

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB NO. 1004-0135 Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No. NMNM19859

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side. SEP 08 2014

1. Type of Well [X] Oil Well [ ] Gas Well [ ] Other RECEIVED

8. Well Name and No. RED HILLS 11 25 33 FEDERAL COM 1H

2. Name of Operator CHEVRON USA INC Contact: CINDY HMURILLO E-Mail: CHERRERAMURILLO@CHEVRON.COM

9. API Well No. 30-025-41848

3a. Address 1616 W. BENDER BLVD HOBBS, NM 88240

3b. Phone No. (include area code) Ph: 575-263-0431 Fx: 575-263-0445

10. Field and Pool, or Exploratory RED HILLS/UPPER BS SHALE

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 11 T25S R33E Mer NMP NENE 430FNL 340FEL 32.151120 N Lat, 103.535690 W Lon

11. County or Parish, and State LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

Table with 2 columns: TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production (Start/Resume), Water Shut-Off, etc.

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

CHEVRON USA INC. IS REQUESTING A TEMPORARY OFF LEASE MEASUREMENT ON THE ABOVE WELL: CHEVRON WILL LAY A FLEX PIPE ALONG EXISTING ROAD FROM RED HILLS 11 CENTRAL TANK BATTERY LOCATED IN SECT 11 T25S R33E TO DCP'S SALES METER LOCATED IN SECT 2T 25 S R 33E WHERE IT WILL BE SOLD. THE REASON WE ARE REQUESTING THIS TEMPORARY LEASE MEASUREMENT IS DUE TO DCP CHANGED THEIR ROUTE AND HAD TO GET THEIR ROW REAPPROVED BY THE BLM. THEY ANTICIPATE THEY WILL NOT HAVE THE ROW OR PIPE INSTALLED IN TIME FOR GAS SALES. NO EXISTING DISTURBANCE WILL BE NEEDED AS CHEVRON WILL LAY THE LINE ON THE ROAD. IF YOU SHOULD HAVE ANY ADDITIONAL QUESTIONS PLEASE CONTACT LARRY FUENTES WITH CHEVRON AT 432-687-7945 OR CELL AT 432-5530817.

Wildlife BJB 8/27/14 ARCH SKG 8/27/14 MRS OF 8.27.14

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Electronic Submission #256886 verified by the BLM Well Information System For CHEVRON USA INC, sent to the Hobbs Committed to AFMSS for processing by DEBORAH HAM on 08/14/2014 ( ) Name (Printed/Typed) CINDY HMURILLO Title PERMITTING SPECIALIST Signature (Electronic Submission) Date 08/13/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

