ONSHORE ORDER NO. 1 Chevron USA

CONFIDENTIAL - TIGHT HOLE SURFACE USE PLAN .

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

HOBBS OCD

JAN 2 4 2014

RECEIVED

1. EXISTING ROADS/LEASE ROADS

Driving directions are from Jal NM. West on HWY 128, 18.5 miles to CR 21. Turn North and go approximately 4 miles to an existing caliche road on the west side that will have Chevron signs on it, turn west on XL road and go 3/4 of a mile, then turn north on a lease road to an existing caliche lease road, turn approximately North 1 mile and the road ends. Then turn west approximately ½ mile to the location. The location is about 24 miles from the nearest town, which is Jal, NM.

The proposed lease road is about ¾ of a mile in length and 14' in travel way width with a maximum disturbance area of 30' will 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 approximately \(^3\)4 of a mile 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%

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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 on the West side of the Brininstool Federal 25-2H well pad and oil to be sold at that tank battery.

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. See Exhibits C.

5. LOCATION AND TYPES OF WATER SUPPLY

Water will be obtained from a private water source.

Chesapeake will utilize the frac pond in section 2-23-33 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 Patterson Rig #62 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.

CONFIDENTIAL – TIGHT HOLE SURFACE USE PLAN

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

Limestone Livestock, LLC P.O. Box 190 Lovington, NM 88260

ROAD OWNERSHIP

All access roads are located on 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. CHESAPEAKE REPRESENTATIVES

Drilling and Completion Operations

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P.O. Box 18496
Oklahoma City, OK 73154
405-935-6164 (Office)
405-831-3994 (Cell)
jay:stratton@chk.com

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Regulatory Compliance Technician

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405-849-2896 (Fax)
carol.adler@chk.com



March 4, 2013

Todd Meade

Land Team Lead, Permian Basin Chevron 15-Smith Road Midland, TX 79705

Dear Todd:

As previously discussed, we received your request for Chevron to move forward to establish APDs for two wells planned at T23S 33E, sections 11 and 25.

In addition, we are aware of Chevron's interest in drilling in the following locations: Section 23 T. 23,S., B. 33 E.

Section 25 1, 25.5., R. 35.E. Brininstool 23-23-33 USA/1H -(SHL) 150' FSL & 1980' FSL (BHL) 350' FNL & 1980' FEL

Brininstool 23-23-33 USA 2H - (SHL) 150' FSL & 400' FEL (BHL) 330' FNL & 400' FEL

Section:25 T. 23:S., R. 33 E. Brininstool 25-23-33 USA,2H -(SHL) 150' FNL & 1980' FWL BHL) 150' FNL & 1980' FWL

Lam writing to formally acknowledge that Intercontinental Potash Corp. has no issue with your plans to drill in any of these locations.

We greatly appreciate your cooperation in working with us to ensure the success of both our companies.

Thank you!

Sincerely,

Intercontinental Potash Corp.

Terre Lane

Senior Vice President, Engineering and Project Development

1030 Johnson Road, Suite 300, Golden, CO 80401

www.lcpotash.com

Office: 720.633.9005 Fax: 720:216.2060

2013

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 garage day of March,

Name:

Stephen Tar Surface Landman

Address: 1616 W Bender Blvd Hobbs, NM 88240

Telephone: 432-687-7956

E-mail: starr@chevron.com

· What



Engineers Surveyors ... Environmental Consultants

DESKTOP DELINEATION REPORT - JULY 19, 2013

CHEVRON U.S.A., INC.
BRININSTOOL 25 23 33 USA 2H DRILL PAD & ACCESS ROAD
LEA COUNTY, NEW MEXICO

1) Purpose

C.H. Fenstermaker & Associates, Inc. (Fenstermaker) was retained by Chesapeake Operating, Inc. to conduct a "desktop delineation" (Routine Determination, Subsection 1 – Onsite Inspection Unnecessary, 1987 Corps of Engineers Wetlands Delineation Manual [TR Y-87-1]) the Brininstool 25 23 33 USA 2H Drill Pad and Access Road (Site). The delineation was limited to the surface area of the proposed Site.

2) Materials & Methods

Fenstermaker obtained and reviewed a variety of published data to determine the potential for presence of waters/wetlands at the Site. This data includes, but is not limited to, USGS topographic maps, soil surveys, aerial photographs, and floodplain data.

3) Results and Discussion

- a) <u>Site Description</u>: The Site is located approximately 4.8 miles north of Hwy 128 in Lea County, New Mexico and approximately 22.5 miles northwest of the town of Jal. The proposed Site is an approximate 330-ft. by 370-ft. drill pad and an approximate 14-ft. by 5,118-ft. access road. Elevation at the Site is approximately 3,640-ft. above mean sea level [Figure 1, Appendix 1].
- b) <u>Plant Community</u>: The Site is located within the Chihuahuan Deserts; Chihuahuan Desert Grasslands ecoregion of New Mexico. Aerial photography [Figures 2 & 3] shows the Site to be comprised of semi-desert grasslands and desert scrub vegetation. The vegetation of this ecoregion is dominated by grasses consisting primarily of tobosa grass (*Pleuraphis mutica*), sideoat grama (*Bouteloua curtipendula*), bluegrass (*Poa* sp.), dropseeds (*Blepharoneuron* sp.), and bush muhly (*Muhlenbergia porteri*) with scattered creosote bush (*Larrea tridentata*) and prickly pear (*Opuntia* sp.).
- c) <u>Soils</u>: Data available from the Natural Resources Conservation Service (NRCS), Web Soil Survey, shows the mapped soil units at the Site are Berino-Cacique loamy fine sands association (**BE**), Pyote and maljamar fine sands (**PU**), and Tonuco loamy fine sand (**TF**) [Figure 3]. The mapped soil units are classified as "well drained" and "not hydric" by the NRCS.
- d) <u>Hydrology:</u> The topographic map shows headwaters of a non-navigable, non-relatively permanent water (non-RPW) approximately 350-ft east of the point of beginning of the proposed access road [Figure 1]. Aerial photography shows an erosional feature that dissipates to a broad relatively flat plain east of the Site [Figures 2-4]. Bed and banks are visible for this feature in the area of the Site; however, bed and banks are not readily discernible 10,000-ft. to the east. There does not appear to be a named stream or other Relatively Permanent Water to which this drainage feature

maintains a hydrological connection. The Site is not located within a FEMA Zone A – 100-year flood plain [Figure 4].

