

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

1. EXISTING ROADS/LEASE ROADS

Driving directions are from Jal NM. West on HWY 128 approximately 26 miles, then turn North and go approximately 2.5 miles and turn West to a cattleguard, then go approximately 1/10 of a mile and the well stake will be on the right.

The proposed lease road already exists, with a maximum disturbance area of 30' to be 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

There will be very little of new access to be constructed.

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.

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

It is anticipated that production facilities will be located in the central portion of T24S-R32E Section 1, northwest of the J Keats 1-24-32 #40H well, and oil to be sold at that tank battery.

The production line will be surface laid steel with a working pressure less than 125 psi, run along existing disturbances.

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

5. LOCATION AND TYPES OF WATER SUPPLY

Water will be obtained from a private water source.

Chevron will utilize the frac pond in Section 2-24-32 for fresh water.

Water to be hauled into section 2.

A temporary 10" aluminum transfer line will run approx. 1.00 mile from the pond in section 2 to the location. 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 #153 rig 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

Mark McCloy
P.O. Box 1076
Jal, NM 88252

ROAD OWNERSHIP

All access roads off of County roads are located on Federal 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

Drilling and Completion Operations

Project Manager Fred Verner 1400 Smith Street, 40039 Houston, TX 77002 Office: 713-372-6149 fredverner@chevron.com	Drilling Engineer Kyle Johnson 1400 Smith Street, 43104 Houston, TX 77002 Office: 713-372-6514 kyle.johnson@chevron.com
Field Representative Stephen Tarr 15 Smith Road, 5103 Claydesta Plaza Midland, TX 79705 Office: 432-687-7956 Cell: 432-238-6316 starr@chevron.com	Execution Technical Team Lead Ed Van Reet 1400 Smith Street, 45050 Houston, TX 77002 Office: 713-372-7581 etvr@chevron.com
Geologist Ryan Jensen 1400 Smith Street, 40029 Houston, TX 77002 Office: 713-372-0553 ryanjensen@chevron.com	Land Representative Jason Levine 1400 Smith Street, 45004 Houston, TX 77002 Office: 713-372-5313 jlevine@Chevron.com
Regulatory Specialist Denise Pinkerton 15 Smith Road, 4229 Claydesta Plaza Midland, TX 79705 Office: 432-687-7375 leakejd@Chevron.com	

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 this 27th day of August, 2013

Name: 
Frederick Verner - Project Manager

Address: 1400 Smith Street, 40039
Houston, TX 77027

Office 713-372-6149

E-mail: fredverner@chevron.com


SECTION 1, TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY NEW MEXICO



FROM THE INTERSECTION OF CO. RD. #E-21 (DELAWARE BASIN RD.) AND ST. HWY. #128, GO WEST ON ST. HWY. #128 APPROX. 4.9 MILES. TURN RIGHT ON WIMBERLY RD. AND GO NORTH APPROX. 2.2 MILES. TURN LEFT AND GO WEST APPROX. 0.4 MILES. TURN RIGHT AND GO NORTH APPROX. 0.2 MILES TO ROAD LATH. FOLLOW ROAD LATH 30 FEET EAST TO SOUTHWEST CORNER OF THIS LOCATION.



J KEATS 1-24-32 #40H WELL
LOCATED 330 FEET FROM THE SOUTH LINE
AND 400 FEET FROM THE EAST LINE OF SECTION 1,
TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

