CHEVRON U.S.A. Inc
SD WE 23 Fed P25 #2H
NMNM 118722, 118723
SECTION 23, T26S-R32E
SHL 260' FSL & 2628' FWL

SECTION 14, T26S, R32E
BHL 180' FNL & 2290' FWL

APD Surface Use Plan of Operations

Existing Roads (Exhibit 1)

- The operator will improve or maintain existing roads in a condition the same as or better than before operations begin. The operator will repair pot holes, clear ditches, repair the crown, etc. All existing structures on the entire access route such as cattle guards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use. We will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or wind events. BLM written approval will be acquired before application of surfactants, binding agents, or other dust suppression chemicals on roadways.
- Driving Directions – From Jal, New Mexico. The location is approximately 33 miles from the nearest town, which is Jal, New Mexico. From Jal, proceed west on Highway 128 approximately 14 miles and turn left (South) onto CR2 and go approximately 13 miles on CR2 until the road reaches the intersection with Dinwiddie Rd (stop sign with "private road" signage). Turn right (west) onto Dinwiddie Rd (Chevron has an agreement and easement for use of this road) and travel west approximately .3 miles, then bear left (south) onto Battle Axe Road (a continuation of CR2). Travel 5 miles on Battle Axe Road, following its bends, until you reach the Chevron lease road into Salado. Turn right (North) and travel .5 miles, then follow lease road to the well location.

New or Reconstructed Access Roads – Survey plat (Exhibit 2)

- There will be 4,653' of new road construction for the well pad and facilities.
- Road Width: The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed 14'. The maximum width of surface disturbance shall not exceed 25'.
- Maximum Grade: 3%
- Crown Design: Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2%. The road shall conform to cross section and plans for typical road construction found in the BLM Gold Book.
- Turnouts: 50-60'
- Ditch Design: Ditching will be constructed on both sides of road.

- Cattle guards: None suggestion
- Major Cuts and Fills: 2:1 during drilling and completions. Cuts and fills taken back to 3:1 at interim.
- Type of Surfacing Material: Caliche

Location of Existing Wells (Exhibit 3)

- 1-Mile radius map is attached

Location of Existing and/or Proposed Production Facilities (Exhibit 4)

- Facilities: Production will be transported via buried flowline to existing facilities in the S2S2 of Sec. 14, T26S-R32E where oil and gas sales will take place.
    - Gas purchaser pipeline will be brought to the tank battery.
    - Open top tanks or open containments will be netted.
    - Open vent exhaust stacks will be modified to prevent birds or bats from entering, discourage perching, roosting, and nesting.
    - Facilities will have a secondary containment 1.5 times the holding capacity of largest storage tank.
    - All above ground structures will be painted non-reflective shale green for blending with surrounding environment.
    - The tank battery will be connected to the existing water gathering system in the field for permanent water disposal. The system design will be determined and approved prior to construction of any water transfer pipeline. Until permanent water takeaway is available, produced water will be hauled off location in trucks.
- Pipelines: Four 4" buried flowlines will be routed in the same ditch, approximately 5,714', will be laid from well running north to the facility in Section 14.
    - Pipeline will run parallel to existing disturbances and will stay within approved ROW.
- Power lines: No new powerlines are needed

Location and Types of Water Supply (Exhibit 5)

- Proposed ponds in Section 23, T26S-R32E will be utilized for fresh water.
- Fresh water will be obtained from a private water source.
- A temporary 10" expanding pipe transfer line will run south from pond along fenceline then west along proposed access road approx. 8,373'.
    - Fresh water line will run parallel to existing disturbance and will stay within 10' of access road.
    - A BLM ROW will be applied for through the BLM.

Construction Material

- Caliche will be used to construct well pad and roads. Material will be purchased from the nearest federal, state, or private permitted pit.
- The proposed source of construction material will be located and purchased by construction contractor.
    - Payment shall be made by contractor prior to any removal of federal minerals material by contacting agent at (575) 234-5972.
    - Notification shall be given to BLM at (575) 234-5909 at least 3 working days prior to commencing construction of access road and/or well pad.

