

Surface Use Plan of Operations

JUN 18 2013

CONOCOPHILLIPS COMPANY
Emerald Federal # 9
420' FSL & 1340' FEL of Section 17-17S-32E
Federal Lease No: NM LC 060329
Lea County, New Mexico

RECEIVED

ConocoPhillips Company respectfully requests that this APD serve as the application for right of way for use of a flow line corridor that travels off lease as depicted on the enclosed Facility Map.

This location was finalized during an onsite visit conducted January 21, 2013 with BLM representatives.

1. Access Road - Existing

- A. From the junction of Highway 82 and Ripple, go south on Ripple Road for 0.9 miles to lease road. On lease road go east 0.1 miles to a "T" and go north 0.2 miles to a lease road. Go east 1.0 miles winding southeasterly then east again for 0.5 miles to lease road. Turn north and travel 300' to proposed lease road.
- B. Proposed route to location - **See enclosed county map & vicinity map.**
- C. ConocoPhillips Company (COP) intends to use existing lease road and utility corridor for access to this well. ConocoPhillips Company is the operator of the adjacent lease (NM LC 029405B).
- D. The existing road will be maintained, including Dust Suppression, in the same or better condition as existed prior to commencement of operations and said maintenance will continue until final abandonment and reclamation of this drilling location.

2. Planned Access Roads

- A. Approximately 600' of new access road is needed. The access point is on the location's west 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.

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 is at least 1 proposed drill wells within a one-mile radius.
- F. There are at least 10 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 after initial development phase is complete. **See map titled, "Interim Reclamation".**

2. Topsoil will be stored to the north in a manner that avoids sand dunes.
3. Existing, over head power line will be connected to utilizing approximately 150' of new conduit buried in the well pad. **See aerial photo titled, "Emerald #9 Facility Map (co-located with Ruby #1)".**
4. A temporary, fresh water, above ground, transfer line (approximately 0.9 miles) will be installed following lease roads, from the well location, to the old Mitchell B-7 location (1980' FSL and 660' FWL; Section 17, T17S, R32E) during completion operations. We will use either a 10" aluminum line operated at 110 psi or less, or a 10" flat laying line operated at 200 psi. **See aerial photo titled, "Gemstone Development Map."**
5. This well will be placed on oil production. The production equipment may include but not limited to oil and water tanks.

B. Emerald Central Facility

1. Produced fluid will utilize a flow line to the Emerald Central Facility. Facility located in the NE Qtr of the SE Qtr (Unit I) of Sec. 17, T17S, R32E. Approximately 9200' of above ground new flow line will follow the existing and proposed lease access roads. The 3.5" ID, Fiberspar line will be operated at less than ~~150~~ psi. **See aerial photo titled, "Emerald #9 Facility Map (co-located with Ruby #1)".** 125

TN
5/1/13

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.
- 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 Well Pad Detail.**
- C. Topsoil will be stripped from the location and access roads to be stockpiled, on the north 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. . ConocoPhillips Company respectfully requests that this well location be covered under the BLM MOA NM-930-2008-003. This request will be submitted under separate cover.
- 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: 2-22-2013

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

EMERALD #9 FACILITY MAP (co-located with Ruby #1)

Flowline ~ 9,200 ft, 3.5" ID, Fiberspax, Normal Operating Pressure less than 150 psig, Above ground
Follow road, avoid dunes, route around existing well pads where necessary
Existing power line runs south of the Ruby #1 and Emerald #9 location (east-west). No additional above ground power lines will need to be installed. Buried electrical lines from the existing power pole will run north to the Emerald #9 well head and pumping unit (approximate distance is 150 ft).

T-17-S
R-32-E

End of flowline at Emerald #9 well pad

Proposed new buried electrical line

Existing overhead electrical line

bing

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300 YDS

EMERALD #9 FACILITY MAP (co-located with Ruby #1)

Flowline ~ 9,200 ft, 3.5" ID, Fiberspax, Normal Operating Pressure less than 150 psig, Above ground
Follow road, avoid dunes, route around existing well pads where necessary
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T-17-S
R-32-E

