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February 28, 2012

Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

RE: Grayburg Deep Unit
14-08-001-1602, Serial No. NMNM-070954X
2012 Plan of Development
Eddy County, New Mexico
ConocoPhillips Contract 052412

ConocoPhillips Company (COPC), as Unit Operator of the Grayburg Deep Unit, hereby submits for your approval, our 2012 Plan of Development.

Items are included as follows: Planned 2012 operations, previous year operations, current status of all wells within the unit, and production graphs for each productive reservoir. Also attached are three current maps, each showing respectively the units: structural and geologic interpretations; participating area boundaries; wells, tank batteries, natural gas sales meters, flow-lines, and roads.

It is understood that approval of this plan does not approve the work covered by the plan. Individual approval is still required for such items as APDs/ROWs/etc.

Any modifications or additions to this Plan of Development will be filed as supplements to the plan.

Sincerely,

A handwritten signature in cursive script that reads "Thomas J. Scarbrough".

Thomas J. Scarbrough, CPL
Staff Landman

2012 Planned Operations:

Drilling

None

Plug Back

Recompletions contingent upon internal and partner approval:

WELL NAME & NUMBER	API NUMBER	COMP DATE	CURRENT ZONE	NEW ZONE	STATUS
GRAYBURG DEEP UNIT 1	300150418700	7/13/1954	PENN	YESO	SI
GRAYBURG DEEP UNIT 14	300152976600	4/30/2008	MORROW	YESO	FLOWING

Conversion

None

Abandonment

None

Other surface disturbing operations

None

Previous Year Operations (2011):

Drilling

None

Completions

None

Plug Back

None

Conversion

None

Abandonment

None

Other surface disturbing operations

None

Status of all Wells within the Unit:

WELL NAME & NUMBER	API NUMBER	COMP DATE	ZONE	STATUS
GRAYBURG DEEP UNIT 1	300150418700	7/13/1954	PENN	SI
GRAYBURG DEEP 30 FEDERAL 1	300153195800	11/5/2001	MORROW	PERM ABAN
GRAYBURG DEEP 30 FEDERAL 1	300153195800	11/15/2005	ATOKA	PERM ABAN
GRAYBURG DEEP 25 FEDERAL 5	300150308300	4/25/1985	ABO /SH/	PUMPING
GRAYBURG DEEP UNIT 10	300152579600	12/18/1987	PENN	PERM ABAN
GRAYBURG DEEP UNIT 14	300152976600	4/30/2008	MORROW	FLOWING
GRAYBURG DEEP UNIT 14	300152976600	10/14/1997	WOLFCAMP	PERM ABAN
GRAYBURG DEEP UNIT 15	300153030000	9/27/1998	MORROW	PERM ABAN
GRAYBURG DEEP UNIT 16	300153414100	6/30/2006	PENN	PERM ABAN
GRAYBURG DEEP UNIT 17	300153421400	10/25/2002	PENN	FLOWING
GRAYBURG DEEP UNIT 18	300153490500	8/15/2006	ABO /SH/	PERM ABAN
GRAYBURG DEEP UNIT 22	300153559800	8/20/2007	WOLFCAMP	PUMPING

Production Graphs:

See Attachments

Map of structural and geologic interpretations:

See Attachments

Map of Participating area boundaries:

See Attachments

Map of Wells, tank batteries, natural gas sales meters, flow-lines, and roads:

See Attachments

The GDU is comprised of two distinct participating areas, as set forth in the table below. A map of the participating areas, along with a reservoir performance graph for the participating areas are attached hereto.

Grayburg Deep	Lower Penn 3rd PA Expansion	11/1/1998	NMNM-07095A	AFS-8910016020
Grayburg Deep	Wolfcamp PA	8/1/2007	NMNM-70954B	

The working interest owners have been provided a copy of the 2012 Plan of Development. ConocoPhillips Company and the working interest owners believe that all current Grayburg Deep Unit obligations have been satisfied.

