Operating Unit

Facility Information:

Facility: Baish A — Field:

Expected Construction Date (Month and Year): July 2017 — County: LEA — State: NM — Zip Code: 88264

Is Facility within 1,320' of COPC Facility, Battery, Public Recreational Area or Residence? No — Nearest Town / City: Maljamar

Distance to Nearest COP Owned/Operated: 3000'

Distance to Closest Property Line: 150' — Distance to Property Line from Engine Closest to the Property Line:

Location (Lat Long, UTM or GPS): 32.822970° -103.764300°

Total Facility Throughput: Oil (BOPD): 22 — Water (BWPD): 60 — Gas (MCFD): 35

H_2S Concentration ppm: 4200

Please Provide Representative Gas Analysis, Extended Pressurized Crude Oil Analysis, Reid Vapor Pressure, Engine Specification Sheet(s), Process Description and Facility Plot Plan.

Equipment Inventory:

Separators	Operating Pressure psig	Operating Temperature °F	Comments:
	25	ambient	

Heaters Treaters / Burners:	Heat Input MMBTU/hr	Operating Pressure psig	Operating Temperature °F	Days / Year Burned	Fuel: default is field gas	Stack Diameter	Stack Height	Comments:
Heater # 1:		25	ambient	0				Heater treater/burner not in use, disconnected.
Heater # 2:								
Reboiler 1:								
Reboiler 2:								

Vapor Recovery Tower (VRT)	Operating Pressure psig	Operating Temperature °F	Comments:

Tanks:	Crude Condensate PW	Size BBLs	Description Vert - Horz - Open, V, H, OT	Tank Color L - light M - med D - dark	If not part of System; Throughput BPD	Tank Dimensions Height ft	Tank Dimensions Diameter ft	Upstream Vessel Pressure psig	Average Temp of HC °F	API Gravity	Average Operating Level ft
Tank # 1:	Crude	500	V	L		15' 6	16'	20	ambient	40	10
Tank # 2:	PW	500	V	L		15' 6	16'	20	ambient		10
Tank # 3:											
Tank # 4:											
Tank # 5:											
Tank # 6:											
Tank # 7:											
Tank # 8:											

Controls:

Vapor Recovery Unit (VRU)	VRU Y/N	Electric Y/N	Comments:

Enclosed Vapor Combustion Unit (VCU)	VCU Y/N	Process or Upset	Flare Stack Height ft	Flare Stack Diameter in	Pilot Auto Ignite, Continuous	Flare Tip Diameter in	Size MMBTU/hr	Design Capacity MMSCFD	Avg Pilot Gas Rate MSCFD	Comments:

Flare (Burning)	Flare Y/N	Process or Upset	Flare Stack Height ft	Flare Stack Diameter in	Pilot Auto Ignite, Continuous	Flare Tip Diameter in	Size MMBTU/hr	Design Capacity MMSCFD	Avg Pilot Gas Rate MSCFD	Comments: Enclosed flare
	Y	Process	20	20	Continuous			0.045		

Vent	Vent Y/N	Process or Upset	Vent Height ft	Vent Diameter in	Manually Fired Y/N	Enardo or Tank Vent Valve Y/N	Tank Vent Height ft	Comments: Vent is not fired
	Y	Upset	10	3"		Y	15	

Truck Loading: Y/N	☑YES	☐NO	LOADING CONTROLS? Vapor Return Line: Y/N	☐YES	☑NO	Combustion: Y/N	☐YES	☑NO

Gas Dehydrator: Y/N	☐YES	☑NO	Complete DeHy form for GRI Gly Calc and attach Wet Gas Analysis.

