30-025-42168

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

Mooses Tooth 29 26 33 Fed Com #1H
200' FNL and 330' FWL
Surface: Section 29, Township 26 South, Range 33 East
Lea County, New Mexico
280' FNL and 355' FWL
Bottom: Section 32, Township 26 South, Range 33 East
Lea County, New Mexico

1. EXISTING ROADS/LEASE ROADS

Driving directions are from Jal, New Mexico. Proceed west from Jal, New Mexico on highway 128 approximately 30 miles, turn south or left on County Road 1 and go approximately 14.2 miles south to Battle Axe Road and turn east and follow the main road 6.4 miles, turn north and go approx. ½ mile and location is on the left.

This lease road is approximately 14' in travel way width and approximately 1/2 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 state highway 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 Moose's Tooth pad 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 the existing Porter Brown production facility, located in Section 19, will be utilized and oil to be sold at that tank battery.

The production line will be a surface laid 3 ½" Flexpipe with a working pressure greater than 100 psi ran along existing disturbances.

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

5. LOCATION AND TYPES OF WATER SUPPLY

Water will be obtained from a private water source.

Chevron will utilize the modified frac pond in section 29-26-33 for fresh water.

A temporary 4" poly pipe transfer line will run approx. 350' from the frac pond to the location in section 29. The frac pond is in the NW corner of section 29-26-33. 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 and bermed with spoil dirt or gravel.

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 ADR 1500 S 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

Interim reclamation will consist of reclaiming the pad to 50 feet outside the anchors or approximately 200 x 200 feet.

In the Event of a Dry Hole/Final Reclamation

Upon final abandonment of the well, 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. Topsoil will be distributed over the reclamation area and cross ripped to control erosion; the site will be seeded with an approved BLM mixture.

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.

11. SURFACE TENANT

Oliver Kiehne
P.O. Box 135
Orla, Texas 79770

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

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