Form 3160-3
(March 2012)

OCD

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. LC068282A — TES 2-26-2014
6. If Indian, Allotee or Tribe Name N/A
7. If Unit or CA Agreement, Name and No. N/A

1a. Type of work: [X] DRILL [ ] REENTER

1b. Type of Well: [ ] Oil Well [ ] Gas Well [X] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No. Stampede Fed 27 M 1 <40424>

2. Name of Operator ConocoPhillips Company <217817>

9. API Well No. 30-015-42118

3a. Address P.O. BOX 51810 Midland, TX 79710

3b. Phone No. *(include area code)* (432)688-6943

10. Field and Pool, or Exploratory ~~Wildcat Wolfcamp~~ Seismic Monitor WOLFCAMP <98061>

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 2157 FSL & 1320 FWL (NWSW) 27-26S-31E
At proposed prod. zone

11. Sec., T. R. M. or Blk. and Survey or Area Section 27-26S-31E

14. Distance in miles and direction from nearest town or post office*
~48.8 miles south/west of Jal, NM

12. County or Parish EDDY

13. State NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1320

16. No. of acres in lease 640

17. Spacing Unit dedicated to this well N/A Monitor/Source Well

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A Monitor/Source Well

19. Proposed Depth 14210

20. BLM/BIA Bond No. on file ES0085

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3145' GL

22. Approximate date work will start* 03/01/2014

23. Estimated duration 30 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature — Name *(Printed/Typed)* DONNA WILLIAMS — Date 08/28/2013

Title

Approved by *(Signature)* /S/ STEPHEN J. CAFFEY — Name *(Printed/Typed)* — Date FEB 21 2014

Title FIELD MANAGER — Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

RECEIVED
FEB 25 2014
NMOCD ARTESIA

CARLSBAD CONTROLLED WATER BASIN

APPROVAL FOR TWO YEARS

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

COA: As long as this is a MW, does not Require a Non standard location. TES

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-015-42118	98061	~~Wildcat Wolfcamp~~ Seismic Monitor; WOLFCAMP
4 Property Code: 40424	5 Property Name: STAMPEDE FED 27 M	6 Well Number: #1
7 OGRID No.: 217817	8 Operator Name: ConocoPhillips Company	9 Elevation: 3145'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	27	26 S	31 E		2157	SOUTH	1320	WEST	EDDY

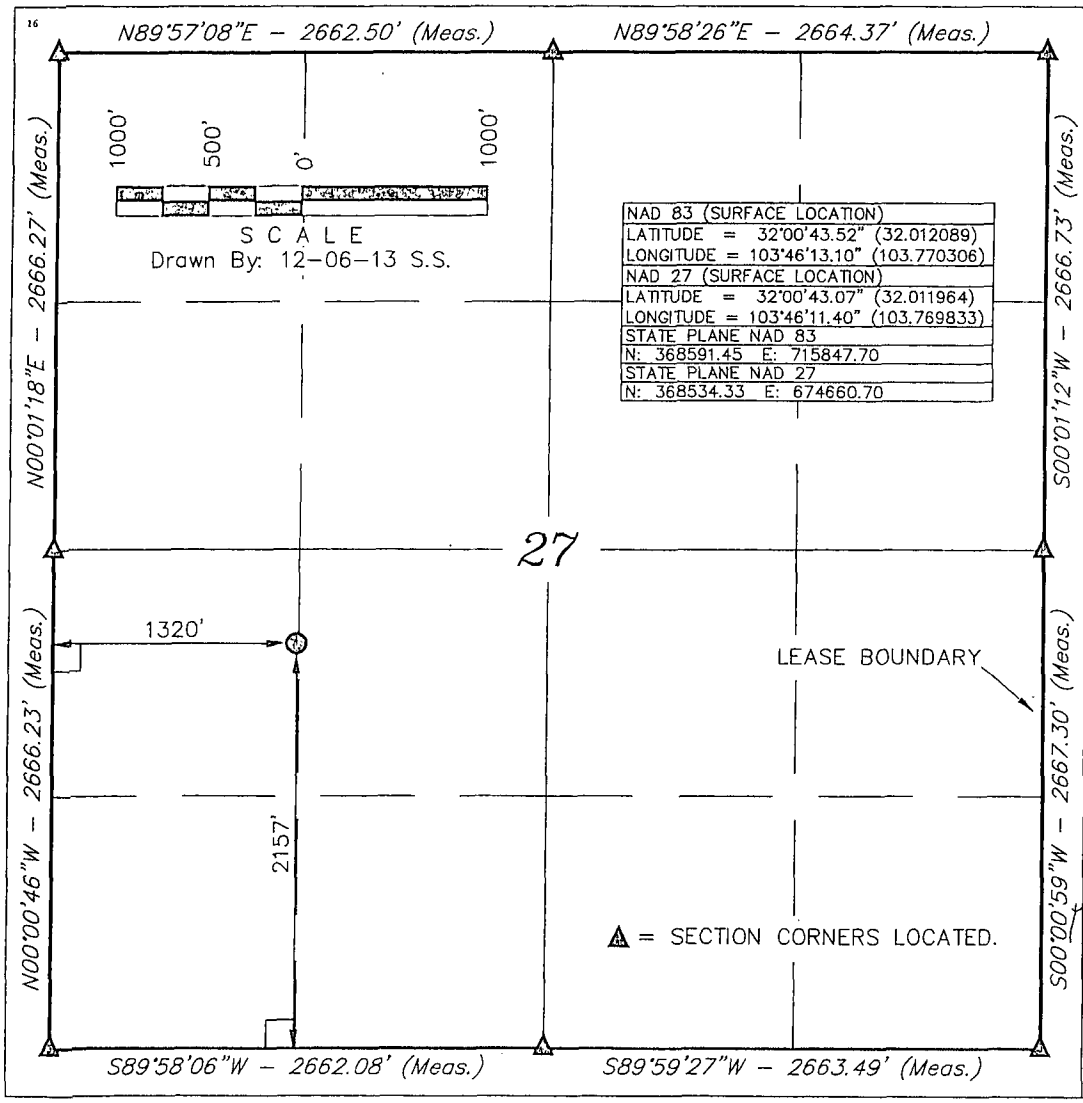
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
N/A-Monitor (Source)		Well	14210 2-21

