30-025-39981

SURFACE USE AND OPERATIONS PLAN FOR
CHEVRON U.S.A. INC.

C. P. Falby Federal B #6

660' FSL and 1880' FWL

Lot N, Section 8, Township 22 South, Range 37 East

Lea County, New Mexico

LOCATED:	2.5 Miles Southwest of Eunice
FEDERAL LEASE NUMBER:	USA LC 033706
LEASE ISSUED:	Lease is producing
ACRES IN LEASE:	160 acres
RECORD LESSEE:	Chevron U.S.A. INC
SURFACE OWNERSHIP:	Chevron U.S.A. INC
GRAZING PERMITTEE:	None
POOL:	Blinebry Oil & Gas
POOL RULES:	Field rules are for no wells to be located closer than 330' to any 1/4 1/4 section line, to be 330' from the lease line, and 330' from the nearest well.
EXHIBITS:	A. Access Road and Facilities Map
	B. Drilling Rig Layout Diagram
	C. Well Location and Acreage Dedication Plat

1. EXISTING ACCESS ROADS

From Eunice, New Mexico taking State Hwy 176 west to the intersection of County Road 33. Turn left going south on CO RD 33 ~2.6 miles turning right on Lease Road. Head west bearing right on Lease Road ~0.6 miles and turning left bearing right on Lease Road traveling ~0.3 miles turning right with location ~ 150' west.

2. PLANNED RESOURCE ROAD

A. Length and Width: From point "A" (exhibit "A"), a new 20 foot wide Resource Road will be constructed to the southeast corner of the proposed pad.

B. Surfacing Material: Caliche will be used to construct the Resource Road and well pad.

C. Maximum Grade: An approximated grade of less than two percent will be encountered ascending from Point "A" to the southeast corner of the well pad.

D. Turnouts: None required.

E. Drainage Design: The road is crowned at the center to direct drainage to ditches on both sides of the roadway.

F. Culverts: None required.

G. Cuts and Fills: None required - Slight slope North to South.

H. Gates and Cattle Guards: None required.

3. LOCATION OF EXISTING WELLS

A. Existing wells on the lease and in the immediate area are shown in Exhibit "A".

4. LOCATION OF EXISTING AND PROPOSED FACILITIES

A. A processing facility is located about 900' Northeast of the well location. Production will be transported by a 2-7/8" steel surface flowline. In addition, about 1300' of power line is required, running North – South to Lease Road and West - East coming onto the well pad at the West side of the pad. Locations and descriptions of the proposed pad, flowline and road are shown on the individual surveyor's plats.

5. LOCATION AND TYPE OF WATER SUPPLY

A. Water necessary for drilling will be purchased and trucked to the well site.

6. SOURCE OF HANDLING WASTE DISPOSAL

A. Caliche needed for the well pad is present on location.

7. METHOD OF HANDLING WASTE DISPOSAL

A. Drill cuttings and fluids will be hauled to nearby disposal system (sunset).

B. Water produced during tests will be disposed of at commercial or company facilities.

C. Oil produced during tests will be stored in test tanks until sold.

D. Trash, waste paper, garbage and junk will be stored in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of operations. All waste material will be contained to prevent scattering by the wind. Location of trash bin will be on the NE corner of the drill pad.

8. ANCILLARY FACILITIES

9. WELL SITE LAYOUT

A. Exhibit "B" shows the relative location and dimensions of the well pad. This will be a closed loop system.

B. Cut and Fill requirements will be minor, but clearing and leveling of the well site will be necessary.

10. PLANS FOR RECLAMATION OF THE SURFACE

A. After completion of the drilling and/or completion of operations, all equipment and other material not necessary for operators will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced until the pits are dry.

C. After abandonment, all equipment, trash and junk will be removed and the well site will be cleaned. Any special reclamation and/or special re-vegetation requirements of the Surface Management Agency will be compiled with and will be accomplished as rapidly as possible.

11. OTHER INFORMATION

A. Topography: The land surface in the area of the well is mostly flat and sandy with Mesquite, Shinnery and Sage.

B. Soil: Rocky.

C. Flora and Fauna: The vegetation cover is moderate and includes range grasses, weeds, scrub oak bushes and mesquite bush. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail and other small birds.

