

HOBBS OCD

FEB 21 2013

Surface Use Plan of Operations

CONOCOPHILLIPS COMPANY

Ruby Federal # 12

1330' FSL & 1705' FWL of Section 18-17S-32E

Federal Lease No. NMLC060329

Lea County, New Mexico

RECEIVED

1. Access Road - Existing

- A. From the junction of Mescalero and Maljamar – About 3.5 miles south of Maljamar. Go west on lease road for 2.0 miles to turning south for 0.8 miles to lease road. On lease road, go westerly 0.6 miles to a reclaimed road. Go west on the reclaimed road for 0.4 miles to proposed lease road.
- 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. There will be approximately 702' of new access road with a 20' construction right of way and a maximum travel way width of 14'. The roadway will be constructed with a 2% grade at the crown. The access point is at the southwest corner of the location. All new access road is on federal surface.

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

- A. There are no water wells within a one-mile radius
- B. There are no dry holes 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 8 proposed drill wells within a one-mile radius.
- F. There are 11 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 flowline to a Ruby Central Facility. The enclosed **New Drills Facility Map** shows two options that are being evaluated for handling produced fluids. Option 1 would include approximately 5300' of new flowline following lease access roads to a new, yet to be proposed, Ruby facility. Option 2 includes a maximum of 6600' of above ground new flow line will follow the proposed and existing lease access roads to the existing Ruby Facility #1 located in the SW Qtr of the SW Qtr (Unit M) of Section 17, T17S, R32E. About 1250' of above ground new power line will follow proposed and existing access roads.
- 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.

FEB 27 2013

- B. Proposed Well Pad
1. A well pad will be constructed to accommodate the new well and associated production equipment. Planned dimensions are 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 on the east, west and south sides of the pad.
 2. Topsoil will be stored to the south in a manner that avoids sand dunes to the southeast of the location.
 3. 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.

Susan B. Maunder

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

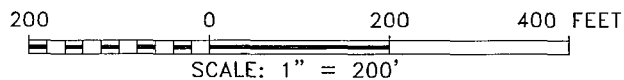
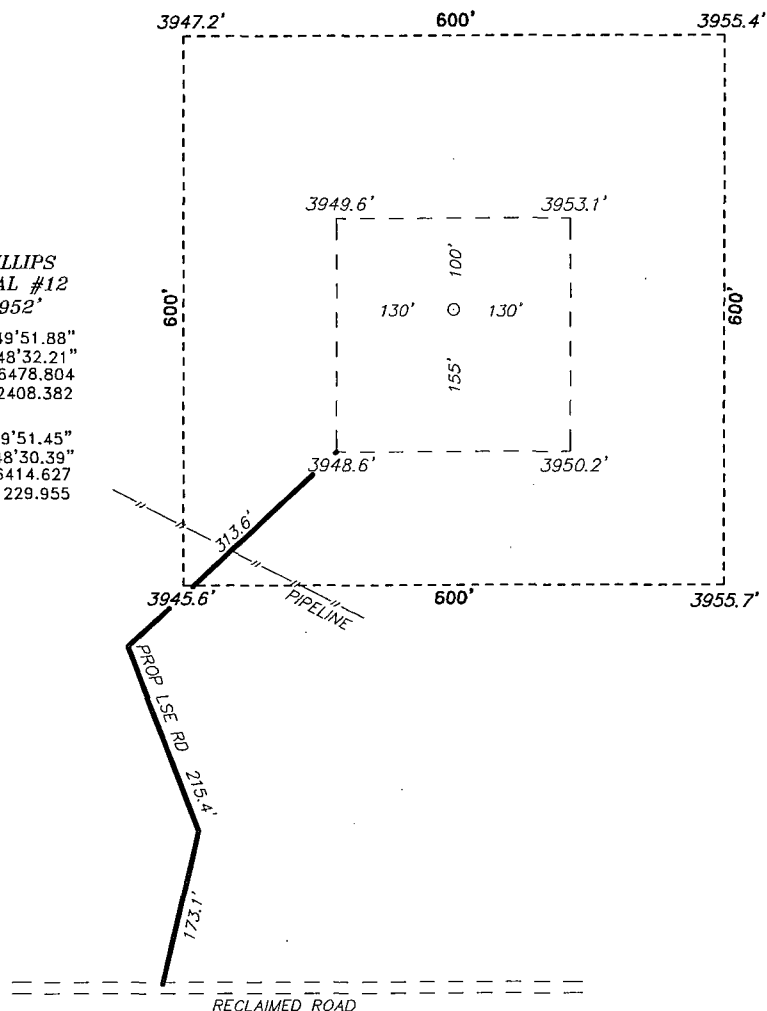
Date: 9/27/12

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, WELL PAD VACINITY NEW MEXICO.

CONOCO PHILLIPS
RUBY FEDERAL #12
ELEV. - 3952'

Lat - N 32°49'51.88"
Long - W 103°48'32.21"
NMSPCE- N 666478.804
E 702408.382
(NAD-83)
Lat - N 32°49'51.45"
Long - W 103°48'30.39"
NMSPCE- N 666414.627
E 661229.955
(NAD-27)



Directions to Location:

FROM THE JUNCTION OF MESCALERO AND MALJAMAR,
GO WEST ON LEASE ROAD FOR 2.0 MILES TO
TURNING SOUTH FOR 0.8 MILES TO LEASE ROAD, ON
LEASE ROAD GO WESTERLY 0.6 ILES TO RECLAIMED
ROAD, GO WEST ON RECLAIMED ROAD FOR 0.4 MILES
TO PROPOSED LEASE ROAD.

