Form 3160-3
(March 2012)

AT5-15-100

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM117119

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. Rustler Bluff 25 26 28 Fed #1H

2. Name of Operator CHEVRON U.S.A. INC.

9. API Well No. 30-015-43055

3a. Address 15 SMITH ROAD MIDLAND, TEXAS 79705

3b. Phone No. *(include area code)* 432-687-7375

10. Field and Pool, or Exploratory HAY HOLLOW; BONE SPRING(30215)

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 205' FSL & 660' FWL, UL: M
At proposed prod. zone 250' FNL & 660' FWL UL: D

11. Sec., T. R. M. or Blk. and Survey or Area SEC 25, T-26S, R-28E.

14. Distance in miles and direction from nearest town or post office* 15 MILES WEST OF MALAGA, NEW MEXICO

12. County or Parish EDDY

13. State NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
205' FSL	1440	160

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
1000' FROM BUHO BQH STATE #1H (YATES PETRO)	TVD: 11,500' MDI 16,500'	CA0329

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3000' GL		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature	Name *(Printed/Typed)*	Date
Denise Pinkerton	DENISE PINKERTON	10/13/2014

Title: REGULATORY SPECIALIST

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/ STEPHEN J. CAFFEY		APR 17 2015

Title	Office
FIELD MANAGER	CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

NM OIL CONSERVATION
ARTESIA DISTRICT
APR 23 2015
RECEIVED

4/23/15
JRS

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Rustler Bluff 25 26 28 Federal #1H

The onsite visit was made on 05/15/2014 by BLM rep, Amanda Lynch.

Exhibit A-1

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-015-43055	30215	HAY HOLLOW; BONE SPRING

4 Property Code	5 Property Name	6 Well Number
314775	RUSTLER BLUFF 25 26 28 FED	1H

7 OGRID No.	8 Operator Name	9 Elevation
4323	CHEVRON U.S.A. INC.	3000'

10 Surface Location

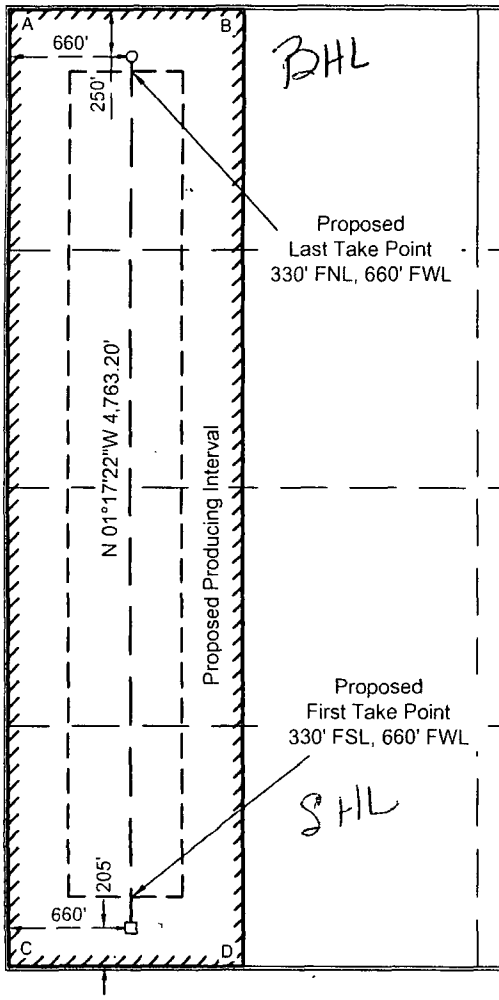
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	25	26 SOUTH	28 EAST, N.M.P.M.		205'	SOUTH	660'	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	25	26 SOUTH	28 EAST, N.M.P.M.		250'	NORTH	660'	WEST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
160			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



PROPOSED BOTTOM HOLE LOCATION		
X=	588,729	NAD 27
Y=	371,156	
LAT.	32.020100	
LONG.	104.047045	
X=	629,914	NAD83
Y=	371,214	
LAT.	32.020224	
LONG.	104.047530	

CORNER COORDINATES TABLE (NAD 27)

A - Y=371401.70, X=588062.99
B - Y=371411.09, X=589418.77
C - Y=366193.02, X=588180.27
D - Y=366185.66, X=589475.78

RUSTLER BLUFF 25 26 28 FED 1H WELL		
X=	588,836	NAD 27
Y=	366,394	
LAT.	32.007008	
LONG.	104.046740	
X=	630,021	NAD83
Y=	366,452	
LAT.	32.007133	
LONG.	104.047224	
ELEVATION +3000' NAVD 88		

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Denise Pinkerton 10/13/2014
Signature Date

Denise Pinkerton
Printed Name

Leake-jd@chevron.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

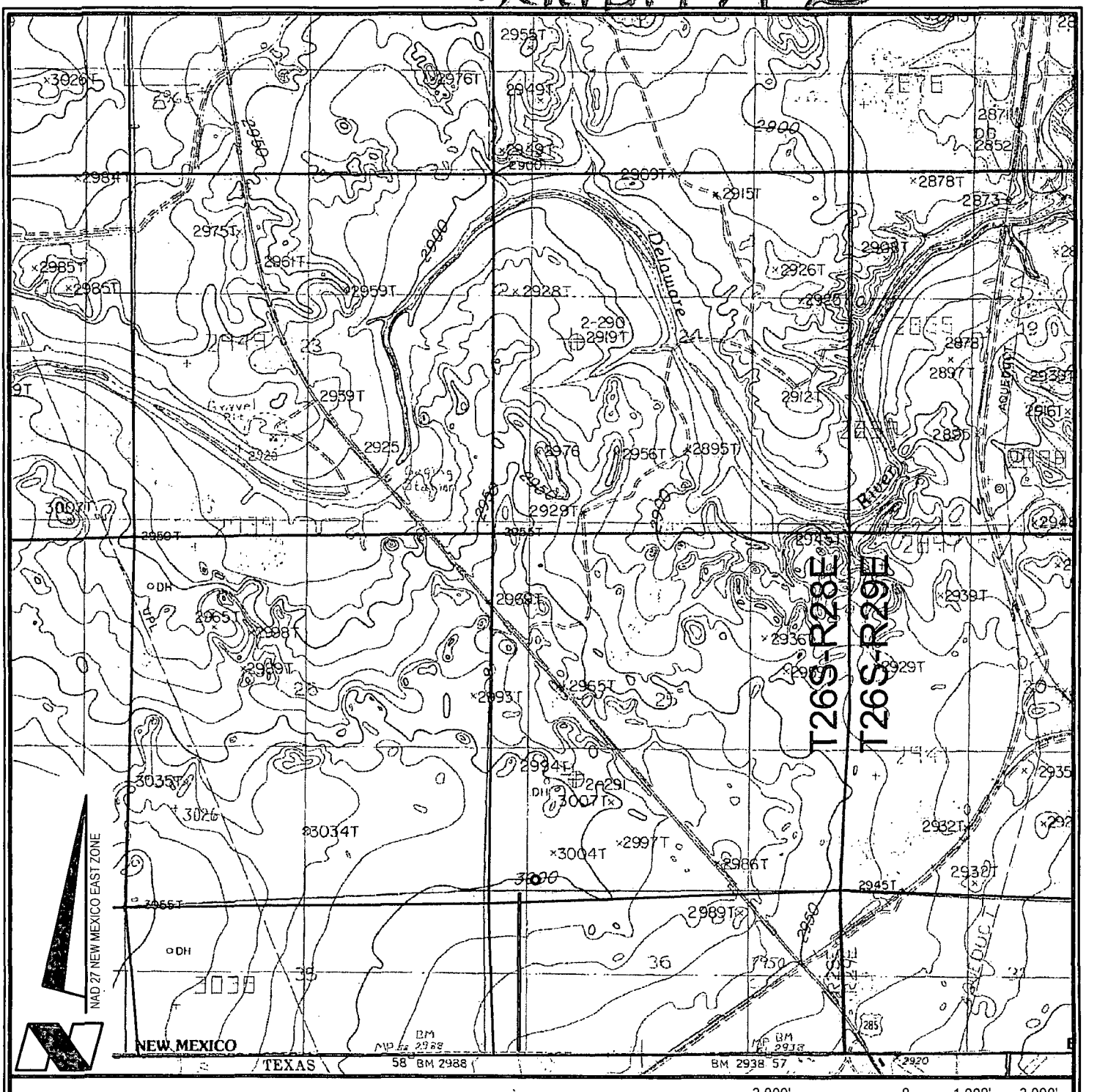
Signature and Seal of Professional Surveyor:

Not to be used for construction, bidding, recordation, conveyance, sales, or as the basis for the issuance of a permit.

PRELIMINARY

Certificate Number

Exhibit A-2



VICINITY MAP

CHEVRON U.S.A. INC.

RUSTLER BLUFF 25 26 28 FED NO. 1H WELL
LOCATED 205' FSL AND 660' FWL
SECTION 25, T26S-R28E
EDDY COUNTY, NEW MEXICO

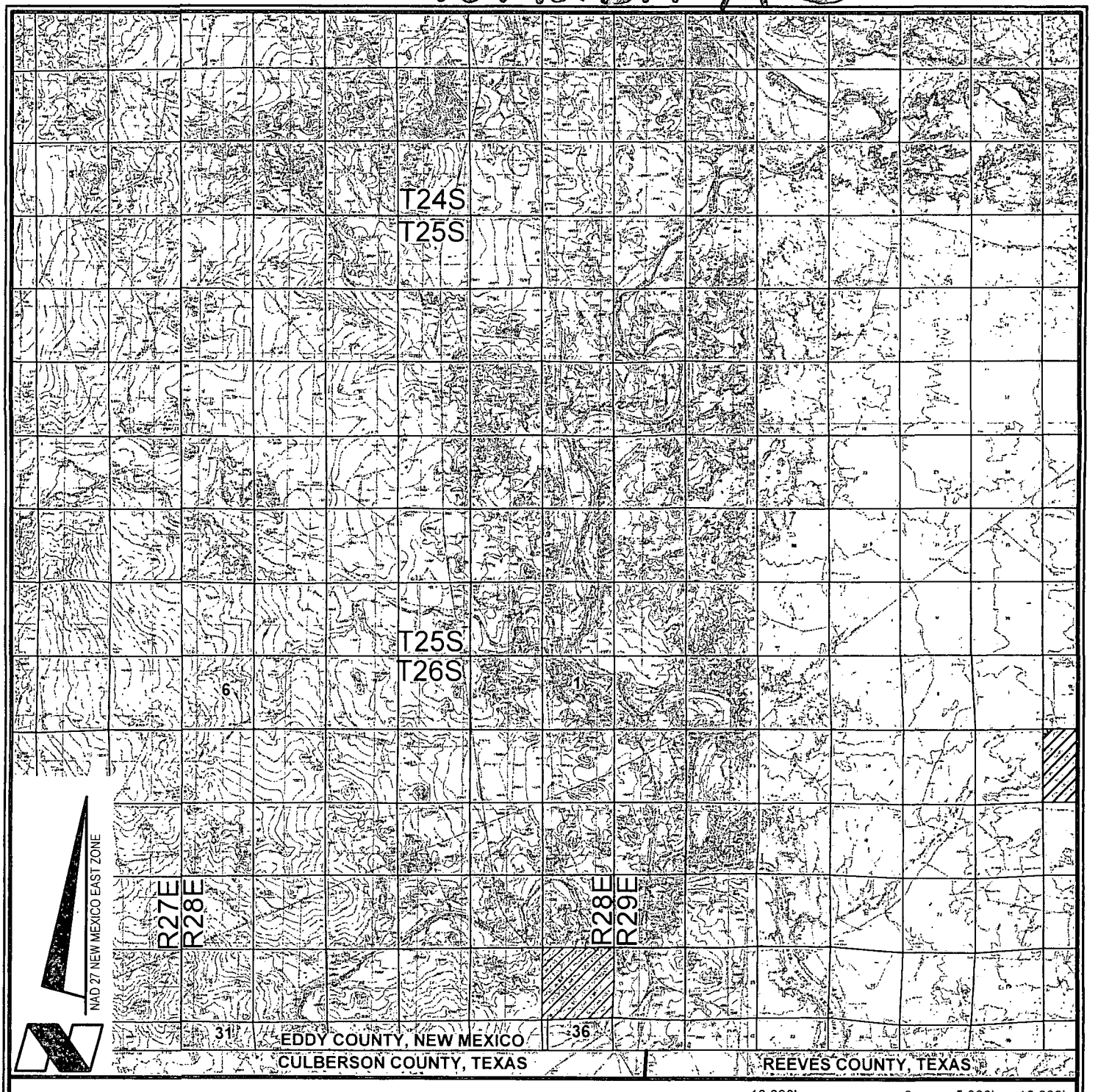
Not to be used for construction, bidding, recordation, conveyance, sales, or as the basis for the issuance of a permit.