Compressors / Engines:	Make / Model	Serial #	Rated HP	Catalytic Converter Y/N	AFR Controller Y/N	Rich or Lean burn	Engine Stroke (4/2)	Exhaust Stack Diameter in	Exhaust Stack Height ft	Fuel Type ie. Field or Pipeline	Vendor (CSI, CDM, EXTERRAN, etc.)
Engine # 1:											
Engine # 2:											
Engine # 3:											
Engine # 4:											
Engine # 5:											
Engine # 6:											

Generators:	Make / Model	Serial #	Rated HP	Catalytic Converter Y/N	AFR Controller Y/N	Rich or Lean burn	Engine Stroke (4/2)	Exhaust Stack Diameter in	Exhaust Stack Height ft	Fuel Type ie. Field or Pipeline	Vendor (MESA, etc.)
Generator # 1:											
Generator # 2:											
Generator # 3:											

Fugitive Counts:	Separators	Scrubbers	Circulating Pumps	# Wells or Connection Count at Header	Chemical Pumps (Natural Gas Driven)	Comments:

Driving Directions:

Comments, include integrity concerns or any explanation of operations that may be applicable to emissions:

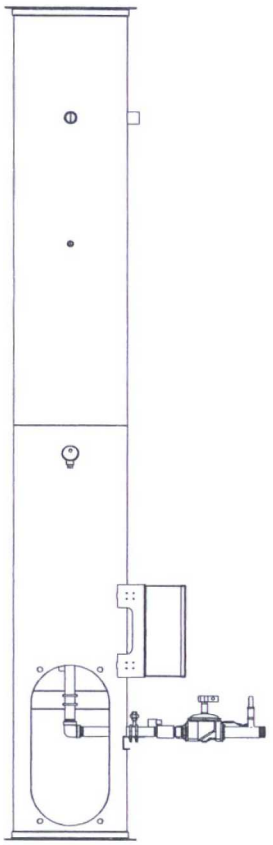
Contact / Operator: Kile Wright — Phone: 575-391-5595 — Date: 3/14/17

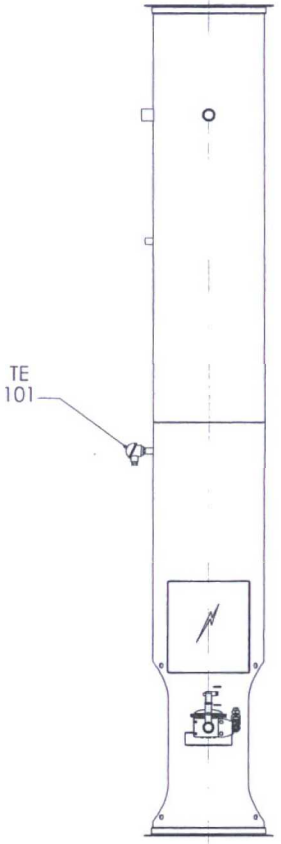
Reservoir Engineer: Greg Salts — Phone: 281-206-5496

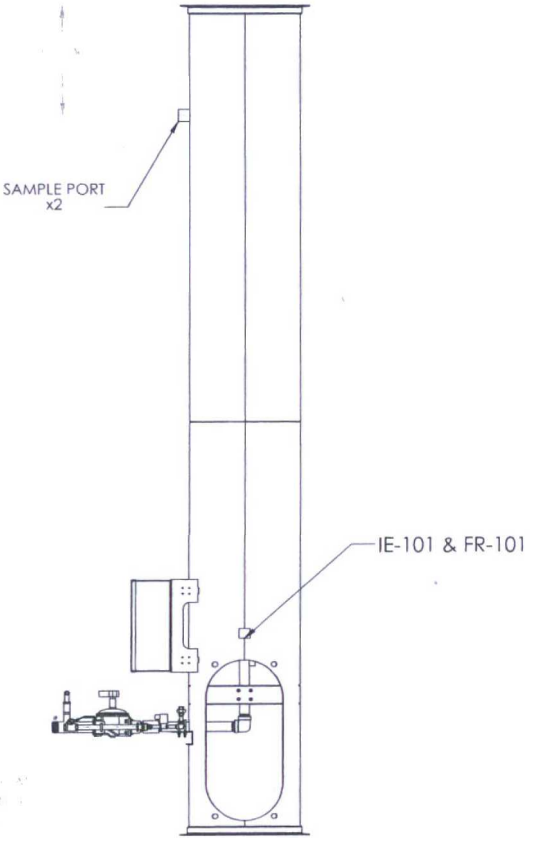
Supply Chain / Contracting: _____ — Phone: _____