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

W.O. Number: 25415

Drawn By: J. SMALL

Date: 10-26-2011

Disk: JMS 25415

ConocoPhillips

REF: RUBY FEDERAL #12 / WELL PAD VACINITY

THE RUBY FEDERAL #12 LOCATED 1330'

FROM THE SOUTH LINE AND 1705' FROM THE WEST LINE OF

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,

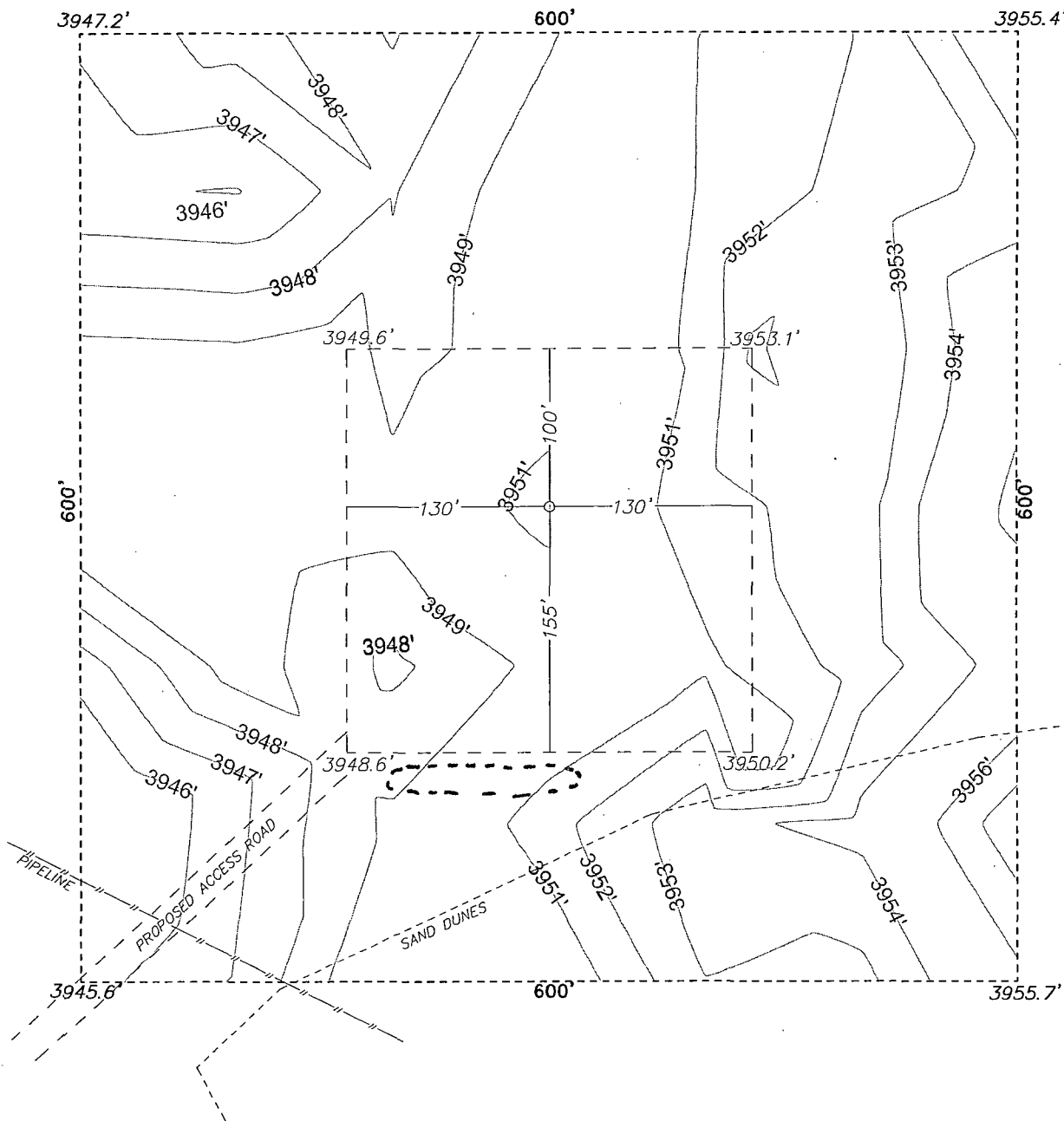
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 10-23-2011

