



**Additional data for EC transaction #381437 that would not fit on the form**

**Wells/Facilities, continued**

<b>Agreement</b>	<b>Lease</b>	<b>Well/Fac Name, Number</b>	<b>API Number</b>	<b>Location</b>
NMNM135592	NMLC063798	ROY BATTY FEDERAL COM 3H	30-025-41333-00-S1	Sec 11 T24S R33E SWSE 190FSL 1887FEL 32.225263 N Lat, 103.540227 W Lon
NMNM135592	NMLC063798	ROY BATTY FEDERAL COM 1H	30-025-41099-00-S1	Sec 11 T24S R33E SWSW 330FSL 660FWL
NMNM135592	NMLC063798	ROY BATTY FEDERAL COM 2H	30-025-41332-00-S1	Sec 11 T24S R33E SESW 190FSL 1887FWL 32.225265 N Lat, 103.545082 W Lon
NMNM135592	NMLC063798	ROY BATTY FEDERAL COM 4H	30-025-41334-00-S1	Sec 11 T24S R33E SESE 190FSL 380FEL 32.225255 N Lat, 103.535355 W Lon

**32. Additional remarks, continued**

REASON: UNPLANNED MIDSTREAM CURTAILMENT

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

COG OPERATING LLC  
ROY BATTY FEDERAL COM  
MULTIPLE WELLS  
NMLC063798

07/25/2017

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, (from 07/29/2017 to 10/27/2017), 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. 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>