PRELIMINARY

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

DRAWN BY: BOR	REVISED:	DATE: JULY 10, 2014
PROJ. MGR.: GDG		SHEET 1 OF 3 SHEETS
FILENAME: T:\2014\2145502\DWG\Rustler Bluff 25 26 28 Fed 1H APD.dwg		

Exhibit A-3



VICINITY MAP

10,000' 0 5,000' 10,000'

Scale: 1" = 10,000'

CHEVRON U.S.A. INC.

RUSTLER BLUFF 25 26 28 FED NO. 1H WELL

LOCATED 205' FSL AND 660' FWL

SECTION 25, T26S-R28E

EDDY COUNTY, NEW MEXICO

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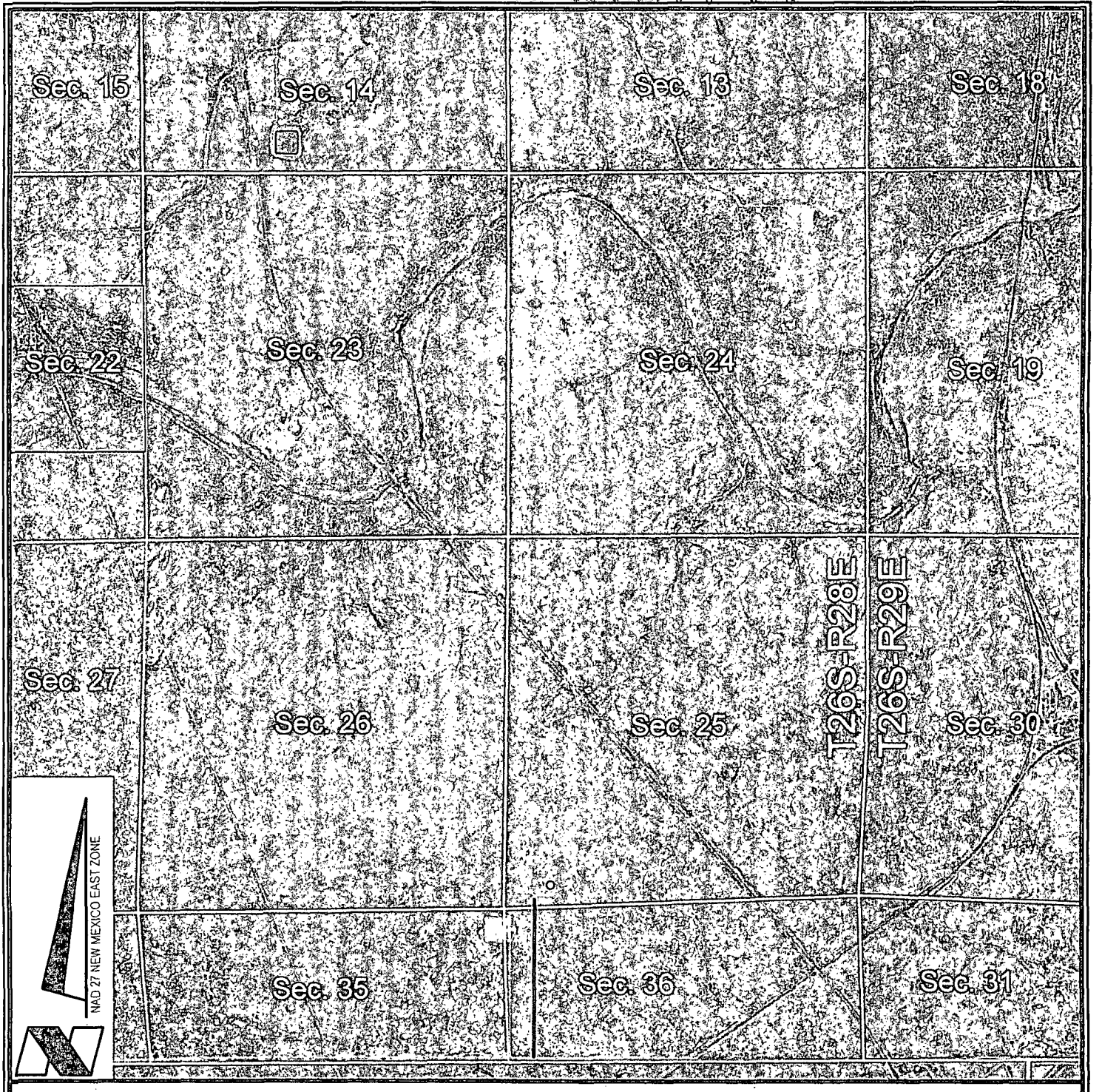
DRAWN BY: BOR	REVISED:	DATE: JULY 10, 2014
PROJ. MGR.: GDG		SHEET 2 OF 3 SHEETS
FILENAME: T:\2014\2145502\DWG\Rustler Bluff 25 26 28 Fed 1H APD.dwg		

Exhibit A-4



VICINITY MAP

2,000' 0 1,000' 2,000'
Scale: 1" = 2,000'

= FEDERAL LAND
= FEE LAND
= STATE LAND

CHEVRON U.S.A. INC.

RUSTLER BLUFF 25 26 28 FED NO. 1H WELL
LOCATED 205' FSL AND 660' FWL
SECTION 25, T26S-R28E
EDDY COUNTY, NEW MEXICO

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DRAWN BY: BOR	REVISED:	DATE: JULY 10, 2014
PROJ. MGR.: GDG		SHEET 3 OF 3 SHEETS
FILENAME: T:\2014\2145502\DWG\Rustler Bluff 25 26 28 Fed 1H APD.dwg		

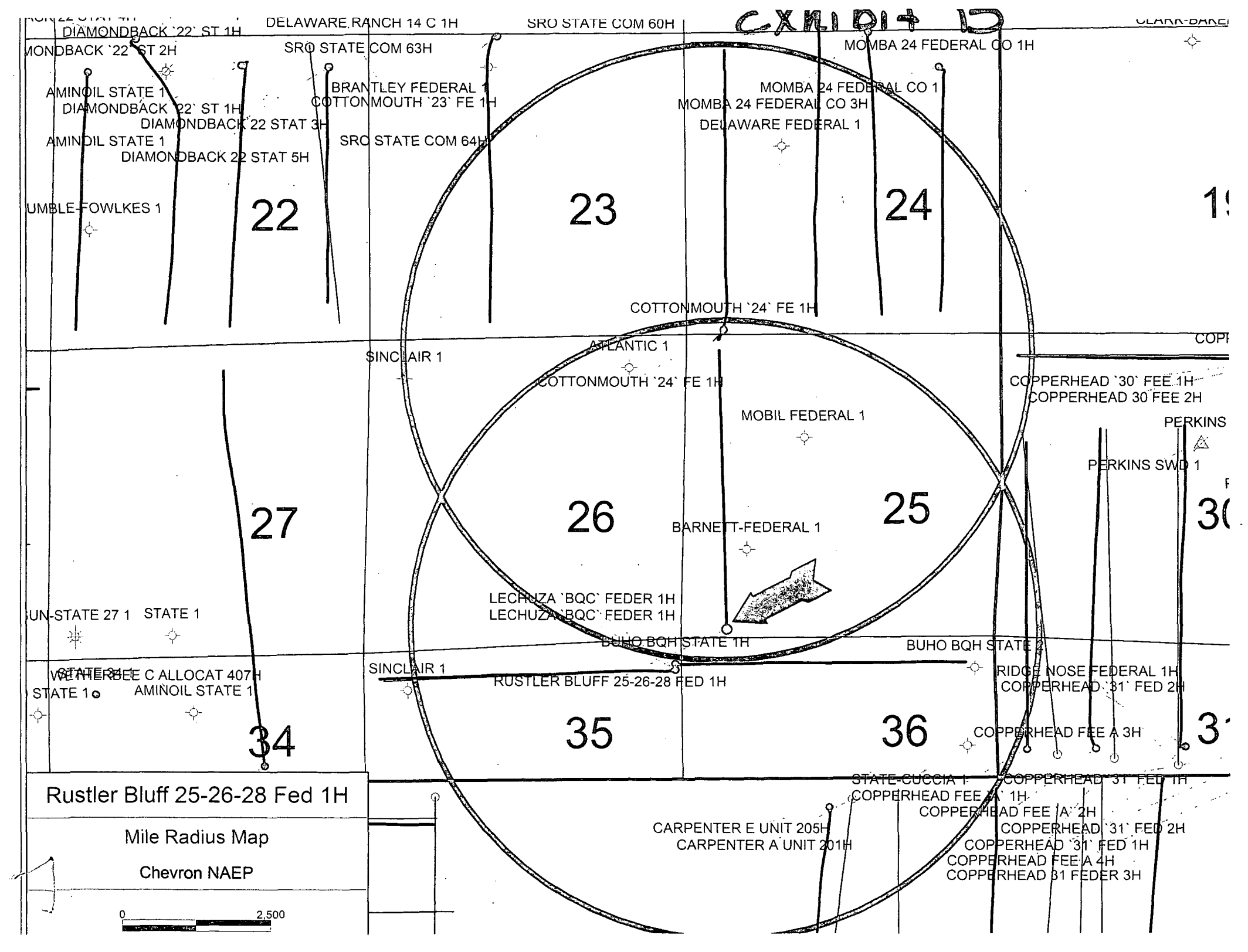


EXHIBIT D
DIAMONDBACK `22` ST 1H
DELAWARE RANCH 14 C 1H
SRO STATE COM 60H
MOMBA 24 FEDERAL CO 1H
MONDBACK `22` ST 2H
SRO STATE COM 63H
AMINOIL STATE 1
DIAMONDBACK `22` ST 1H
BRANTLEY FEDERAL 1
COTTONMOUTH `23` FE 1H
MOMBA 24 FEDERAL CO 1
MOMBA 24 FEDERAL CO 3H
DIAMONDBACK 22 STAT 3H
DELAWARE FEDERAL 1
AMINOIL STATE 1
SRO STATE COM 64H
DIAMONDBACK 22 STAT 5H
UMBLE-FOWLKES 1
22
23
24
COTTONMOUTH `24` FE 1H
ATLANTIC 1
SINCLAIR 1
COTTONMOUTH `24` FE 1H
COPPERHEAD `30` FEE 1H
COPPERHEAD 30 FEE 2H
MOBIL FEDERAL 1
PERKINS
PERKINS SWD 1
27
26
25
BARNETT-FEDERAL 1
LECHUZA `BQC` FEDER 1H
LECHUZA `BQC` FEDER 1H
UN-STATE 27 1
STATE 1
BUHO BQH STATE 1H
BUHO BQH STATE 2
SINCLAIR 1
RUSTLER BLUFF 25-26-28 FED 1H
RIDGE NOSE FEDERAL 1H
COPPERHEAD `31` FED 2H
STATE 1
AMINOIL STATE 1
34
35
36
COPPERHEAD FEE A 3H
STATE-CUCCIA 1
COPPERHEAD `31` FED 1H
COPPERHEAD FEE A `1H
COPPERHEAD FEE A `2H
CARPENTER E UNIT 205H
CARPENTER A UNIT 201H
COPPERHEAD `31` FED 2H
COPPERHEAD `31` FED 1H
COPPERHEAD FEE A 4H
COPPERHEAD 31 FEDER 3H
Rustler Bluff 25-26-28 Fed 1H
Mile Radius Map
Chevron NAEP
0
2,500

1. FORMATION TOPS

The estimated tops of important geologic markers are as follows:

FORMATION	SUB-SEA	KBTVD	MD
Rustler	0	0	
Salado	0	0	
Castile	2125	906	
Lamar	360	2671	
Bell Canyon	330	2701	
Cherry Canyon	-510	3541	
Brushy Canyon	-1855	4886	
Bone Spring Limestone	-3354	6385	
1st Bone Spring	-4565	7596	
2nd Bone Spring	-4952	7983	
Lateral TD (2nd Bone Spring)	(5,721)	8,752	12830

2. ESTIMATED DEPTH OF WATER, OIL, GAS & OTHER MINERAL BEARING FORMATIONS

The estimated depths at which the top and bottom of the anticipated water, oil, gas, or other mineral bearing formations are expected to be encountered are as follows:

Substance	Formation	Depth
Deepest Expected Base of Fresh Water		350
Water	Rustler	0
Water	Bell Canyon	2701
Oil/Gas	Cherry Canyon	3541
Oil/Gas	Brushy Canyon	4886
Oil/Gas	Bone Spring Limestone	6385
Oil/Gas	1st Bone Spring	7596
Oil/Gas	2nd Bone Spring	7983

All shows of fresh water and minerals will be reported and protected.

