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

HOBBS OCD

Salado Draw 18 26 33 FED #2H

200' FNL and 923' FWL Section 19, Township 26, Range 33 Lea County, New Mexico JUL 0 2 2015

RECEIVED

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. From Jal, NM. Proceed on Highway 128 approximately 30 miles and turn left onto highway 1 and go approximately 14.2 miles to Battle Axe road (CR 2) and turn left or east, and go approximately 6.7 miles and turn left and go about 1.5 miles north to the well.

The proposed access to the location is approximately 1 mile off of Battle Axe Road (CR 2) being approximately 1 mile in length and 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.

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</u> (Surface Land)

There will be approximately 175.84 of new access to be constructed.

The new access road will be crowned and ditched and will be surfaced 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. <u>LOCATION OF EXISTING WELLS (Geology)</u>

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 at the Salado Draw Battery on the South side of the 1H and 2H well pad in Section 19 and oil to be sold at that tank battery.

The production line (approx. 400') will be surface-laid 4" Flexpipe with a working pressure less than 125 psig ran along edge of well pad to adjacent facility pad at south.

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

The permanent water disposal system will consist of a water transfer pipeline to the SWD station in Section 13 (permitted separately). 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. LOCATION AND TYPES OF WATER SUPPLY (Surface Land)

Water will be obtained from a private water source.

Chevron will utilize the fresh water holding pond in Section 19-T26S-R33E, for fresh water.

Water to be hauled into or piped by a private provider into Section 19-T26S-R33E.

A 10" black expanding water pipe transfer line will run approx. 6.5 miles from Section 32-T26-R32E to Section 19-T26S-R33E. All transfer lines will be laid on a "pre-disturbed) area.

F. CONSTRUCTION MATERIALS (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. 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: Tervita, LLC

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. ANCILLARY FACILITIES (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 Ensign 767 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 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
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K. SURFACE OWNER

Bureau of Land Management_

SURFACE TENANT (Surface Land)

Oliver Kiehne P.O. Box 35 Orla, Texas 79770 432-448-6337

ROAD OWNERSHIP

All access roads are located on County Road 2 (Battle Axe) & Federal lands.

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.

M.

CHEVRON REPRESENTATIVES

Project Manager	Drilling Engineer			
James Ward	Vicente Ruiz			
1400 Smith Street, 40055	1400 Smith Street, 43104			
Houston, TX 77002	Houston, TX 77002			
Office: 713-372-1748	Office: +1 (713) 372-6181			
JWGB@chevron.com	vruiz@chevron.com			
Surface Land Representative	Facility Engineer			
Stephen Tarr	Nick Wann			
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Claydesta Plaza	Claydesta Plaza			
Midland, TX 79705	Midland, TX 79705			
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CHerreraMurillo@chevron.com	UAMZ@Chevron.com			

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200' FNL and 923' FWL Section 19, Township 26, Range 33 Lea County, New Mexico

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

There will be approximately 5,750' 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.

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Bureau of Land Management

SURFACE TENANT (Surface Land)