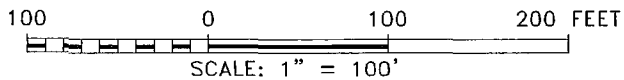
Sheet 2 of 10 Sheets

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

WELL PAD
DETAIL



(---) top soil storage area



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

W.O. Number: 25415 Drawn By: J. SMALL

Date: 10-26-2011 Disk: JMS 25415

ConocoPhillips

REF: RUBY FEDERAL #12 / WELL PAD DETAIL

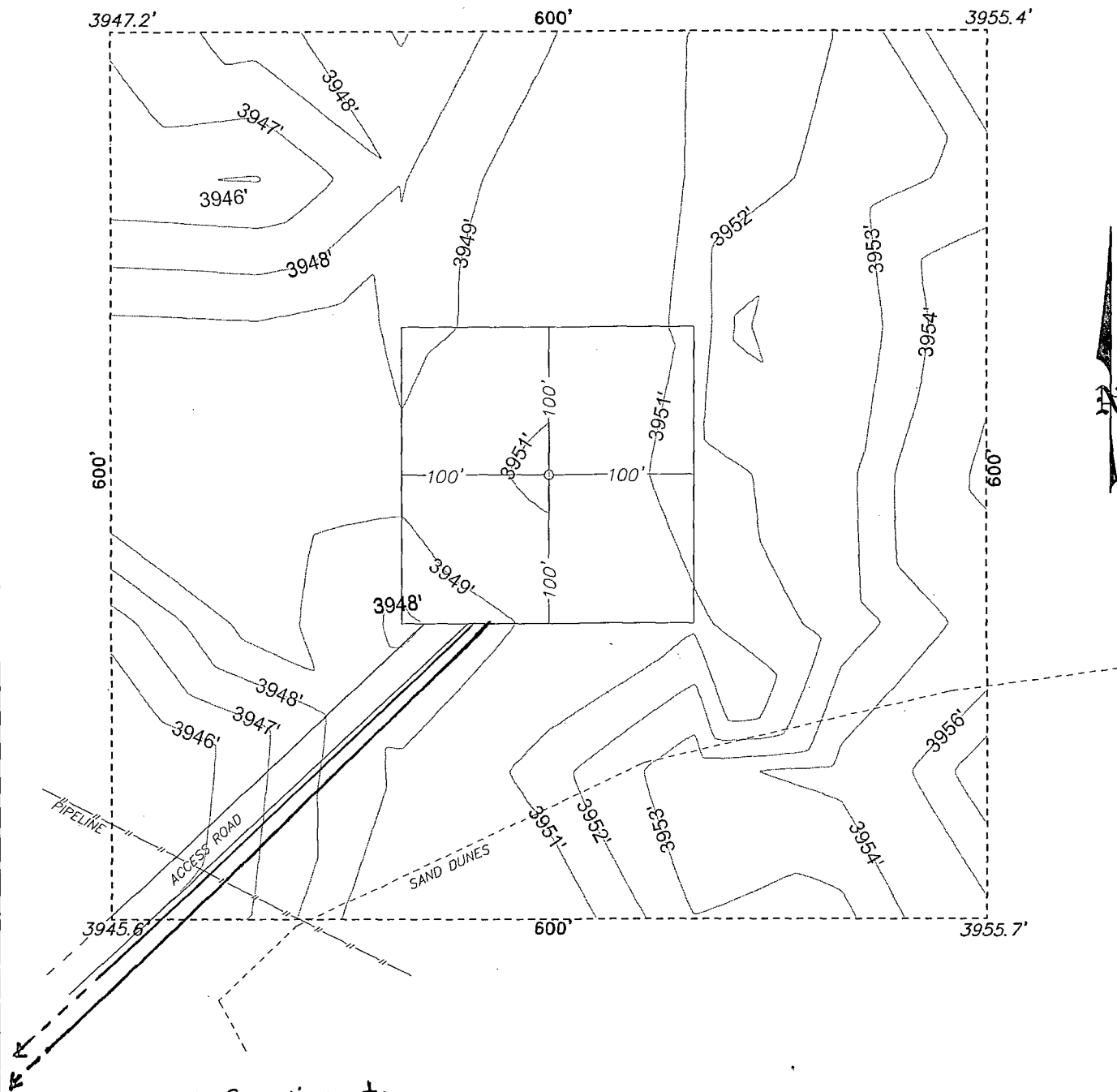
THE RUBY FEDERAL #12 LOCATED 1330'

FROM THE SOUTH LINE AND 1705' FROM THE WEST LINE OF
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,

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

Survey Date: 10-23-2011 Sheet 3 of 10 Sheets

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



— proposed flowline to
— proposed power line to tie in.

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

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

W.O. Number: 25415 Drawn By: J. SMALL

Date: 10-26-2011 Disk: JMS 25415

ConocoPhillips

REF: RUBY FEDERAL #12 / INTERIM RECLAMATION

THE RUBY FEDERAL #12 LOCATED 1330'