4) Findings

The topographic map shows a drainage feature approximately 350-ft. east of the Site. The soil units are rated as "not hydric" by the NRCS. The Site does not fall within a FEMA Zone A - 100-Year Flood Plain.

5) References

Environmental Laboratory. (1987). "Corps of Engineers Wetlands Delineation Manual," Technical Report Y-87-1, U.S. Army Engineer Waterways Experiment Station, Vicksburg, MS.

U.S. Army Corps of Engineers. 2008. Regional Supplement to the Corps of Engineers Wetland Delineation Manual: Arid West Region (Version 2.0), ed. J. S. Wakeley, R. W. Lichvar, and C. V. Noble. ERDC/EL TR-08-28. Vicksburg, MS: U.S. Army Engineer Research and Development Center.

Griffith, G.E., Omernik, J.M., McGraw, M.M., Jacobi, G.Z., Canavan, C.M., Schrader, T.S., Mercer, D., Hill, R., and Moran, B.C., 2006, Ecoregions of New Mexico.

Soil Survey Staff, Natural Resources Conservation Service, United States Department of Agriculture. Web Soil Survey. Available online at http://websoilsurvey.nrcs.usda.gov/. Accessed July 19, 2013.

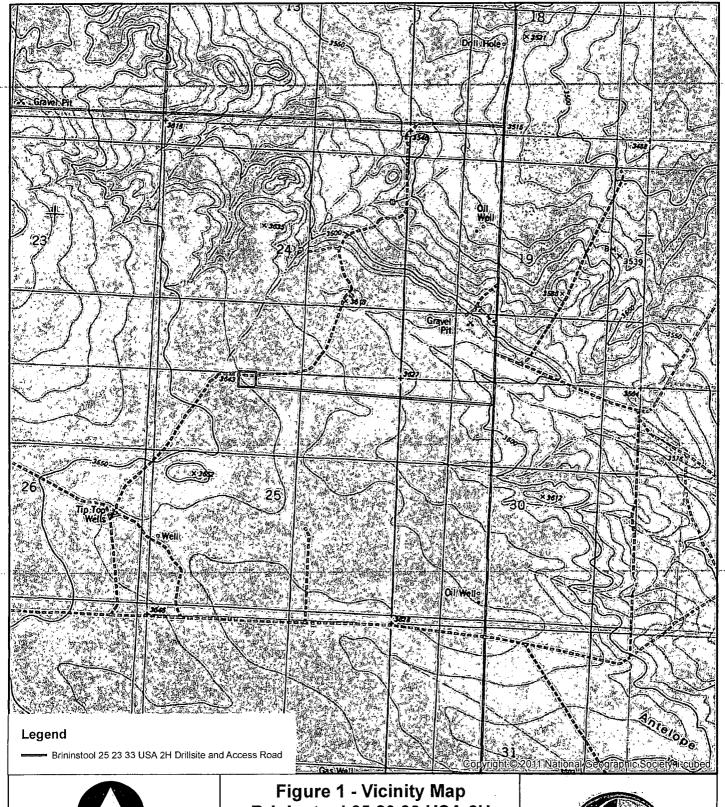
FEMA Staff, Federal Emergency Management Agency, United States Department of Homeland Security. Flood Insurance Rate Map (FIRM) Data. Available online at http://www.FEMA.gov/

6) Conclusions

The purpose of the wetland delineation was to determine the potential presence/absence of wetlands at the Site using the three technical criteria: vegetation, hydrology, and soils. It is necessary that all three criteria be present in order to be a jurisdictional wetland. The absence of any one of these criteria could exclude an area from being a wetland under the jurisdiction of the Corps of Engineers. Based on a review of readily available published data, it is Fenstermaker's opinion that no waters of the United States, including wetlands, will be impacted by construction of the Brininstool 25 23 33 USA 2H Drill Pad and Access Road:

<u>NOTE</u>: The findings and conclusions of this report are Fenstermaker's opinion based upon a review of the available published data sources for the wetland delineation. This report has not been submitted to any federal or state regulatory agency in request of any official determinations. Consultants such as Fenstermaker can perform field investigations (delineations), collect data in a prescribed manner, and submit it to the regulatory agency along with recommendations; however, it is the regulatory agency that makes the final determination.

