

LEASE NUMBER -
FEE

12 POINT SURFACE USE PLAN

UNION PACIFIC 157Y29

API# 05-103-11719

LOCATED IN

RANGELY WEBER SAND UNIT
465 FNL & 2001 FWL (NENW) Section 29, T2N, R102W, 6th PM

RIO BLANCO COUNTY, COLORADO

This is an existing location with 2 active wells

CHEVRON USA, Inc
UNION PACIFIC 157Y29

NOVEMBER 30, 2011

LEGAL DESCRIPTION: 465 FNL & 2001 FWL (NENW) Section 29, T2N, R102W, 6th PM

1. EXISTING ROADS

See attached Topographic Map "A" and attached full Rangely Weber Sand Unit (COC 47675X) field map referenced as "ROAD MAP". Please note on "Addendum to Legal Plat" this location will be built just off the existing lease road.

To reach CHEVRON proposed UPI57Y29 location - Proceed west out of Rangely, Colorado on Colorado State Highway 64 approximately 4.0 miles, turn North on Chevron lease road, proceed 1 mile to well location.

All of the improved surface roads in the area are maintained by Chevron or its subcontractors. This maintenance consists of some minor grade work for smoothing of road grades and for snow removal by road maintainers with dozer blades and other contractor's equipment as required.

Chevron will follow guidelines from BLM Gold book Road Maintenance page 30, "Maintenance activities normally required include monitoring, blading, surface replacement, dust abatement, spot repairs, slide removal, ditch cleaning, culvert cleaning, litter cleanup, noxious weed control, and snow removal. When applicable, specific areas shall be identified in the road maintenance plan for disposal of slide material, borrow or quarry sites, stock piles, or other uses that are needed for the project. Key maintenance considerations include regular inspections; reduction of ruts and holes; maintenance of crowns and out slopes to keep water off the road; replacement of surfacing materials; clearing of sediment blocking ditches and culverts.."

Copies of BLM Manual 9113 have been distributed to Chevron facility engineers and Chevron facility reps to utilize for any new road construction and maintenance standards. Chevron will build and maintain roads to 9113 standards.

2. PLANNED ACCESS ROAD

See Topographic Map "B".

The planned access road is along an existing lease road - no new roads lease will need to be constructed. On the existing lease roads there are no major cuts, a center crown to the road will allow for drainage to side ditches that will be excavated to a depth of 1 foot minimum below the finished road surface. All proposed drainage features such as waterbars or culverts will be included on a 1:24 map. The well location access road is clearly clear marked on TOPO Map B. Pit run will be used for road surfacing material. Pit run is ordered and supplied by Ace West Trucking Inc (970-675-2753) 15762 Hwy 64, Rangely, CO 81648 and / or Urie Rock Company (970-675-5766) 2424 East Main, Rangely, CO 81648. There are no fences on the property. Installing gates, cattle guards, or cutting fences will not be required. The terrain that is traversed by this road is relatively flat and is vegetated with sparse amounts of sagebrush and grasses. Turn outs will not be required.

BLM approval shall be requested to continue operations should the surface become saturated to a depth of three (3) inches.

3. EXISTING WELLS See Topographic Map "C" with attached well list.

There are numerous wells within a one mile radius of this location. No wells will be used for water source or for monitoring. There are two active wells on this location - Union Pacific 154y29 and Union Pacific 156y29. There are 58 Weber formation wells within a one mile radius of this location. Attached is a full list of all wells from the COGCC website.

4. LOCATION OF EXISTING AND PROPOSED FACILITIES

There will be ONE flow line (see TOPO D). This line will transport hydrocarbon fluids from the new well to existing pipeline North of wellsite. This flow line would consist of 4 inch fiberglass pipe rated at 1000 psi. This line would run about 510' feet in length would be constructed and installed in a trench, offset (for safety) and parallel to an existing line. Pipe lines will be buried 4 feet below the active channel bottom of all drainage channels. Please see the "Addendum to Legal Plat", existing pipeline is highlighted in green, proposed pipeline is highlighted in yellow. A typical right of way would be 20 foot either side of staked markers at a depth of 42 inches. The right of way will be fully reclaimed to current BLM specifications and stipulations. No additional Sundry notification will be submitted for this pipeline. Flowline approval will be assumed with the approval of the UPI57Y29 3160-3.