Oliver Kiehne P.O. Box 35 Orla, Texas 79770 432-448-6337

ROAD OWNERSHIP

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L. ADDITIONAL INFORMATION

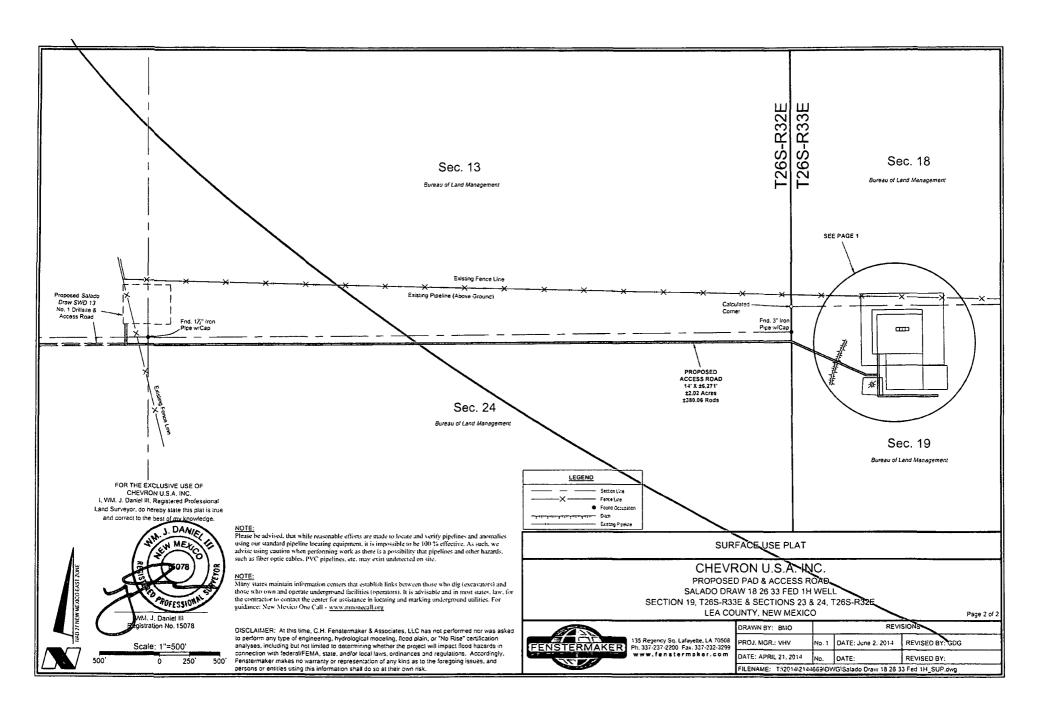
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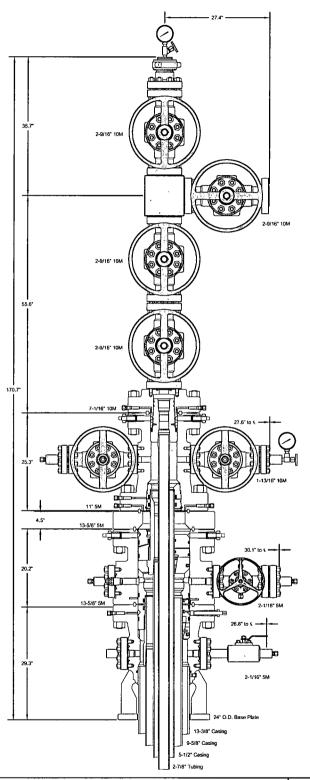
M. CHEVRON REPRESENTATIVES

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James Ward	Vicente Ruiz
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Office: +1 575-263-0431	Office: 713-372-6707
CHerreraMurillo@chevron.com	UAMZ@Chevron.com