Methods for Handling Waste

- Drilling fluids and produced oil and water from the well during drilling and completion operations will be stored safely and disposed of properly in an NMOCD approved disposal facility.
- Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly at a state approved disposal facility. All trash on and around the well site will be collected for disposal.
- Human waste and grey water will be properly contained and disposed of properly at a state approved disposal facility.
- After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a state approved disposal facility.
- The well will be drilled utilizing a closed loop system. Drill cutting will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

Ancillary Facilities

A compressor station will be constructed adjacent to the new Tank Battery in Section 24 to provide compression for gas lift. See exhibit 4.

Well Site Layout (Exhibit 6)

- Surveyor Plat (Exhibit 6a)
    - Exterior well pad dimensions are 385' x 450'.
    - Interior well pad dimensions from point of entry (well head) of the easternmost well are N-125', S-260', E-215', W-235'. The length to the west includes 25' spacing for next well on multi-well pad (four wells). Total disturbance area needed for construction of well pad will be 4 acres.
    - Topsoil placement is on the west where interim reclamation is planned to be completed upon completion of well and evaluation of best management practices.

- Cut and fill: will be minimal.

- Rig Layout (Exhibit 6b)

Plans for Surface Reclamation

Reclamation Objectives

- The objective of interim reclamation is to restore vegetative cover and a portion of the landform sufficient to maintain healthy, biologically active topsoil; control erosion; and minimize habitat and forage loss, visual impact, and weed infestation, during the life of the well or facilities.
- The long-term objective of final reclamation is to return the land to a condition similar to what existed prior to disturbance. This includes restoration of the landform and natural vegetative community, hydrologic systems, visual resources, and wildlife habitats. To ensure that the long-term objective will be reached through human and natural processes, actions will be taken to ensure standards are met for site stability, visual quality, hydrological functioning, and vegetative productivity.
- The BLM will be notified at least 3 days prior to commencement of any reclamation procedures.
- If circumstances allow, interim reclamation and/or final reclamation actions will be completed no later than 6 months from when the final well on the location has been completed or plugged. We will gain written permission from the BLM if more time is needed.
- Reclamation will be performed by using the following procedures:

Interim Reclamation Procedures

- 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 include reducing the pad size to approximately 2.5 acres from the proposed size of 4 acres. Within 30 days of well completion, the well location and surrounding areas will be cleared of, and maintained free of, all materials, trash, and equipment not required for production. A plan will be submitted showing where interim reclamation will be completed in order to allow for safe operations, protection of the environment outside of drilled well, and following best management practices found in the BLM "Gold Book".
- In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
- The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed

slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.

- Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture (BLM #2), free of noxious weeds, will be used.
- Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.
- The interim reclamation will be monitored periodically to ensure that vegetation has reestablished

Final Reclamation (well pad, buried pipelines, and power lines, etc.)

- Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.
- All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
- All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends in distinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.
- After all the disturbed areas have been properly prepared; the areas will be seeded with the proper BLM seed mixture (BLM #2), free of noxious weeds.
- Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.

Surface Ownership

- BLM Surface
    - Surface Tenant – Oliver Kiehne

- **Nearest Post Office:** Jal Post Office; 50 Miles East

Other Information

- On-site performed by BLM NRS: Paul Murphy 3/21/2016
- Cultural report attached: **No** Participating Agreement attached: Yes
- Erosion / Drainage: Drainage control system shall be constructed on the entire length of road by the use of any of the following: ditches, side hill out-sloping and in-sloping, lead-off ditches, culvert installation, or low water crossings.

- Exclosure fencing will be installed around open cellar to prevent livestock or large wildlife from being trapped after installation. Fencing will remain in place while no activity is present and until backfilling takes place.
- Terrain: Landscape is flat
- Soil: Sandy loam
- Vegetation: Vegetation present in surrounding area includes mesquite, shrubs, and grass (needle-grass, burro grass, dropseed).
- Wildlife: No wildlife observed, but it is likely that deer, rabbits, coyotes, and rodents pass through the area.
- Surface Water: No surface water concerns.
- Cave Karst: Low Karst area with no caves or visual signs of caves found.
- Watershed Protection: The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminates from leaving the well pad.
- Water wells: No known water wells within the 1- mile radius.
- Residences and Buildings: No dwellings within the immediate vicinity of the proposed location.
- Well Signs: Well signs will be in compliance per federal and state requirements and specifications.