All existing facilities maps are on file with the BLM - Meeker office. A complete set is of the oil (FLOWLINES), water (PROD. WATER) and gas (LP GAS GATHERING) gathering system maps can be resubmitted if requested. All the produced fluids will be transported via pipeline to the collection station (Collection Station #16) to the North.

All permanent facilities placed on the location will be painted Carlsbad Canyon Brown to blend with the natural environment. The well cellar will be covered with steel grating and no hazards will exist for livestock or wildlife.

5. LOCATION OF AND TYPE OF WATER SUPPLY AND FUEL GAS

Fresh water required for boilers and other needs will be trucked from Chevron's Main Water Treatment Plant. Chevron's Main Water Treatment Plant is located at NESE Section 32, T2N, R102W, 6TH P.M. A quarter of a mile off Colorado Hiway 64 on a Chevron owned lease road. Water will be trucked from the Water Plant 4 and half miles West on Hiway 64 to the MC Hagood location lease road turn off to the South, then 1/4 mile to the well site. Please see attached "Fresh Water Access Route" map, the route is highlighted in yellow. The estimated amount of water to be used during construction (minimal - 100 bbls), drilling (3000 bbls), fracing (10,000 bbls) and dust abatement (1500 bbls).

Diesel fuel for the drilling rig generators will be kept on location in a properly installed above ground diesel tank. (See "TYPICAL RIG LAYOUT - FUEL TRAILER"). Containment area will be engineered to contain 110% of calculated volumes.

There will be no water well drilled on the location to support the water needs for this well.

6. SOURCE OF CONSTRUCTION MATERIALS

Extra gravels, sand, or road base will be acquired from Ace West Trucking Inc, 15672 US Hwy 64, Rangely 675-2753 gravel pits, which are privately owned or leased from the Bureau of Land Management (BLM).

7. METHODS FOR HANDLING WASTE DISPOSAL

A closed - loop drilling system will be utilized, using a cuttings catch pit, dewatering system, centrifuge system and additional fluid storage. The cuttings pit (reserve pit as indicated on Figure #3) will be 13 feet deep, 40 feet wide, and 160 feet long with 10 foot wide bench with a 1:1 slope. The cuttings will be placed in a pit on site and buried.

The construction of this cuttings pit will be constructed to BLM Gold Book standards; the pit will not be located in any natural water course. The pit will be constructed totally in the cut, with at least 50 percent of the pit below ground level, and the dike will be properly compacted. No liner will be used for the cuttings pit. Cuttings will be buried in the cutting pit, with 3 feet of fill. Prior to burial of cuttings, if any (none anticipated) liquid oil or water will be trucked to the Chevron Main Water Plant, to be filtered, separated and water will be re-injected into the Weber formation. Oil will be skimmed at the Main Water Plant and pipelined to an oil gathering collection station. Minimal materials will be taken to RNI (see contact information below) for disposal (such as frac sand cleaned out during completion). The pits will be fenced with 32" to 48" high woven wire to protect wildlife and domestic animals. Netting will be installed to prevent access by migratory birds. After the completion rig finishes, and the reserve pit is covered then the surface is contoured to conform to surrounding terrain.

Any waste products will be handled by RN Industries, 244 West Hwy 40, Roosevelt, Utah 84066 Dale Price 435-722-2800.

Trash will be confined in a covered container. After the rig is moved off the location the well site will be cleaned and all refuse removed by Rangely Trash Service 675-2878, and hauled to the approved landfill in Rio Blanco County.

A portable toilet will be supplied for human waste. Redi Services LLC, 235 County Rd 15, Meeker Colorado 970-878-4444 services toilets and removes portable toilet waste.

8. ANCILLARY FACILITIES

There are no ancillary facilities planned for at the present time and none foreseen in the near future.

9. WELL SITE LAYOUT - See Figure #1

The White River Resource Area Manager shall be notified 24 hours in advance before any construction begins on the proposed location site.

Weldon's Construction (Bret Weldon 435-789-3324) company will be contracted to build well pad using graders, dozers and dump trucks, any extra gravels, sand, or road base will be acquired from Ace West Trucking Inc, 15672 US Hwy 64, Rangely 675-2753 gravel pits. Please see attached "Site Map and Site Specific Stormwater Management Plan (SWMP)" Site map indicates the topsoil stock pile area to be seeded with BLM approved mix, and placement of diversion ditch w/ check dams. Best Management Practices, are outlined on the SWMP, along with the estimated surface disturbance.