3. BOP EQUIPMENT

Will have a minimum of a 5000 psi rig stack (see proposed schematic) for drill out below surface casing. Stack will be tested as specified in the attached testing requirements. Chevron requests a variance to use A coflex hose with a metal protective covering that will be utilized between the BOP and Choke manifold. Please see the attached testing and certification information.

Chevron requests a variance to use a GE/Vetco SH-2 Multibowl wellhead, which will be run through the rig foor on surface casing. BOPE will be nippled up and test after cementing surface casing. Subsequent tests will be performed as needed, not to exceed 30 days. The field report from GE/Vetco and BOP test information will be provided in a subsequent report at the end of the well. Please see the attached wellhead schematic. An installation manual has been placed on file with the BLM office and remains unchanged from previous submittal.

4. **CASING PROGRAM** 5

a. The proposed casing program will be as follows:

See COA

Purpose	From	To	Hole Size	Csg Size	Weight	Grade	Thread	Condition
Surface	0'	~~450~~ 350	17-1/2"	13-3/8"	48 #	H-40	STC	New
Intermediate	0'	~~2,700~~ 2650	12-1/4"	9-5/8"	40 #	HCK-55	LTC	New
Production	0'	12,830'	8-3/4"	5-1/2"	17.0 #	HCP-110	CDC	New

b. Casing design subject to revision based on geologic conditions encountered.

c. *****A "Worst Case" casing design for wells in a particular area is used below to calculate the Casing Safety Factors. If for any reason the casing design for a particular well requires setting casing deeper than the following "worst case" design, then the Casing Safety Factors will be recalcuated & sent to the BLM prior to drilling.**

d. **Chevron will fill casing at a minimum of every 20 jts (840') while running for intermediate and production casing in order to maintain collapse SF.**

SF Calculations based on the following "Worst Case" casing design.

Surface Casing: 1500'
Intermediate Casing: 5300'
Production Casing: 16,500' MD/11,500' TVD (5000' VS @ 90 deg inc)

Casing String	Min SF Burst	Min SF Collapse	Min SF Tension
Surface	1.28	1.14	1.6
Shallow Intermediate	1.28	1.25	1.6
Production	1.34	1.65	1.6

Min SF is the smallest of a group of safety factors that include the following considerations:

	Surf	Int	Prod
Burst Design			
Pressure Test- Surface, Int, Prod Csg P external: Water P internal: Test psi + next section heaviest mud in csg	X	X	X
Displace to Gas- Surf Csg P external: Water P internal: Dry Gas from Next Csg Point	X		
Frac at Shoe; Gas to Surf- Int Csg P external: Water P internal: Dry Gas, 15 ppg Frac Gradient		X	
Stimulation (Frac) Pressures- Prod Csg P external: Water P internal: Max inj pressure w/ heaviest injected fluid			X
Tubing leak- Prod Csg (packer at KOP) P external: Water P internal: Leak just below surf, 8.7 ppg packer fluid			X
Collapse Design			
Full Evacuation P external: Water gradient in cement, mud above TOC P internal: none	X	X	X
Cementing- Surf, Int, Prod Csg P external: Wet cement P internal: water	X	X	X
Tension Design			
100k lb overpull	X	X	X

5. **CEMENTING PROGRAM**

Slurry	Type	Top	Bottom	Weight	Yield	%Excess	Sacks	Water
Surface				(ppg)	(sx/cu ft)	Open Hole		gal/sk
			430					
Tail	Class C+2%CaCl	0'	~~450~~	14.8	1.36	125	530	6.39
Intermediate								
Lead	Class C+4%Gel +1%CaCl	0'	2,100'	13.7	1.68	100	716	9.72
Tail	Class C+1%CaCl	2,100'	2630 ~~2,700~~'	14.8	1.33	100	311	6.24
Production								
1st Lead	50% Class H+ 50% Silicalite +2% Gel	2,200'	7,790'	11.3	2.54	100	1064	15.07
2nd Lead	50% Class H+ 50% Silicalite +2% Gel	7,790'	11,805'	12.5	1.81	35	760	8.10
Tail	Acid Soluble Cement	11,805'	12,830'	15	2.6	0	100	11.2

1. Final cement volumes will be determined by caliper.
2. Surface casing shall have at least one centralizer installed on each of the bottom three joints starting with the shoe joint.
3. Production casing will have one horizontal type centralizer on every joint for the first 1000' from TD, then every other joint to EOB, and then every third joint to KOP. Bowspring type centralizers will be run from KOP to intermediate casing.

6. **MUD PROGRAM**

From	To	Type	Weight	F. Vis	Filtrate	
0'	450' 930 2630	Spud Mud	8.3 - 8.7	32 - 34	NC - NC	
450'	2,700'	Brine	9.5 - 10.1	28 - 29	NC - NC	
2,700'	7,790'	FW/Cut Brine	8.3 - 9.5	28 - 29	NC - NC	
7,790'	8,545'	Cut Brine	8.3 - 9.5	28 - 30	15 - 25	Curve
8,545'	12,830'	FW/Cut Brine	8.3 - 9.5	28 - 29	15 - 25	

A closed system will by 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 an approved sanitary landfill. Sanitary wastes will be contained in a chemical porta-toilet and then hauled to an approved sanitary landfill.

All fluids and cuttings will be disposed of in accordance with New Mexico Oil Conservation Division rules and regulations.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH.

Visual mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume. When abnormal pressures are anticipated -- a pit volume totalizer (PVT), stroke counter, and flow sensor will be used to detect volume changes indicating loss or gain of circulating fluid volume.

A weighting agent and lost circulating material (LCM) will be onsite to mitigate pressure or lost circulation as hole conditions dictate.

7. **TESTING, LOGGING, AND CORING**

The anticipated type and amount of testing, logging, and coring are as follows:

a. Drill stem tests are not planned.
b. The logging program will be as follows:

TYPE	Logs	Interval	Timing	Vendor
Mudlogs	2 man mudlog	Int Csg to TD	Drillout of Int Csg	TBD
LWD	MWD Gamma	Curve and Lateral	While Drilling	TBD
-	-	-	-	-
-	-	-	-	-

c. Conventional whole core samples are not planned.
d. A Directional Survey will be run.

8. **ABNORMAL PRESSURES AND HYDROGEN SULFIDE**

a. No abnormal pressures or temperatures are expected. Estimated BHP is: 4025 psi
b. Hydrogen sulfide gas is not anticipated. An H2S Contingency plan is attached with this APD in the event that H2S is encountered

Project: Eddy County NM (NAD27 NME)
Site: Rustler Bluff 25-26-28 Fed
Well: #1H
Wellbore: WB1 / Job #1411980
Design: Plan #1 10-08-14
Rig: Ensign 767

Azimuths to Grid North
True North: -0.15°
Magnetic North: 7.40°

Magnetic Field
Strength: 48057.6snT
Dip Angle: 59.81°
Date: 10/8/2014
Model: BGGM2014

WELL DETAILS

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
0.00	0.00	366394.00	588836.00	32° 0' 25.22544 N	104° 2' 48.26185 W

Ground Level 3000.00

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	7792.54	0.00	0.00	7792.54	0.00	0.00	0.00	0.00	0.00		KOP, Start 12°/100' Build
3	8542.54	90.00	358.71	8270.00	477.34	-10.73	12.00	358.71	477.46		LP, Begin 90° Inc Hold
4	12828.27	90.00	358.71	8270.00	4762.00	-107.00	0.00	0.00	4763.20	BHL-RB 25-26-28 Fed #1H	TD at 12828.27 MD

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
BHL-RB 25-26-28 Fed #1H	8270.00	4762.00	-107.00	371156.00	588729.00	32° 1' 12.35582 N	104° 2' 49.35804 W	Rectangle (Sides: L50.00 W100.00)

- plan hits target center

LEGEND

#1H, WB1, Surveys V0
Plan #1 10-08-14

Map System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone Name: New Mexico East 3001

Local Origin: Well #1H, Grid North

Latitude: 32° 0' 25.22544 N
Longitude: 104° 2' 48.26185 W

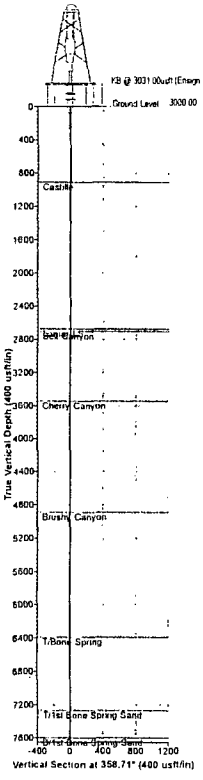
Grid East: 588836.00
Grid North: 366394.00
Scale Factor: 1.000

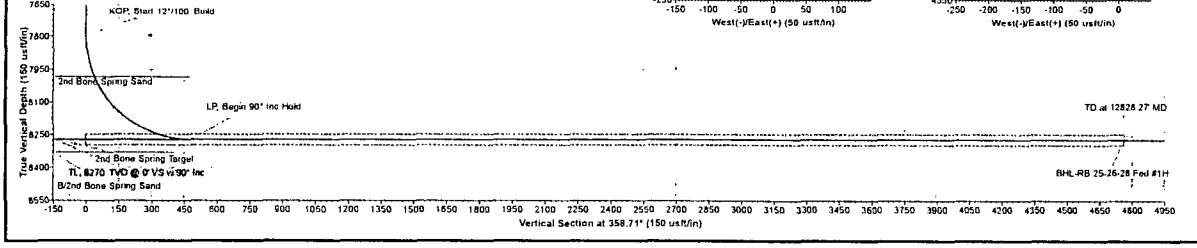
Geomagnetic Model: BGGM2014
Sample Date: 08-Oct-14
Magnetic Declination: 7.55°
Dip Angle from Horizontal: 59.81°
Magnetic Field Strength: 48058

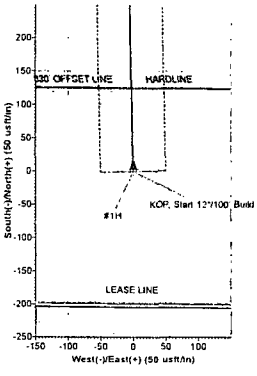
To convert a Magnetic Direction to a Grid Direction, Add 7.40°
To convert a Magnetic Direction to a True Direction, Add 7.55° East
To convert a True Direction to a Grid Direction, Subtract 0.15°

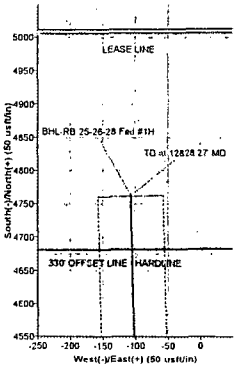
FORMATION TOP DETAILS

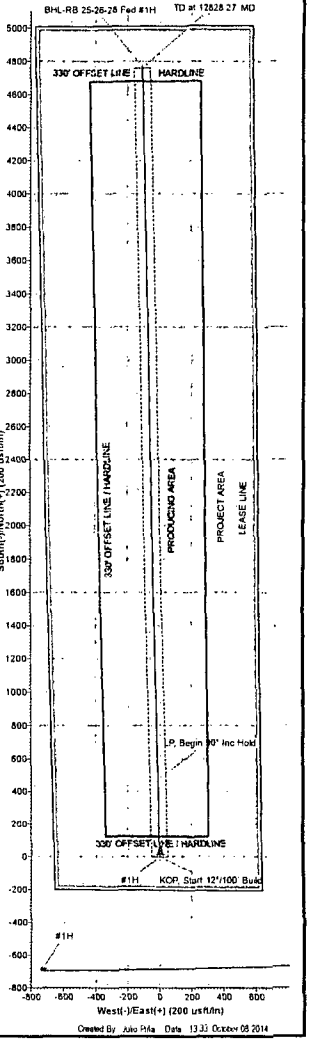
TVDPath	MDPath	Formation	DipAngle	DipDir
906.00	906.00	Castile	0.00	358.71
2671.00	2671.00	Lamar LS	0.00	358.71
2701.00	2701.00	Bell Canyon	0.00	358.71
3541.00	3541.00	Cherry Canyon	0.00	358.71
4886.00	4886.00	Brushy Canyon	0.00	358.71
6355.00	6385.00	Bone Spring	0.00	358.71
7265.00	7265.00	1st Bone Spring Sand	0.00	358.71
7505.00	7526.00	2nd Bone Spring Sand	0.00	358.71
7983.00	7983.65	2nd Bone Spring Target	0.00	358.71
8259.00	8511.63	2nd Bone Spring Sand	0.00	358.71
8270.00	8542.54	TL, 8270 TVD @ 0° VS w/90° Inc	0.00	358.71











