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Surface Use Plan of Operations

ConocoPhillips Company
War Hammer 25 Federal Com W2 10H
283 FNL & 1650 FEL (NWNE) of Section 25-26S-32E
Federal Lease NMLC 069515 (SHL)
Lea County, New Mexico

ConocoPhillips Company respectfully requests that this APD be reviewed with other wells in this development: War Hammer 25 Federal Com W3 9H, War Hammer 25 Federal Com W1 11H, and War Hammer 25 Federal Com TC 12H.

Location was finalized during an onsite conducted December 17, 2013 with Trish Bad Bear of BLM.

1. Access Road - Existing (See MAPS 1 – 4)
 - A. Directions to Proposed Location:
Beginning in Jal, New Mexico at the junction of NM 18 and NM 128 go NW on NM 128 for 14.1 miles to the junction of NM 128 and County Road 2 (at the equivalent of NM 128 Mile Post 38.4); then turn left onto County Road 2 (aka, Battle Axe Road, aka, Madera Road) and go SW approximately 13.3 miles to the end of the pavement; then bear right and go W 0.3 mile on caliche County Road 2; then turn left and go SW 4.0 miles on caliche County Road 2; then turn right and go W 1.9 miles on caliche County Road 2; then turn left and go S 0.5 mile on caliche County Road 2; then turn right and go W 0.5 mile on caliche County Road 2 to the NEMU 36 pad; then turn right and go N 0.75 mile on a caliche road; then turn right and go east and north cross country 587.44' to the pad.
 - B. The existing road will be maintained, including dust suppression, in the same or better condition as existed prior to the commencement of operations. Said maintenance will continue until final abandonment and reclamation of this drilling location.
2. Planned Access Roads (see MAPS 4 & 10)
 - A. There will be 587.44' of new road within a 30' construction corridor and a travel width of 14', all on BLM.
 - B. Maximum grade will not exceed 1%.
 - C. There will be no new junction with a county road.
 - D. There will be no low water crossing or culverts
 - E. There will be no cattle guard installed on the road.
 - F. The proposed road will be constructed in accordance with road guidelines established for oil & gas exploration and development activities as referenced in the BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, Third Edition and/or BLM Manual Section 9113 concerning road construction activities on projects under federal jurisdiction. Prior to moving in any heavy equipment, the road will be thoroughly compacted. The road will be surfaced with caliche after compaction.
3. Existing Wells within a One-Mile Radius (see MAP 5)
 1. All existing wells are identified on Map 5.
4. Existing and/or Proposed Facilities (see MAPS 6 – 15)
 - A. On & Adjacent to the Well Pad:
 1. This well will be placed on oil production. A well pad will be constructed to accommodate 4 wells.
 2. Planned dimensions of the 4 well pad are 549 feet by 350 feet. Interim reclamation on the north, east, and south sides will reduce the pad footprint following the initial 4 well development phase. Interim reclamation will be done as shown on the enclosed map titled "Reclamation Diagram" on three sides of the pad.
 3. Topsoil will be stored along the south side of the pad.

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4. Other than pumps, there will be no production equipment on this pad.

B. Utility Corridors:

A. Power Lines (see MAPS 8 - 10, 14, & 15):

1. 590.57' of overhead power line will be installed parallel to the new road starting at the northeast corner of the proposed Central Tank Battery 2.
2. 1106.67' of overhead power line will be installed parallel to roads from the previously proposed Central Tank Battery 1 power line along roads to the now proposed Central Tank Battery 2.

B. Pipelines (see MAPS 7, 8, & 10):

1. Production will be processed at the proposed Central Tank Battery 2. Produced fluid will travel via 595.8' of new buried 4" O. D. steel flow line to that battery. The route follows the new road. Maximum operating pressure will be 1,480 psi. Maximum construction width will be 39'.
2. A 595.8' long 2" steel gas supply line will be buried in the flow line trench from the battery to the pad. Maximum operating pressure will be 1,100 psi.

C. Water Transfer Lines (see MAPS 10, 16, & 17):

1. A 7-mile long temporary fresh water transfer line will be installed on the surface parallel to roads during completion operations. The pipeline will run from the Buck Frac Pond in 17-26S-32E (previously authorized under the Buck Federal 17 1H project) to the Wilder Frac Pond in 28-26S-32E (previously authorized under the Wilder Federal #1 project) and then onto the pad.
2. 595.8' long temporary water pipelines will be laid on the surface and parallel to the new road to transfer produced water from Central Tank Battery 2 to the 4 wells on the pad during completion operations.

D. Proposed Central Tank Battery 2 (see MAPS 10 – 14)

1. A new Central Tank Battery is needed to develop this area. The location is in NWNE Section 25, T26S, R32E.
2. The proposed tank battery pad is 450 feet by 450 feet.
3. The production equipment may include but not limited to oil and water tanks, meters, and separators.

E. Facilities' Paint Color

All above ground existing facilities will be painted an earth tone color that blends with the surrounding area. Any proposed new facilities will be painted shale green.

5. Location and Type of Water Supply (see MAPS 17 & 18)

- 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 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 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. A closed-loop system will be used for handling drilling wastes. These materials will be disposed of in an approved facility.
- B. 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 fenced until entire area can be rehabilitated.

8. Ancillary Facilities

The production facilities are discussed under Item 4.

9. Well Site Layout (see MAPS 18 – 20)

- A. The topsoil and brush will stockpiled south of the pad.
- B. There will be a no reserve pit on location. The 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. Interim Reclamation
 - 1. Interim reclamation will be completed, after well has been drilled, as indicated on the enclosed map titled "Reclamation Diagram" (Figure #4).
 - 2. 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.
 - 3. Interim reclamation is to be performed according to BLM standards and currently consists of removing excess caliche (for re-use or disposal at an approved facility), turning the sides to be reclaimed so that sand and topsoil are on the surface and re-contouring. The unused portion of the site will be ripped prior to replacing the topsoil. The soil-banked material will be spread over the area.
- B. Final Reclamation
 - 1. 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.

2. Caliche will be removed and disposed of in an approved facility. Re-contouring will be performed prior to topsoil being spread over location.
3. Reseeding will be an approved mixture by the BLM. If the broadcast method is utilized, the seed mixture shall be doubled.
4. There shall be no primary or secondary noxious weed seed in the native seed mixture.
5. 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 fenced area reduced as required by BLM.
6. 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.

C. Other Reclamation Information

1. If this well site is constructed and not drilled, the site and 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.
2. A pre-work onsite with 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

12. Other Information

- A. ConocoPhillips Company will request that this well location be covered under the BLM MOA NM-930-2008-003 at a later date.
- 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 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 Public Land of the United States", (2) the specifications of the county surveyor, or (3) the specifications of BLM.
- D. ConocoPhillips Company will comply with the additional Conditions of Approval provided by the BLM.

Operator Certification

CONOCOPHILLIPS COMPANY

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; 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 in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application with bond coverage provided by Nationwide Bond ES0085. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.



Kristina Mickens

Senior Regulatory Specialist

Date: 07/28/2014