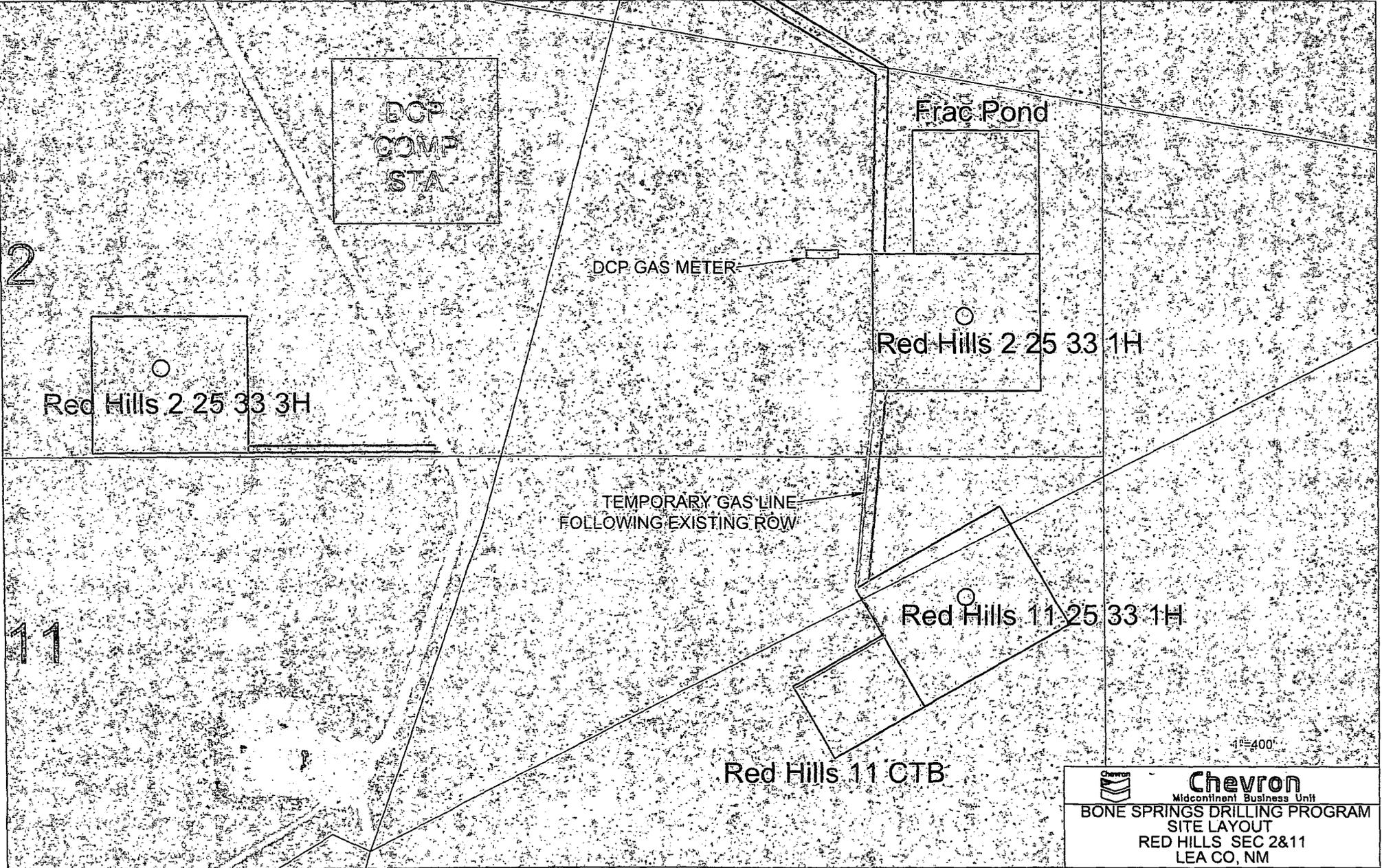
Approved By [Signature] Title EPS Date 8/28/14 Office CFO

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.

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

SEP 12 2014

[Handwritten signature]