NW ARCH, AREA CORNER | NE ARCH, AREA CORNER | SE ARCH, AREA CORNER SALADO DRAW 18 26 33 FED SW ARCH, AREA CORNER Please be advised, that while reasonable efforts are made to locate and verify pinelines and 721,819 NAD 27 722,494 NAD 27 721.824 NAD 27 722,500 NAD 2 1H WELL 722,122 NAD 2 anomalies using our standard pipeline locating equipment, it is impossible to be 100 % effective. As such, we advise using caution when performing work as there is a possibility that pipelines and other lazards, such as fiber optic cables, PVC pipelines, etc. may exist undetected on site. 377,707 377,/13 377 113 377 107 377,410 ELEVATION +3174' NAVD 88 NW TOP SOIL AREA ELEVATION +3180' NAVD 88 ELEVATION +318/ NAVD 88 ELEVATION +31/2' NAVD 88 NE TOP SOIL AREA SE TOP SON AREA SW TOP SOIL AREA LONG 103 616531 763,309 721.910 NAD 27 CORNER 722,320 NAD 2 377,576 CORNERINE PAD CORNER (= /22.321 NAD 2 NOTE:
Many states maintain information centers that establish links between those who dig 377 467 377,536 377,203 (excavators) and those who own and operate underground facilities roperators). It is advisable and in most states, law, for the contractor to contact the center for assistance in locating and marking underground utilities. For guidance: New Mexico One Call -ELEVATION +???? NAVD 88 ELEVATION +3178' NAVD 88 ELEVATION +31/8' NAVD 88 ELEVATION +3172 NAVD 88 LONG. 103.616999 SE PAD CORNERINE NW PAD CORNER SW PAD CORNER NW COMPRESSOR SITE ELEVATION +3176' NAVO 8 www.nunonecall.org FACILITY PAD CORNER
722.323 NAD 27 722.324 NAD 27 721,951 NAD 2 721,953 NAD 2 3/7.534 377 204 3//,206 DISCLAIMER: At this time, C.H. Fenstermaker & Associates, LLC has not performed ELEVATION +3176' NAVO 88 DISCLAMBER: At this time, C.H. Fenstermaker & Associates, LLC 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 televalFEMA, 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. ELEVATION +3173' NAVD 88 ELEVATION +3178" NAVD 88 FLEVATION +3179' NAVD 88 377 108 NW FACILITY PAD CORNER SE FACILITY PAD CORNER/SW COMPRESSOR SITE CORNER = 722,325 NAO 27 SW FACILITY PAD CORNER SE COMPRESSOR SITE ELEVATION +3188' NAVD 88 722,025 NAD 2 376,904 722.023 NAD 27 722,525 NAD 27 ELEVATION +3173' NAVD 88 ELEVATION +3171" NAVO 88 376 908 376 907 ELEVATION +3185' NAVD 88 ELEVATION +3181' NAVO 88 Sec. 18 R 33 E Bureau of Land Management Existing Fence Line Existing Pipeline (Above Ground) PROPOSED TOP 370 SOIL AREA 10.68 Acres PROPOSED PAD T 26 200 S 370 Reclaimed Area Existing 12 330 Wide Ditch PROPOSED RCHAEOLOGICAL AREA ±6.50 Acres PROPOSED ACCESS ROAD 14" X ±6,271" ±2.02 Acres PROPOSED PROPOSED **FACILITY PAD** 8 学 Gulf Oil Corp-Fed Little Field DO #2 (P&A'd Well) 200 FOR THE EXCLUSIVE USE OF CHEVRON U.S.A. INC. I, WM. J. Daniel III, Registered Professional Land Surveyor, do hereby state this plat is true To Proposed Salado Draw 18 & 19 26 33 Fed 3H-4H Drillsite J. DANIEL PROPOSED ACCESS ROAD 14' X ±7,752' ±2.49 Acres ±469.82 Rods LEW MENIC 15078 Sec. 19 LEGEND Bureau of Land Management -x-- Fencetine POFESSION WM, J. Da Existing I Registration No. 15078 CHEVRON U.S.A. INC. PROPOSED PAD & ACCESS ROAD SALADO DRAW 18 26 33 FED 1H WELL SECTION 19, T26S-R33E & SECTIONS 23 & 24, T26S-R32E LEA COUNTY, NEW MEXICO Page 1 of 2 DRAWN BY: BMO REVISIONS FENSTERMAKER Ph. 337-237-2200 Fax. 337-232-3299 www.fenstermaker.com Scale: 1"=100' REVISED BY: GDG DATE: June 2, 2014 ROL MGR: 1 DATE: APRIL 21, 2014 DAȚE: REVISED BY: FILENAME: T:\2014\2144669\DWG\Salado Draw 18 26 33 Fed 1H_SUP.dwg







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.