End of flowline at Emerald #9 well pad

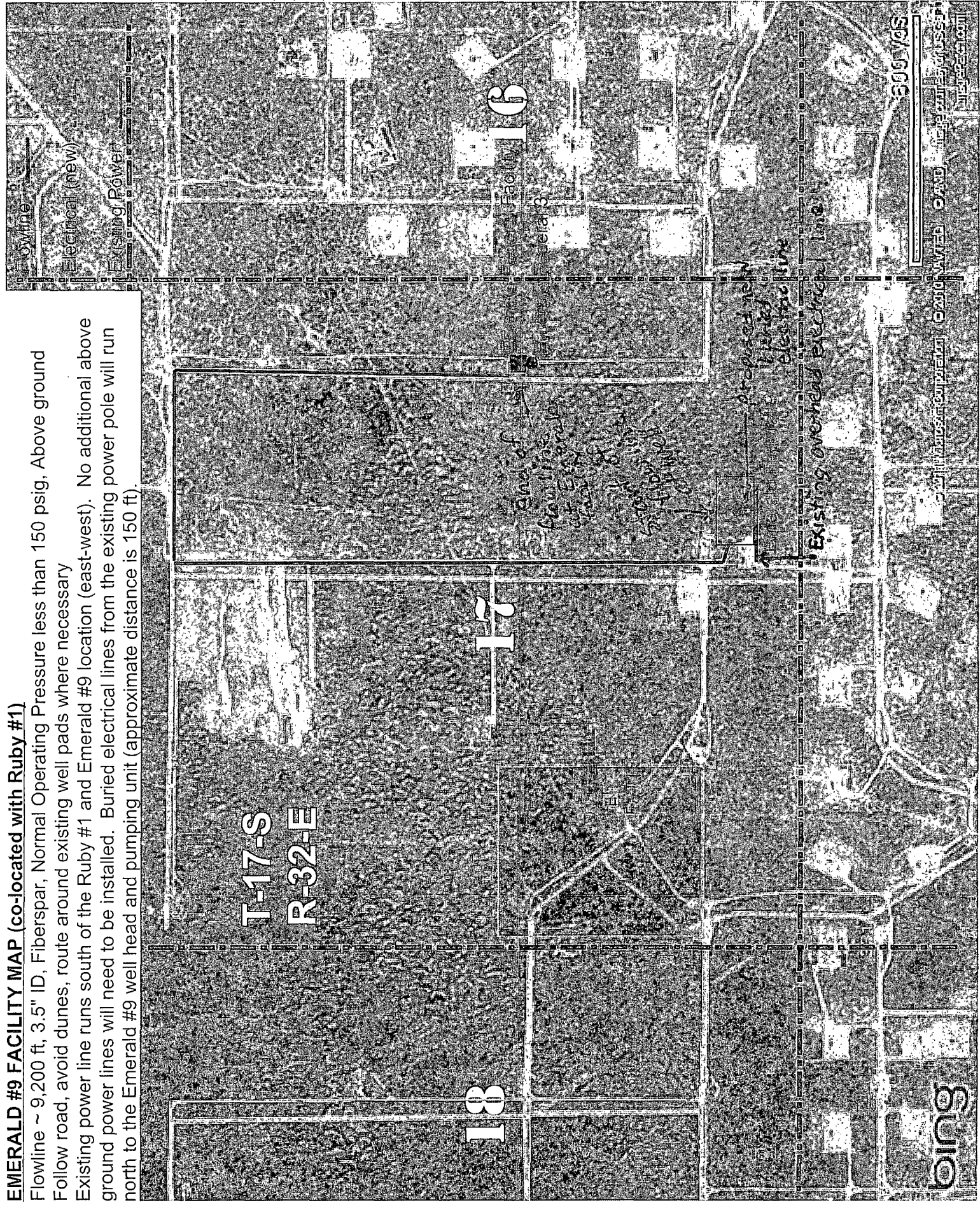
Proposed new buried flowline

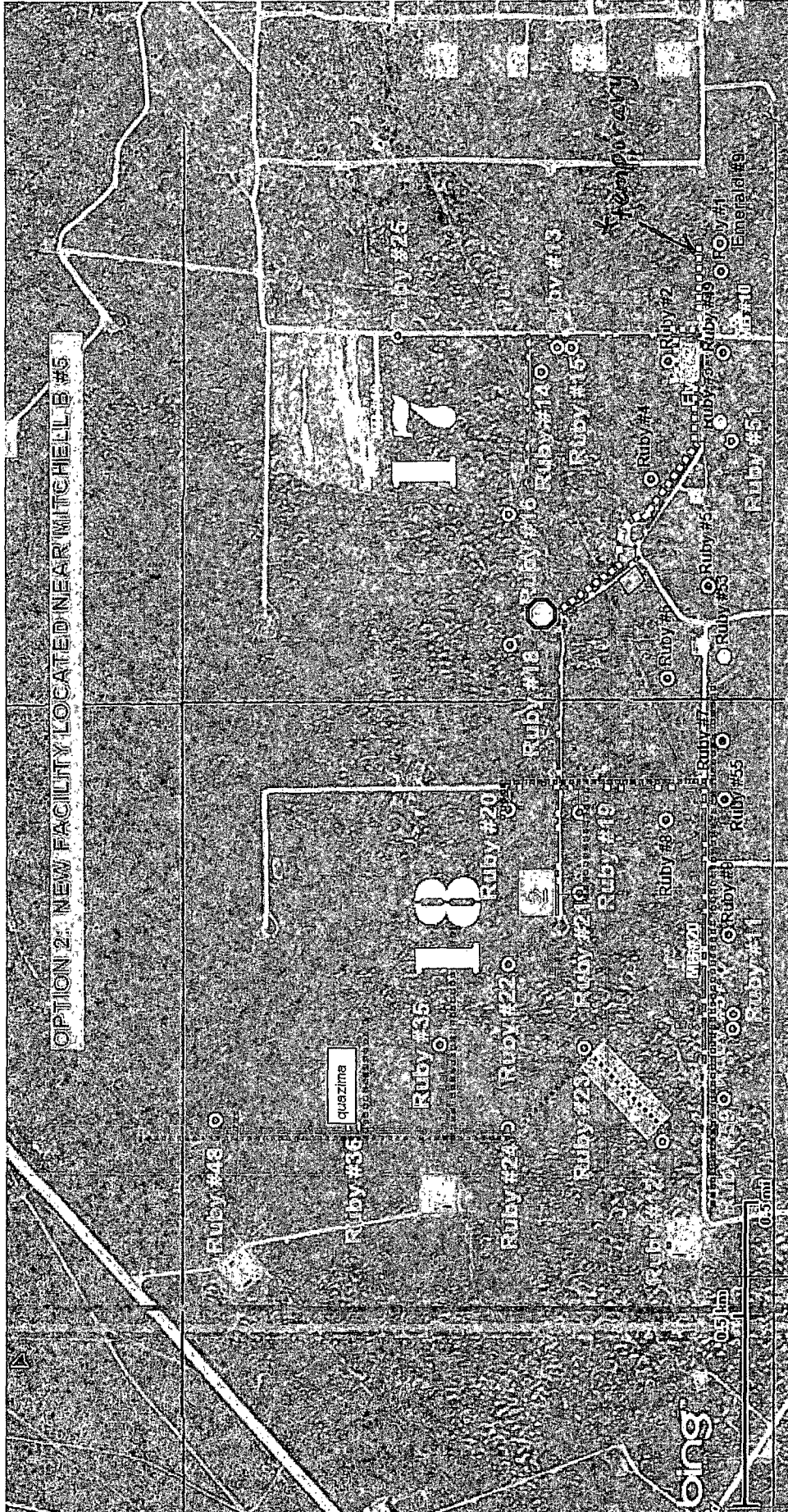
Existing overhead electrical line

bing

300 yds

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[illegible]