 **Chevron**  
Midcontinent Business Unit  
BONE SPRINGS DRILLING PROGRAM  
SITE LAYOUT  
RED HILLS SEC 2&11  
LEA CO, NM

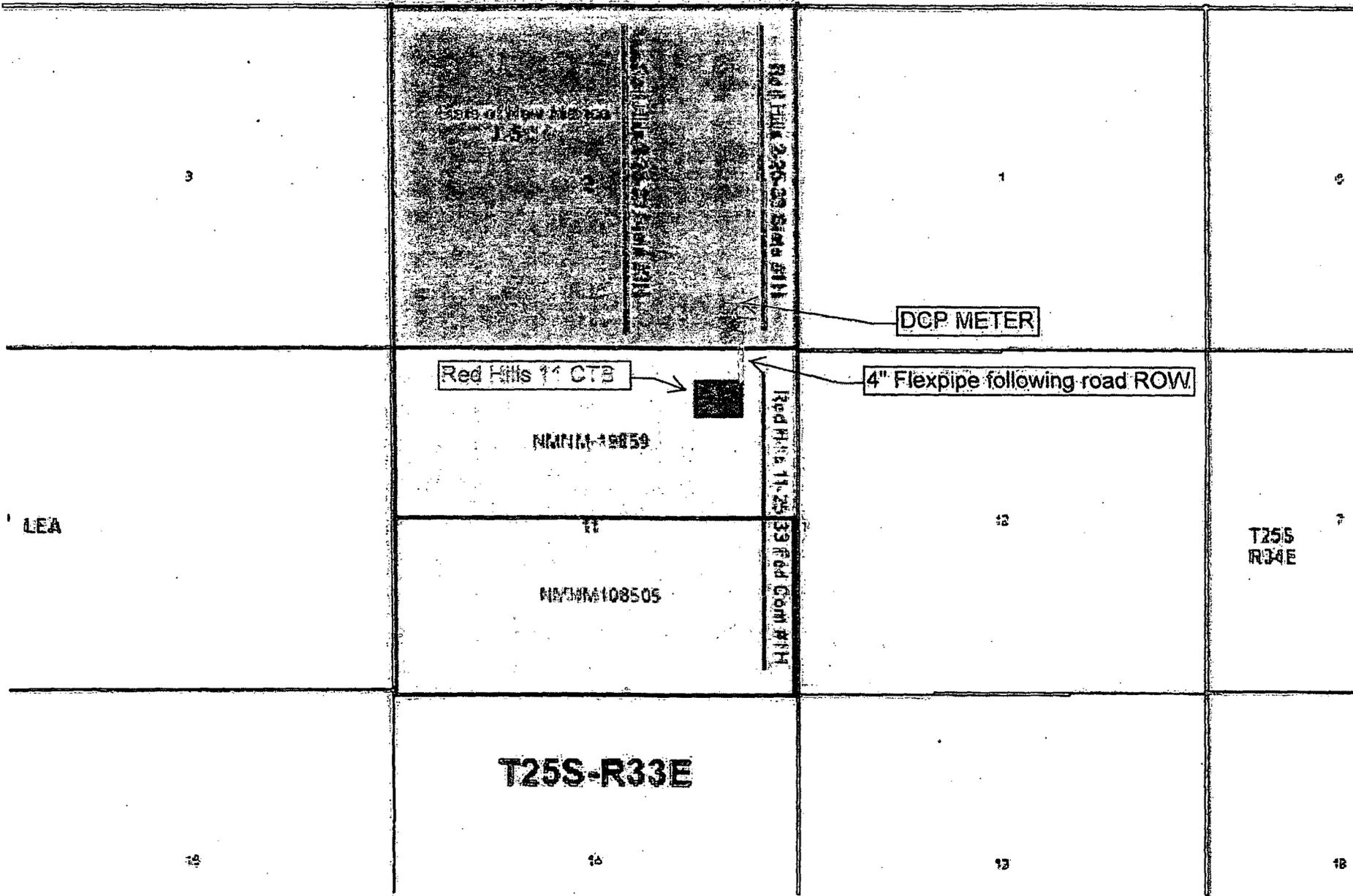
3	State of New Mexico L-511A 2 Red Hills 25S-33E-310-231 Red Hills 25S-33E-310-231	1	9
LEA	NMNM-10859 11	12	T25S R34E 7
15	NMNM-108605 T25S-R33E 14	13	18