In accordance with Article 10 of the Grayburg Deep Unit Agreement, please signify your approval of the 2012 Plan of Development by executing in the signature block below. Please return one approved copy to the undersigned.

Should you have any questions or comments in this regard, please contact me at 832-486-2338.

Bureau of Land Management

Date

New Mexico Oil Conservation Division

Date

The foregoing approvals are for the 2012 Plan of Development for the Grayburg Deep Unit, 14-08-001-1602, Eddy County, New Mexico.

Cc:

Mr. Doug Hurlbut
EOG Resources Inc.
4000 N. Big Spring
Midland, TX 79705

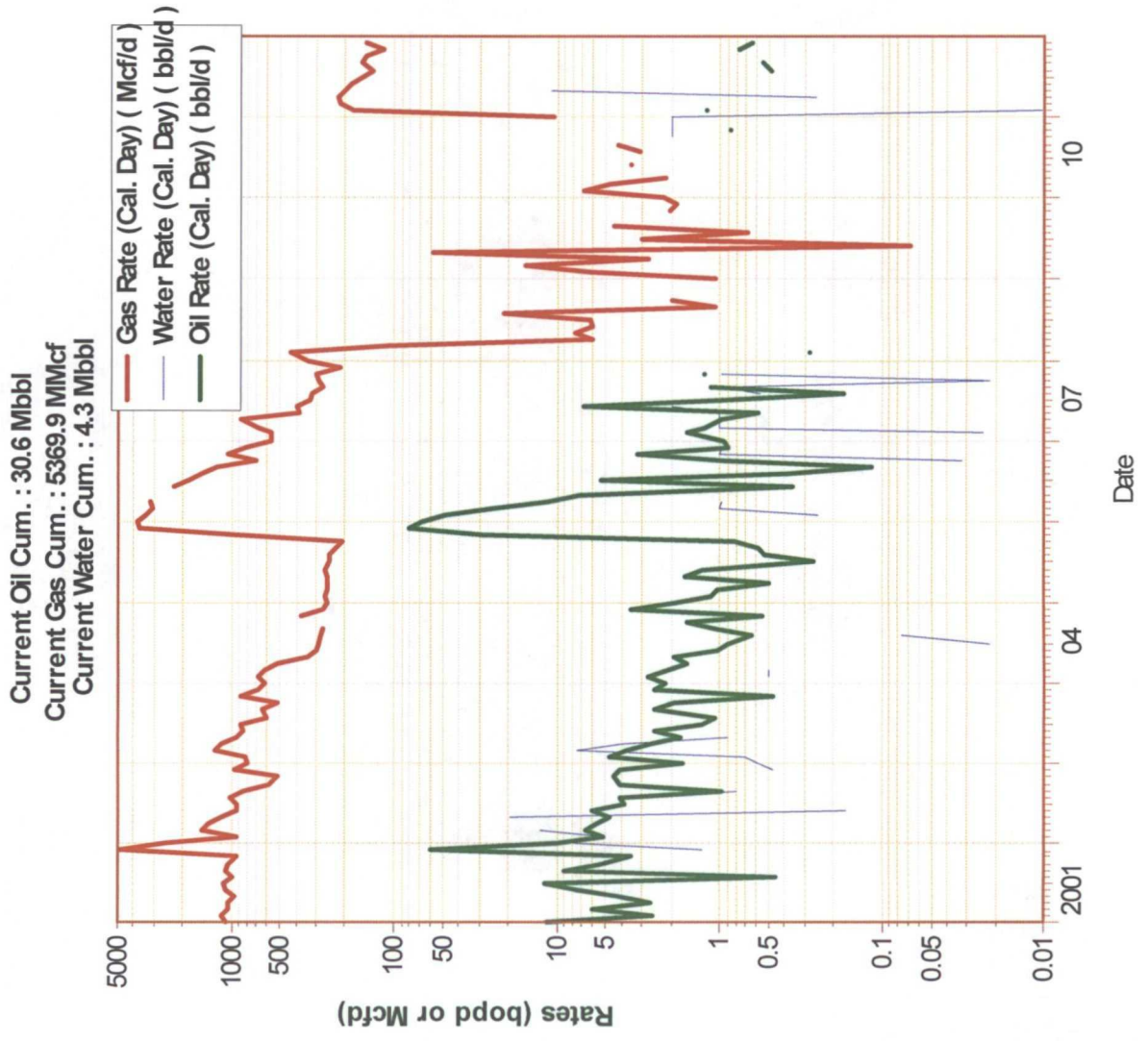
Ms. Debbie Singleton
Davoil, Inc.
6300 Ridglea Place, Suite 1208
Fort Worth, TX 76116