OPTION 2: NEW FACILITY LOCATED NEAR MITCHELL B #5

quartzite

18

Ruby #35

Ruby #24

Ruby #22

Ruby #20

Ruby #18

Ruby #16

Ruby #14

Ruby #13

Ruby #12

Ruby #11

Ruby #10

Ruby #9

Ruby #8

Ruby #7

Ruby #6

Ruby #5

Ruby #4

Ruby #3

Ruby #2

Ruby #1

Ruby #0

2003.07 ft



Proposed locations for new Facility

Existing Facility

Mitchell B-7 Above Ground Tank Fresh Water Storage

Gemstone Development Map

Area will be walked



Powerline

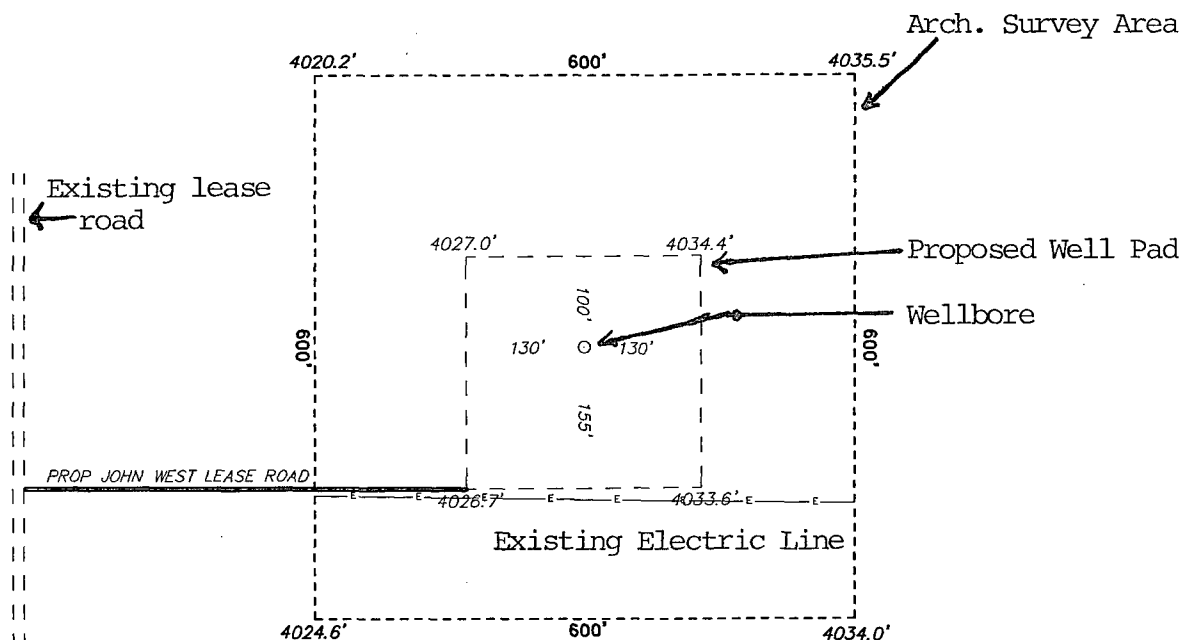
Temporary Fresh Water Transfer Line

Flowlines (NPS 6 in or less) to new Facility
Flowlines (NPS 6 in or less) to Ruby #1 Facility

DISCLAIMER: This map is for informational purposes only 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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SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, WELL PAD VACINITY NEW MEXICO.



CONOCO PHILLIPS
EMERALD FEDERAL #9
ELEV. - 4032'

Lat - N 32°49'42.81"
Long - W 103°47'03.84"
NMSPCE- N 665600.152
E 709953.116
(NAD-83)

Lat - N 32°49'42.38"
Long - W 103°47'02.02"
NMSPCE- N 665535.909
E 668774.753
(NAD-27)

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

Directions to Location:

FROM THE JUNCTION OF HWY 82 AND RIPPLE, GO SOUTH ON RIPPLE FOR 0.9 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 0.1 MILES TO A "T", GO NORTH 0.2 MILES TO LEASE ROAD, GO EAST 1.0 MILES WINDING SOUTHEASTERLY THENCE EAST AGAIN 0.5 MILES TO LEASE ROAD, GO NORTH 300' FEET TO PROPOSED LEASE ROAD.

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

W.O. Number: 25063 Drawn By: J. SMALL

Date: 01-19-2012 Disk: JMS 25063

ConocoPhillips

REF: EMERALD FEDERAL #9 / WELL PAD-VACINITY

THE EMERALD FEDERAL #9 LOCATED 480'

