

ONSHORE OIL & GAS ORDER NO. 1  
Approval of Operations on Onshore  
Federal and Indian Oil and Gas Leases

HOBBS OCD

JUN 20 2014

Brininstool 24-23-33 USA #3H  
150' FNL and 1,822' FEL

Section 24, Township 23 South, Range 33 East  
Lea County, New Mexico

RECEIVED

1. EXISTING ROADS/LEASE ROADS

Driving directions are from Jal NM. West on HWY 128 approximately 18.5 miles to OR 21. Turn right (north) and go approximately 6 miles to an existing caliche road and turn left (west). Then proceed west through the first cattle guard and turn left (south) and cross another cattle guard and follow this road around to the well.

This lease road is approximately 20' in travel way width and 1 mile in length with a maximum disturbance area of 30' has been used, and in accordance with guidelines set forth in the BLM Onshore Orders. No turnouts are expected.

Existing county and lease roads will be used to enter proposed access road.

Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

Location, access, and vicinity plats attached hereto. See Exhibits A-1 to A-4.

2. NEW OR RECONSTRUCTED ACCESS ROADS

The access road has been constructed.

The new access road has been upgraded to a crowned and ditched road and has been graveled as needed for drilling. If requested by the surface owner, upgrading of this portion of the road will be kept to a minimum.

All existing roads (previously improved) will be used "as is" with the exception of minor blading as needed.

Surface disturbance and vehicular travel will be limited to the approved access route. Any additional area will be approved in advance.

Road Width: 14 – 20 feet traveling surface.

Maximum Grade: Road gradient less than 8%

JUN 24 2014

Crown Design: 2%

Turnouts will be installed along the access route as needed.

Ditch design: Drainage, interception and outlet.

Erosion Control: 6" rock under road.

Re-vegetation of Disturbed Area: All disturbed areas will be seeded by Broadcast or Drill and Crimp. Ground conditions will determine the method used.

Cattle guard(s) will be installed as needed.

Major Cuts and Fills: 2:1 Slope.

Surfacing material (road base derived from caliche or river rock) has been placed on the access road during construction. All surface disturbing activities will be discussed with and agreed to with the surface owner.

### 3. LOCATION OF EXISTING WELLS

All wells located within a 1-mile radius of the proposed location. See Exhibit B.

### 4. LOCATION OF PRODUCTION FACILITIES

Production facilities are located on the East side of the Brininstool USA 23-23-33 1H (Located in Section 23,T23S,R33E) well pad and all oil to be sold at that tank battery. The E/2 of Section 23 and all of Section 24 are the same oil and gas lease.

The production line will be buried 3 1/2" Fiberglass Pipe with a working pressure greater than 100 psi ran along existing disturbances.

Oil and gas measurement will be installed on this well location.

### 5. LOCATION AND TYPES OF WATER SUPPLY

Water will be obtained from a private water source.

Chevron will utilize the frac pond in section 23-23-33 for fresh water.

A temporary 4" poly pipe transfer line will run approx. 1.25 miles from the water well in NW corner of section 14 to the frac pond in section 23. All transfer lines will be laid on a disturbed area.

6. CONSTRUCTION MATERIALS

All construction materials will be used from the nearest Private, BLM, or State pit. All material (i.e. shale) will be acquired from private or commercial sources.

No construction material will be needed for well pad construction; subsurface spoil material will be utilized.

Surfacing material (caliche) will be purchased from a supplier having a permitted source of materials.

The entire location will be fenced with barb/woven wire and bermed with spoil dirt or gravel.

7. METHODS FOR HANDLING WASTE DISPOSAL

A closed system will be utilized consisting of above ground steel tanks.

All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in a state approved facility.

Disposal of cuttings:

8. ANCILLARY FACILITIES

None

9. WELLSITE LAYOUT

The proposed site layout plat is attached showing the Ensign Rig #153 orientation and equipment location. See Exhibit D.

In order to level the location, cut and fill will be required. Please see attached Well Location and Acreage Dedication Plat – Exhibits A-1 to A-4.

A locking gate will be installed at the site entrance.

Any fences cut will be repaired. Cattle guards will be installed, if needed.

10. PLANS FOR RECLAMATION OF THE SURFACE

### In the Event of Production

Interim reclamation will consist of reclaiming the pad to 50 feet outside the anchors or approximately 200 x 200 feet.

### In the Event of a Dry Hole/Final Reclamation

Upon final abandonment of the well, caliche material from the well pad and access road will be removed and utilized to re-contour to a final contour that blends with the surrounding topography as much as possible. Any caliche material not used will be utilized to repair roads within the lease. Topsoil will be distributed over the reclamation area and cross ripped to control erosion; the site will be seeded with an approved BLM mixture.

The location will be restored to as near as original condition as possible. Reclamation of the surface shall be done in strict compliance with the existing New Mexico Oil Conservation Division regulations and BLM regulations.

11. SURFACE TENANT  
Brininstool XL Ranch, LLC  
P.O. Box 940  
Jal, New Mexico 88252

### ROAD OWNERSHIP

All access roads are located on Private, Federal & State lands.

### 12. ADDITIONAL INFORMATION

Class III cultural resource inventory report was prepared by Boone Archaeological Services, Carlsbad, New Mexico for the proposed location. A copy of the report has been sent to the BLM office under separate cover and is also attached for reference.

**13. Chevron REPRESENTATIVES**

|                                                                                                                                                                               |                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Project Manager</b><br>Fred Verner<br>1400 Smith Street, 40039<br>Houston, TX 77002<br>Office: 713-372-6149<br>fredverner@chevron.com                                      | <b>Drilling Engineer</b><br>Kyle Johnson<br>1400 Smith Street, 43104<br>Houston, TX 77002<br>Office: 713-372-6514<br>kyle.johnson@chevron.com    |
| <b>Field Representative</b><br>Stephen Tarr<br>15 Smith Road, 5103<br>Claydesta Plaza<br>Midland, TX 79705<br>Office: 432-687-7956<br>Cell: 432-238-8316<br>starr@chevron.com | <b>Execution Technical Team Lead</b><br>Ed Van Reet<br>1400 Smith Street, 45050<br>Houston, TX 77002<br>Office: 713-372-7581<br>etvr@chevron.com |
| <b>Geologist</b><br>Ryan Jensen<br>1400 Smith Street, 40029<br>Houston, TX 77002<br>Office: 713-372-0553<br>ryanjensen@chevron.com                                            | <b>Land Representative</b><br>Jason Levine<br>1400 Smith Street, 45004<br>Houston, TX 77002<br>Office: 713-372-5813<br>jlevine@Chevron.com       |
| <b>Regulatory Specialist</b><br>Denise Pinkerton<br>15 Smith Road, 4229<br>Claydesta Plaza<br>Midland, TX 79705<br>Office: 432-687-7375<br>leakejd@Chevron.com                |                                                                                                                                                  |

