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Staff Landman
Mid-America – Permian Basin
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March 12, 2013

Bureau of Land Management
Carlsbad Field Office
620 East Green Street
Carlsbad, New Mexico 88220

New Mexico Oil Conservation Division
Energy Minerals & Natural Resources
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: **Southeast Monument Unit – I-Sec. No. 321, Serial No. NMNM-071041X**
Proposed Consolidation of Blinebry-Tubb-Drinkard Participating Area I and Area II
Effective November 1, 2012
Lea County, New Mexico
ConocoPhillips Contract 100197

Gentlemen:

Pursuant to State of New Mexico Oil Conservation Division Order No. R-13642, the Blinebry Oil and Gas Pool, North Hardy-Tubb Drinkard Pool, Monument-Tubb Pool, West Nadine-Tubb Pool, Skaggs-Drinkard Pool, Warren-Tubb Gas Pool, Weir-Blinebry Pool, East Weir Blinebry Pool and Weir-Drinkard Pools within the Southeast Monument Unit were redesignated as the SEMU-Blinebry-Tubb-Drinkard Pool (Pool Code 63080), effective November 1, 2012.

ConocoPhillips Company's drilling program within the Southeast Monument Unit has been primarily focused on Blinebry-Tubb-Drinkard commingling projects. Because of the low reservoir pressure within the Southeast Monument Unit, the most efficient and economical method to produce this area is by a consolidation of the various Blinebry-Tubb-Drinkard pools and the resulting consolidation of the existing Blinebry-Tubb-Drinkard Participating Areas. Production accountability will also be enhanced.

Therefore, ConocoPhillips Company, as Unit Operator of the Southeast Monument Unit, hereby submits for your approval the following proposed consolidations.

Consolidated Blinebry-Tubb-Drinkard Participating Area I, consisting of 3,163.58 acres, effective November 1, 2012. This proposed consolidated participating area consists of the existing participating areas as described below:

UNIT	PA EXP	EFF DATE	BLM REFERENCE	MMS REFERENCE
SEMU	Blinebry A PA	5/11/1998	NMNM-071041J	AFS-892000321M
SEMU	Drinkard 1st PA Expansion	1/3/1985	NMNM-071041C	AFS-892000321F
SEMU	Tubb 4th PA Expansion	10/1/1966	NMNM-071041F	AFS-892000321I
SEMU	Tubb-Drinkard B 3rd PA Expansion	8/1/2001	NMNM-071041L	AFS-892000321N

Exhibit "A-I" consists of a comprehensive map of the proposed consolidated area. Exhibit "B-I" represents the PA Schedule, depicting the Nine (9) Federal Oil and Gas leases contributed thereto, the ownership of each lease and their respective participation factors. Exhibit "C-I" contains a listing of all Blinebry-Tubb-Drinkard producers within the proposed PA.

Consolidated Blinebry-Tubb-Drinkard Participating Area II, consisting of 320.00 acres, effective November 1, 2012. This proposed consolidated participating area consists of the existing participating areas as described below:

UNIT	PA EXP	EFF DATE	BLM REFERENCE	MMS REFERENCE
SEMU	Blinebry 1st PA Expansion	6/1/1979	NMNM-071041G	AFS-892000321K
SEMU	Tubb A 1st PA Expansion	5/29/1981	NMNM-071041H	AFS-892000321H

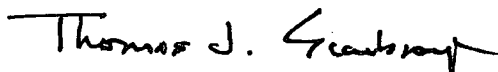
Exhibit "A-II" consists of a comprehensive map of the proposed consolidated area. Exhibit "B-II" represents the PA Schedule, depicting the Two (2) Federal Oil and Gas leases contributed thereto, the ownership of each lease and their respective participation factors. Exhibit "C-II" contains a listing of all Blinebry-Tubb-Drinkard producers within the proposed PA.