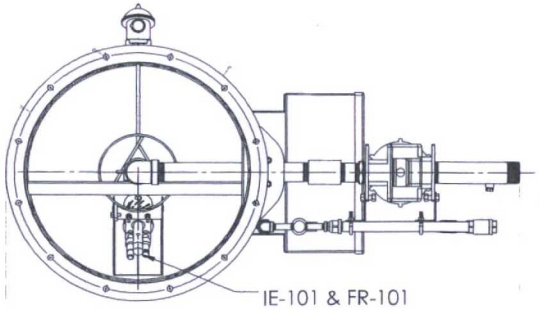
General Arrangement Drawing

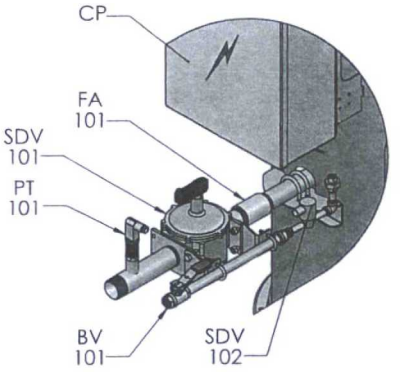
NOTE: This drawing is intended for your review and approval of the general arrangement for an *ABUTEC 20*
Some dimensions are subject to change during the final engineering phase of this project.
"As Built" drawings will be provided at engineering completion.











MATERIAL
UNLESS OTHERWISE SPECIFIED:
DIMENSIONS ARE IN INCHES
TOLERANCES:
FRACTIONAL ±
ANGULAR: MACH ± BEND ±
TWO PLACE DECIMAL ±
THREE PLACE DECIMAL ±

