

Surface Use Plan of Operations

HOBBS OCD

FEB 21 2013

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CONOCOPHILLIPS COMPANY

Ruby Federal # 22

2310' FSL & 2310' FEL of Section 18-T17S-R32E

Federal Lease No. NMLC029405-B

Lea County, New Mexico

1. Access Road - Existing

- A. From the junction of Mescalero and Maljamar – About 3.5 miles south of Maljamar. Go westerly for 2.0 miles to a lease road. Turn south on lease road for 0.8 miles, turning westerly again for 0.6 miles to Ruby 8 location. Go north 0.2 miles to lease road, go west 0.2 miles to proposed lease road. Location is approximately 650' to the northwest.
- B. Route to location - **See enclosed county map & vicinity map.**
- C. The existing road will be maintained, including necessary patches and 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 570' 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. All new access roadway 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 is one dry hole located within a one-mile radius.
- C. There are 3 plugged and abandoned wells within a one-mile radius.
- D. There are no saltwater disposal wells within a one-mile radius.
- E. There are 5 proposed wells within a one-mile radius.
- F. There are 2 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 Reclaimed Pad and Central Tank Battery
 - 1. There is an existing reclaimed pad adjacent to proposed access road. Fencing will be installed to prevent disturbance of the reclaimed pad during the initial development phase.
 - 2. Produced fluid will utilize a flow line 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 800' of new, above ground, flowline following lease access roads to a new, yet to be proposed, Ruby facility. Additionally, a new truckline will be installed to tie into the existing Ruby Facility #1. Option 2 includes a maximum 5200' of new, above ground, flow line which 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 3000' of above ground new power line will follow proposed and existing access roads.

3. All above ground existing facilities are painted an earth tone color that blends with the surrounding area. Any proposed new facilities, excluding flow and power lines, will be painted Shale Green.

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. Top soil will be stored along the north edge of the pad. Our intent is to perform interim reclamation to reduce the pad footprint following initial development phase.
2. 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 immediately removed 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 locations and access roads and be stockpiled and be 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: 8/10/12

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



United States Department of the Interior
Bureau of Land Management
Carlsbad Field Office



Refer To: 3160-3

COPY

To: AFM, Lands & Minerals, CFO

From: Geologist, CFO

Subject: Geologic Review of Application for Permit to Drill

HOBBS OCD

Operator: **ConocoPhillips Company**

FEB 21 2013

Well Name and Number: **Ruby Federal 22**

Location: T17S, R32E, Sec. 18; 2310' FSL & 2310' FEL (Unit J)

RECEIVED

County: Lea

State: NM

Lease No.: NMLC-029405B

Date Received: 20 August 2012

1. Surface Elevation: **3969' GR** Surface Geology: **Quat. Eolian/Piedmont Alluvium**

2. Geologic Marker Tops (from reports on surrounding wells):

Well:	Mitchell B 1	BC Federal 13	BC Federal 40	BC Federal 4	Ruby Federal 22
	3002508022 T17S R32E Sec 18 660 FNL 1980 FEL Unit B KB 3994	3002538164 T17S R32E Sec 19 330 FNL 330 FEL Unit A KB 3984	3002539414 T17S R32E Sec 20 330 FNL 990 FWL Unit D KB 3984	3002535481 T17S R31E Sec 19 330 FNL 2310 FEL Unit B KB 3972	PROPOSED WELL T17S R32E Sec 18 2310 FSL 2310 FEL Unit J GR 3969
Geologic Marker	Depth	Depth*	Depth*	Depth*	Estimated Depth†
Rustler	710	678	686	662	695
Top of Salt	898	855	860	844	880
Tansill	1960	1912	1910	1901	
Yates	2098	2051	2046	2040	
San Andres	3792	3771	3760	3706	
Glorietta		5252	5252	5250	5260
Tubb			6760		6730
Abo					7430

*Depths primarily from IHS database.

†Determined from IHS contouring.

3. Fresh Water Information: According to well data from the New Mexico Office of the State Engineer's Water Rights Reporting System, there are eleven wells within a six-mile radius of the proposed well, with well depths ranging from 60 to 275 feet with no recorded water depths.

Deepest Expected Fresh Water: above 760 feet.

Does Surface Casing cover all anticipated usable fresh water zones? Yes; ensure

casing is set below the Magenta Dolomite Member of the Rustler Formation, at approximately 769 feet deep. If salt is encountered, set casing at least 25 feet above the salt.

Controlled Water Basin:

Capitan ____ Carlsbad ____ Roswell X Lea ____

4. Geologic Hazards?

H₂S X Karst ____ Abnormal Pressures ____ Other X

Remarks: H₂S has been reported within a mile of the proposed well measuring 350 ppm in the gas stream from the Maljamar Pool.