Upon your review, please provide ConocoPhillips Company written approval of the Blinebry Tubb Drinkard Participating Areas.

The working interest owners have been provided a copy of this letter..

Please contact the undersigned at 832-486-2238 if there are any questions.

Respectfully,

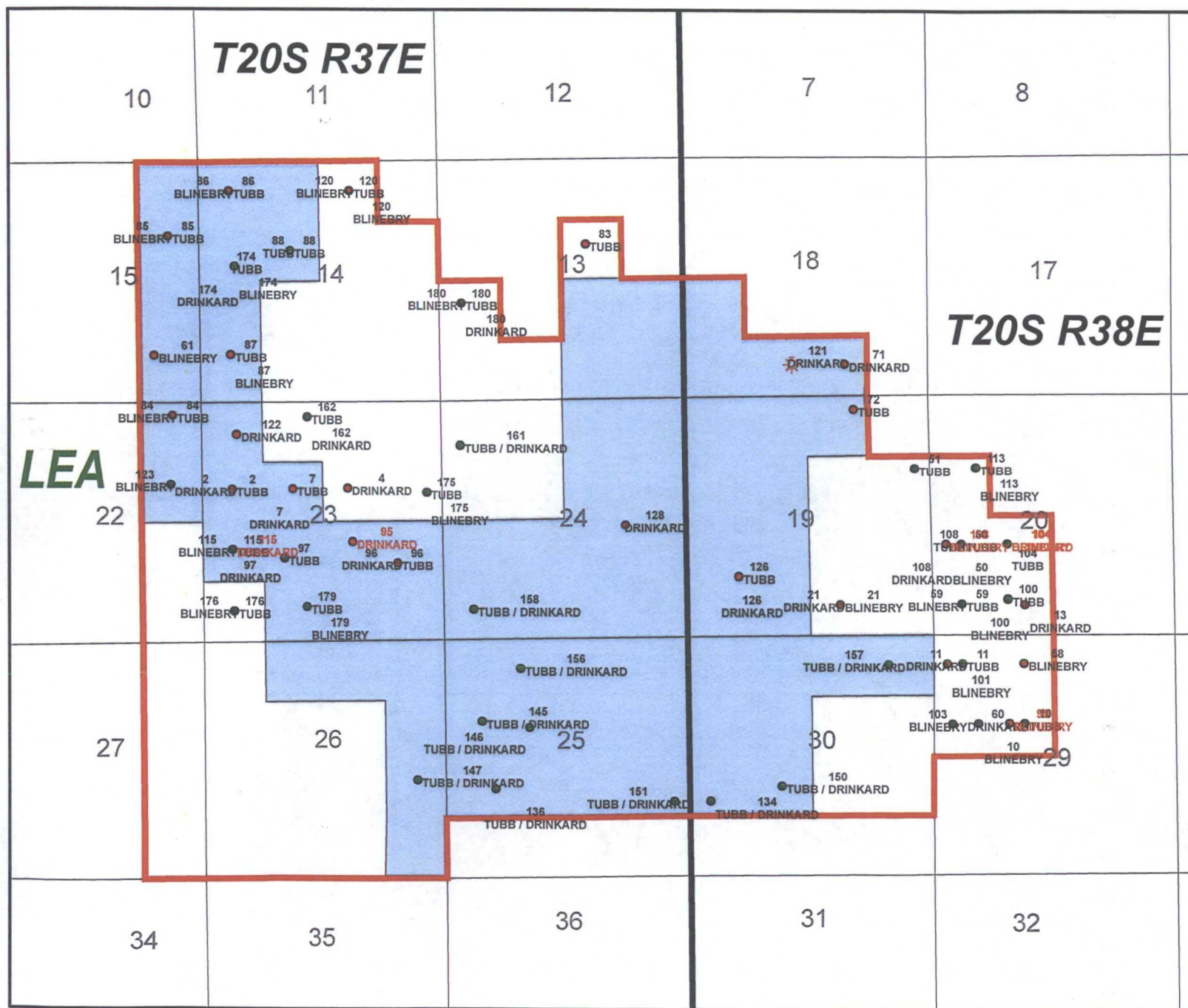


Thomas J. Scarbrough, CPL
Staff Landman

Cc: Apache Corporation
Attn: Michelle Hanson
303 Veterans Airpark Lane
Midland, TX 79705