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

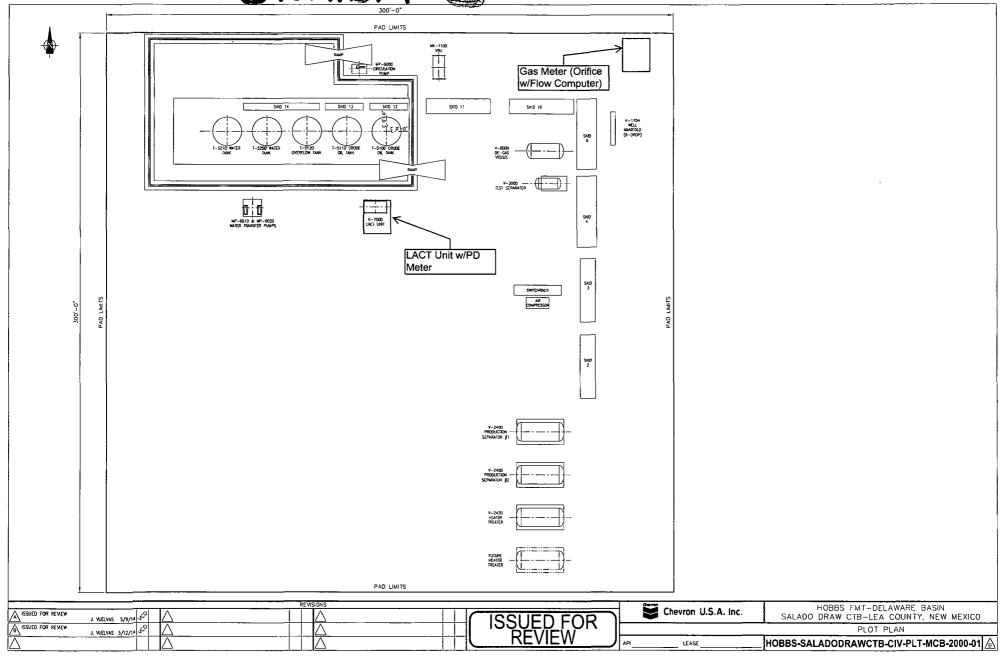
CHEVRON USA, INC.
DELAWARE BASIN

DRAWN VJK 19MAR13

APPRV KN 19MAR13

FOR REFERENCE ONLY
DRAWING NO. AE23705

Exhibit C



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 % effective. As such, we advise using caution when performing work as there is a possibility that pipelines and other hazards, such as fiber optic cables, PVC pipelines, etc. may exist undetected on site.

NOTE:

Many states maintain information centers that establish links between those who dig (excavators) and those who own and operate underground facilities (operators). It is advisable and in most states, law, for the contractor to contact the center for assistance in locating and marking underground utilities. For guidance: New Mexico One Callwww.nmonecall.org

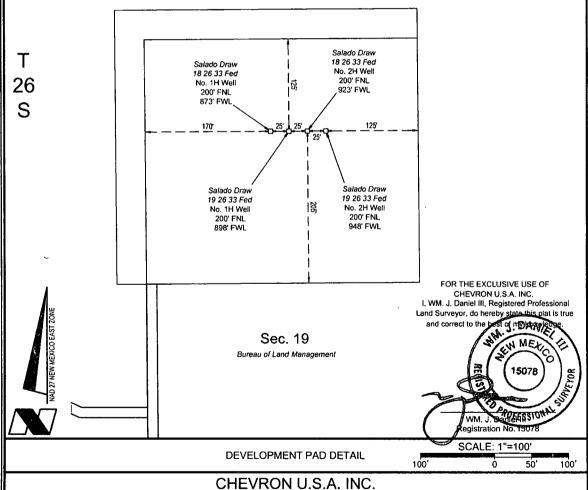
DISCLAIMER: At this time, C.H. Fenstermaker & Associates. LLC has not performed nor was asked to perform any type of engineering, hydrological modeling, flood plain, or "No Rise" certification analyses, including but not limited to determining whether the project will impact flood hazards in connection 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.

SALADO DRAW 18 26 33 FED SALADO DRAW 19 26 33 FED			SALADO DRAW 18 26 33 FED			SALADO DRAW 19 26 33 FED					
	1H WELL			1H WELL	2H WELL		2H WELL				
X=	722,122	NAD 27	χ=	722,147	NAD 27	Х≍	722,172	NAD 27	X=	722,197	NAD 27
Y=	377,410		Y=	377,410		Y=	377,410		γ=	377,410	
LAT.	32.035588		LAT.	32.035588		LAT.	32.035588		LAT.	32.035588	
LONG.	103.616531		LONG.	103.616450		LONG.	103.616370		LONG.	103.616289	
X=	763,309	NAD83	X≈	763,334	NAD83	X≈	763,359	NAD83	X=	763,384	NAD83
Y=	377,467		Y=	377,467		Υ=	377,467		Y≃	377,468	
LAT.	32.035713		LAT.	32.035713		LAT.	32.035713		LAT.	32.035713	
LONG.	103.616999		LONG.	103.616919		LONG.	103.616838		LONG.	103.616757	
ELEVATION +3176' NAVD 88 ELEVATION +3176' NAVD 88			ELEVA	TION +3175' N	IAVD 88	ELEVA"	TION +3175' N	IAVD 88			