FROM THE SOUTH LINE AND 1340' FROM THE EAST LINE OF

SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST,

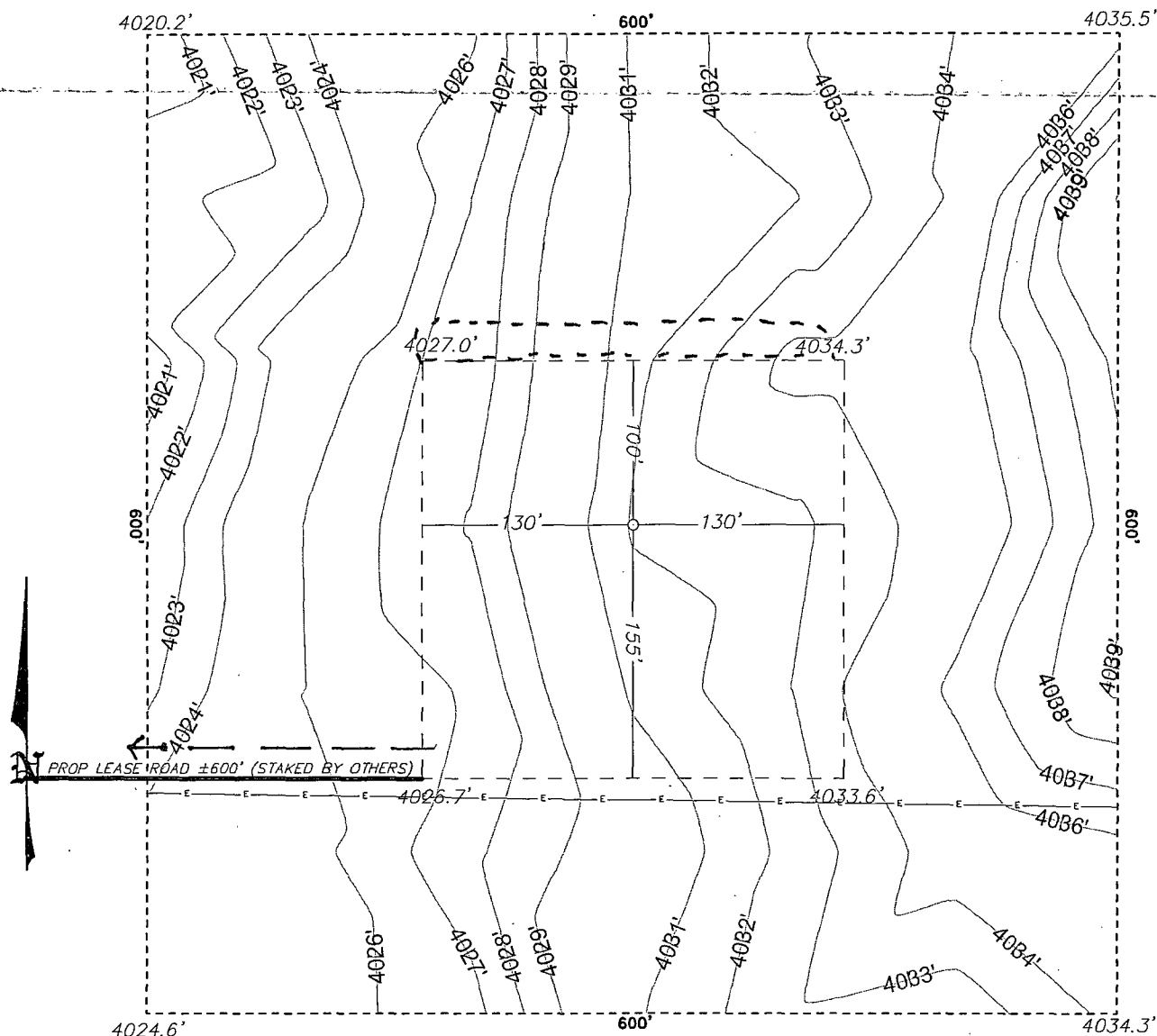
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 01-18-2012

Sheet 2 of 10 Sheets

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

WELL PAD
DETAIL



--- Completion flow line (temporary)
... Top Soil Storage Area

ConocoPhillips

REF: EMERALD FEDERAL #9 / WELL PAD DETAIL

THE EMERALD FEDERAL #9 LOCATED 420'
FROM THE SOUTH LINE AND 1340' FROM THE EAST LINE OF
SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

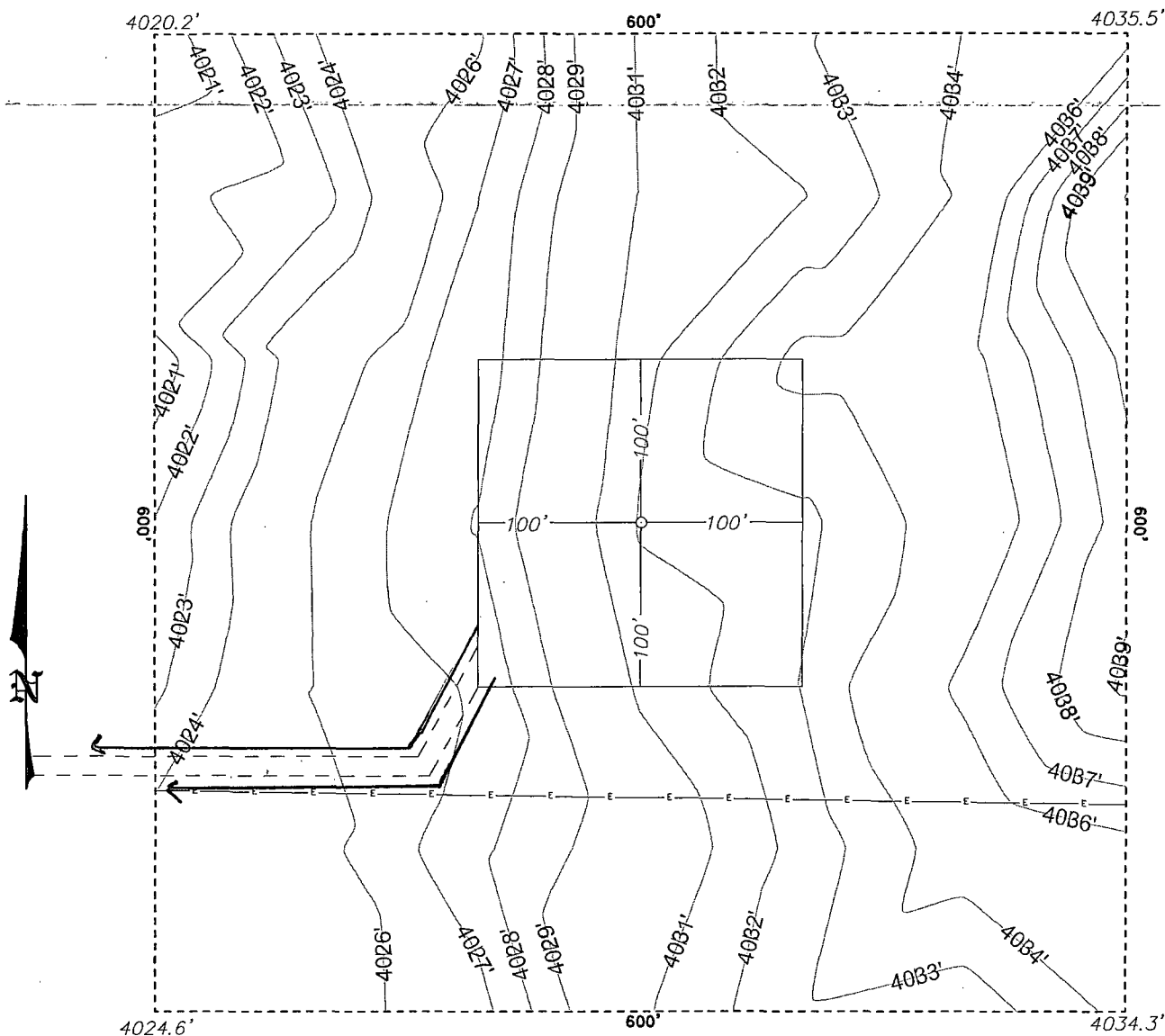
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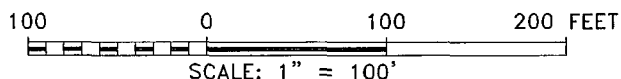
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Survey Date: 01-18-2012 Sheet 3 of 10 Sheets

