

Surface Use Plan of Operations

JUN 05 2013

CONOCOPHILLIPS COMPANY**Ruby Federal # 32****1450' FNL & 990' FEL of Section 18-17S-32E****Federal Lease No: NM LC029405B****Lea County, New Mexico****RECEIVED***ELG 6-6-2013*

This location was finalized during an onsite visit conducted August 1, 2012 with BLM representatives.

1. Access Road - Existing

- A. From the junction of Mescalero and Maljamar – Go westerly 2.0 miles turning south for 0.8 miles. Turn west for 0.6 miles to the Ruby #8 location. Turn north for 0.2 miles to the Ruby #20 location. Go north 0.2 miles to proposed new road and well location.
- B. Proposed route to location - **See enclosed county map & vicinity map.**
- C. 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. Approximately 160' of new access road is needed. The access point is on the location's south side. A 20' construction right of way will be needed and a minimum travel way width of 14'. All access road is on federal surface. An existing two track road will be upgraded.

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 6 proposed drill wells within a one-mile radius.
- F. There are at least 9 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. Proposed Well Pad

- 1. A well pad will be constructed to accommodate the new well and associated production equipment. Planned dimensions are approximately 260 feet by 260 feet of working surface. Our intent is to perform interim reclamation to reduce the pad footprint following initial development phase. Interim reclamation will be done as shown on the enclosed map titled "Interim Reclamation".
- 2. Topsoil will be stored to the east in a manner that avoids sand dunes.
- 3. About 1300' of above ground and overhead new power line will be placed, heading east then due south, following the lease road surface, connecting to an existing power source.
- 4. Fresh water, above ground, flow line (approximately 3800') will be installed, during completion operations, following the existing roads to the old Mitchell B-7 location

(1980' FSL and 660' FWL; Section 17, T17S, R32E). See enclosed, "**Gemstone Development Map, Additional Flow Lines.**"

5. This well will be placed on oil production. The production equipment may include but not limited to oil and water tanks until new CTB is constructed.
6. This well will be placed on oil production. Production will be through the Ruby Facility #1 until the Ruby Central Tank Battery is operational. The Ruby Facility #1 is located in the SW Qtr of the SW Qtr (Unit M) of Section 17, T17S, R32E. Approximately 5600' of flow line will be installed between the well and Ruby Facility #1 (See enclosed map titled, "**Option to Existing Ruby Facility #1, Gemstone Development Map**").
7. Following completion of the Ruby CTB, produced fluid will utilize a flow line to that facility. The enclosed map titled, "**Option to New Ruby CTB, Gemstone Development Map**" shows approximately 2500' of above ground new flow line following the proposed lease access road, from this well to the proposed Ruby CTB located in Unit J of Section 18, T17S, R32E.

B. Proposed Central Tank Battery

1. A new Central Tank Battery is needed to develop this area. The location is described as 1912' FSL and 1651' FWL of Section 18, T17S, R32E. A certified plat is enclosed. Supporting documents include: a "Preliminary Plan for New Ruby Central Tank Battery" and "Gemstone Development Map".
2. The new power tie in for the CTB will be less than 150' and will be installed following existing lease road.
3. Approximately 7550' of new above ground transfer line will be installed to transport produced water from the new CTB to the Elvis Battery (SE Qtr of the NW Qtr (Unit F) of Section 20, T17S, R32E). This will be requested separately.
4. A new truck line will be installed for transferring oil between the new CTB and Ruby Facility #1 (SW Qtr of the SW Qtr (Unit M) of Section 17, T17S, R32E). The truck line will be approximately 3000', 4" diameter or less, and operate at less than 125 psi. A utility corridor of 20' will be needed. See enclosed, "**Gemstone Development Map, Additional Flow Lines.**"

C. Facilities Paint Color

1. 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.

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.
- B. Any spills of oil or any other potentially hazardous material will be cleaned up and removed immediately to an approved disposal site.
- C. Sewage will be disposed of according to county and state requirements in a portable chemical toilet(s). Other waste and chemicals may not be disposed of on location. Waste will not be burned on location.
- D. 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.
- E. After drilling rig has moved out of area, any scattered trash and litter will be removed from site.
- F. 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 Well Pad Detail.**
- C. Topsoil will be stripped from the location and access roads to be stockpiled, on the east side of the new location, 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. A copy of that report is enclosed.
- 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.

Susan B. Maunder

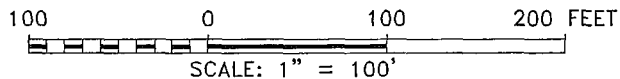
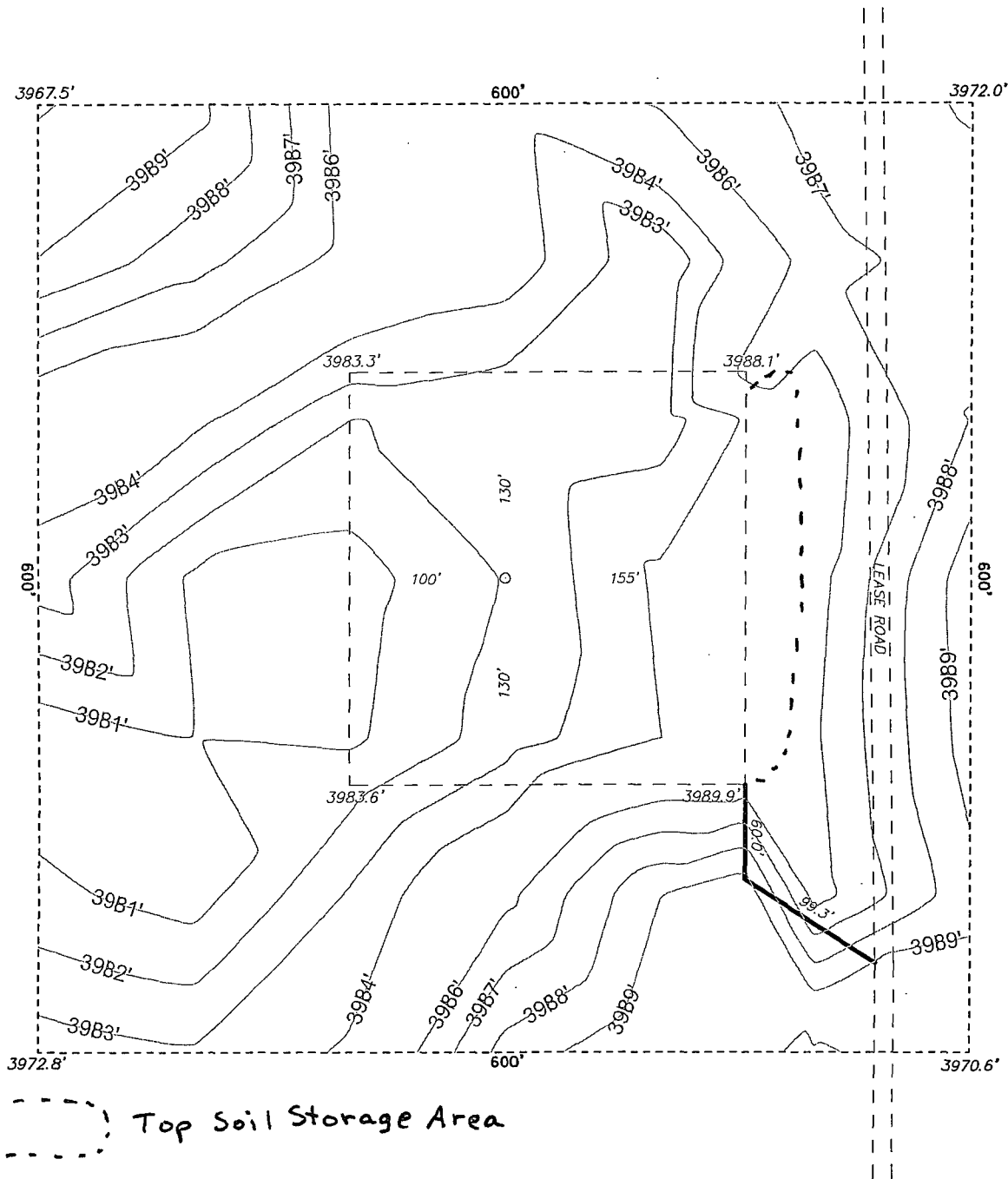
Susan B. Maunder
Senior Regulatory Specialist
PO Box 51810
Midland, TX 79710