There exists the possibility of water and brine flows in the Salado and Artesia Groups. There exists the possibility of lost circulation in the Grayburg and San Andres formations.

5. Other Mineral Deposits: Surficial deposits of eolian sand are present.

6. Potash:

Secretary's Oil-Potash Area ____ R-111-P Area ____ Not Applicable X

7. Other References:

GIS H₂S data

IHS Enerdeq® Well Data

New Mexico Office of the State Engineer::New Mexico Water Rights Reporting System, 14 October 2012

<<http://nmwrrs.ose.state.nm.us/nmwrrs/waterColumn.html>>.

Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department well log and well file imaging website, 14 October 2012, <<http://ocdimage.emnrd.state.nm.us/imaging/>>.

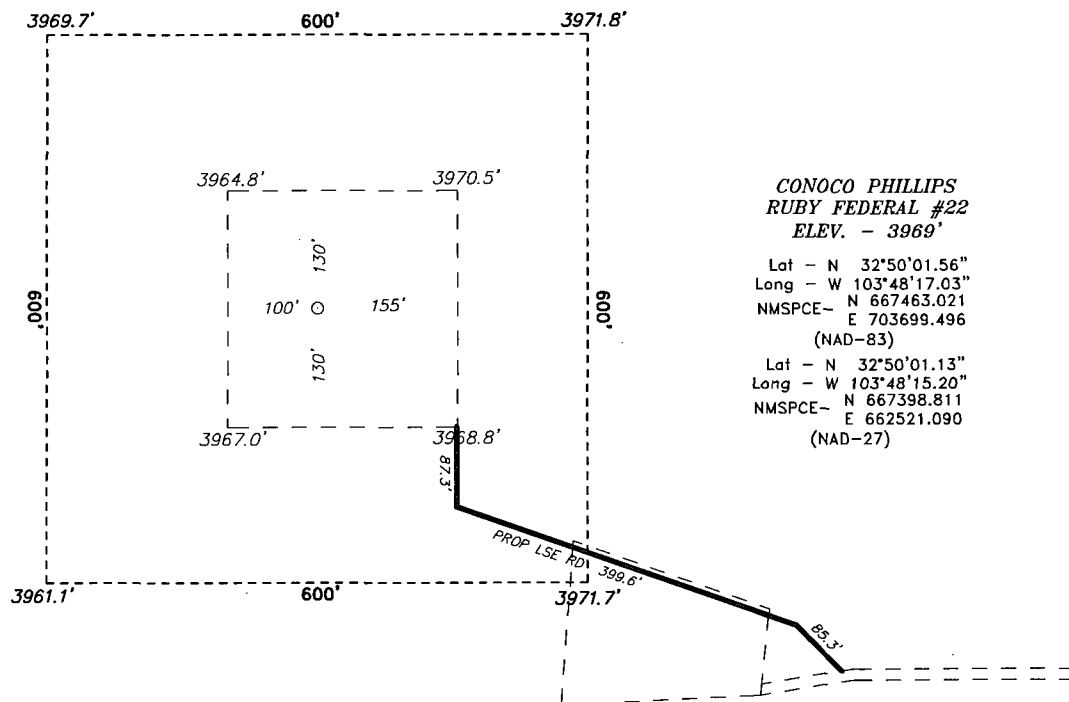
8. No known active mining claims are located in this vicinity.

Geologist : James Rutley

Date: 14 Oct. 2012

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

WELL PAD
VACINITY



CONOCO PHILLIPS
RUBY FEDERAL #22
ELEV. - 3969'

Lat - N 32°50'01.56"
Long - W 103°48'17.03"
NMSPCE- N 667463.021
E 703699.496
(NAD-83)
Lat - N 32°50'01.13"
Long - W 103°48'15.20"
NMSPCE- N 667398.811
E 662521.090
(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 TURNING WEST 0.2
MILES TO PROPOSED LOCATION.