Mr. Carter Muir
Great Western Drilling Company
700 W. Louisiana
Midland, TX 79701

Mr. Jeff Gotcher
Cimarex Energy Co.
600 N. Marienfeld St., Suite 600
Midland, TX 79701

GDU

Penn. PA



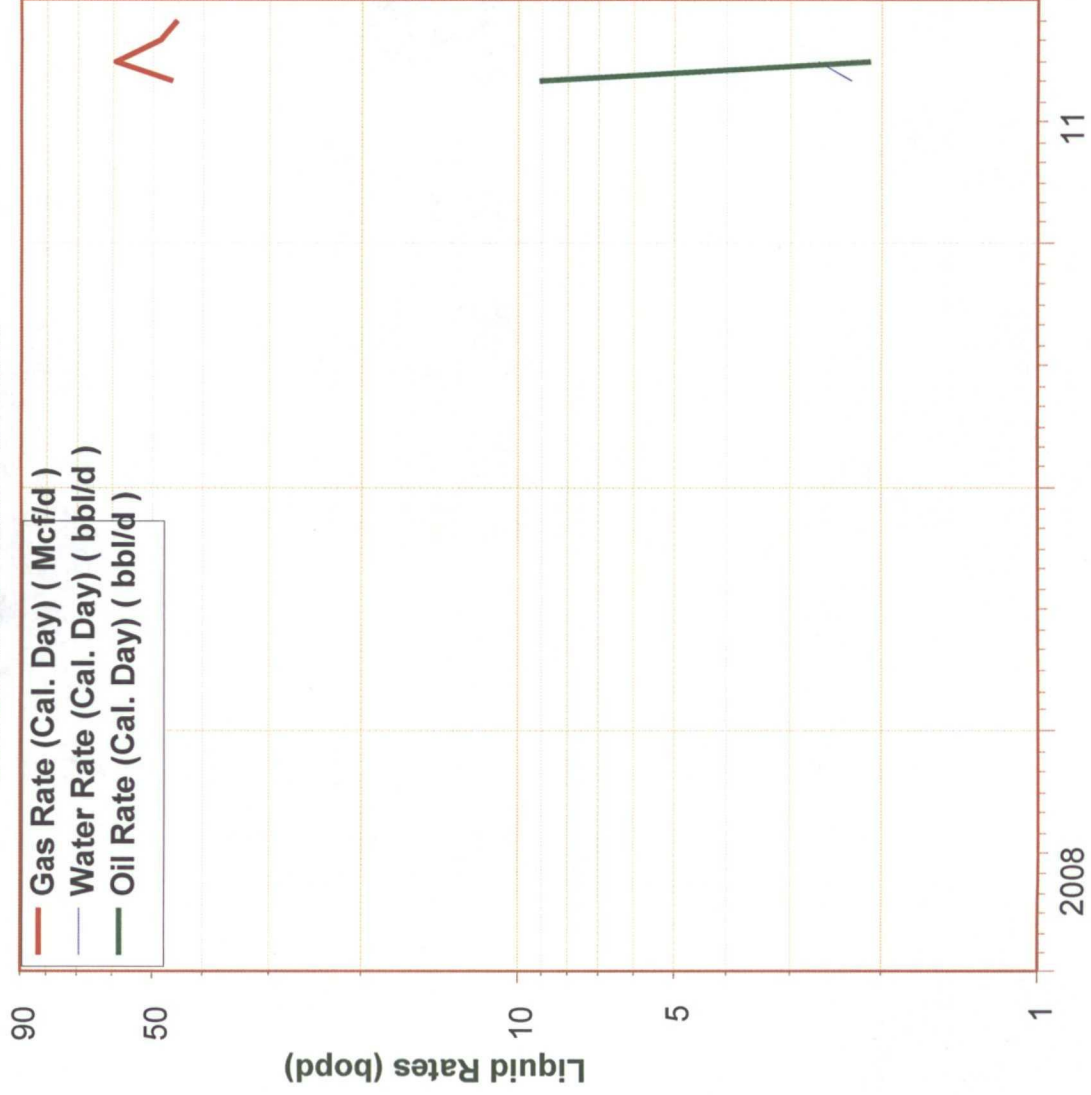
GDU

Wolfcamp PA since Operatorship

Current Oil Cum. : 0.3 Mbbl

Current Gas Cum. : 6.0 MMcf

Current Water Cum. : 0.2 Mbbl



