

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

**Salado Draw 18 26 33 FED #1H**

200' FNL and 873' FWL

Section 19, Township 26, Range 33

Lea County, New Mexico

HOBBS OCD

JUL 02 2015

RECEIVED

**A. EXISTING ROADS/LEASE ROADS (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. NEW OR RECONSTRUCTED ACCESS ROADS**

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. 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 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 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.
- 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. 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.**

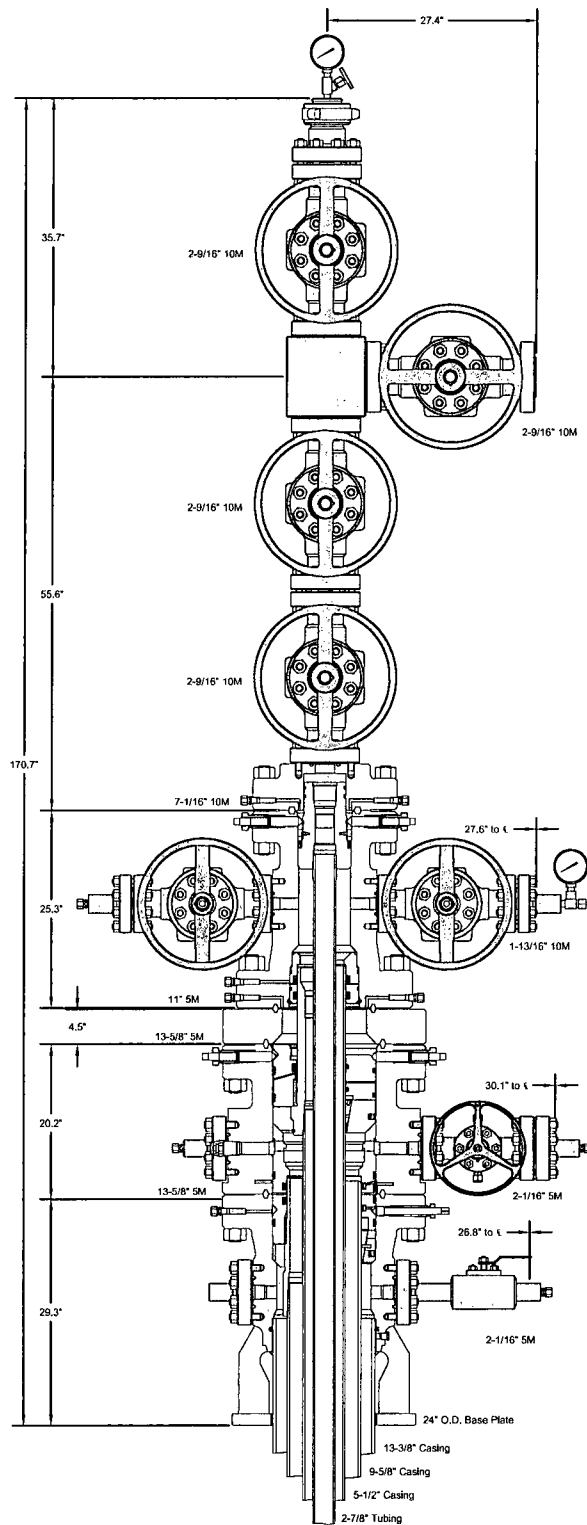
**M.**

**CHEVRON REPRESENTATIVES**

<b>Project Manager</b> James Ward 1400 Smith Street, 40055 Houston, TX 77002 Office: 713-372-1748 <a href="mailto:JWGB@chevron.com">JWGB@chevron.com</a>	<b>Drilling Engineer</b> Vicente Ruiz 1400 Smith Street, 43104 Houston, TX 77002 Office: +1 (713) 372-6181 <a href="mailto:vruiz@chevron.com">vruiz@chevron.com</a>
<b>Surface Land Representative</b> Stephen Tarr 15 Smith Road, 5103 Claydesta Plaza Midland, TX 79705 Office: +1 432-687-7956 Cell: +1 432-238-6316 <a href="mailto:STarr@chevron.com">STarr@chevron.com</a>	<b>Facility Engineer</b> Nick Wann 15 Smith Road, 6220 Claydesta Plaza Midland, TX 79705 Office: +1 504-224-0597 <a href="mailto:NWann@chevron.com">NWann@chevron.com</a>
<b>Geologist</b> Patrick Taha 1400 Smith Street, 40034 Houston, TX 77002 Office: +1 713-372-1543 <a href="mailto:PatrickTaha@chevron.com">PatrickTaha@chevron.com</a>	<b>Execution Team Lead</b> Ed Van Reet 1400 Smith Street. 40040 Houston, TX 77002 <a href="mailto:EVTR@chevron.com">EVTR@chevron.com</a> 713-372-1559
<b>Regulatory Specialist</b> Cindy Herrera-Murillo 1616 W Bender Blvd, 121 Hobbs, NM 88240 Office: +1 575-263-0431 <a href="mailto:CHerreraMurillo@chevron.com">CHerreraMurillo@chevron.com</a>	<b>Land</b> Robert Morrison 1400 Smith Street. 45010 Houston, TX 77002 Office: 713-372-6707 <a href="mailto:UAMZ@Chevron.com">UAMZ@Chevron.com</a>



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.