ConocoPhillips

REF: RUBY FEDERAL #22 / WELL PAD VACINITY

THE RUBY FEDERAL #22 LOCATED 2310'

FROM THE SOUTH LINE AND 2310' 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

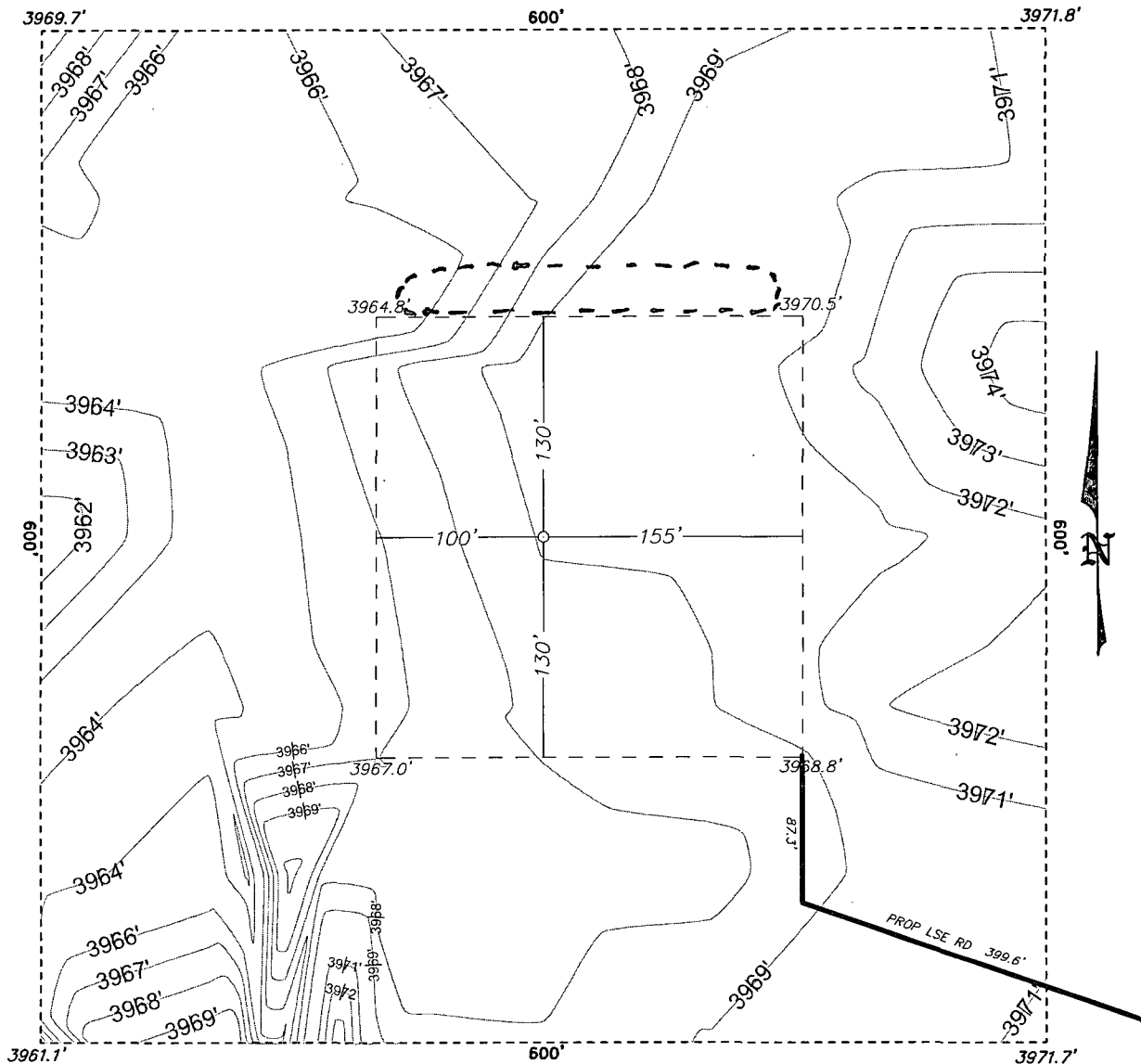
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Date: 07-16-2012 Disk: JMS 26895

Survey Date: 07-09-2012 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

100 0 100 200 FEET

SCALE: 1" = 100'