Date: 2-20-2013

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

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

WELL PAD
DETAIL



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

W.O. Number: 27138 Drawn By: J. SMALL

Date: 09-11-2012 Disk: JMS 27138

ConocoPhillips

REF: RUBY FEDERAL #32 / WELL PAD DETAIL

THE RUBY FEDERAL #32 LOCATED 1450'

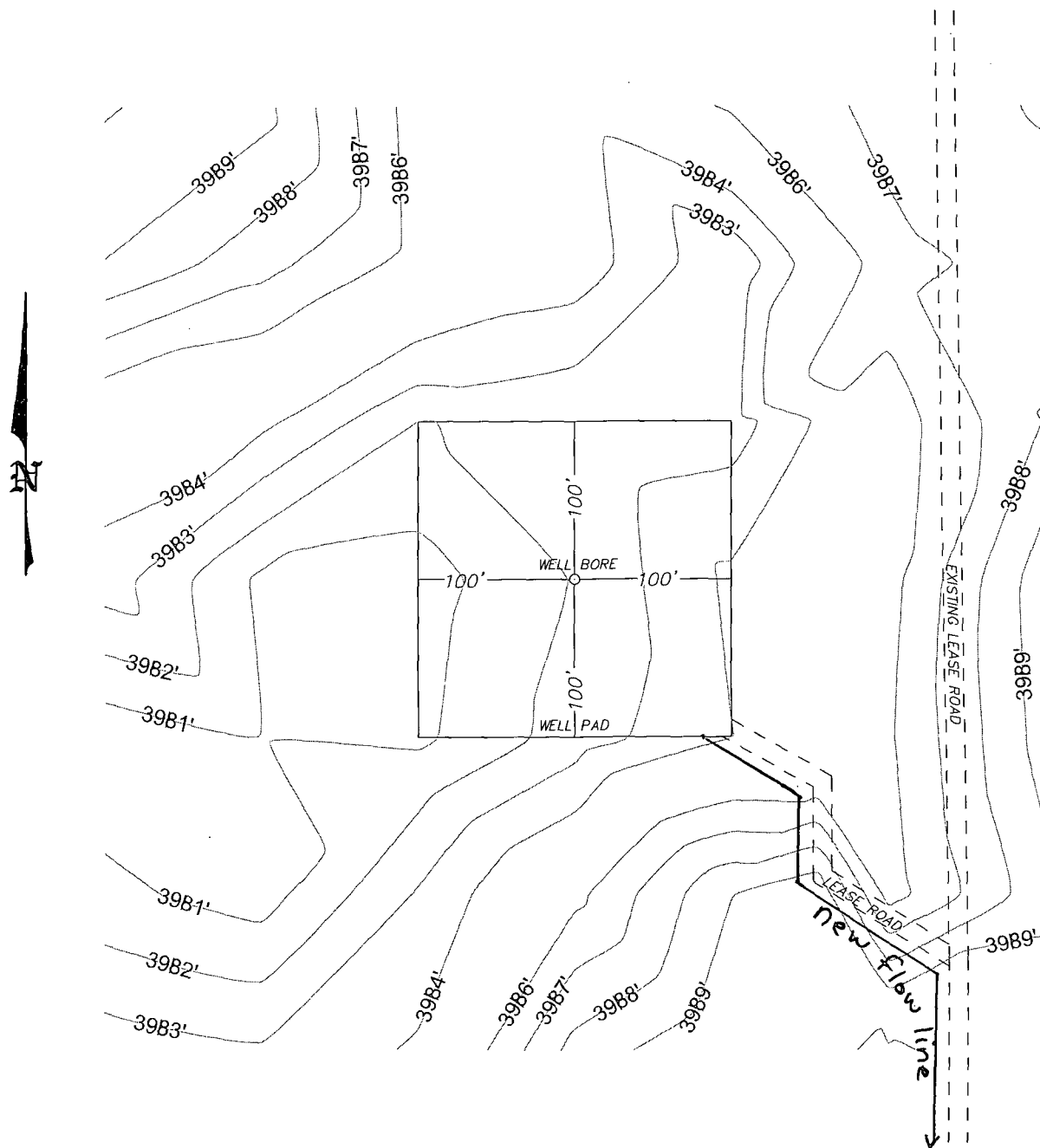
FROM THE NORTH LINE AND 990' FROM THE EAST LINE OF

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 08-22-2012 Sheet 3 of 10 Sheets

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, INTERIM RECLAMATION NEW MEXICO.



100 0 100 200 FEET
SCALE: 1" = 100'