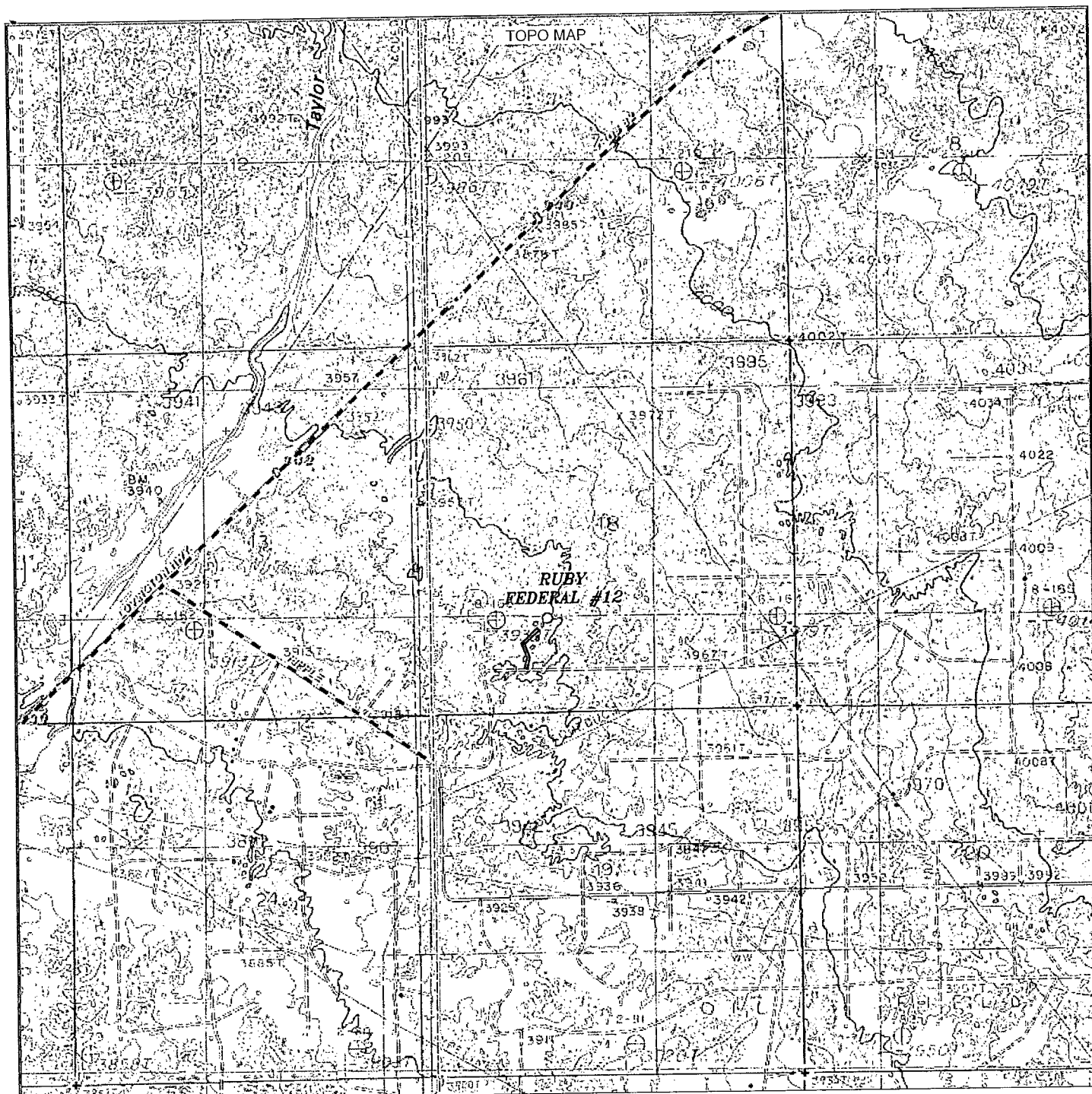
FROM THE SOUTH LINE AND 1705' FROM THE WEST LINE OF

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,

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

Survey Date: 10-23-2011

Sheet 4 of 10 Sheets



RUBY FEDERAL #12

Located 1330' FSL and 1705' FWL
 Section 18, Township 17 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.