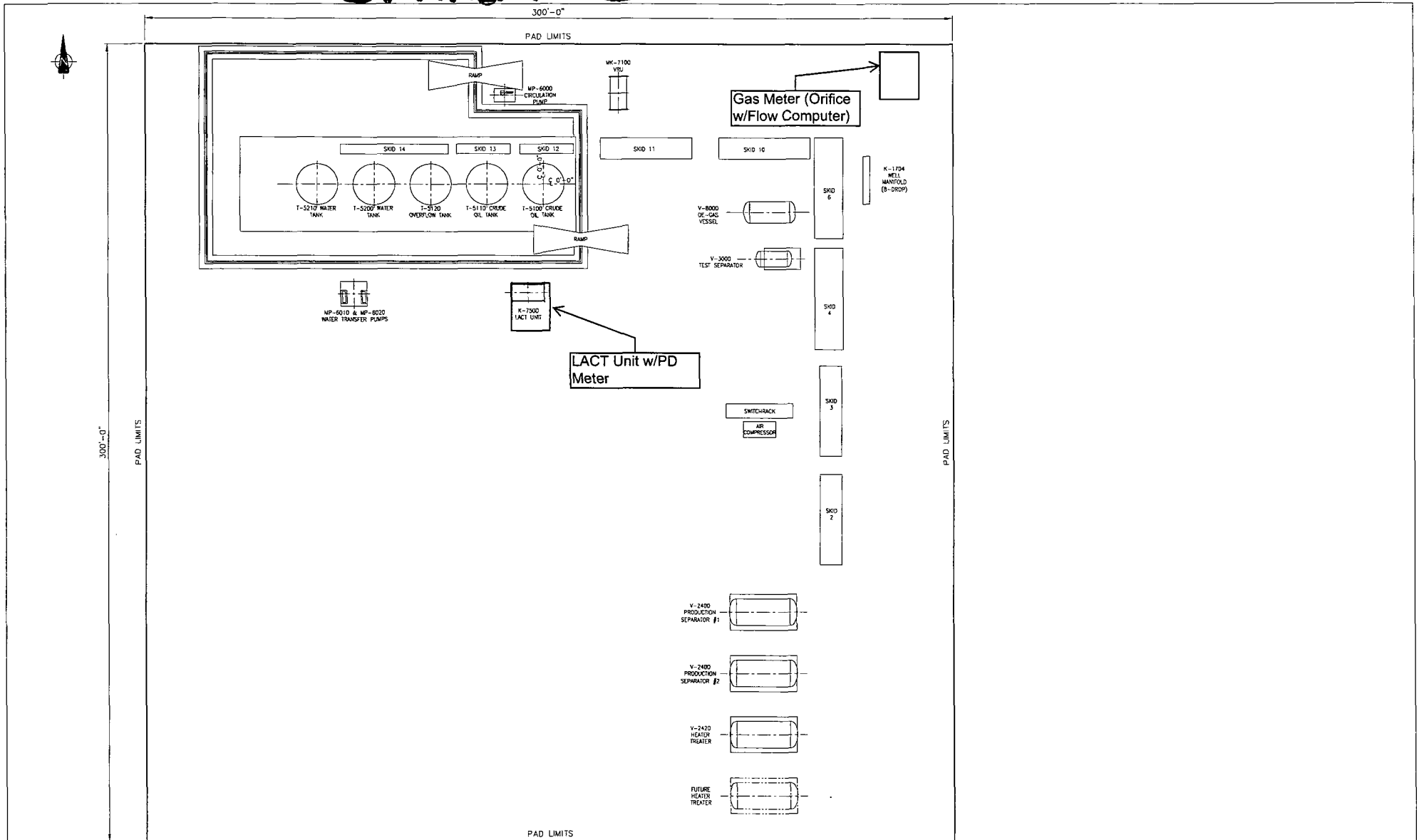
CHEVRON USA, INC.  
DELAWARE BASIN

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 REFERENCE ONLY		
DRAWING NO.		AE23705



# Exhibit C



ISSUED FOR REVIEW J. WELVAS 5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14	5/9/14
ISSUED FOR REVIEW J. WELVAS 5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14
ISSUED FOR REVIEW	J. WELVAS	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14	5/12/14

ISSUED FOR REVIEW



Chevron U.S.A. Inc.

