

Surface Use Plan of Operations

HOBBS OCD

FEB 21 2013

CONOCOPHILLIPS COMPANY

Ruby Federal # 25

1990' FNL & 2085' FEL of Section 17-17S-32E

Federal Lease No. NM LC 060329

Lea County, New Mexico

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1. Access Road - Existing

- A. From the junction of Mescalero and Maljamar – go west 1.6 miles on lease road, then go south 0.2 miles on road way to proposed location.
- B. Proposed route to location - **See enclosed county map & vicinity map.**
- C. Approximately 110' of reclaimed well pad will be reused for the new well pad. Approximately 260' of existing lease road will be absorbed into new well pad during initial development phase. Existing lease road will be re-routed using old, reclaimed road way.
- D. The existing road will be maintained, including Dust Suppression, in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final abandonment and reclamation of this drilling location.

2. Planned Access Roads

- A. There will be approximately 240' of curved, temporary road providing access to the proposed well pad during initial development. The road will utilize a maximum travel way width of 14'. The roadway will be constructed with a 2% grade at the crown. All new access road is on federal surface.
- B. The temporary road will be reclaimed following the initial development phase, as agreed upon during the onsite evaluation. During production operations the lease road will cross the well pad in between the plugged well and the new well, Ruby Federal #25.

3. Location of Existing Wells within a One-Mile Radius.

- A. There are no water wells within a one-mile radius
- B. There is one dry hole located within a one-mile radius.
- C. There are no plugged and abandoned wells within a one-mile radius.
- D. There are no saltwater disposal wells within a one-mile radius.
- E. There are at least 3 proposed drill wells within a one-mile radius.
- F. There are at least 7 producing/recently drilled wells within a one-mile radius.
- G. There are no shut-in wells within a one-mile radius.
- H. There are no injection wells within a one-mile radius.
- I. There are no monitoring or observation wells within a one-mile radius.
- J. There is no water source well within a one-mile radius.

4. Location of existing and/or Proposed Facilities

- A. Existing Central Tank Battery
 - 1. Produced fluid will utilize a flow line to the existing Ruby Facility #1 located in the SW Qtr of the SW Qtr (Unit M) of Section 17, T17S, R32E. Approximately 4,700' of above ground new flow line will follow the proposed and existing lease access roads. About 1000' of above ground new power line will follow proposed and existing access roads to tie into the nearest power source.

2. All above ground existing facilities are painted an earth tone color that blends with the surrounding area. Any proposed new facilities, not including flow and power lines, will be painted Shale Green.

B. Proposed Well Pad

1. A well pad will be constructed utilizing a reclaimed location (Mitchell B #3) to accommodate the new well and associated production equipment. Planned dimensions are approximately 255 feet by 260 feet of working surface.
2. Topsoil will be stored to the north in a manner that allows for possible reuse.
3. Our intent is to perform interim reclamation to reduce pad footprint following initial development phase. Interim reclamation will be done on the east, west and south sides of the pad. This well will be placed on oil production. The production equipment will include but not limited to oil and water tanks.

5. Location and Type of Water Supply

- A. Fresh water will be obtained from an approved source.
- B. No water well will be drilled on this location.

6. Source of Construction Materials

- A. Any materials needed in addition to what can be used from location and access road will be hauled in from a supplier having a permitted source of materials.
- B. If production is established, any additional construction materials required for the surfacing of the access road and for installation of the production facilities will be purchased from a supplier having a permitted source of materials.
- C. No construction materials will be taken from Federal lands without a prior approval from the appropriate Surface Management Agency.

7. Methods for Handling Waste Disposal

- A. Hazardous substances as listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended, 42 U.S.C. 9601 et seq. and the regulations issued under CERCLA, will be disposed of in the appropriate pit.
- C. Any spills of oil or any other potentially hazardous material will be cleaned up and removed immediately to an approved disposal site.
- D. Sewage will be disposed of according to county and state requirements in a portable chemical toilet(s) or in a hole at least 20 feet deep excavated in the cut portion of the well pad. Other waste and chemicals may not be disposed of on location. Waste will not be burned on location.
- E. Garbage and trash will be contained in portable trash cages. The contents of the trash cages will be disposed of according to county and state regulations at an approved facility. Disposal of it or burning it will not be allowed on the well location.
- F. After drilling rig has moved out of area, any scattered trash and litter will be removed from site.
- G. All potentially hazardous areas will be fenced and will remain in this condition until entire area can be rehabilitated.

8. Ancillary Facilities

The production facilities are discussed under Item 4.

9. Well Site Layout

- A. **See Enclosed Well Location Plat.**
- B. Well Site Layout – **See Enclosed Layout Plat.**
- C. Topsoil will be stripped from the location and access roads to be stockpiled and deposited apart from other excavated material.
- D. There will be no reserve pit on location. This well will be drilled via a closed loop system and the contents will be taken to an approved disposal site.

10. Plans for Reclamation of the Surface

- A. If this well is a producer, all site rehabilitation shall be completed within six months. Under normal weather conditions, the timetable for rehab will allow two months for backfill settling and two months to complete final re-contouring, and top-soiling. In the event of winter freeze-up, reclamation will be put on hold as determined by the BLM.
- B. At such time as the well is abandoned, ConocoPhillips Company will contact the BLM for development of the final rehabilitation plan. Upon abandonment, an erect dry hole marker welded to surface casing four feet below ground level will be installed. It will contain the same information as the well sign as directed by 43 CFR 3162.6 (30 CFR 221.22). The dry hole marker sealing the casing will have an 1/8" to 1/4" weep hole which will allow pressure to dissipate and make detection of any fluid seepage easier.
- C. If this well site is constructed and not drilled, the site and access road will be reclaimed or BLM approved special erosion control measures implemented within 90 days of site construction unless otherwise approved in writing by sundry notice.
- D. The unused portion of the site will be ripped prior to replacing the topsoil. The soil-banked material will be spread over the area. Reseeding will be an approved mixture by the BLM. If the broadcast method is utilized, the seed mixture shall be doubled. There shall be no primary or secondary noxious weed seed in the native seed mixture.
- E. The entire disturbed location shall be fenced after seeding. When the location has been rehabilitated and vegetation re-established, the fence shall be removed or the fenced area reduced as required by the landowner or BLM.
- F. Weeds will be controlled on disturbed areas within the exterior limits of the well pad. The control methods will be in accordance with guidelines established by EPA, BLM, state, and local authorities.
- G. A pre-work onsite with the BLM and ConocoPhillips Company may be held for all phases of reclamation.