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surveys

focused on excellence
 in the oilfield

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 25415

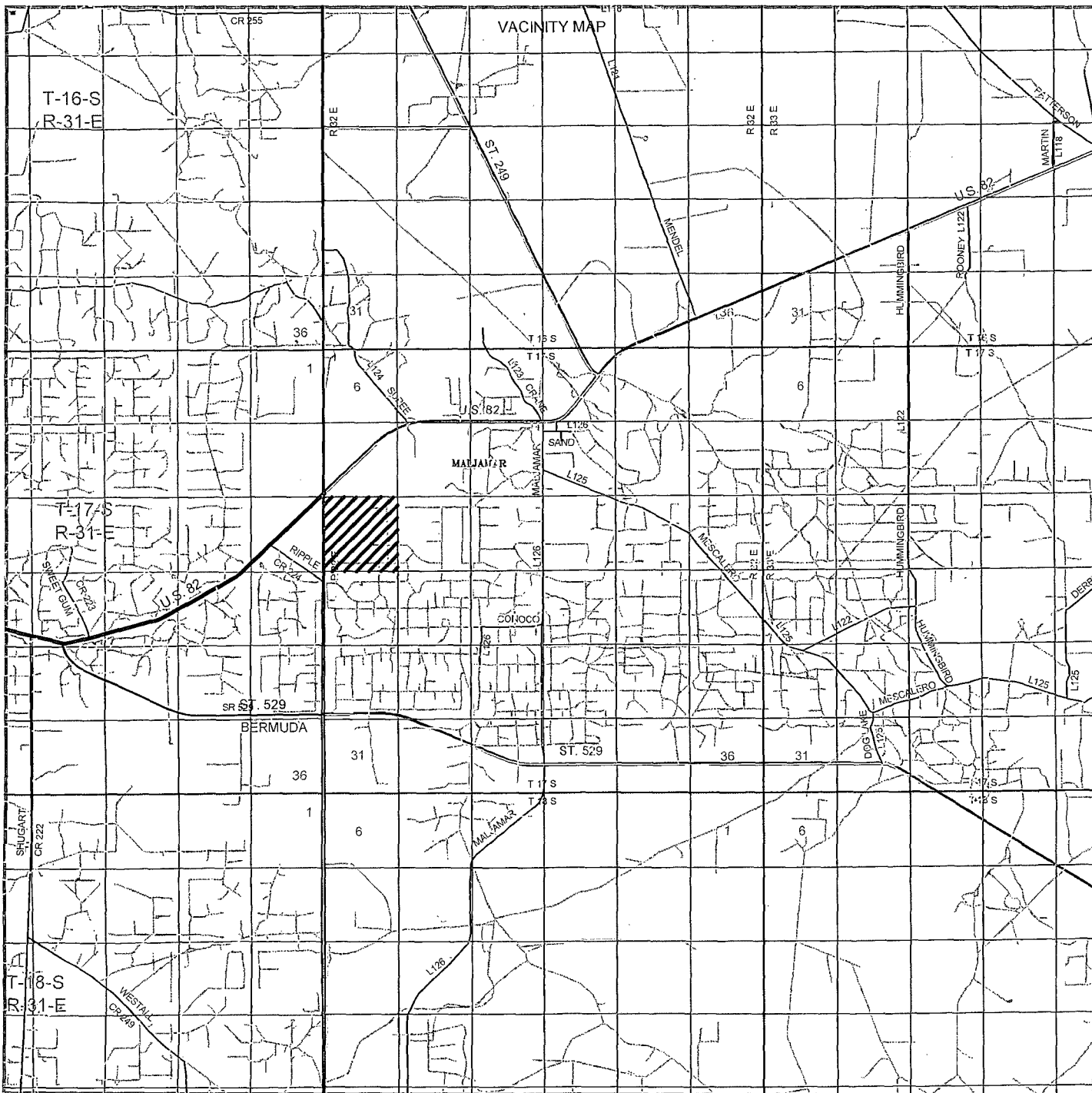
Survey Date: 10-23-2011

Scale: 1" = 2000'

Date: 10-26-2011

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Sheet 5 of 10 Sheets



RUBY FEDERAL #12

Located 1330' FSL and 1705' FWL
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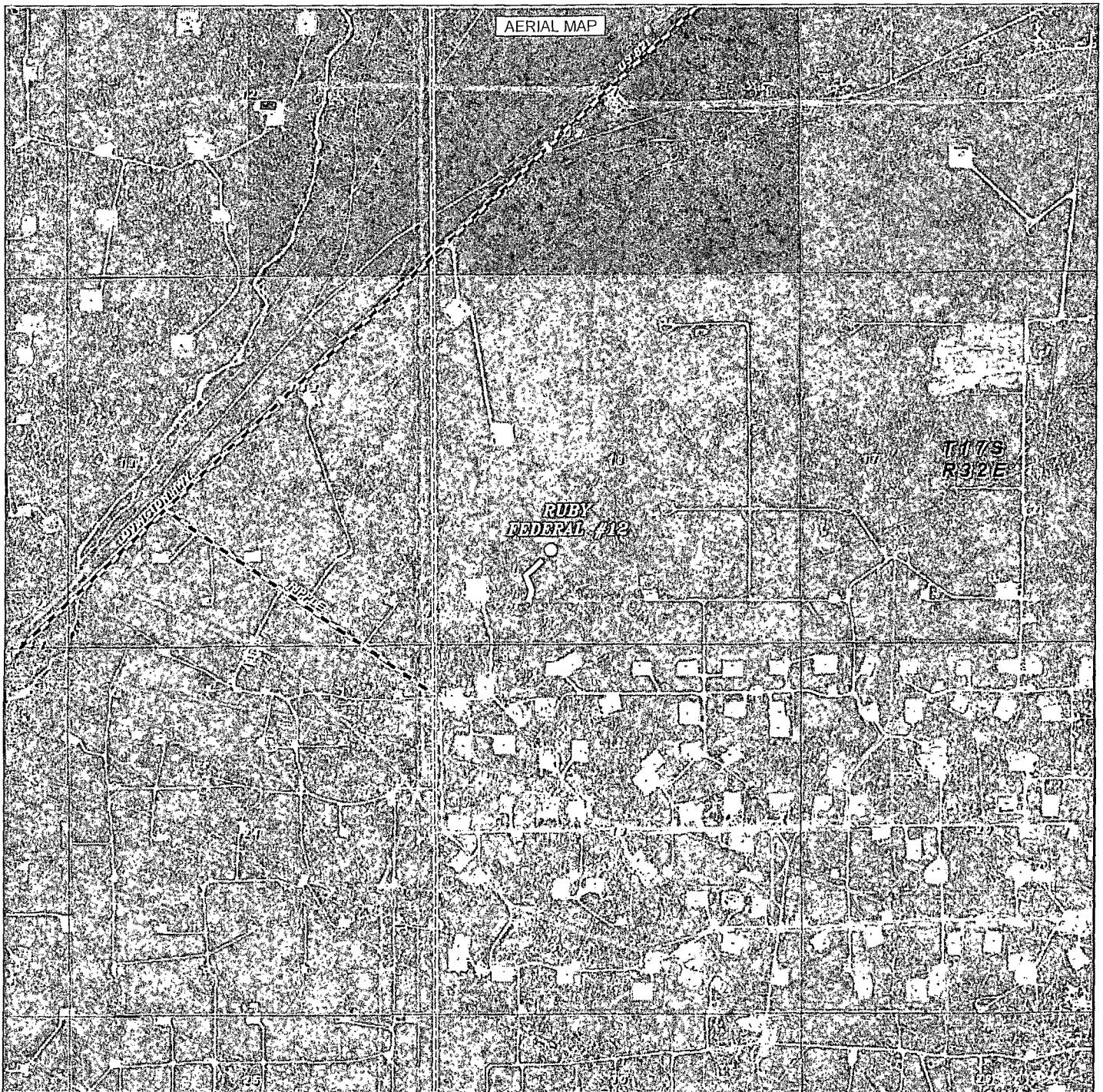
Survey Date: 10-23-2011