HOBBS FMT-DELAWARE BASIN  
SALADO DRAW CTB-LEA COUNTY, NEW MEXICO

PLOT PLAN

API \_\_\_\_\_ LEASE \_\_\_\_\_

HOBBS-SALADODRAWCTB-CIV-PLT-MCB-2000-01



**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 % 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:**

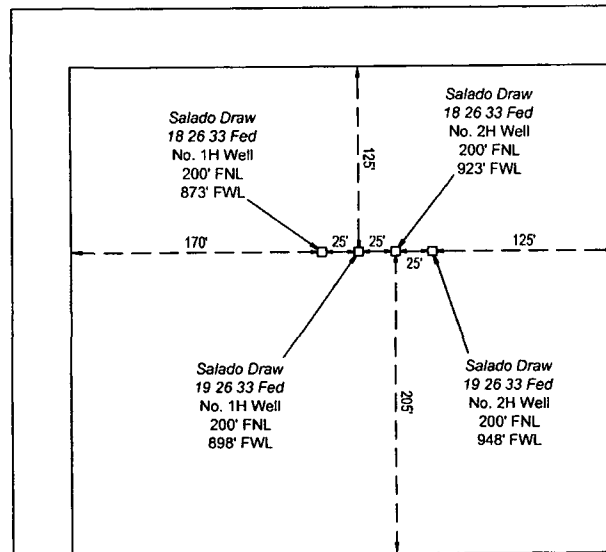
Many states maintain information centers that establish links between those who dig (excavators) and those who own and operate underground facilities (operators). It is advisable and in most states, law, for the contractor to contact the center for assistance in locating and marking underground utilities. For guidance: New Mexico One Call - [www.nmonecall.org](http://www.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 1H WELL	SALADO DRAW 19 26 33 FED 1H WELL	SALADO DRAW 18 26 33 FED 2H WELL	SALADO DRAW 19 26 33 FED 2H WELL
X= 722,122 NAD 27	X= 722,147 NAD 27	X= 722,172 NAD 27	X= 722,197 NAD 27
Y= 377,410	Y= 377,410	Y= 377,410	Y= 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	Y= 377,467	Y= 377,468
LAT. 32.035713	LAT. 32.035713	LAT. 32.035713	LAT. 32.035713
LONG. 103.616999	LONG. 103.616919	LONG. 103.616938	LONG. 103.616757
ELEVATION +3176' NAVD 88	ELEVATION +3176' NAVD 88	ELEVATION +3175' NAVD 88	ELEVATION +3175' NAVD 88

**R 33 E****Sec. 18**

Bureau of Land Management

**T  
26  
S****Sec. 19**

Bureau of Land Management

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  
and correct to the best of my knowledge.



DEVELOPMENT PAD DETAIL

SCALE: 1"=100'

100' 0 50' 100'

**CHEVRON U.S.A. INC.**

PROPOSED DEVELOPMENT PAD

SALADO DRAW 18 26 33 &amp; 19 26 33 1H &amp; 2H WELLS

SECTION 19, T26S-R33E

LEA COUNTY, NEW MEXICO



135 Regency Sq. Lafayette, LA 70508  
Ph. 337-237-2200 Fax. 337-232-3299  
[www.fenstermaker.com](http://www.fenstermaker.com)

DRAWN BY: VHV

REVISIONS

PROJ. MGR.: VHV

No. #

DATE:

REVISED BY:

DATE: 05/01/2014

No. #

DATE:

REVISED BY:

FILENAME: T:\2014\2144669\DWG\Salado Draw 18 &amp; 19 26 33 Fed 1H-2H\_PadDetail.dwg



Well Pad/Facility Pad (typical)

varies

43'

Flowline ROW

14'

Road  
EDS ROW

15'

1" = 30'

TYPICAL DETAIL SECTION 19



**Chevron**  
Midcontinent Business Unit

SALADO DRAW  
DRILLING PROGRAM  
ROAD DETAIL  
TYPICAL ROAD SECTION DETAIL

### 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 30<sup>th</sup> day of July, 2014

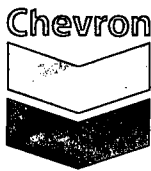
Name: 

James Ward - Project Manager

Address: 1400 Smith Street, 40050  
Houston, TX 77002

Office 713-372-1748

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 IAN 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**)  
MISCELLANEOUS 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 ACCESS 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.