Grayburg Deep Unit

Geologic Structure on Top
Morrow

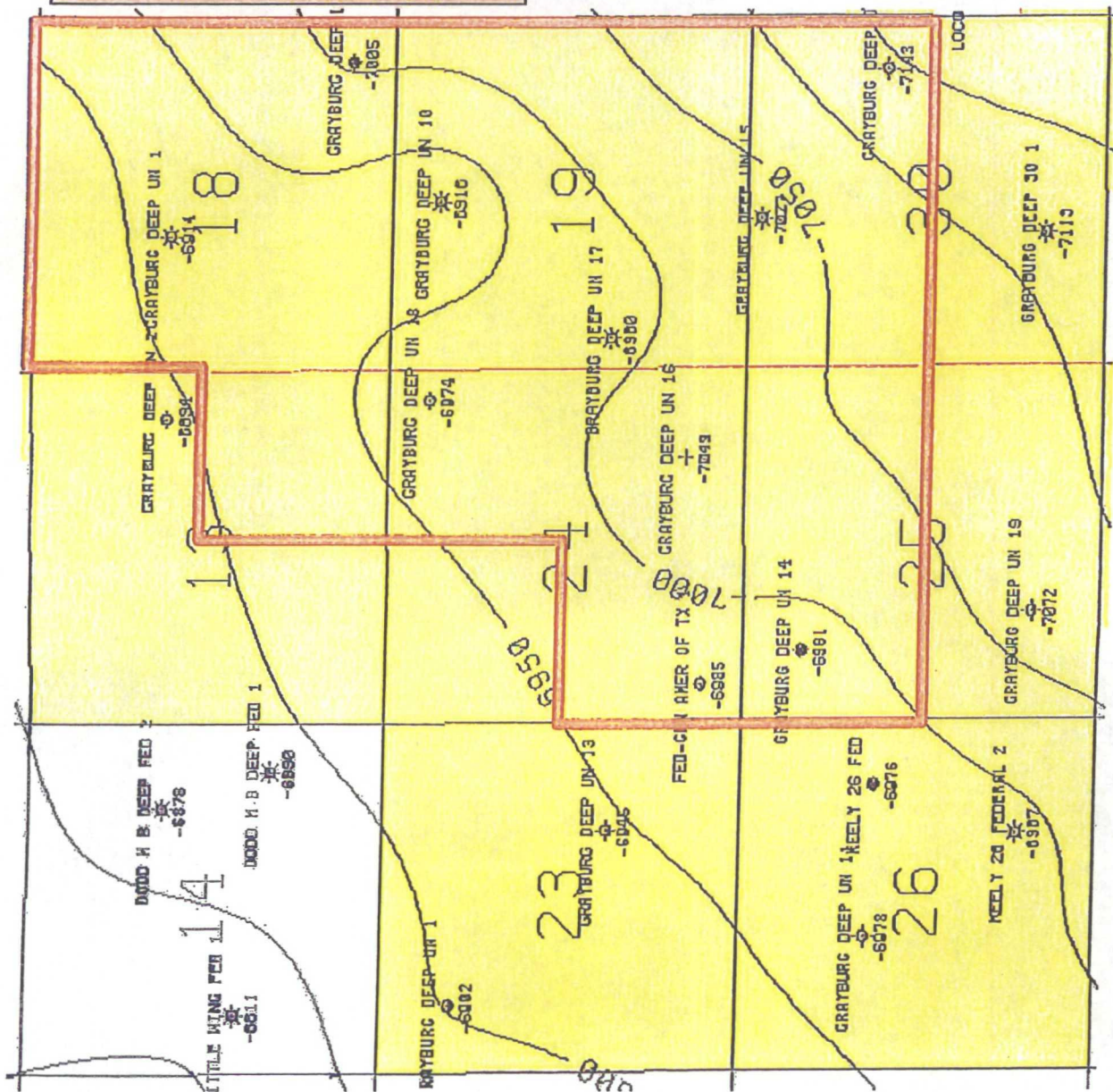
Contour Interval 50 feet



ConocoPhillips Lands



Operating Unit Boundary



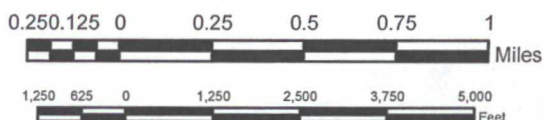
EDDY

T17S R29E

T17S R30E

GRAYBURG DEEP UNIT 22
WOLFCAMP

-  Wolfcamp PA
-  Contracted Grayburg Deep Unit Boundary
-  Original Grayburg Deep Unit Boundary

