

OCD-ARTESIA

ATS-08-2

FORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

EA-08-451

EC

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APR - 3 2008

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMNM98122

6. If Indian, Allottee 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 Zone8. Lease Name and Well No.
SKELLY UNIT 973

29742

2. Name of Operator
CHEVRON USA INCORPORATED

Contact: HEATHER RICHARDSON

E-Mail heather@graysurfacespecialties.com

4323

9. API Well No.

30-015-36283

3a. Address
P O BOX 960
ARTESIA, NM 88211-09603b. Phone No. (include area code)
Ph: 432-685-9158
Fx: 432-218-7396

10. Field and Pool, or Exploratory

26770 Fren. Glorieta-Yeso

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface NWNE 430FNL 2435FEL

At proposed prod. zone NWNE 430FNL 2435FEL

UNORTHODOX
LOCATION

11. Sec., T, R, M., or Blk. and Survey or Area

Sec 21 T17S R31E Mer NMP
SME: BLM14. Distance in miles and direction from nearest town or post office*
6 MILES EAST OF LOCO HILLS, NM12. County or Parish
EDDY13. State
NM15. Distance from proposed location to nearest property or
lease line, ft. (Also to nearest drig. unit line, if any)
43016. No. of Acres in Lease
1200.0017. Spacing Unit dedicated to this well
40.0018. Distance from proposed location to nearest well, drilling,
completed, applied for, on this lease, ft.19. Proposed Depth
6400 MD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KB, RT, GL, etc.)
3777' GL22. Approximate date work will start
01/01/200823. Estimated duration
45 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall 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 shall 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 authorized officer.

25. Signature
(Electronic Submission)Name (Printed/Typed)
JOHN COFFMAN Ph: 432-683-7443Date
12/27/2007Title
DRILLING SUPERINTENDENTApproved by (Signature)
/s/ Don PetersonName (Printed/Typed)
/s/ Don PetersonDate
APR - 1 2008Title
FOR FIELD MANAGEROffice
CARLSBAD FIELD OFFICE

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct

APPROVAL FOR TWO YEARS

, make it a crime for any person knowingly and willfully to make to any department or agency of the United
ations as to any matter within its jurisdiction.

sion #57773 verified by the BLM Well Information System

FOR CHEVRON USA INCORPORATED, sent to the Carlsbad

Committed to AFMSS for processing by TESSA CISNEROS on 01/07/2008 (08TLC0130AE)

ROSWELL CONTROLLED WATER BASIN

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHEDBureau of Land Management
Received

JAN - 7 2008

Carlsbad Field Office
Carlsbad, N.M.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Chevron USA Inc. (COG Operating LLC, Agent)
550 W. Texas Avenue, Ste. 1300
Midland, TX 79701

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No – Surface Location: ^{NM} NMLC #098122

Well Name: Skelly Unit # 973

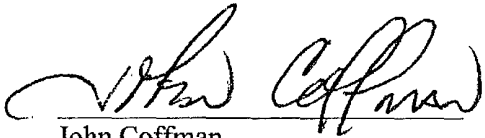
Legal Description of Land: SL: 430' FNL & 2435' FEL, Unit B
Sec 21, T17S, R31E
Eddy County, New Mexico

Formation(s) (if applicable): Skelly Unit

Bond Coverage: ^{200,000 NATIONWIDE RA} \$25,000 statewide bond of Chevron USA Inc.

BLM Bond File No: CA-0329

12-18-07
Date


John Coffman

Chevron USA Inc.
(COG Operating LLC, Agent)

EXHIBIT "A"

DISTRICT I
1826 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 26770	Pool Name Freni-Glorieta - YESO
Property Code 2974/2	Property Name SKELLY UNIT	Well Number 973
OGRID No. 4323	Operator Name CHEVRON USA, INC.	Elevation 3777'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	21	17 S	31 E		430	NORTH	2435	EAST	EDDY

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

Dedicated Acres 46	Joint or Infill	Consolidation Code	Order No.
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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

	<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p><i>[Signature]</i> 12/27/07 Signature Date</p> <p>DWAIN McNE Agent FOR Printed Name COG</p>
	<p>SURFACE LOCATION LAT.: N 32°49'34.12" LONG.: W103°52'26.38" SPC- N.: 664586.110 E.: 682436.914 (NAD-83)</p>
<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 12 2007 Date Surveyed</p> <p><i>[Signature]</i> Signature of Professional Surveyor</p> <p>W.O. 8655 Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>	



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 30, 2008

COG Operating LLC
Attn: Ms. Phyllis Edwards
550 W. Texas Ave, Suite 1300
Midland, TX 79701

Administrative Order NSL-5775

**Re: Chevron USA Inc.
Skelly Unit Well No. 973
Unit B, Section 21-17S-31E
Eddy County**

Dear Ms. Edwards:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-00855598**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Chevron USA Inc. (Chevron) on , January 8, 2008, and

(b) the Division's records pertinent to this request.

Chevron has requested to drill the above-referenced well at an ~~unorthodox~~ **Glorieta Yeso** oil well location, 430 feet from the North line and 2435 feet from the East line (Unit B) of Section 21, Township 17 South, Range 31 East, N.M.P.M., in Eddy County, New Mexico. The NW/4 NE/4 of Section 21 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Fren-Glorieta/Yeso Pool (26770). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the western unit boundary.

Your application on behalf of Chevron has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505
Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

It is our understanding that you are seeking this location for topographic reasons.

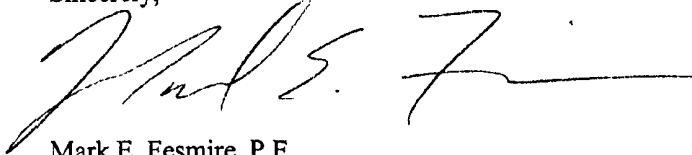
It is also understood that notice of this application to offsetting operators or owners is unnecessary because ownership of the offsetting spacing unit towards which this location encroaches is identical to ownership of the subject unit.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad

Drilling Program

Skelly Unit #973
SL: 430' FNL & 2435' FEL, Unit B
Sec 21, T17S, R31E
Eddy County, New Mexico

1. **Geologic Name of Surface Formation**
Quaternary

2. **Estimated Tops of Important Geologic Makers:**

Quaternary	Surface
Top of Salt	505'
Base of Salt	1025'
Yates	1590'
Queen	2511'
San Andres	3200'
Glorieta	4750'
Yeso	4830' ~

3. **Estimated Depths of Anticipated Fresh Water, Oil and Gas:**

Water Sand	150'	Fresh water
Grayburg	2580'	Oil/Gas
San Andres	3200'	Oil/Gas
Yeso	4830'	Oil/Gas

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Setting 13 3/8" casing to 450' and circulating cement back to surface will protect the surface fresh water sand. Salt Section will be protected by setting 8 5/8" casing to 1800' and circulating cement back to surface. Any shallower zones above TD, which contain commercial quantities of oil and/ or gas, will have cement circulated across them by cementing 5 1/2" production casing, which will be run at TD.

