SURFACE USE PLAN

CONFIDENTIAL – TIGHT HOLE

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

Salado Draw 18 26 33 FED #3H

200' FNL and 1,943' FWL Section 19, Township 26, Range 33 Lea County, New Mexico

A. <u>EXISTING ROADS/LEASE ROADS</u> (Surface Land)

Driving directions are from Jal, New Mexico. The location is approximately 50.5 miles from the nearest town, which is Jal, New Mexico.

The proposed access to the location will be off of County Road 1 (East) on to Battle Axe Road for approximately 6 miles. You will turn to the North in Section 29 – 26S-33E and go approximately ¼ mile, then turn West to Chevron's existing Porter Brown 1H well (all access at this point is on existing roads). On the West side of Porter Brown Chevron will construct approximately 8,303 ft of new road being 14' in travel way width with a maximum disturbance area of 20' will be used, and in accordance with guidelines set forth in the BLM Onshore Orders. No turnouts are expected. The Road Easement will be submitted in a separate SF-299. Please see attached road access plat for further clarification.

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

Plans for improvement and/or maintenance of existing roads planned to access the well site: Chevron will improve or maintain existing roads in a condition the same as or better than before operations begin. Chevron will repair pot holes, clear ditches, repair the crown, etc. All existing structures on the entire access route such as cattle guards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use. We will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or wind events. BLM written approval will be acquired before application of surfactants, binding agents, or other dust suppression chemicals on roadways.)

B. <u>NEW OR RECONSTRUCTED ACCESS ROADS (Surface Land)</u>

There will be approximately 8,303' of new access to be constructed.

SURFACE USE PLAN

CONFIDENTIAL – TIGHT HOLE

The new access road will be upgraded to a crowned and ditched road and will be 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%

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) will be placed on the access road during construction. All surface disturbing activities will be discussed with and agreed to with the surface owner.

C. LOCATION OF EXISTING WELLS (Geology)

All wells located within a 1-mile radius of the Surface & Bottom Hole Location. See Exhibit B.

D. LOCATION OF PRODUCTION FACILITIES (Surface Land/Facilities)

It is anticipated that production facilities will be located on a dedicated facility pad South of the 1H and 2H well pad in Section 19 and oil to be sold at that tank battery.

The production line will be surface-laid 4" Flexpipe with a working pressure less than 125 psig ran along existing disturbances.

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

Page 2 of 7

SURFACE USE PLAN

CONFIDENTIAL – TIGHT HOLE

The permanent water disposal system will consist of a water transfer pipeline to the SWD station in Section 13. The permanent electrical supply will be determined prior to construction of permanent distribution lines, but will follow the access road in its own 15' ROW. A generator will be utilized until permanent power is connected.

E. <u>LOCATION AND TYPES OF WATER SUPPLY (Surface Land)</u>

Water will be obtained from a private water source.

Chevron will utilize the fresh water holding pond in Section 32 -T26S-R32E (Paducah Breaks State holding pond) and the holding pond located in Section 29-26S-33E, and the holding pond located in Section 19-26S-32E.

Water will be piped from the Section 32 -T26S-R32E pond to Chevron's freshwater holding pond located in Section 29-T26S-R33E and then on to Chevron's freshwater holding pond located in Section 19-T26S-R33E. See attached plat depicting such.

A 10" black expanding water pipe transfer line will run approx. 41,255.58 ft beginning from Chevron's freshwater holding pond located in Section 32-T26S-R32E to Chevron's freshwater holding pond located in Section 19-T26S-R33E. All transfer lines will be laid on a "pre-disturbed) area.

F. <u>CONSTRUCTION MATERIALS</u> (Facilities)

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**

G. <u>METHODS FOR HANDLING WASTE DISPOSAL</u> – Ask Kyle Johnson- Vicente

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: Tervita, LLC

Page 3 of 7

SURFACE USE PLAN

CONFIDENTIAL – TIGHT HOLE

Sewage and gray water before and after treatment are not allowed to be discharged to the ground. They are collected from storage tank(s) and portable potty at drilling and completions locations and transported by an approved transporter to be disposed of at a Chevron's select-for-use disposal facility.

H. <u>ANCILLARY FACILITIES</u> (Facilities)

It is anticipated that a compressor station will be constructed to the East side of the battery pad for the purposes of gas lift. The distribution system will be buried pipe within the 43' pipeline ROW along the South of the access road.

I. WELLSITE LAYOUT

The proposed site layout plat is attached showing the Nabors Pace X 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.

J. PLANS FOR RECLAMATION OF THE SURFACE (Facilities)

Within 6 months, Chevron will contact BLM Surface Management Specialists to devise the best strategies to reduce the size of the location. Current plans for interim reclamation will consist of reclaiming the pad to +/-50 feet outside the anchors, or approximately 200 x 200 feet. See Exhibit E.