Created By: Julio Pena Date: 13:33, October 08 2014

Chevron

Eddy County NM (NAD27 NME)
Rustler Bluff 25-26-28 Fed
#1H

WB1 / Job #1411980

Plan: Plan #1 10-08-14

Standard Planning Report

08 October, 2014

Database:	Compass 5000 GCR DB	**Local Co-ordinate Reference:**	Well #1H
Company:	Chevron	**TVD Reference:**	KB @ 3031.00usft (Ensign 767)
Project:	Eddy County NM (NAD27 NME)	**MD Reference:**	KB @ 3031.00usft (Ensign 767)
Site:	Rustler Bluff 25-26-28 Fed	**North Reference:**	Grid
Well:	#1H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	WB1 / Job #1411980		
Design:	Plan #1 10-08-14		

Project Eddy County NM (NAD27 NME)

Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Rustler Bluff 25-26-28 Fed

Site Position:		**Northing:**	366,394.00 usft	**Latitude:**	32° 0' 25.22544 N
From:	Map	**Easting:**	588,836.00 usft	**Longitude:**	104° 2' 48.26185 W
Position Uncertainty:	0.00 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	0.15 °

Well #1H

Well Position	**+N/-S**	0.00 usft	**Northing:**	366,394.00 usft	**Latitude:**	32° 0' 25.22544 N
	+E/-W	0.00 usft	**Easting:**	588,836.00 usft	**Longitude:**	104° 2' 48.26185 W
Position Uncertainty		0.00 usft	**Wellhead Elevation:**	0.00 usft	**Ground Level:**	3,000.00 usft

Wellbore WB1 / Job #1411980

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	BGGM2014	10/8/2014	7.55	59.81	48,058

Design Plan #1 10-08-14

Audit Notes:

Version:		**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	358.71

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,792.54	0.00	0.00	7,792.54	0.00	0.00	0.00	0.00	0.00	0.00	
8,542.54	90.00	358.71	8,270.00	477.34	-10.73	12.00	12.00	0.00	358.71	
12,828.27	90.00	358.71	8,270.00	4,762.00	-107.00	0.00	0.00	0.00	0.00	BHL-RB 25-26-28 Fe

Database:	Compass 5000 GCR DB	Local Co-ordinate Reference:	Well #1H
Company:	Chevron	TVD Reference:	KB @ 3031.00usft (Ensign 767)
Project:	Eddy County NM (NAD27 NME)	MD Reference:	KB @ 3031.00usft (Ensign 767)
Site:	Rustler Bluff 25-26-28 Fed	North Reference:	Grid
Well:	#1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB1 / Job #1411980		
Design:	Plan #1 10-08-14		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
906.00	0.00	0.00	906.00	0.00	0.00	0.00	0.00	0.00	0.00
Castille									
2,671.00	0.00	0.00	2,671.00	0.00	0.00	0.00	0.00	0.00	0.00
Lamar LS									
2,701.00	0.00	0.00	2,701.00	0.00	0.00	0.00	0.00	0.00	0.00
Bell Canyon									
3,541.00	0.00	0.00	3,541.00	0.00	0.00	0.00	0.00	0.00	0.00
Cherry Canyon									
4,886.00	0.00	0.00	4,886.00	0.00	0.00	0.00	0.00	0.00	0.00
Brushy Canyon									
6,385.00	0.00	0.00	6,385.00	0.00	0.00	0.00	0.00	0.00	0.00
T/Bone Spring									
7,265.00	0.00	0.00	7,265.00	0.00	0.00	0.00	0.00	0.00	0.00
T/1st Bone Spring Sand									
7,596.00	0.00	0.00	7,596.00	0.00	0.00	0.00	0.00	0.00	0.00
B/1st Bone Spring Sand									
7,792.54	0.00	0.00	7,792.54	0.00	0.00	0.00	0.00	0.00	0.00
KOP, Start 12°/100' Build									
7,800.00	0.90	358.71	7,800.00	0.06	0.00	0.06	12.00	12.00	0.00
7,900.00	12.90	358.71	7,899.10	12.04	-0.27	12.04	12.00	12.00	0.00
7,988.45	23.51	358.71	7,983.00	39.62	-0.89	39.63	12.00	12.00	0.00
2nd Bone Spring Sand									
8,000.00	24.90	358.71	7,993.53	44.36	-1.00	44.37	12.00	12.00	0.00
8,100.00	36.90	358.71	8,079.19	95.60	-2.15	95.62	12.00	12.00	0.00
8,200.00	48.90	358.71	8,152.31	163.52	-3.67	163.56	12.00	12.00	0.00
8,300.00	60.90	358.71	8,209.71	245.16	-5.51	245.23	12.00	12.00	0.00
8,400.00	72.90	358.71	8,248.88	336.95	-7.57	337.04	12.00	12.00	0.00
8,500.00	84.90	358.71	8,268.11	434.88	-9.77	434.99	12.00	12.00	0.00
8,511.63	86.29	358.71	8,269.00	446.47	-10.03	446.58	12.00	12.00	0.00
2nd Bone Spring Target									
8,542.54	90.00	358.71	8,270.00	477.34	-10.73	477.46	12.00	12.00	0.00
LP, Begin 90° Inc Hold - TL, 8270' TVD @ 0' VS w/90° Inc									
8,600.00	90.00	358.71	8,270.00	534.79	-12.02	534.93	0.00	0.00	0.00
8,700.00	90.00	358.71	8,270.00	634.77	-14.26	634.93	0.00	0.00	0.00
8,800.00	90.00	358.71	8,270.00	734.74	-16.51	734.93	0.00	0.00	0.00
8,900.00	90.00	358.71	8,270.00	834.72	-18.76	834.93	0.00	0.00	0.00
9,000.00	90.00	358.71	8,270.00	934.69	-21.00	934.93	0.00	0.00	0.00
9,100.00	90.00	358.71	8,270.00	1,034.67	-23.25	1,034.93	0.00	0.00	0.00
9,200.00	90.00	358.71	8,270.00	1,134.64	-25.49	1,134.93	0.00	0.00	0.00
9,300.00	90.00	358.71	8,270.00	1,234.62	-27.74	1,234.93	0.00	0.00	0.00
9,400.00	90.00	358.71	8,270.00	1,334.59	-29.99	1,334.93	0.00	0.00	0.00
9,500.00	90.00	358.71	8,270.00	1,434.57	-32.23	1,434.93	0.00	0.00	0.00
9,600.00	90.00	358.71	8,270.00	1,534.54	-34.48	1,534.93	0.00	0.00	0.00
9,700.00	90.00	358.71	8,270.00	1,634.52	-36.73	1,634.93	0.00	0.00	0.00
9,800.00	90.00	358.71	8,270.00	1,734.49	-38.97	1,734.93	0.00	0.00	0.00
9,900.00	90.00	358.71	8,270.00	1,834.47	-41.22	1,834.93	0.00	0.00	0.00
10,000.00	90.00	358.71	8,270.00	1,934.44	-43.47	1,934.93	0.00	0.00	0.00
10,100.00	90.00	358.71	8,270.00	2,034.42	-45.71	2,034.93	0.00	0.00	0.00
10,200.00	90.00	358.71	8,270.00	2,134.39	-47.96	2,134.93	0.00	0.00	0.00
10,300.00	90.00	358.71	8,270.00	2,234.37	-50.21	2,234.93	0.00	0.00	0.00
10,400.00	90.00	358.71	8,270.00	2,334.34	-52.45	2,334.93	0.00	0.00	0.00

Database:	Compass 5000 GCR DB	Local Co-ordinate Reference:	Well #1H
Company:	Chevron	TVD Reference:	KB @ 3031.00usft (Ensign 767)
Project:	Eddy County NM (NAD27 NME)	MD Reference:	KB @ 3031.00usft (Ensign 767)
Site:	Rustler Bluff 25-26-28 Fed	North Reference:	Grid
Well:	#1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB1 / Job #1411980		
Design:	Plan #1 10-08-14		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
10,500.00	90.00	358.71	8,270.00	2,434.32	-54.70	2,434.93	0.00	0.00	0.00
10,600.00	90.00	358.71	8,270.00	2,534.29	-56.94	2,534.93	0.00	0.00	0.00
10,700.00	90.00	358.71	8,270.00	2,634.26	-59.19	2,634.93	0.00	0.00	0.00
10,800.00	90.00	358.71	8,270.00	2,734.24	-61.44	2,734.93	0.00	0.00	0.00
10,900.00	90.00	358.71	8,270.00	2,834.21	-63.68	2,834.93	0.00	0.00	0.00
11,000.00	90.00	358.71	8,270.00	2,934.19	-65.93	2,934.93	0.00	0.00	0.00
11,100.00	90.00	358.71	8,270.00	3,034.16	-68.18	3,034.93	0.00	0.00	0.00
11,200.00	90.00	358.71	8,270.00	3,134.14	-70.42	3,134.93	0.00	0.00	0.00
11,300.00	90.00	358.71	8,270.00	3,234.11	-72.67	3,234.93	0.00	0.00	0.00
11,400.00	90.00	358.71	8,270.00	3,334.09	-74.92	3,334.93	0.00	0.00	0.00
11,500.00	90.00	358.71	8,270.00	3,434.06	-77.16	3,434.93	0.00	0.00	0.00
11,600.00	90.00	358.71	8,270.00	3,534.04	-79.41	3,534.93	0.00	0.00	0.00
11,700.00	90.00	358.71	8,270.00	3,634.01	-81.65	3,634.93	0.00	0.00	0.00
11,800.00	90.00	358.71	8,270.00	3,733.99	-83.90	3,734.93	0.00	0.00	0.00
11,900.00	90.00	358.71	8,270.00	3,833.96	-86.15	3,834.93	0.00	0.00	0.00
12,000.00	90.00	358.71	8,270.00	3,933.94	-88.39	3,934.93	0.00	0.00	0.00
12,100.00	90.00	358.71	8,270.00	4,033.91	-90.64	4,034.93	0.00	0.00	0.00
12,200.00	90.00	358.71	8,270.00	4,133.89	-92.89	4,134.93	0.00	0.00	0.00
12,300.00	90.00	358.71	8,270.00	4,233.86	-95.13	4,234.93	0.00	0.00	0.00
12,400.00	90.00	358.71	8,270.00	4,333.84	-97.38	4,334.93	0.00	0.00	0.00
12,500.00	90.00	358.71	8,270.00	4,433.81	-99.63	4,434.93	0.00	0.00	0.00
12,600.00	90.00	358.71	8,270.00	4,533.79	-101.87	4,534.93	0.00	0.00	0.00
12,700.00	90.00	358.71	8,270.00	4,633.76	-104.12	4,634.93	0.00	0.00	0.00
12,800.00	90.00	358.71	8,270.00	4,733.73	-106.36	4,734.93	0.00	0.00	0.00
12,828.27	90.00	358.71	8,270.00	4,762.00	-107.00	4,763.20	0.00	0.00	0.00

TD at 12828.27' MD - BHL-RB 25-26-28 Fed #1H

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
BHL-RB 25-26-28 Fed # - plan hits target center - Rectangle (sides W100.00 H50.00 D4,763.20)	-90.00	358.71	8,270.00	4,762.00	-107.00	371,156.00	588,729.00	32° 1' 12.35582 N	104° 2' 49.35804 W

Database:	Compass 5000 GCR DB	**Local Co-ordinate Reference:**	Well #1H
Company:	Chevron	**TVD Reference:**	KB @ 3031.00usft (Ensign 767)
Project:	Eddy County NM (NAD27 NME)	**MD Reference:**	KB @ 3031.00usft (Ensign 767)
Site:	Rustler Bluff 25-26-28 Fed	**North Reference:**	Grid
Well:	#1H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	WB1 / Job #1411980		
Design:	Plan #1 10-08-14		

Formations

Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)
906.00	906.00	Castille		0.00	358.71
2,671.00	2,671.00	Lamar LS		0.00	358.71
2,701.00	2,701.00	Bell Canyon		0.00	358.71
3,541.00	3,541.00	Cherry Canyon		0.00	358.71
4,886.00	4,886.00	Brushy Canyon		0.00	358.71
6,385.00	6,385.00	T/Bone Spring		0.00	358.71
7,265.00	7,265.00	T/1st Bone Spring Sand		0.00	358.71
7,596.00	7,596.00	B/1st Bone Spring Sand		0.00	358.71
7,988.45	7,983.00	2nd Bone Spring Sand		0.00	358.71
8,511.63	8,269.00	2nd Bone Spring Target		0.00	358.71
8,542.54	8,270.00	TL, 8270' TVD @ 0' VS w/90° Inc		0.00	358.71