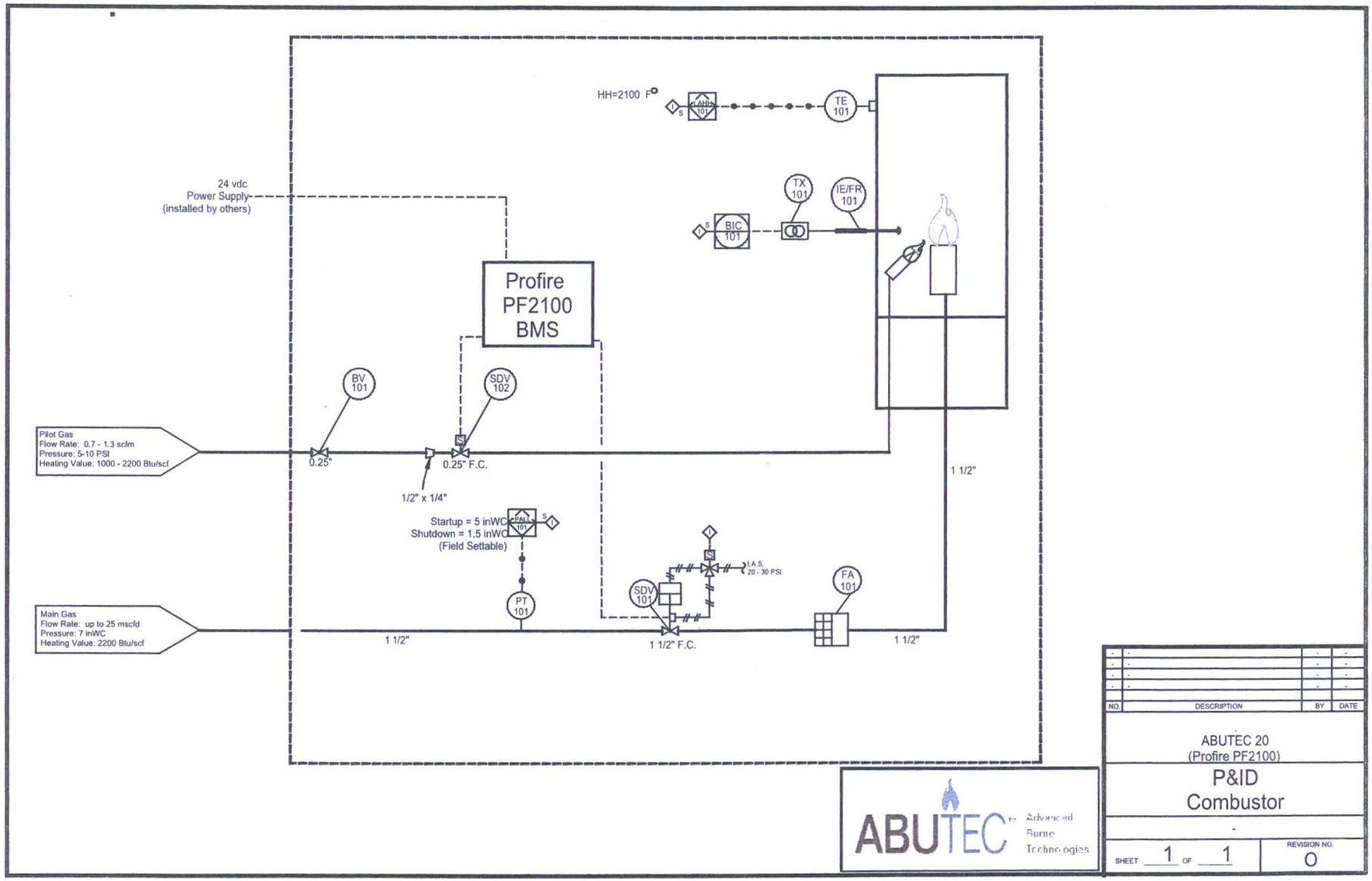
DRAWN J.PHILLIPS
CHECKED
ENG APPR. HvP

ABUTEC™ Advanced Burner Technologies

TITLE:
ABUTEC 20 (SCUF)

SIZE C | DWG. NO. ABUTEC-20 GAD | REV

SCALE: 1:24 | WEIGHT: 367.24 | SHEET 1 OF 1



ABUTEC Advanced Burner Technologies

NO.	DESCRIPTION	BY	DATE
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

ABUTEC 20
(Profire PF2100)

P&ID
Combustor

-

SHEET 1 OF 1

REVISION NO.
0

ConocoPhillips Company

Baish A Combustor Project

Sundry Notice #372950

Exhibit A

ConocoPhillips Company requests approval to install an enclosed flare/combustor at the Baish A Battery located in the SENE of Section 21, T17S, R32E, NMPM, Lea County, New Mexico.

The combustor will be 20 inches in diameter and 20 feet in height. A flowmeter will be installed on the gas line to the combustor to measure the volume of gas being flared. The meter readings will be reported to the BLM for royalty purposes and payment will be made on a timely basis. It is estimated that approximately 30/MCF/D or 10,950 MCF/YR of gas will be flared. The Serial # on the flowmeter to be used is not known at this time, but will be provided to the BLM after construction. No new additional ground disturbance will take place as the combustor will be placed on the existing Baish A Battery caliche pad location.

The necessity for a combustor has become a crucial component to produce the Baish A Battery, since the Frontier Gas Plant can no longer buy gas due to the high N2 content. With no outlet to sale gas to, ConocoPhillips Company has been forced to shut-in the 4 Oil wells that utilize the Baish A Battery. Being able to utilize the combustor will allow ConocoPhillips Company to begin producing the 4 wells again. The combustor will be used until the Frontier Gas Plant installs a Nitrogen Rejection/Processing Unit and for emergency purposes thereafter.

Construction will take place on or near July 1, 2017. Estimated construction time is approximately 2 months.

Please contact ConocoPhillips Company's local Surface Land Contract Agent, Myra Harrison at 575-441-1805 for additional information or assistance concerning this project.