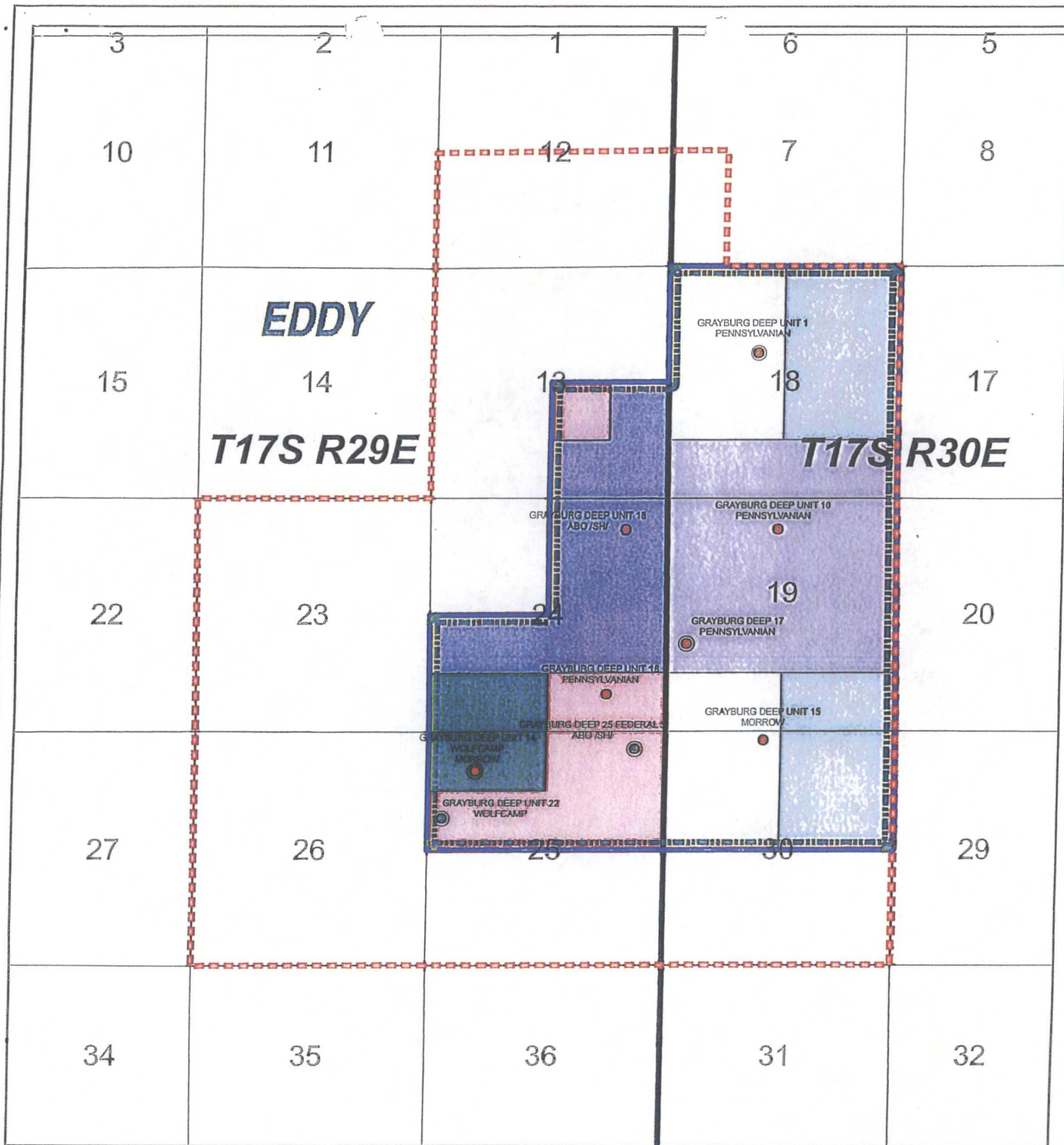


ConocoPhillips

Mid-Continent Land

Southeast New Mexico
Grayburg Deep Unit
Wolfcamp P.A.

Author: Ashley Manning-Dyke	Date: 2/23/2012
Compiled by: B. Alexander	Scale: 1:33,000
Project File: Grayburg_Deep_Wolfcamp_PA.mxd	



Legend

- CRUDE OIL
- GAS
- Active Wells
- Lower Penn PA

- Original Grayburg Deep Unit Boundary
- Contracted Grayburg Deep Unit Boundary

Unit Tract No.

- 1 - 028784(a)
- 2 - 028784-93(b)
- 3 - 028784-93(b)
- 4 - 028784(c)
- 7 - 028793(a)
- 8 - 028793(c)