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date

Donna Williams
Printed Name

Donna.J.Williams@
~~Conocophillips.com~~
E-mail Address

18 SURVEYOR CERTIFICATION

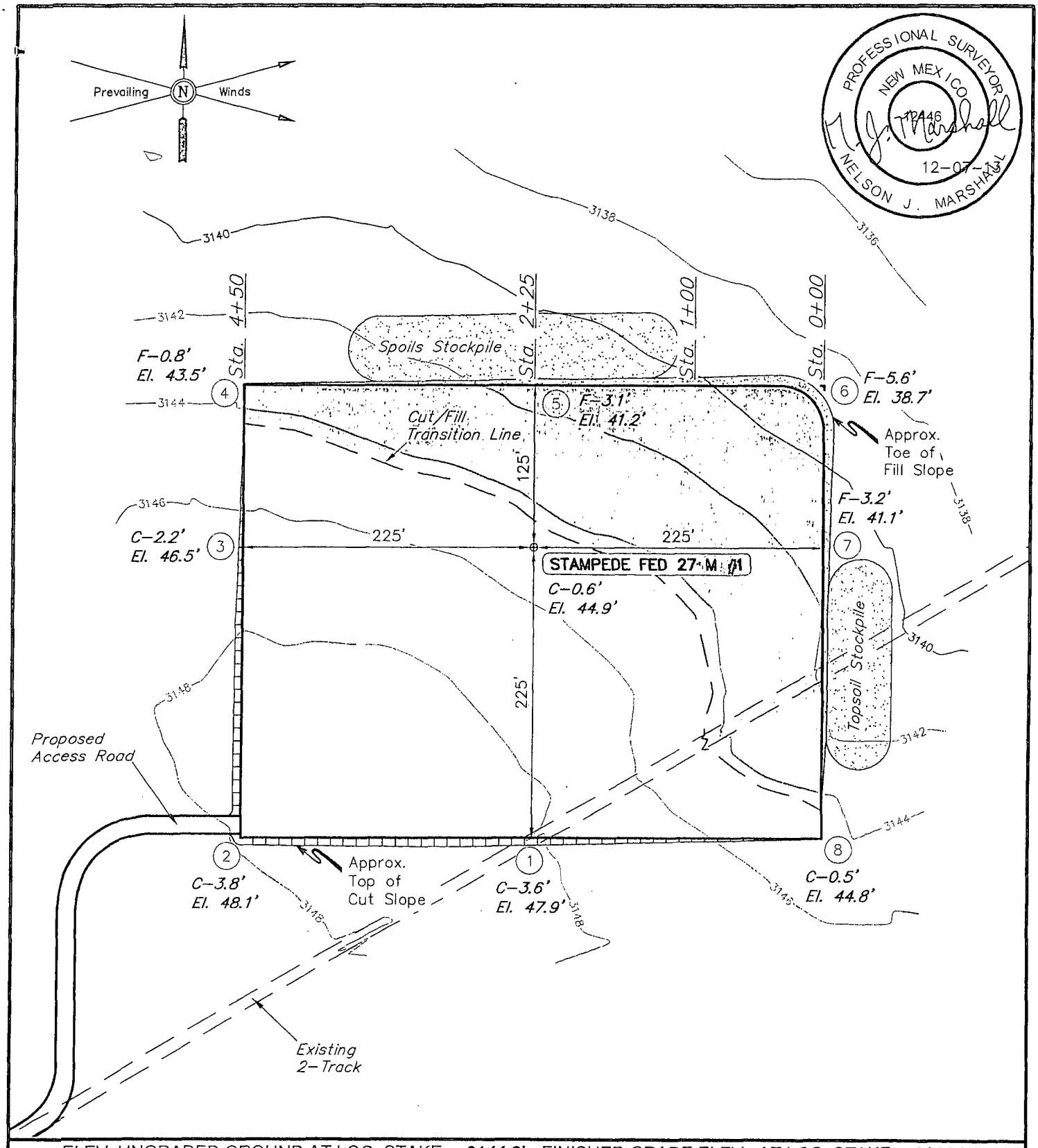
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

July 25, 2013
Date of Survey

Signature and Seal of Professional Surveyor:

PROFESSIONAL SURVEYOR
NEW MEXICO
12446
NELSON J. MARSHALL

12-07-13
Certificate Number:



ELEV. UNGRADED GROUND AT LOC. STAKE = **3144.9'** FINISHED GRADE ELEV. AT LOC. STAKE = **3144.3'**

NOTES:

- Round corners at 35' radius or as needed.
- Construct diversion ditches as needed.

ConocoPhillips **ConocoPhillips Company**

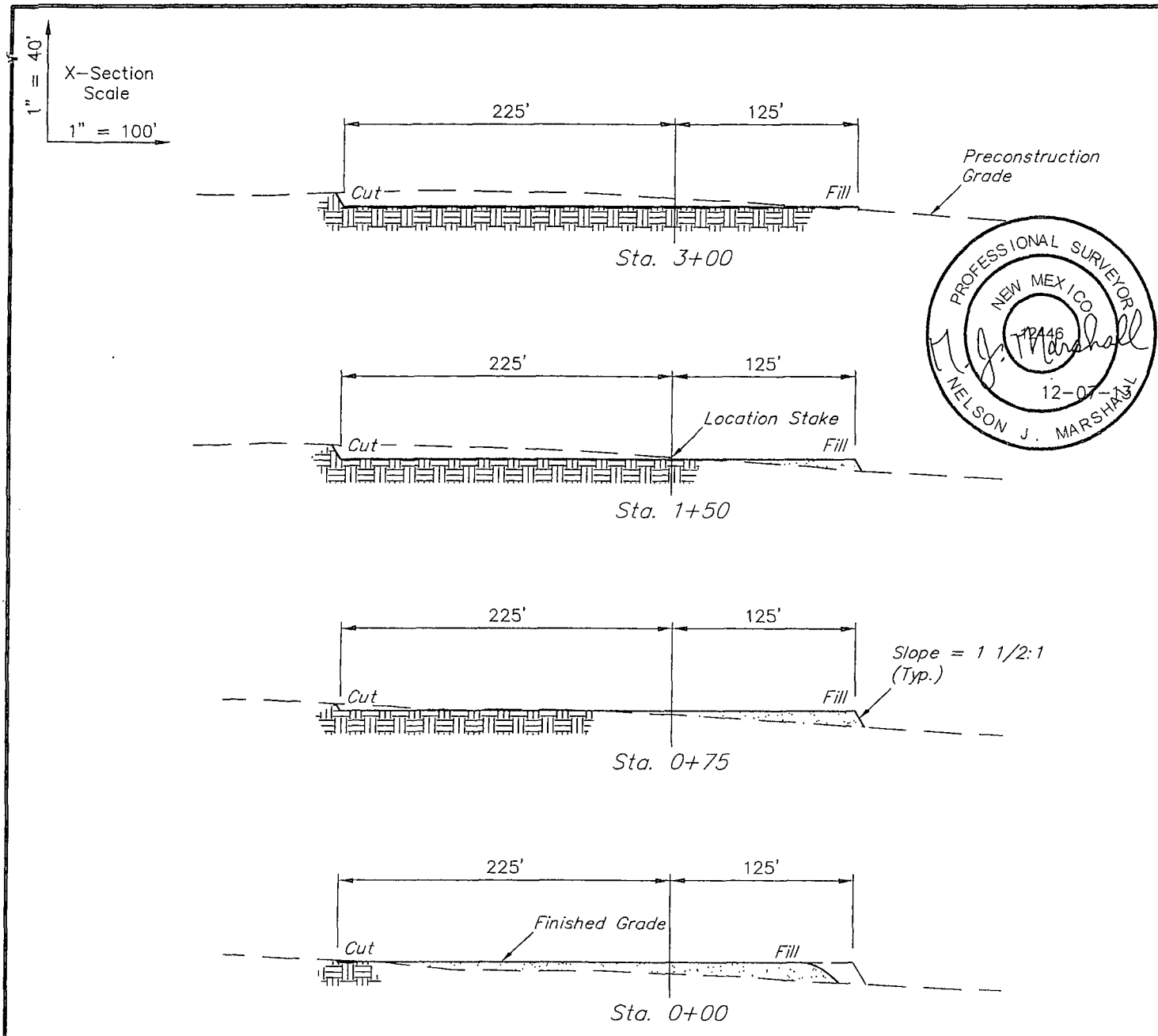
STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

DRAWN BY: H.K.W.	SCALE: 1" = 100'	REVISED: 12-06-13 S.S.
DATE: 07-16-13	REVISED: 07-27-13 A.D.	

UINTAH ENGINEERING & LAND SURVEYING

Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

LOCATION LAYOUT FIGURE #1



APPROXIMATE EARTHWORK QUANTITIES	
(4") TOPSOIL STRIPPING	1,830 Cu. Yds.
REMAINING LOCATION	8,170 Cu. Yds.
TOTAL CUT	**10,000 Cu. Yds.**
FILL	**5,010 Cu. Yds.**
EXCESS MATERIAL	4,990 Cu. Yds.
TOPSOIL	1,830 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	**3,160 Cu. Yds.**

APPROXIMATE SURFACE DISTURBANCE AREAS		
	DISTANCE	ACRES
WELL SITE DISTURBANCE	N/A	±4.230
25' WIDE ACCESS ROAD R-O-W DISTURBANCE	±669'	±0.384
TOTAL SURFACE USE AREA	**±669'**	**±4.614**

NOTES:
- Fill quantity includes 5% for compaction.
- Topsoil should not be stripped below finished grade on substructure area.