Thanks,



Cindy Herrera-Murillo

Permitting Specialist



Red Hills 11 CTB

DCP METER

4" Flexpipe following road ROW

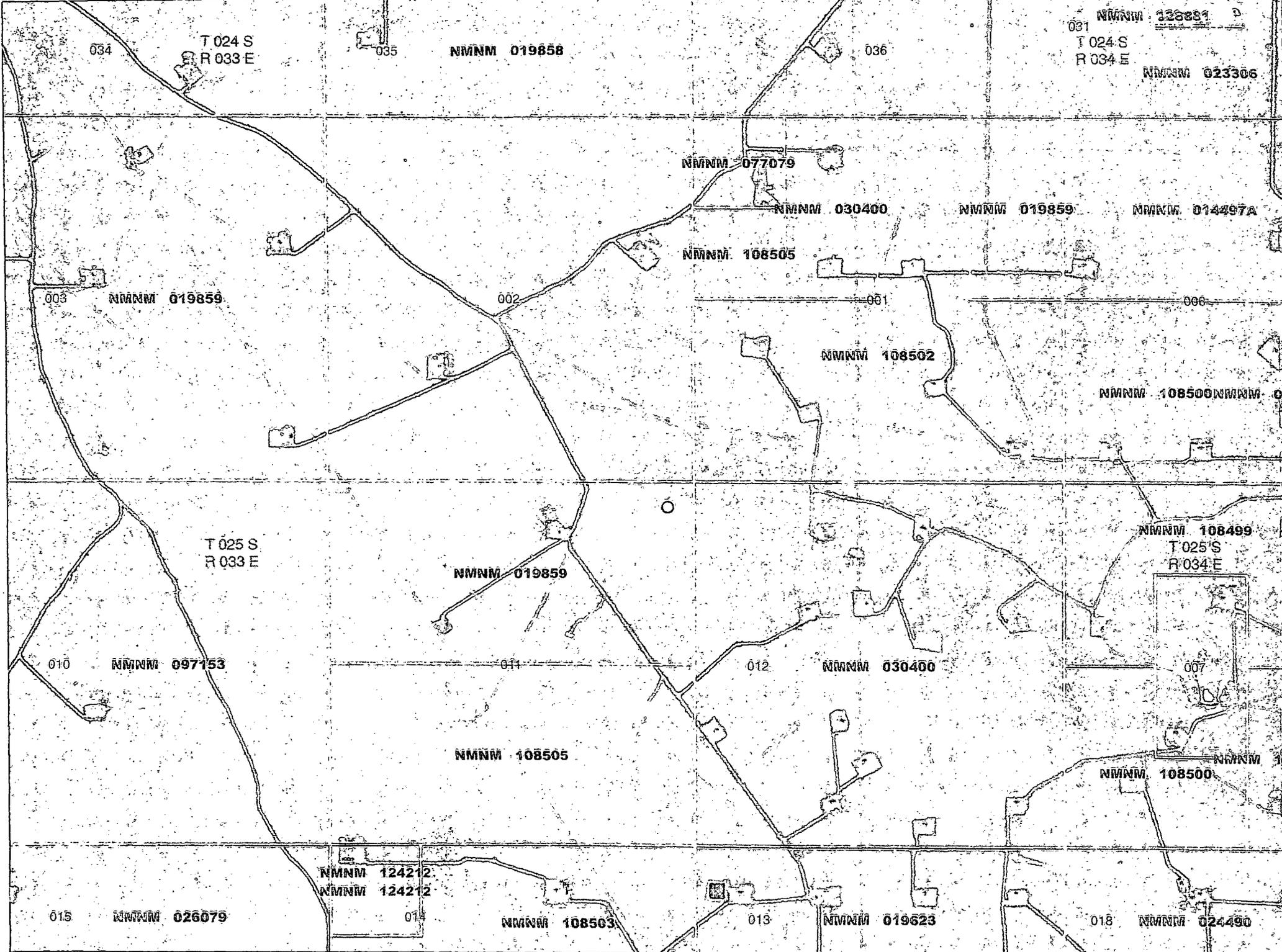
NMNM 10859

NMNM 108505

T25S-R33E

T25S  
R34E

LEA



NMNM 128891  
T 024 S  
R 034 E  
NMNM 023306

T 024 S  
R 033 E

NMNM 019858

NMNM 077079

NMNM 030400

NMNM 019859

NMNM 014497A

NMNM 108505

NMNM 019859

NMNM 108502

NMNM 108500

T 025 S  
R 033 E

NMNM 019859

NMNM 108499  
T 025 S  
R 034 E

NMNM 097153

NMNM 030400