11. Surface Ownership
Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220-6292

12. Other Information

- A. The area that would be impacted by the well site and access road has been surveyed for cultural resources. The Archaeological Survey Report has been mailed to the BLM by Lone Mountain Archeological Company.
- B. ConocoPhillips Company will be responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. If historic or archaeological materials are uncovered, ConocoPhillips Company will suspend all operations that might further disturb such materials and immediately contact the Authorized Officer, Bureau of Land Management.

Within five (5) working days the Authorized Officer will inform ConocoPhillips Company as to whether the materials appear eligible for the National Register of Historic Places; the mitigation measures the operator will likely have to undertake before the site can be used (assuming in site preservation is not necessary); and a time frame for the Authorized

Officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the Authorized Officer are correct and that mitigation is appropriate.

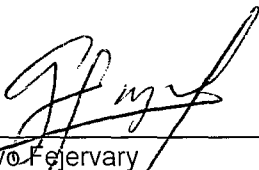
- C. ConocoPhillips Company will protect, in place, all public land survey monuments, private property corner, and Forest service boundary markers. In the event that any such land markers or monuments are destroyed in the exercise of their rights, depending on the type of monument destroyed, the operator shall see that they are reestablished or referenced in accordance with (1) the procedures outlined in the "Manual of Instructions for the Survey of the Public Land of the United States", (2) the specifications of the county surveyor, or (3) the specification of the BLM.
- D. ConocoPhillips Company will comply with additional Conditions of Approval provided by BLM.

Operator Certification

ConocoPhillips

Certification:

- I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access rout; that I am familiar with the conditions which presently exist; that the statements made in this 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 by ConocoPhillips Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application with bond coverage provided by Nationwide Bond ES-0085. This statement is subject to the provisions of 18 U.S.C. 1001 for filing a false statement.

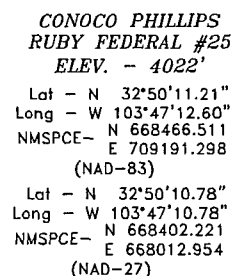


Gustavo Fejervary
Regulatory Specialist
PO Box 51810
Midland, TX 79710

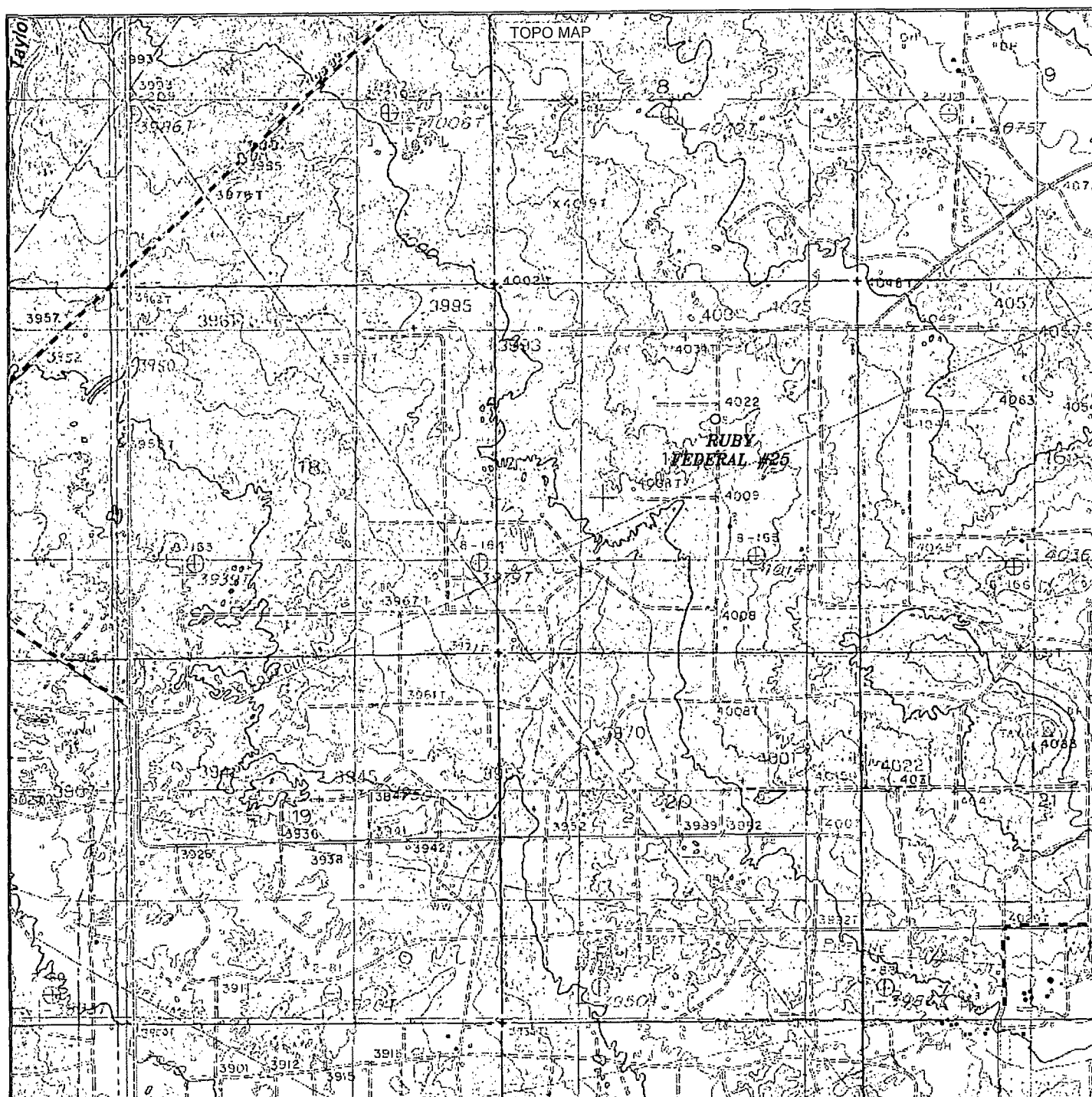
Date: 10/3/12

Field Representative: (If not above signatory) Rudy Quiroz, Production Supervisor
Address: 1410 NW CR, Hobbs, NM 88240
575-391-3147