4. **Casing Program:**

Hole Size	Interval	OD Casing	Weight	Grade	Jt., Condition	burst/collapse/tension
17 1/2"	0-450'	13 3/8"	48#	H-40	ST&C/New	7.69/3.289/14.91
12 1/4"	0-1800'	8 5/8"	32#	J-55	ST&C/New	2.91/2.811/7.24
7 7/8"	0-TD	5 1/2"	17#	J-55	LT&C/New	1.66/1.533/2.17

Skelly Unit #973

Page 2

5. **Cement Program:**

13 3/8" Surface Casing: Circ. to surface with 475 sx. Class C @ 1.32 yield.

Weight 14.8 ppg

8 5/8" Intermediate Casing: Circ. to surface with Class C, 600 sx. Lead @ 2.45

Weight 11.8 ppg, yield plus 200 sx. Tail @ 1.32 yield, **Weight 14.8 ppg**

5 1/2" Production casing: Cement with Class C, 800 sx. Lead @ 1.97 yield **Weight 12.5 ppg** plus 400 sx. Tail @ 1.37 yield. **14.0 ppg** Tie back 200' into intermediate casing.

6. **Minimum Specifications for Pressure Control:**

The blowout preventer equipment (BOP) will consist of a double ram type (2000 psi WP) preventer. This unit will be hydraulically operated and the ram type preventer will be equipped with blind rams on top of 4 1/2" drill pipe rams on bottom. The BOP will be nipped up on the 13 3/8" surface casing and tested to 1500 psi by a 3rd party to 2000 psi and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 2000 psi before drilling out of intermediate casing and tested by a 3rd party to 2000 psi and used continuously until TD is reached. All BOP's and accessory equipment will be test to 2000 psi before drilling out of intermediate casing. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve and choke lines and choke manifold with 2000 psi WP rating.

7. **Types of characteristics of the Proposed Mud System:**

The well will be drilled to TD with a combination of brine, cut and polymer mud system. The applicable depths and properties of the system are as follows:

DEPTH	TYPE	WEIGHT	VISC	WATERLOSS
0-450'	Fresh Water	8.5	28	N.C.
450-1800'	Brine	10	30	N.C.
1800'-TD	Cut Brine	9.1	29	N.C.

8. Auxiliary Well Control and Monitoring Equipment:

- A. Kelly Cock will be kept in the drill string at all times.
- B. A full opening drill pipe-stabbing valve with proper drill pipe connections will be on the rig floor at all times.

9. Logging, Testing and Coring program:

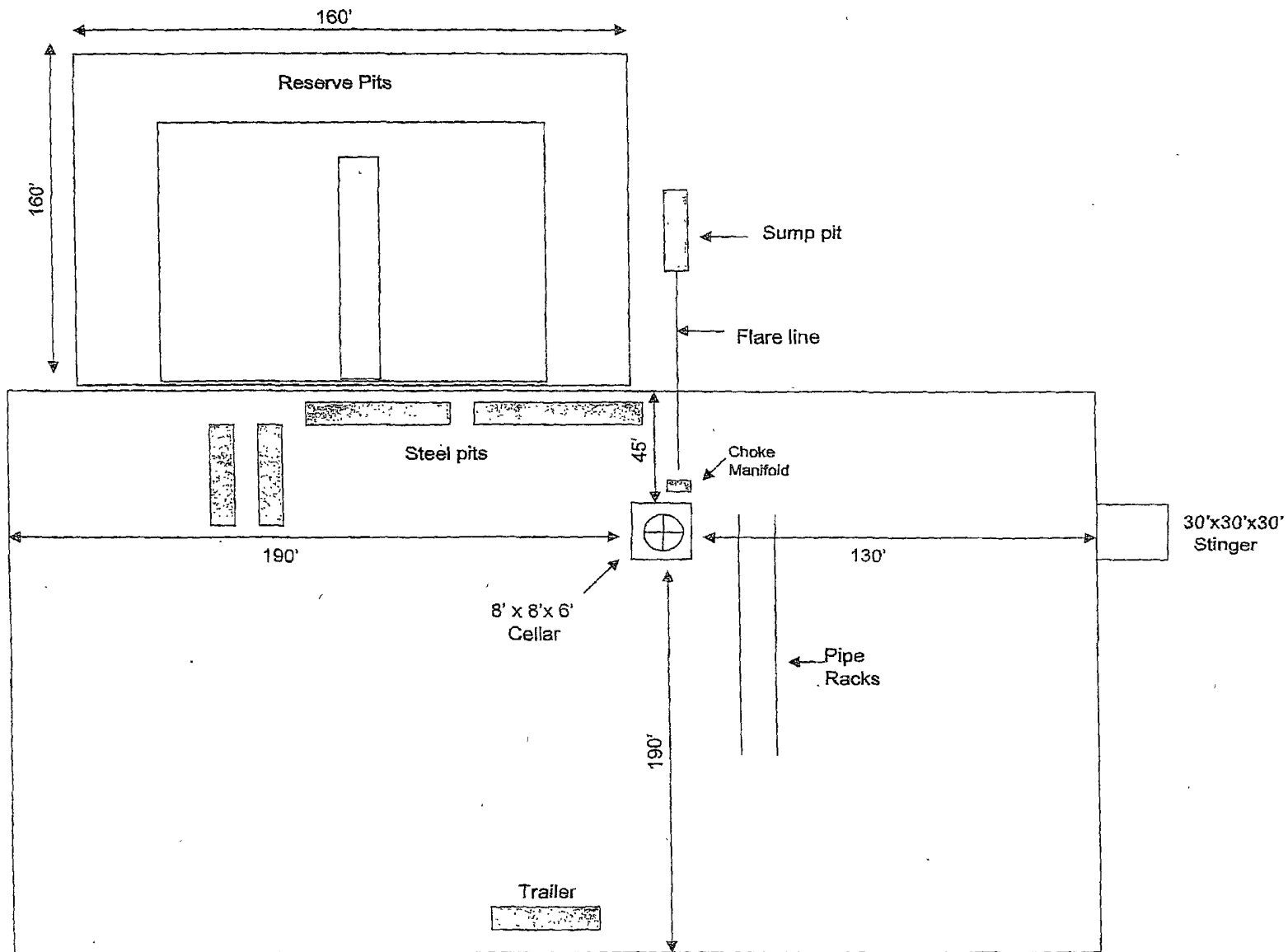
- A. The electric logging program will consist of GR-Dual Laterolog, Spectral Density, dual Spaced Neutron, CSNG Log and will be ran from TD to 8 5/8 casing shoe.
- B. Drill Stem test is not anticipated.
- C. No conventional coring is anticipated.
- D. Further testing procedures will be determined after 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

10. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

No abnormal pressure or temperatures are anticipated. The estimated bottom hole at TD is 110 degrees and estimated maximum bottom hole pressure is 2300 psig. Low levels of Hydrogen sulfide have been monitored in production wells in the area, so H₂S may be present while drilling of the well a plan is attached to the Drilling Program. No major loss of circulation zones has been reported in offsetting wells.