D. Ponds and Streams: There are no rivers, lakes, ponds or streams in the area.

E. Residences and Other Structures: None.

G. Land Use: Grazing, oil and gas production and wildlife habitat.

H. Surface Ownership: Chevron U.S.A. INC

12. OPERATOR'S REPRESENTATIVE

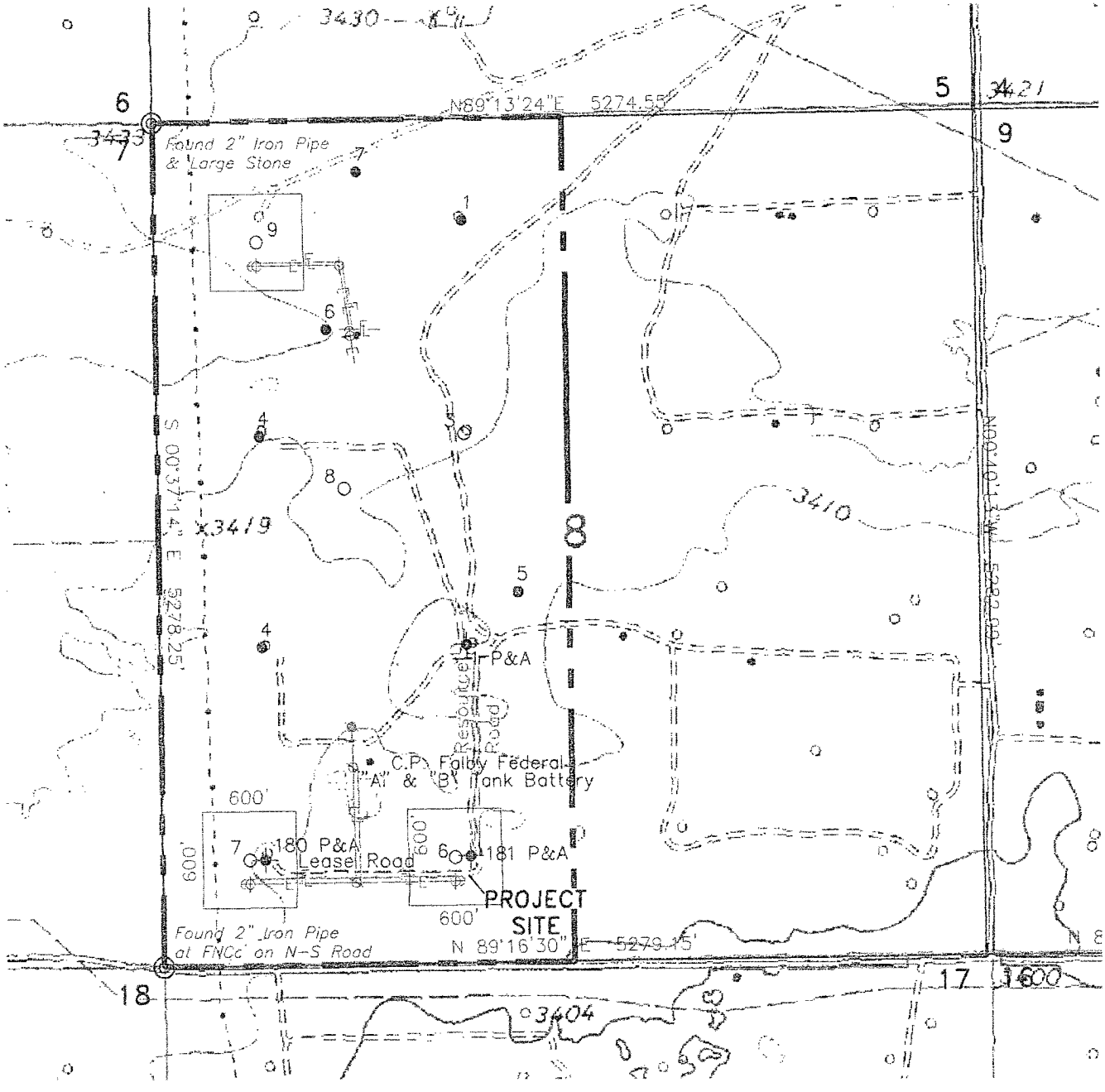
James Prementine
Drilling Superintendent
15 Smith Road
Midland, Texas 79705
Office Phone: 432-687-7348

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed oil drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to be best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Chevron U.S.A. Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

08-03-2010
Date

James Prementine / gs
James Prementine
Drilling Superintendent
Midland, Texas



LEGEND OF SYMBOLS

- = Access Road
- = Resource Road on Lease
- = Resource Road on State Land
- = Resource Road on Private Land
- = Resource Road on Federal Land
- = Proposed Resource Road
- = Proposed Electric Line
- = Proposed Production Flow Line
- o = Staked Well Location
- = Producing Well Location
- = Water Injection Well
- o = Found 1" Iron Pipe with Brass Cap
- ◎ = Found 2" or 3" Iron Pipe with Brass Cap
- = Unit or Lease Boundary

N

EXHIBIT "A"
ACCESS ROAD AND FACILITIES MAP

CHEVRON

C.P. FALBY FEDERAL "B" No. 6
Located 660' FSL & 1880' FWL, Section 8,
T-22-S, R-37-E, NMPM, Lea County, NM

Drawn by: Gene M. Rodriguez	Scale: 1" = 1000'
Date: April 29, 2010	Corrdinate File: Weatherly83e.Crd
Checked by: J.S. Piper	Drawing File: Weatherly83E.Dwg