ConocoPhillips

ConocoPhillips Company

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

UINTAH ENGINEERING & LAND SURVEYING

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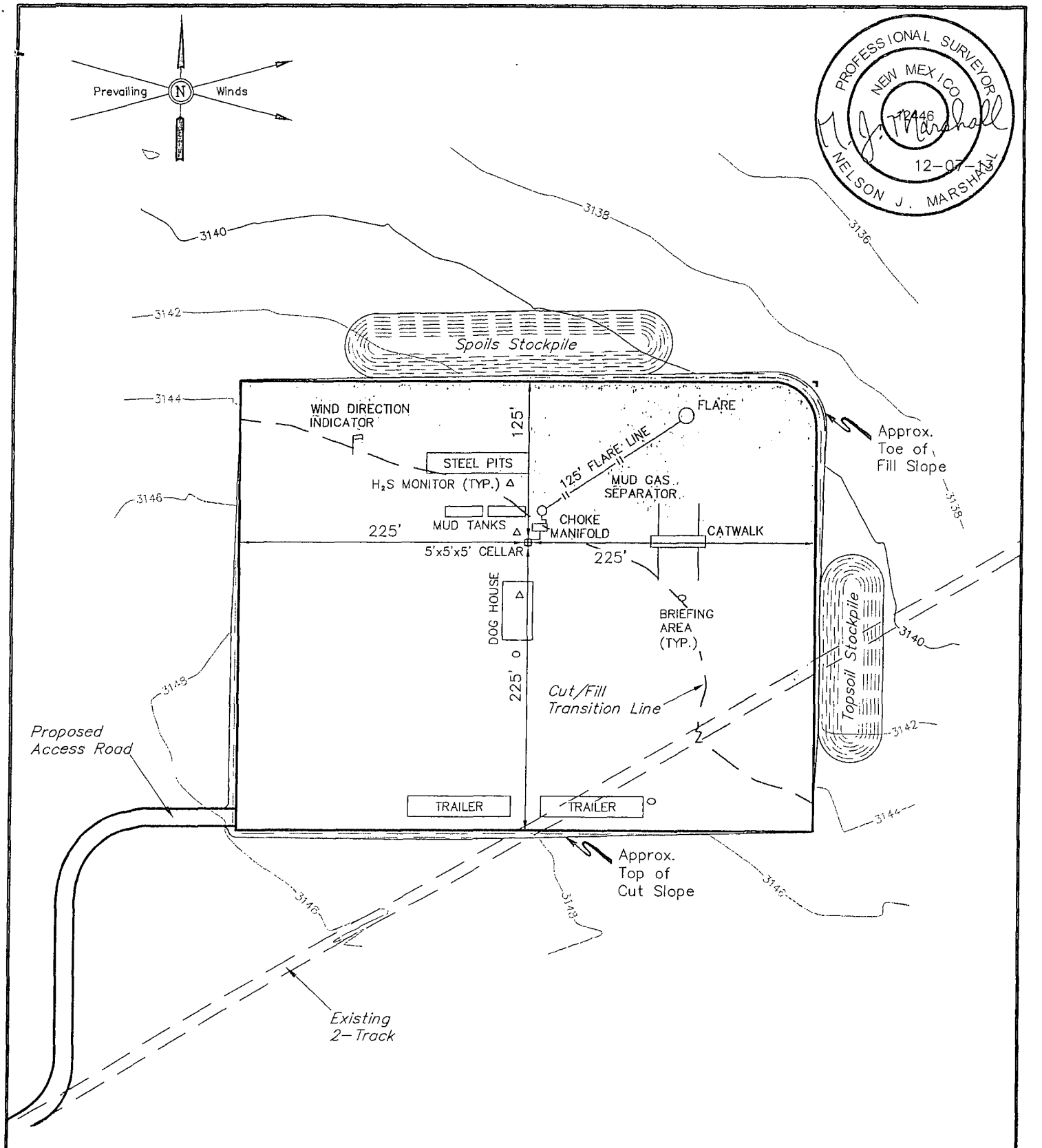
DRAWN BY: A.D.	SCALE: AS SHOWN	
DATE: 07-27-13	REVISED: 12-06-13 S.S.	

TYPICAL CROSS SECTIONS **FIGURE #2**



NOTES:

- Flare pit is to be located a min. of 125' from the well head.

ConocoPhillips

ConocoPhillips Company

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

DRAWN BY: A.D.	SCALE: 1" = 100'	
DATE: 07-27-13	REVISED: 12-06-13 S.S.	

TYPICAL RIG LAYOUT — FIGURE #3

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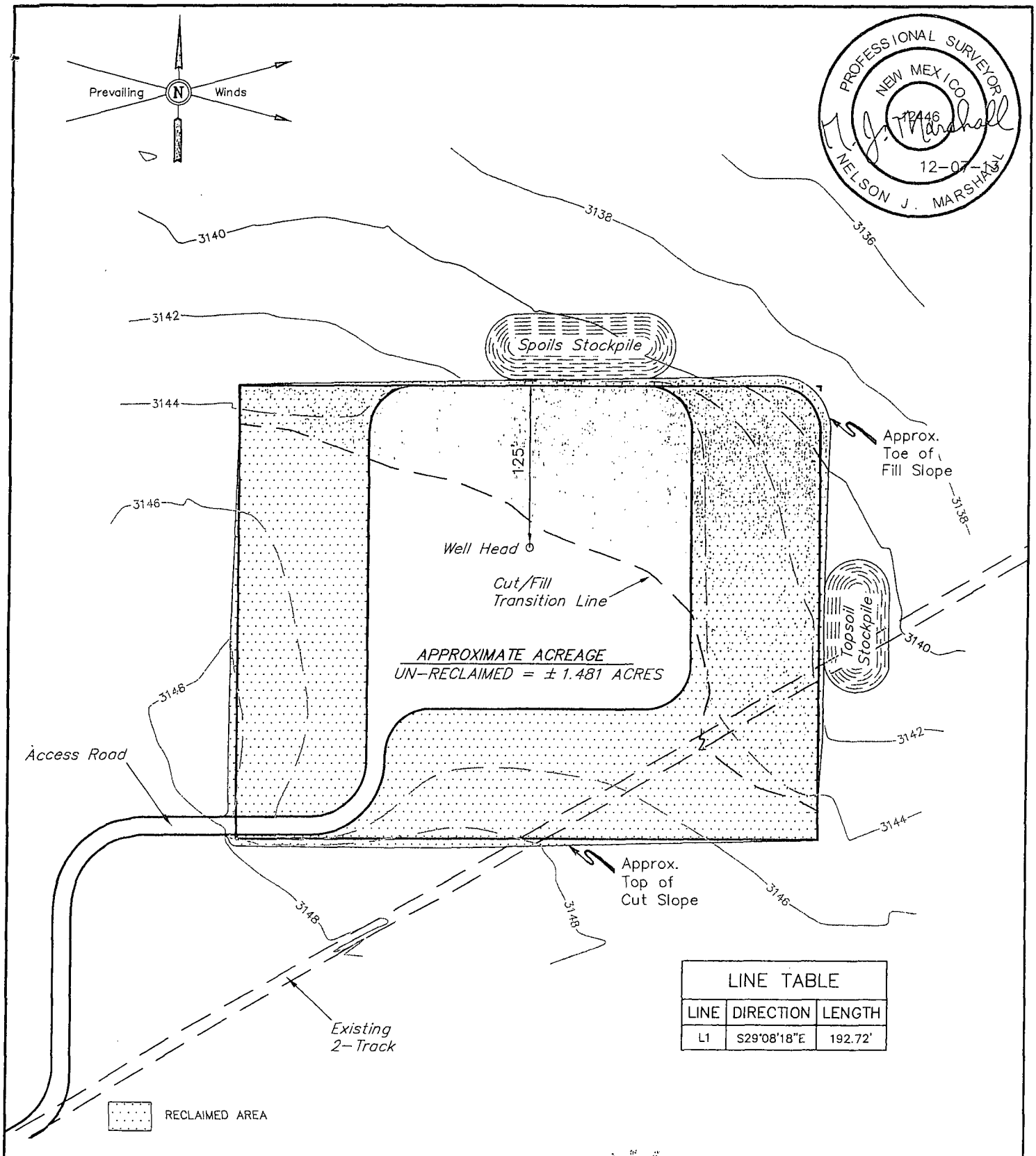

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S29°08'18"E	192.72'

NOTES:

ConocoPhillips **ConocoPhillips Company**

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

DRAWN BY: A.D.	SCALE: 1" = 100'	
DATE: 07-27-13	REVISED: 12-06-13 S.S.	