In addition, the following procedures shall be followed:

- i. Caliche will be removed from reclaimed areas to increase the success of revegetation. Removed caliche that is free of contaminants may be reused for future projects.
- ii. The portions of the cleared well site not needed for operational and safety purposes will be re-contoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park vehicles/equipment.
- iii. All surface soil materials (topsoil) are to be removed from the entire cut and fill area and temporarily stockpiled for reuse during interim reclamation. Topsoil will be respread over areas not needed for all-weather operations to ensure successful revegetation. Any topsoil pile set aside should be revegetated to prevent it from eroding and to help maintain its biological viability.
- iv. After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture advised by the BLM. The seed mix will be evenly and uniformly distributed over the disturbed area. Seeding will be accomplished by

SURFACE USE PLAN

using a drilling or, when drilling is not available, by broadcasting the seed. When broadcasting the seed, the amount of seed shall be doubled.

v. Weed control will be used on disturbed land, including the roads, pads, associated pipeline corridor, and adjacent land affected by the operations. There shall be no primary or secondary noxious weeds in the seed mixture used for reseeding.

In the Event of a Dry Hole/Final Reclamation

Upon final abandonment of the well, a new reclamation plan will be submitted with the Notice of Intent to Abandon (NIA) or Subsequent Report Plug and Abandon (SRA) using the Sundry Notices and Reports on Wells Form 3160-5. 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.

In addition, the following procedures shall be followed:

- i. Caliche material from the well pad and access road will be removed and utilized to recontour 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.
- ii. On sloped ground, the topsoil and interim vegetation will be restripped from portions of the site that are not at the original contour, the well pad recontoured, and the topsoil will be respread over the entire disturbed.
- iii. Topsoil will be distributed over the reclamation area and cross ripped to control erosion
- iv. After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture advised by the BLM. The seed mix will be evenly and uniformly distributed over the disturbed area. Seeding will be accomplished by using a drilling or, when drilling is not available, by broadcasting the seed. When broadcasting the seed, the amount of seed shall be doubled.

Weed control will be used on disturbed land, including the roads, pads, associated pipeline corridor, and adjacent land affected by the operations. There shall be no primary or secondary noxious weeds in the seed mixture used for reseeding.

K. <u>SURFACE OWNER</u>

Bureau of Land Management

ROAD OWNERSHIP

All access roads are owned by County and Federal and are as follows: County Road 1 (East) on to Battle Axe Road for approximately 6 miles. You will turn to the North in Section 29 – 26S-33E and go approximately ¼ mile, then turn West to Chevron's existing Porter Brown 1H well (all access at this point is on existing roads). On the West side of Porter Brown Chevron will construct approximately 8,303 ft of new road being 14' in travel way width with a maximum disturbance area of 20' will be used, and in accordance with guidelines set forth in the BLM Onshore Orders. No turnouts are expected. The Road Easement will be submitted in a separate SF-299. Please see attached road access plat for further clarification.

SURFACE USE PLAN

CONFIDENTIAL - TIGHT HOLE

L. ADDITIONAL INFORMATION

Class III cultural resource inventory report was prepared by Boone Arch Services of NM, 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. **Exhibit F.**