R 33 E

Sec. 18

Bureau of Land Management



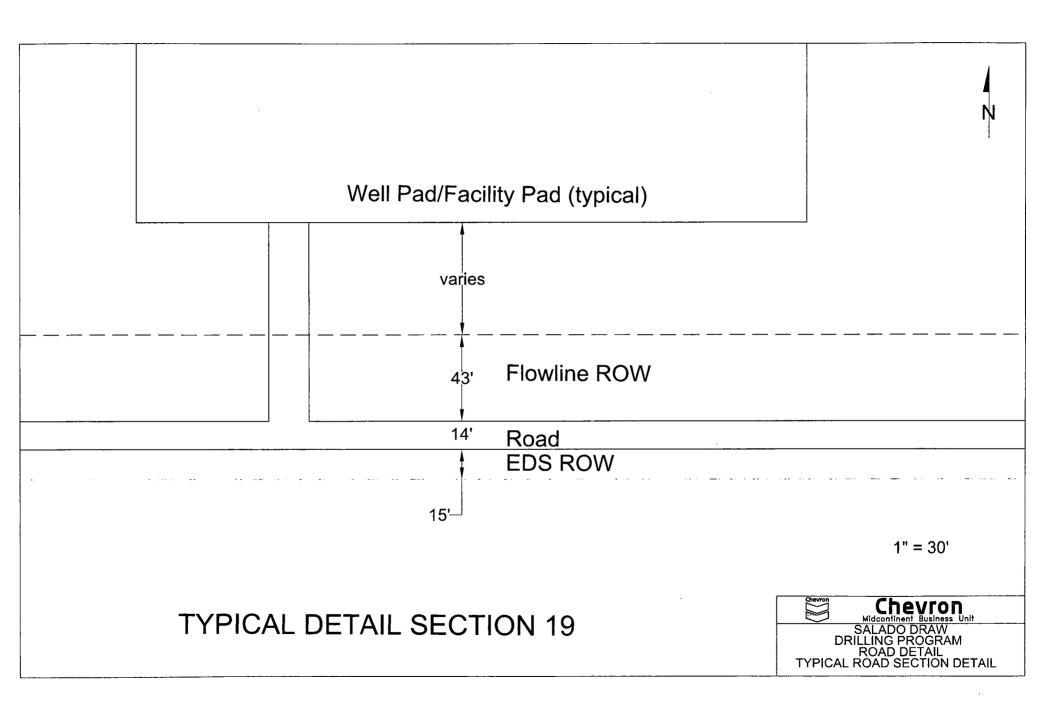
PROPOSED DEVELOPMENT PAD SALADO DRAW 18 26 33 & 19 26 33 1H & 2H WELLS **SECTION 19, T26S-R33E**

LEA COUNTY, NEW MEXICO



135 Regency Sq. Lafayette, LA 70508 Ph. 337-237-2200 Fax. 337-232-3299 ww.fenstermaker.com

DRAWN BY: VHV			REVISIONS
PROJ. MGR.: VHV	No. #	DATE:	REVISED BY:
DATE: 05/01/2014	No.#	DATE:	REVISED BY:
FILENAME: T:\2014\2	144669\DV	VG\Salado Drav	w 18 &19 26 33 Fed 1H-2H PadDetail.dwg



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.

Name: James Ward - Project Manager

Address: 1400 Smith Street, 40050

Houston, TX 77002

Office <u>713-372-1748</u>

E-mail: jwgb@chevron.com



DURING THE DRILLING OF THIS WELL, CHEVRON PROPOSES TO USE A CLOSED LOOP SYSTEM WITH A STEEL TANK AND HAUL TO THE REQUIRED DISPOSAL, PER THE OCD RULE 19.15.17.

PROCESSING FEE INFORMATION CALLED INTO TAN YOUNG AT BLM, ON 09-17-14

CHEVRON USA INC HAS AN AGREEMENT WITH CEHMM TO PROVIDE THE NEPA INFORMATION TO BLM.

PLEASE FIND THE FOLLOWING ATTACHMENTS:

APD FORM

PRIVATE SURFACE OWNER AGREEMENT (IF APPLICABLE)

C102 (EXHIBIT A-1)

VICINITY MAPS (EXHIBIT A-2 through A-4)

MILE RADIUS MAP (EXHIBIT B)

DRILLING PLAN

DIRECTIONAL PLAN AND PLOT

BOP SCHEMATIC

CHOKE MANIFOLD SCHEMATIC

BOPE TESTING

RIG LAYOUT/FACILITY PAD (EXHIBIT D)

MISCELLANOUS SCHEMATICS

H2S PLAN

INTERIM RECLAMATION PLAT

SURFACE USE PLAN

COFLEX HOSE TEST CERTIFICATION AND CHART

WELLHEAD SCHEMATIC

OIL AND GAS MEASUREMENT SCHEMATIC (EXHIBIT C)

MISCELLANEOUS MAPS (PROPOSED PAD AND ACCESSS ROAD, EXISTING & PROPOSED ROW

EASEMENT DETAIL, PROPOSED FLOWLINE)

PRESSURE CONTROL WELLHEAD EQUIPMENT RUNNING PROCEDURE- IF REQUIRED

OPERATOR CERTIFICATION – SIGNED

ARCH SURVEY

ON SITE INSPECTION CONDUCTED ON April 15, 2014 BY Trish Badbear WITH BLM.