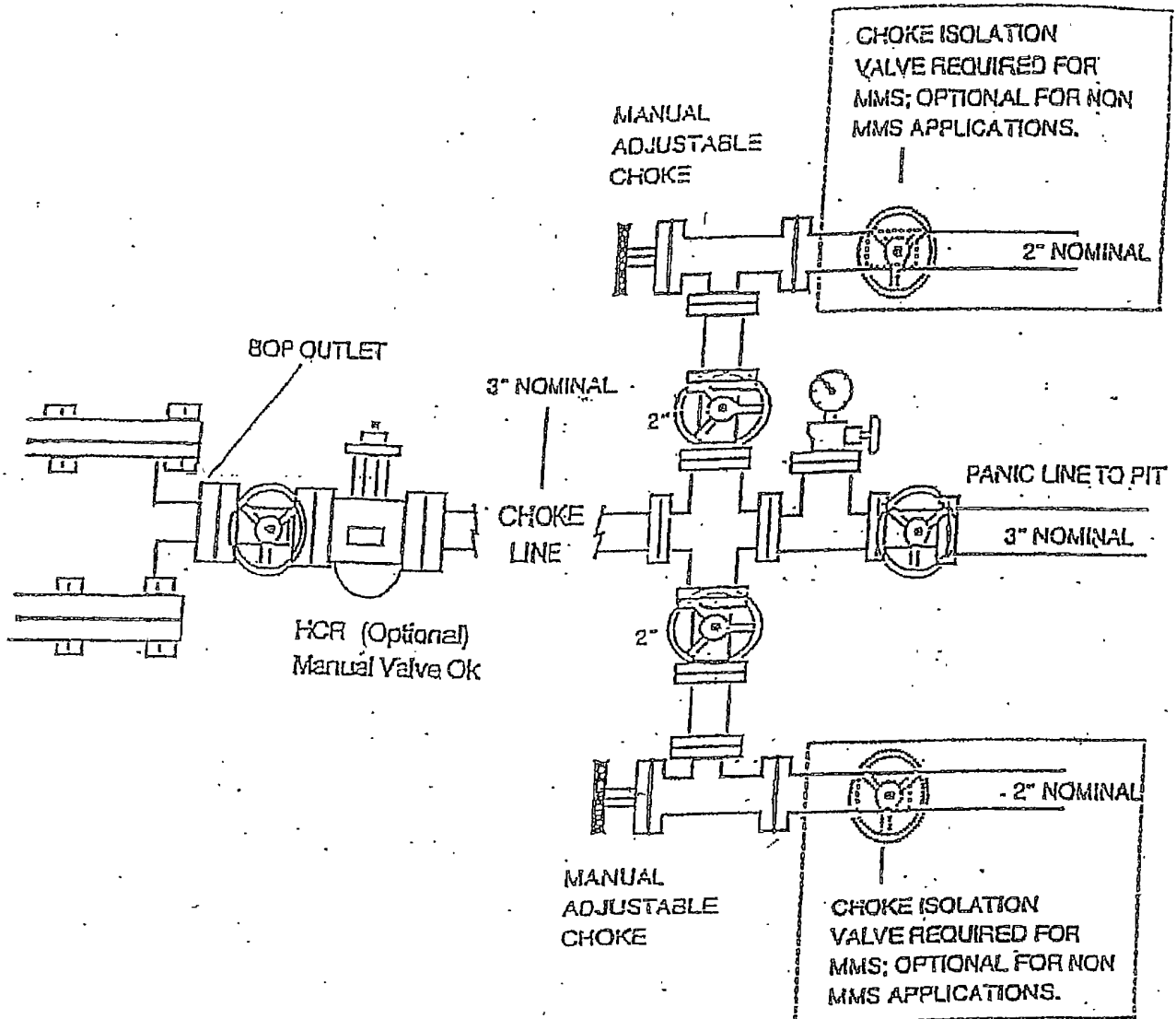
11. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The Anticipated spud date is January 2008. Once commenced, the drilling operation should be finished in approximately 10 days. If the well is productive, and additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