ABUTEC
ADVANCED BURNER TECHNOLOGIES
An Aereon Brand

16310 BRATTON LANE | BUILDING 3 #350 | AUSTIN, TX 78728

ENGINEERING PROPOSAL

AB-20 QUAD-O CERTIFIED COMBUSTOR

PROJECT NAME	AB-20 QUAD-O CERTIFIED COMBUSTOR
PROJECT LOCATION	BAISH A FED. BATTERY, USA
PREPARED FOR	BEDE BASSEY, FACILITY ENGINEER CONOCOPHILLIPS COMPANY OFFICE: 432-688-6816 CELL: 432-250-7277 EMAIL: BEDE.L.BASSEY@CONOCOPHILLIPS.COM
SALES CONTACT	BEAU HIGGINBOTHAM, REGIONAL SALES MANAGER - GULF COAST T -1 (713) 828-4241 BHIGGINBOTHAM@AEREON.COM
TECHNICAL CONTACT	ALFONSO MORENO, APPLICATIONS ENGINEER T +1 (512) 836-9473 x 124 AMORENO@AEREON.COM
QUOTE NUMBER	17-00385 REV 0
DATE:	March 14, 2017

1.0 INTRODUCTION

Aereon is pleased to offer the AB-20 Quad-O Certified Combustor to meet the specified needs of your application. The Combustor is a non-temperature controlled enclosed device that offers high destruction efficiency and low emissions.

1.1 COMMERCIAL SUMMARY

1.2 STATEMENT OF WORK

ITEM	QTY	DESCRIPTION	PRICE

AB-20 Combustor

1 — 1 — Combustion Chamber
- 20" Diameter enclosed combustion chamber, 12 feet overall height
- Single piece design for ease of transportation and installation
- (1) Type K Thermocouple for Temperature Indication
- Material of Construction
  - Flare Stack Enclosure: 304 SS

2 — 1 — Internal Burner Nozzle Assembly
- Proprietary Design Promotes Air Induction & Complete Combustion
- 5:1 Smokeless Turndown of Proposed Waste Gas
- Requires No Assist Gas, No Steam, No Premixing, and No Blowers
- 1.5" x 150# RFSO Stainless Steel Inlet Nozzle For Waste Gas
- 304 Stainless Steel Piping
- Gas Fittings in Accordance with NFPA, UL, and/or CSA
- Flare Inlet Line Consisting of:
  - Pressure Transmitter
  - 1.5" Pneumatic Butterfly Valve

3 — 1 — Pilot Assembly:
- Primary Ignition system
- High-energy, spark-type pilot
- ½-inch FNPT pilot gas piping connection at grade
- Pilot Gas Valve Train consisting of:
  - Isolation Ball Valve
  - Solenoid Valve

4 — 1 — PF2100 Ignition System
- Fully Integrated Control Panel/ Cabinet
- NEMA 4 controls enclosure
- Ignition Transformer and includes all required accessories

5 — 1 — Documentation Package
- Please refer to Section 2.5

Total Price for Items 1 – 5:	$8,920.00

OPTIONS

6	1	Solar Package 24 VDC • 4 Days Autonomous, 3-watt continuous • 50 watt 24 volt solar panel w/ pole mounts • Charge Controller 24V 8amp • (2) Batteries 26AH 12V AGM to be wired for 24V • Polycarbonate battery Enclosure with Aluminum back-plate	$1,575.00
7	1	3" Deflagration Arrestor • Carbon Steel Housing/Stainless Steel Internals • Eccentric design • 3" Flanged Connections for in-line installation • To be installed at inlet nozzle • Any deflagration arrestor pressure drop shall be additive to the flare system pressure drop	$2,250.00
8	1	AB-20 Stack Extension to 20 feet	$1,470.00
9	1	AB-20 Knockout Pot • 23.8" OAH x 12" Diameter • 1-1/2" NPT Upstream and Downstream Pipe Nipples • ¾" Spring Return Ball Valve • ½" Coupling for Sight Glass or Limit Switch	$ 853.13
10	1	AB-20 Bird Protection Screen	$ 525.00
11	1	ABUTEC 20 Air Intake Wind Guards • Material: Carbon Steel	$ 285
12	1	Data Logging Expansion Card • Modbus Card can communicate with other devices • Data Logging Card allows Ignition Controls system to log process data to a USB key in a spreadsheet, recording information such as temperature readings, solenoid valve status and temperature set points along with their corresponding timestamp information.	$ 620.00

13	1	Lot of Recommended Spare Parts for Start up
		• Includes Recommended Spare Parts for Ignition System:
		  • Dual Process Connection Type K 1/4" Bore Probe with
		  • SST Thermowell
		  • Ignition Coil
		• See Section 1.9 below
			$ 681.00

1.3 VALIDITY

The prices in this quotation are valid for 30 days.