BASIN SURVEYS

P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 26895

Drawn By: J. SMALL

Date: 07-16-2012

Disk: JMS 26895

ConocoPhillips

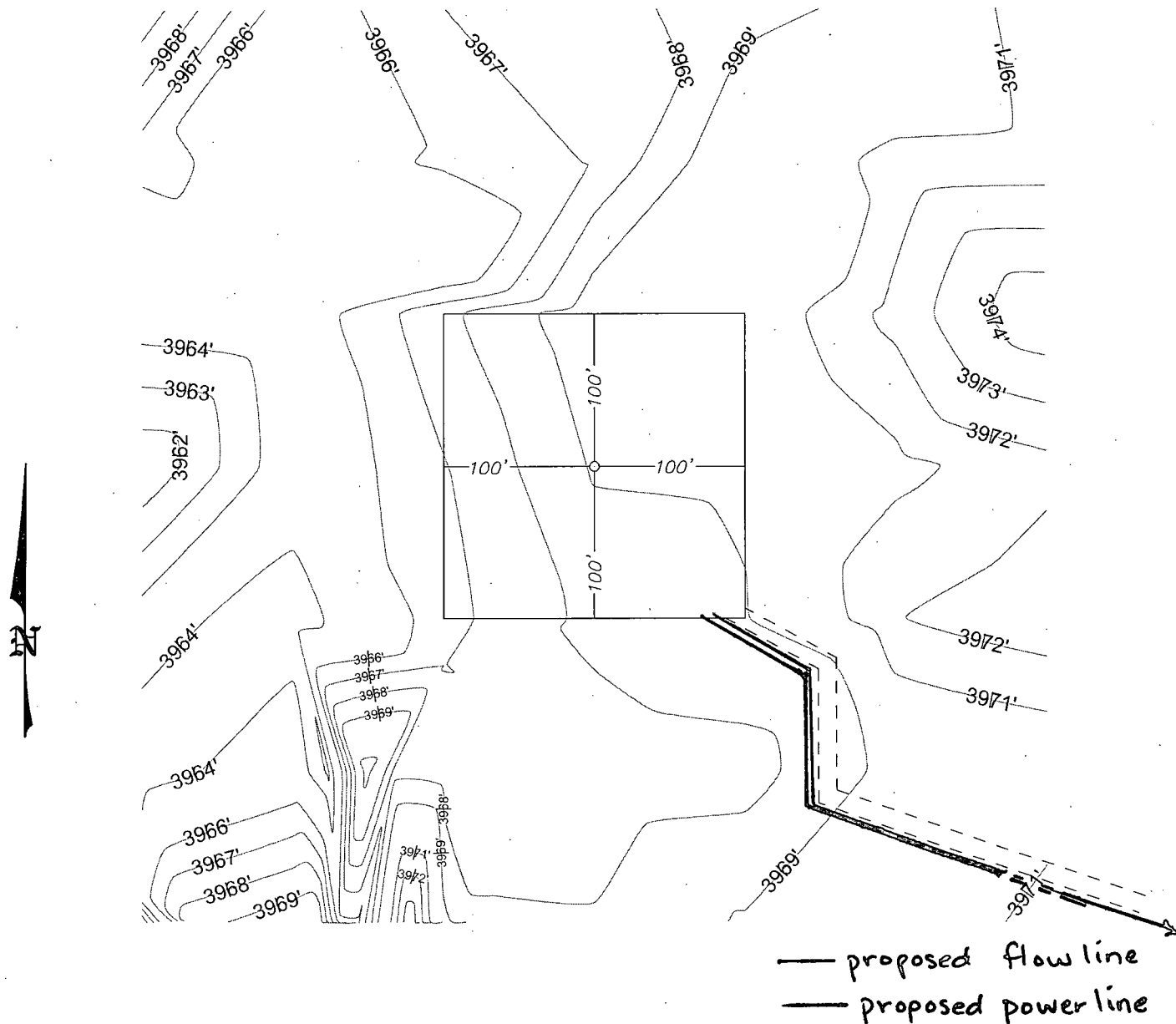
REF: RUBY FEDERAL #22 / WELL PAD DETAIL

THE RUBY FEDERAL #22 LOCATED 2310'
FROM THE SOUTH LINE AND 2310' FROM THE EAST LINE OF
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 07-09-2012

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

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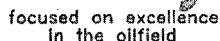
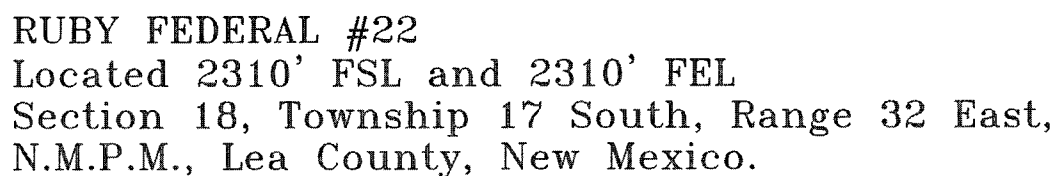
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ConocoPhillips

REF: RUBY FEDERAL #22 / INTERIM RECLAMATION

THE RUBY FEDERAL #22 LOCATED 2310'
FROM THE SOUTH LINE AND 2310' FROM THE EAST LINE OF
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 07-09-2012 Sheet 4 of 10 Sheets