Page 6 of 7

SURFACE USE PLAN

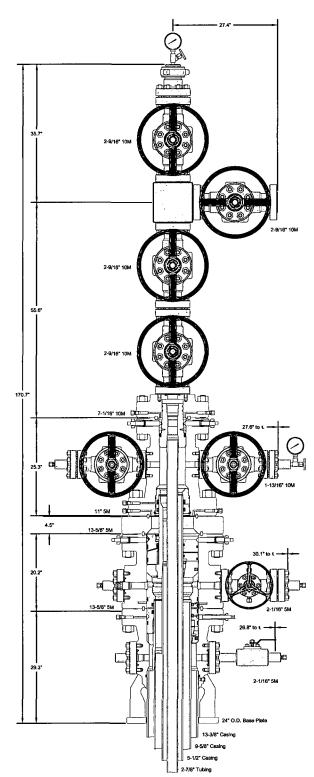
CONFIDENTIAL - TIGHT HOLE

M. <u>CHEVRON REPRESENTATIVES</u>

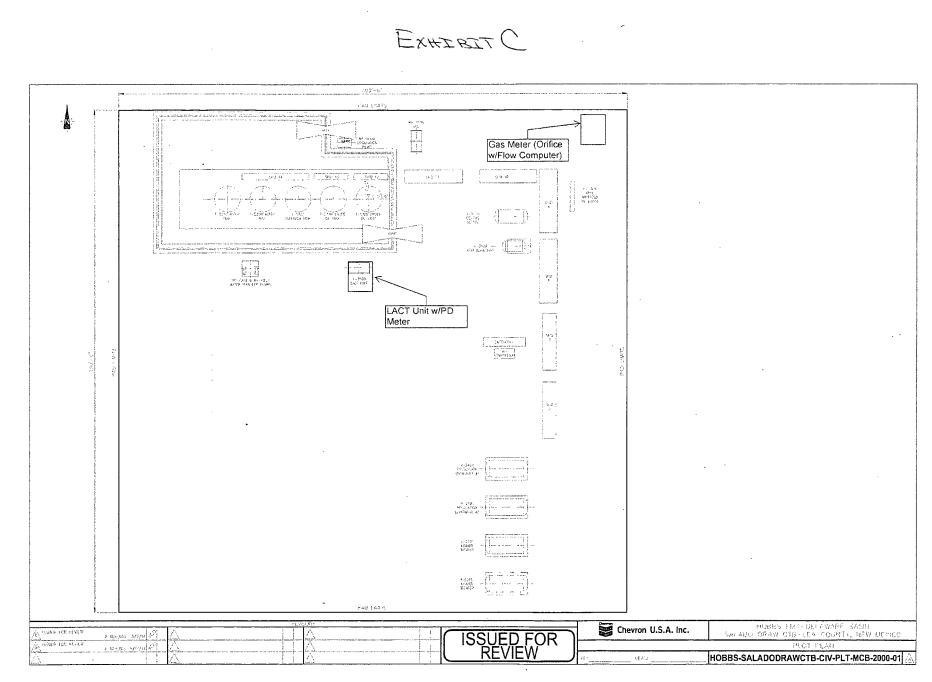
Drilling Engineer
Vicente Ruiz
1400 Smith Street, 43104
Houston, TX 77002
Office: +1 (713) 372-6181
vruiz@chevron.com
Facility Engineer
Nick Wann
15 Smith Road, 6220
Claydesta Plaza
Midland, TX 79705
Office: +1 504-224-0597
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Execution Team Lead
Ed Van Reet
1400 Smith Street. 40040
Houston, TX 77002
EVTR@chevron.com
713-372-1559
Land
Robert Morrison
1400 Smith Street. 45010
Houston, TX 77002
Office: 713-372-6707
UAMZ@Chevron.com
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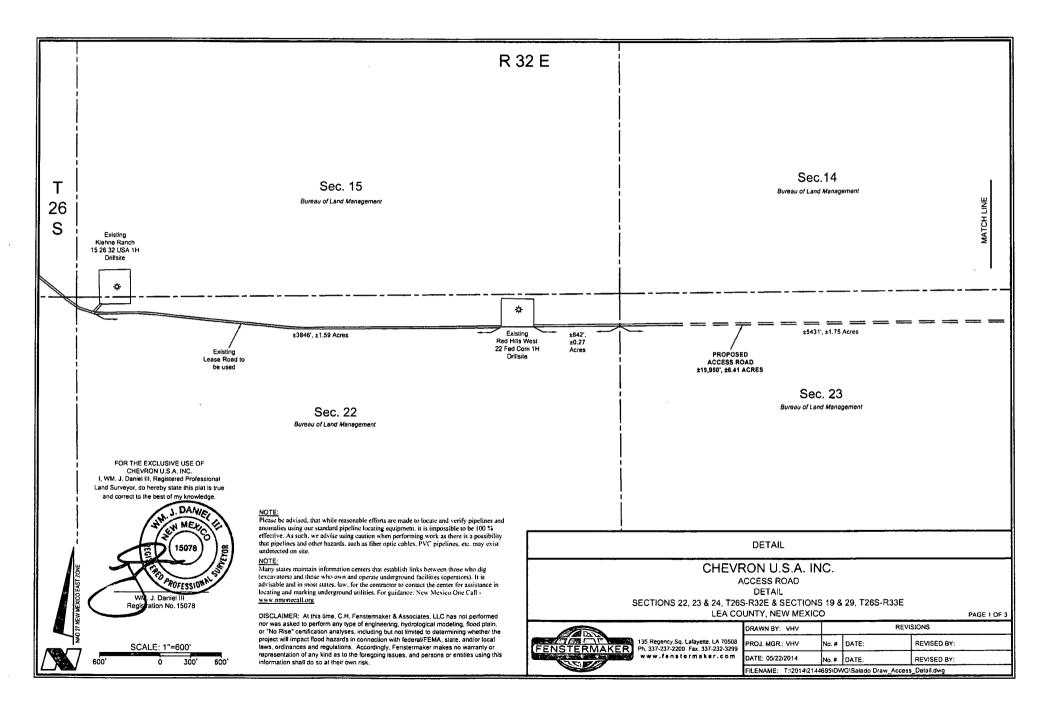
GE Oil & Gas