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

W.O. Number: 27138 Drawn By: J. SMALL

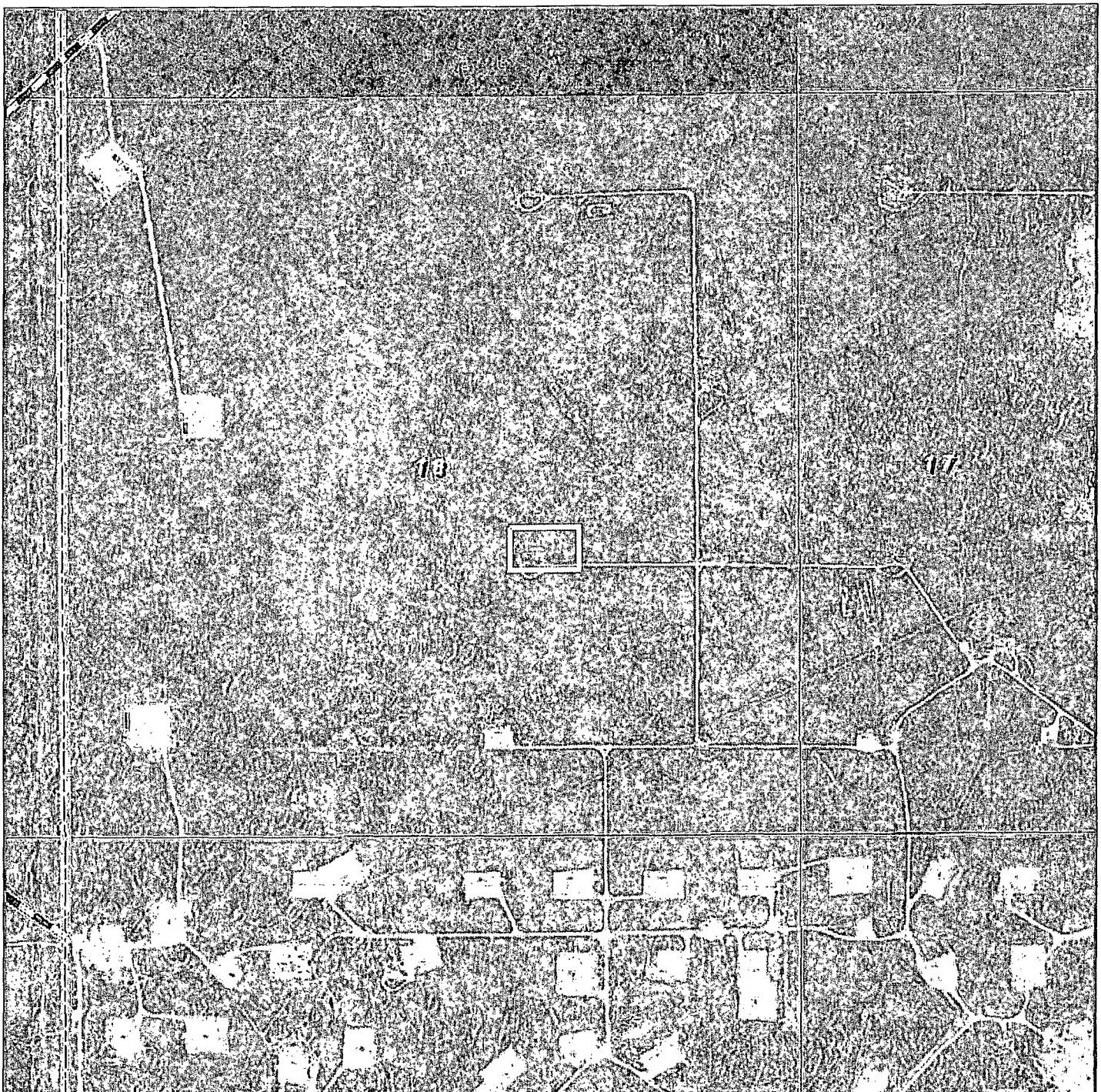
Date: 09-11-2012 Disk: JMS 27138

ConocoPhillips

REF: RUBY FEDERAL #32 / INTERIM RECLAMATION

THE RUBY FEDERAL #32 LOCATED 1450'
FROM THE NORTH LINE AND 990' FROM THE EAST LINE OF
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 08-22-2012 Sheet 4 of 9 Sheets



RUBY TANK BATTERY

Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 27924

Scale: 1" = 1000'

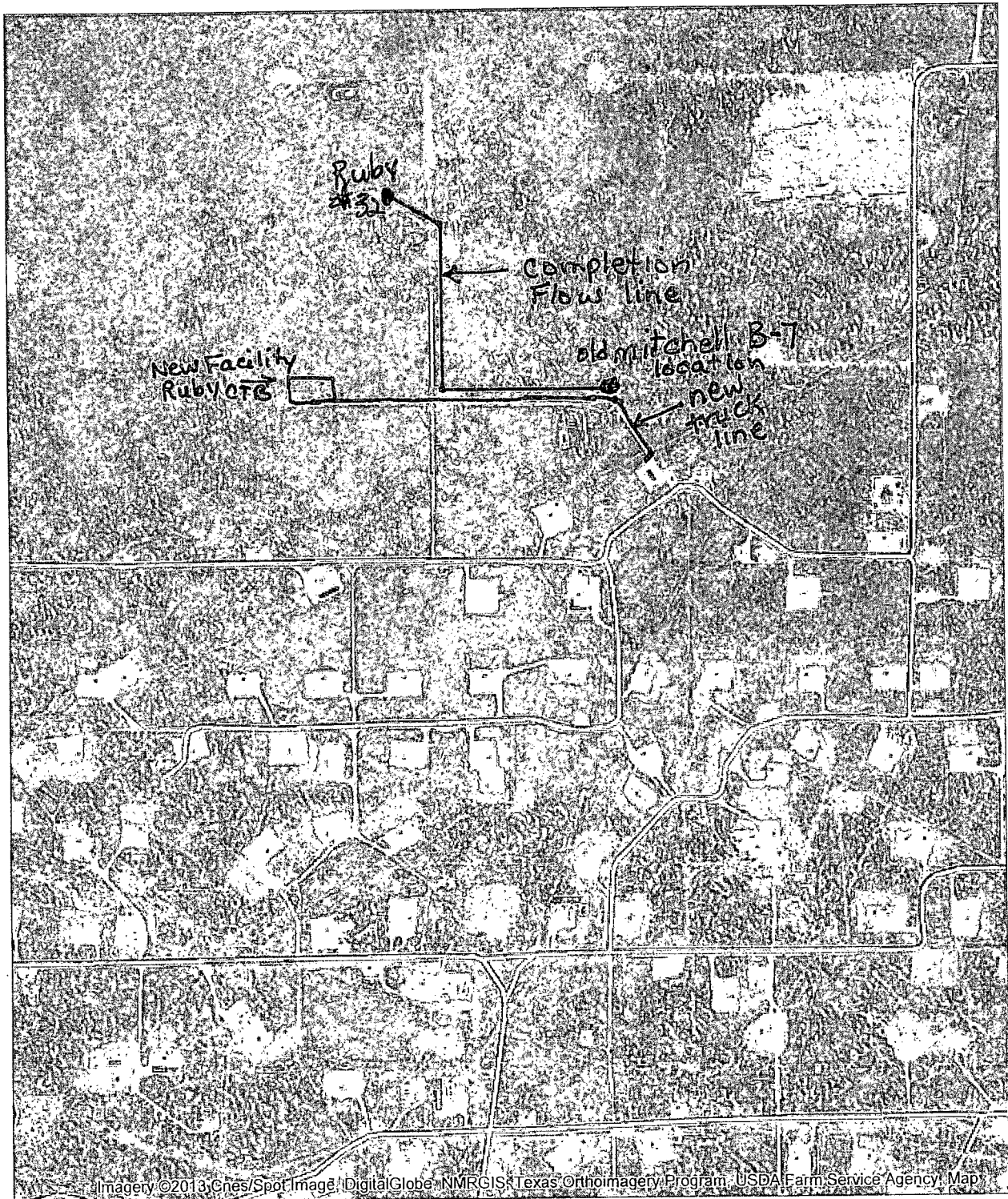
YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