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SECTION 23, T26S-R32E SECTION 14, T26S, R32E
SHL 260' FSL & 2628' FWL BHL 180' FNL & 2290' FWL

Chevron Representatives

Primary point of contact:
Kevin Dickerson
kevin.dickerson@chevron.com
M- 432-250-4489

Chevron Functional Contacts

Project Manager Name: Antonio Paez Address: 15 Smith Road Midland Texas 79705 Phone: (432) 687-7744 Email: antoniopaez@chevron.com	**Drilling Engineer** Name: Kenneth Hodges Address: 1400 Smith Street Houston, TX 77002 Phone: (713) 372-2154 Email: khodges@chevron.com
Surface Land Representative Name: Kevin Dickerson Address: 15 Smith Road Midland Texas 79705 Phone: (432) 687-7104 Email: Kevin.Dickerson@chevron.com	**Facility Lead** Name: Caleb Brown Address: 15 Smith Road Midland, Texas 79705 Phone: (432) 687-7852 Email: Caleb.Brown@chevron.com
Geologist Name: Jeff Fabre Address: 1400 Smith Street Houston, TX 77002 Phone: (713) 372-0523 Email: JeffreyFabre@chevron.com	**Regulatory Specialist** Name: Denise Pinkerton Address: 15 Smith Road, Midland, TX 79705 Office: (432) 687-7375 Email: leakejd@chevron.com

EXHIBITS:

Exhibit 1 -- Existing Roads

Exhibit 2 -- Survey Plat: New or Reconstructed Roads Map: if road is outside 600' x 600'.