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



— new flow line to Emerald Facility



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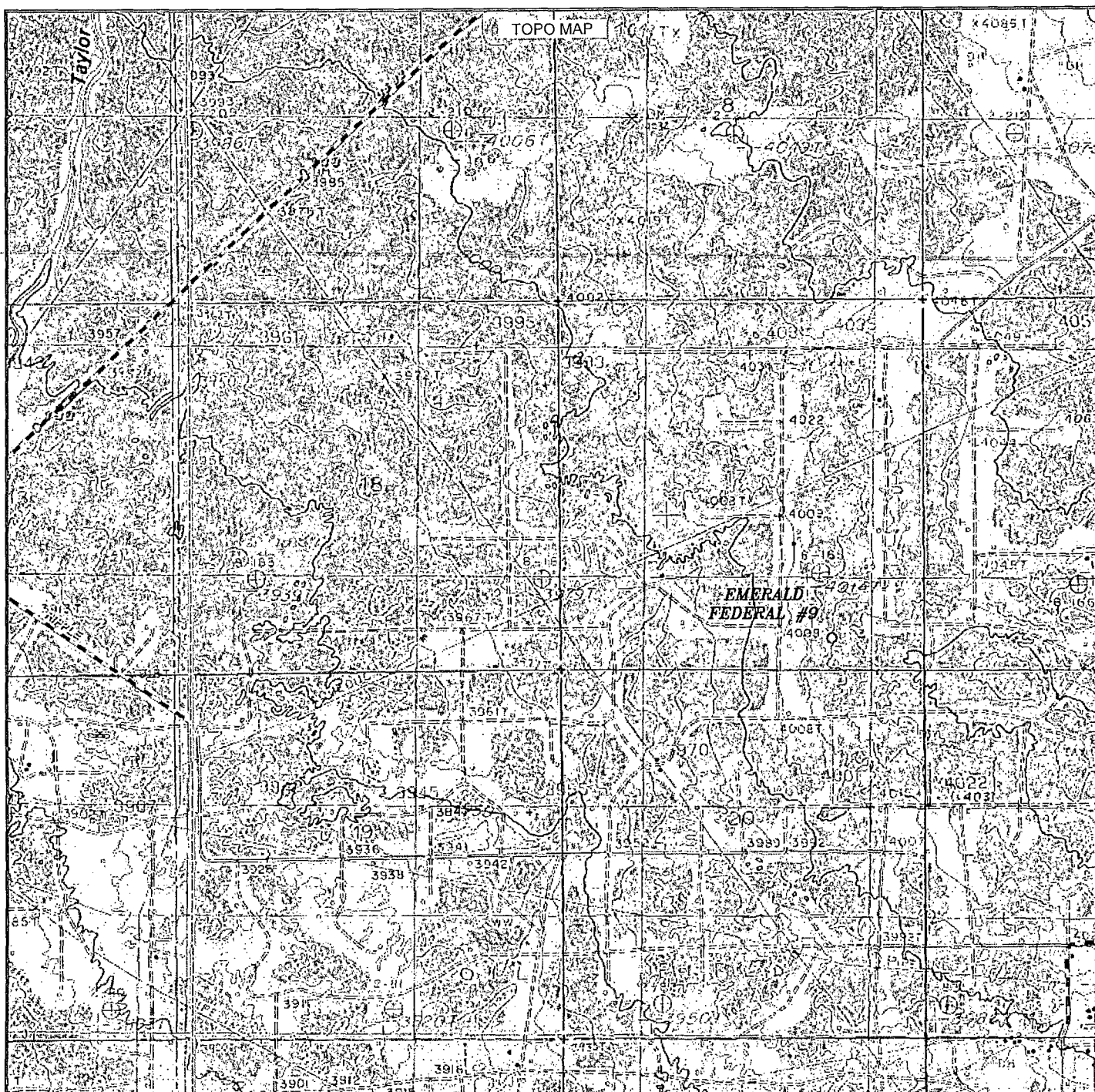
Date: 01-19-2012 Disk: JMS 25063

ConocoPhillips

REF: EMERALD FEDERAL #9 / INTERIM RECLAMATION

THE EMERALD FEDERAL #9 LOCATED 420'
FROM THE SOUTH LINE AND 1340' FROM THE EAST LINE OF
SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

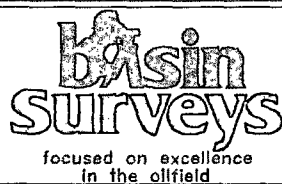
Survey Date: 01-18-2012 Sheet 4 of 10 Sheets