Chevron North America Exploration and Production
Attn: Land Dept.
11111 S. Wilcrest, Room N-1111
Houston, Texas 77099

Exhibit "A-I" to Proposed Consolidated Blinebry-Tubb-Drinkard Participating Area I



Legend

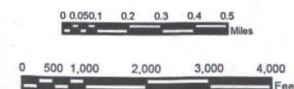
Blinebry_Drinkard_Tubb_wells

STATUS_NAM, FLUID_DESC

- ACTIVE, CRUDE OIL
- INACTIVE, CRUDE OIL
- ☼ INACTIVE, GAS

Consolidated Blinebry-Tubb-Drinkard Participating Area I

South East Monument Unit C-100197



ConocoPhillips

Mid-Continent Land

Southeast New Mexico
Proposed Consolidated
Blinebry-Tubb-Drinkard
Participating Area I

Author: Tom Scarborough Date: 3/11/2013
 Generated by: Bryan Alexander Scale: 1:38,000
 Project File: Consolidated Blinebry-Tubb-Drinkard Participating Area I.mxd

Exhibit "B-I" to Blinebry-Tubb-Drinkard Participating Area I, Effective November 1, 2012
Southeast Monument Unit Area (I-SEC. No. 321), Lea County, New Mexico

Serial Number	Description	Number of Acres	Drilling Block		Percentage Committed	Present Actual Participation
			Ownership	Percentage		
LC-031621 (b)	<u>T-20-S, R-37-E</u> Section 15: E/2SE/4, E/2NE/4	160.00	<u>Tract 2</u>			5.057561 %
			Royalty:	12.500000 %		
			Working Interest:			
			ConocoPhillips Company	43.750000		
			ZPZ Delaware I LLC	21.875000 %		
			Chevron U.S.A. Inc.	21.875000		
			ORRI:	0.000000 %		
			Total	100.000000 %	100.000000 %	
LC 031620 (a)	<u>T-20-S, R-37-E</u> Section 24: S/2, S/2NE/4 Section 25: N/2N/2	560.00	<u>Tract 3</u>			17.701465 %
			Royalty:	5.000000 %		
			Working Interest:			
			ConocoPhillips Company	43.750000		
			ZPZ Delaware I LLC	21.875000 %		
			Chevron U.S.A. Inc.	21.875000		
			ORRI:	7.500000 %		
			Total	100.000000 %	100.000000 %	
NM 0557686	<u>T-20-S, R-37-E</u> Section 13: SE/4 Section 14: E/2NW/4, SW/4SW/4, W/2NW/4, NW/4SW/4 Section 22: E/2NE/4 Section 23: E/2SE/4, S/2NW/4, NW/4NW/4, N/2SW/4, SE/4SW/4, W/2SE/4 Section 24: N/2NE/4	1040.00	<u>Tract 4</u>			32.874149 %
			Royalty:	12.500000 %		
			Working Interest:			
			ConocoPhillips Company	43.750000		
			ZPZ Delaware I LLC	21.875000 %		
			Chevron U.S.A. Inc.	21.875000		
			ORRI:	0.000000 %		
			Total	100.000000 %	100.000000 %	
NM 09161	<u>T-20S, R38-E</u> Section 30: Lot 1	40.38	<u>Tract 5</u>			1.276402 %
			Royalty:	12.500000 %		
			Working Interest:			
			ConocoPhillips Company	43.750000		
			ZPZ Delaware I LLC	21.875000 %		
			Chevron U.S.A. Inc.	21.875000		
			ORRI:	0.000000 %		
			Total	100.000000 %	100.000000 %	