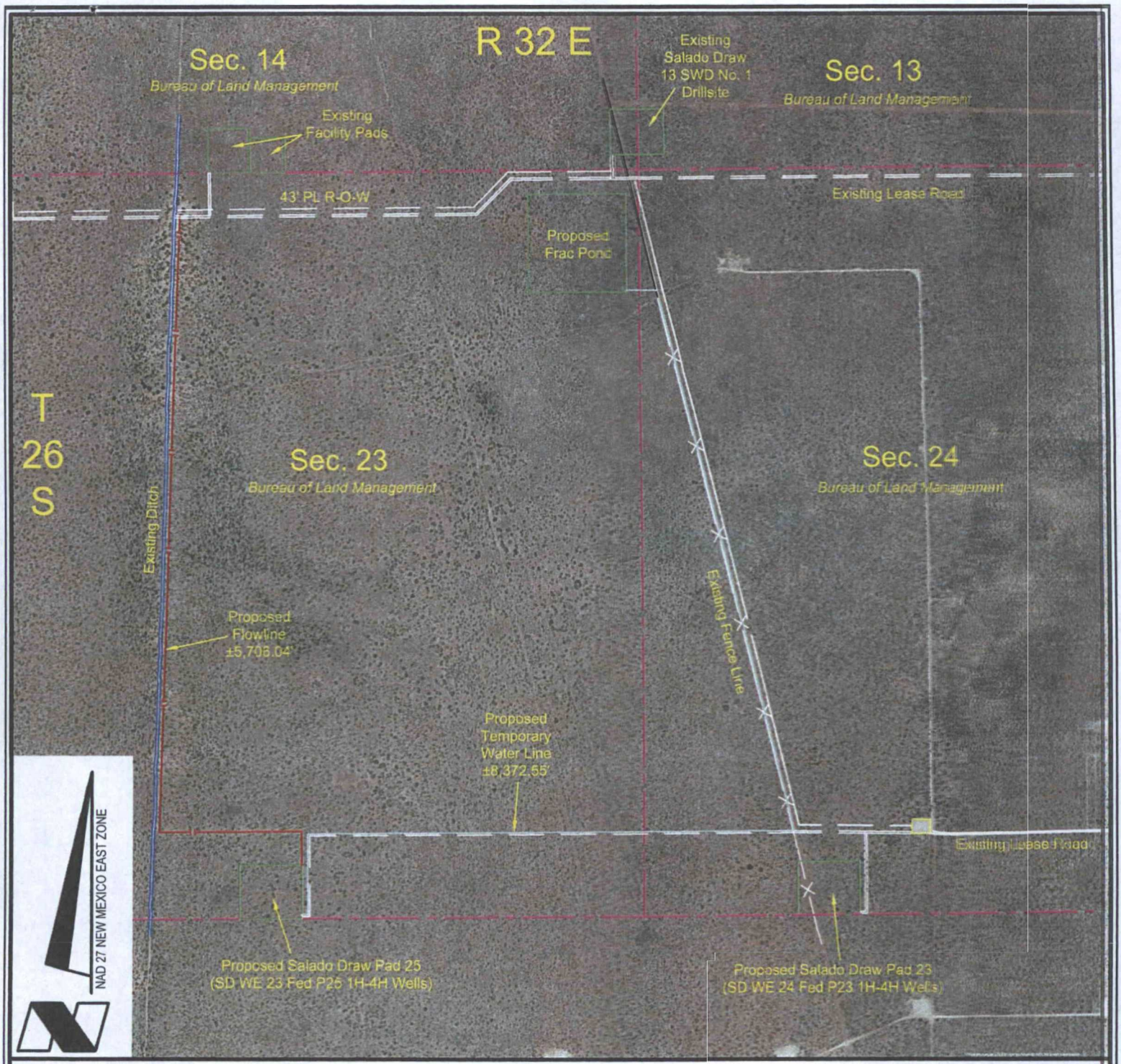
Exhibit 3 -- 1-mile Radius Map

Exhibit 4 -- Location of Existing and/or Proposed Production Facilities (Tank Battery)

Exhibit 5 -- Survey Plat: Infrastructure: roads, pipelines, power lines, frac pond

Exhibit 6 -- Rig Layout: Well Site Layout Map / Diagram

Exhibit 7 -- Interim Reclamation Plat



DETAIL

Scale: 1" = 1000'

1000' 0 500' 1000'

CHEVRON U.S.A. INC.