WELL PAD
VACINITY



Sheet 2 of 9 Sheets



RUBY FEDERAL #25

Located 1990' FNL and 2085' FEL

Section 17, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

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P.O. Box 1786
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Hobbs, New Mexico 88241
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(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 27136

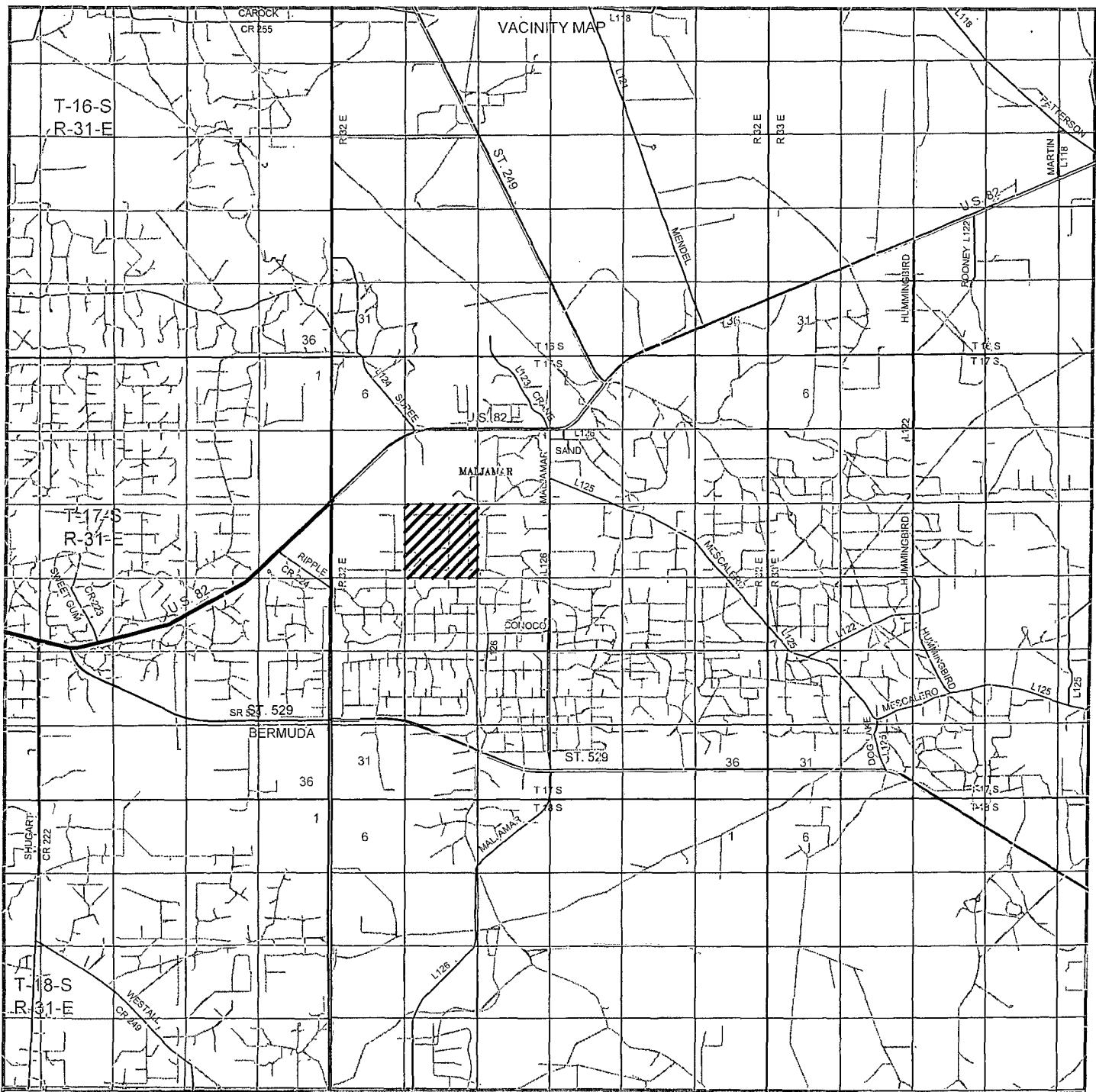
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Date: 09-12-2012

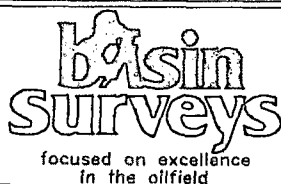
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RUBY FEDERAL #25