Scale: 1" = 2 Miles

Date: 10-26-2011

ConocoPhillips

Sheet 6 of 10 Sheets



RUBY FEDERAL #12

Located 1330' FSL and 1705' FWL
Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

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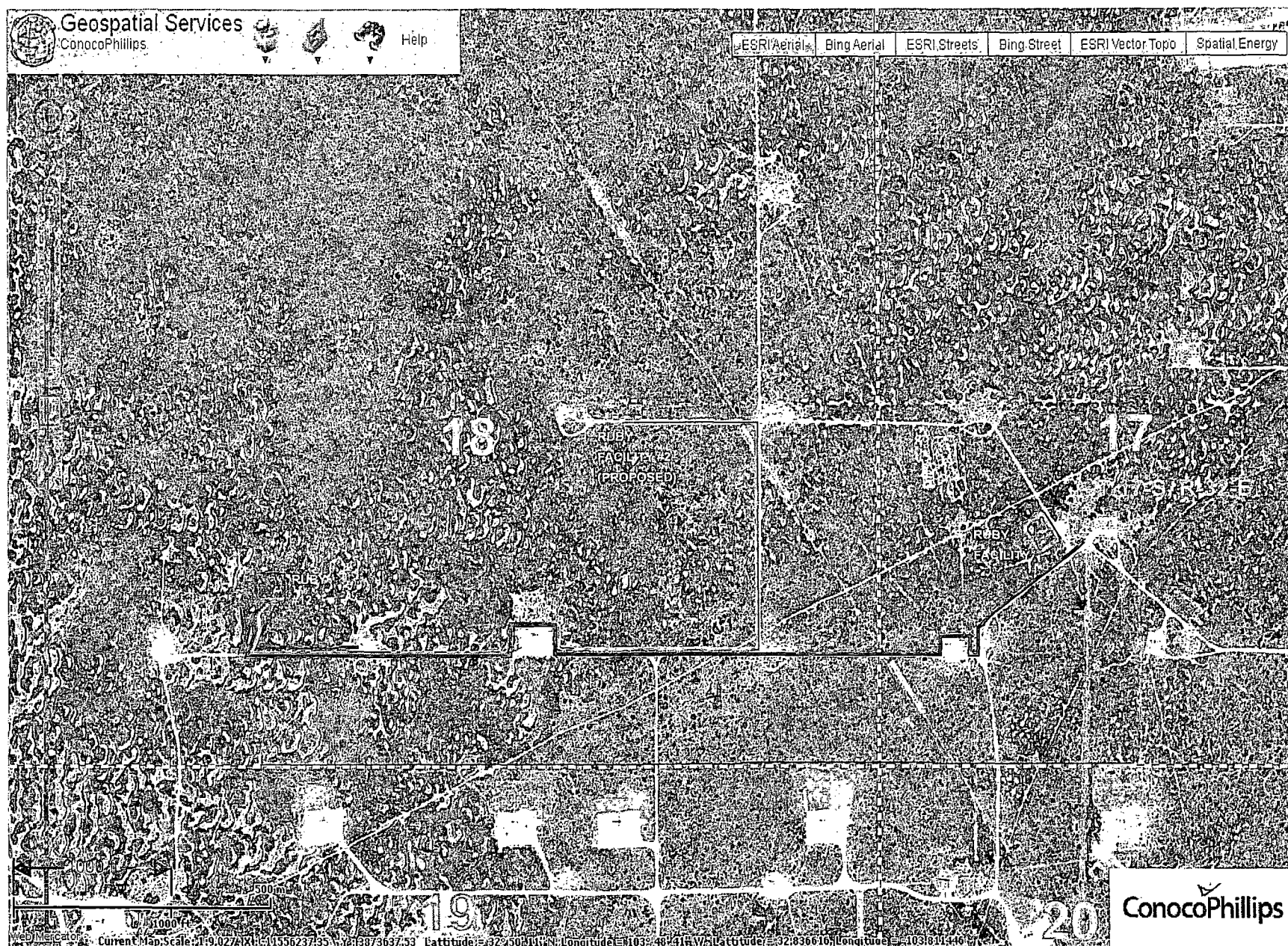
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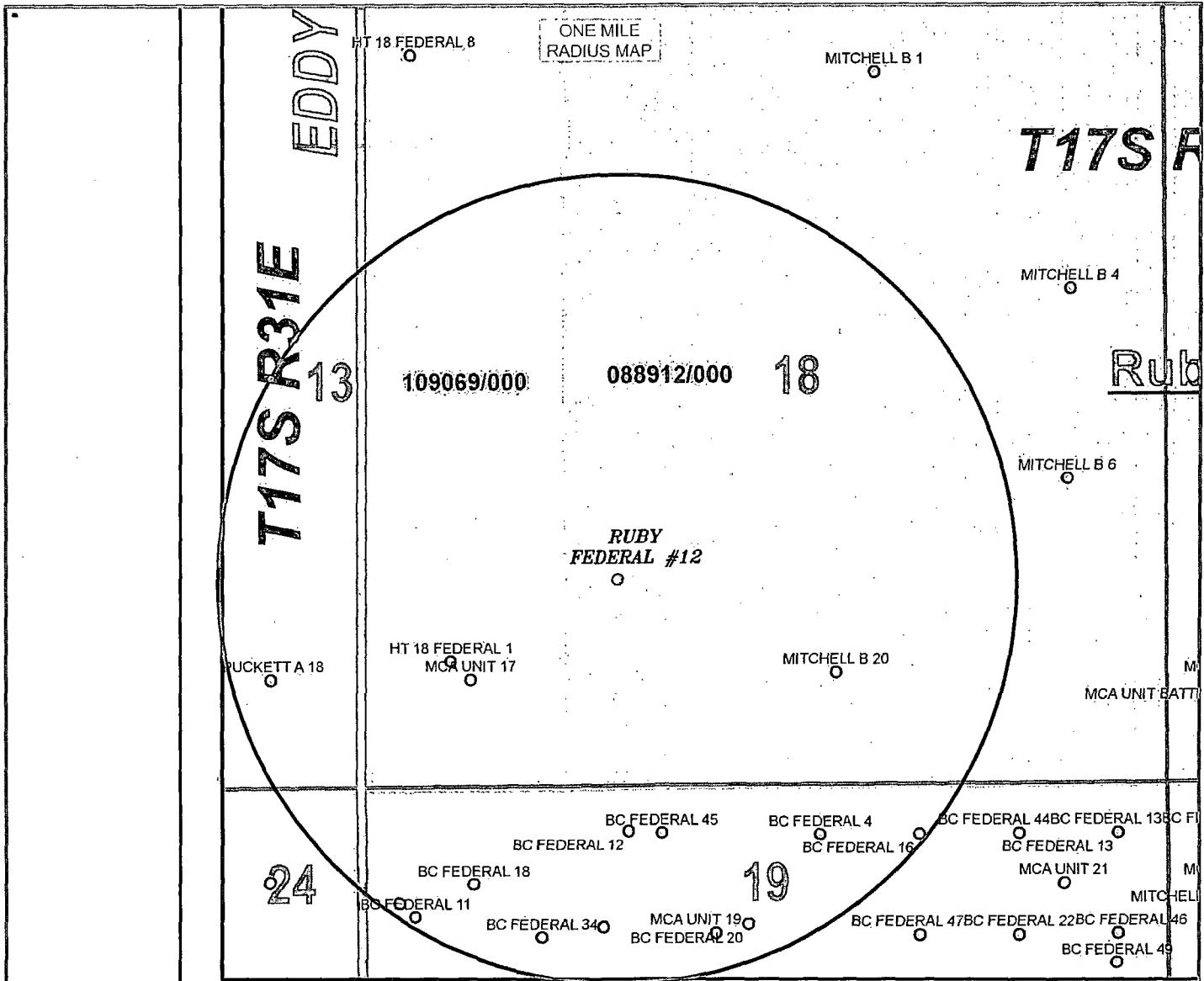
YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

ConocoPhillips

Sheet 7 of 10 Sheets

FACILITY MAP - RUBY FEDERAL #12 TO RUBY FEDERAL FACILITY





Legend

P2000 PRODUCTION OIL & GAS LEASE

○ CRUDE OIL

088912/000

DISCLAIMER:
NEITHER CONOCOPHILLIPS COMPANY (COPC) NOR
REPRESENTATIVES MAKE ANY REPRESENTATION
EXPRESS OR IMPLIED, AS TO THE QUALITY, ACCURACY,
COMPLETENESS OF THE INFORMATION CONTAINED
HEREIN. This information is being furnished by COPC and CO