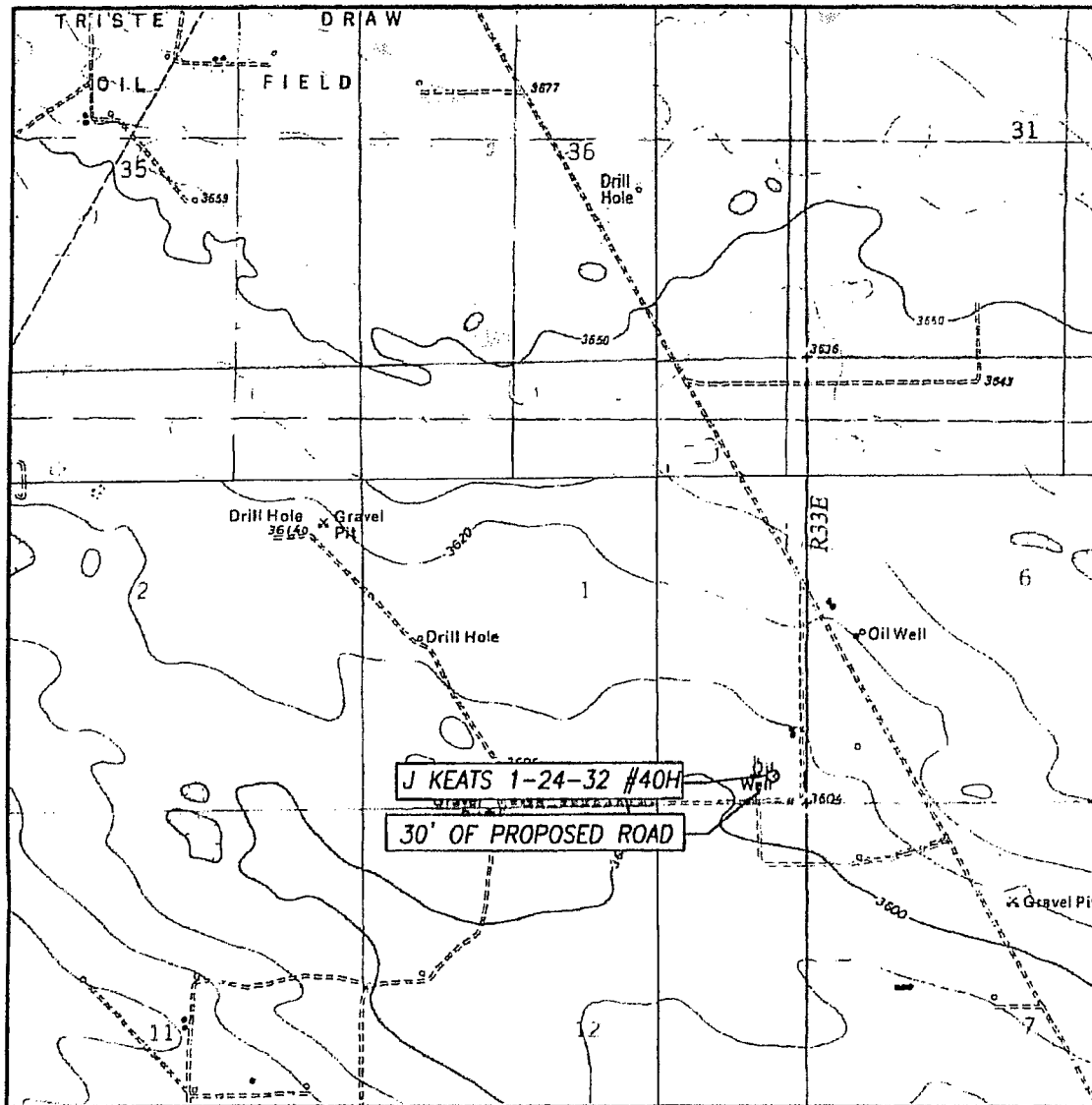


PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117 www.iwsc.biz

Survey Date: 5/23/13	CAD Date: 6/11/13	Drawn By: BKL
W.O. No: 13110849	Rev: 13110545	Rel. W.O. Sheet 1 of 1

Exhibit A-2

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 1 TWP. 24-S RGE 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FSL & 400' FEL

ELEVATION 3607'

OPERATOR CHEVRON USA INC

LEASE J KEATS 1-24-32

U.S.G.S. TOPOGRAPHIC MAP
PADUCA BREAKS NW, N.M.

CONTOUR INTERVAL:
PADUCA BREAKS NW, N.M. - 10'
BELL LAKE, N.M. - 10'
BOOTLEG, N.M. - 10'
TIP TOP WELLS, N.M. - 10'