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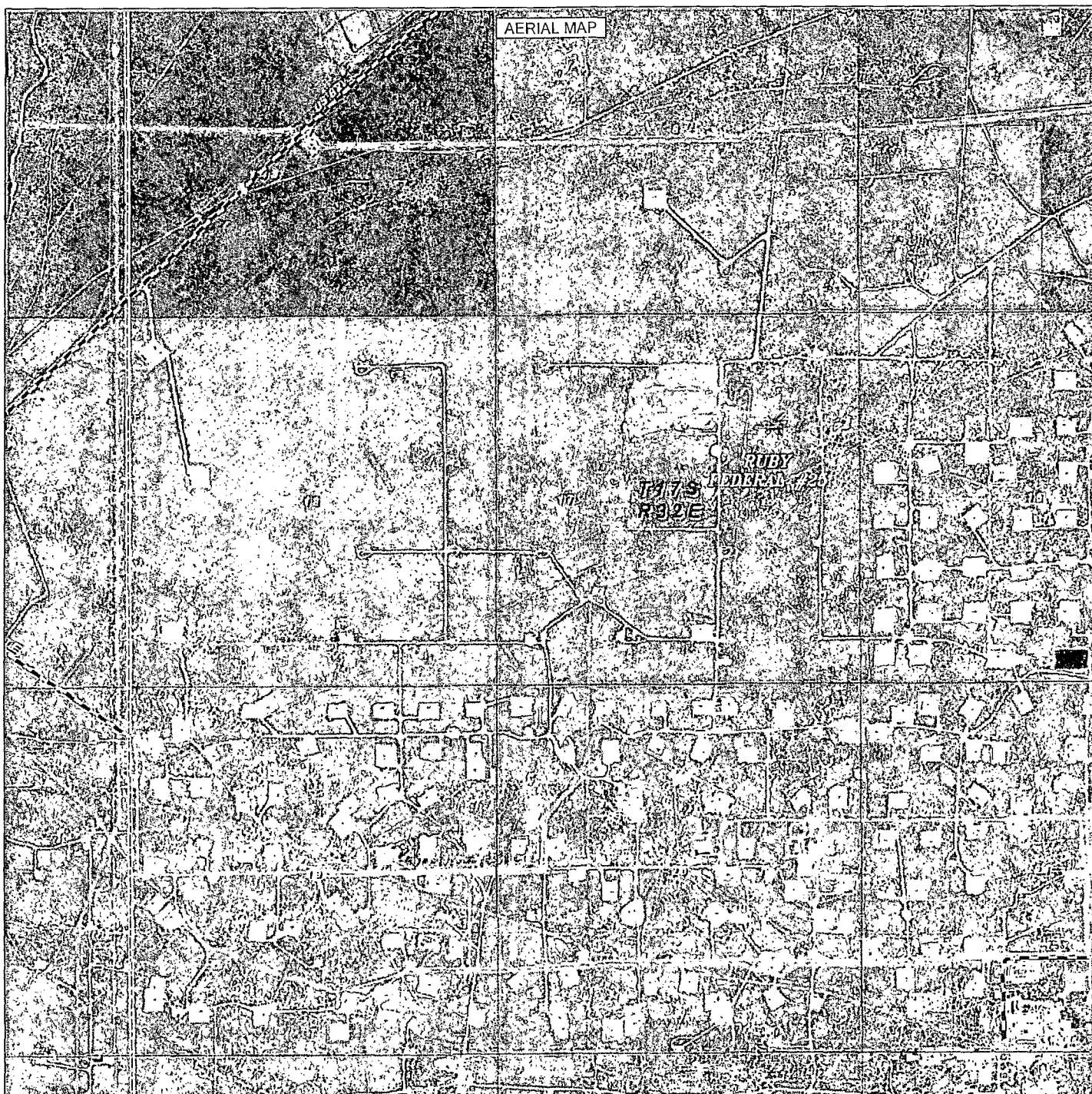
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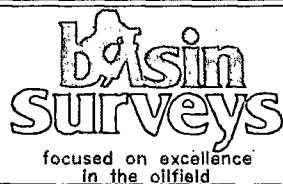
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Sheet 6 of 9 Sheets



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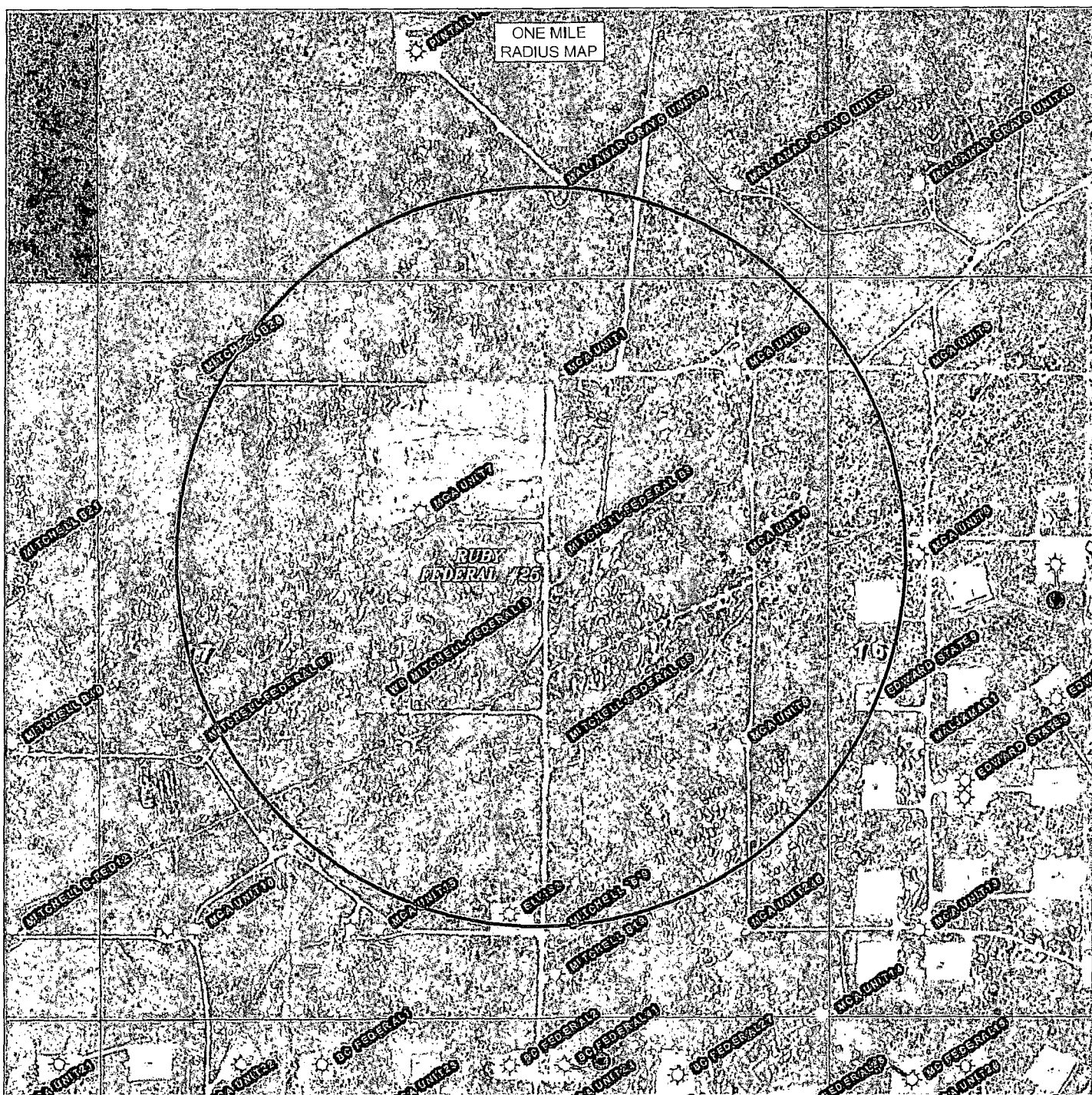
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Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND



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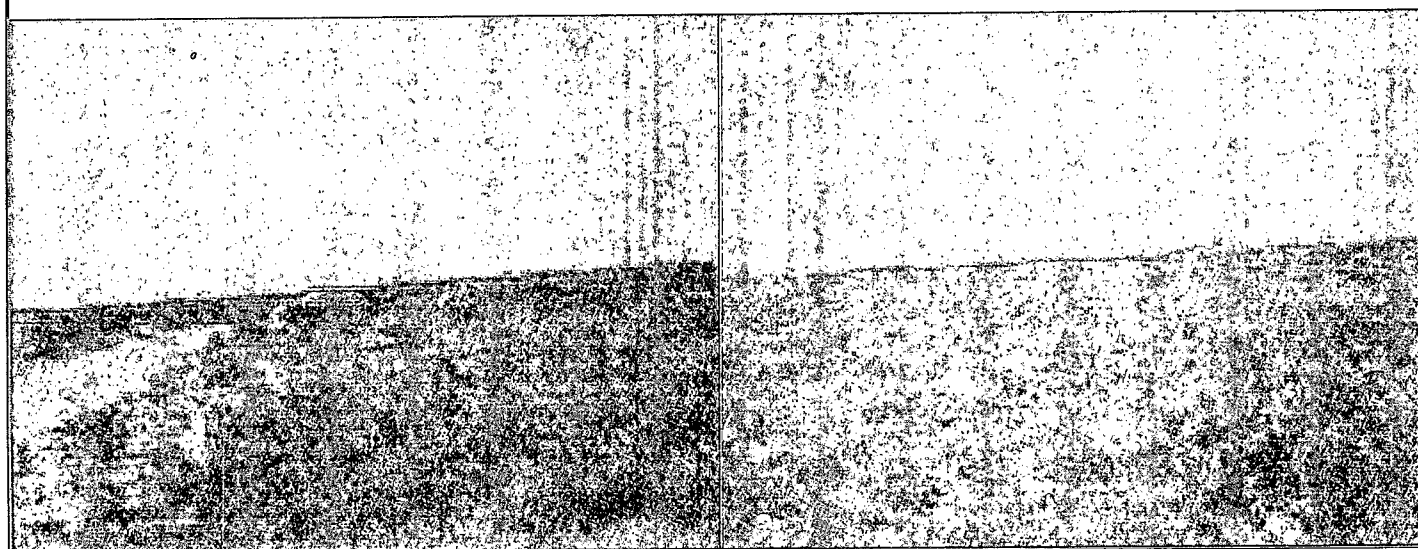
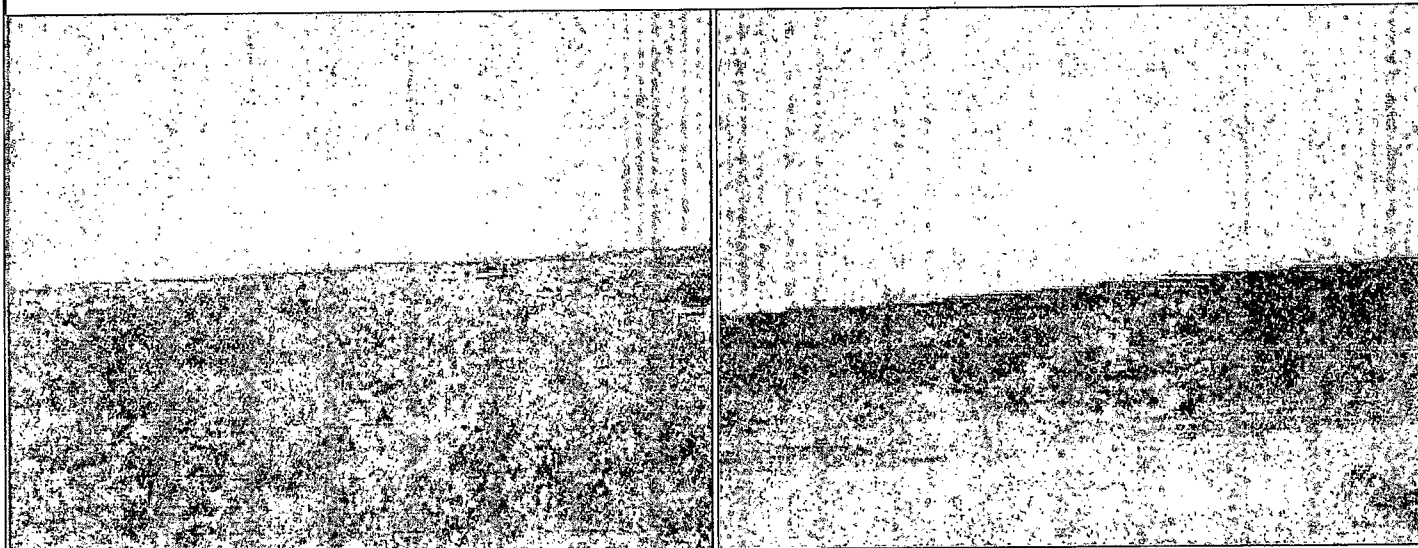
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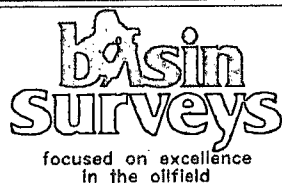
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RECLAMATION
PHOTOS



RUBY FEDERAL #25
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 N.M.P.M., Lea County, New Mexico.