NMNM 108505

NMNM 108500

NMNM 124212  
NMNM 124212

NMNM 026079

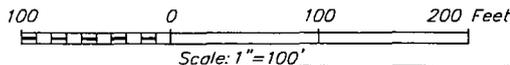
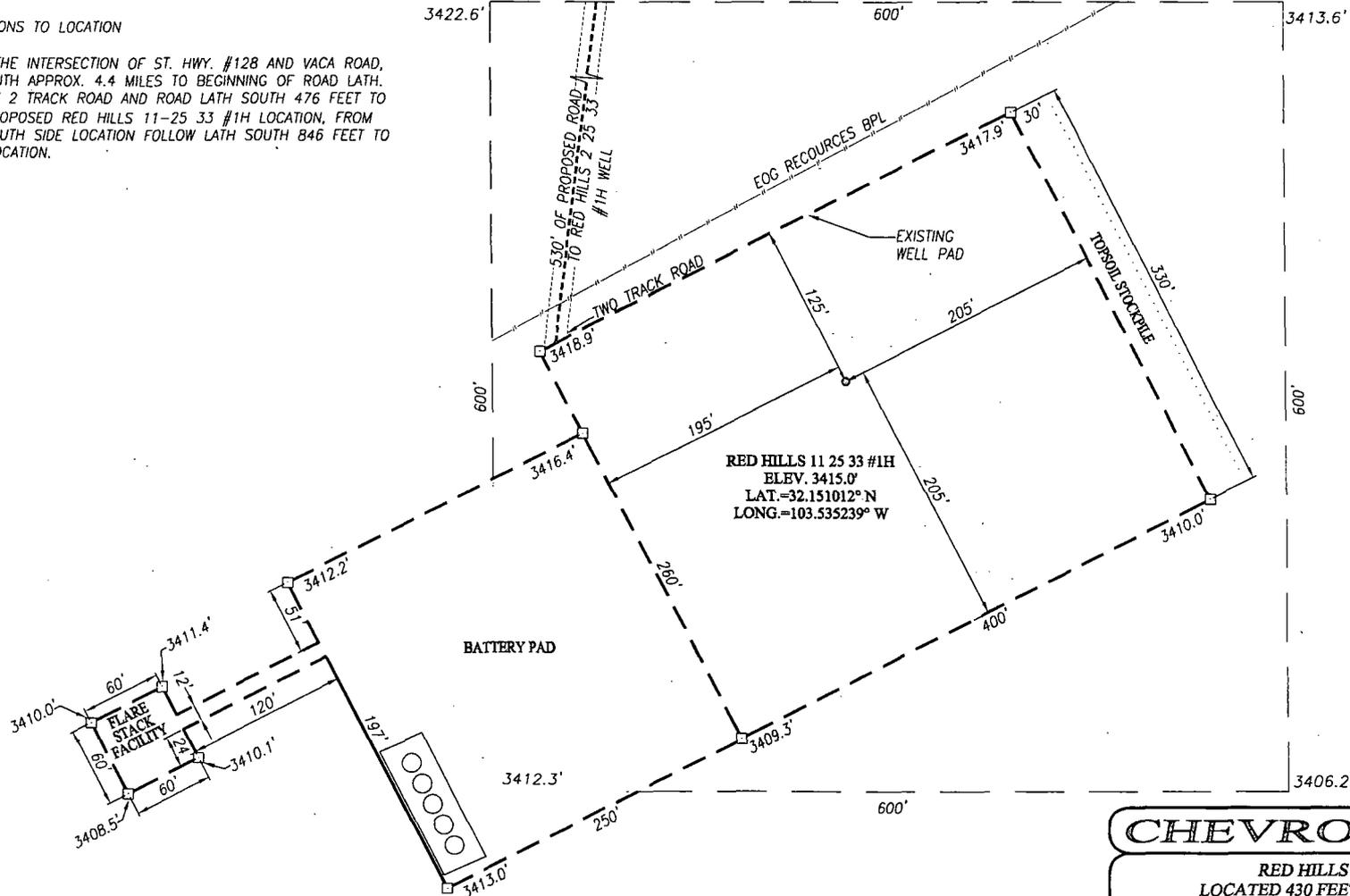
NMNM 108503

NMNM 019623

NMNM 024490

**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF ST. HWY. #128 AND VACA ROAD, GO SOUTH APPROX. 4.4 MILES TO BEGINNING OF ROAD LATH. FOLLOW 2 TRACK ROAD AND ROAD LATH SOUTH 476 FEET TO THE PROPOSED RED HILLS 11-25 33 #1H LOCATION. FROM THE SOUTH SIDE LOCATION FOLLOW LATH SOUTH 846 FEET TO THIS LOCATION.