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
7,792.54	7,792.54	0.00	0.00	KOP, Start 12°/100' Build
8,542.54	8,270.00	477.34	-10.73	LP, Begin 90° Inc Hold
12,828.27	8,270.00	4,762.00	-107.00	TD at 12828.27' MD

BLOWOUT PREVENTOR SCHEMATIC

Minimum Requirements

OPERATION : Intermediate and Production Hole Sections

Minimum System Pressure Rating : **5,000 psi**

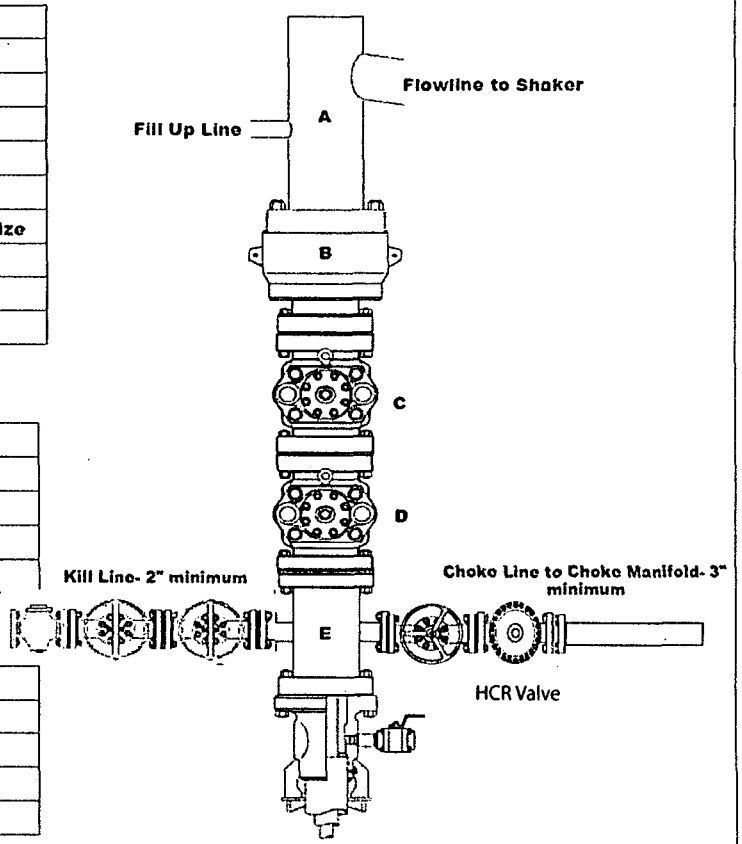
	SIZE	PRESSURE	DESCRIPTION
A		N/A	Bell Nipple
B	13 5/8"	5,000 psi	Annular
C	13 5/8"	5,000 psi	Pipe Ram
D	13 5/8"	5,000 psi	Blind Ram
E	13 5/8"	5,000 psi	Mud Cross
F			
DSA		As required for each hole size	
C-Sec			
B-Sec		13-5/8" 5K x 11" 5K	
A-Sec		13-3/8" SOW x 13-5/8" 5K	

Kill Line

SIZE	PRESSURE	DESCRIPTION
2"	5,000 psi	Gate Valve
2"	5,000 psi	Gate Valve
2"	5,000 psi	Check Valve

Choke Line

SIZE	PRESSURE	DESCRIPTION
3"	5,000 psi	Gate Valve
3"	5,000 psi	HCR Valve



Installation Checklist

The following item must be verified and checked off prior to pressure testing of BOP equipment.

- ☐ **The installed BOP equipment meets at least the minimum requirements (rating, type, size, configuration) as shown on this schematic. Components may be substituted for equivalent equipment rated to higher pressures. Additional components may be put into place as long as they meet or exceed the minimum pressure rating of the system.**
- ☐ **All valves on the kill line and choke line will be full opening and will allow straight though flow.**
- ☐ **The kill line and choke line will be straight unless turns use tee blocks or are targeted with running tess, and will be anchored to prevent whip and reduce vibration.**
- ☐ **Manual (hand wheels) or automatic locking devices will be installed on all ram preventers. Hand wheels will also be installed on all manual valves on the choke line and kill line.**
- ☐ **A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve will remain open unless accumulator is inoperative.**
- ☐ **Upper kelly cock valve with handle will be available on rig floor along with safety valve and subs to fit all drill string connections in use.**

After Installation Checklist is complete, fill out the information below and email to Superintendent and Drilling Engineer

Wellname: _____

Representative: _____

Date: _____

CHOKE MANIFOLD SCHEMATIC

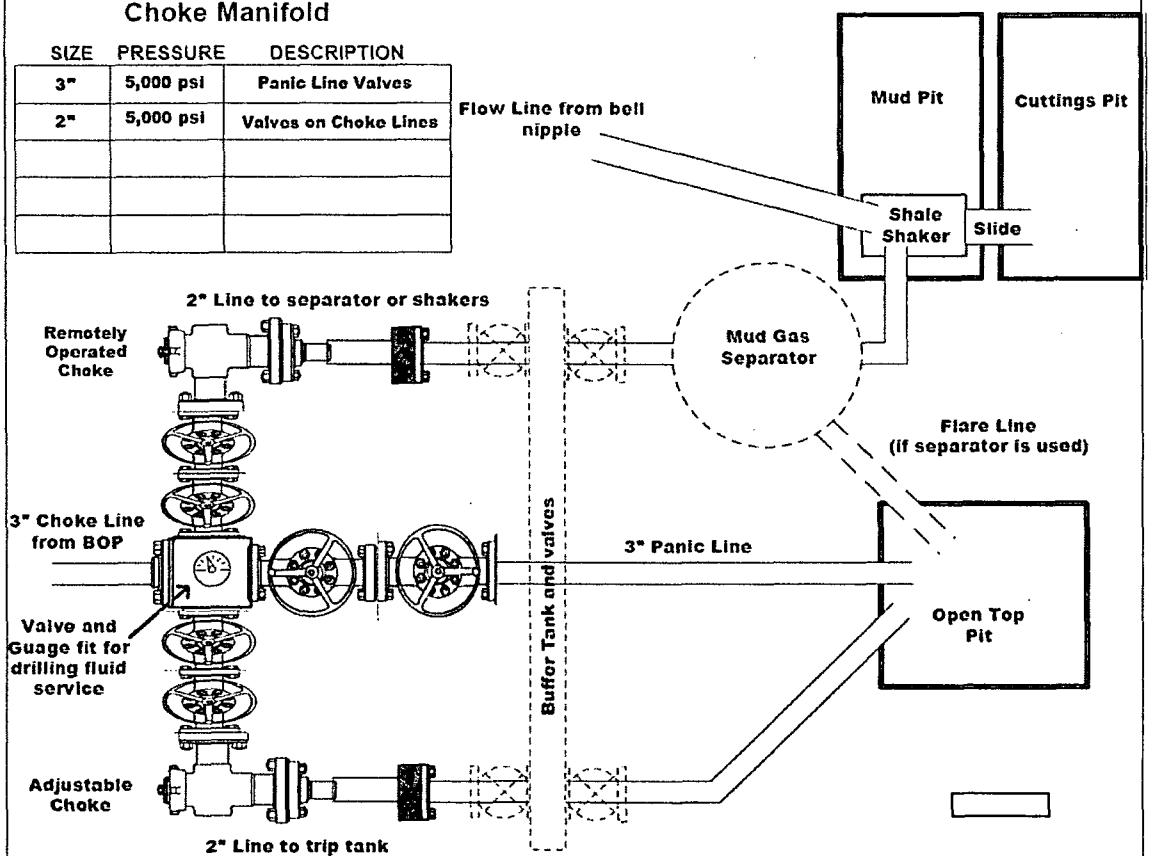
Minimum Requirements

OPERATION : Intermediate and Production Hole Sections

Minimum System Pressure Rating : **5,000 psi**

Choke Manifold

SIZE	PRESSURE	DESCRIPTION
3"	5,000 psi	Panic Line Valves
2"	5,000 psi	Valves on Choke Lines



Installation Checklist

The following item must be verified and checked off prior to pressure testing of BOP equipment.

- ☐ **The installed BOP equipment meets at least the minimum requirements (rating, type, size, configuration) as shown on this schematic. Components may be substituted for equivalent equipment rated to higher pressures. Additional components may be put into place as long as they meet or exceed the minimum pressure rating of the system.**
- ☐ **Adjustable Chokes may be Remotely Operated but will have backup hand pump for hydraulic actuation in case of loss of rig air pressure or power.**
- ☐ **Flare and Panic lines will terminate a minimum of 150' from the wellhead. These lines will terminate at a location as per approved APD.**
- ☐ **The choke line, kill line, and choke manifold lines will be straight unless turns use tee blocks or are targeted with running tess, and will be anchored to prevent whip and reduce vibration. This excludes the line between mud gas separator and shale shaker.**
- ☐ **All valves (except chokes) on choke line, kill line, and choke manifold will be full opening and will allow straight through flow. This excludes any valves between mud gas separator and shale shakers.**
- ☐ **All manual valves will have hand wheels installed.**
- ☐ **If used, flare system will have effective method for ignition**
- ☐ **All connections will be flanged, welded, or clamped (no threaded connections like hammer unions)**
- ☐ **If buffer tank is used, a valve will be used on all lines at any entry or exit point to or from the buffer tank.**

After Installation Checklist is complete, fill out the information below and email to Superintendent and Drilling Engineer

Wellname: _____

Representative: _____

Date: _____

BOPE Testing

Minimum Requirements

Closing Unit and Accumulator Checklist

The following item must be performed, verified, and checked off at least once per well prior to low/high pressure testing of BOP equipment. This must be repeated after 6 months on the same well.

☐ Precharge pressure for each accumulator bottle must fall within the range below. Bottles may be further charged with nitrogen gas only. Tested precharge pressures must be recorded for each individual bottle and kept on location through the end of the well. Test will be conducted prior to connecting unit to BOP stack.

Check one that applies	Accumulator working pressure rating	Minimum acceptable operating pressure	Desired precharge pressure	Maximum acceptable precharge pressure	Minimum acceptable precharge pressure
☐	1500 psi	1500 psi	750 psi	800 psi	700 psi
☐	2000 psi	2000 psi	1000 psi	1100 psi	900 psi
☐	3000 psi	3000 psi	1000 psi	1100 psi	900 psi

☐ Accumulator will have sufficient capacity to open the hydraulically-controlled choke line valve (if used), close all rams, close the annular preventer, and retain a minimum of 200 psi above the maximum acceptable precharge pressure (see table above) on the closing manifold without the use of the closing pumps. This test will be performed with test pressure recorded and kept on location through the end of the well

☐ Accumulator fluid reservoir will be double the usable fluid volume of the accumulator system capacity. Fluid level will be maintained at manufacturer's recommendations. Usable fluid volume will be recorded. Reservior capacity will be recorded. Reservoir fluid level will be recorded along with manufacturer's recommendation. All will be kept on location through the end of the well.

☐ Closing unit system will have two independent power sources (not counting accumulator bottles) to close the preventers.

☐ Power for the closing unit pumps will be available to the unit at all times so that the pumps will automatically start when the closing valve manifold pressure decreases to the pre-set level. It is recommended to check that air line to accumulator pump is "ON" during each tour change.

☐ With accumulator bottles isolated, closing unit will be capable of opening the hydraulically-operated choke line valve (if used) plus close the annular preventer on the smallest size drill pipe within 2 minutes and obtain a minimum of 200 psi above maximum acceptable precharge pressure (see table above) on the closing manifold. Test pressure and closing time will be recorded and kept on location through the end of the well.

☐ Master controls for the BOPE system will be located at the accumulator and will be capable of opening and closing all preventer and the choke line valve (if used)

☐ Remote controls for the BOPE system will be readily accessible (clear path) to the driller and located on the rig floor (not in the dog house). Remote controls will be capable of closing all preventers.

☐ Record accumulator tests in drilling reports and IADC sheet

BOPE Test Checklist

The following item must be checked off prior to beginning test

☐ BLM will be given at least 4 hour notice prior to beginning BOPE testing

☐ Valve on casing head below test plug will be open

☐ Test will be performed using clear water.