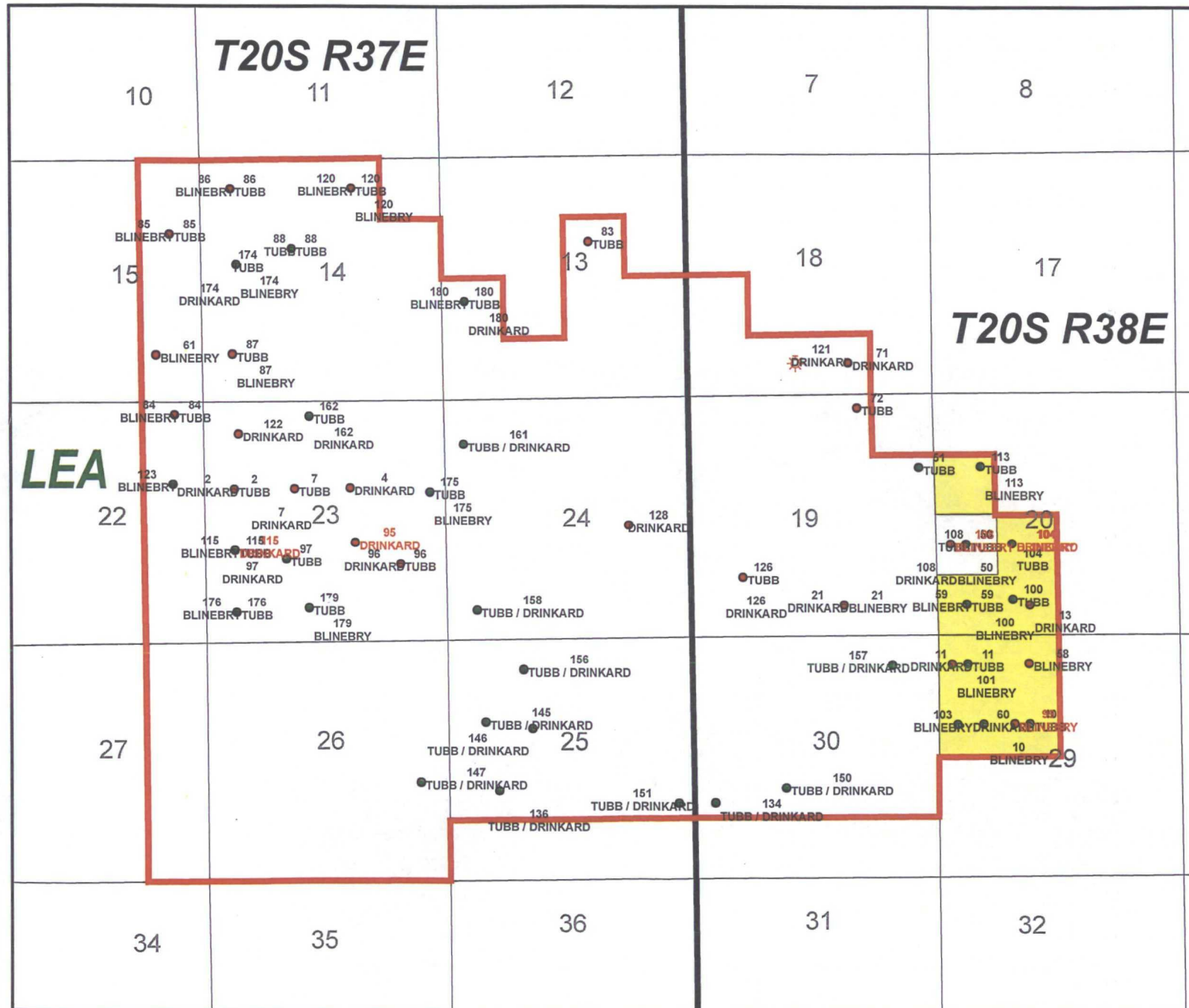
LC 031696 (a)	<u>T-20-S, R-37-E</u> Section 25: S/2N/2, N/2S/2 Section 26: E/2E/2, NW/4NE/4	520.00	<u>Tract 6</u> Royalty: 5.000000 % 5.000000 % Working Interest: ConocoPhillips Company 43.750000 43.750000 ZPZ Delaware I LLC 21.875000 % 21.875000 Chevron U.S.A. Inc. 21.875000 21.875000 % ORRI: 7.500000 % 7.500000 % Total 100.000000 % 100.000000 %	16.437074 %
NM 2511	<u>T-20S, R37-E</u> Section 26: NE/4NW/4	40.00	<u>Tract 7</u> Royalty: 12.500000 % 12.500000 % Working Interest: ConocoPhillips Company 43.750000 43.750000 ZPZ Delaware I LLC 21.875000 % 21.875000 Chevron U.S.A. Inc. 21.875000 21.875000 % ORRI: 0.000000 % 0.000000 % Total 100.000000 % 100.000000 %	1.264390 %
LC 031670 (a)	<u>T-20S, R38-E</u> Section 19: Lots 1,2,3 & 4, E/2W/2 Section 30: NE/4NW/4, N/2NE/4	441.68	<u>Tract8</u> Royalty: 5.000000 % 5.000000 % Working Interest: ConocoPhillips Company 43.750000 43.750000 ZPZ Delaware I LLC 21.875000 % 21.875000 Chevron U.S.A. Inc. 21.875000 21.875000 % ORRI: 7.500000 % 7.500000 % Total 100.000000 % 100.000000 %	13.961398 %
LC 031670 (b)	<u>T-20S, R38-E</u> Section 18: Lots 3 & 4, SE/4SW/4, SW/4SE/4 Section 19: NW/4NE/4	200.92	<u>Tract 9</u> Royalty: 12.500000 % 12.500000 % Working Interest: ConocoPhillips Company 43.750000 43.750000 ZPZ Delaware I LLC 21.875000 % 21.875000 Chevron U.S.A. Inc. 21.875000 21.875000 % ORRI: 0.000000 % 0.000000 % Total 100.000000 % 100.000000 %	6.351033 %