W.O. Number: JMS 26895

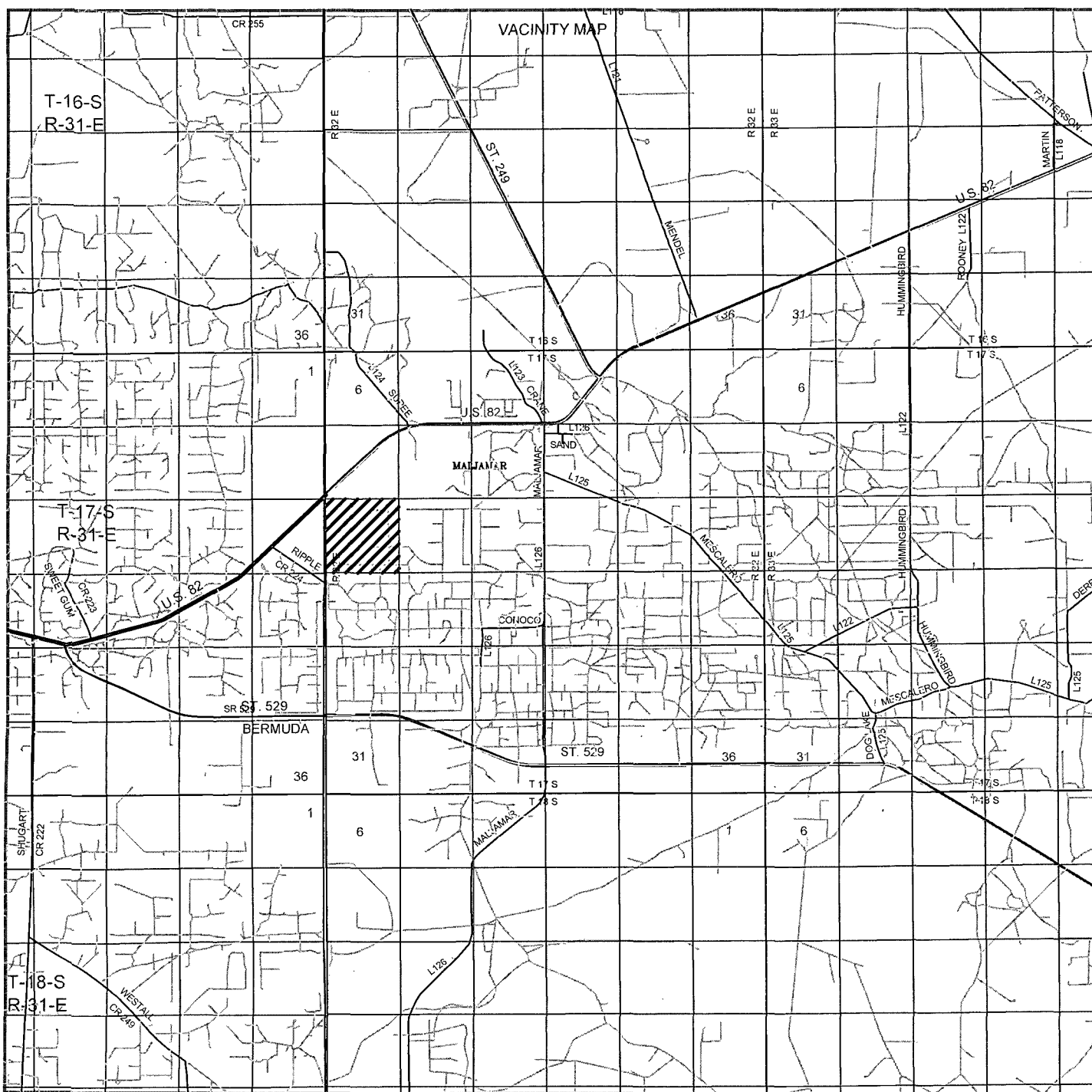
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Scale: 1" = 2000'