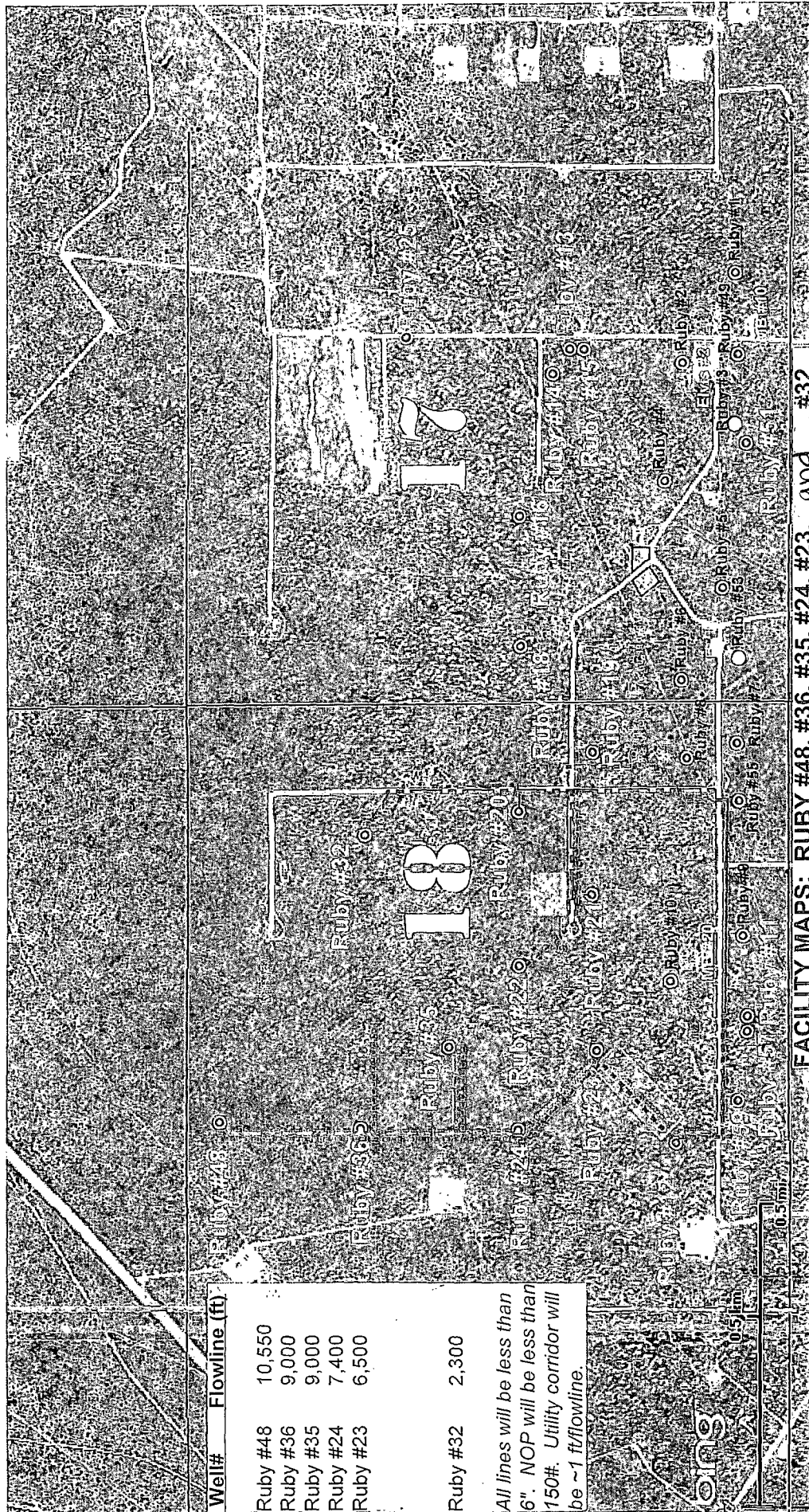
ConocoPhillips

Gemstone Development Map

Additional Flow Lines

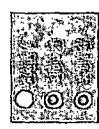
May 9, 2013





Proposed locations for new Ruby CTB

Existing Facility



FACILITY MAPS: RUBY #48, #36, #35, #24, #23, and #32

Well#	Flowline (ft)
Ruby #48	10,550
Ruby #36	9,000
Ruby #35	9,000
Ruby #24	7,400
Ruby #23	6,500
Ruby #32	2,300

All lines will be less than 6". NOP will be less than 150#. Utility corridor will be ~1 ft/flowline.

Gemstone Development Map

Area will be walked

- New Powerline (follows lease roads)
- Flowlines (NPS 6 in or less) to new Ruby CTB
- Existing Powerline (follows lease roads)

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 hereon.



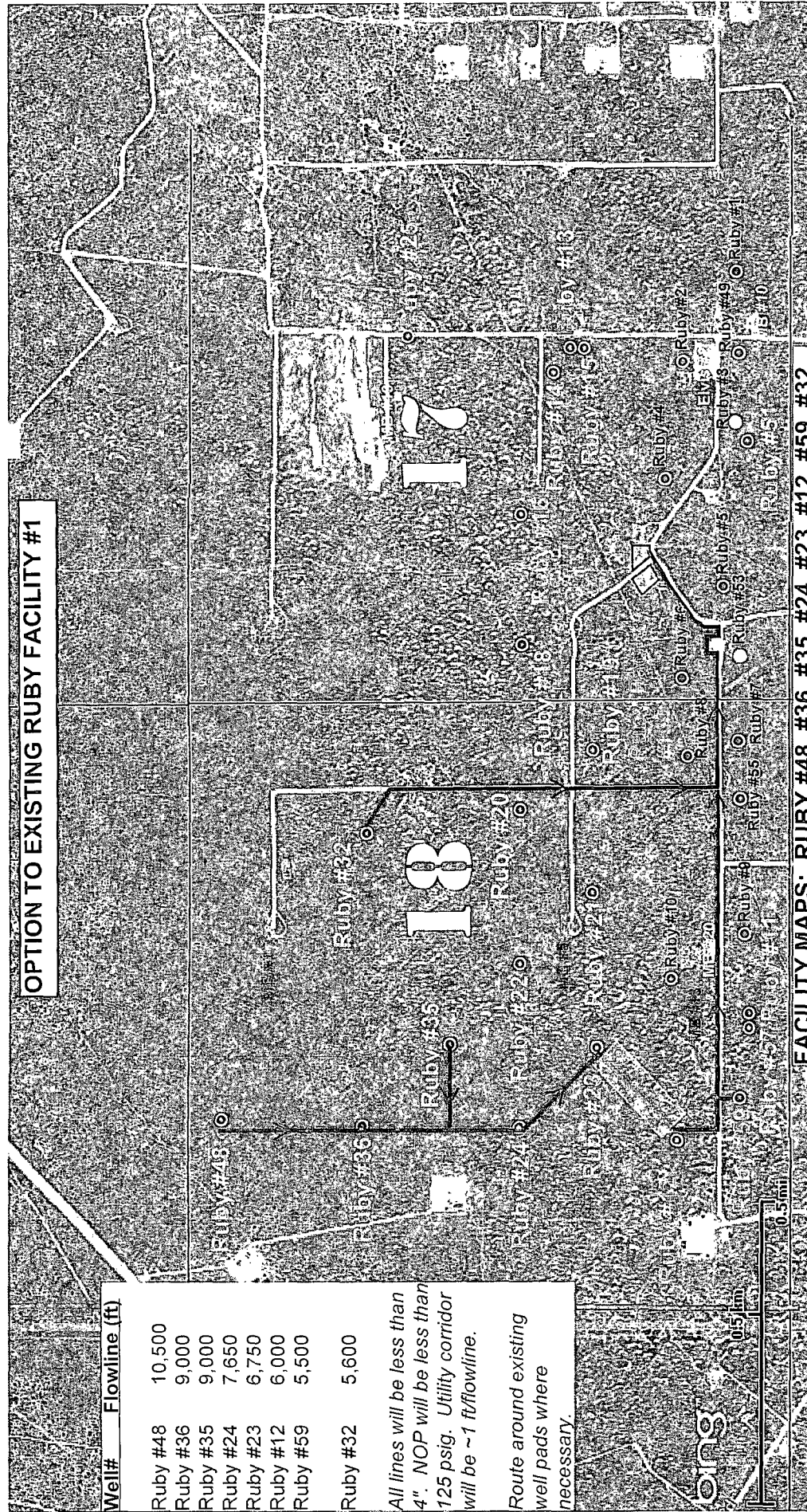
OPTION TO EXISTING RUBY FACILITY #1

Well# Flowline (ft)

Ruby #48	10,500
Ruby #36	9,000
Ruby #35	9,000
Ruby #24	7,650
Ruby #23	6,750
Ruby #12	6,000
Ruby #59	5,500
Ruby #32	5,600

All lines will be less than 4" NOP will be less than 125 psig. Utility corridor will be ~1 fflowline.

Route around existing well pads where necessary.



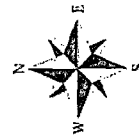
FACILITY MAPS: RUBY #48, #36, #35, #24, #23, #12, #59, #32

- Flowlines (NPS 4 in or less) to existing Ruby #1 Facility
- Area will be walked
- Existing Facility

MAY 2013

Gemstone Development Map

ConocoPhillips



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OPTION TO NEW RUBY CTB

Well# Flowline (ft)

Ruby #48	10,550
Ruby #36	9,000
Ruby #35	9,000
Ruby #24	7,400
Ruby #23	6,500
Ruby #12	5,350
Ruby #59	5,300
Ruby #32	2,500

All lines will be less than 4". NOP will be less than 125 psig. Utility corridor will be ~1 ft flowline.

Route around existing well pads where necessary.