LC 031695 (a)	T-20S, R38-E Section 30: Lots 2 & 3, SE/4NW/4, NE/4SW/4	160.60	Tract 10 Royalty: 5.000000 % Working Interest: ConocoPhillips Company 43.750000 ZPZ Delaware I LLC 21.875000 % Chevron U.S.A. Inc. 21.875000 ORRI: 7.500000 % Total 100.000000 % 5.000000 % 5.076527 %															
TJS 03/12/2012			Recapitulation Description of Lands in Participating Area: T20S-R37E, N.M.P.M. Section 13: SE/4 Section 14: E/2NW/4, SW/4SW/4, W/2NW/4, NW/4SW/4 Section 15: E/2SE/4, E/2NE/4 Section 22: E/2NE/4 Section 23: E/2SE/4, S/2NW/4, NW/4NW/4, N/2SW/4, SE/4SW/4, W/2SE/4 Section 24: NE/4 and S/2 Section 25: N/2 and N/2S/2 Section 26: E/2E/2, NW/4NE/4, NE/4NW/4 T20S-R38E, N.M.P.M. Section 18: Lots 3 & 4, SE/4SW/4, SW/4SE/4 Section 19: Lots 1,2,3 & 4, E/2W/2, NW/4NE/4 Section 30: Lots 1,2 & 3, N/2NE/4, E/2NW/4, NE/4SW/4 Total number of acres in participating area: 3,163.58 Total Federal Acres 3,163.58 Percent of basic royalty interest committed: 100.00 % Percent of working interest committed: 100.00 % Percent of overriding royalty interest committed: 100.00 % Participating Area Ownership Summary <table><tr><td></td><td>WI</td><td>NRI</td></tr><tr><td>ConocoPhillips Company</td><td>50.0000%</td><td>43.7500%</td></tr><tr><td>ZPZ Delaware I LLC</td><td>25.0000%</td><td>21.8750%</td></tr><tr><td>Chevron U.S.A. Inc.</td><td>25.0000%</td><td>21.8750%</td></tr><tr><td>Total</td><td>100.0000%</td><td>87.5000%</td></tr></table> 100.000000 % 100.000000 %		WI	NRI	ConocoPhillips Company	50.0000%	43.7500%	ZPZ Delaware I LLC	25.0000%	21.8750%	Chevron U.S.A. Inc.	25.0000%	21.8750%	Total	100.0000%	87.5000%
	WI	NRI																
ConocoPhillips Company	50.0000%	43.7500%																
ZPZ Delaware I LLC	25.0000%	21.8750%																
Chevron U.S.A. Inc.	25.0000%	21.8750%																
Total	100.0000%	87.5000%																