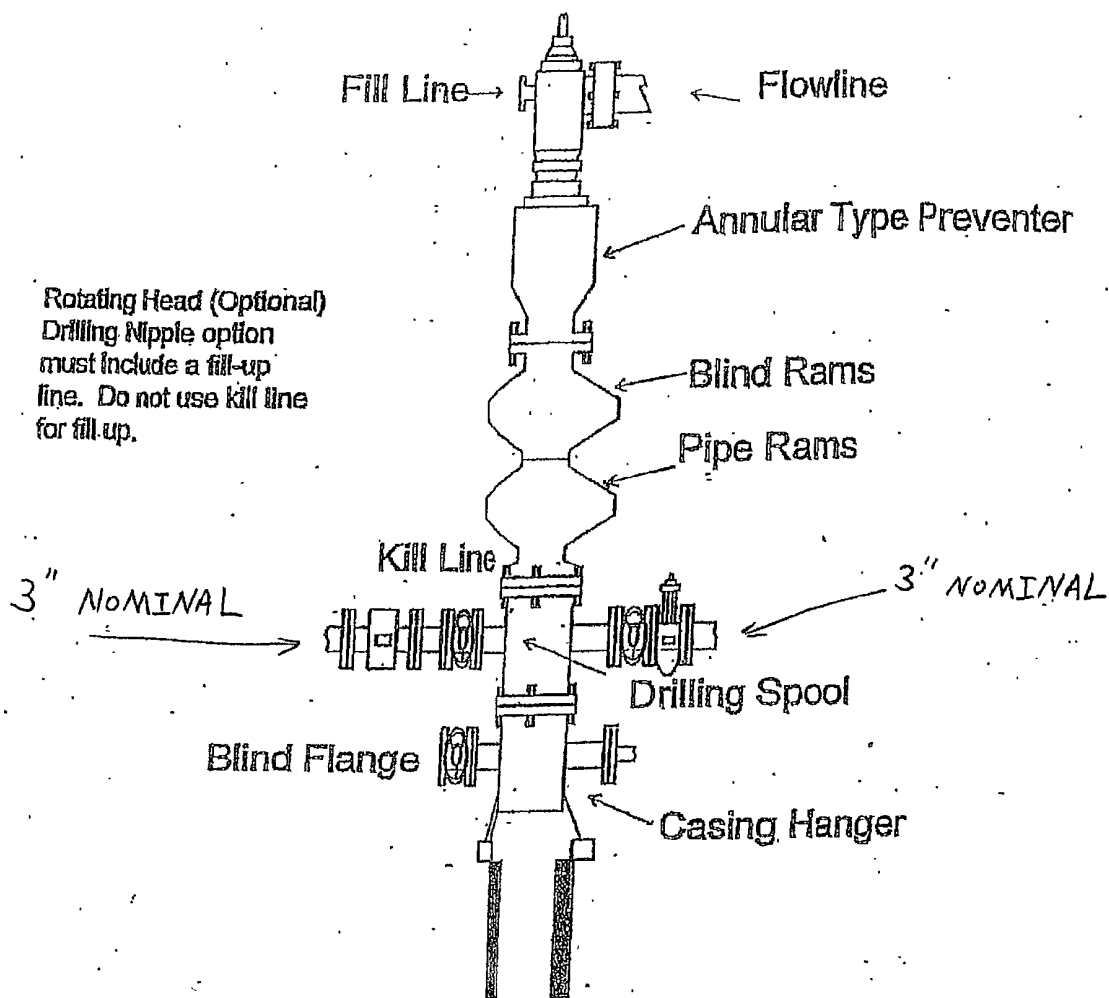


CHOKE MANIFOLD

3M SERVICE



BOPE SCHEMATIC



900 SERIES

**Chevron USA Inc.
(C.O.G. Operating, LLC, Agent)**

**HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING / COMPLETING / WORKOVER / FACILITY
WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM**

**Skelly Unit #973
SL: 430' FNL & 2435' FEL, Unit B
Sec 21, T17S, R31E
Eddy County, New Mexico**

This well / facility is not expected to have H₂S, but the following is submitted as requested.

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GENERAL H2S EMERGENCY ACTIONS

In the event of any evidence of H2S emergency, the following plan will be initiated:

1. All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
2. If for any reason a person must enter the hazardous area, they must wear a SCBA (self-contained breathing apparatus).
3. Always use the "buddy system".
4. Isolate the well / problem if possible.
5. Account for all personnel.
6. Display the proper colors warning all unsuspecting personnel of the danger at hand.
7. Contact the company representative as soon as possible if not at the location (use the enclosed call list as instructed).

At this point the company representative will evaluate the situation and coordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

1. All personnel will don the self-contained breathing apparatus.
2. Remove all personnel to the "safe area: (always use the "buddy system")".
3. Contact company representative if not on location.
4. Set in motion the steps to protect and / or remove the general public to any upwind "safe are". Maintain strict security and safety procedures while dealing with the source.
5. No entry to any unauthorized personnel.
6. Notify the appropriate agencies:
City Police - City streets
State Police - State Roads
County Sheriff - County Roads
7. Call the NMOCD.

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in harms way, he will immediately notify public safety personnel.

EMERGENCY CALL LIST

	<u>Office</u>	<u>Cell</u>	<u>Home</u>
John Coffman	432-683-7443	432-631-9762	432-699-5552
Erick Nelson	432-683-7443	432-238-7591	
Matt Corser	432-683-7443	432-413-0071	

EMERGENCY RESPONSE NUMBERS

Eddy County, New Mexico

State Police	505-748-9718
Eddy County Sheriff	505-746-2701
Emergency Medical Services (Ambulance)	911 or 505-746-2701
Eddy County Emergency Management (Harry Burgess)	505-887-9511
State Emergency Response Center (SERC)	505-476-9620
Carlsbad Police Department	505-885-2111
Carlsbad Fire Department	505-885-3125
New Mexico Oil Conservation Division	505-748-1283
Callaway Safety Equipment, Inc.	505-392-2973

PROTECTION OF THE GENERAL (ROE) RADIUS OF EXPOSURE

In the event greater than 100 ppg H₂S is present, the ROE calculations will be done to determine if the following is warranted:

- * 100 ppm at any public area (any place not associated with this site)
- * 500 ppm at any public road (any road which the general public may travel).
- * 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H₂S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE: (H₂S concentrations in decimal form)

$$X = [(1.589)(\text{concentration})(Q)] (0.6258)$$

10,000 ppm + = .01
1,000 ppm + = .001

Calculation for the 500 ppm ROE:

100 ppm + = .0001
10 ppm + = .00001

$$X = [(0.4546)(\text{concentration})(Q)] (.06258)$$

EXAMPLE: If a well / facility has been determined to have 150 ppm H₂S in the gas mixture and the well / facility is producing at a gas rate of 200 MCFD then:

ROE for 100 ppm $X = [(1.589)(.00010)(200,000)] (0.6258)$
 $X = 8.8'$

ROE for 500 ppm $X = [(0.4546)(.00050)(200,000)] (0.6258)$
 $X = 10.9'$

These calculations will be forwarded to the appropriate NMOCD district office when applicable.

PUBLIC EVACUATION PLAN

When the supervisor has determined that the general public will be involved, the following plan will be implemented.

1. Notification of the emergency response agencies of the hazardous condition and implement evacuation procedures.
2. A trained person in H₂S safety shall monitor with detection equipment the H₂S concentration, wind and area of exposure. This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. All monitoring equipment shall be UL approved for use in Class I Groups A, B, C & D, Division I hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values.
3. Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
4. The company representative shall stay in communication with all agencies throughout the duration of the situation and inform such agencies when the situation has been contained and the effected area is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION

The decision to ignite a well should be a last resort and one, if not both, of the following pertain:

1. Human life and / or property are endangered.
2. There is no hope of bringing the situation under control with the prevailing conditions at the site.

Instructions for Igniting the Well:

1. Two people are required. They must be equipped with positive pressure, self-contained breathing apparatus and "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
2. One of the people will be a qualified safety person who will test the atmosphere for H₂S, oxygen and LFL. The other person will be the company representative.
3. Ignite upwind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun with a range of approximately +/- 500 feet shall be used to ignite the gas.
4. Before igniting, check for the presence of combustible gases.
5. After igniting, continue emergency actions and procedures as before.

REQUIRED EMERGENCY EQUIPMENT

1. Breathing Apparatus

- * Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
- * Work / Escape Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
- * Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.

2. Signage and Flagging

- * One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.
- * A Colored Condition flag will be on display reflecting the condition at the site at that time.

3. Briefing Area

- * Two perpendicular areas will be designated by signs and readily accessible.

4. Windsocks

- * Two windsocks will be placed in strategic locations, visible from all angles.