RECLAMATION DIAGRAM FIGURE #4

UINTAH ENGINEERING & LAND SURVEYING

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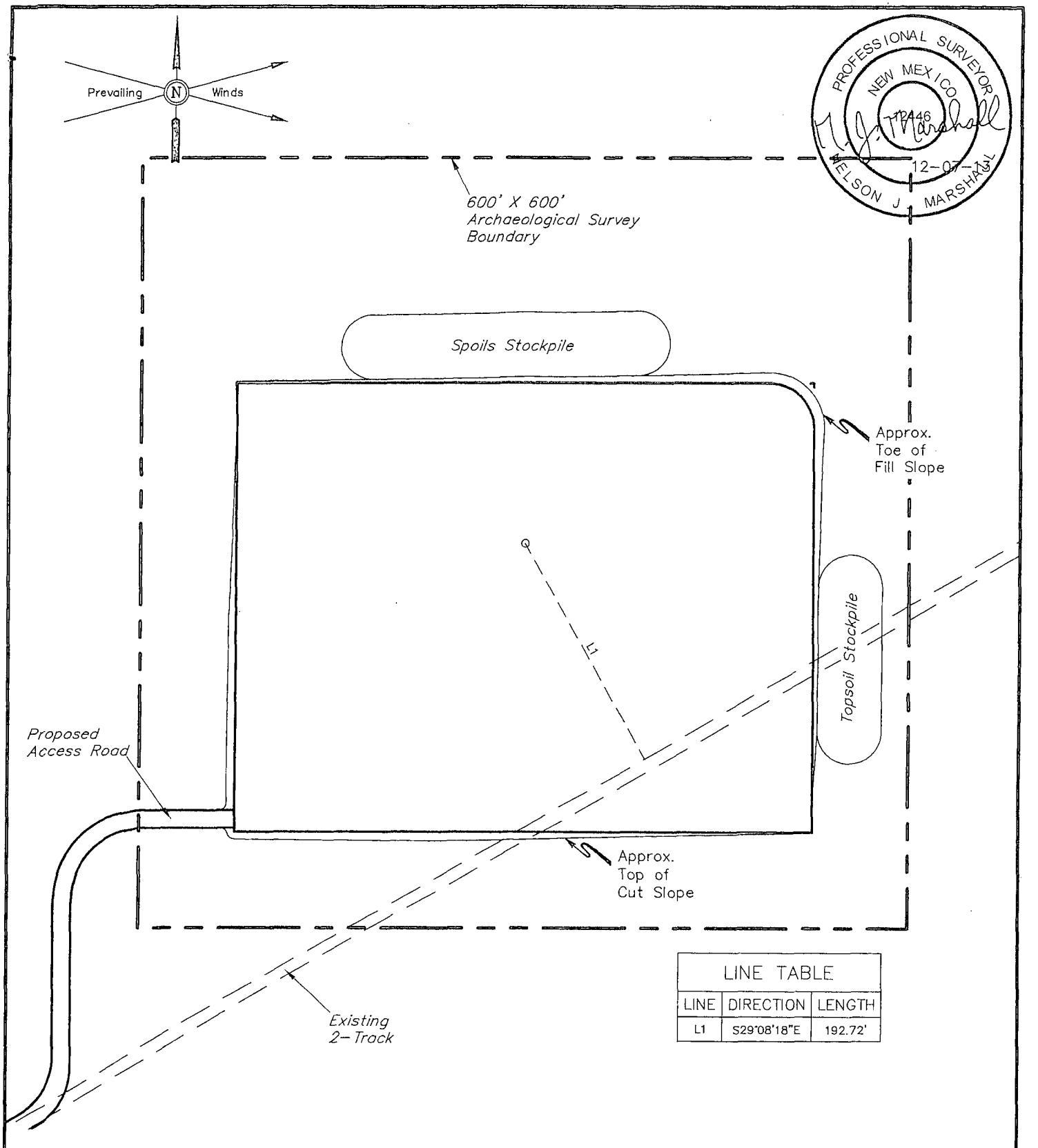
Vernal, UT 84078 * (435) 789-1017



LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S29°08'18"E	192.72'

NOTES:

ConocoPhillips

ConocoPhillips Company

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

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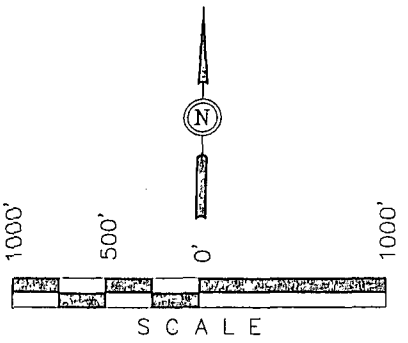
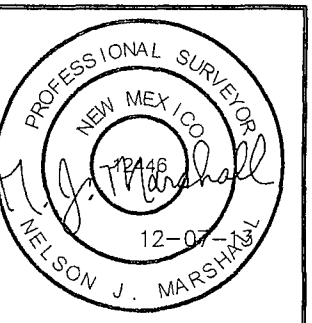
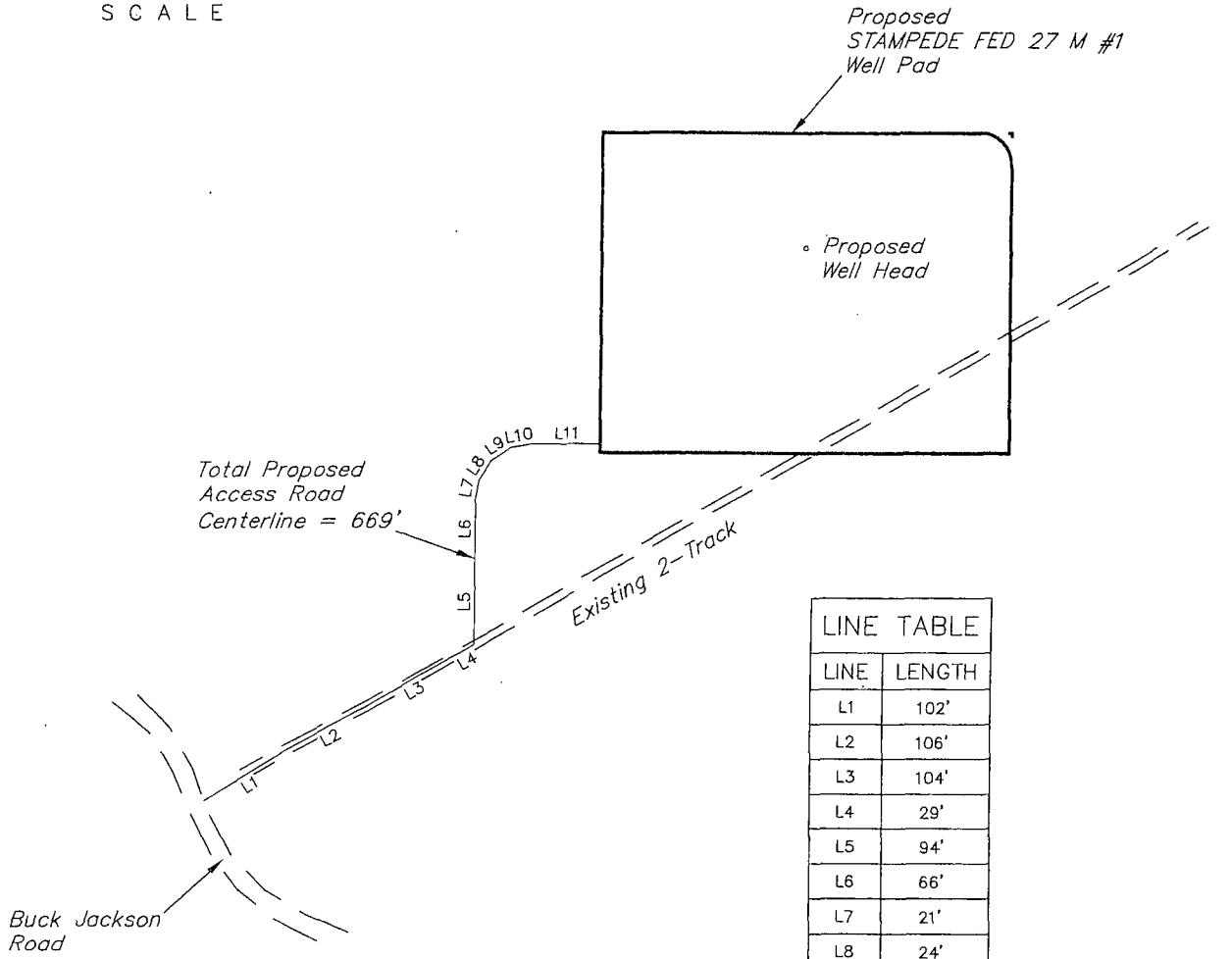
Vernal, UT 84078 * (435) 789-1017