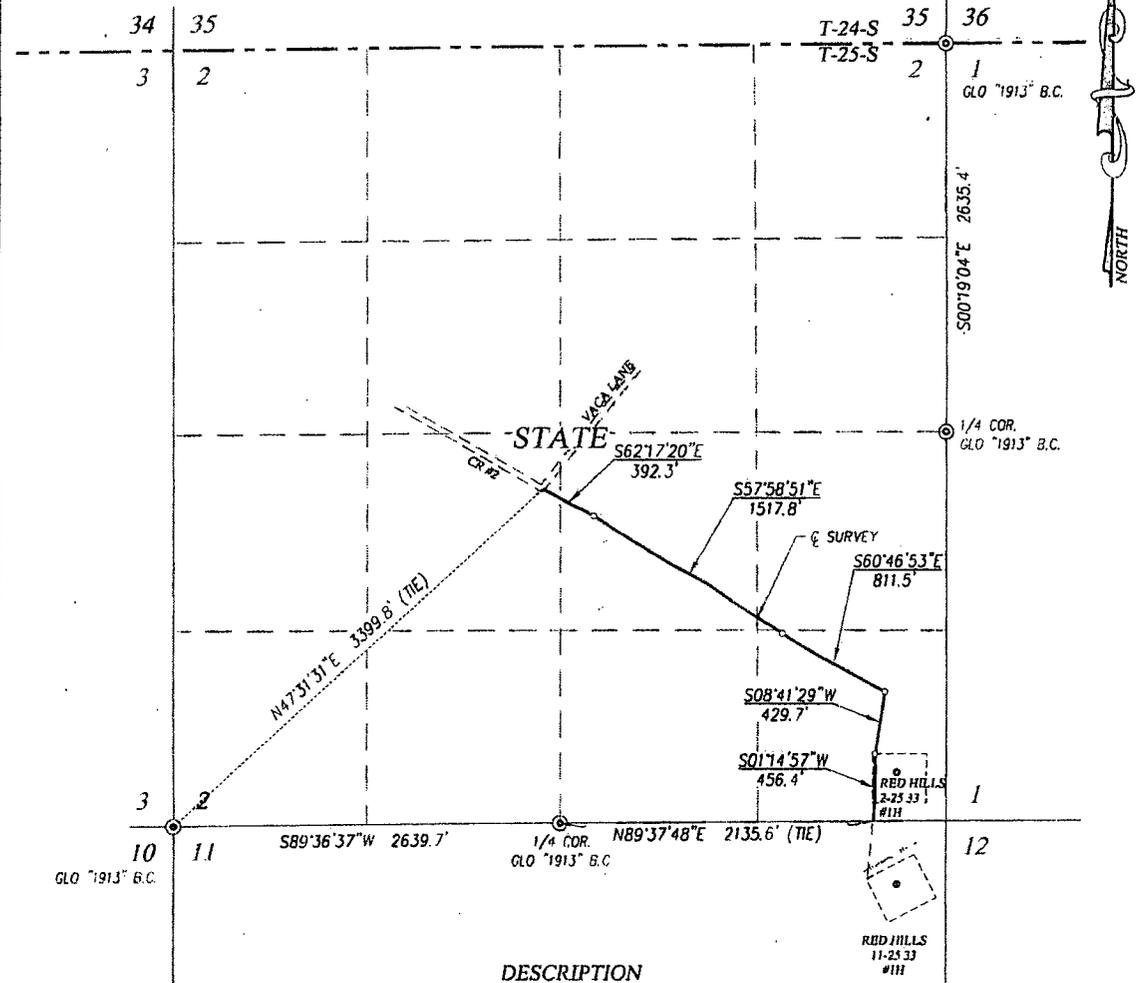
PROVIDING SURVEYING SERVICES SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (575) 393-3117 www.jwsc.biz

**CHEVRON USA INC**

**RED HILLS 11 25 33 #1H WELL**  
 LOCATED 430 FEET FROM THE NORTH LINE  
 AND 340 FEET FROM THE EAST LINE OF SECTION 11,  
 TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.,  
 LEA COUNTY, NEW MEXICO

Survey Date: 5/07/14	CAD Date: 5/8/14	Drawn By: ACK
W.O. No.: 14110494	Rev: .	Rel. W.O.: 13111244

SECTION 2, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.,  
LEA COUNTY NEW MEXICO



**DESCRIPTION**

A STRIP OF LAND 30.0 FEET WIDE CROSSING STATE OF NEW MEXICO LAND IN SECTION 2, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO, AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT IN THE SOUTHWEST QUARTER, WHICH LIES N47°31'31\"/>

SAID STRIP OF LAND BEING 3607.7 FEET OR 218.65 RODS IN LENGTH, CONTAINING 2.485 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

- NE/4 SW/4 8.21 RODS OR 0.093 ACRES
- NW/4 SE/4 95.19 RODS OR 1.082 ACRES
- NE/4 SE/4 9.93 RODS OR 0.113 ACRES
- SE/4 SE/4 105.32 RODS OR 1.197 ACRES

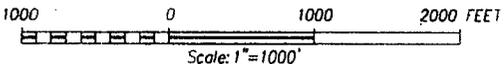
**NOTE**

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

**LEGEND**

⊙ DENOTES FOUND CORNER AS NOTED

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION, THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO, AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



RONALD J. EIDSON  
DATE: 5/22/13

PROFESSIONAL SURVEYING SERVICES  
ESTABLISHED 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117 www.jwsc.biz

**CHEVRON USA INC**

SURVEY OF PROPOSED ROAD  
CROSSING SECTION 2,  
TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO

Survey Date: 5/22/13	CAD Date: 6/12/13	Drawn By: ACK
W.O. No.: 13110541	Rev.	Rel. W.O.:

Sheet 1 of 1

**BLM LEASE NUMBER:** NMNM 19859

**COMPANY NAME:** Chevron USA

**ASSOCIATED WELL NAME:** Red Hills 11 25 33 Federal Com 1H

## 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 or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than 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.

18. Special Stipulations:

- a. **Lesser Prairie-Chicken**: Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities 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. Normal vehicle use on existing roads will not be restricted.