5. H2S Detectors and Alarms

* The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible alarm @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The three sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer):

- * Rig Floor
- * Bell Nipple
- * End of flow line or where well bore fluid is being discharged

6. Auxiliary Rescue Equipment

- * Stretcher
- * Two OSHA full body harnesses
- * 100' of 5/8" OSHA approved rope
- * One 20 lb. Class ABC fire extinguisher
- * Communication via cell phones on location and vehicles on location

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA)

1. SCBA should be worn when any of the following are performed:
 - * Working near the top or on top of a tank
 - * Disconnecting any line where H₂S can reasonably be expected.
 - * Sampling air in the area to determine if toxic concentrations of H₂S exist.
 - * Working in areas where over 10 ppm of H₂S has been detected.
 - * At any time there is a doubt of the level of H₂S in the area.
2. All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.
3. Facial hair and standard eyeglasses are not allowed with SCBA.
4. Contact lenses are never allowed with SCBA.
5. When breaking out any line where H₂S can reasonably be expected.
6. After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.
7. All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF H₂S POISONING

- * Do not panic.
- * Remain calm and think.
- * Get on the breathing apparatus.
- * Remove the victim to the safe breathing area as quickly as possible, upwind and uphill from source or crosswind to achieve upwind.
- * Notify emergency response personnel.
- * Provide artificial respiration and / or CPR as necessary.
- * Remove all contaminated clothing to avoid further exposure.
- * A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

Toxic Effects of H2S Poisoning

Hydrogen Sulfide is extremely toxic. The acceptable ceiling concentration for eight-hour exposure is 10 PPM, which is .001% by volume. Hydrogen Sulfide is heavier than air (specific gravity-1.192) and is colorless and transparent. Hydrogen Sulfide is almost as toxic as Hydrogen Cyanide and is 5-6 times more toxic than Carbon Monoxide. Occupational exposure limits for Hydrogen sulfide and other gasses are compared below in Table 1. toxicity table for H2S and physical effects are shown in Table II.

Table 1
Permissible Exposure Limits of Various Gasses

Common Name	Symbol	Sp. Gravity	TLV	STEL	IDLH
Hydrogen Cyanide	HCN	.94	4.7 ppm	C	
Hydrogen Sulfide	H2S	1.192	10 ppm	15 ppm	100 ppm
Sulfide Dioxide	SO2	2.21	2 ppm	5 ppm	
Chlorine	CL	2.45	.5 ppm	1 ppm	
Carbon Monoxide	CO	.97	25 ppm	200 ppm	
Carbon Dioxide	CO2	1.52	5000 ppm	30,000 ppm	
Methane	CH4	.55	4.7% LEL	14% UEL	

Definitions

- A. TLV – Threshold Limit Value is the concentration employees may be exposed to based on a TWA (time weighted average) for eight (8) hours in one day for 40 hours in one (1) week. This is set by ACGIH (American Conference of Governmental Hygienists and regulated by OSHA.
- B. STEL – Short Term Exposure Limit is the 15 minute average concentration an employee may be exposed to providing that the highest exposure never exceeds the OEL (Occupational Exposure Limit). The OEL for H2S is 19 PPM.
- C. IDLH – Immediately Dangerous to Life and Health is the concentration that has been determined by the ACGIH to cause serious health problems or death if exposed to this level. The IDLH for H2S is 100 PPM.
- D. TWA – Time Weighted Average is the average concentration of any chemical or gas for an eight (8) hour period. This is the concentration that any employee may be exposed to based on an TWA.

TABLE II
Toxicity Table of H₂S

Percent %	PPM	Physical Effects
.0001	1	Can smell less than 1 ppm.
.001	10	TLV for 8 hours of exposure
.0015	15	STEL for 15 minutes of exposure
.01	100	Immediately Dangerous to Life & Health. Kills sense of smell in 3 to 5 minutes.
.02	200	Kills sense of smell quickly, may burn eyes and throat.
.05	500	Dizziness, cessation of breathing begins in a few minutes.
.07	700	Unconscious quickly, death will result if not rescued promptly.
.10	1000	Death will result unless rescued promptly. Artificial resuscitation may be necessary.

PHYSICAL PROPERTIES OF H₂S

The properties of all gasses are usually described in the context of seven major categories:

COLOR
ODOR
VAPOR DENSITY
EXPLOSIVE LIMITS
FLAMMABILITY
SOLUBILITY (IN WATER)
BOILING POINT

Hydrogen Sulfide is no exception. Information from these categories should be considered in order to provide a fairly complete picture of the properties of the gas.

COLOR – TRANSPARENT

Hydrogen Sulfide is colorless so it is invisible. This fact simply means that you can't rely on your eyes to detect its presence, a fact that makes the gas extremely dangerous to be around.

ODOR – ROTTEN EGGS

Hydrogen Sulfide has a distinctive offensive smell, similar to "rotten eggs". For this reason it earned its common name "sour gas". However, H₂S, even in low concentrations, is so toxic that it attacks and quickly impairs a victim's sense of smell, so it could be fatal to rely on your nose as a detection device.

VAPOR DENSITY – SPECIFIC GRAVITY OF 1.192

Hydrogen Sulfide is heavier than air so it tends to settle in low-lying areas like pits, cellars or tanks. If you find yourself in a location where H₂S is known to exist, protect yourself. Whenever possible, work in an area upwind and keep to higher ground.

EXPLOSIVE LIMITS – 4.3% TO 46%

Mixed with the right proportion of air or oxygen, H₂S will ignite and burn or explode, producing another alarming element of danger besides poisoning.

FLAMMABILITY

Hydrogen Sulfide will burn readily with a distinctive clear blue flame, producing Sulfur Dioxide (SO₂), another hazardous gas that irritates the eyes and lungs.

SOLUBILITY – 4 TO 1 RATIO WITH WATER

Hydrogen Sulfide can be dissolved in liquids, which means that it can be present in any container or vessel used to carry or hold well fluids including oil, water, emulsion and sludge. The solubility of H₂S is dependent on temperature and pressure, but if conditions are right, simply agitating a fluid containing H₂S may release the gas into the air.

BOILING POINT – (-76 degrees Fahrenheit)

Liquefied Hydrogen Sulfide boils at a very low temperature, so it is usually found as a gas.

SURFACE USE AND OPERATIONS PLAN
FOR DRILLING, COMPLETION, AND PRODUCING

Chevron USA Inc.
(C.O.G. Operating, LLC, Agent)
Skelly Unit #973
SL: 430' FNL & 2435' FEL, Unit B
Sec 21, T17S, R31E
Eddy County, New Mexico

LOCATED:

Approximately 6 miles East of Loco Hills, New Mexico

OIL & GAS LEASE

SL: NMLC # 098122

RECORD TITLE LESSEE

SL: The Wiser Oil Co., 8115 Preston Rd. #400, Dallas, TX 75225

BOND COVERAGE

\$25,000 statewide bond of Chevron USA Inc. CA-0329

SURFACE OWNER

Bureau of Land Management 620 East Greene Street, Carlsbad, NM 88220

MINERAL OWNER

Bureau of Land Management 620 East Greene Street, Carlsbad, NM 88220

POOL

Skelly Unit

PROPOSED TOTAL DEPTH

This well will be drilled to a Measured Depth of approximately 6,400'.