T:\2013\2139374\ENVIRONMENTAL\Desktop Delineation\Desktop Report\07_11_2013 Report\Brininstool 25 23 33 USA 2H Pad Desktop Delineation Report



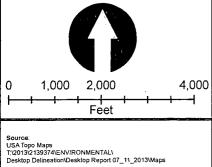
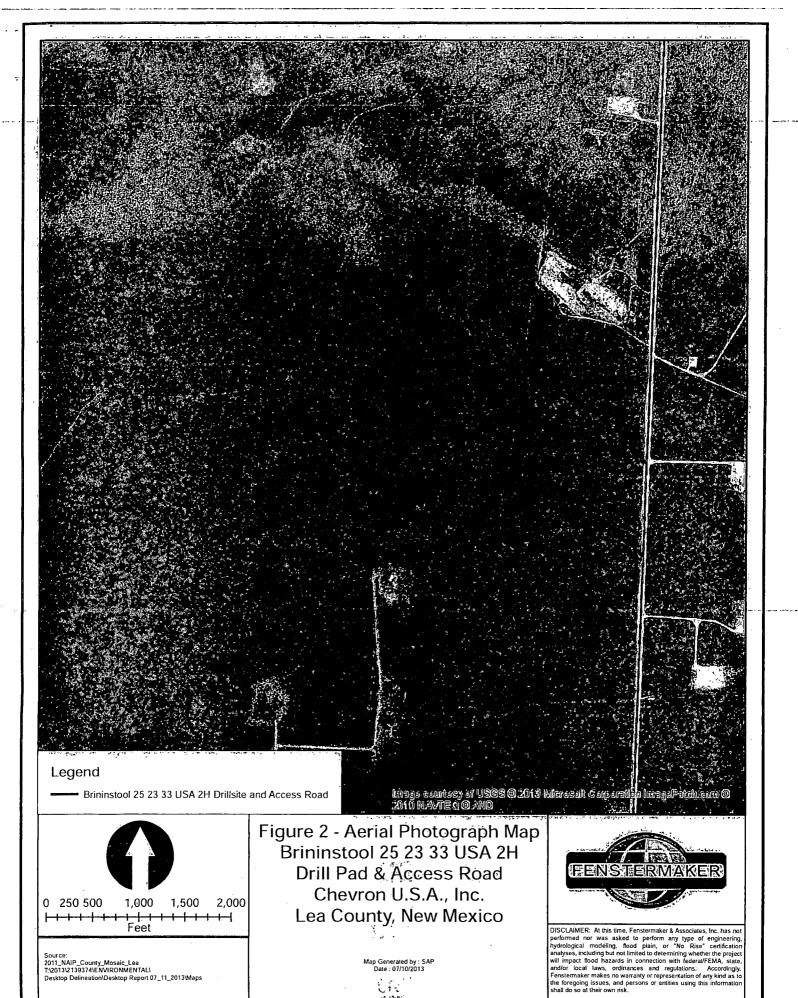


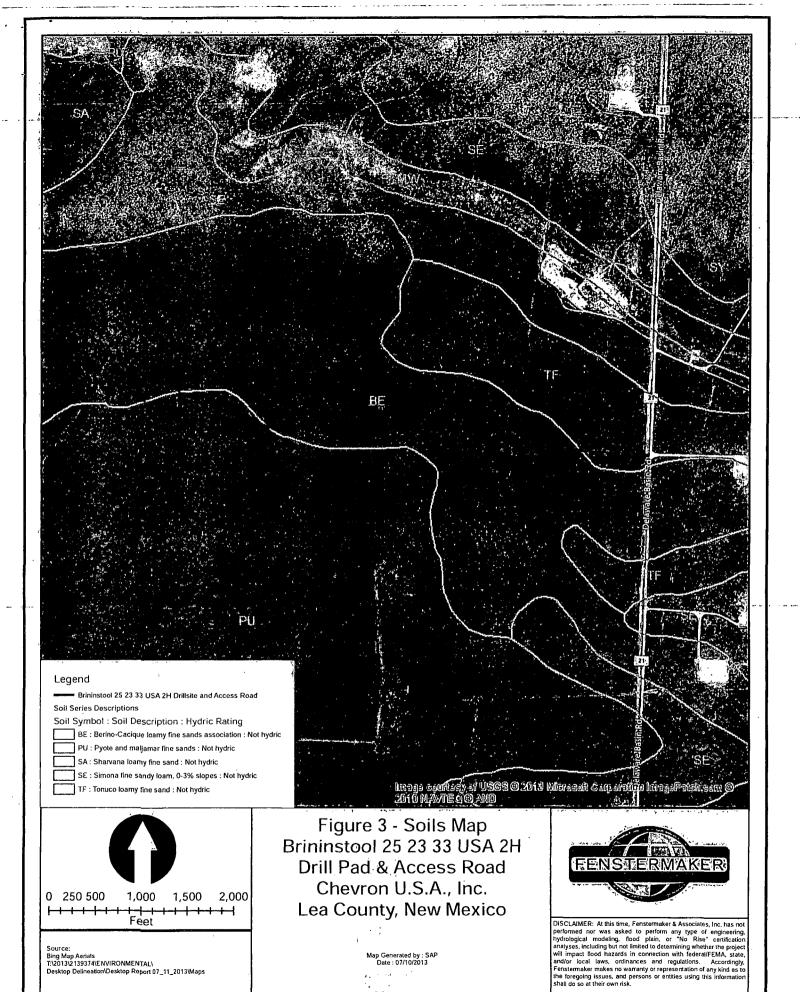
Figure 1 - Vicinity Map
Brininstool 25 23 33 USA 2H
Drill Pad & Access Road
Chevron U.S.A., Inc.
Lea County, New Mexico