Exhibit C-I
Consolidated Blinebry-Tubb-Drinkard Participating Area I

Property Code	Well Name and Number	API No.	Legal Description	Formation Name	In PA?	PA Name	Producer or Injector
A704917	SEMU 088	3002521860	T20S-R37E, Sec. 14 Unit F	Blinebry	y	Blinebry A Initial P.A. Exp.	Producer
A704863	SEMU 071	3002507797	T20S-R38E, Sec. 18 Unit N	Drinkard	y	Drinkard A.P.A.	Inactive
A704863	SEME 121	3002529089	T20S-R38E, Sec. 18 Unit N	Drinkard	y	Drinkard A.P.A.	Inactive
A704898	SEMU 097	3002525419	T20S-R37E, Sec. 23 Unit K	Drinkard	y	Drinkard C 1st P.A. Exp.	Producer
A704918	SEMU 122	3002530429	T20S-R37E, Sec. 23 Unit D	Tubb	y	Tubb 4th P.A. Exp.	Producer
A704918	SEMU 088	3002521860	T20S-R37E, Sec. 14 Unit F	Tubb	y	Tubb 4th P.A. Exp.	Producer
A704918	SEMU 174	3002538105	T20S-R37E, Sec. 14 Unit E	Tubb	y	Tubb 4th P.A. Exp.	Producer
A704905	SEMU 157	3002535538	T20S-R38E, Sec. 30 Unit A	Drinkard	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 158	3002535539	T20S-R37E, Sec. 24 Unit M	Drinkard	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 125	3002534126	T20S-R38E, Sec. 18 Unit M	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 134	3002534382	T20S-R38E, Sec. 30 Unit L	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 136	3002534667	T20S-R37E, Sec. 25 Unit L	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 145	3002534976	T20S-R37E, Sec. 25 Unit E	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 146	3002534977	T20S-R37E, Sec. 25 Unit F	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 150	3002535115	T20S-R38E, Sec. 30 Unit K	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 151	3002535338	T20S-R37E, Sec. 25 Unit I	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 156	3002535537	T20S-R37E, Sec. 25 Unit C	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 157	3002535538	T20S-R38E, Sec. 30 Unit A	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer
A704905	SEMU 158	3002535539	T20S-R37E, Sec. 24 Unit M	Tubb	y	Tubb-Drinkard B 3rd P.A. Exp.	Producer

Exhibit "A-II" to Proposed Consolidated Blinebry-Tubb-Drinkard Participating Area II



Legend

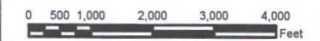
Blinebry_Drinkard_Tubb_wells

STATUS_NAM, FLUID_DESC

- ACTIVE, CRUDE OIL
- INACTIVE, CRUDE OIL
- ☀ INACTIVE, GAS

South East Monument Unit C-100197

Consolidated Blinebry-Tubb-Drinkard Participating Area II



ConocoPhillips

Mid-Continent Land

Southeast New Mexico
Proposed Consolidated
Blinebry-Tubb-Drinkard
Participating Area II