The following item must be performed during the BOPE testing and then checked off

☐ BOPE will be pressure tested when initially installed, whenever any seal subject to test pressure is broken, following related repairs, and at a minimum of 30 days intervals. Test pressure and times will be recorded by a 3rd party on a test chart and kept on location through the end of the well.

☐ Test plug will be used

☐ Ram type preventer and all related well control equipment will be tested to 250 psi (low) and 5,000 psi (high).

☐ Annular type preventer will be tested to 250 psi (low) and 3,500 psi (high).

☐ Valves will be tested from the working pressure side with all down stream valves open. The check valve will be held open to test the kill line valve(s)

☐ Each pressure test will be held for 10 minutes with no allowable leak off.

☐ Master controls and remote controls to the closing unit (accumulator) must be function tested as part of the BOP testing

☐ Record BOP tests and pressures in drilling reports and IADC sheet

After installation Checklist is complete, fill out the information below and email to Superintendent and Drilling Engineer along with any/all BOP and accumulator test charts and reports from 3rd parties.

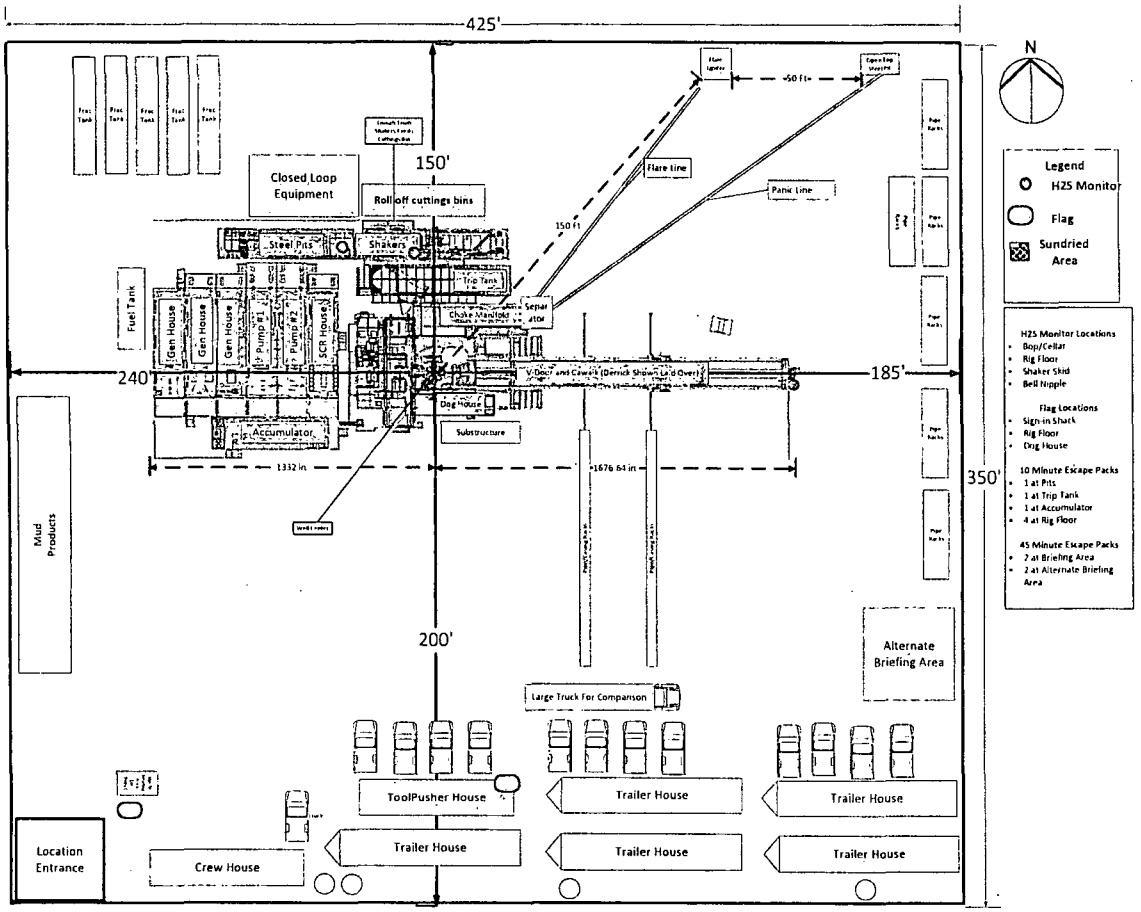
Wellname: _____

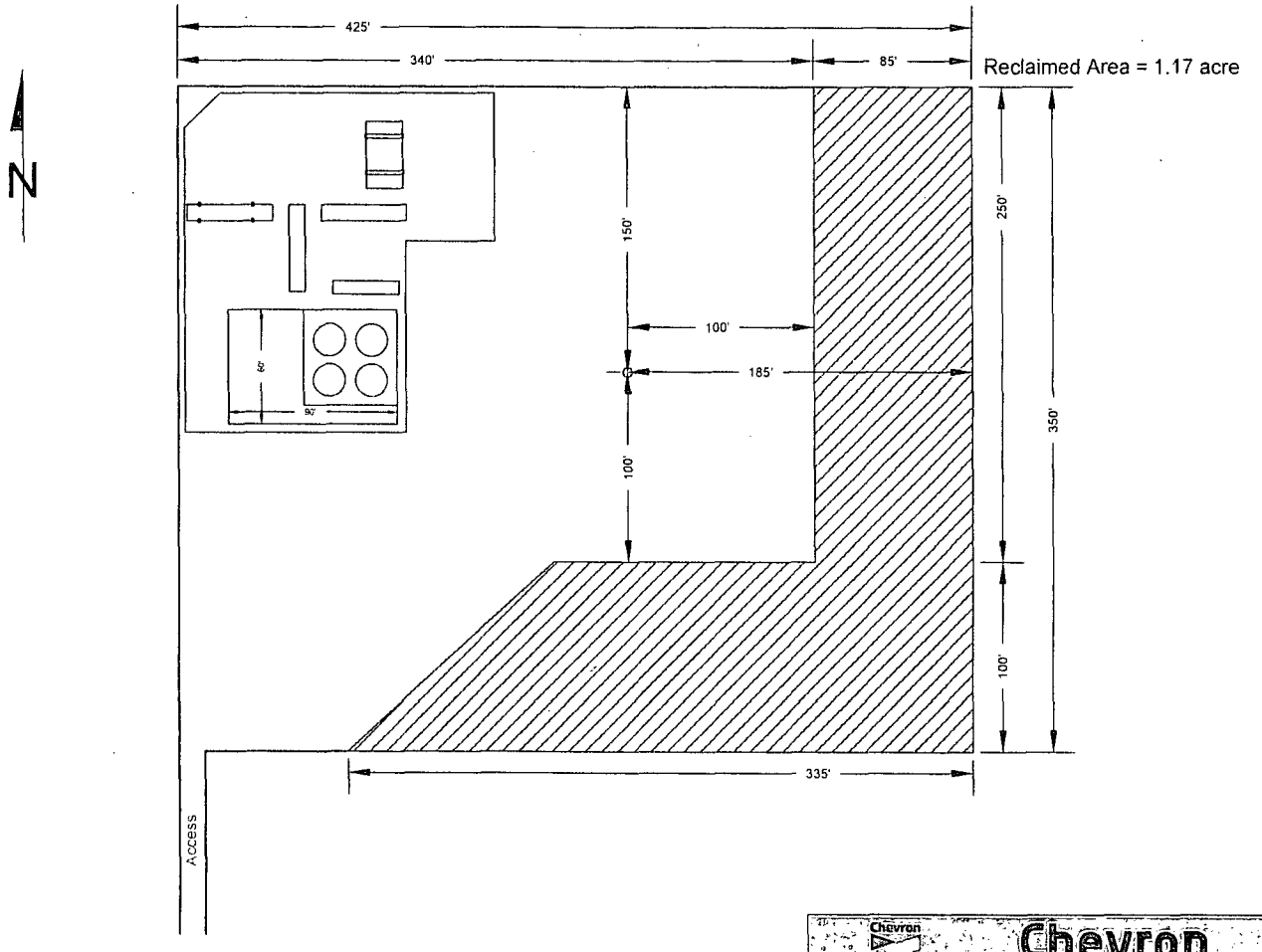
Representative: _____

Date: _____

Exhibit D

Ensign 767 Pad Layout (350' x 425')





Chevron
Midcontinent Business Unit

DELAWARE BASIN
Rustler Bluff 25-Interim Reclamation Plan

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

Rustler Bluff 25-26-28 Federal #1H
205' FSL and 660' FWL
Section 25, Township 26 South, Range 28 East
Eddy County, New Mexico

1. EXISTING ROADS/LEASE ROADS

Driving directions are from Malaga, New Mexico. Proceed south on highway 285 approximately 15 miles and turn west and follow the main road to the first location on the right (southeast corner of the Yates pad) to the location.

This lease road is approximately 20' in travel way width and approximately 1 mile in length with a maximum disturbance area of 30' has been 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

The access road has not been constructed.

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) has been 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 well pad and oil to be sold at that tank battery.

The production line will be surface laid flexpipe run along existing disturbances.

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

The permanent water disposal system will be determined prior to construction of any water transfer pipeline. Until permanent water takeaway is available, produced water will be hauled off location in trucks.

The permanent electrical supply route will be determined prior to construction of permanent distribution lines. A generator will be utilized until permanent power is connected.

5. LOCATION AND TYPES OF WATER SUPPLY

Water will be obtained from a private water source.

Chevron will build a frac pond in section 25-26-28 for fresh water.

A temporary 4" poly pipe transfer line will run approx. 3 plus miles from the water well in Texas to the frac pond in section 25. 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.

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 Rig #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.

10. PLANS FOR RECLAMATION OF THE SURFACE

In the Event of Production

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.

11. SURFACE TENANT

Martha Skeen
P.O. Box 696
Loving, New Mexico 88256

ROAD OWNERSHIP

All access 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

Project Manager Danny Boone 1400 Smith Street, 40135 Houston, TX 77002 Office: 713-372-5390 DBPR@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	

Midwest Hose
& Specialty, Inc.

INTERNAL HYDROSTATIC TEST CERTIFICATE

Customer:	Customer P.O. Number:
ODESSA	193072

HOSE SPECIFICATIONS

Type:	Hose Length:
Rotary/CHOKE KILL GRADE E / API 7K	25' FEET

I.D.	O.D.
3" INCHES	4.77 INCHES

WORKING PRESSURE	TEST PRESSURE	BURST PRESSURE
10,000 PSI	15,000 PSI	N/A PSI

COUPLINGS

Part Number	Stem Lot Number	Ferrule Lot Number
E3.0X64WB		L08301765
E3.0X64WB		L08301765

Type of Coupling:	Die Size:
SWAGE-IT	5.25

PROCEDURE

Hose assembly pressure tested with water at ambient temperature.

TIME HELD AT TEST PRESSURE	ACTUAL BURST PRESSURE:
3 1/2 MIN.	N/A PSI

Hose Assembly Serial Number:	Hose Serial Number:
212332	8104

Comments:

Date:	Tested:	Approved:
8/7/2013		

Midwest Hose & Specialty, Inc.