EMERALD FEDERAL #9

Located 420' FSL and 1340' FEL

Section 17, 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 25063

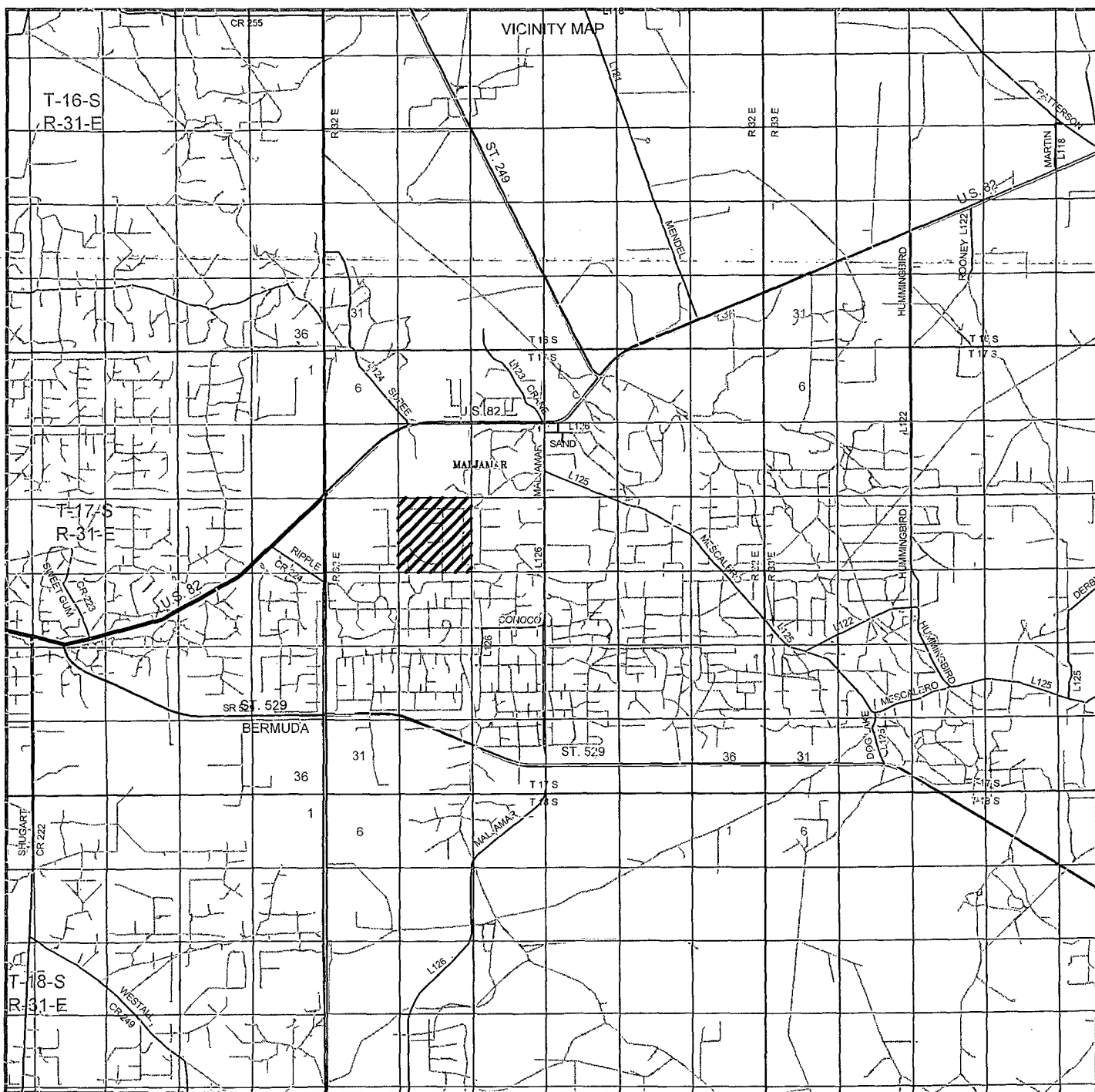
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Scale: 1" = 2000'