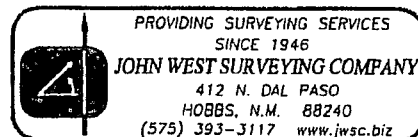
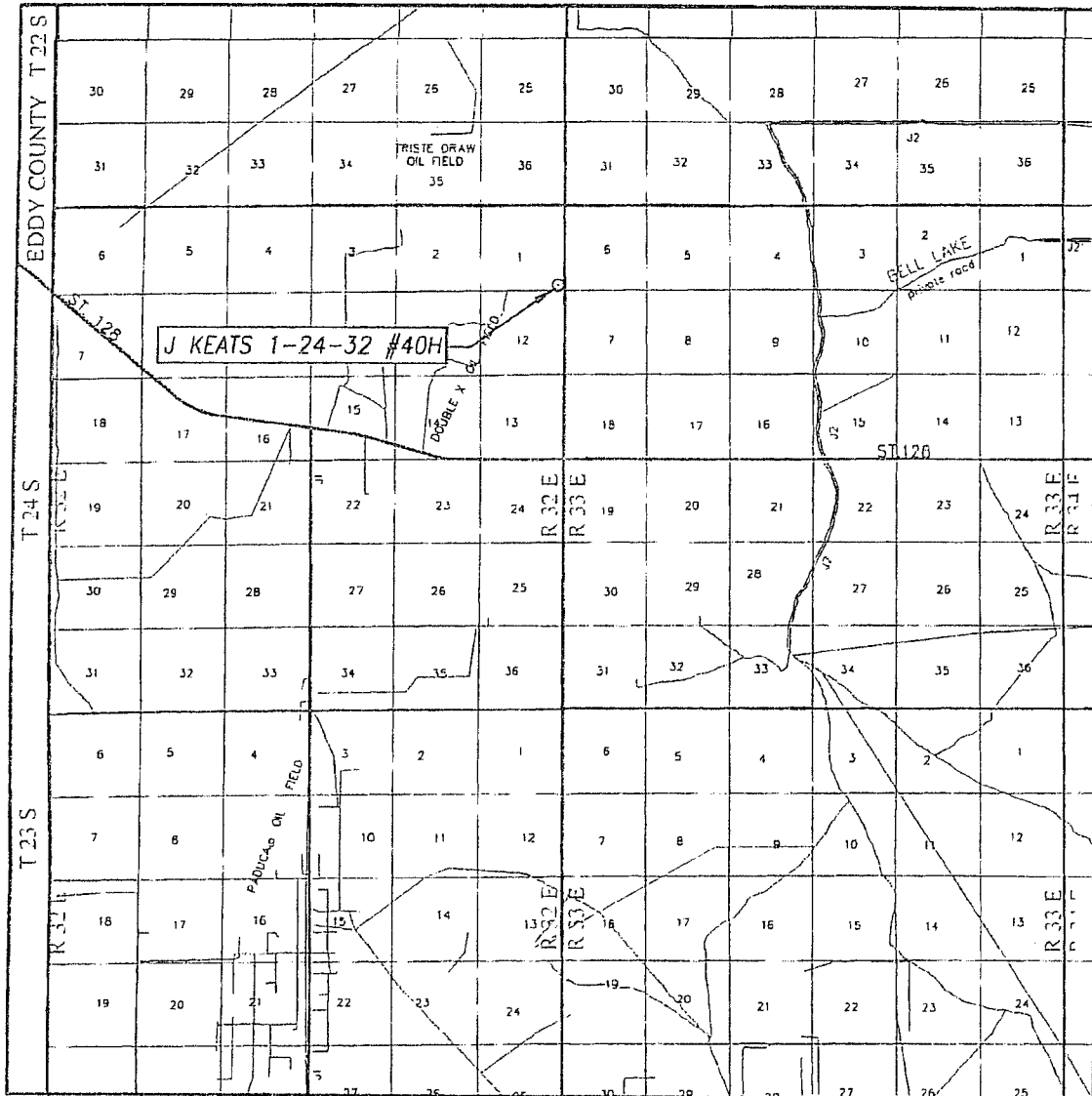


Exhibit A-4

VICINITY MAP



SCALE 1" = 2 MILES

SEC. 1 TWP 24-S RGE. 32-E

SURVEY N.M.P.M.

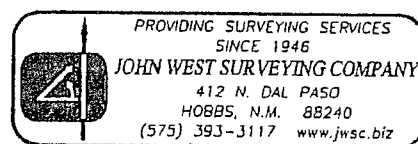
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FSL & 400' FEL

ELEVATION 3607'