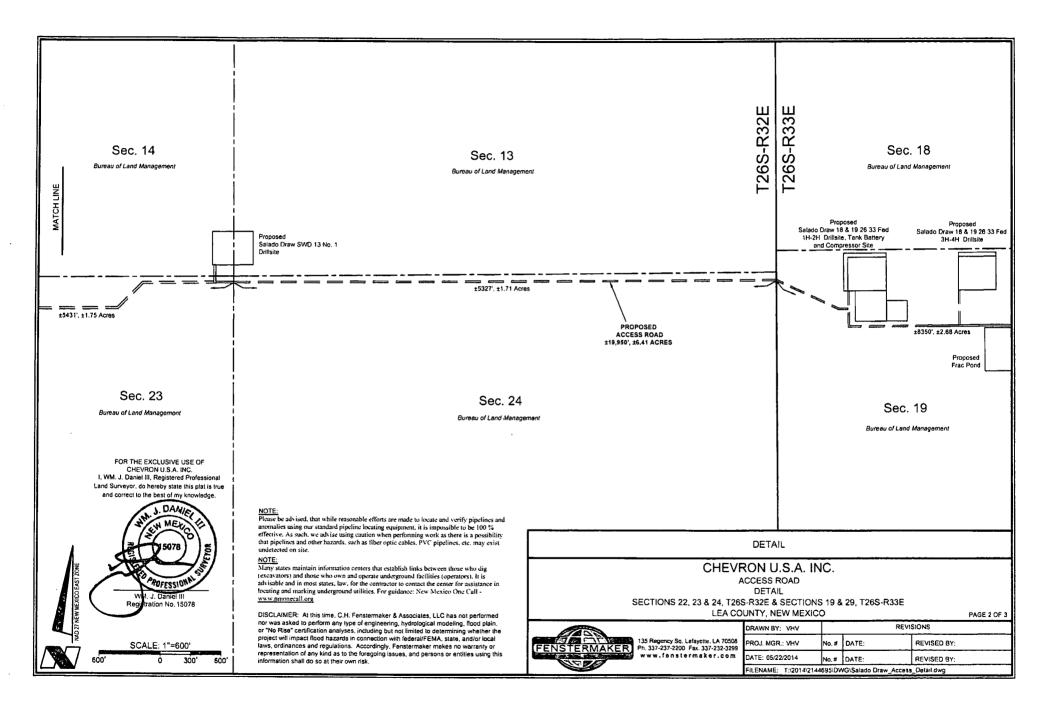


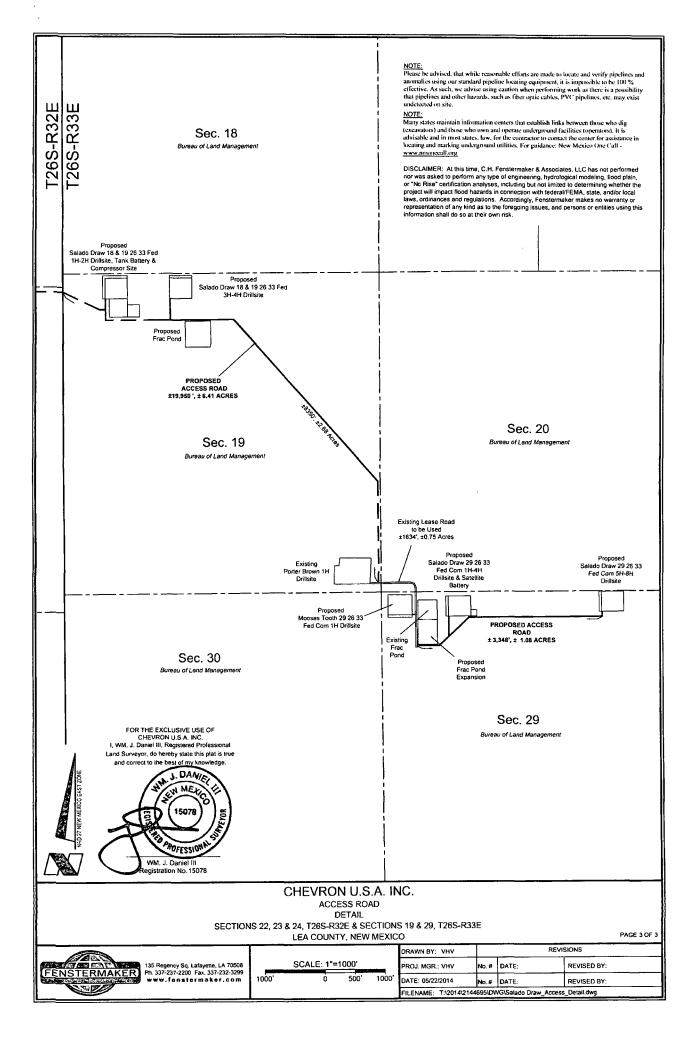
This drawing is the property of GE Oil & Gas Pressure Control LP and is considered confidential. Unless otherwise approved in writing, neither it nor its contents may be used, copied, transmitted or reproduced except for the sole purpose of GE Oil & Gas Pressure Control LP.	CHEVRON USA, INC. DELAWARE BASIN		
13-3/8" x 9-5/8" x 5-1/2" x 2-7/8" 10M SH2/Conventional Wellhead Assembly, With DSA, T-EBS-F Tubing Head, T-EN Tubing Hanger and A5PEN Adapter Flange	DRAWN	VJK	19MAR13
	APPRV	KN	19MAR13
	FOR REFERENC	A 17	23705