17

18

FACILITY MAPS: RUBY #48, #36, #35, #24, #23, #12, #59, #32



Proposed locations for new Ruby CTB (400'x300')



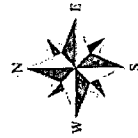
Existing Facility

Flowlines (NPS 4 in or less) to new Ruby CTB

Area will be walked

MAY 2013

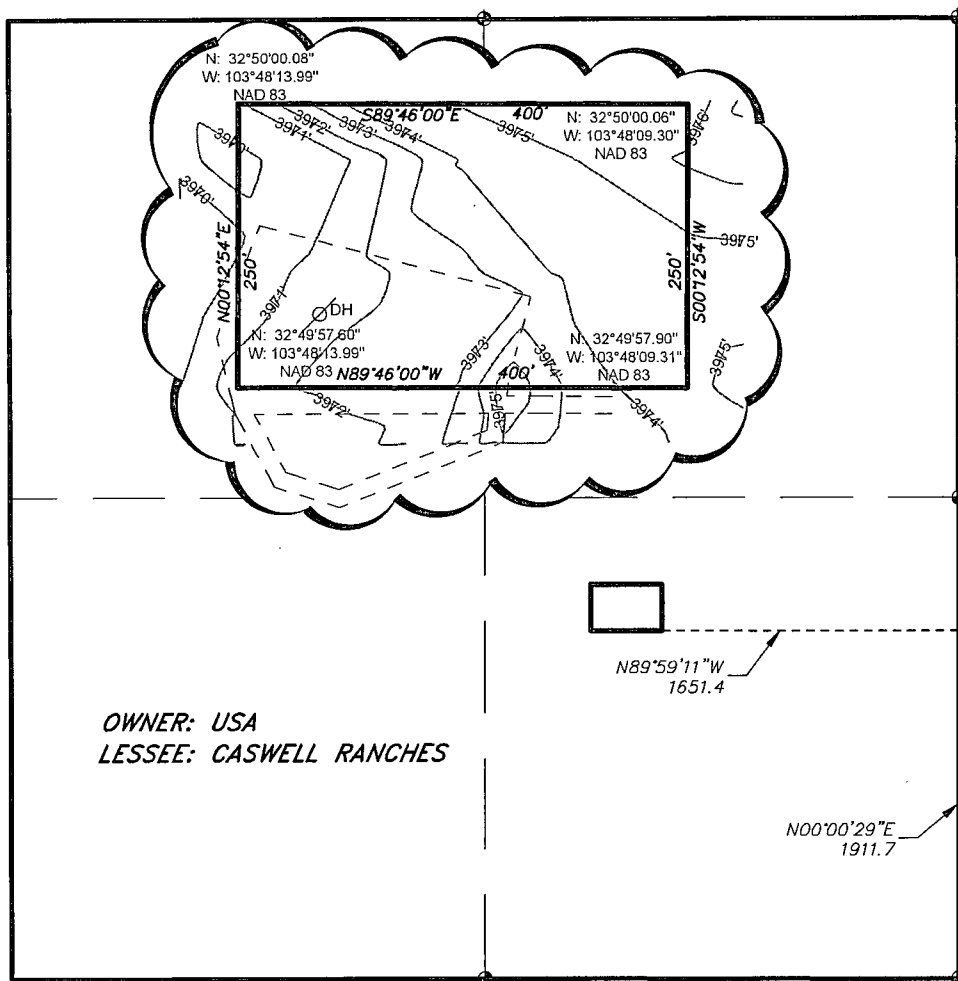
Gemstone Development Map



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SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



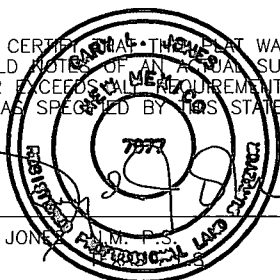
OWNER: USA
LESSEE: CASWELL RANCHES

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH LIES N.00°00'29\"E., 1911.7 FEET AND N.89°59'11\"W., 1651.4 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 18; THENCE N.89°46'00\"W., 400.0 FEET; THENCE N.00°12'54\"E., 250 FEET; THENCE S.89°46'00\"E., 400.0 FEET; THENCE S.00°12'54\"W., 250.0 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.30 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACCURATE SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES

No. 7977
No. 5074

1000 0 1000 2000 FEET

ConocoPhillips

REF: PROPOSED RUBY TANK BATTERY

A TRACT LOCATED ON USA LAND IN
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 27924

Drawn By: J. M. SMALL

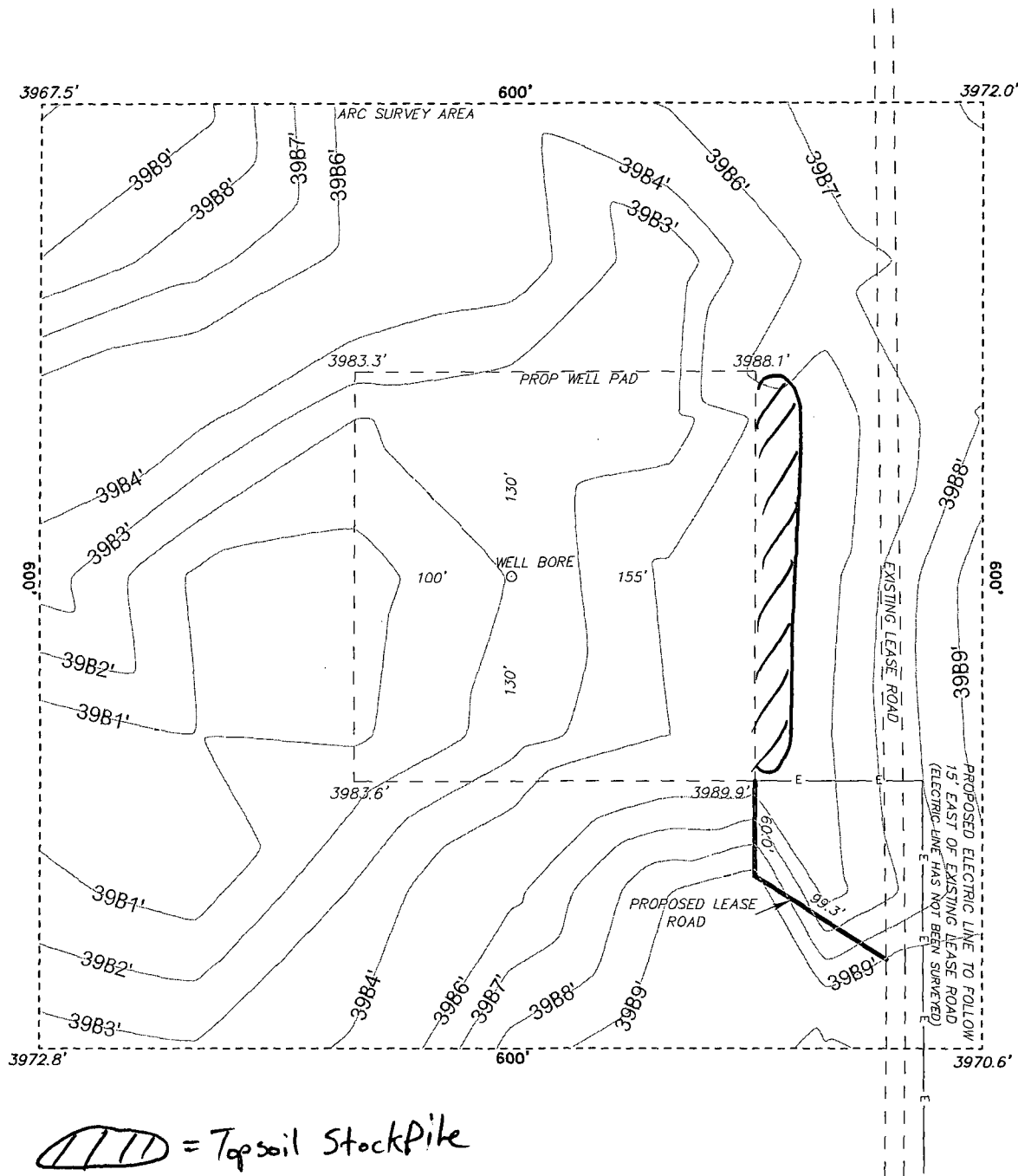
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Survey Date: 02-13-2013

Sheet 1 of 1 Sheets

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, WELL PAD
DETAIL NEW MEXICO.