1.4 DELIVERY

Estimated Delivery Time: 5 Weeks ARO (Client Approval Waived)

* The quoted delivery is based upon our current production schedule / shop load. An updated delivery schedule will be available at time of order.

1.5 SHIPPING TERMS

- ☒ Ex-works: Austin, TX / Soddy-Daisy, TN
- ☒ Ex-works: Point of Manufacture
- ☐ FCA: Houston, TX

1.6 PACKING AND SHIPPING PREPARATION

Export packing and crating when quoted as an option only includes technology items and does not include stacks, vessels, skids, ladders and platforms, or utility piping.

- ☒ Inland freight packing
- ☐ Export packing
- ☐ Storage and preservation crating - 90 days maximum storage

1.7 TERMS OF PAYMENT

Progress payments as per the following*:

100% Upon notification of readiness for shipment, net 30

*Payment terms are only valid as long as client is approved for credit by Aereon's financial institution. Three credit references and financial statements may be requested for this purpose.

1.8 INSTALLATION - COMMISSIONING

	Domestic **
Daily Labor Rate	$1,400.00
Travel Rate	$1,400.00
Overtime Rate	$200.00/Hour
Travel Expenses	Cost + 20%
Standard Work Day	8-Hour Day

**Daily Rate Includes Accommodations, General Expenses, Subsistence, Tolls, & Local Transportation

1.9 SPARE PARTS LIST

Control System

Part	Quantity	Unit Cost
Dual Process Connection Type K 1/4" Bore Probe with SST Thermowell 3/4" NPT x 11.5"	1	$312.00
External Ignition Coil	1	$369.00
	Total:	$681.00

2.0 TECHNICAL SUMMARY

2.1 DESIGN CONDITIONS

Design inlet flow rate (at 1,130 Btu/ft3):	AB-20 : 45.0 MSCFD
Rated heat capacity: AB-20	2.4 MMBTU/hr
Inlet Temperature:	< 130 °F
Minimum Pressure required for operation:	4 oz/in^2
Smokeless flow rate:	0 - 100% of design flowrate meets Ringelmann 1
Destruction Rate Efficiency	98% DRE

2.2 SITE CONDITIONS

Ambient Temperature:	-20 to 90 Deg F
Wind speed for structural calculations:	90 mph
Seismic classification:	*(to be advised by client)*
Elevation (above mean sea level):	*(to be advised by client)*
Humidity for radiation calculations:	*(to be advised by client)*

2.3 UTILITIES

Pilot gas:	65,000 BTU/Hr required per pilot
	If Natural Gas is used: 65 SCFH @ 4 - 8 psig (per ignitor)
Electrical:	24 VDC (Controls)
Instrument Air:	30 psig Minimum

2.4 DESIGN CLARIFICATIONS

No clarifications to date.

2.5 DOCUMENTATION

Aereon will provide the following documentation along with the equipment on this project:

- ☒ Piping and instrumentation diagram (P&ID)
- ☒ Mechanical general arrangement
- ☐ Ladder Logic Diagrams
- ☐ Control Enclosures Drawings
- ☒ Operating & maintenance manuals (upon shipment)
- ☐ Manufacturing Record Books (MRB)

2.6 QUALITY / NON-DESTRUCTIVE TESTING

- ☒ Visual inspection
- ☒ Dimensional check
- ☒ Factory acceptance test: *ignition system only*
- ☒ Dry film thickness: *painted carbon steel components only*
- ☐ Radiography extent:
- ☐ Dye penetrant examination extent:
- ☐ Ultrasonic testing extent:
- ☐ Magnetic particle examination extent:
- ☐ Hydro-testing extent:
- ☐ Pneumatic testing extent
- ☐ Hardness/Impact Testing
- ☐ PMI

2.7 EXCLUSION LIST

This Proposal is offered in accordance with the below Technical Exclusions. These items can be included in our scope of work upon client request, subject to price and delivery impact.

