

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.

5. Lease Serial No.
NMNM86172

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on page 2

HOBBS OCD
APR 03 2018
RECEIVED

<p>1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other</p> <p>2. Name of Operator CHEVRON USA INC</p> <p>3a. Address 6301 DEAUVILLE BLVD MIDLAND, TX 79706</p> <p>4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 17 T20S R35E Mer NMP NWSE 1830FSL 2055FEL</p>	<p>Contact: CINDY H MURILLO E-Mail: CERRERAMURILLO@CHEVRON.COM</p> <p>8. Well Name and No. APPLESEED 17 FEDERAL 4</p> <p>9. API Well No. 30-025-36382</p> <p>10. Field and Pool or Exploratory Area BONE SPRING</p> <p>11. County or Parish, State LEA COUNTY, NM</p>
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12. CHECK THE 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"/> Hydraulic Fracturing	<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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" 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 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.

CHEVRON USA INC IS RESPONDING TO THE WRITTEN ORDER # 17JSL113. PLEASE FIND ATTACHED ONSHORE ORDER #7. PLEASE FORWARD TO JON STATON.



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

**Electronic Submission #373953 verified by the BLM Well Information System
For CHEVRON USA INC, sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 04/27/2017 ()**

Name (Printed/Typed) CINDY H MURILLO	Title PERMITTING SPECIALIST
Signature (Electronic Submission)	Date 04/26/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	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 _____

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)

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

Appleseed 17 Fed #4
API# 30-025-36382
Lease # NMNM86172

WATER DISPOSAL ONSHORE ORDER #7

The following information is needed before your method of water disposal can be considered for approval.

1. Name(s) of formation (s) producing water on the lease.
_____ Featherstone; Bone Spring _____

2. Amount of water produced from each formation in barrels per day.
_____ Approximately 1/2 bbls per day _____

3. How water is stored on the lease.
_____ 2 (500 Barrel Oil Tanks) 1 (500 Barrel Water Tanks) _____

4. How water is moved to disposal facility.
_____ Hauled by Basic to Lea Fee #2 SWD _____

5. Operators of disposal facility
 - a. Lease name or well name and number: _____ Basic – Lea #2 SWD _____
_____ API# 30-025-26782 _____

 - b. Location by ¼ ¼ Section, Township and Range of the disposal system : _____
_____ SWD is located in Section 17 T 23S R 37 E 850 FNL 950 FEL _____

 - c. The appropriate NMOCD permit number: _____ SWD -291 _____

Kec'd 4-11-17

V170402

Form 3160-9
(December 1989)

Number 17JLS113

Page of

Certified Mail Receipt Requested
701603-0000019467899

Hand Delivered Received by

OPERATOR COPY

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification
IID
Loc: NMNMB6172
CA
Unit
PA

Bureau of Land Management Office: HOBBS INSPECTION OFFICE		Operator: CHEVRON USA INCORPORATED					
Address: 414 WEST TAYLOR HOBBS NM 88240		Address: 6301 DEAUVILLE BLVD MIDLAND TX 79706					
Telephone: 575.393.3612		Attention: CHEVRON USA INCORPORATED					
Inspector: STATON		Attn Addr: 6301 DEAUVILLE BLVD MIDLAND TX 79706					
Site Name: APPLESEED 17 4	Well/Facility/FMP: A	1/4 1/4 Section: NWSE 17	Township: 20S	Range: 35E	Meridian: NMP	County: LEA	State: NM
Site Name: APPLESEED 17 FEDERAL	Well/Facility/FMP: 04	1/4 1/4 Section: NWSE 17	Township: 20S	Range: 35E	Meridian: NMP	County: LEA	State: NM

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
04/05/2017	15:33	Onshore Order #7, 43 CFR 3162.5-1(b)	MAJOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
05 14:2017			43 CFR 3163.1()

Remarks:

This office does not have a approval for water disposal on file. Submit to this office on a Sundry Notice (3160-5) a NOI for a water disposal approval. Failure to comply will result in monetary assessments.

When violation is corrected, sign this notice and return to above address

Company Representative Title: Permitting Specialist Signature: *Cindy Herose Murrell* Date: 04/20/2017

Company Comments: Please find attached Onshore Order #7 -Water Disposal Form for the above well.

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer: *[Signature]* Date: 20170406 Time: 13:26

FOR OFFICE USE ONLY

Number 33	Date	Assessment	Penalty	Termination
Type of Inspection PI				

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API# 30-025-36382
Lease # NMNM86172

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Hauled by Basic to Lea Fee #2 SWD
5. Operators of disposal facility
 - a. Lease name or well name and number: Basic - Lea #2 SWD
API# 30-025-26782
 - b. Location by $\frac{1}{4}$ $\frac{1}{4}$ Section, Township and Range of the disposal system :
SWD is located in Section 17 T 23S R 37 E 850 FNL 950 FEL
 - c. The appropriate NMOCD permit number: SWD -291