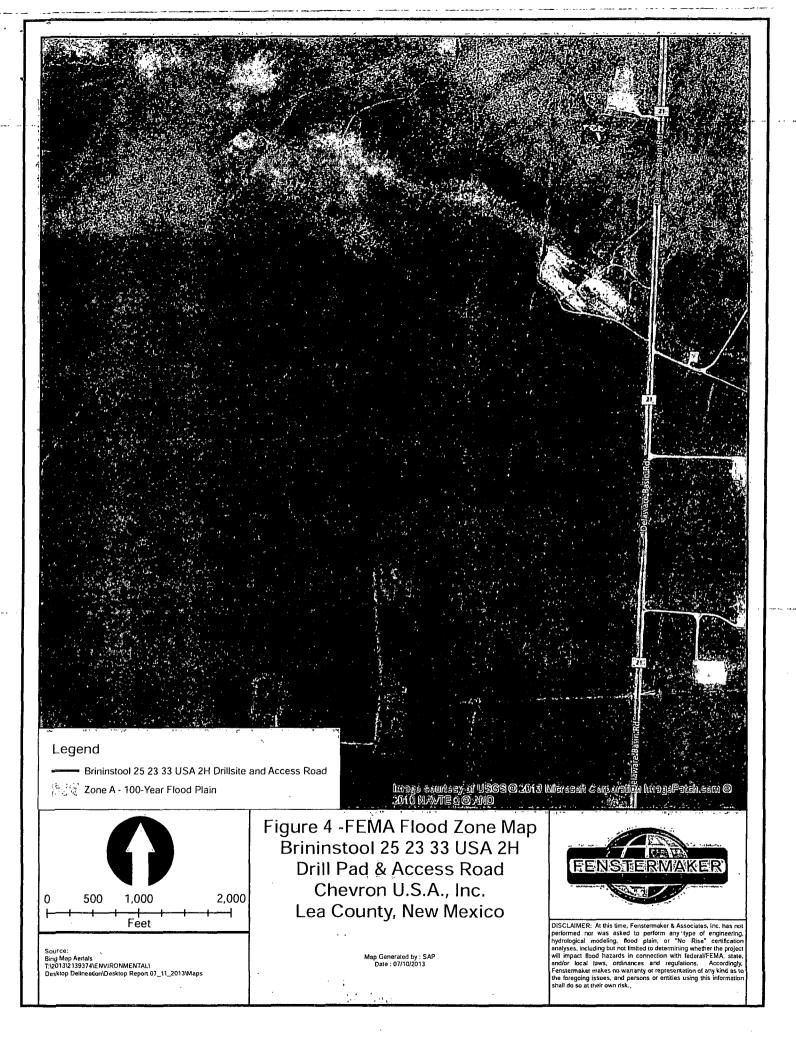
Map Generated by : SAP Date : 07/10/2013



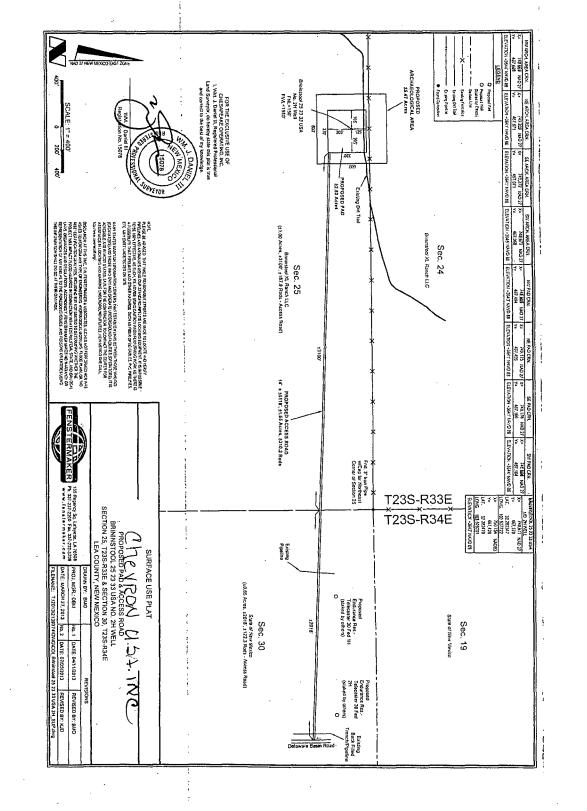
DISCLAIMER: At this time, Fenstermaker & Associates, Inc. has not performed nor was asked to perform any type of engineering, hydrological modeling, flood plain, or "No Rise" certification analyses, including but not limited to determining whether the project will impact flood hazards in connection with federal/FEMA, 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 entities using this information shall do so at their own risk.