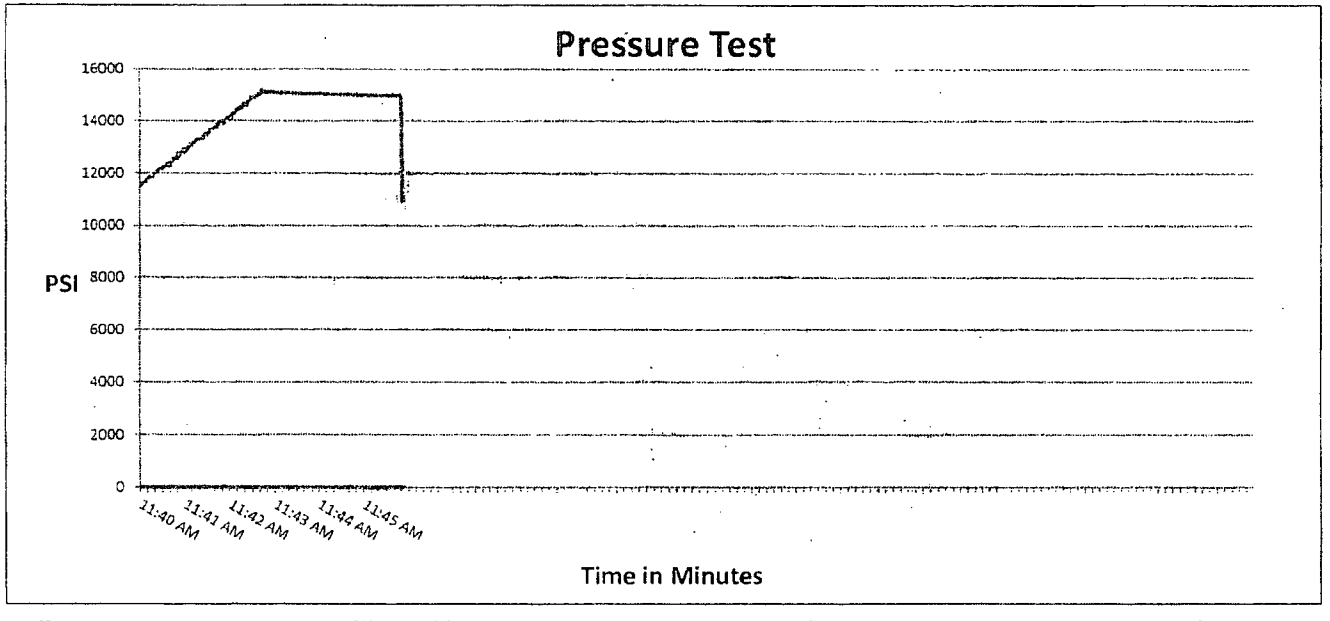
Internal Hydrostatic Test Graph

August 7, 2013

Customer: Odessa

Pick Ticket #: 212332

Hose Specifications		Verification	
Hose Type	**Length**	**Type of Fitting**	**Coupling Method**
E	25'	4 1/16 10K	Swage
I.D.	**O.D.**	**Die Size**	**Final O.D.**
3""	4.77"	5.25"	5.31"
Working Pressure	**Burst Pressure**	**Hose Serial #**	**Hose Assembly Serial #**
7500 PSI	Standard Safety Multiplier Applies	8104	212332



Test Pressure	Time Held at Test Pressure	Actual Burst Pressure	Peak Pressure
15000 PSI	3 2/4 Minutes		15263 PSI

Comments: Hose assembly pressure tested with water at ambient temperature.

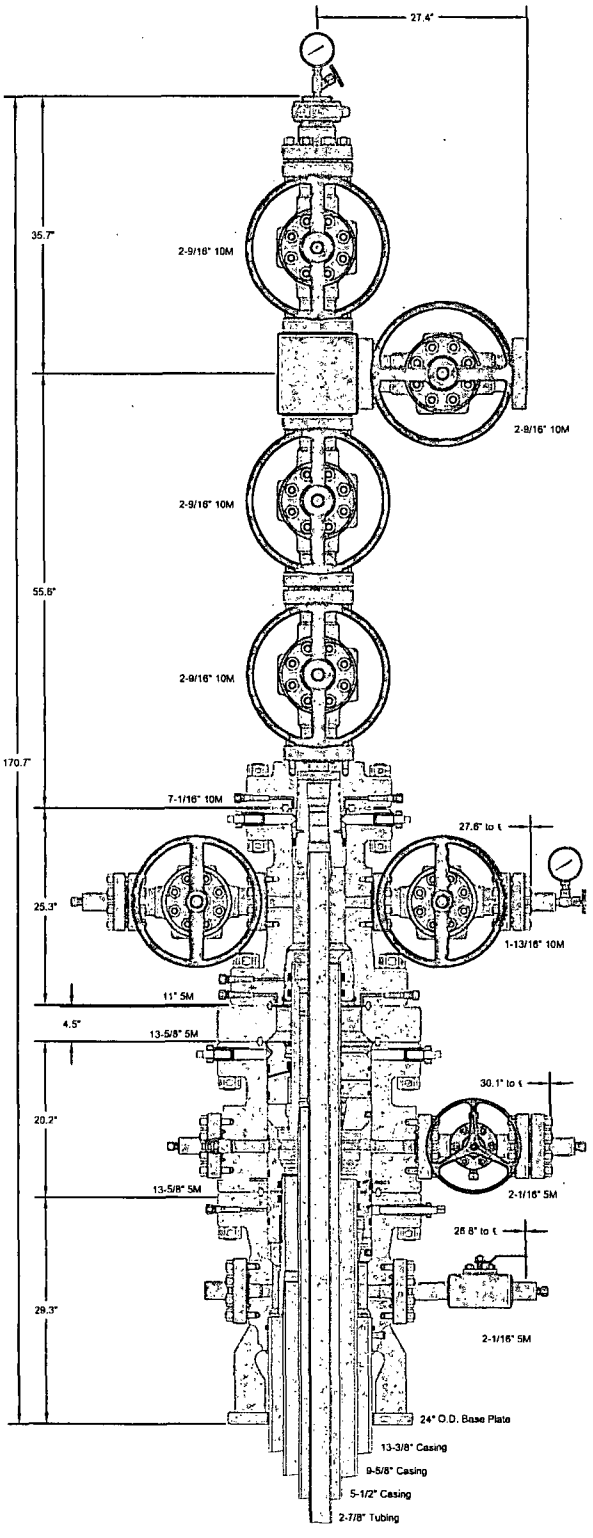
Tested By: *Ryan Malone*

X _____

Approved By: *Ryan Adams*

X _____

GE Oil & Gas



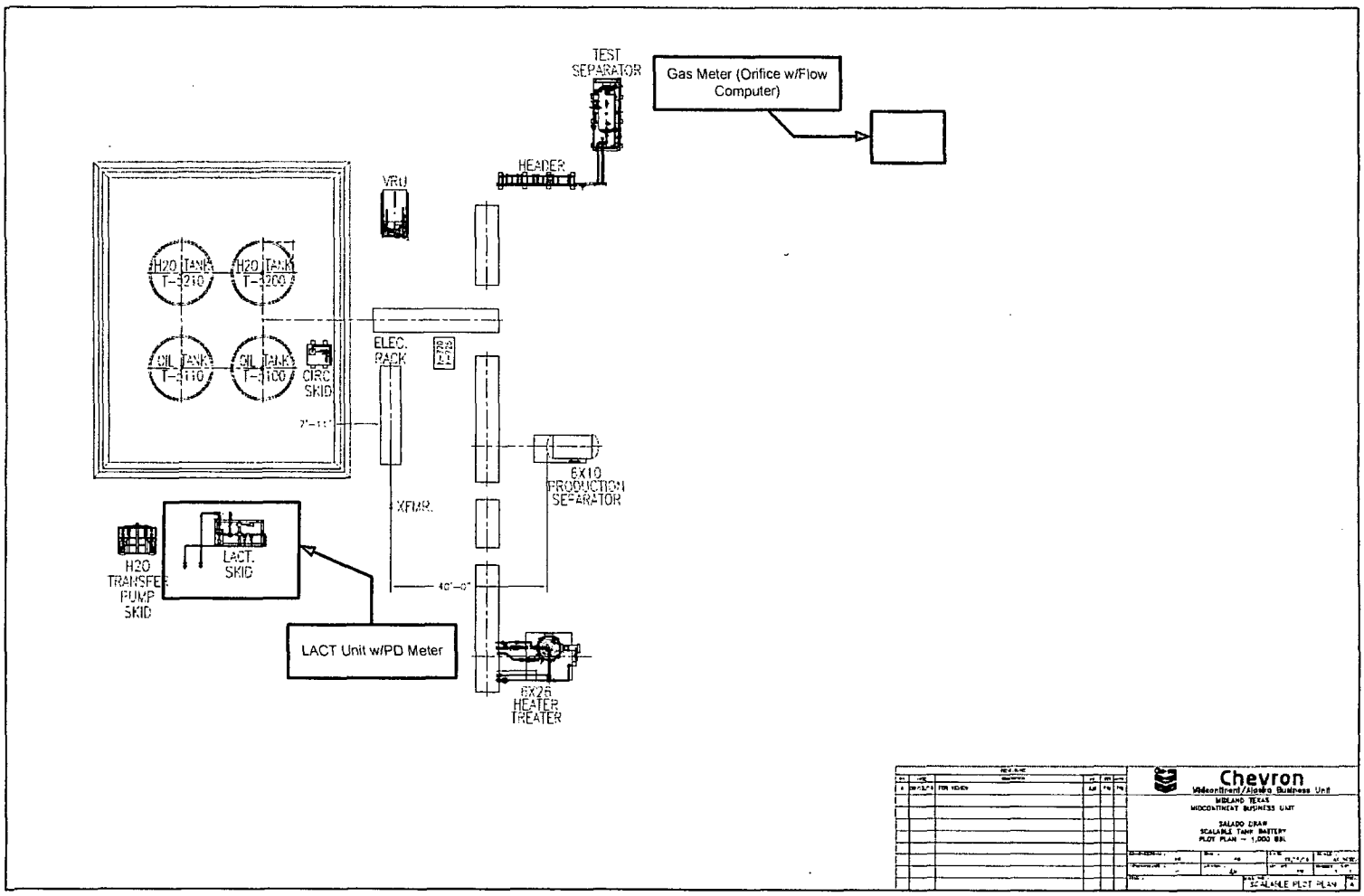
CHEVRON USA, INC.
DELAWARE BASIN

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


TEST SEPARATOR
Gas Meter (Orifice w/Flow Computer)
HEADER
VRU
H2O TANK T-3210
H2O TANK T-3200
OIL TANK T-3110
OIL TANK T-3100
CIRC SKID
ELEC. RACK
XFMR.
6X10 PRODUCTION SEPARATOR
H2O TRANSFER PUMP SKID
LACT. SKID
LACT Unit w/PD Meter
40'-0"
8X26 HEATER TREATER
Chevron
Midcontinent/Alaska Business Unit
MIDLAND TEXAS
MIDCONTINENT BUSINESS UNIT
SALADO DRAW
SCALABLE TANK BATTERY
PLOT PLAN – 1,000 BBL
SCALABLE PLOT PLAN

RUSTLER BLUFF 25 26 28 FED NO. 1H WELL	
X=	588,836 NAD 27
Y=	366,394
LAT	32.007008
LONG	104.046740
X=	630,021 NAD83
Y=	366,452
LAT.	32.007133 °
LONG.	104.047224
ELEVATION	+3000' NAVD 88

NW ARCH. AREA CORNER	
X=	588,537 NAD 27
Y=	366,696
ELEVATION	+3003' NAVD 88
NW PAD CORNER & SW TOP SOIL AREA CORNER	
X=	588,597 NAD 27
Y=	366,546
ELEVATION	+3002' NAVD 88
NW TOP SOIL AREA CORNER	
X=	588,597 NAD 27
Y=	366,585
ELEVATION	+3003' NAVD 88

NE ARCH. AREA CORNER	
X=	589,137 NAD 27
Y=	366,693
ELEVATION	+3001' NAVD 88
NE PAD CORNER & SE TOP SOIL AREA CORNER	
X=	589,022 NAD 27
Y=	366,543
ELEVATION	+3000' NAVD 88
NE TOP SOIL AREA CORNER	
X=	589,022 NAD 27
Y=	366,583
ELEVATION	+3001' NAVD 88

SE ARCH. AREA CORNER	
X=	589,135 NAD 27
Y=	366,093
ELEVATION	+2997' NAVD 88
SE PAD CORNER	
X=	589,020 NAD 27
Y=	366,193
ELEVATION	+2997' NAVD 88
NW FRAC POND CORNER	
X=	588,628 NAD 27
Y=	366,096
ELEVATION	+2997' NAVD 88
SE FRAC POND CORNER	
X=	588,926 NAD 27
Y=	365,794
ELEVATION	+2993' NAVD 88

SW ARCH. AREA CORNER	
X=	588,534 NAD 27
Y=	366,096
ELEVATION	+2997' NAVD 88
SW PAD CORNER	
X=	588,594 NAD 27
Y=	366,196
ELEVATION	+2998' NAVD 88
NE FRAC POND CORNER	
X=	588,928 NAD 27
Y=	366,094
ELEVATION	+2997' NAVD 88
SW FRAC POND CORNER	
X=	588,626 NAD 27
Y=	365,796
ELEVATION	+2994' NAVD 88