WORK AREA DETAIL FOR THE SD WE 23 FED P25 1H-4H WELLS SECTIONS 23 & 24, T26S-R32E LEA COUNTY, NEW MEXICO

FENSTERMAKER

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DRAWN BY: VHV	REVISIONS		
PROJ. MGR.: VHV	No. #	DATE:	REVISED BY:
DATE: MAY 20, 2016	No. #	DATE:	REVISED BY:
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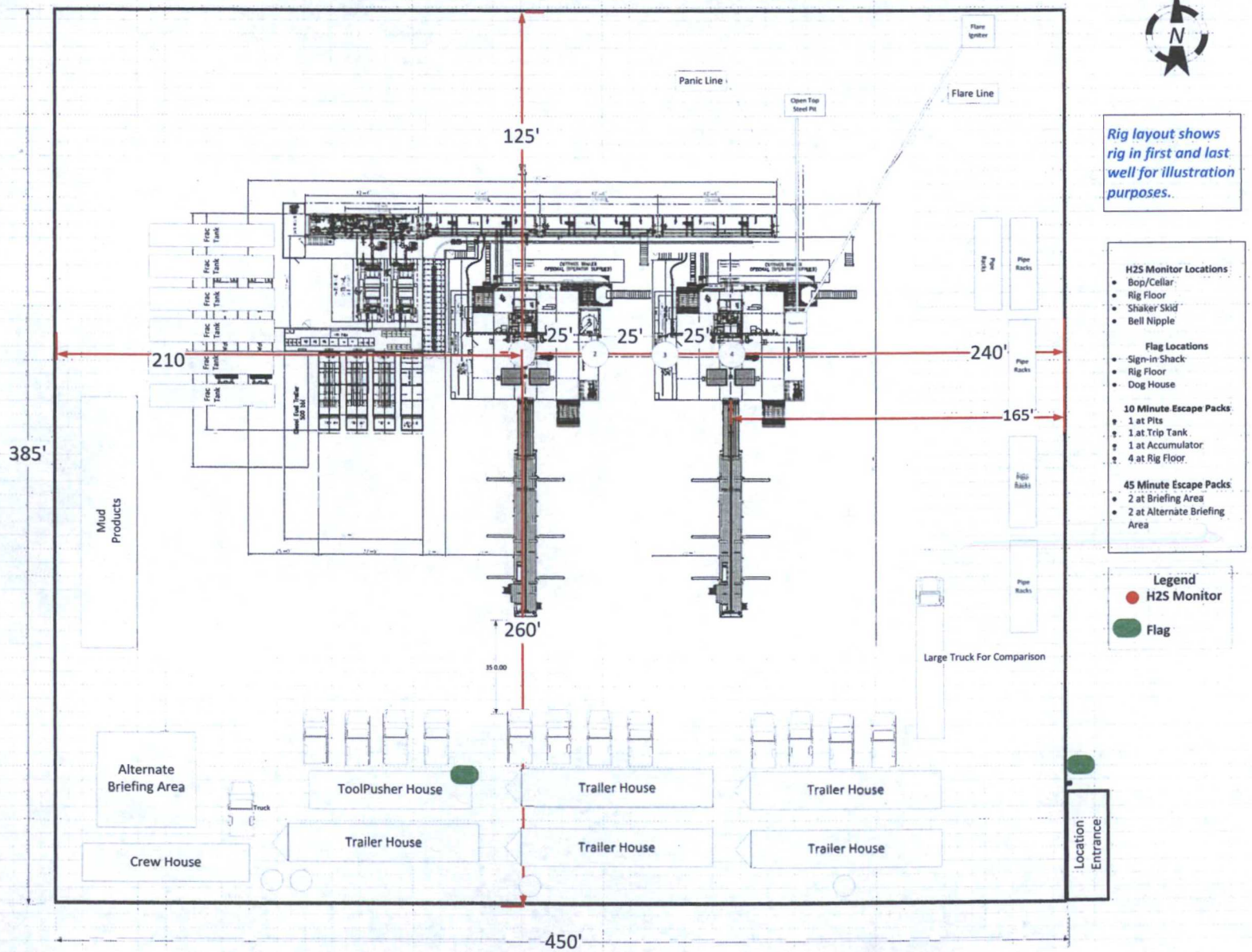
Nabors Pace X Pad 25 - 2 mile



Rig layout shows rig in first and last well for illustration purposes.

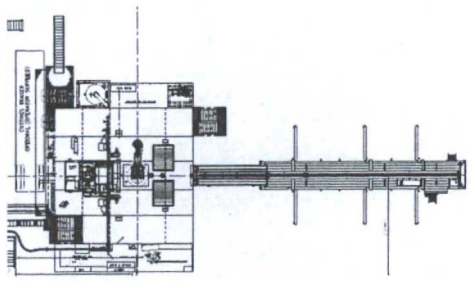
H2S Monitor Locations
- Bop/Cellar
- Rig Floor
- Shaker Skid
- Bell Nipple