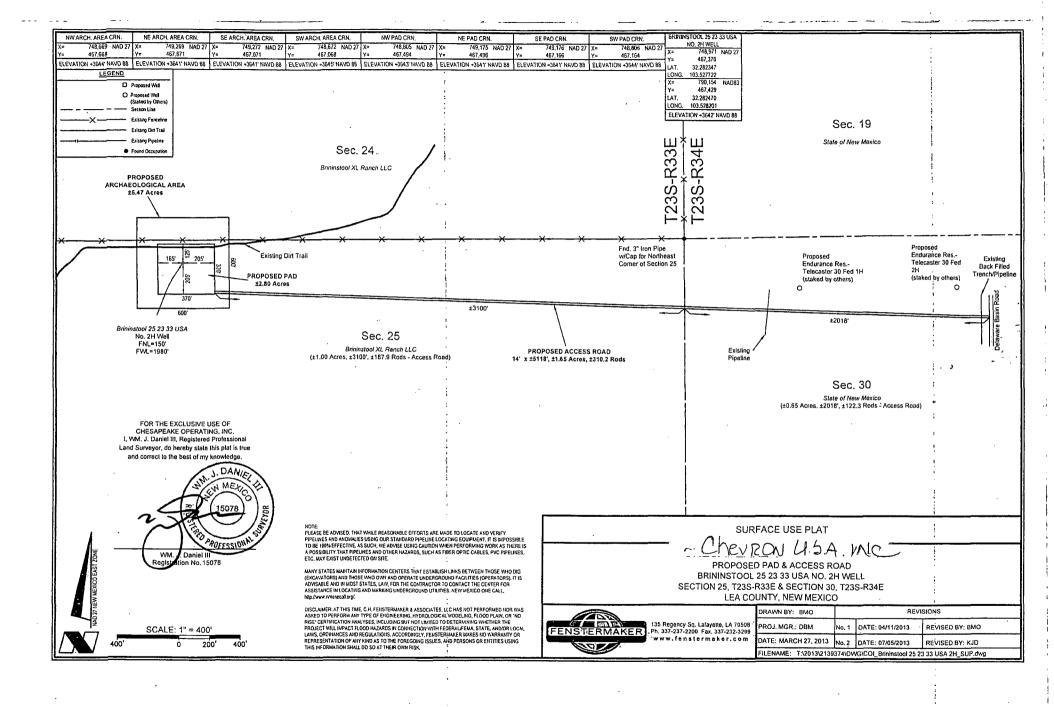


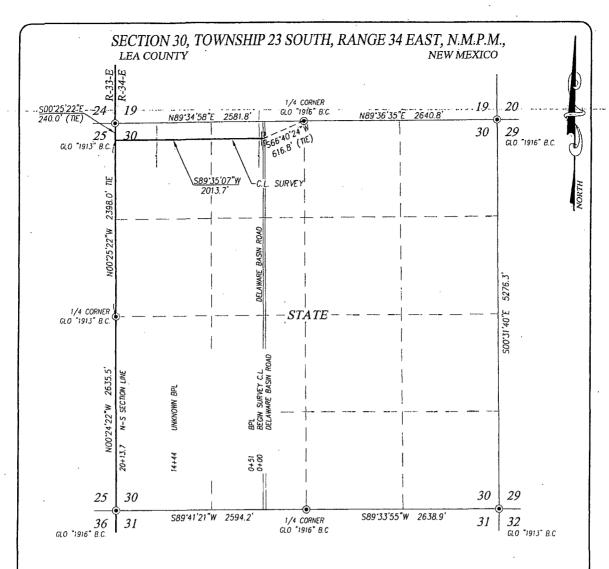




Appendix 1







DESCRIPTION

A STRIP OF-LAND-30.0 FEET WIDE CROSSING STATE OF-NEW-MEXICO LAND IN SECTION 30, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO, AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT IN THE NORTHWEST QUARTER OF SECTION 30, WHICH LIES S66'40'24"W 616.8 FEET FROM THE NORTH QUARTER CORNER; THEN S89'35'07"W 2013.7 FEET TO A POINT IN THE WEST LINE, WHICH LIES S00'25'22"E 240.0 FEET FROM THE NORTHWEST CORNER.

SAID STRIP OF LAND BEING 2013.7 FEET OR 122.04 RODS IN LENGTH, CONTAINING 1.387 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

NE/4 NW/4 42.94 RODS OR 0.488 ACRES NW/4 NW/4 79.10 RODS OR 0.899 ACRES

NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

(575) 393-3117

LEGEND

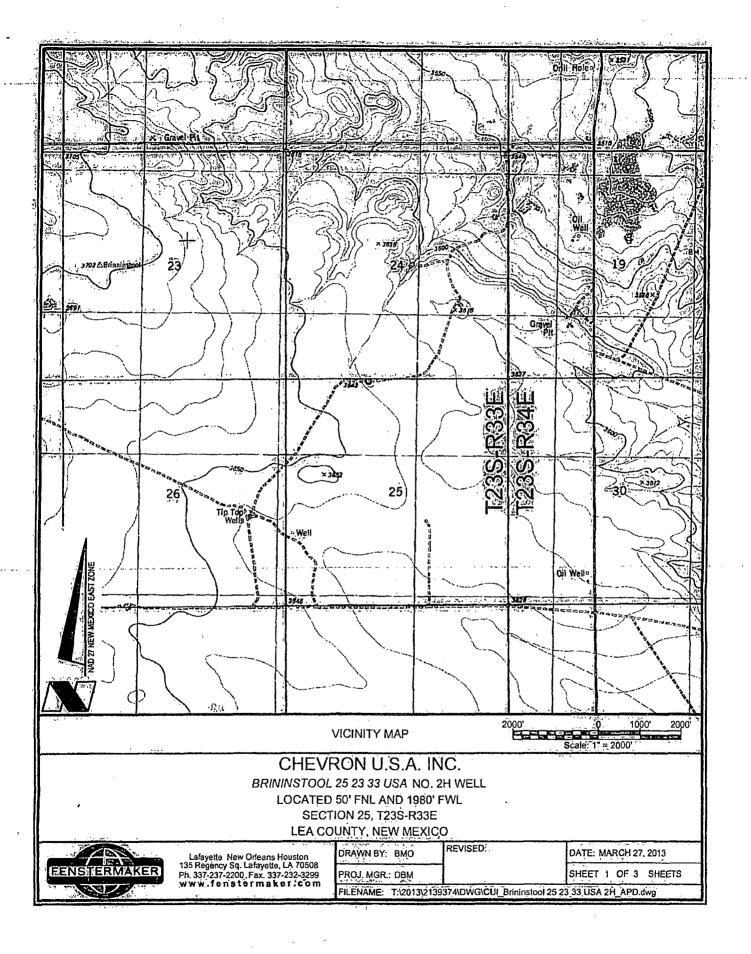
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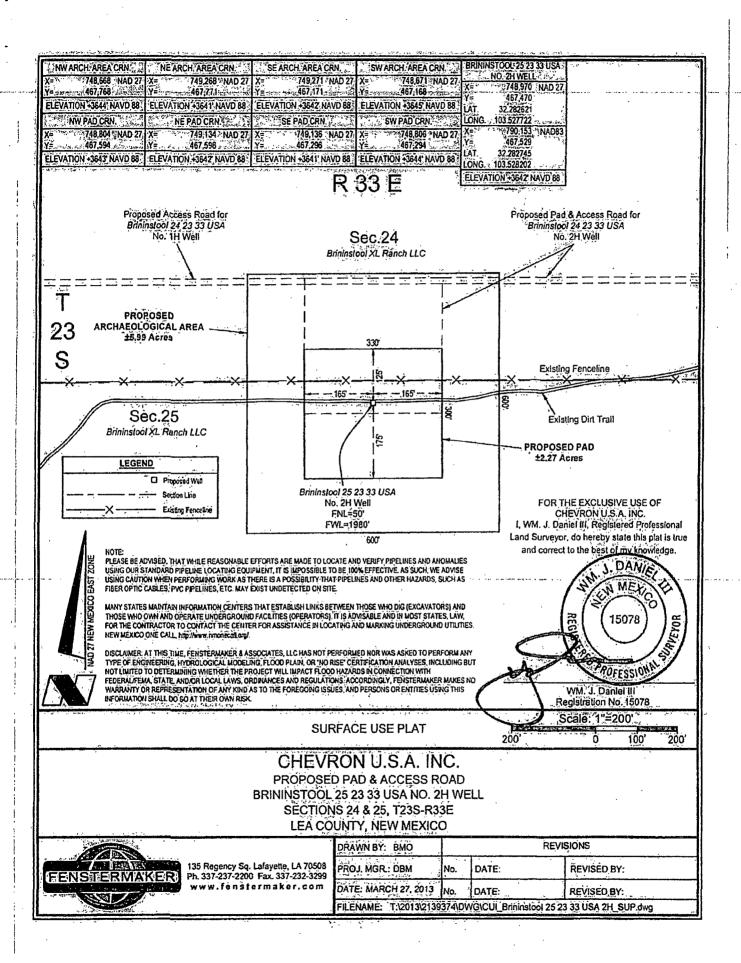
Sheet 1 of 1