EXHIBITS

- A. Well Location & Acreage Dedication Map
- B. Area Road Map
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Proposed Lease Road and Pad Layout Map
- F. Drilling Rig Layout
- G. BOPE Schematic
- H. Choke Manifold Schematic

EXISTING ROADS

- A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit B is a map showing existing roads in the vicinity of the proposed well site.
- C. Directions to well location:
From the junction of US HWY 82 and State HWY 527, go east approx 0.3 miles to lease road, on lease road go North 0.7 miles to lease road, on lease road go east 0.1 miles to proposed location

ACCESS ROADS

- A. Length and Width: There is no road to be obtained for this well.
- B. Surface Material: Existing
- C. Maximum Grad: Less than five percent
- D. Turnouts: None necessary
- E. Drainage Design: Existing
- F. Culverts: None necessary
- G. Gates and Cattle Guards: None needed

LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit E

METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES

None required.

WELL SITE LAYOUT

Exhibits E and F show the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

OTHER INFORMATION

- A. **Topography:**
The topography consists of sandy soil with native grasses. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.
- B. **Soil:** Topsoil at the well site is sandy soil.
- C. **Flora and Fauna:** The location is in an area sparsely covered with mesquite and range grasses.
- D. **Ponds and Streams:** There are no rivers, lakes, ponds, or streams in the area.
- E. **Residences and Other Structures:** There are no residences within a mile of the proposed well site.
- F. **Archaeological, Historical, and Cultural sites:** An Archaeological Survey has been ordered and a copy to be sent to the BLM Office.
- G. **Land Use:** Grazing

OPERATOR'S REPRESENTATIVE

John Coffman
Chevron USA Inc.
C.O.G. Operating, LLC, Agent
550 W. Texas Ave, Suite 1300
Midland, TX 79701
(432) 683-7443

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be preformed by the C.O.G. Operating, LLC Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

12-18-07
Date

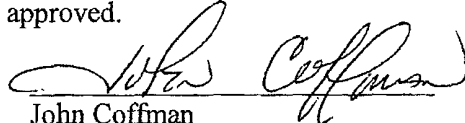
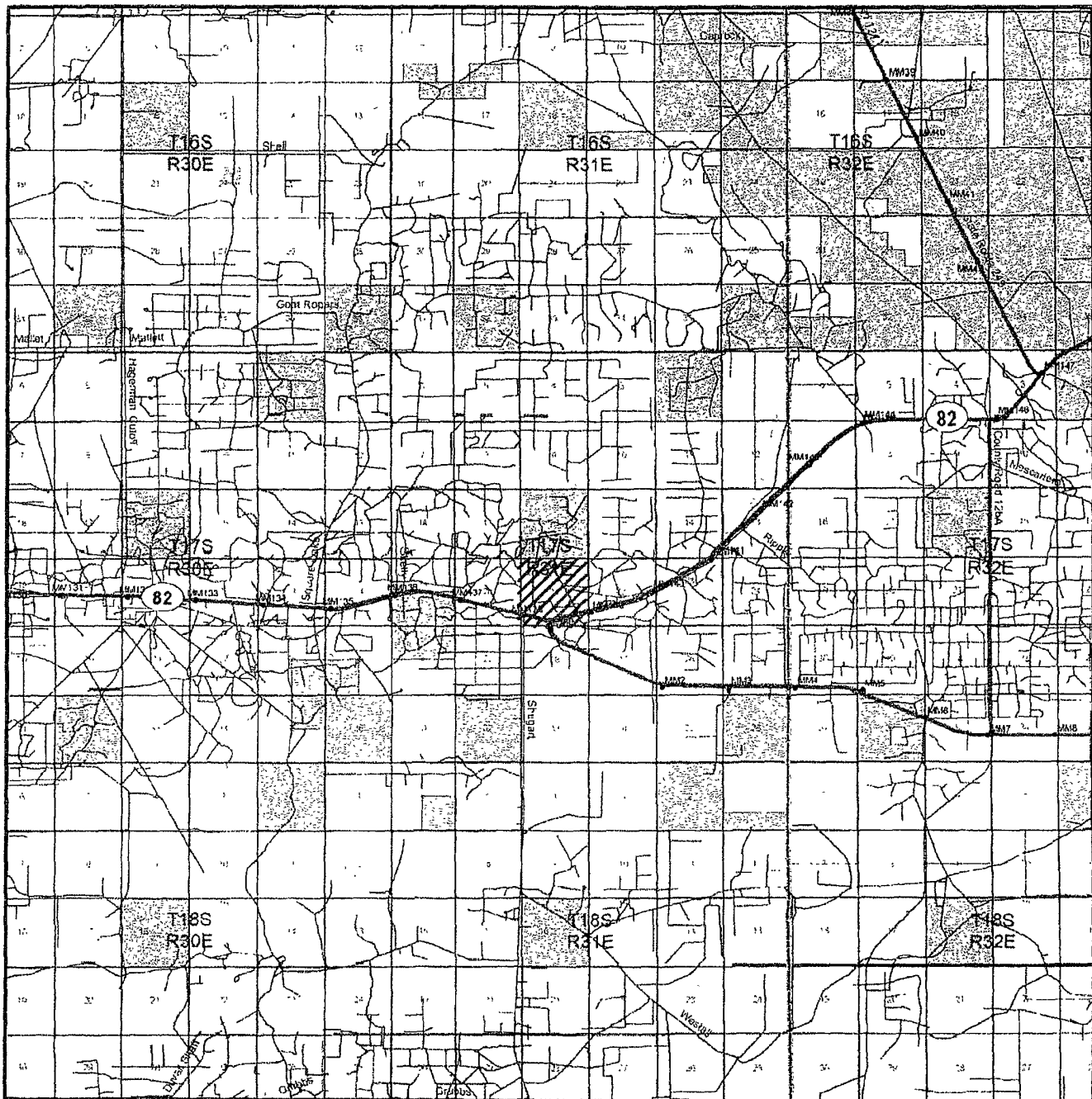

John Coffman
Chevron USA Inc.
COG Operating LLC, Agent

EXHIBIT "B"



SKELLY UNIT #973

Located at 430' FNL and 2435' FEL

Section 21, Township 17 South, Range 31 East,

N.M.P.M., Eddy County, New Mexico.

basin
surveys
focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: JMS 18655TR