Date: 01-19-2012



Sheet 5 of 10 Sheets



EMERALD FEDERAL #9

Located 420' FSL and 1340' FEL

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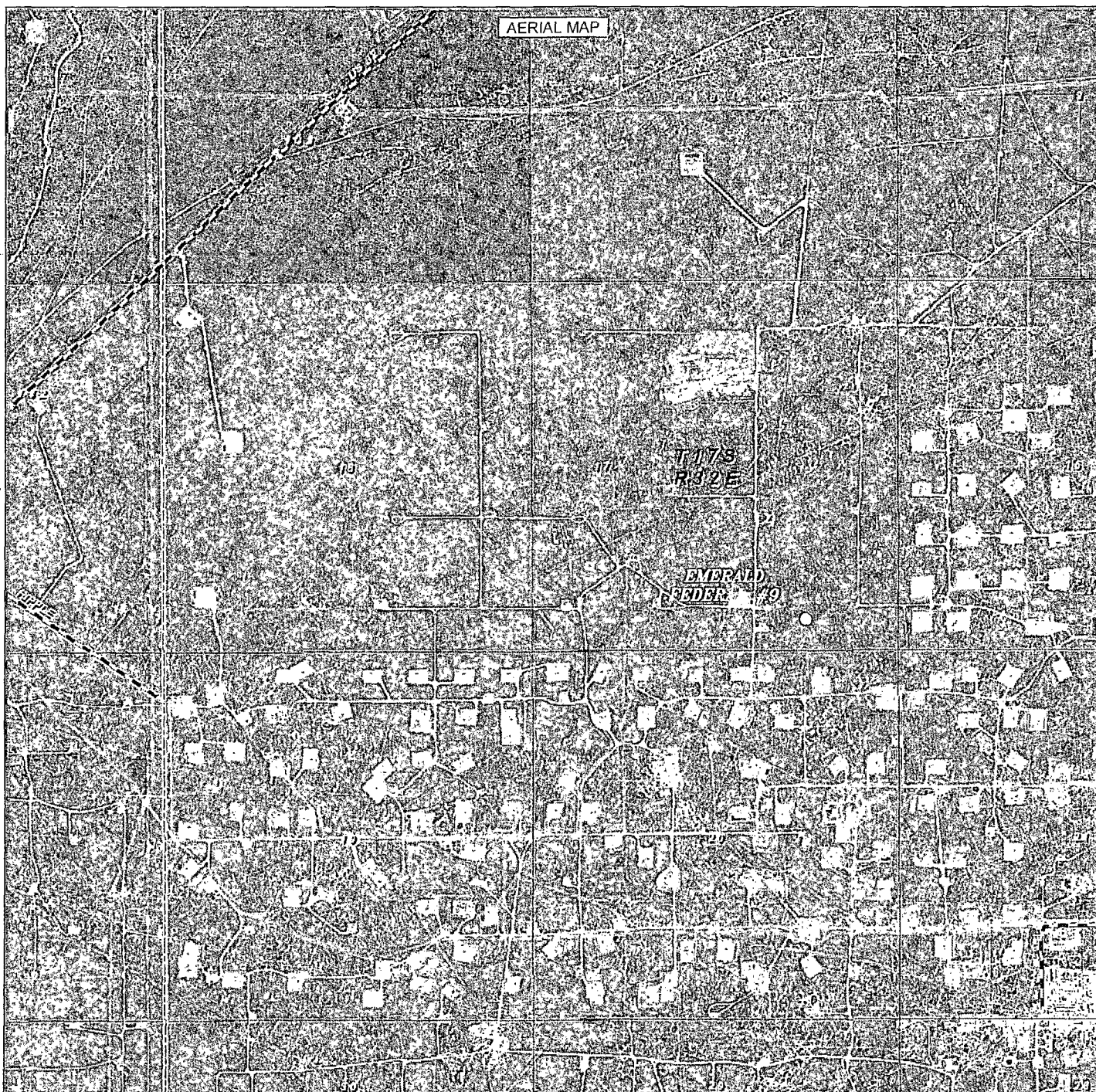
Survey Date: 01-18-2012

Scale: 1" = 2 Miles

Date: 01-19-2012

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Scale: 1" = 2000'

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

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Sheet 7 of 10 Sheets

RIG LAYOUT

EMERALD FEDERAL #9

Located 420' FSL and 1340' FEL (PICTURE NOT TO SCALE)

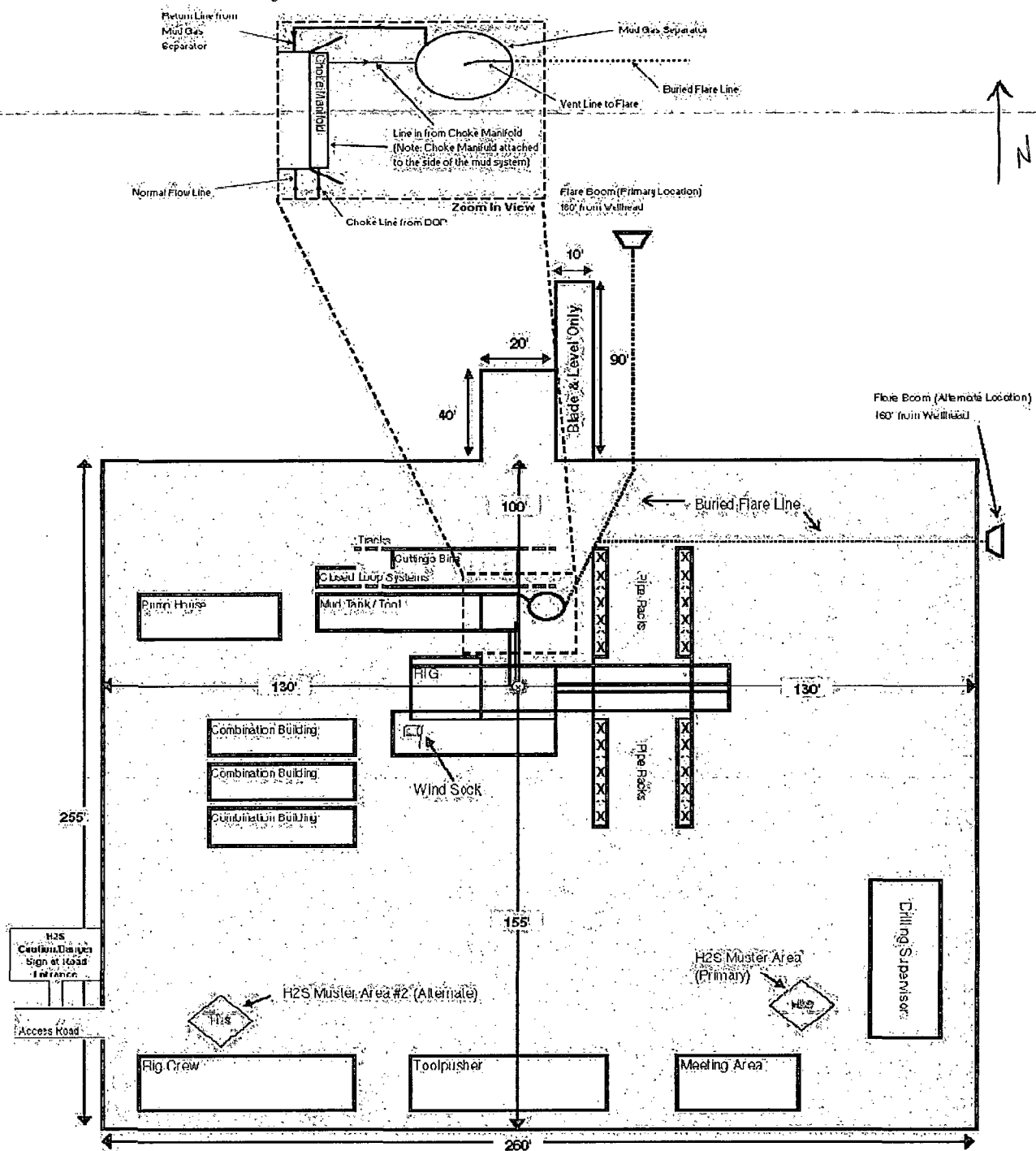
Section 17, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