Date: 07-16-2012



Sheet 5 of 10 Sheets



RUBY FEDERAL #22

Located 2310' FSL and 2310' FEL

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 26895

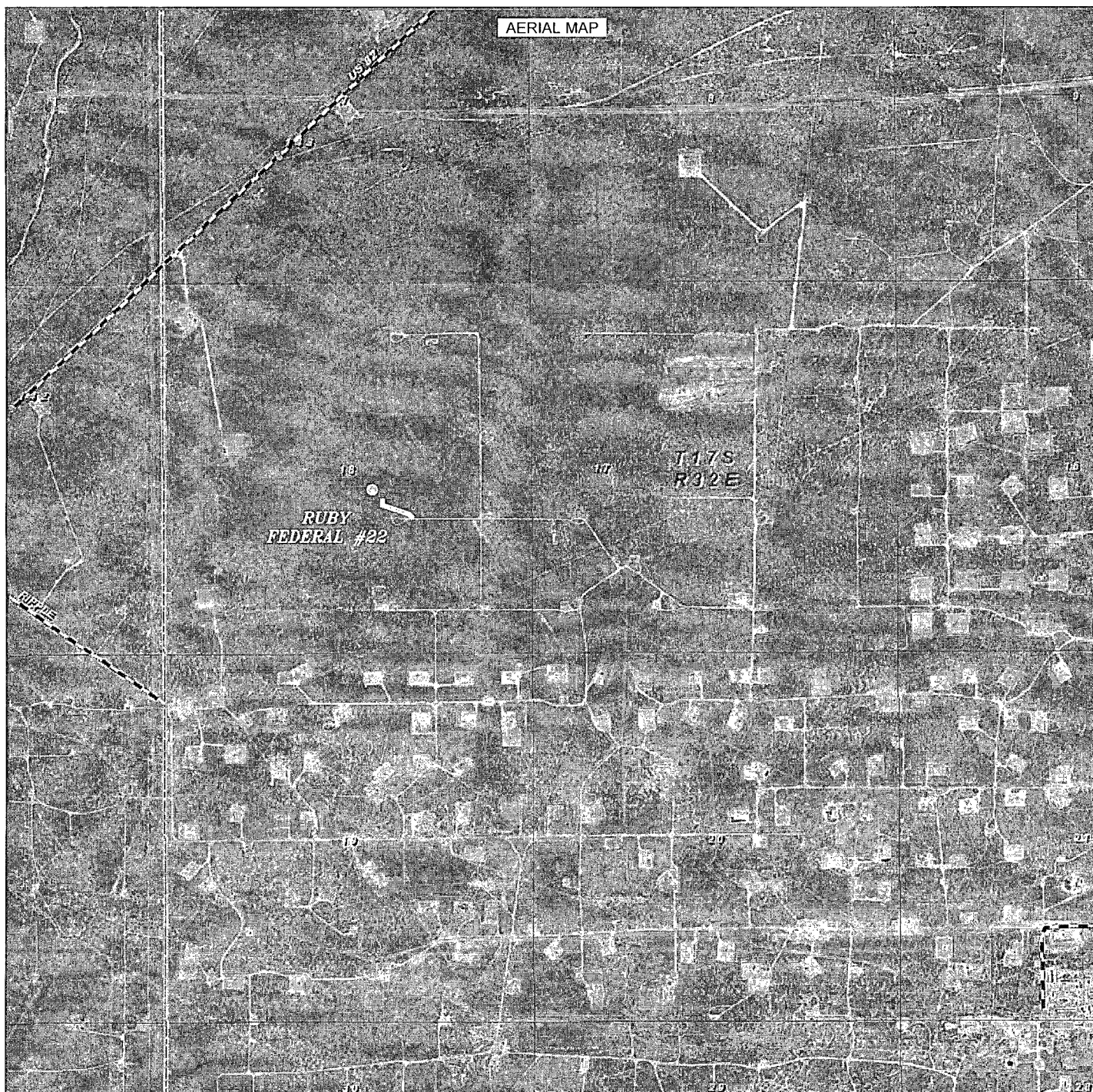
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Date: 07-16-2012

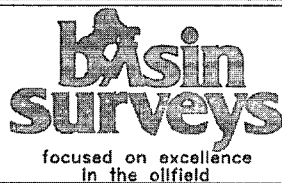


Sheet 6 of 10 Sheets



RUBY FEDERAL #22

Located 2310' FSL and 2310' FEL
Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



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1120 N. West County Rd.
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(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 26895

Scale: 1" = 2000'