Author: Tom Scarborough	Date: 3/11/2013
Compiled by: Bryan Alexander	Scale: 1:36,000
Project File: Consolidated Blinebry-Tubb-Drinkard Participating Area II.mxd	

Exhibit "B-II" to Blinebry-Tubb-Drinkard Participating Area II, Effective November 1, 2012
Southeast Monument Unit Area (I-SEC. No. 321), Lea County, New Mexico

Serial Number	Description	Number of Acres	Drilling Block		Percentage Committed	Present Actual Participation
			Ownership	Percentage		
LC 031670 (b)	T-20S, R38-E Section 20: S/2SW/4, NE/4SW/4 and SW/4NW/4 Section 29: N/2NW/4	240.00	<u>Tract 9</u> Royalty: 12.500000 % Working Interest: ConocoPhillips Company 65.625000 ZPZ Delaware I LLC 21.875000 % ORRI: 0.000000 % Total 100.000000 %		12.500000 % 65.625000 21.875000 0.000000 % 100.000000 %	75.000000 %
LC 031695 (a)	T-20S, R38-E Section 29: S/2NW/4	80.00	<u>Tract 10</u> Royalty: 5.000000 % Working Interest: ConocoPhillips Company 65.625000 ZPZ Delaware I LLC 21.875000 % ORRI: 7.500000 % Total 100.000000 %		5.000000 % 65.625000 21.875000 7.500000 % 100.000000 %	25.000000 %
TJS 03/12/2013			<u>Recapitulation</u> Description of Lands in Participating Area: <u>T20S-R38E, N.M.P.M.</u> Section 20: S/2SW/4, NE/4SW/4, SW/4NW/4 Section 29: NW/4 Total number of acres in participating area: 320.00 Total Federal Acres 320.00 Percent of basic royalty interest committed: 100.00 % Percent of working interest committed: 100.00 % Percent of overriding royalty interest committed: 100.00 % <u>Participating Area Ownership Summary</u> ConocoPhillips Company 75.0000% 65.6250% ZPZ Delaware I LLC 25.0000% 21.8750% Total 100.0000% 87.5000%			100.000000 %

Exhibit C-II
Consolidated Blinebry-Tubb- Drinkard Participating Area II

Property Code	Well Name and Number	API No.	Legal Description	Formation Name	In PA?	PA Name	Producer or Injector
A704920	SEMU 010	3002507849	T20S-R38E, Sec. 29 Unit F	Blinebry	y	Blinebry 1st P.A. Expansion	Producer
A704920	SEMU 059	3002507834	T20S-R38E, Sec. 20 Unit M	Blinebry	y	Blinebry 1st P.A. Expansion	Producer
A704920	SEMU 100	3002526182	T20S-R38E, Sec. 20 Unit N	Blinebry	y	Blinebry 1st P.A. Expansion	Producer
A704920	SEMU 104	3002526268	T20S-R38E, Sec. 20 Unit K	Blinebry	y	Blinebry 1st P.A. Expansion	Producer
A704920	SEMU 103	3002526277	T20S-R38E, Sec. 29 Unit E	Blinebry	y	Blinebry 1st P.A. Expansion	Producer
A704921	SEMU 100	3002526182	T20S-R38E, Sec. 20 Unit N	Tubb	y	Tubb A 1st P.A. Expansion.	Producer
A704921	SEMU 104	3002526268	T20S-R38E, Sec. 20 Unit K	Tubb	y	Tubb A 1st P.A. Expansion.	Producer
A704921	SEMU 113	3002527090	T20S-R38E, Sec. 20 Unit E	Tubb	y	Tubb A 1st P.A. Expansion.	Producer