OPERATOR CHEVRON USA INC

LEASE J KEATS 1-24-32



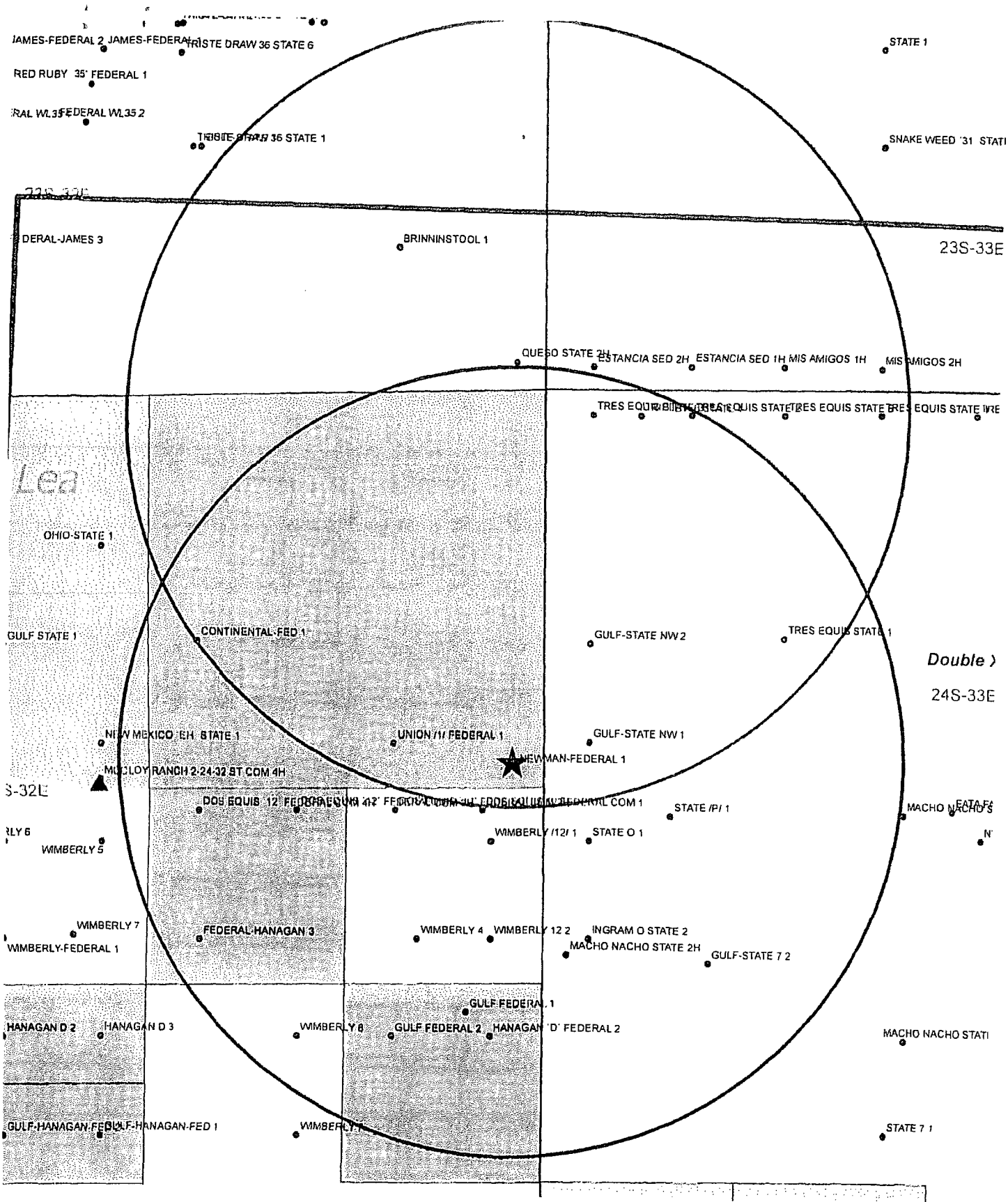


Exhibit B

METES AND BOUNDS DESCRIPTION OF A
PROPOSED FLOWLINE LOCATED IN
SECTION 1, T24S-R32E
LEA COUNTY, NEW MEXICO

J KEATS 1 24 32 NO. 40H FLOWLINE

SURVEY OF A PROPOSED FLOWLINE 1,673.03 FEET OR 101.40 RODS IN LENGTH CROSSING BUREAU OF LAND MANAGEMENT LANDS IN SECTION 1 OF TOWNSHIP 24 SOUTH RANGE 32 EAST, LEA COUNTY, NEW MEXICO.

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 1 TOWNSHIP 24 SOUTH RANGE 32 EAST AT A FOUND GLO SURVEY MONUMENT; THENCE NORTH 77 DEGREES 39 MINUTES 36 SECONDS WEST 572.38 FEET TO THE **POINT OF BEGINNING**, SAID POINT OF BEGINNING HAVING THE FOLLOWIING COORDINATES: X=720,211.08, Y= 451,646.69 (NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, NAD 27).

THENCE SOUTH 00 DEGREES 08 MINUTES 54 SECONDS EAST 44.05 FEET;

THENCE SOUTH 88 DEGREES 48 MINUTES 05 SECONDS WEST 1,540.56 FEET;

THENCE NORTH 01 DEGREES 11 MINUTES 55 SECONDS WEST 88.41 FEET TO THE **POINT OF ENDING**, SAID POINT OF ENDING HAVING THE FOLLOWING COORDINATES; X=718,669.12, Y= 451,658.82 (NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, NAD 27).

REFERENCE IS HEREBY MADE TO A SEPARATE PLAT OF THE SUBJECT PROPOSED FLOWLINE.

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 RIGHT OF WAY EASEMENT AND INTENDED SOLELY FOR THAT PURPOSE. THIS DESCRIPTION DOES NOT REPRESENT A BOUNDARY SURVEY.

WM. J. Daniel III
Registered Professional Land Surveyor # 15078
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337-237-2200