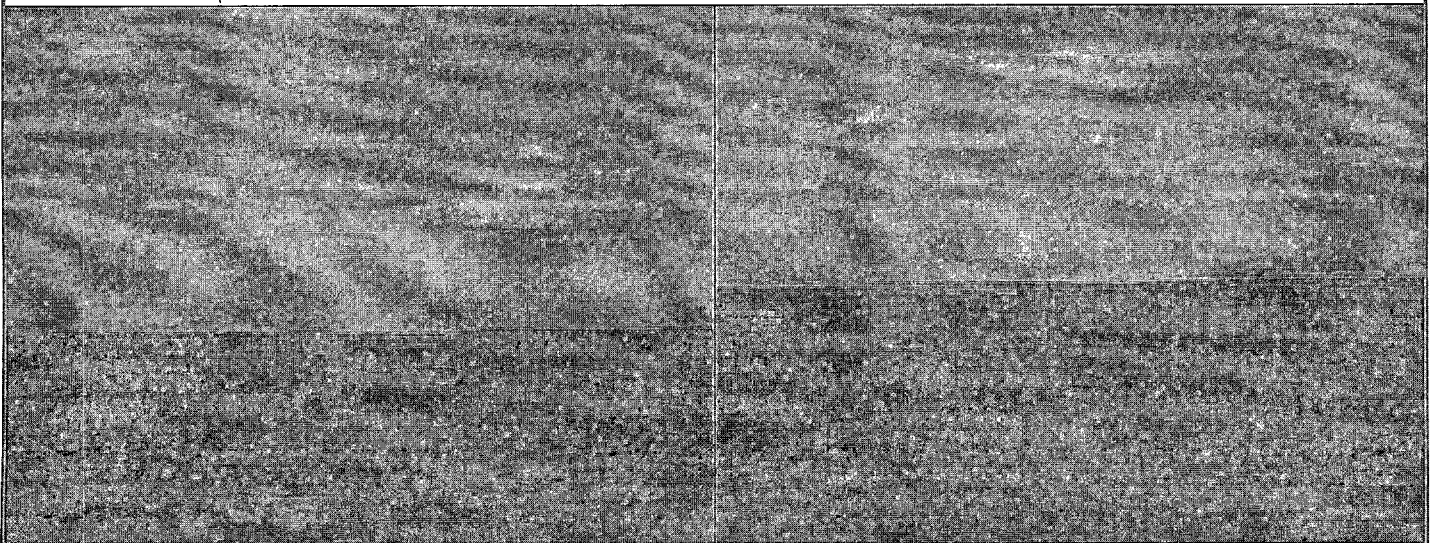
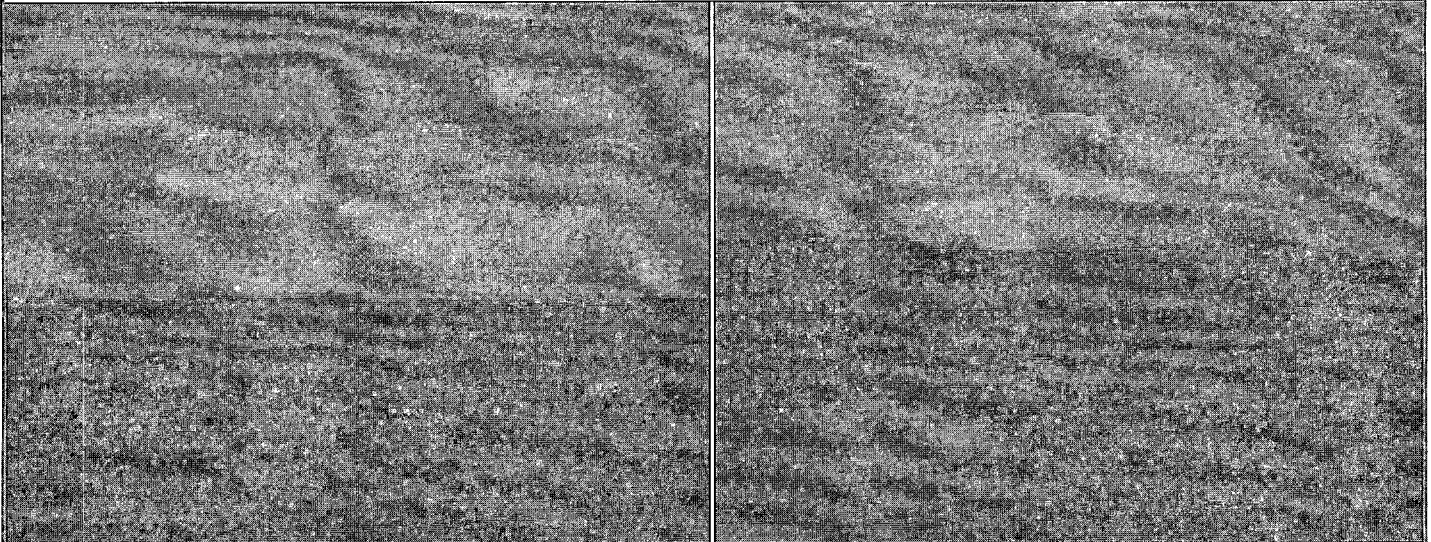
YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND



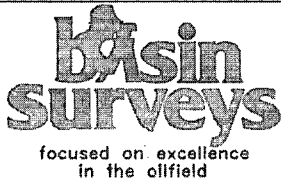
Sheet 7 of 10 Sheets

Sheet 9 of 10 Sheets

RECLAMATION
PHOTOS



RUBY FEDERAL #22
Located 2310' FSL and 2310' FEL
Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