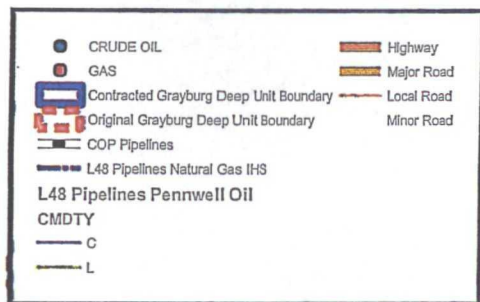
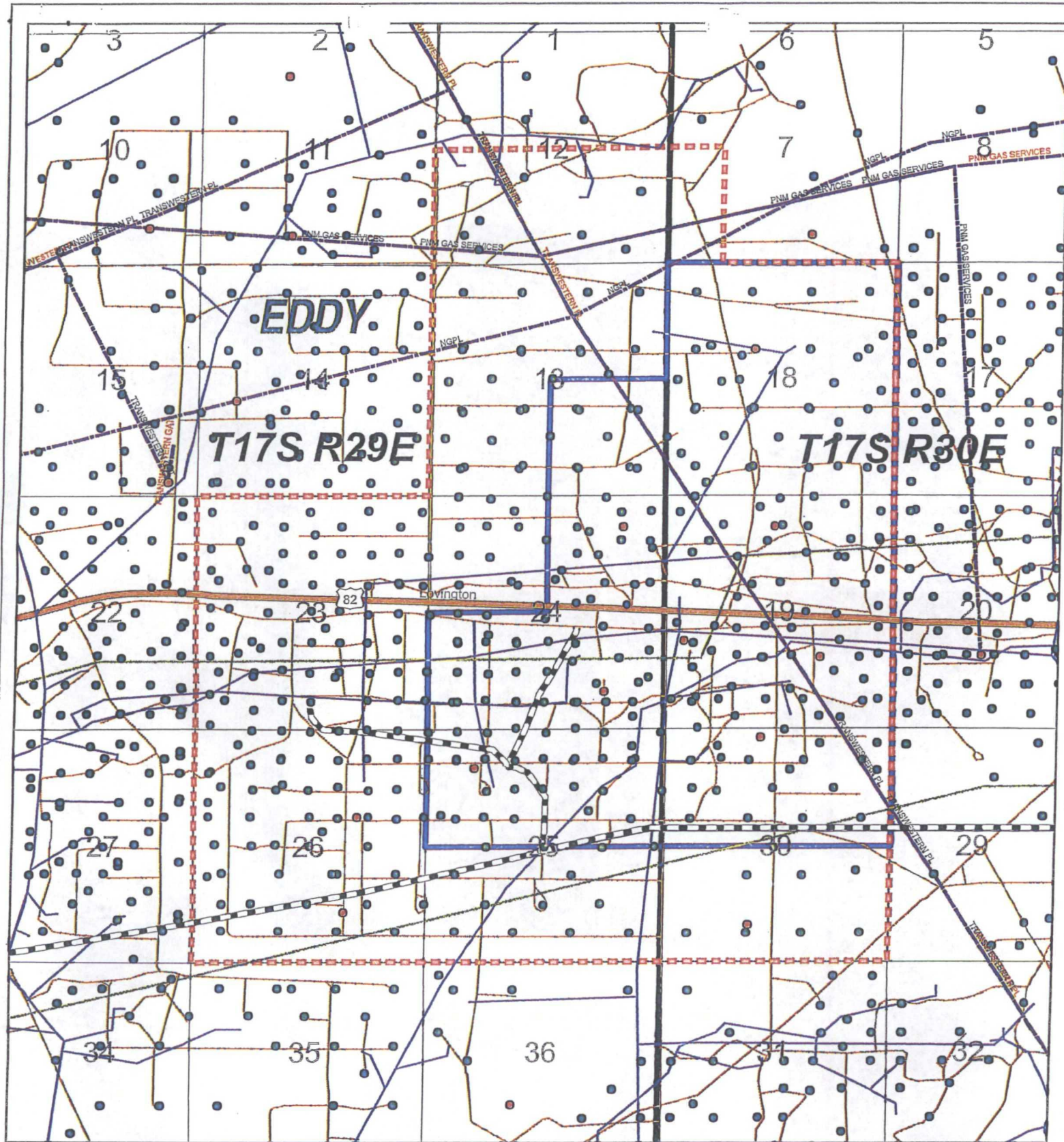
3,000 1,500 0 3,000 Feet

ConocoPhillips

Mid-Continent Land

Southeast New Mexico
Grayburg Deep Unit

Author: Tom Scarborough Date: 2/28/2011
Compiled by: Angela Whitfield Scale: 1"=3,000'
Project File: grayburg_unit_lower_penn_pa_pod.mxd



3,000 1,500 0 3,000 Feet

ConocoPhillips

Mid-Continent Land

Southeast New Mexico Grayburg Deep Unit

Author: Tom Scarborough	Date: 3/1/2011
Compiled by: Angela Whitfield	Scale: 1"=3,000'
Project File: grayburg.pdf field map.mxd	