Survey Date: 10-12-2007

Scale: 1" = 2 MILES

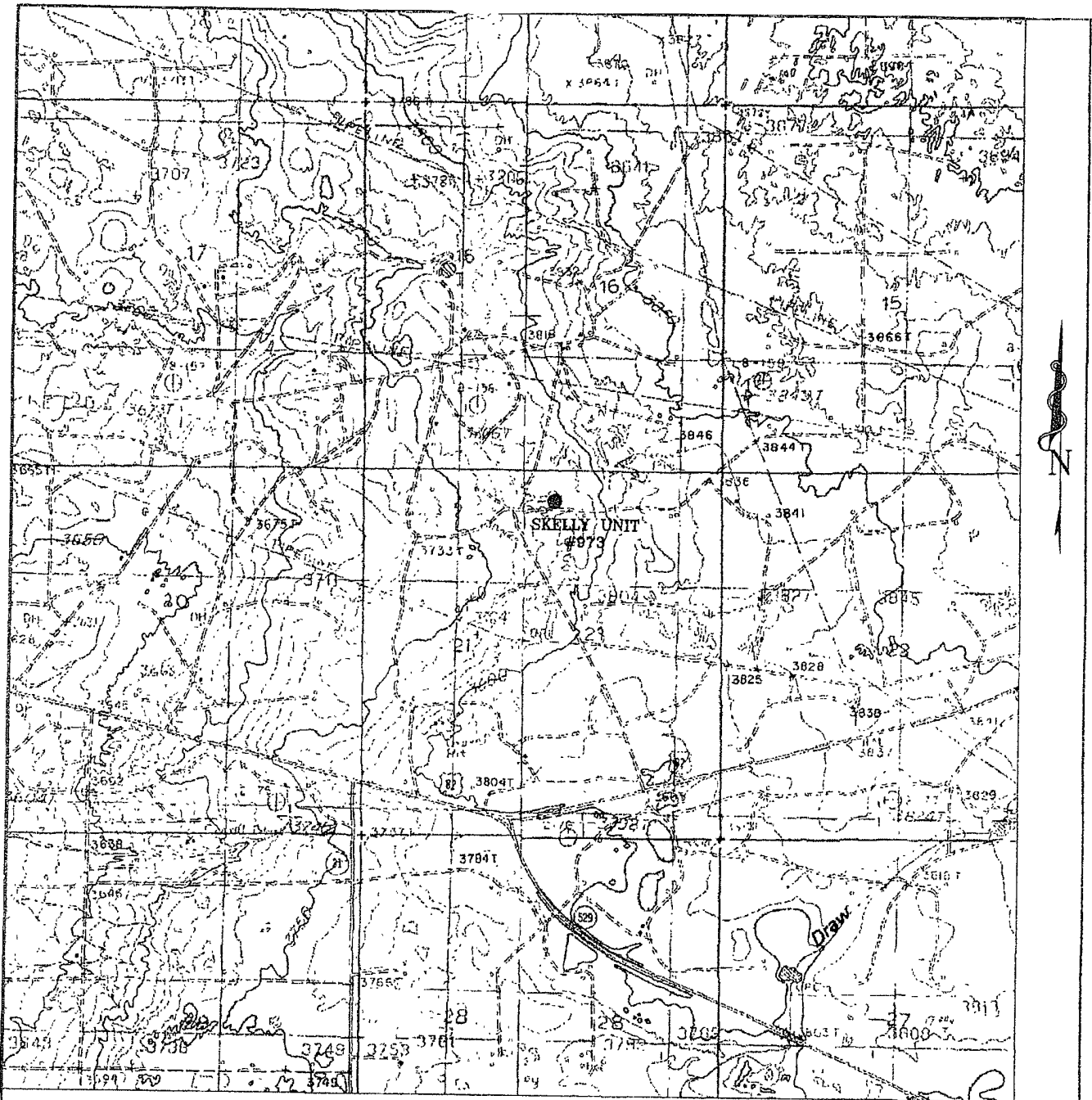
Date: 10-20-2007

CHEVRON
USA, INC.

EXHIBIT "C"



EXHIBIT "D"



SKELLY UNIT #973

Located at 430' FNL and 2435 FEL
 Section 21, Township 17 South, Range 31 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: JMS 18655T

Survey Date: 10-12-2007

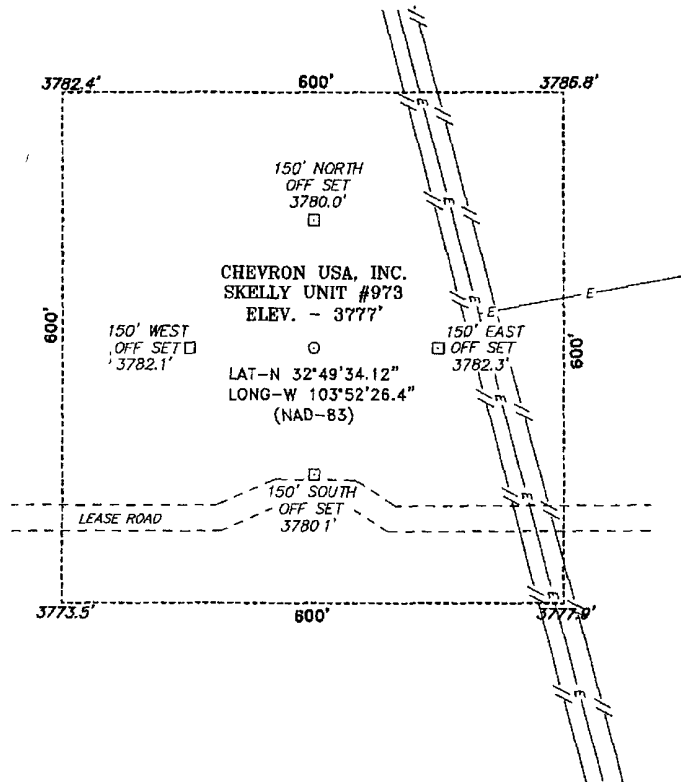
Scale: 1" = 2000'

Date: 10-20-2007

**CHEVRON
 USA, INC.**

EXHIBIT "E"

SECTION 21, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF US HWY 82 AND STATE HWY 527, GO EAST APPROX 0.3 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTH 0.7 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 0.1 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 18655 Drawn By: J. M. SMALL

Date: 10-22-2007 Disk: JMS 18655W

CHEVRON USA, INC.

REF: SKELLY UNIT #973 / Well Pad Topo

THE SKELLY UNIT #973 LOCATED 430' FROM
THE NORTH LINE AND 2435' FROM THE EAST LINE OF
SECTION 21, TOWNSHIP 17 SOUTH, RANGE 31 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 10-12-2007 Sheet 1 of 1 Sheets

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	CHEVRON USA INCORPORATED
LEASE NO.:	NM-98122
WELL NAME & NO.:	Skelly Unit # 973
SURFACE HOLE FOOTAGE:	430' FNL & 2435' FEL
BOTTOM HOLE FOOTAGE	Same
LOCATION:	Section 21, T. 17 S., R 31 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.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Lesser Prairie Chicken
- ☒ **Construction**
 - Notification
 - Topsoil
 - Reserve Pit
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

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.

V. SPECIAL REQUIREMENT(S)

Mitigation Measures: The mitigation measures include the special drilling stipulations, and the standard stipulation for the lesser prairie chicken.