Flag Locations
- Sign-in Shack
- Rig Floor
- Dog House

10 Minute Escape Packs
- 1 at Pits
- 1 at Trip Tank
- 1 at Accumulator
- 4 at Rig Floor

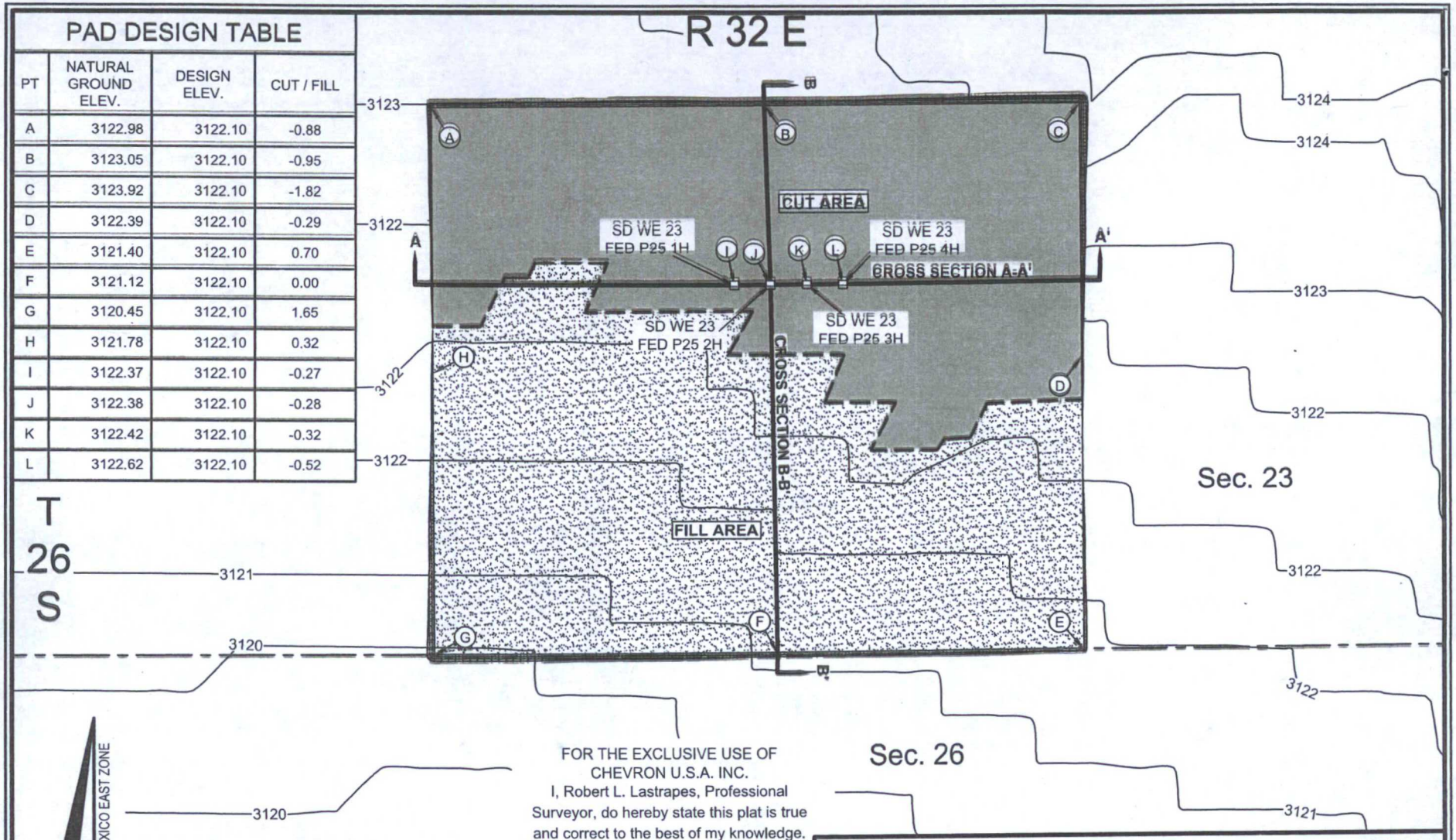
45 Minute Escape Packs
- 2 at Briefing Area
- 2 at Alternate Briefing Area

Legend
- H2S Monitor
- Flag



PAD DESIGN TABLE

PT	NATURAL GROUND ELEV.	DESIGN ELEV.	CUT / FILL
A	3122.98	3122.10	-0.88
B	3123.05	3122.10	-0.95
C	3123.92	3122.10	-1.82
D	3122.39	3122.10	-0.29
E	3121.40	3122.10	0.70
F	3121.12	3122.10	0.00
G	3120.45	3122.10	1.65
H	3121.78	3122.10	0.32
I	3122.37	3122.10	-0.27
J	3122.38	3122.10	-0.28
K	3122.42	3122.10	-0.32
L	3122.62	3122.10	-0.52



NAD 27 NEW MEXICO EAST ZONE

CUT VOLUME = 2007.95 Cu. Yd.
FILL VOLUME = 2005.23 Cu. Yd.
NET VOLUME = 2.73 Cu. Yd. Cut

Scale: 1" = 100'

100' 0 50' 100'

FOR THE EXCLUSIVE USE OF CHEVRON U.S.A. INC.
I, Robert L. Lastrapes, Professional Surveyor, do hereby state this plat is true and correct to the best of my knowledge.