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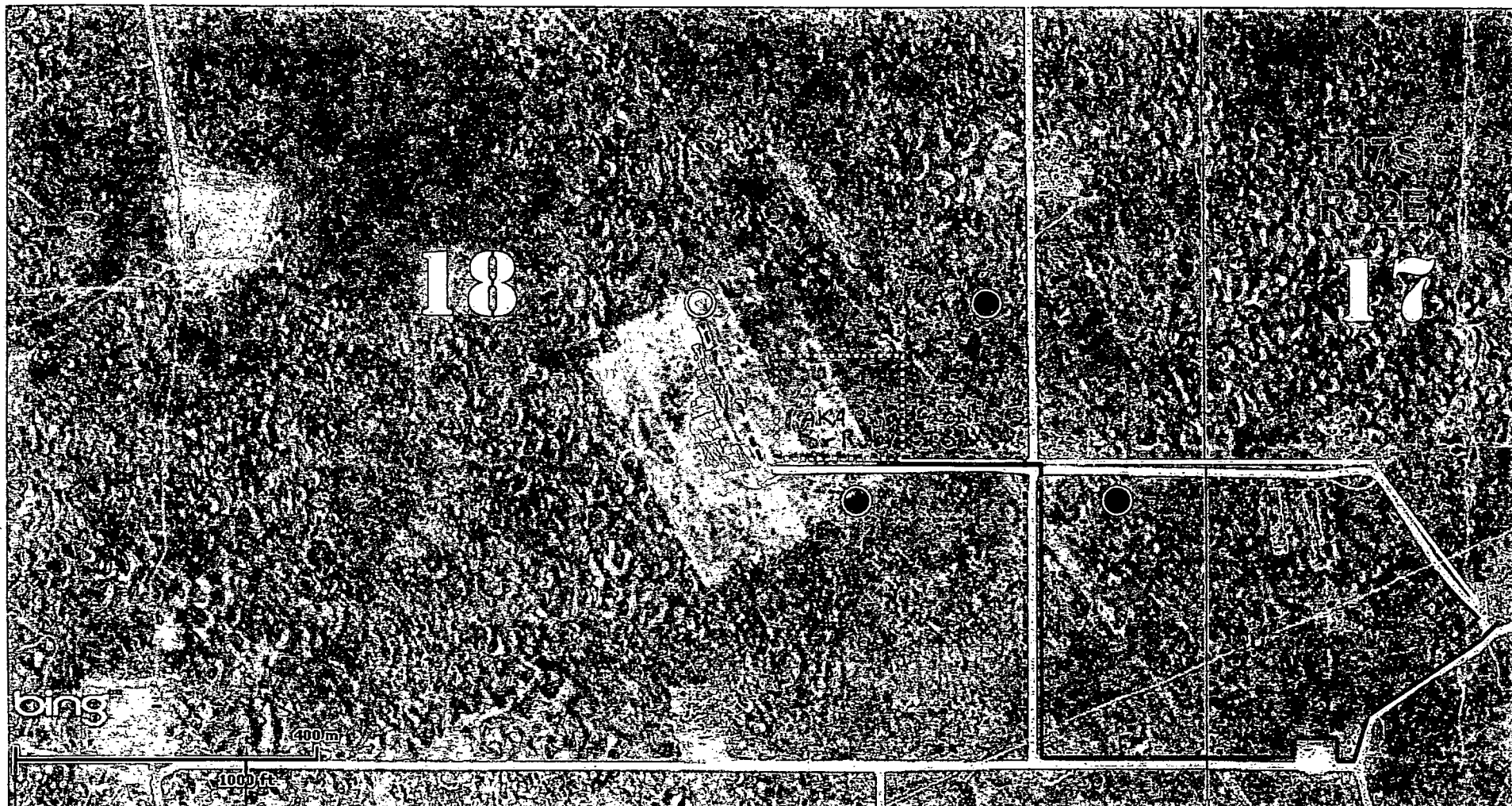
Survey Date: 07-09-2012

Scale: NONE

Date: 07-16-2012



Sheet 10 of 10 Sheets



Flowline: (OPTION 1): ~400 FT, 2-7/8" J55 Tubing, NOP <150 PSIG ———
 Flowline (OPTION 2): ~5,200 FT, 2-7/8" J55 Tubing, NOP <150 PSIG ———
 Power: ~3,000 FT, Proposed new powerline to be built following the road - - - - -
 Proposed New Facility/Satellite Location (OPTION 1): 600'x600'
 Truckline from New Battery to Ruby Facility (OPTION 1): ~ FT, 4" FlexPipe, NOP <150 PSIG

Ruby Federal #22

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 hereon.
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