TOP SOIL STOCKPILE

TR 5/24/12

100 0 100 200 FEET
SCALE: 1" = 100'

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

W.O. Number: 27138 Drawn By: J. SMALL

Date: 09-11-2012 Disk: JMS 27138

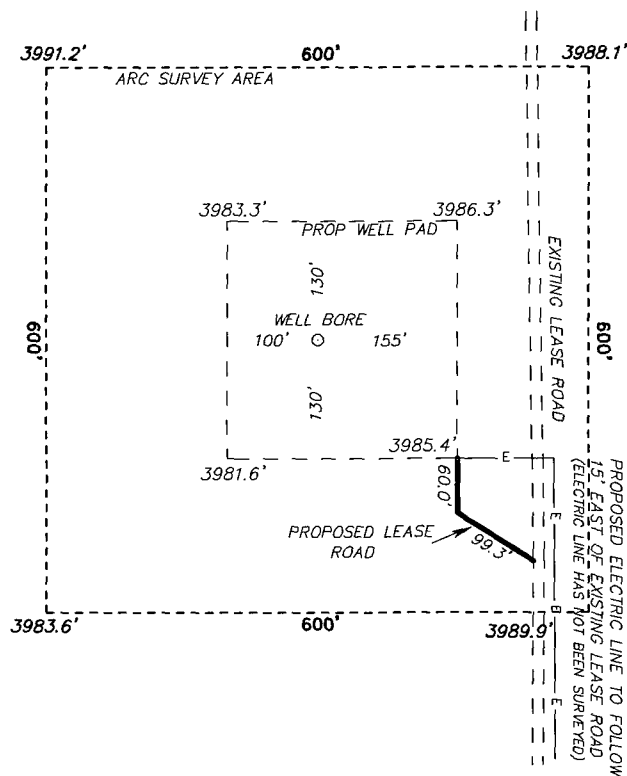
ConocoPhillips

REF: RUBY FEDERAL #32 / WELL PAD DETAIL

THE RUBY FEDERAL #32 LOCATED 1450'
FROM THE NORTH LINE AND 990' FROM THE EAST LINE OF
SECTION 18, 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 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, WELL PAD VICINITY, NEW MEXICO.



CONOCO PHILLIPS
RUBY FEDERAL #32
ELEV. - 3982'
Lat - N 32°50'16.33"
Long - W 103°48'01.59"
NMSPCE - N 668963.130
E 705009.371
(NAD-83)
Lat - N 32°50'15.91"
Long - W 103°47'59.76"
NMSPCE - N 668898.878
E 663830.990
(NAD-27)

200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM THE JUNCTION OF MESCALERO AND MALJAMAR,
GO WESTERLY 2.0 MILES TURNING SOUTH 0.8 MILES
TURNING WESTERLY AGAIN FOR 0.6 MILES TO THE
RUBY 8, GO NORTH 0.2 MILES RUBY 20 LOCATION,
GO NORTH 0.2 MILES TO PROPOSED LEASE ROAD.

ConocoPhillips

REF: RUBY FEDERAL #32 / WELL PAD VICINITY

THE RUBY FEDERAL #32 LOCATED 1450'