RUBY FEDERAL #12

Located 1330' FSL and 1705' FWL

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

NEAREST WELL APPROX 1180'
MCA UNIT 17

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(575) 392-2206 - Fax
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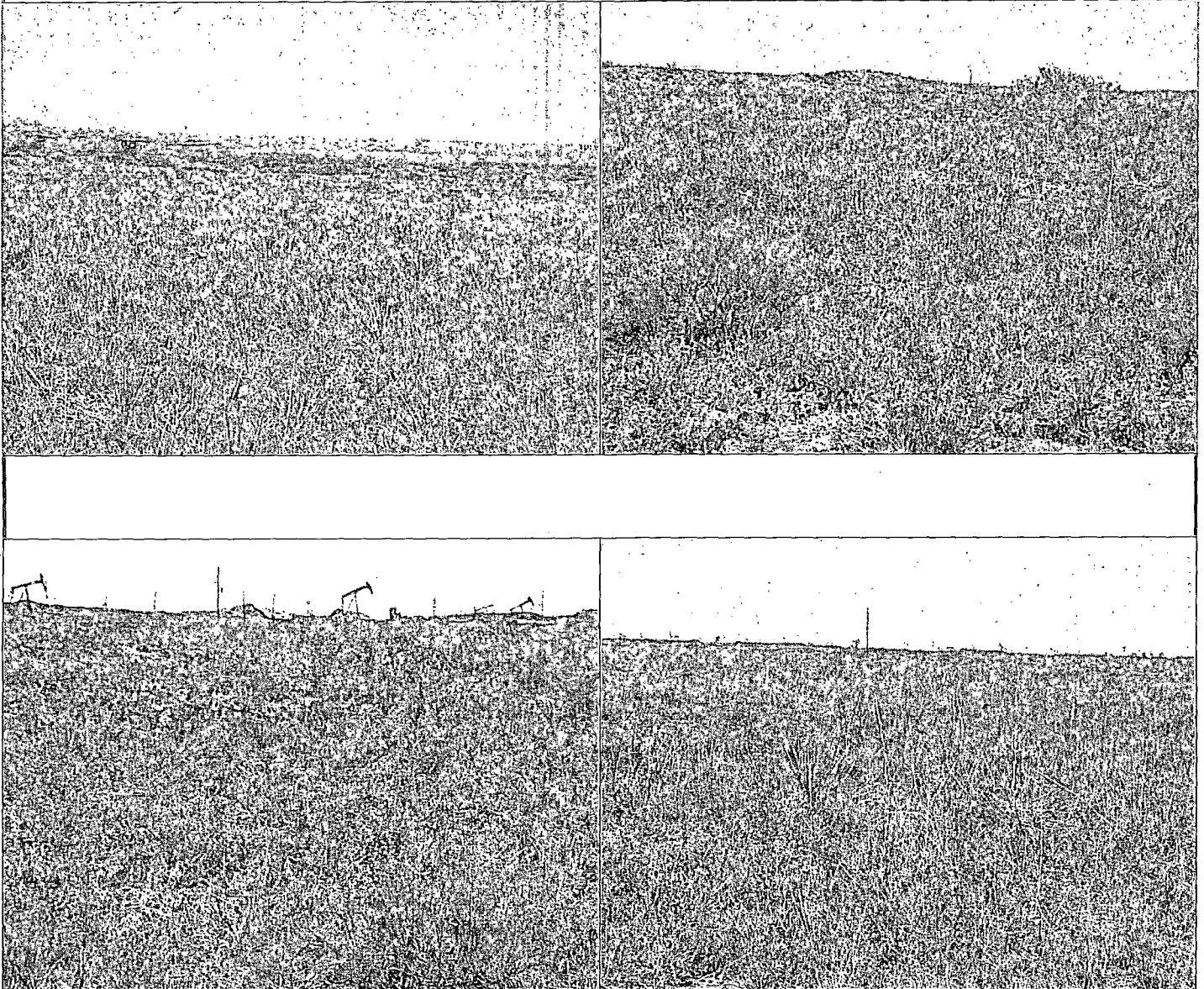
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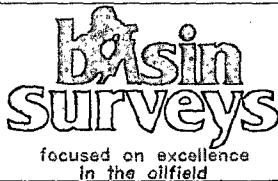
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Sheet 9 of 10 Sheets

RECLAMATION
PHOTOS



RUBY FEDERAL #12
 Located 1330' FSL and 1705' FWL
 Section 18, Township 17 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.



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W.O. Number: JMS 25415

Survey Date: 10-23-2011

Scale: NONE

Date: 10-26-2011



Sheet 10 of 10 Sheets

Request for Variance

ConocoPhillips Company

Lease Number: NM LC 029405B

Well: Ruby Federal #12

Location: UL K, Sec. 18, T17S, R32E

Date: 09-27-12

Request:

ConocoPhillips Company respectfully requests a variance to install a flexible choke line instead of a straight choke line prescribed in the Onshore Order No. 2, III.A.2.b Minimum standards and enforcement provisions for choke manifold equipment. This request is made under the provision of Onshore Order No. 2, IV Variances from Minimum Standard. The rig to be used to drill this well is equipped with a flexible choke line if the requested variance is approved and determined that the proposed alternative meets the objectives of the applicable minimum standards.

Justifications:

The applicability of the flexible choke line will reduce the number of target tees required to make up from the choke valve to the choke manifold. This configuration will facilitate ease of rig up and BOPE Testing.

Attachments:

- Attachment # 1 Specification from Manufacturer
- Attachment # 2 Mill & Test Certification from Manufacturer

Contact Information:

Program prepared by:

James Chen

Drilling Engineer, ConocoPhillips Company

Phone (832) 486-2184

Cell (832) 768-1647

Date: 27 September 2012