Drawn by:

James Chen

Drilling Engineer, ConocoPhillips Company

Date: 12-November-2012



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W.O. Number: JMS 25063

Survey Date: 01-18-2012

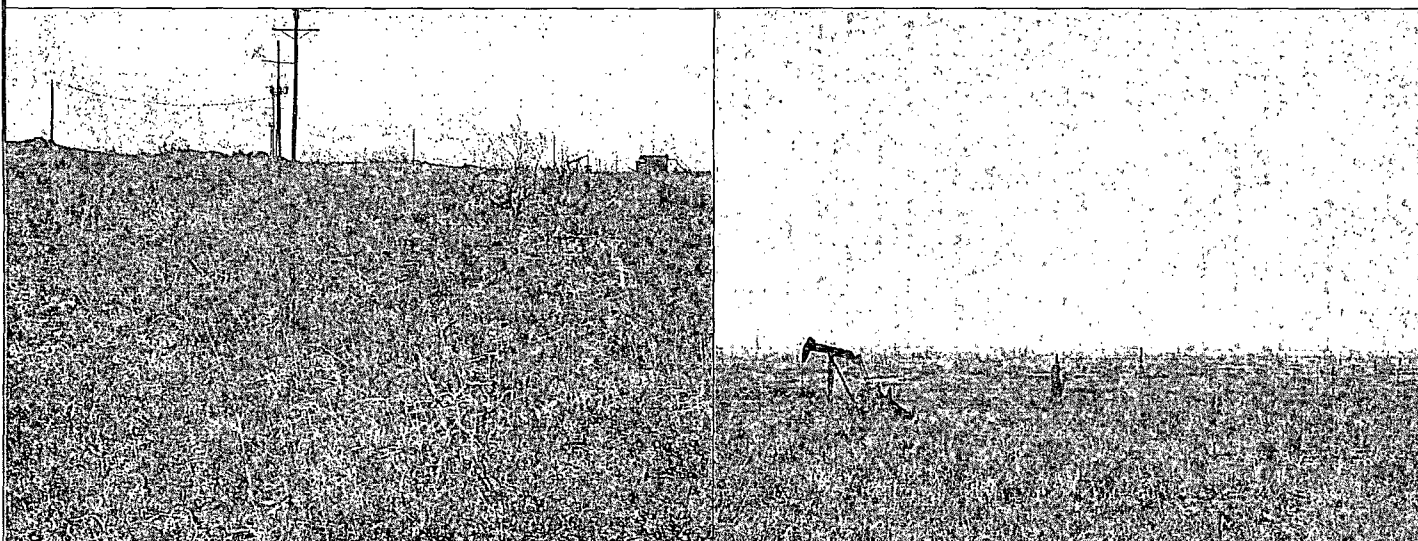
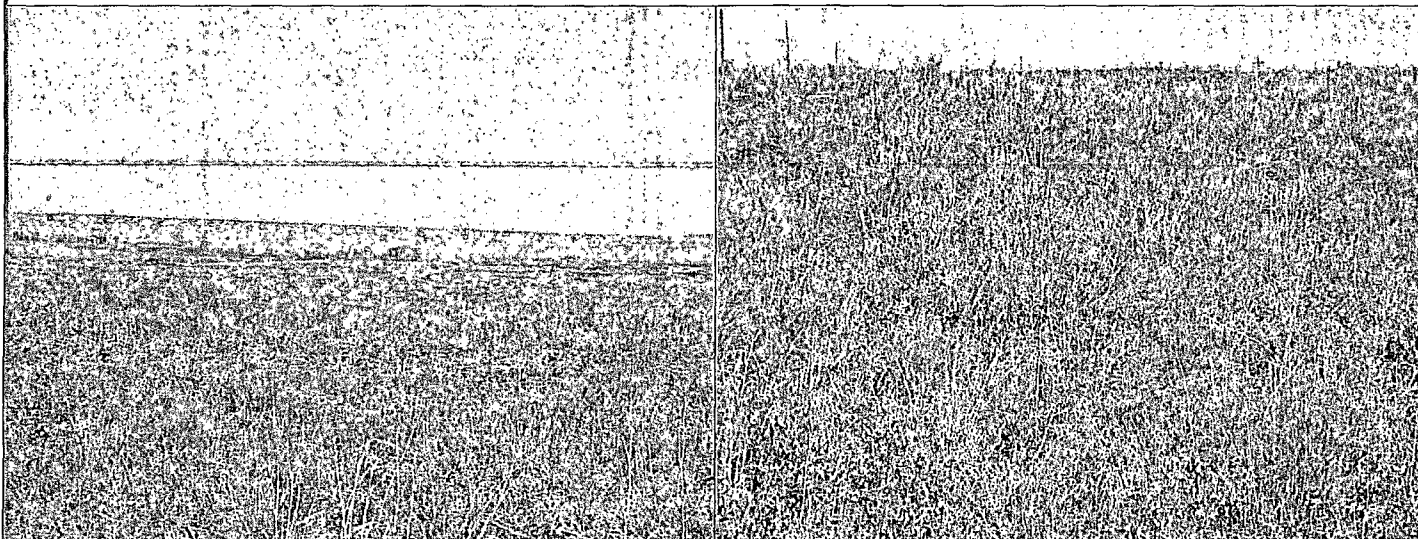
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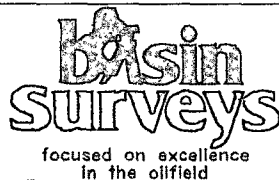
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Sheet 8 of 10 Sheets

RECLAMATION
PHOTOS



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



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Scale: NONE

Date: 01-19-2012



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