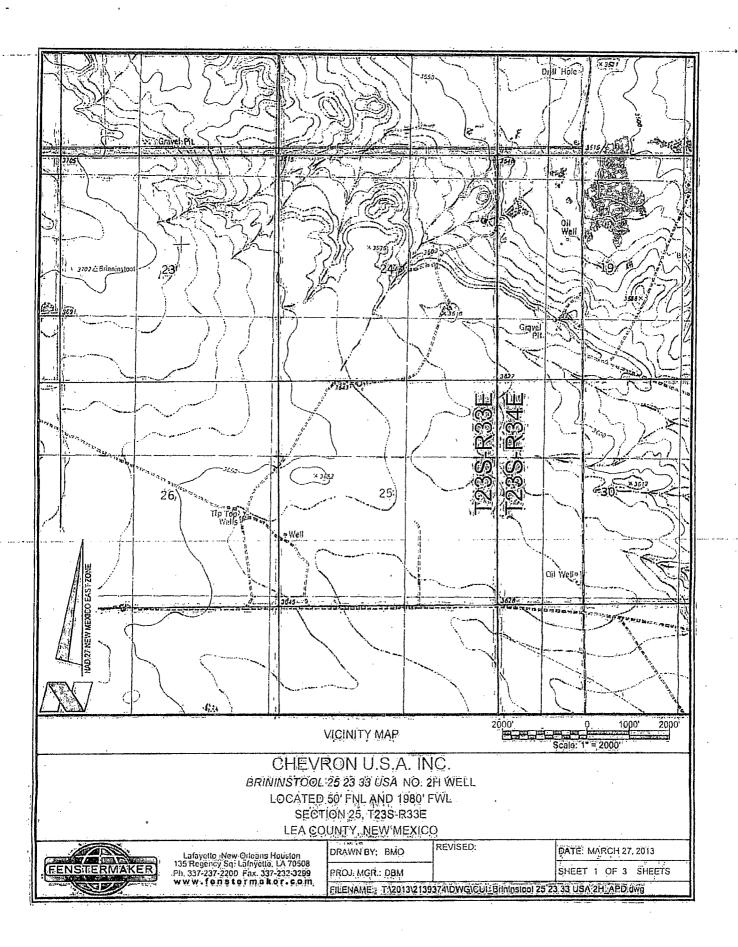
 DENOTES FOUND CORNER AS NOTED I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY 1000 1000 2000 FEET. ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR HHHH UNDER MY DIRECT SUPERVISION: THANK, AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY METS EFF, MINIMUM STANDARDS FOR SURVEYING IN NEW MESTER AND THAT, TOST TRUE AND CORRECT TO THE BEST OF MY KNEWED AND THE LIFT. Scale: 1"=1000 EHEVRON USA INC SURVEY FOR AN ACCESS ROAD CROSSING SECTION 30, DATE: TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M. LEA COUNTY, NEW MEXICO JOHN WEST SURVEYING COMPANY Survey Date: 6/5/13 412 N. DAL PASO CAD Date: 6/13/13 Drawn By: ACK HOBBS, N.M. 88240