DRAWN BY: A.D.	SCALE: 1" = 100'
DATE: 07-27-13	REVISED: 12-06-13 S.S.

ARCHAEOLOGICAL SURVEY BOUNDARY — FIGURE #5







LINE TABLE	
LINE	LENGTH
L1	102'
L2	106'
L3	104'
L4	29'
L5	94'
L6	66'
L7	21'
L8	24'
L9	25'
L10	23'
L11	75'

NOTES:
- Maximum grade of the proposed access road is 5%

ConocoPhillips

ConocoPhillips Company

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

DRAWN BY: A.D.	SCALE: 1" = 100'	
DATE: 07-27-13	REVISED: 12-06-13 S.S.	

ACCESS ROAD LAYOUT FIGURE #6

UNTAH ENGINEERING & LAND SURVEYING
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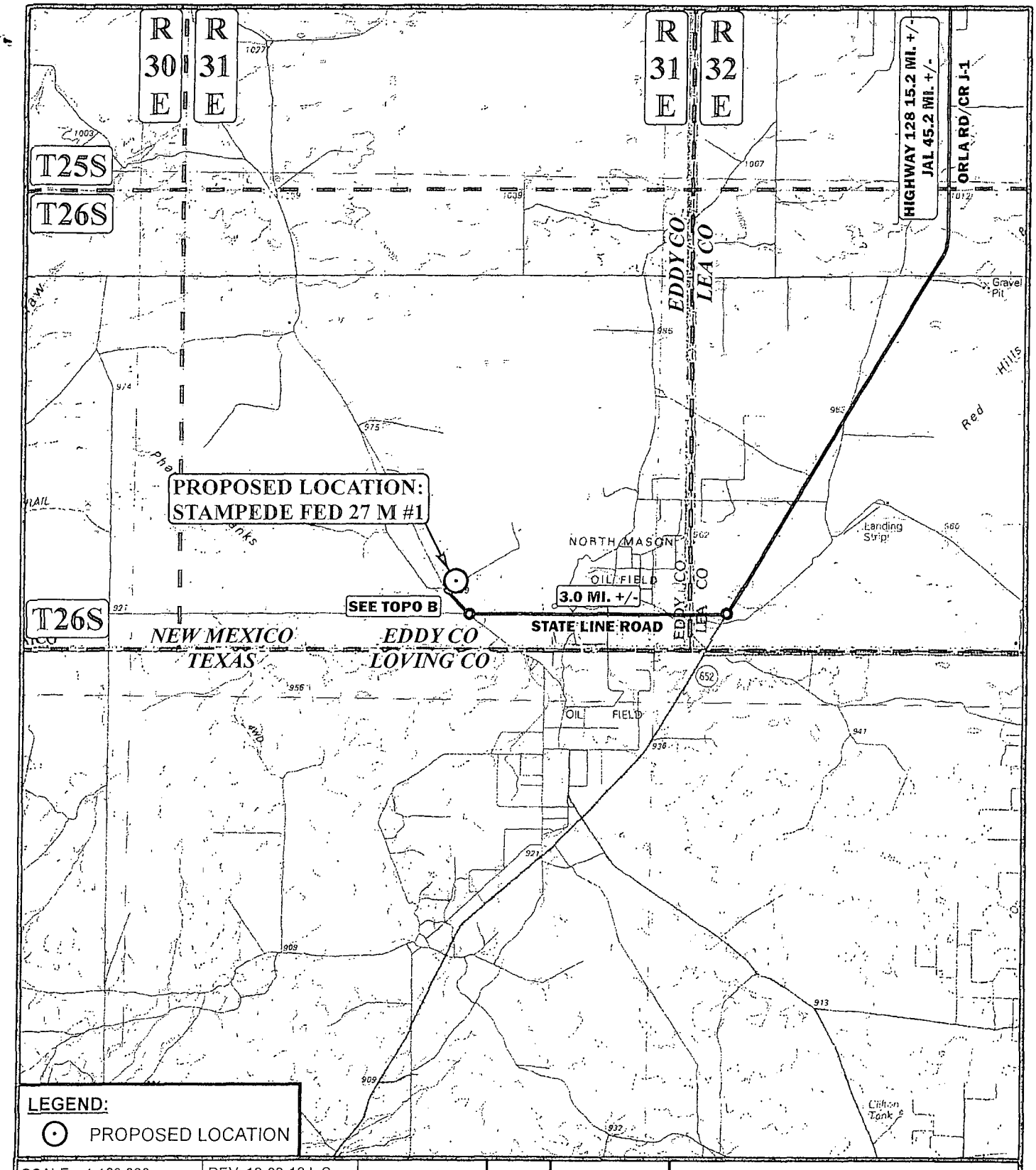
Vernal, UT 84078 * (435) 789-1017