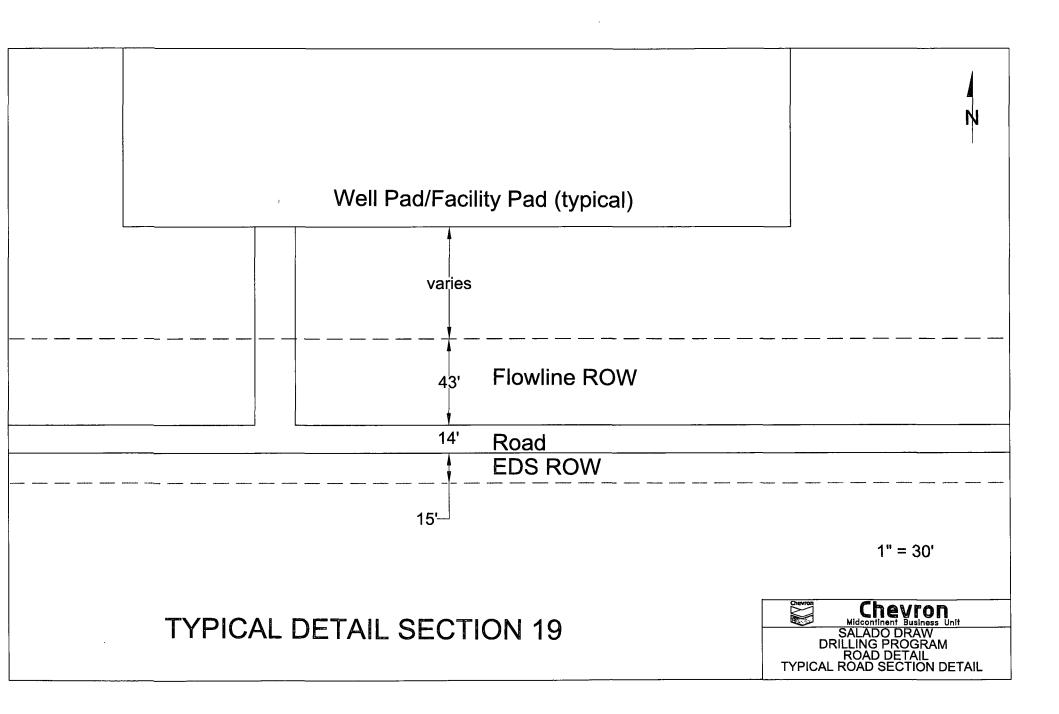


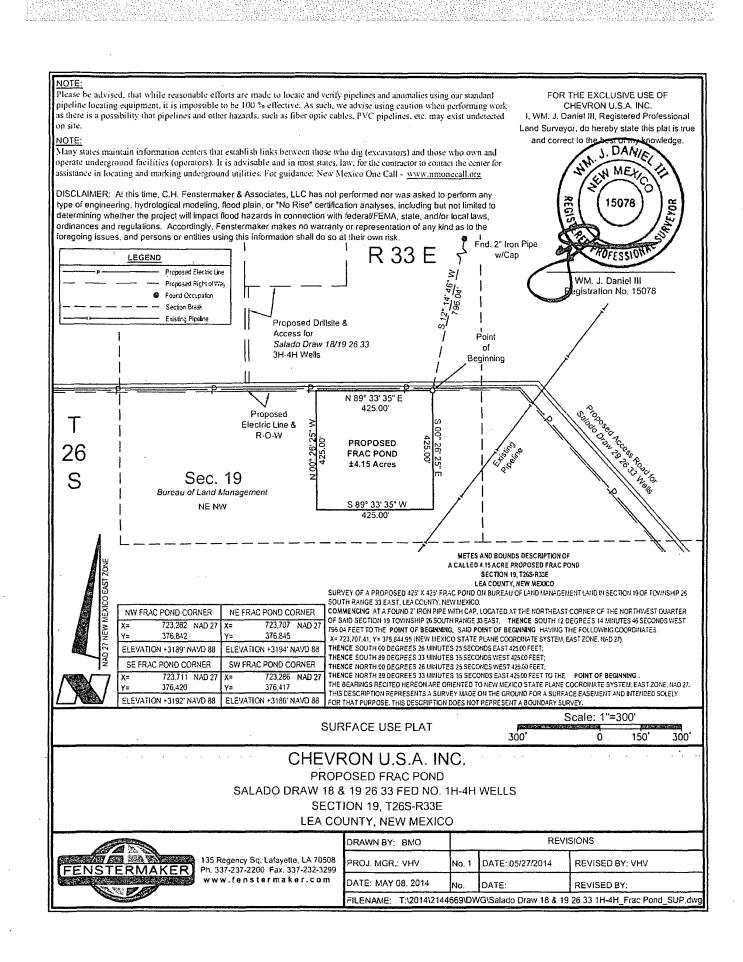
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METES AND BOUNDS DESCRIPTION OF (4) PROPOSED FLOWLINES LOCATED IN SECTION 19, T26S-R33C LEA COUNTY, NEW MEXICO

SALADO ORAW 18 & 19 25 33 FED 3H & 4H FLOWLINES

SURVEY OF [4] PROPOSED FLOWLINES 1,241,50 FEET OR 75,27 RODS IN LENGTH CROSSING BUREAU OF LAND MANAGEMENT LAND IN THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 19, TOWNSHIP 26 SOUTH RANCE 33 EAST, I.M. P.M. LEA COUNTY, NEW MEXICO.