DETAIL PAGE 1 OF 3

CHEVRON U.S.A. INC.

PROPOSED PAD CUT & FILL
SD WE FED P25 NOS. 1H-4H WELLS
SECTION 23, T26S-R32E
LEA COUNTY, NEW MEXICO

DRAWN BY: BOR	REVISIONS		
PROJ. MGR.: VHV	No.	DATE:	REVISED BY:
DATE: MAY 20, 2016	No.	DATE:	REVISED BY:

FILENAME: T:\2016\2163837\DWG\SD WE 23 FED P25 1H-4H_CutFill.dwg

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www.fenstermaker.com

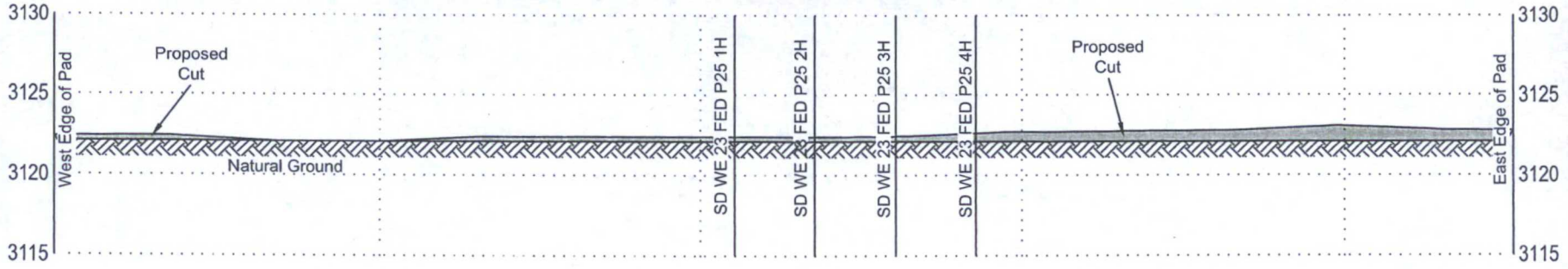
Not to be used for construction, bidding, recordation, conveyance, sales, or engineering design.

PRELIMINARY

Robert L. Lastrapes
Registration No. 23006

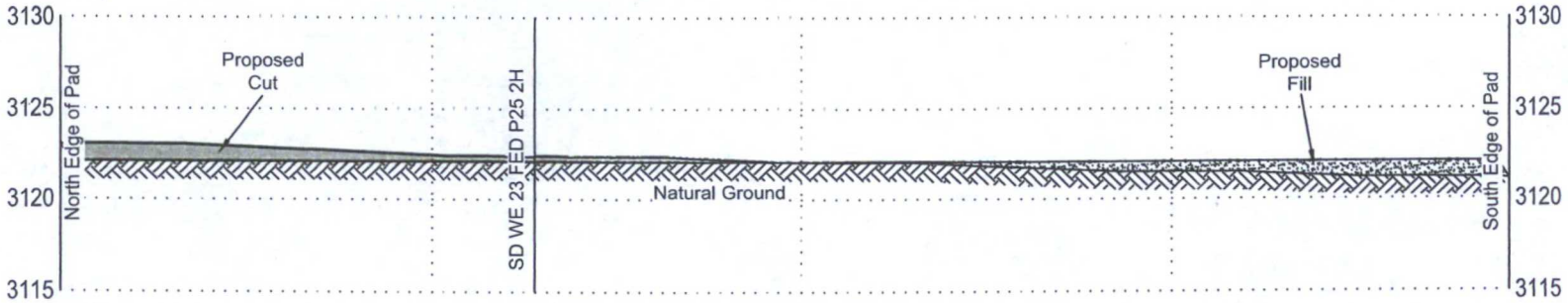
CROSS SECTION A-A'