SCALE: 1:100,000	REV: 12-06-13 L.S.	
DRAWN BY: J.L.H.		
DATE DRAWN: 07-31-13		

N

ConocoPhillips | ConocoPhillips Company

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

ACCESS ROAD MAP | TOPO A

UINTAH ENGINEERING & LAND SURVEYING
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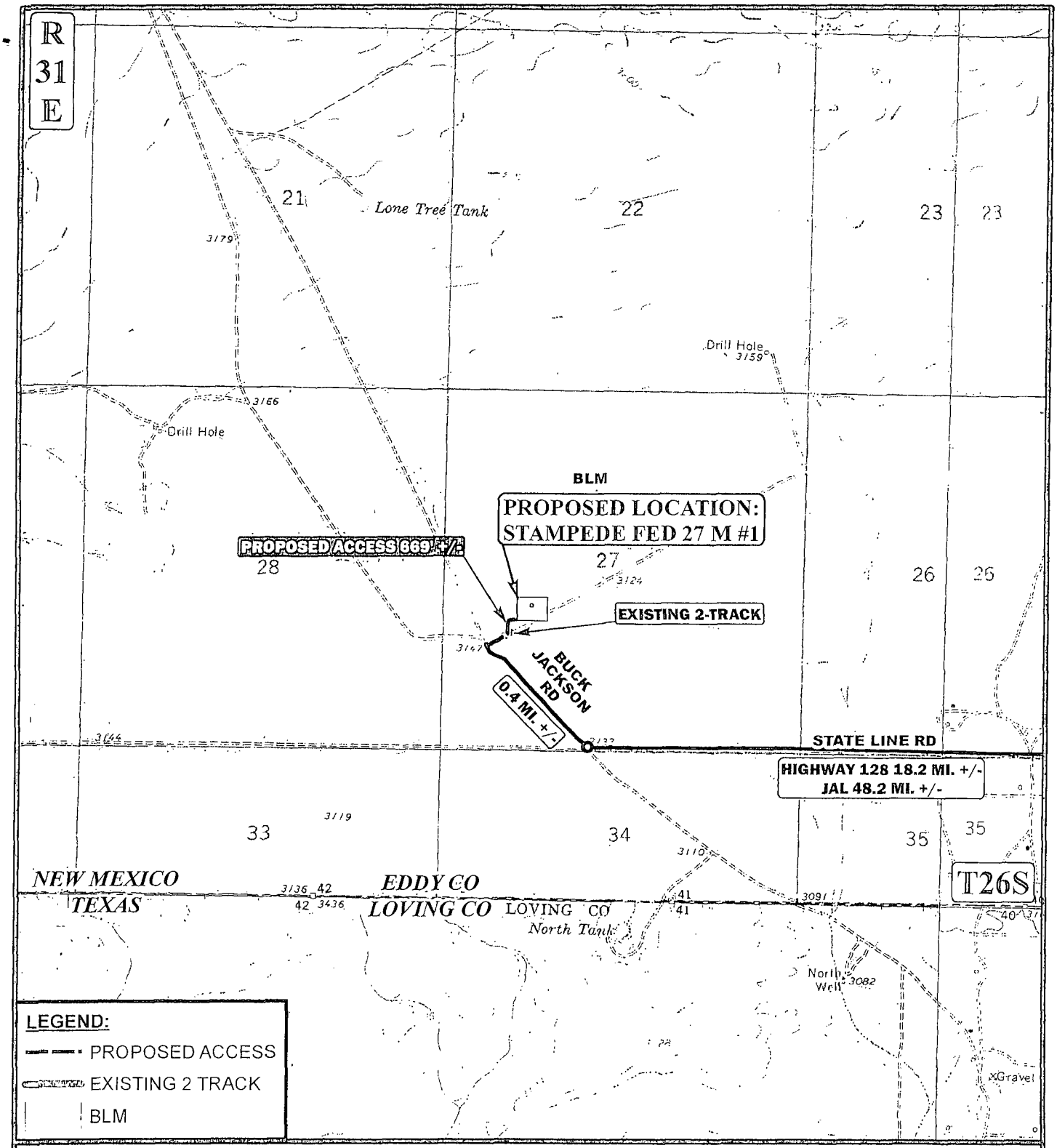
Vernal, UT 84078 * (435) 789-1017



*PARCEL DATA SHOWN HAS BEEN OBTAINED FROM VARIOUS SOURCES AND SHOULD BE USED FOR MAPPING, GRAPHIC AND PLANNING PURPOSES ONLY. NO WARRANTY IS MADE BY UINTAH ENGINEERING & LAND SURVEYING (UELS) FOR ACCURACY OF THE PARCEL DATA.

SCALE: 1" = 2000'	REVISED: 07-31-13	
DRAWN BY: J.L.H.	REV: 12-06-13 L.S.	
DATE DRAWN: 07-16-13		

N

ConocoPhillips

ConocoPhillips Company

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

ACCESS ROAD MAP TOPO B

UINTAH ENGINEERING & LAND SURVEYING

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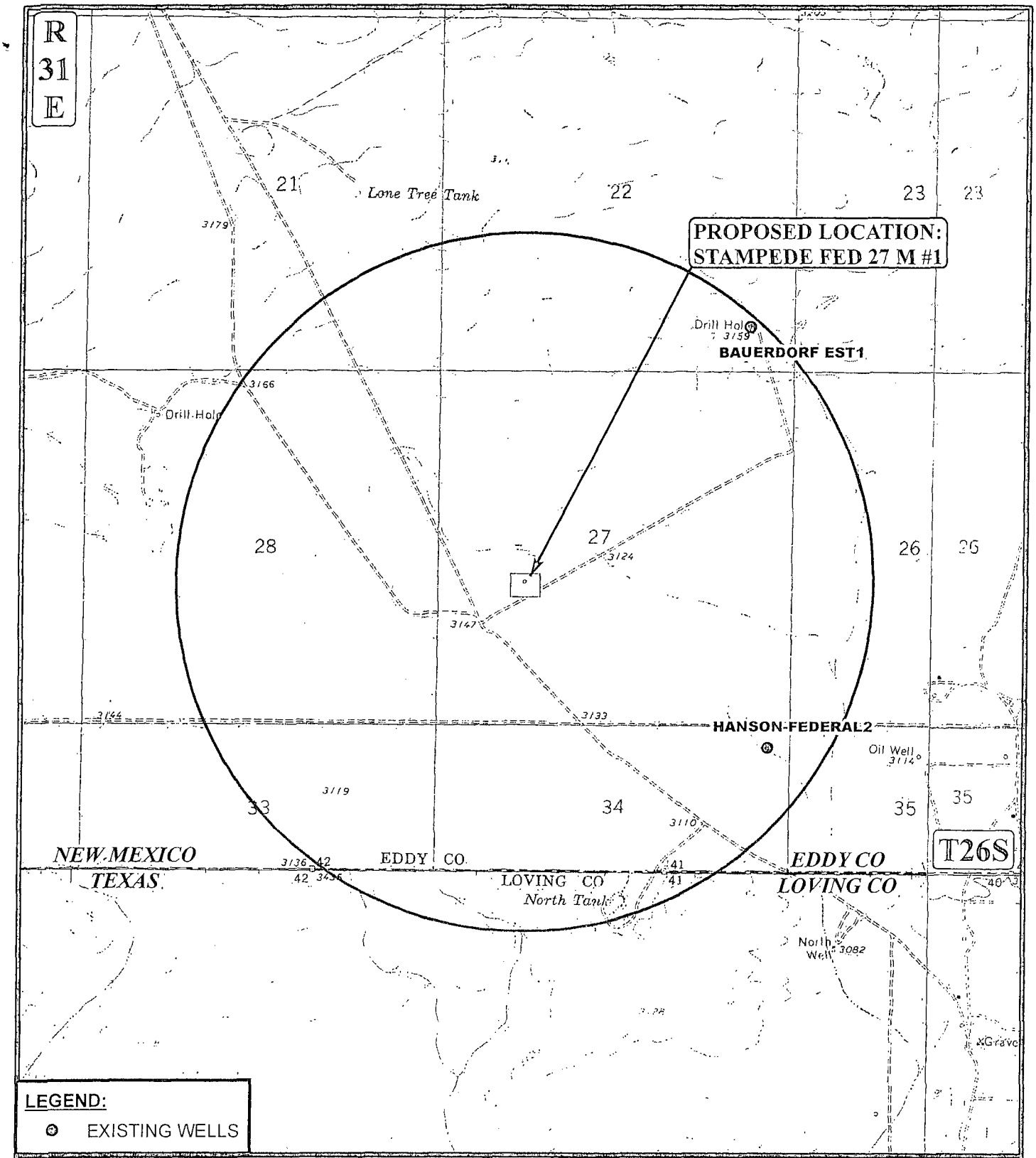

LEGEND:

⊙ EXISTING WELLS

SCALE: 1" = 2000'	REV: 12-06-13 L.S.	
DRAWN BY: J.L.H.		
DATE DRAWN: 07-31-13		

N

ConocoPhillips **ConocoPhillips Company**

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

TOPOGRAPHIC MAP TOPO C

UINTAH ENGINEERING & LAND SURVEYING
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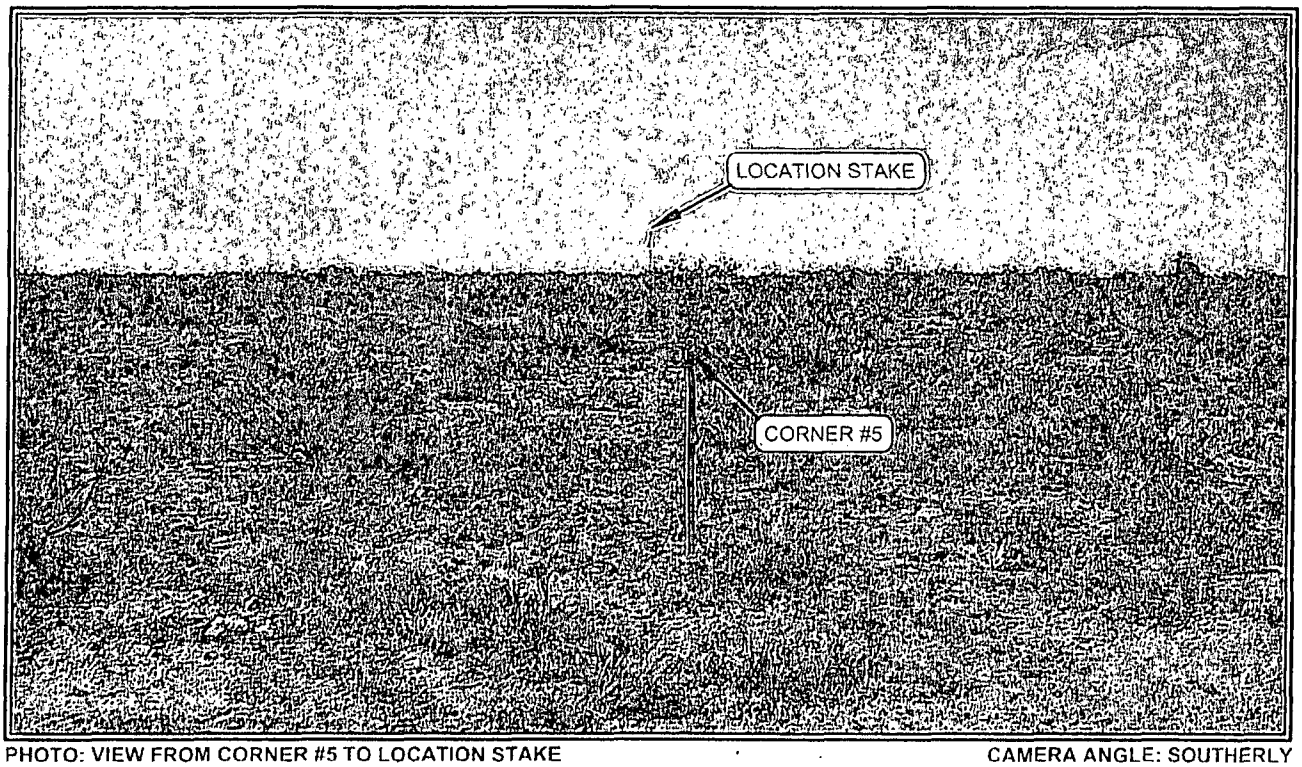


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHERLY

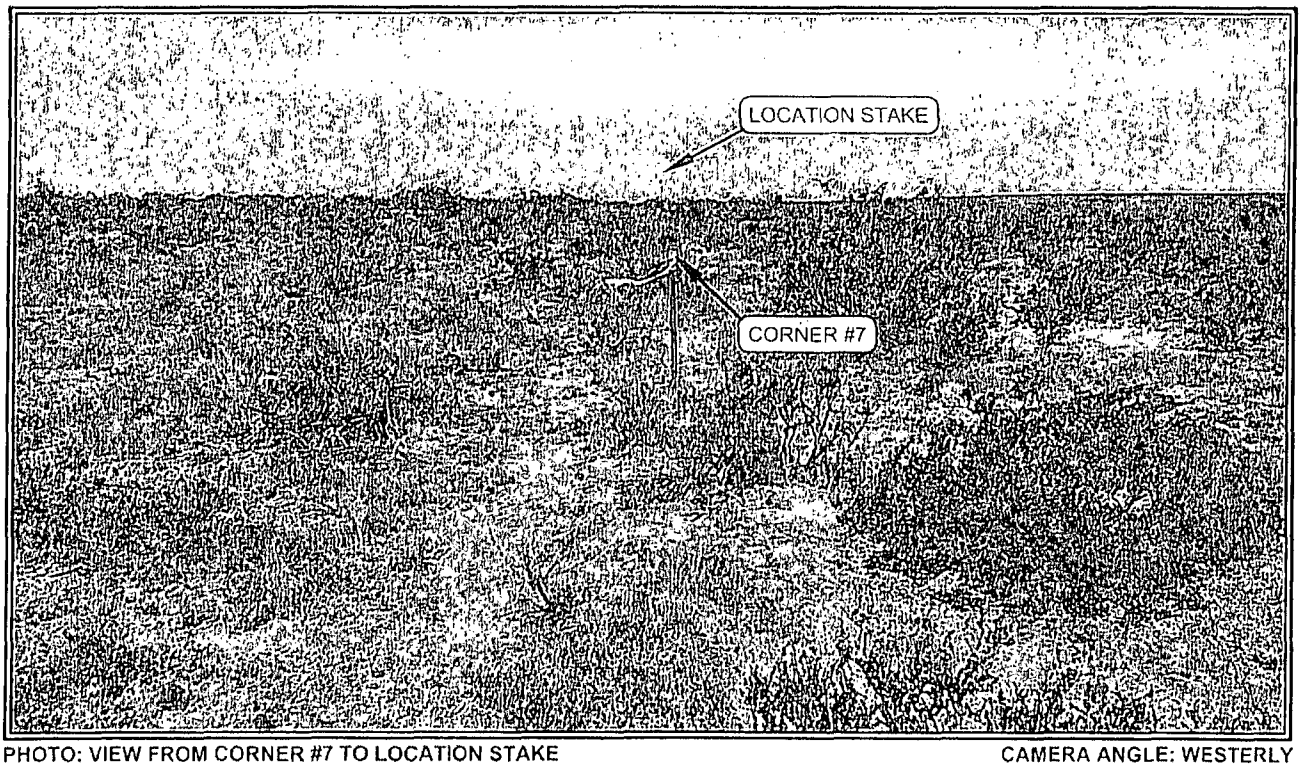


PHOTO: VIEW FROM CORNER #7 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY

NOTES:

ConocoPhillips

ConocoPhillips Company

STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.
2157' FSL 1320' FWL

TAKEN BY: J.C.	DRAWN BY: J.L.H.	REVISED: 12-06-13 L.S
DATE: 07-25-13	DATE: 07-31-13	

PHOTO SHEET

UINTAH ENGINEERING & LAND SURVEYING

Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

ConocoPhillips Company
STAMPEDE FED 27 M #1
SECTION 27, T26S, R31E, N.M.P.M.

BEGINNING AT THE INTERSECTION OF HIGHWAY 18 AND HIGHWAY 128 PROCEED IN A WESTERLY, THEN NORTHWESTERLY, THEN WESTERLY DIRECTION FROM JAL, NEW MEXICO ALONG HIGHWAY 128 APPROXIMATELY 30.0 MILES TO THE JUNCTION OF THIS ROAD AND ORLA ROAD/CR J-1 TO THE SOUTH; TURN LEFT AND PROCEED IN A SOUTHERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 15.2 MILES TO THE JUNCTION OF THIS ROAD AND STATE LINE ROAD TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY DIRECTION APPROXIMATELY 3.0 MILES TO THE JUNCTION OF THIS ROAD AND BUCK JACKSON ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NOTHEASTERLY, THEN NORTHERLY, THEN EASTERLY DIRECTION APPROXIMATELY 669' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM JAL, NEW MEXICO TO THE PROPOSED LOCATION IS APPROXIMATELY 48.8 MILES.