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 15 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Skelly Unit # 973: Pit North V- Door East

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) 234-5972 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 stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 160' X 160' on the North side of the well pad V-Door East.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. 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. 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 thirty (30) 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

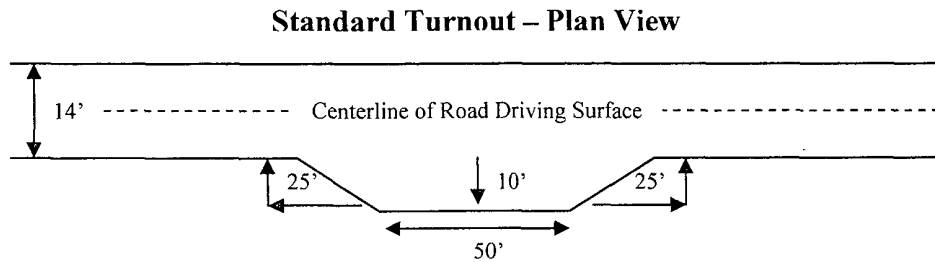
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

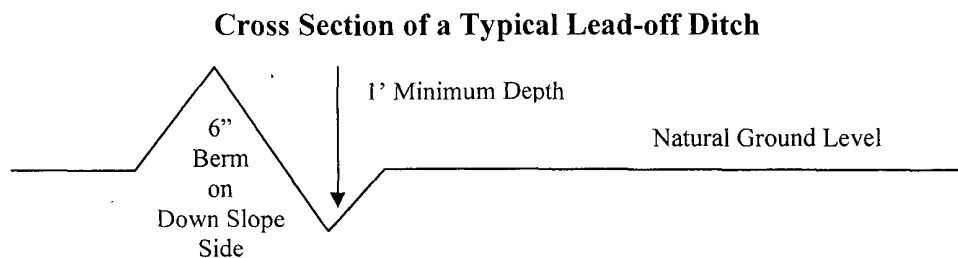
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



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.



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:

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

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road 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 cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

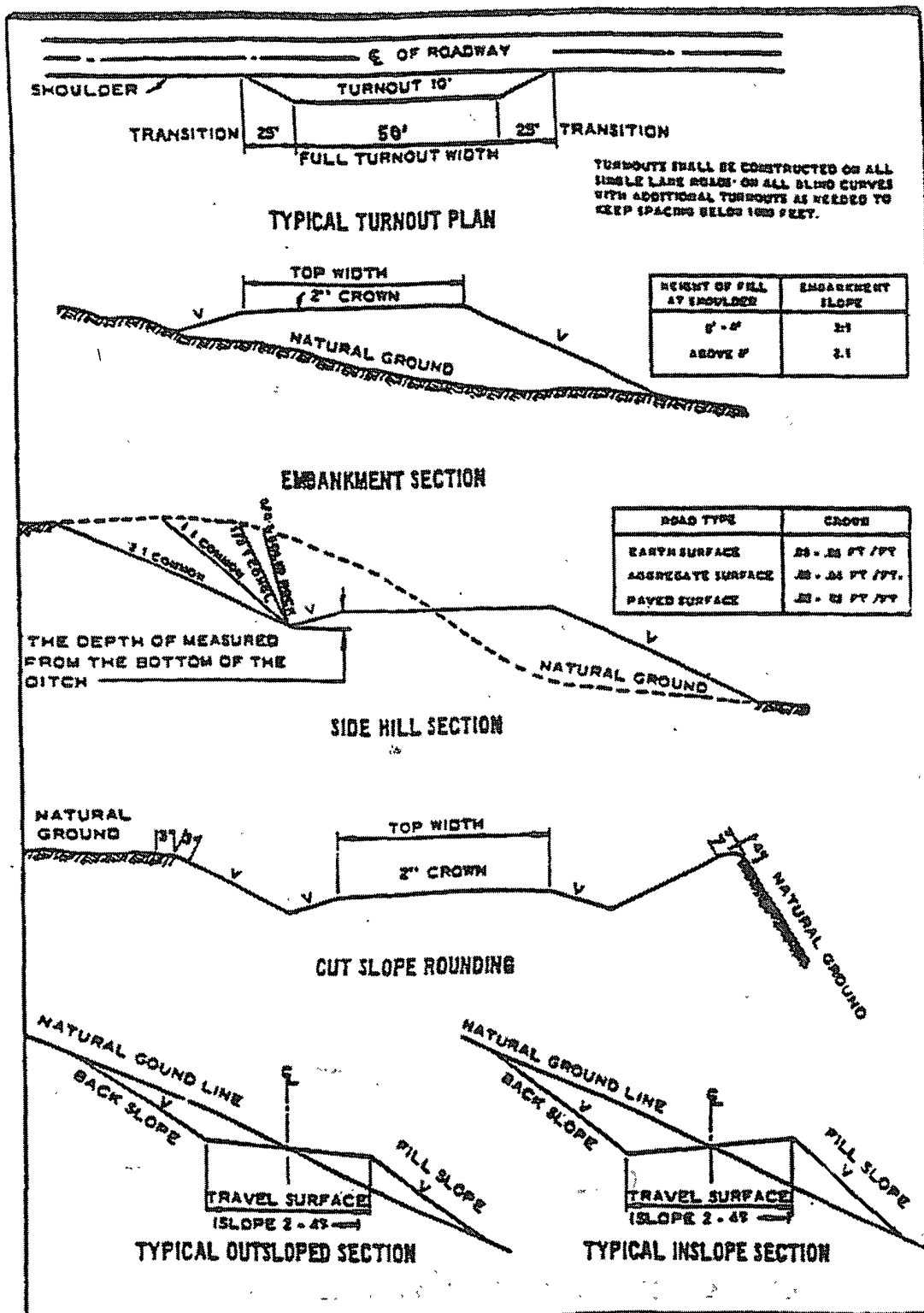
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

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

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. It has been reported in section 26 measuring 1250 ppm in the Grayburg formation. If Hydrogen Sulfide is encountered, please report measured amounts 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.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work.

1. The **13-3/8** inch surface casing shall be set a **minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 450 feet** and cemented to the surface. **Centralizers required on surface casing per Onshore Order 2.III.B.1.f.**
 - 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement). **Please provide WOC times to inspector for cement slurries.**

- 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 action will be done prior to drilling out that string.

**Possible lost circulation in the Grayburg and San Andres formations.
Possible water and brine flows in the Salado and Artesia Groups.**

- 2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:
 - ☒ Cement to surface. If cement does not circulate see B.1.a-d above. **Please provide WOC times to inspector for cement slurries.**
- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - ☒ Cement should tie-back at least 200 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. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. 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.

- d. 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.
- e. A variance to test the surface casing and BOP/BOPE to the reduced pressure of **1500** psi by a third party.

WWI 032708

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.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

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, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting 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.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions 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 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.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture 2, for Sandy Sites

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 (9) months prior to purchase. Commercial seed will be either 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 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 doubled. 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:

<u>Species</u>	<u>lb/acre</u>
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sand love grass (<i>Eragrostis trichodes</i>)	1.0
Plains bristlegrass (<i>Setaria macrostachya</i>)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed
(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.