COMMENCING AT A FOUND 2" IRON PIPE, LOCATED AT THE NORTH QUARTER CORNER OF SAID SECTION 19 TOWNSHIP 26 SOUTH RANGE 33 EAST, THENCE SOUTH 63 DEGREES 45 MINUTES 35 SECONDS WEST 292:58 FEET TO THE POINTOF DEGINNING - SAID POINT OF BECINNING HAVING THE FOLLOWING COORDINATES' X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINATES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDINTES - X= 723,042.35, Y= 377,211 73 (NEW MEXICO STATE PLANE COORDING - X= 757, Y= 75

THENCE SOUTH 00 DEGREES 24 MINUTES 08 SECONDS EAST 337.87 FEET;

THENCE SOUTH 89 DEGREES 33 MINUTES 50 SECONDS WEST 518.96 FEET.

THENCE SOUTH 89 DEGREES 34 MINUTES 30 SECONDS WEST 347.00 FEET,

THENCE NORTH OD DEGREES 24 MINUTES 48 SECONDS WEST 38.07 FEET TO THE POINT DE ENDING - SAID POINT OF ENDING HAVING THE FOLLOWING COORDINATES, X= 722,178.42 Y= 376,905.42 (NEW MEXICO STATE PLANE COORDINATE SAST ZORE, NAD 27).

THE BEARINGS RECITED HEREON ARE ORIENTED TO NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, NAD 27.

THIS DESCRIPTION REPRESENTS A SURVEY MADE ON THE GROUND FOR A SURFACE EASEMENT AND INTENDED SOLELY FOR THAT PURPOSE. THIS DESCRIPTION DOES NOT REPRESENT A BOUNDARY SURVEY.

NOTE:

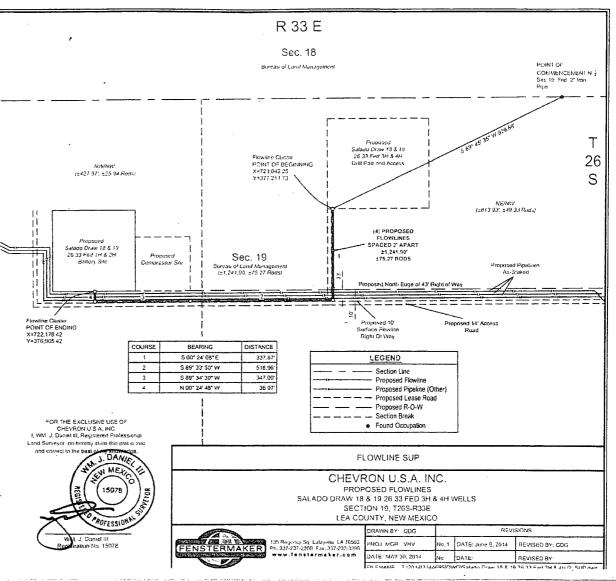
Please be advised, that while reasonable efforts are made to locate and verify pipelines and anomalies using our standard pipeline locating equipment. It is impossible to be 100 vs. all flettice, its such, we advise using cantion when performing work as there is a possibility that pipelines and other hazards, such as liber optic cables, PVC pipelines, etc. may exist undetected on site.