HORIZONTAL SCALE 1"=50'
VERTICAL SCALE 1"=10'



CROSS SECTION B-B'

HORIZONTAL SCALE 1"=50'
VERTICAL SCALE 1"=10'



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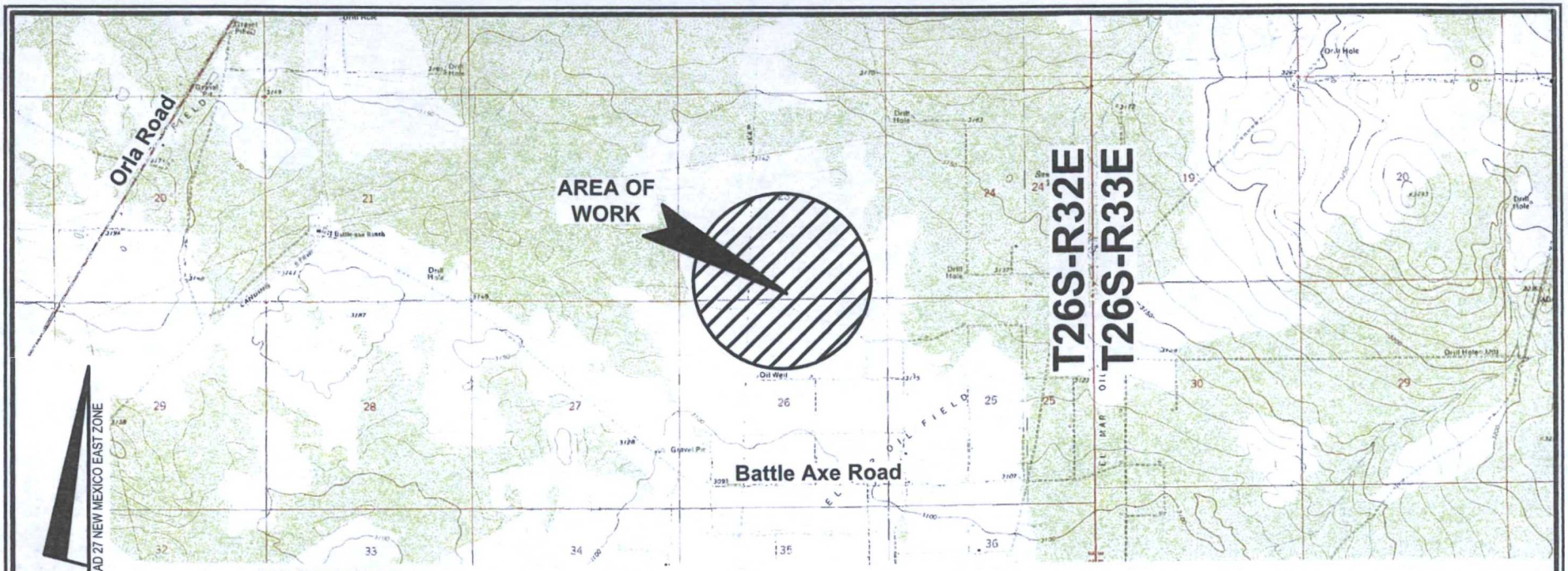

VICINITY MAP

4,000' 0 2,000' 4,000'

Scale: 1"=4,000'

DISCLAIMER: At this time, C. H. Fenstermaker & Associates, L.L.C. 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.

NOTE:

The design pad elevation recommendation is based solely on a cut and fill (1:1 ratio) balance of the pad and does not include material required for the access roads. A detailed soil test and slope stability analysis shall be performed prior to construction to ensure proper compaction and working performance of the pad under the anticipated loadings. This material balance sheet does not constitute a foundation design and Fenstermaker makes no warranty to the structural integrity of the site layout as shown. Fenstermaker also makes no recommendation or warranty about the layout relative to flood hazards, erosion control, or soil stability issues.

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

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.

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DETAIL PAGE 3 OF 3

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