TECHNICAL EXCLUSIONS

1. Civil and foundation design for any equipment including dead men, anchor bolts or nuts, design of anchor bolt length or projection as this is part of civil engineering foundation design.
2. This design is exclusive of all external loadings due to upstream piping. Wind, seismic and temperature loadings have been considered. Allowable nozzle loads other than those published by API-537 are not considered.
3. Bolt Kits at battery limit flanged connections.
4. Supply to Customer of shop details, fabrication drawings or proprietary calculations
5. Installation of equipment including supply of cranes and/or personnel. General installation instructions and assembly drawings will be provided, however, detailed erection instructions and drawings are excluded. These instructions are meant to provide guidance and general steps to complete the installation. These procedures are not intended to be a substitute for experienced installation personnel. Field assembly and erection of the flare is outside the scope of work to be provided by Aereon and is the sole responsibility of others. It is understood that the field contractor retained for this purpose is familiar with the assembly and erection of tall towers.

6. No interconnecting piping, wire, or conduit is included between proposed equipment, unless otherwise indicated in the scope of work section of proposal.
7. The ignition system / control panel / pilots and related valve trains are a Aereon's standard package. As such, they are designed and/or manufactured according to our standards and procedures, using our standard components. All valve train components have the following characteristics: ½ to ¾ inch diameter, threaded fittings, carbon steel construction. No other materials, diameters, flange ratings, piping specifications, or additional materials or instrumentation are included, nor do any client supplied specifications apply, unless specifically agreed to in writing by Aereon.
8. Dispersion calculations, nozzle load calculations, finite element analysis or other stress analysis, apart from structural calculations of the stack.
9. NACE compliant carbon steel is not included, unless specifically mentioned under the scope of work section of the proposal.
10. If NACE compliant carbon steel is proposed, materials which exceed the requirements of NACE MR-01-75 are not considered.
11. Passivation or pickling of stainless steel materials or procedure, post weld heat treatment, procedures, or associated charts.
12. Any testing or procedures not marked as included in the quality / testing section of proposal.
13. Aereon or Abutec standard weld procedures apply to our equipment, unless otherwise stated in our proposal. Any request to alter or modify our current weld procedures based upon clients' internal specifications is currently excluded from our scope of supply. If new procedures are requested by the client, price and delivery impact will apply.
14. Hydro-testing or procedures of any piece of equipment other than stamped ASME pressure vessels, unless specifically indicated in the proposal.
15. Painting or coating for stainless steel, internal surfaces of equipment or galvanized equipment.
16. External insulation, insulation clips or heat tracing of any kind. Refractory or insulation is included for enclosed combustion devices.
17. Armored cable or cable tray of any kind. We are supplying our standard wire and conduit within our battery limits.
18. Material certification as per BSEN 10204, 3.2 (formerly 3.1A and 3.1c).

COMMERCIAL EXCLUSIONS

1. Whereas regards statements in client specifications or purchase orders concerning specification order of precedence, please be advised that Aereon's proposal, including its integral exclusion list, precedes and precludes all other documents or agreements whether written or verbal.
2. Freight costs and logistics will be offered to our clients as an optional price or as part of the base price, but not at cost as the phrase "prepay and add" is sometimes interpreted.
3. Aereon strictly prohibits the use or sale of our equipment in countries sanctioned by the United States Government such as: Iran, Syria, Sudan, North Korea, and Cuba.
4. Third Party Inspection
5. All documentation will be supplied in Acrobat pdf format, not Word, Excel, Autocad, or any other format.
6. Please note that documentation and drawing delivery dates are as stated in our proposal, however, if a VDS applies to the project, all delivery dates must be agreed to in writing on a document by document basis.
7. Documentation Legalization Costs.
8. Our operating and maintenance manuals and quality dossiers will be provided in the English language. Translation of the O&M manuals is available at an additional cost, however, only text generated by FII will be translated. Drawings, cut sheets, data sheets and/or standard documents will be provided in English.
9. No FII presence at meetings (including, but not limited to, kick-off meetings, HAZOP meetings, drawing review and inspection / certification meetings) is included, unless explicitly mentioned in section 1.3.