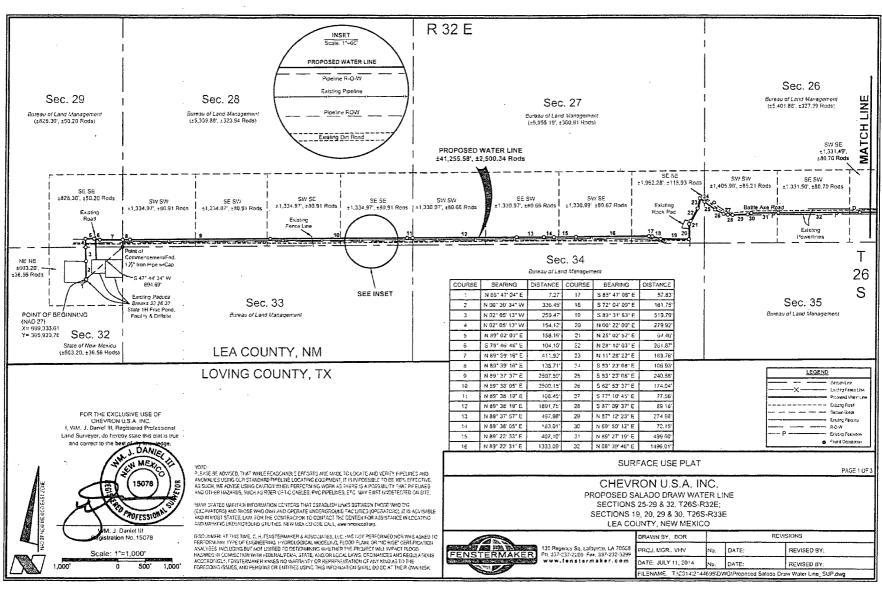
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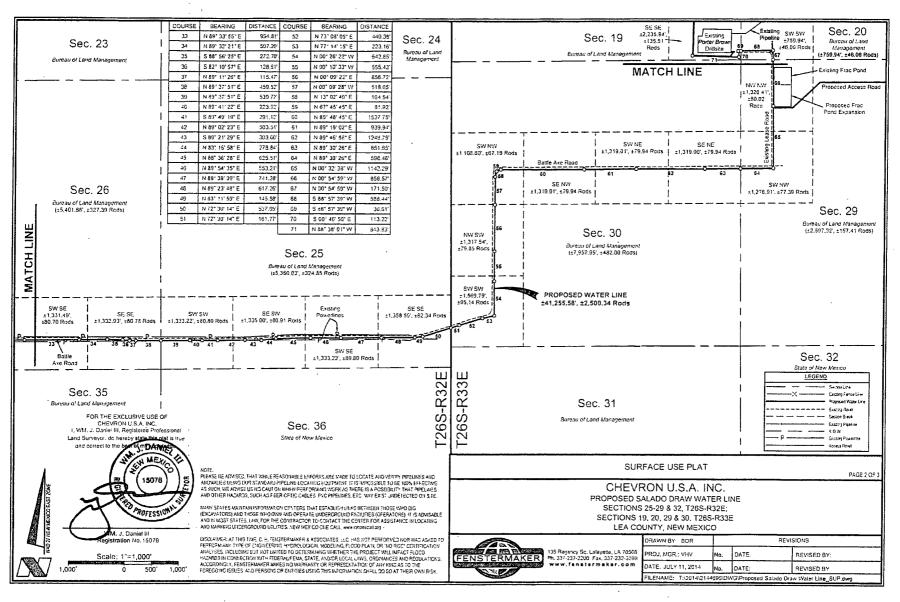
Many states maintain information centers that establish links between those who day (executators) and those who own and operate undergunan factimes (operators). It is advisable and in most states, law, for the commetor to constant the center for assistance in locating and marking underground utilities. For guidance, New Mexico One Call -<u>www.momencell.org</u>

> DISCLAIMER: AI this time, C.H. Feinstermaker & Associates, LLC has not performed nor was asked benform any type of engineering. hydrological modeling. Ilood plain, or "No Rise" certification analysos, including but not limited to determining whether the project will impade (hood hazards in connection with IoderaHERMA, state, and/or local laws, ordinances and regulations. Accordingly, Fenstermaker makes no warranty or representation of any kind as to the foregoing issues, and persons or entilles using this information shall do so all their own risk.

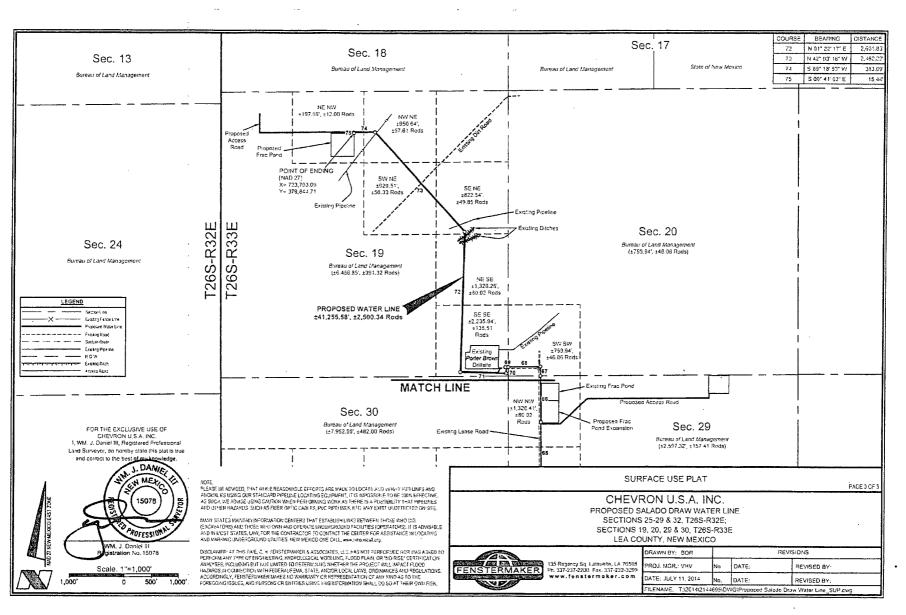
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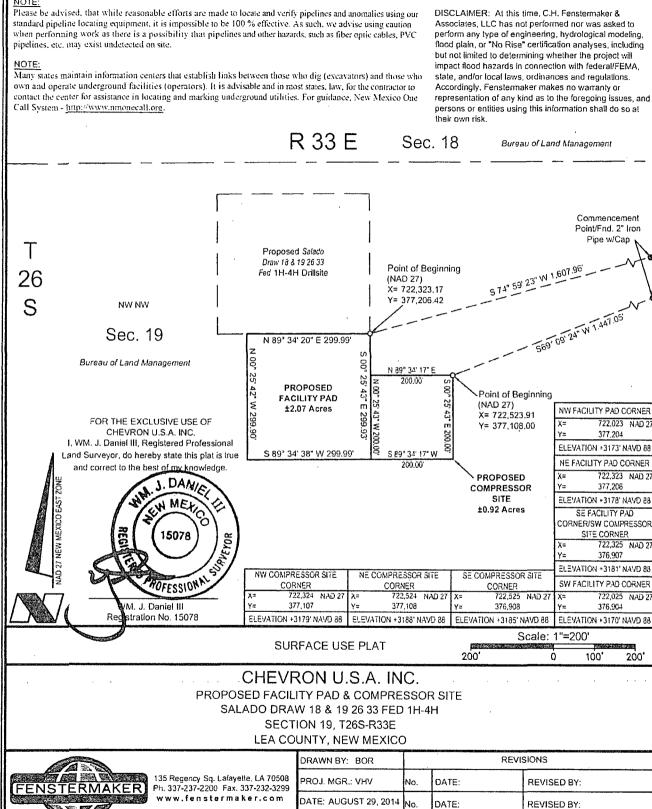