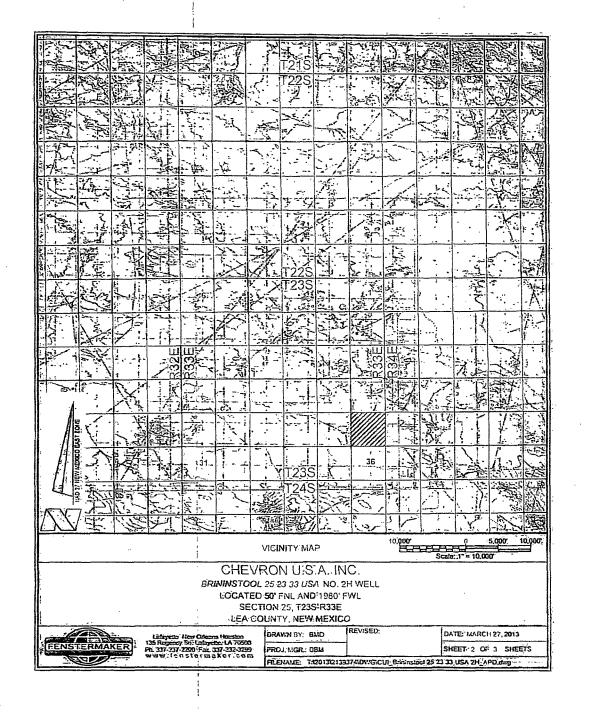
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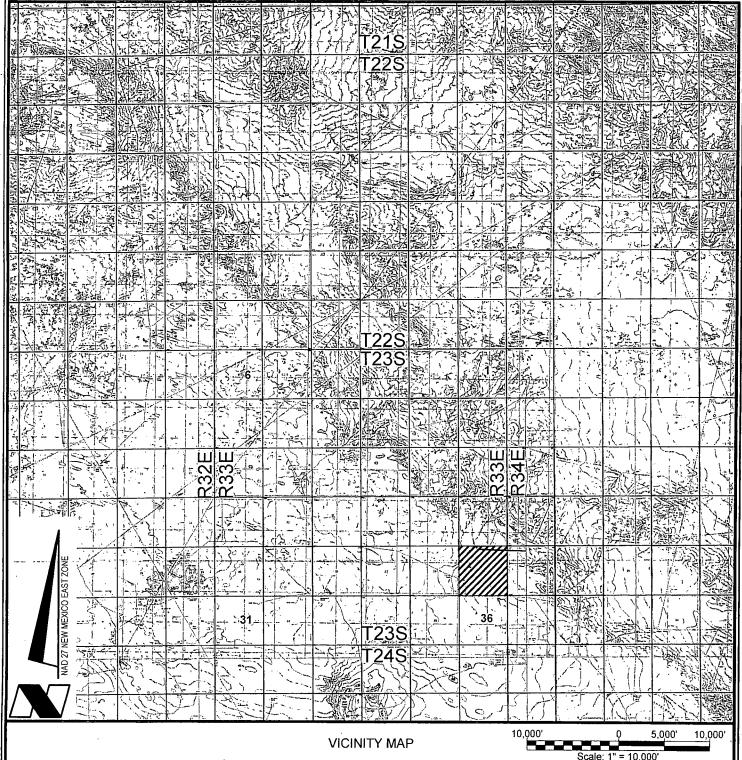
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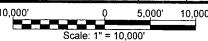












CHEYRON US.A. INC

BRININSTOOL 25 23 33 USA NO. 2H WELL LOCATED 150' FNL AND 1980' FWL **SECTION 25, T23S-R33E**

LEA COUNTY, NEW MEXICO



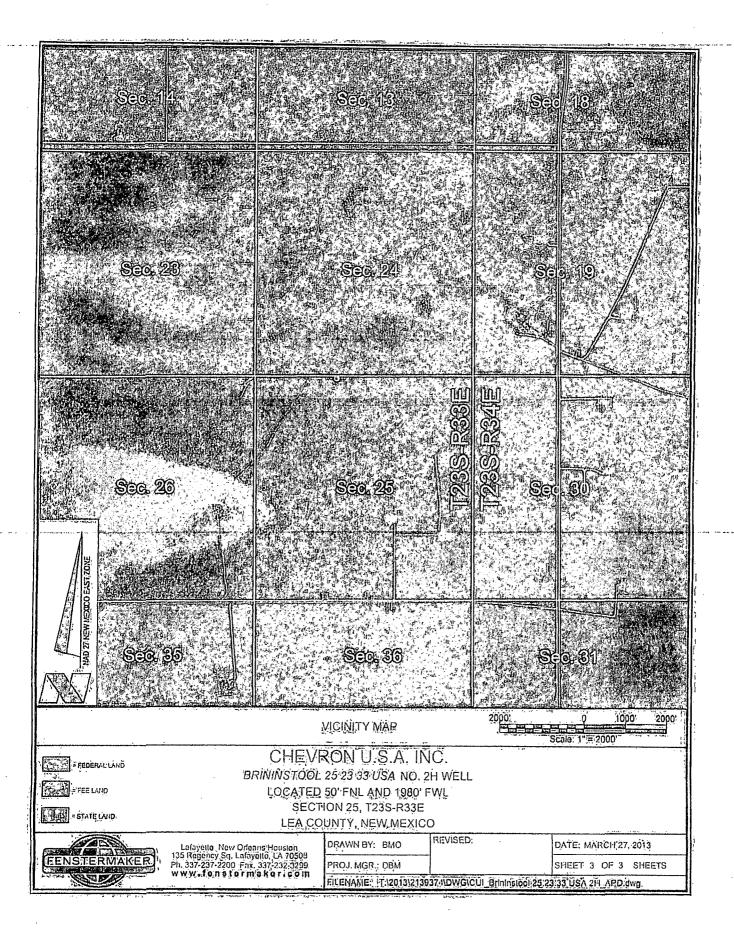
Lafayette New Orleans Houston 135 Regency Sq. Lafayette, LA 70508,11. Ph. 337-237-2200 Fax. 337-232-3299 www.fenstermaker.com