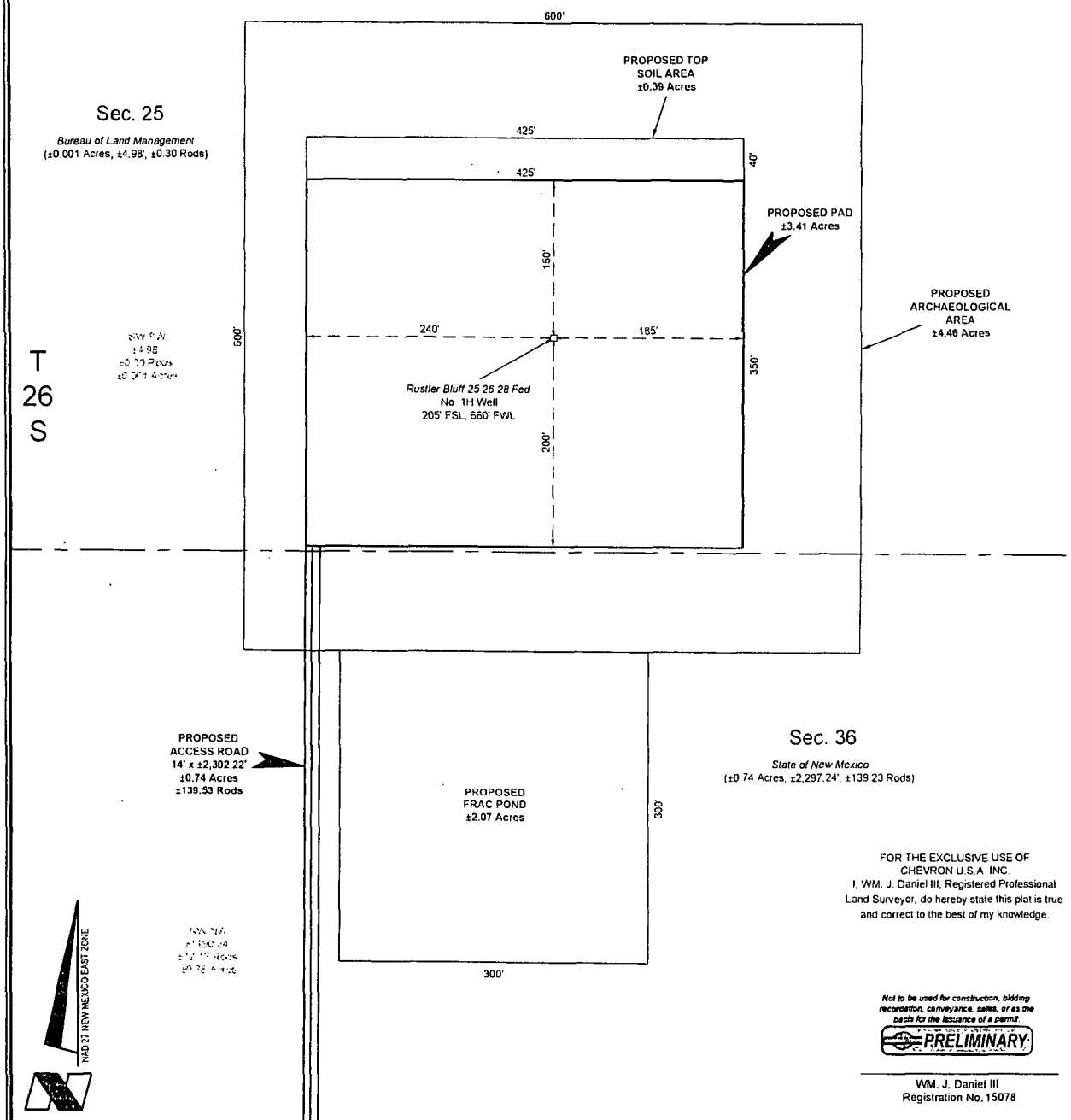
NOTE:
Please be advised, that while reasonable efforts are made to locate and verify pipelines and anomalies using our standard pipeline locating equipment, it is impossible to be 100 % effective. As such, we advise using caution when performing work as there is a possibility that pipelines and other 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.

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.

LEGEND
- Proposed Well
- Section Line

R 28 E



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.

Not to be used for construction, bidding recordation, conveyance, sales, or as the basis for the issuance of a permit.

PRELIMINARY

WM. J. Daniel III
Registration No. 15078

CHEVRON U.S.A. INC.

PROPOSED PAD & ACCESS ROAD
RUSTLER BLUFF 25 26 28 FED NO. 1H WELL
SECTIONS 25 & 36, T26S-R28E
EDDY COUNTY, NEW MEXICO

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

SCALE: 1"=100'
100' 0 50' 100'

DRAWN BY: BOR	REVISIONS		
PROJ. MGR.: GDG	No.	DATE:	REVISED BY:
DATE: JULY 10, 2014	No.	DATE:	REVISED BY:
FILENAME: T:\2014\2145502\DWG\Rustler Bluff 25 26 28 Fed 1H SUP.dwg			

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R 28 E

LEGEND
- Proposed Well
- Section Line
- Section Break
- Existing Road

SW SW
±4.98'
±0.30 Rods
±0.001 Acres

SEE PAGE 1

Sec. 26
Bureau of Land Management

Sec. 25
Bureau of Land Management
(±0.001 Acres, ±4.98', ±0.30 Rods)

T 26 S

PROPOSED ACCESS ROAD
14' x ±2,302.22'
±0.74 Acres
±139.53 Rods

Sec. 35
Bureau of Land Management

Sec. 36
State of New Mexico
(±0.74 Acres, ±2,297.24', ±139.23 Rods)

Existing Road

NAD 27 NEW MEXICO EAST ZONE

EDDY COUNTY, NEW MEXICO

CULBERSON COUNTY, TEXAS

CHEVRON U.S.A. INC.

PROPOSED PAD & ACCESS ROAD
RUSTLER BLUFF 25 26 28 FED NO. 1H WELL
SECTIONS 25 & 36, T26S-R28E
EDDY COUNTY, NEW MEXICO

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

SCALE: 1"=300'
300' 0 150' 300'

DRAWN BY: BOR	REVISIONS		
PROJ. MGR.: GDG	No.	DATE:	REVISED BY:
DATE: JULY 10, 2014	No.	DATE:	REVISED BY.
FILENAME: T:\2014\2145502\DWG\Rustler Bluff 25 26 28 Fed 1H SUP.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.

Executed this 13 day of October, 2014

Name: Danny Boone

Danny Boone – Project Manager

Address: 1400 Smith Street

Houston, TX 77002

Room 40135

Office: 713-372-5390

E-mail: DBPR@CHEVRON.COM

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Chevron USA, Inc.
LEASE NO.:	NMNM117119
WELL NAME & NO.:	Rustler Bluff 25 26 28 Fed 1H
SURFACE HOLE FOOTAGE:	205'/S & 660'/W
BOTTOM HOLE FOOTAGE	250'/N & 660'/W
LOCATION:	Section 25, T.26 S., R.28 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching
Ditching shall be required on both sides of the road.

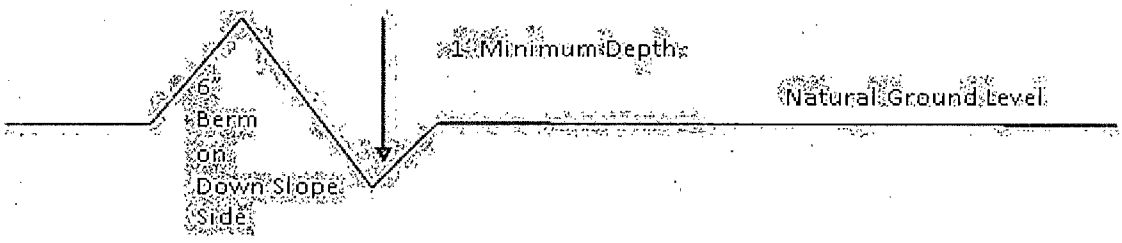
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

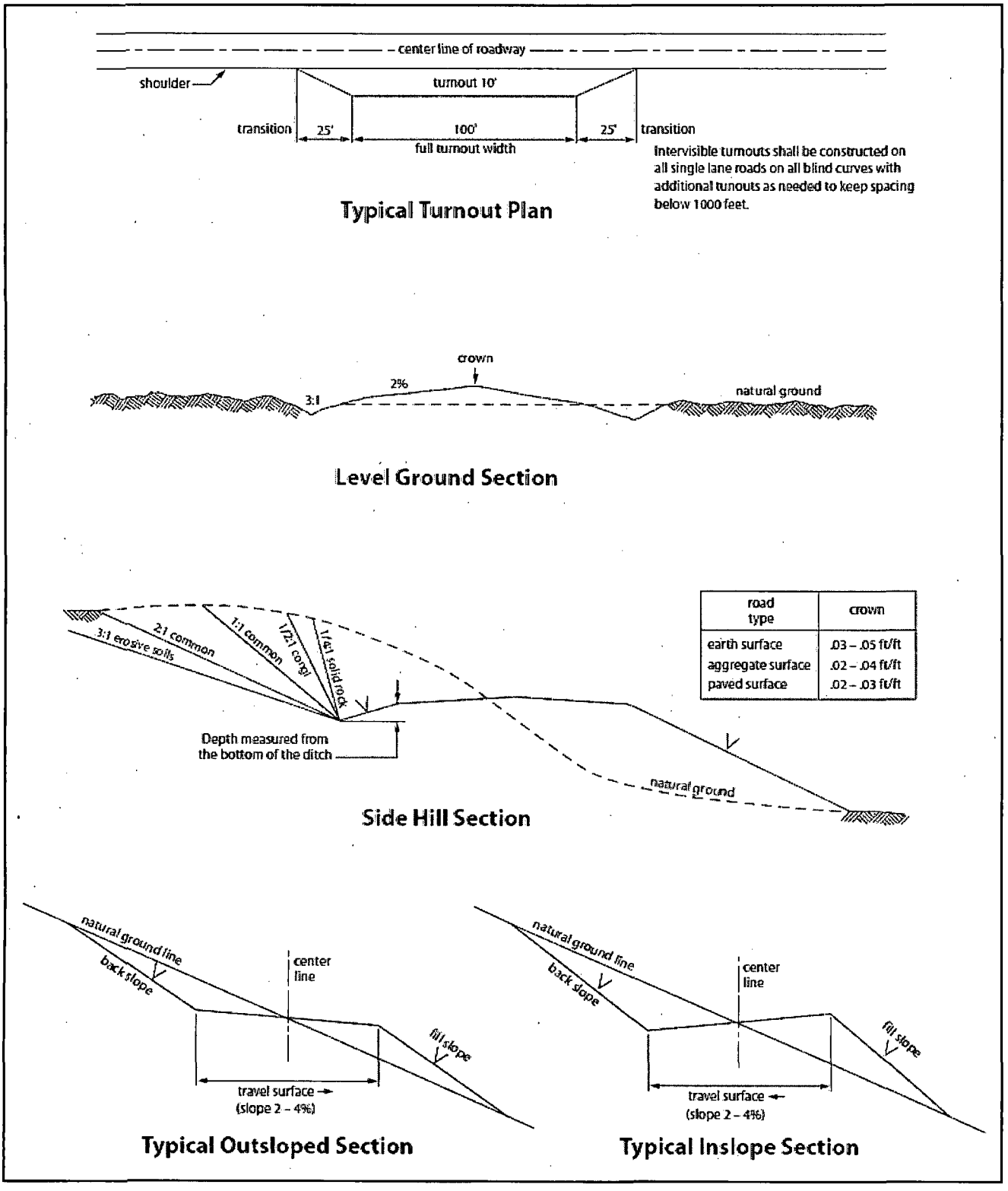


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#).

Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) for Water Basin:
After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Medium Cave/Karst
Possibility of water flows in the Salado and Castile.
Possibility of lost circulation in the Rustler and Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **350** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing, which shall be set at approximately **2630** feet **(top of the Lamar Limestone or basal anhydrite of the Castiler formation),** is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.**

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 5000 (5M) psi.**
   a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
   b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**

c. **Manufacturer representative shall install the test plug for the initial BOP test.**
d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

   a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

   b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

   c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

   d. The results of the test shall be reported to the appropriate BLM office.

   e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

   f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

CRW 041415

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
b. Activities of other parties including, but not limited to:
    (1) Land clearing.
    (2) Earth-disturbing and earth-moving work.
    (3) Blasting.
    (4) Vandalism and sabotage.
c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of **20** feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of **24** inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will

be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, powerline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

SEED MIXTURE 1 (LOAMY LOCATIONS)

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine months prior to purchase. Commercial seed will be certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop to the bottom of the drill and are planted first; the holder shall take appropriate measures to ensure this does not occur). Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be double the amounts listed below. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre **(note: if broadcasting seed, amounts are to be doubled):**

Species	**Pound/acre**
Plains Lovegrass (*Eragrostis intermedia*)	0.5
Sand Dropseed (*Sporobolus cryptandrus*)	1.0
Sideoats grama (*Bouteloua curtipendula*)	5.0

* Pounds of pure live seed = (Pounds of seed) x (Percent purity) x (Percent germination)