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METES AND BOUNDS DESCRIPTION OF A CALLED 2.07 ACRE FACILITY PAD SECTION 19, T26S-R33E LEA COUNTY, NEW MEXICO

Survey of a proposed 300' x 300' facility pad on Bureau of Land Management land in Section 19 of Township 26 South Range 33 East, Lea County, New Mexico.

COMMENCING at a found 2" iron pipe with cap, located at the Northeast corner of the Northwest quarter of said Section 19 Township 26 South Range 33 East; **thence** South 74 degrees 59 minutes 23 seconds West 1,607.96 feet to the **POINT OF BEGINNING**, said **POINT OF BEGINNING** having the following coordinates: X= 722,323.17, Y= 377,206.42 (New Mexico State Plane coordinate system, East zone, NAD 27).

Thence South 00 degrees 25 minutes 43 seconds East 299.93 feet;

Thence South 89 degrees 34 minutes 38 seconds West 299.99 feet;

Thence North 00 degrees 25 minutes 42 seconds West 299.90 feet;

Thence North 89 degrees 34 minutes 20 seconds East 299.99 feet to the POINT OF BEGINNING.

The bearings recited hereon are oriented to New Mexico State Plane coordinate system, East zone, NAD 27.

This description represents a survey made on the ground for a surface easement and intended solely for that purpose. This description does not represent a boundary survey.



WM. J. Daujel Diffessional Land Surveyor #15078 Registered Professional Land Surveyor #15078 CHL E-stermaker & Associates, LLC 135 Regency Square Lafayette, LA 70508 337-237-2200

METES AND BOUNDS DESCRIPTION OF A CALLED 0.92 ACRE COMPRESSOR PAD SECTION 19, T26S-R33E LEA COUNTY, NEW MEXICO

Survey of a proposed 200' x 200' compressor pad on Bureau of Land Management land in Section 19 of Township 26 South Range 33 East, Lea County, New Mexico.

COMMENCING at a found 2" iron pipe with cap, located at the Northeast corner of the Northwest quarter of said Section 19 Township 26 South Range 33 East; **thence** South 69 degrees 09 minutes 24 seconds West 1,447.05 feet to the **POINT OF BEGINNING**, said **POINT OF BEGINNING** having the following coordinates: X= 722,523.91, Y= 377,108.00 (New Mexico State Plane coordinate system, East zone, NAD 27).

Thence South 00 degrees 25 minutes 43 seconds East 200.00 feet;

Thence South 89 degrees 34 minutes 17 seconds West 200.00 feet;

Thence North 00 degrees 25 minutes 43 seconds West 200.00 feet;

Thence North 89 degrees 34 minutes 17 seconds East 200.00 feet to the POINT OF BEGINNING.

The bearings recited hereon are oriented to New Mexico State Plane coordinate system, East zone, NAD 27.

This description represents a survey made on the ground for a surface easement and intended solely for that periods **DAW escription** does not represent a boundary survey.



WM J. Daniel III Registered Professional Land Surveyor #15078 C.H. Jenstermaker & Associates, LLC 135 Regency Square Lafayette, LA 70508 337-237-2200

CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Executed th	is <u>5</u> TH day of MAY	_, 20 <u>14</u>
Name: <u>Jam</u>	es Ward - Project Manager	
Address:	<u>1400 Smith Street, 40050</u> Houston, TX 77002	
Office	<u>713-372-1748</u>	
E-mail:	jwgb@chevron.com	