10. Spare parts when quoted do not include cross sectional drawings, export packing or freight.
11. There are no bank guarantees, performance bonds, or warranty bonds included in our scope of supply or price. Cost for these requirements will be added on to our base price quoted as options. All bond and/or bank guarantee formats, if applicable, must be agreed to in writing by Aereon.
12. Storage of equipment after notification of readiness for shipment.

3.0 TERMS AND CONDITIONS

Our proposal is based upon Aereon's "Standard Terms and Conditions of Sale." We have attached a copy for your reference.
Aereon is a tradename of Flare Industries LLC

ABUTEC
ADVANCED BURNER TECHNOLOGIES
An Aereon Brand

"THE FOCUS OF OUR TEAM IS TO PROVIDE CUTTING EDGE COMBUSTION AND ENVIRONMENTAL TECHNOLOGY, EXPERIENCE, INNOVATION, AND SUPERIOR SERVICE; ALL OF WHICH GIVE OUR GROWING CLIENT BASE SUCCESSFUL SOLUTIONS AND THE HIGHEST LEVEL OF QUALITY AND SATISFACTION."

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

ConocoPhillips Company
Baish A 3
3002500618
NMLC029509A

7/17/2017

Pursuant to, 43 CFR 3179
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. 43 CFR 3179.105 **Emergencies** (a) An operator may flare or, if flaring is not feasible given the emergency, vent gas royalty-free under §3179.4 (a) (vi) of this subpart during an emergency. For purposes of this subpart, an "emergency" is a temporary, infrequent and unavoidable situation in which the loss of gas or oil is uncontrollable or necessary to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment. For purposes of royalty assessment, an "emergency" is limited to a short-term situation of 24 hours or less (unless the BLM agrees that the emergency conditions necessitating venting or flaring extend for a longer period) caused by an unanticipated event or failure that is out of the operator's control and was not due to operator negligence.

B. 43 CFR 3179.4 **Determining when the loss of oil or gas is avoidable or unavoidable**. (2) *Avoidably lost oil* or gas means: Lost oil or gas that is not "unavoidably lost," as defined in paragraph (a) of this section; waste oil that became waste oil through operator negligence; and, any "excess flared gas," as defined in §3179.7.

C. 43 CFR 3179.5 **When lost production is subject to royalty**.
(a) Royalty is due on all avoidably lost oil or gas.
(b) Royalty is not due on any unavoidably lost oil or gas.

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). 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":
These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in 43 CFR 3179.7 are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with 43 CFR 3179. 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 43 CFR 3179.4, 3179.103 - 3179.105. 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 60 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, shall be in accordance with 43 CFR 3179.4, 43 CFR 3179.5, 43 CFR 3179.9 and 43 CFR 3179.10

6. The operator must estimate or measure all volumes of gas vented or flared gas by one of the following methods.
    i. Measure the flare gas by a meter. The meter shall meet all requirements for a sales meter as per Federal Regulations, 43 CFR 3175 (due to volume of gas being flared). Include meter serial number on Sundry Notice (Form 3160-5).
    ii. Calculate the volume of the flared gas based on the results of a regularly performed GOR test and measured values for the volumes of oil production and gas sales, so as to allow BLM to independently verify the volume, rate, and heating value of the gas flared.

Regulation Ref: Link to 43 CFR 3179 **Waste Prevention and Resources Conservation**; https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=dbd49eda8cdc488870172ed096d47be9&ty=HTML&h=L&mc=true&n=sp43.2.3170.3179&r=SUBPART