FROM THE NORTH LINE AND 990' FROM THE EAST LINE OF
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 27138

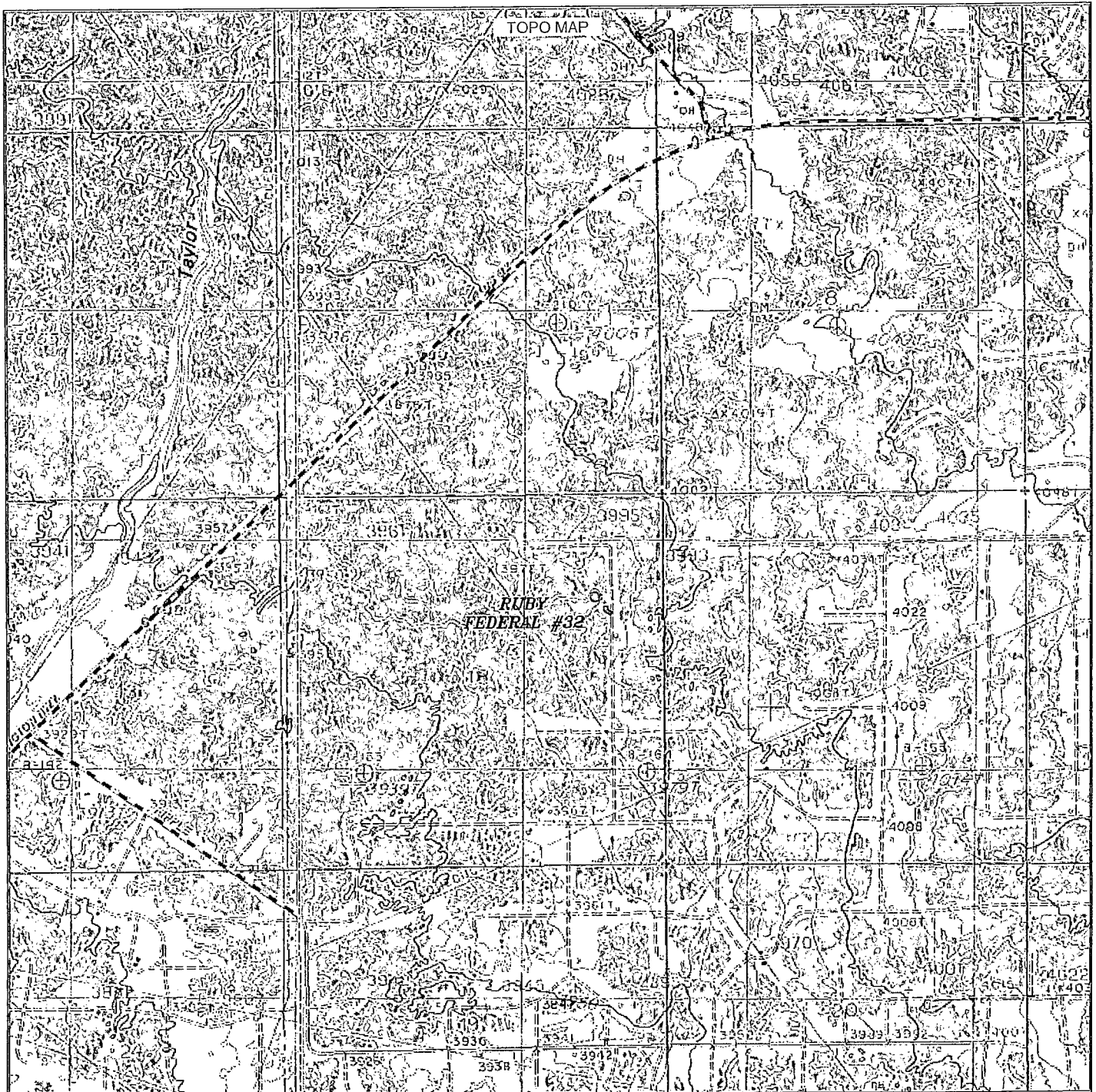
Drawn By: J. SMALL

Date: 09-11-2012

Disk: JMS 27138

Survey Date: 08-22-2012

Sheet 2 of 9 Sheets



RUBY FEDERAL #32

Located 1450' FNL and 990' FEL

Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

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in the oilfield

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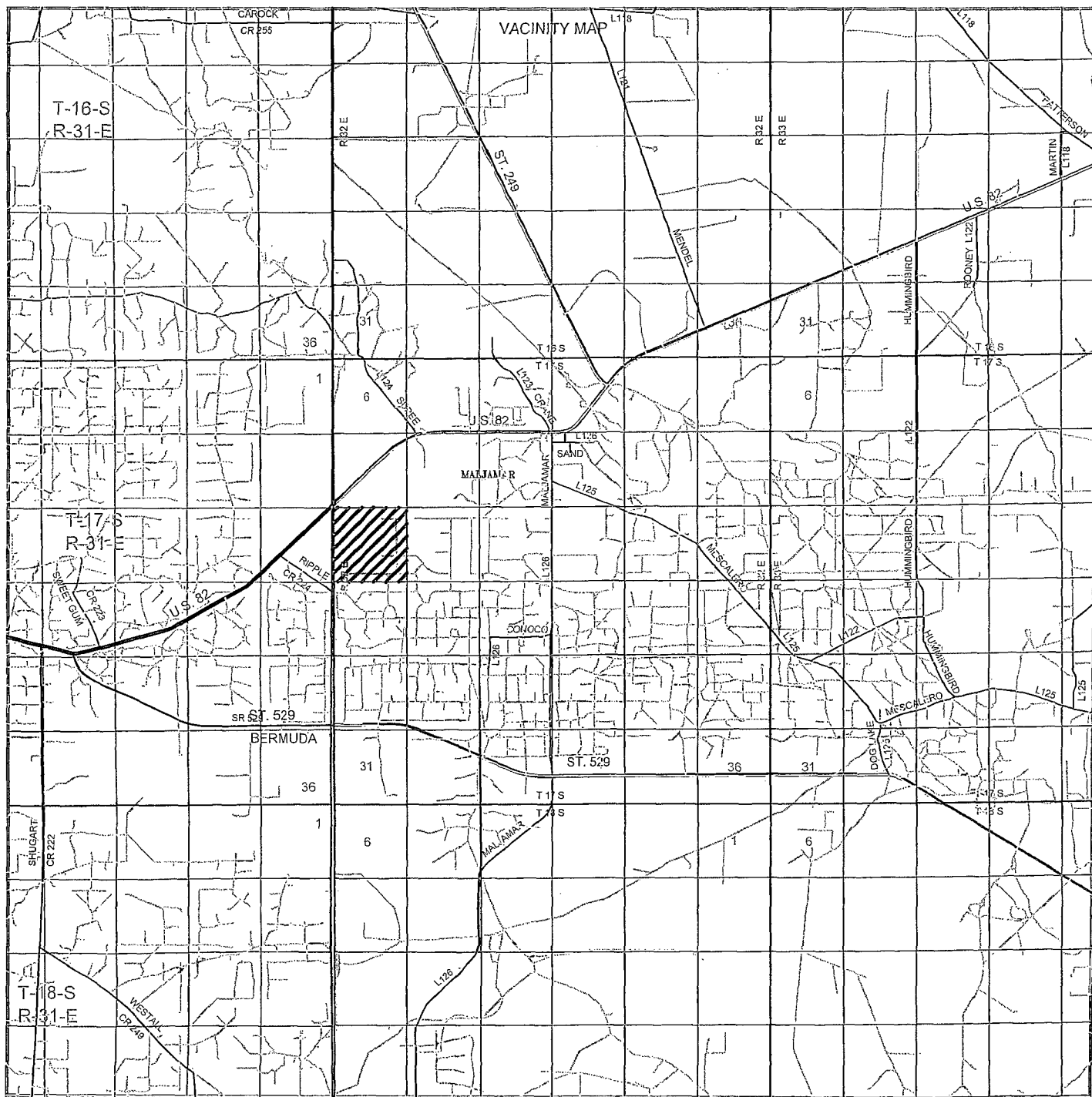
Survey Date: 08-22-2012

Scale: 1" = 2000'

Date: 09-11-2012

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Sheet 5 of 10 Sheets



RUBY FEDERAL #32

Located 1450' FNL and 990' FEL

Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

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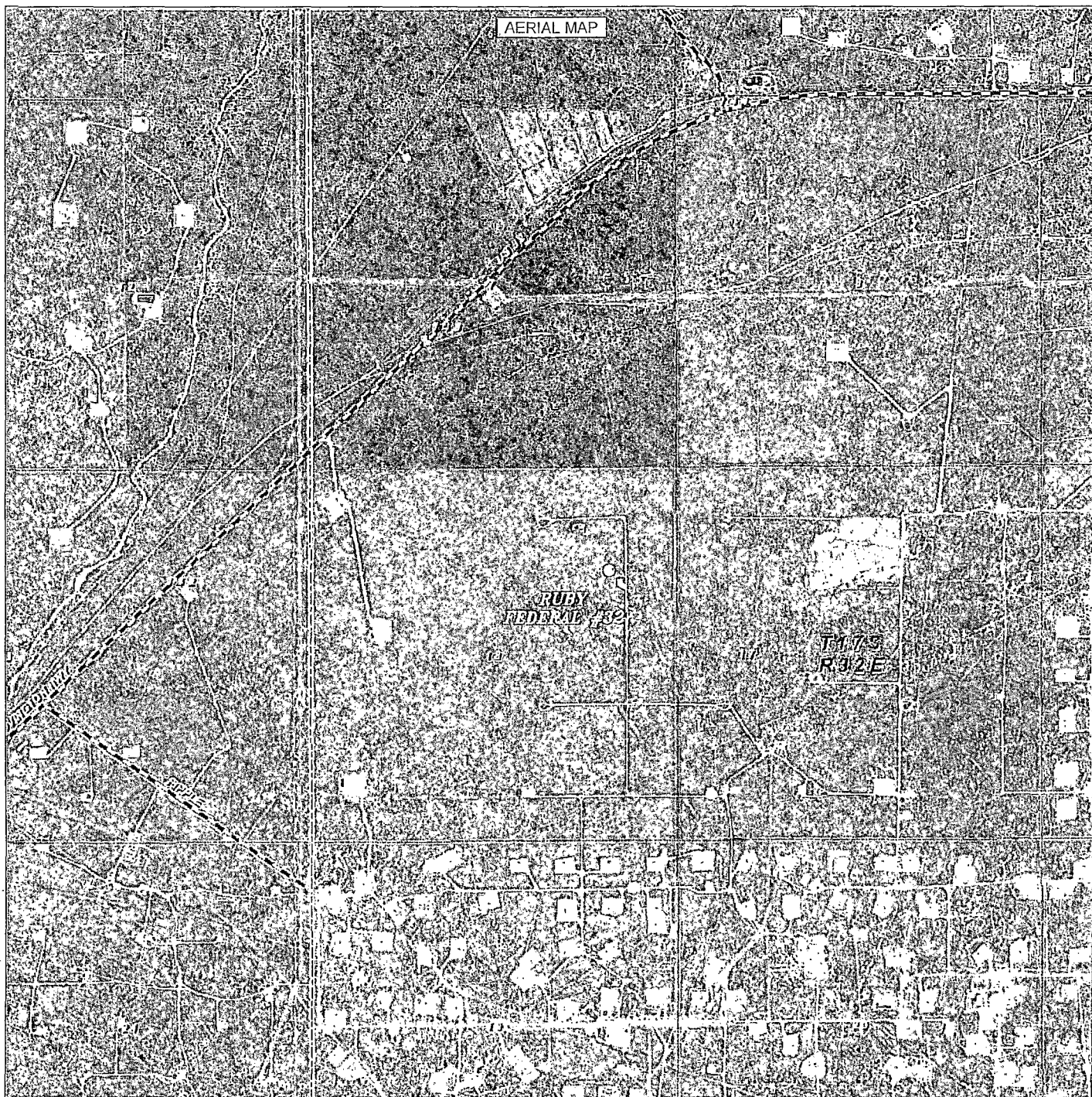
Survey Date: 08-22-2012

Scale: 1" = 2 Miles

Date: 09-11-2012

ConocoPhillips

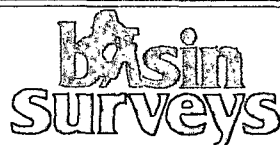
Sheet 6 of 10 Sheets



RUBY FEDERAL #32

Located 1450' FNL and 990' FEL

Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



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(575) 392-2206 - Fax
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W.O. Number: JMS 27138

Scale: 1" = 2000'