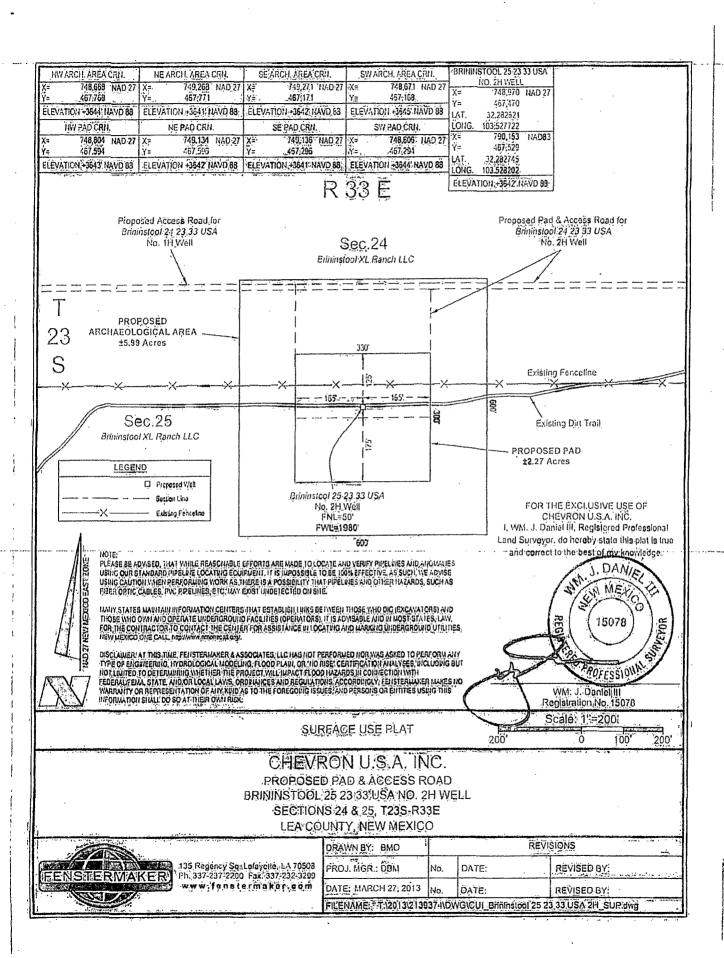
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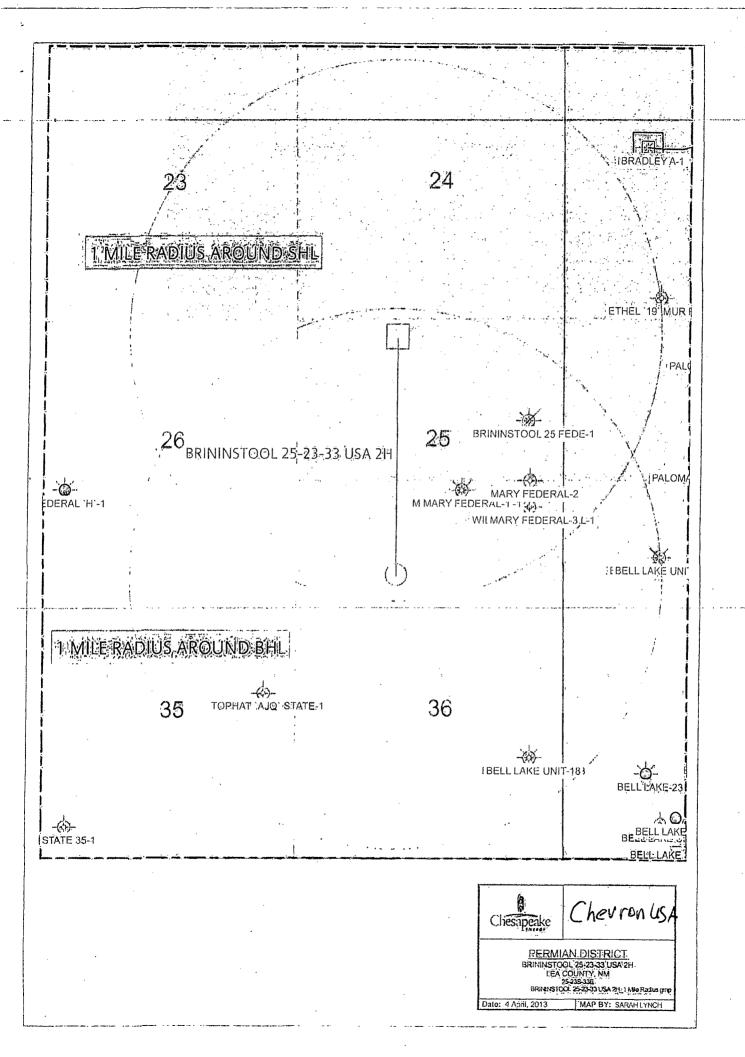
DATE: MARCH 27, 2013

SHEET 2 OF 3 SHEETS

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: respectfully requests permission to drill a well to 15,300'. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and New Mexico Oil Conservation Division requirements.

Please find the Surface Use Plan and Drilling Plan as required by Onshore Order No. 1.

Attached are the Exhibit A-1 to A-4 Survey plats, Exhibit B 1 mile radius plat, Exhibit C Production facility, Exhibit D Trinidad Rig layout, Exhibit F-1 to F-2 BOP & Choke Manifold, Exhibit G Standard Planning Report, Wellbore Schematic and Form C-144 Closed Loop System Permit.

Archeological Survey will be delivered to the BLM when completed.

【升モソンDA】 ... has an agreement with the grazing lessee.

Marsi .