Please note there are no drilling rig anchors planned for this drilling location. Rig anchors will be installed after the well is drilled and the drilling rig leaves well site. Placement of the anchors to be determined by Benco Anchor Service Company based on well site soil conditions and the traffic flow to the new well and completion rig specifications.

10. PLANS FOR RESTORATION OF SURFACE

Plan for cutting pit reclamation – Cuttings will be buried in the cutting pit, with 3 feet of fill. Prior to burial of cuttings, any liquid oil or water will be trucked to the Chevron Main Water Plant. Test will be performed to insure soil meets COGCC 910-1 standards and all requirements stipulated in COGCC Rule 1003.d.

Clean up and rehabilitation operations will begin as soon as the well is completed and within the time frames and requirements established under COGCC Rules 1003 and 1004 for Interim and Final Reclamation.

Plan for interim reclamation – Interim reclamation consists of minimizing the footprint of disturbance by reclaiming those portions of the well site not needed for production operations. All disturbed areas affected by drilling or subsequent operations, except areas reasonably needed for production operations, shall be reclaimed as part of the interim reclamation process. The portion of the well site not needed for operations and safety purposes is to be re-graded to a final or intermediate contour that blends with the surrounding topography as much as possible. In addition, pad reclamation is accomplished by replacing stockpiled top soil, construction of sediment and erosion controls, and seeding of disturbed areas to reestablish cover vegetation. The access roads will be maintained as necessary to prevent soil erosion, and accommodate year round traffic. Maintenance activities will include blading of the road to remove ruts, surface replacement, spot repairs, ditch cleaning, and snow removal. Maintenance of crowns and outcrops to keep water off the road.

Sediment controls will typically dominate the early stages of reclaiming disturbed areas impacted by construction. As the reclamation work proceeds and the contour of the site are completed, more permanent structural and non-structural BMPs will be implemented to control erosion and re-establish vegetation.

Selection of BMPs is dependent on site specific conditions including soil types, topography, and other environmental factors including proximity to surface waters and surrounding vegetation. A summary of the BMPs typically utilized is provided in the attached Appendix. The attachment includes information on specific BMPs including where and when to use them, their limitations, along with construction details and maintenance requirements. APPENDIX – Rangely Weber Sand Unit – Typical Storm –Water Best Management Practice (BMP) Details. (The document has been digitally submitted to BLM WRFO and is on file).

Re-vegetation efforts will include re-contouring disturbed areas not needed for well production to blend with surrounding topography and re-spreading topsoil to an adequate depth. The seedbed will be prepared by disking following the natural contour. Drill seed on contour at a depth no greater than 1/2 inch. In areas that cannot be drilled, broadcast at double the seeding rate and harrow seed into soil. Certified seed - BLM approved - as represented - will be used.

BLM Seed mix #8

8	Viva Florets	Galleta Grass	<i>Pleuraphis jamesii</i>	3
	Rimrock	Indian Ricegrass	<i>Achnatherum hymenoides</i>	3
	Toe Jam Creek	Bottlebrush Squirreltail	<i>Elymus elymoides</i>	2.5
	Rosanna	Western Wheatgrass	<i>Pascopyrum smithii</i>	4
		Scarlet Globemallow	<i>Sphaeralcea coccinea</i>	0.25
		Annual Sunflower	<i>Helianthus annuus</i>	2.5
		Mat Saltbush	<i>Atriplex corrugata</i>	2
	Alternates:*			
	UP Plateau	Sandberg Bluegrass	<i>Poa secunda ssp. sandbergii</i>	0.5
		Fernleaf Biscuitroot	<i>Lomatium dissectum</i>	3
		Shadscale	<i>Atriplex confertifolia</i>	2

Re-vegetation efforts will also include the treatment of weeds by a contracted weed sprayer, Rocky Mountain Weed Management, 970-675-5656. The site will be kept free of State listed A&B noxious weeds and weeds/invasive species up until the Final Reclamation of the location is attained and approved.

All Storm Water Discharge Permitting Regulations and BMP's currently required by the State of Colorado will be strictly complied with, including all inspection and ongoing BMP maintenance requirements. To minimize sedimentation of drainage channels and wetlands during the interim period between construction activity and final reclamation, temporary erosion and sediment control measures should be applied." Secondary containment area will be utilized in chemical and product storage areas using earthen berm and dikes that will be engineered to handle 150% of calculated volumes per Chevron policy. The Rangely Weber Sand Unit - Spill Prevention Control and Countermeasure Plan has been submitted to BLM WRFO and is on file.