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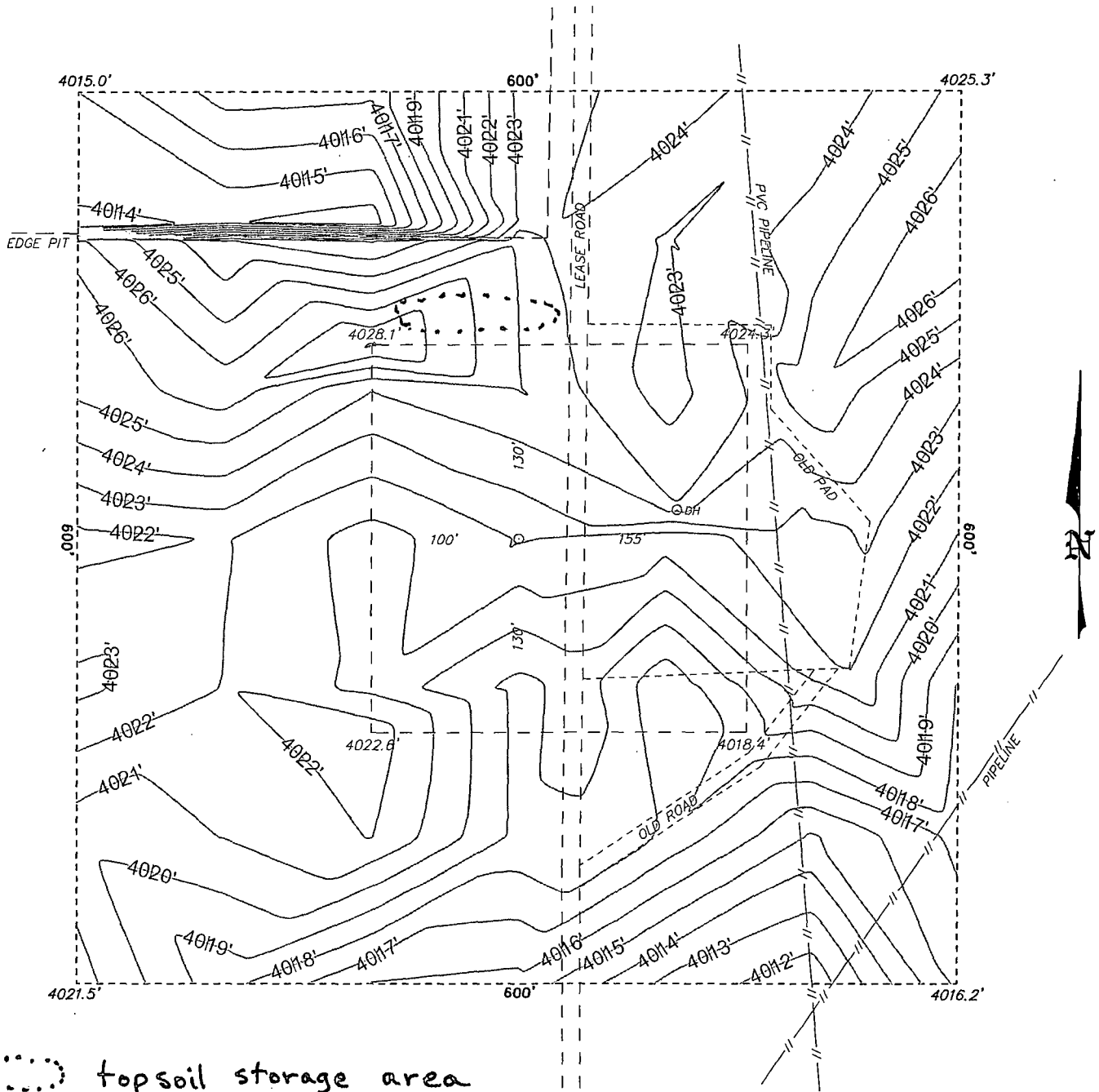
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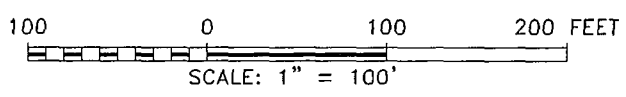


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SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, WELL PAD
DETAIL NEW MEXICO.



⊘ topsoil storage area



BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 27136 Drawn By: J. SMALL
Date: 09-12-2012 Disk: JMS 27136