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

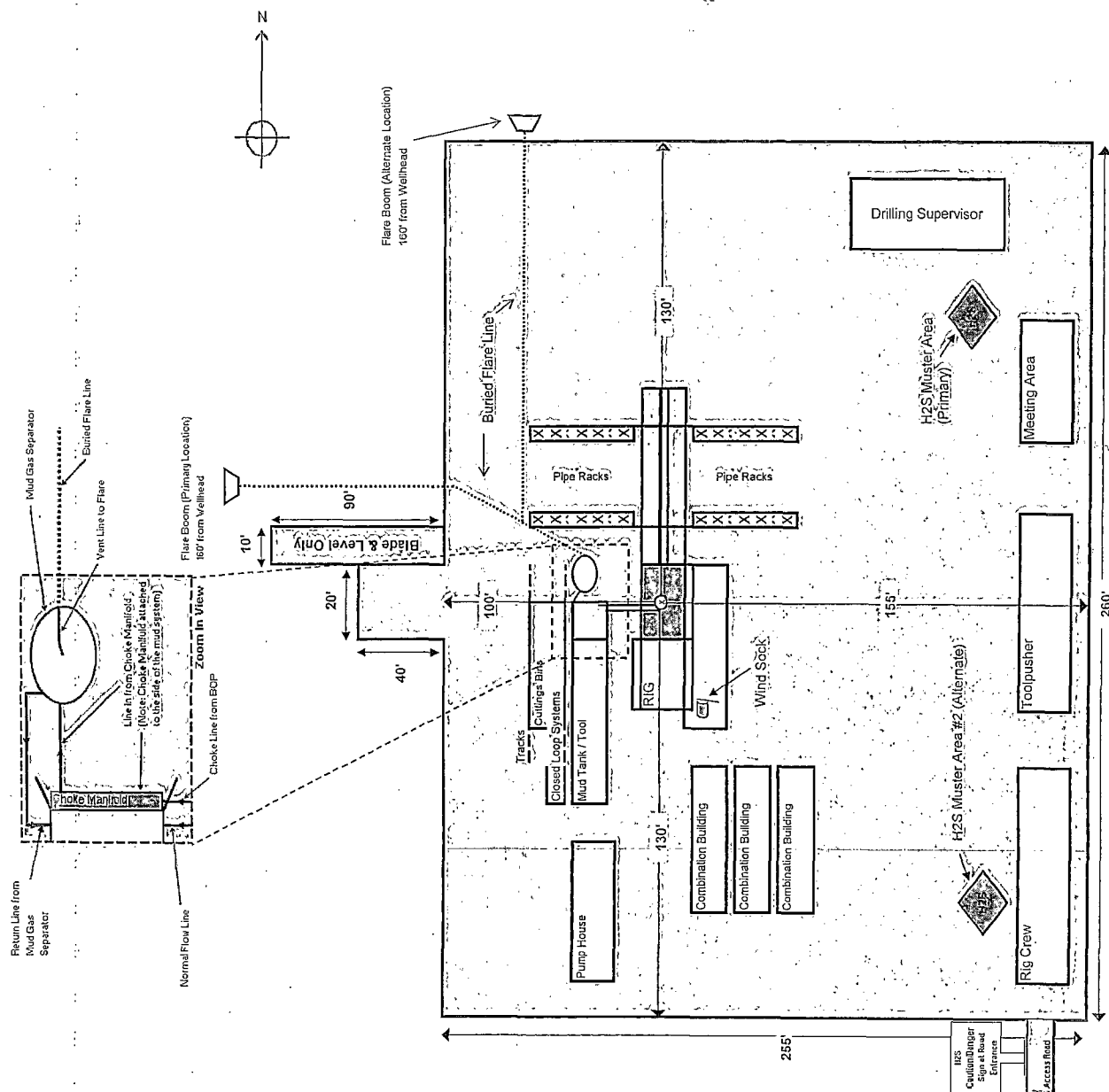


Sheet 7 of 10 Sheets

RIG LAYOUT

Location Schematic and Rig Layout for Closed Loop System

(picture note to scale)



RUBY FEDERAL #32

Located 1450' FNL and 990' FEL

Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

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(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 27138

Survey Date: 08-22-2012

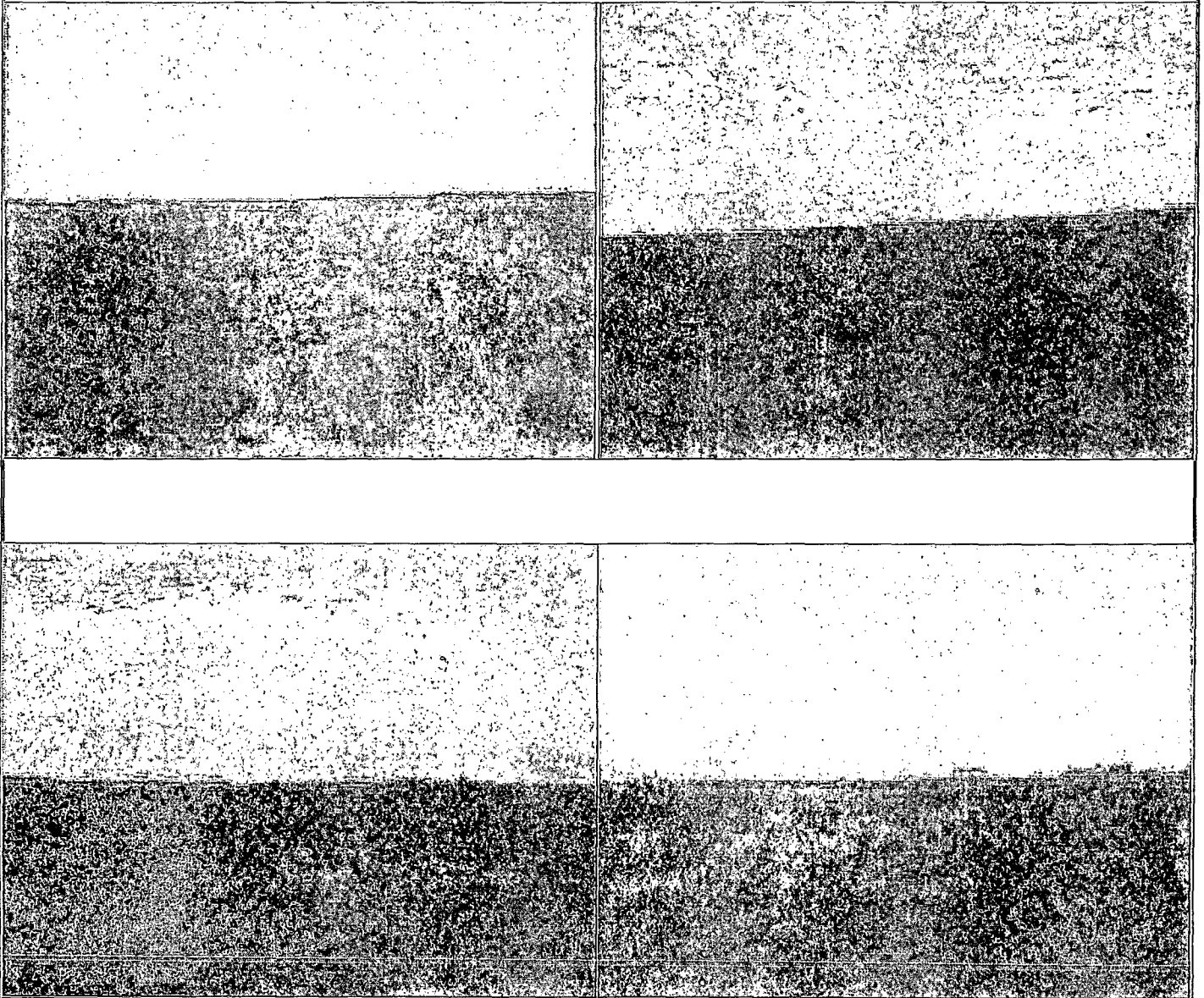
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Date: 09-11-2012

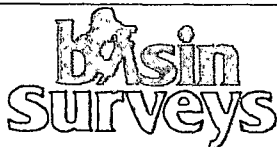
ConocoPhillips

Sheet 8 of 10 Sheets

RECLAMATION
PHOTOS



RUBY FEDERAL #32
Located 1450' FNL and 990' FEL
Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



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Sheet 10 of 10 Sheets