Plan for final reclamation: Following the production life of the well site, all production facilities will be removed and the site reclaimed and contoured to conform to the surrounding terrain. All excavations and pits must be closed by backfilling when they are dry and free of waste. The White River Resource Area Manager will be notified at least 24 hours prior to commencing reclamation work.

The well(s) will be plugged and abandoned in accordance with COGCC requirements to protect freshwater aquifers. Chevron will notify the WRFO 24 hours prior to any final reclamation activities. Rig anchors will be pulled and removed from location. The access road will be reshaped as closely as possible to the original contour, covered with topsoil, and reseeded.

Storm water BMPs will be utilized in the reclamation efforts to control sediment runoff and erosion. Selection of BMPs is dependent on site specific conditions including soil types, topography, and other environmental factors including proximity to surface waters and surrounding vegetation. A summary of the BMPs typically utilized is provided in the attached Appendix. The attachment includes information on specific BMPs including where and when to use them, their limitations, along with construction details and maintenance requirements.

The well pad will be restored and re-vegetated as soon as practicable. Topsoil is to be re-spread over the entire disturbed site to ensure successful re-vegetation. The top soiled site will be prepared to provide a seedbed for re-establishment of vegetation. The seedbed will be prepared by disking following the natural contour. Drill seed on contour at a depth no greater than 1/2 inch. Fall seeding must be completed after September 1, and prior to prolonged ground frost.

Final reclamation (COGCC Rule 1004) will be completed once a uniform vegetative cover has been established that reflects pre-disturbance or reference area forbs, shrubs, and grasses with a total percent plant cover of at least 80% of pre-disturbance levels.

11. SURFACE OWNERSHIP

A check of the records indicates that the surface owner is Merit Energy Partners, 13727 Noel Road, Dallas, Texas 75240

12. OTHER INFORMATION

a) The Chevron will contact either the petroleum engineer or petroleum engineering technician 24 hours prior to the following operations:

- Construction of well site
- spudding (including dry hole digger or rat hole rig)
- running and cementing of all casing strings
- pressure testing of BOPE or any casing string
- Surface reclamation work.
- commencing completion operations.

b) Chevron will be responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. During operations, if discoveries of any cultural remains, monuments or sites, or any object of antiquity subject to the Antiquities Act of June, 1906 (34 Stat. 225; 16 U.S.C. Secs 431-433), the Archaeological Resources Protection Act of 1979 (PL 96-95), and 43 CFR, Part 3, operations will immediately cease and will be reported directly to the Area Manager. In cases where salvage excavation is necessary, the cost of such excavation shall be borne by the Operator, unless otherwise agreed upon. There are no known archeological, historic, or cultural sites in the immediate area. Much of the Unit area, over the past ninety three years, has been subjected to surface disturbance by roads, pipelines, and other producing surface facilities, and the probability of finding any artifactual remains or architecture of archeological significance is remote. An archeological study of the Rangely Unit area has been conducted and clearance given. An archaeologist's report of federal land within the Unit boundary is on file with the BLM. A new cultural survey will be conducted, or approved archaeological monitor will be present for the site and pipeline construction activities.

c) Pursuant to 43 CFR 10.4(g) Chevron will notify the authorized officer (AO), by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, scared objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4 (c) and (d), Chevron will stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.

d) If paleontological materials (fossils) are uncovered during project activities, Chevron will immediately stop activities that might further disturb such materials, and contact the authorized officer (AO). The operator and the authorized officer will consult and determine the best option for avoiding or mitigating paleontological site damage.

e) An H2S Contingency Plan for this field is on file with the BLM. - Copy of the "Chevron Drilling - RWSU COC47675X Hydrogen Sulfide Contingency Plan" is included with this permit.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVE and CERTIFICATION

Application for Permit to Drill
Certifying Statement

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S. C. 1001 for the filing of false statements.

Executed this Day: 11/30/2011

Name: [Signature]

Printed Name: Jeff Roedell

Position Title: Technical Team Leader

Address: 100 Chevron Road, Chevron Rd, Rangely CO 81648

Telephone: 970-675-3816

Field Representative: Luke Allred - Operations Supervisor

Address: 100 Chevron Rd, Rangely CO

Telephone: 970-675-3846