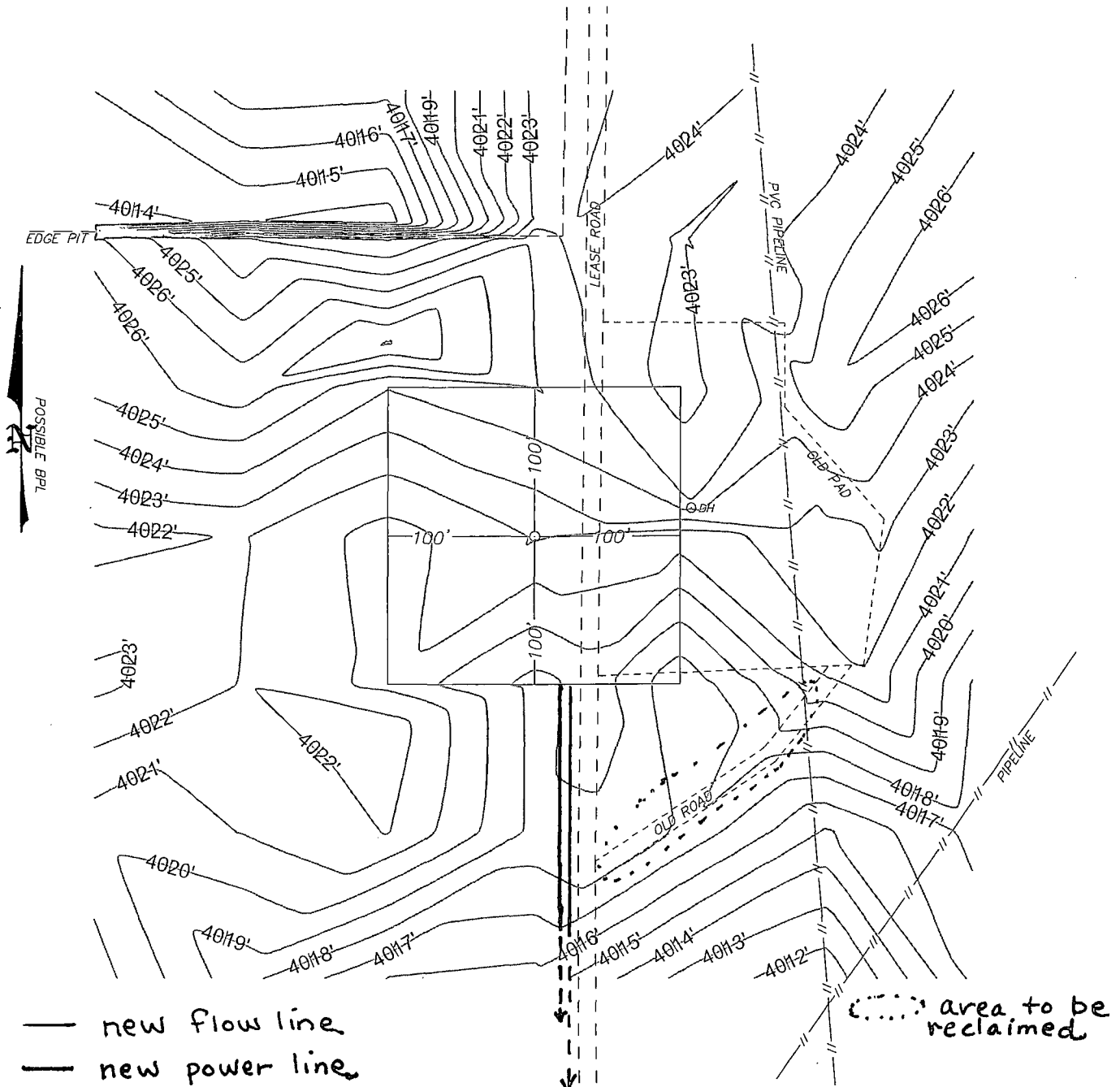
ConocoPhillips

REF: RUBY FEDERAL #25 / WELL PAD DETAIL

THE RUBY FEDERAL #25 LOCATED 1990'
FROM THE NORTH LINE AND 2085' FROM THE EAST LINE OF
SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 08-22-2012 Sheet 3 of 9 Sheets

SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, INTERIM RECLAMATION NEW MEXICO.



ConocoPhillips

REF: RUBY FEDERAL #25 / INTERIM RECLAMATION

THE RUBY FEDERAL #25 LOCATED 1990'

FROM THE NORTH LINE AND 2085' FROM THE EAST LINE OF
SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

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Drawn By: J. SMALL

Date: 09-12-2012

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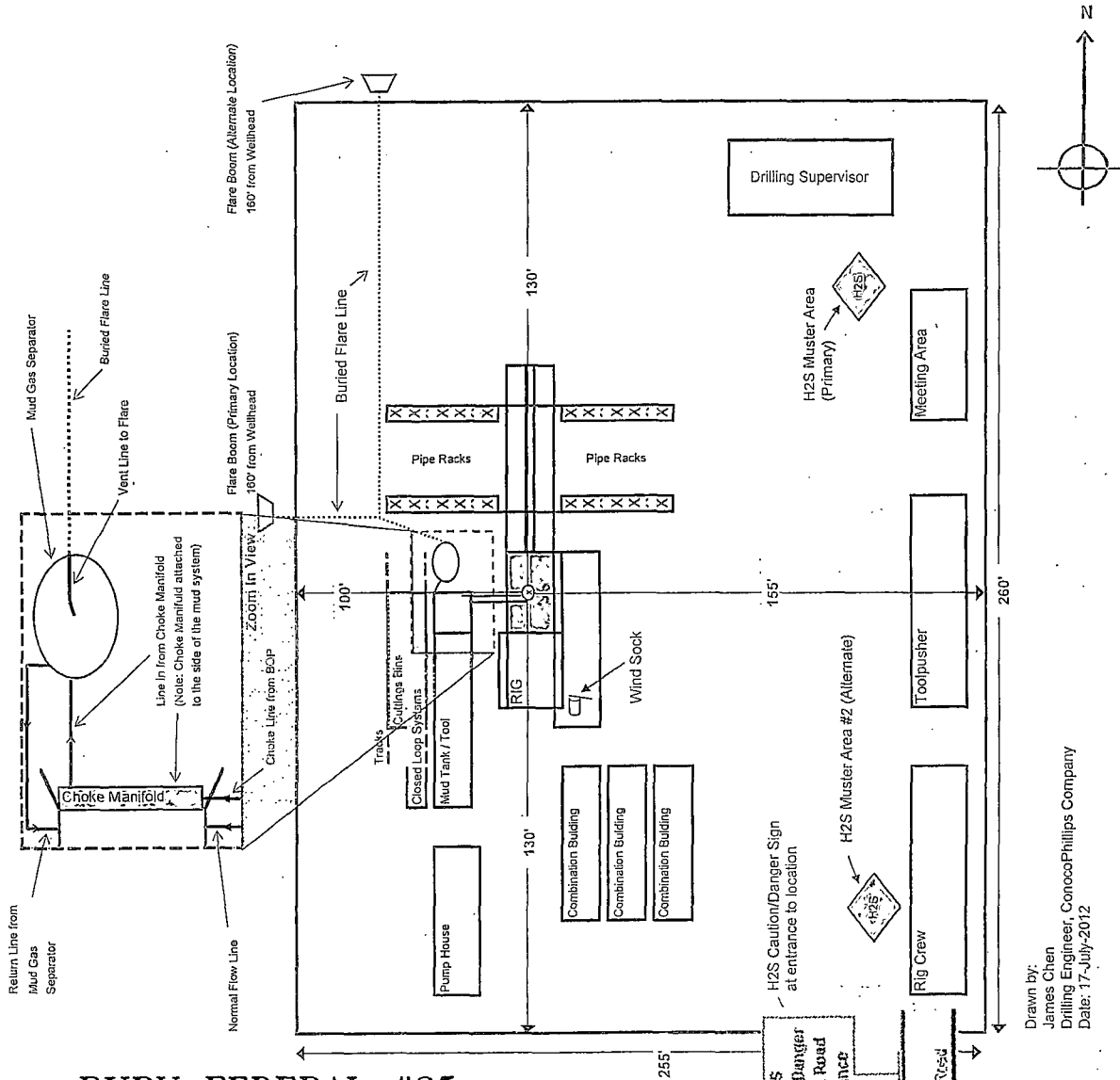
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RIG LAYOUT

Location Schematic and Rig Layout for Closed Loop System

(picture note to scale)



RUBY FEDERAL #25

Located 1990' FNL and 2085' FEL
Section 17, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

Drawn by:
James Chen
Drilling Engineer, ConocoPhillips Company
Date: 17-July-2012

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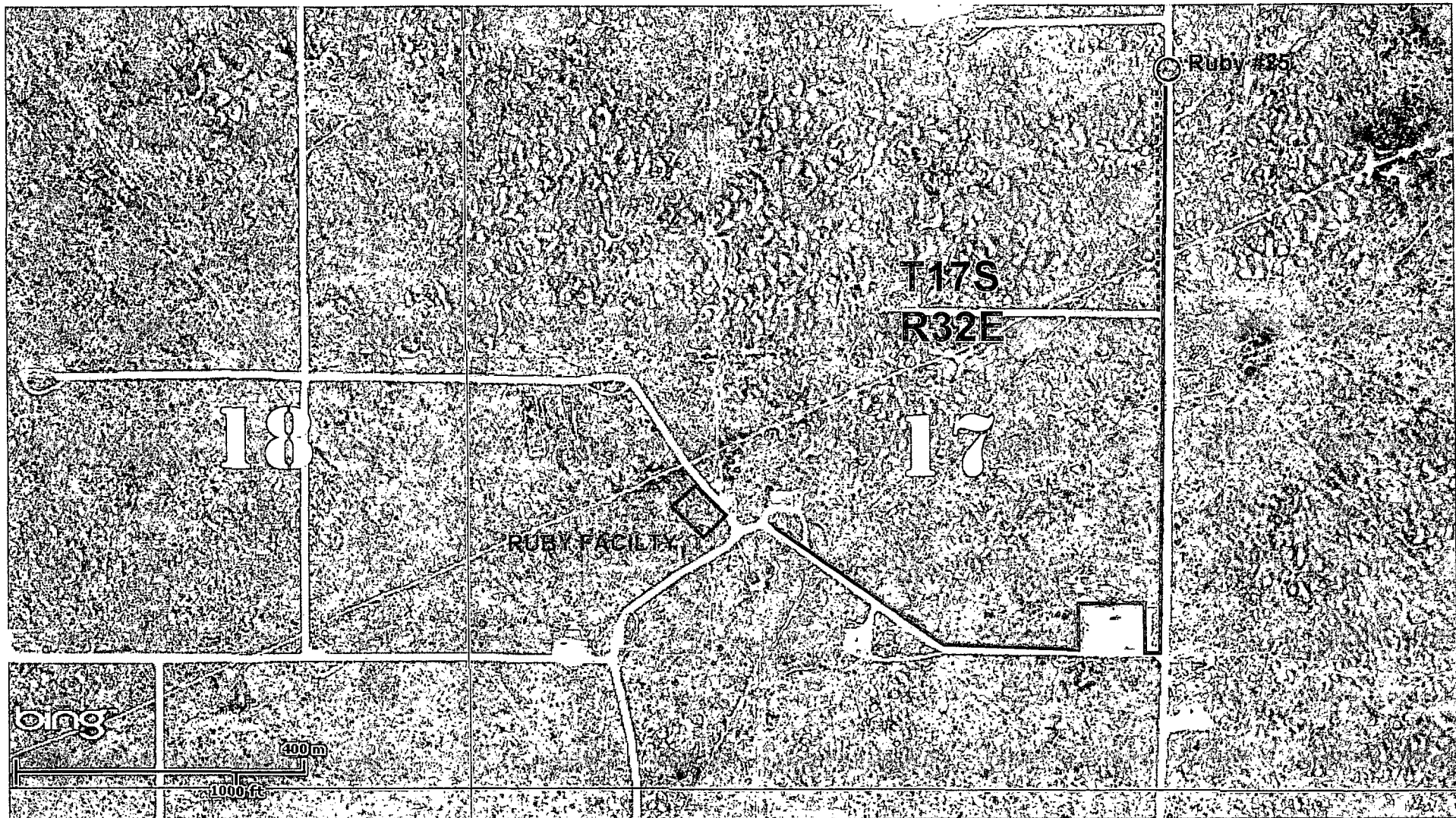
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Date: 09-12-2012

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Flowline: ~4,700 FT, 2-7/8" J55 Tubing, NOP <150 PSIG to be installed following the road ———
 Power: ~1,000 FT, Proposed new powerline to be built following the road - - - -



Ruby Federal #25

New Drills Facility Map

DISCLAIMER: This map is for informational purposes and has not been prepared for, nor is it suitable for legal, surveying, or engineering purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information. ConocoPhillips makes no warranty or guarantee as to the content, accuracy, timeliness, or completeness of any of the data provided and assumes no legal responsibility for the information contained herein.
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