OPERATORS NAME:	**ConocoPhillips Company**
LEASE NAME AND WELL NO.:	**Stampede Federal 27 M # 1**
SURFACE LOCATION:	**2157 FSL & 1320 FWL (NWSW) 27-26S-31E**
CASING POINT:	**Vertical Well**
BHL:	**Vertical Well**
FIELD NAME:	**Wildcat Wolfcamp**
POOL NAME:	**Wolfcamp**
COUNTY:	**Eddy County, New Mexico**
	Federal Surface & Minerals LC068282A

The following information is to supplement the Application for Permit to Drill.

DRILLING PLAN

1. Name and estimated tops of all geologic groups, formations, members, or zones.(TVD)

Quaternary	Surface	Water
Rustler	845	Water
Top of Salt (Salado)	1245	Salt
Castille	2550	Salt
Delaware Top	3975	Oil/gas/water
Lamar Shale	4020	Oil/gas/water
Bone Spring	7720	Oil/gas/water
Bone Spring 1st Carbonate	8000	Oil/gas/water
Avalon	8260	Oil/gas/water
Bone Spring 1st Sand	8930	Oil/gas/water
Bone Spring 2nd Sand	9625	Oil/gas/water
Bone Spring 3rd Sand	10800	Oil/gas/water
Wolfcamp	11195	Oil/gas/water
Cisco	13445	Oil/gas/water
Strawn	13995	Oil/gas/water
TD	14210	Oil/gas/water

2. Estimated depths and thickness of formations, members or zones potentially containing usable water, oil, gas, or prospectively valuable deposits of other minerals that the operator expects to encounter, and the operator's plans for protecting such resources.

Quanternary	Surface
Rustler	845

All of the water bearing formations identified above will be protected by the setting of the 13 3/8" casing at 870' and circulating of cement to surface

Top of Salt (Salado)	1245
Castille (Salt)	2550
Delaware	3975 (oil/gas/water)

The prospective formation identified above will be protected by the setting of the 9 5/8" casing set at 4035 and circulating of cement to surface.

Bone Spring	8930-11195 (oil/gas/water)

The prospective formation identified above will be protected by the setting of the 7" casing set at 11245 and circulating of cement to tie into previous casing string

Wolfcamp	11195-14210

The geologic tops identified above from the top of the Wolfcamp are part of the target formation

3. The operator's minimum specifications for blowout prevention equipment and diverter systems to be used, including size, pressure rating, configuration, and the testing procedure and frequency.

The rig slated to drill this location will have a 10M system as it pertains to the BOP. It is our intent to test to the 10M requirements as indicated in Onshore Order 2. By utilizing the .78 psi/ft gradient (based off offset wells) minus the .22 psi/ft as per the Onshore Order, this well would require 7957 psi. Testing to the 10M requirements will meet the guidelines for well control. After nippling up, and every 30 days thereafter, preventors will be pressure tested. BOP will be inspected and operated at least daily to insure good working order. All pressure and operating tests will be recorded on the daily drilling reports. Ram type preventors will be tested to rated working pressure or 70% of the minimum internal yield of the casing. **See attached schematic**. This rig is equipped with co-flex hoses. COP respectfully request a variance for said use of co-flex hoses. Please see attached manufacturer specifications and test information.

See COA

Test plug required

4. The proposed casing program including size, grade, weights, type of thread and coupling, and the setting depth of each string and its condition. For exploratory wells, or for wells as otherwise specified by the authorized officer, the operator shall include the minimum design factors for tensions, burst, and collapse that are incorporated into the casing design. In cases where tapered casing strings are utilized, the operator shall also include and/or setting depths of each portion.

NEW CASING:

See COA

Surface: 17 1/2" hole, 13 3/8" 54.5# J55 STC csg, set @ 870' 1025'. Drill out with 12 ¼" bit and perform shoe test to 12.5 ppg MWE.
Burst: 4.39/Collapse: 1.88/Tension: 5.98/9.13
Intermediate 1: 12 1/4" hole, 9 5/8" 40# J55 LTC csg, set @ 4035' 3925'
Burst: 2.43/Collapse: 1.4/Tension: 5.45/6.44
Intermediate 2: 8 ¾"hole, 7" 29# P110 BTC csg set @ 11245
Burst: 3.25/Collapse: 3.36/Tension: 5.78/6.8

Production Liner: 6 1/8" hole, 4 ½" 15.1# P110 LTC liner set @ 10745-14210 Burst: 3.25/Collapse: 3.36/Tension: 5.78/6.80 (Packers and Sleeves)

ConocoPhillips will utilize casing friendly hardbanded drill pipe in a manner that is consistent with current company policy and standards with respect to minimizing or mitigating internal casing wear. The responsibility to ensure all parties are acting according to their roles and responsibilities rest with the Company. Any damage or impacts from use of casing friendly hardbanded drill pipe rest with ConocoPhillips Company.

5. The amount and type(s) of cement, including anticipated additives to be used in setting each casing string, shall be described. If stage cementing techniques are to be employed, the setting depth of the stage collars and amount and type of cement, including additives, and preflush amounts to be used in each stage, shall be given. The expected linear fill-up of each cemented string, or each stage when utilizing stage-cementing techniques, shall also be given.

13 3/8 casing: Lead w/460 sxs Class C cmt + HalCem-C (Yield 1.75 cft) Tail w/320 sxs Class C cmt + 1 lbm/sk EconoChem HRLTRRC (Yield 1.33 Cuft/sk). Circulated to surface based on 17 ½" hole with 100% excess

9 5/8" casing: Lead w/2070 sxs 50/50 Class C Poz + 2.5 gal/bbl WG-19 + 1 lbm/sk EconoCem-C (Yield 1.88 cft/sk/12.9 ppg), Tail w/190 sxs H + HalCem C (Yield 1.33 cft/sk/14.8 ppg) Circulated to surface based on 12 ¼" hole w/200% Excess.
Optional: 9 5/8" DV + ECP @ 3600-3700. Cemented w/1760 sxs (+/- 50 sxs) Class C (1.88 cft/sk @ 12.9 ppg) w250% excess

DV Tool + ECP @ 4700-4800

7" casing: Stage 1: Lead w/750 sxs 50/50 Class C Poz (Tune Light System) + 2.5 ga/bbl WG-19 + 1 lbm/sk EconoCem-C (Yield: 3.2 cft/sk/9.5 ppg) Tail w/183 sxs Class H + HalCem C (Yield 1.33 cft/sk/14.8 ppg). Stage 2: Cement w/390 sxs 50/50 Class C Poz (Tune Light System) + .2.5 ga/bbl WG-19 + 1 lbm/sk EconoCem-C (Yield: 3.2 cft/sk/9.5 ppg) Circulate cement 500'into the 9 5/8" casing based on 8 ¾" hole w/200% excess.
Optional: 7" DV + ECP @ 4700-4800. Cemented 500' into previous shoe w/160 sxs (+/- 10 sxs) of 9.5 ppg tuned light with yield of 3.2 cuft/sx, w/250% excess
Optional: 7" DV + ECP @ 8300-8400. Cemented 500' into previous shoe w/570 sxs (+/- 10 sxs) of 9.5 ppg Tuned Light with yield of 3.2 cuft/sk w/250% excess

See COA

4 ½" Liner: Tail w/320 sxs (1.09 cf/sk, 16.4 ppg). Circulate cement 500' Into the 7" casing based on 6 1/8"hole w/135% excess

6. The anticipated type and characteristics of the proposed circulating medium or mediums proposed for the drilling of each wellbore section, the quantities and types of mud and weighting material to be maintained, and the monitoring equipment to be used on the circulating system.

Mud Program:

0-870 1025	Aquagel-Spud Mud	8.8	Wt/Gl	32-36 Vis.	NC
870-4035	Brine	10	Wt/Gl	28-30 Vis.	5-8
3925 4035-11245	Brine	9.5	Wt/Gl	30-39 Vis	<=4
11245-14210	OBM	15	Wt/Gl	40-45 Vis	<=5

Gas detection equipment and pit level flow monitoring equipment will be on location. ConocoPhillips Company will maintain sufficient mud and weighted material on location at all times.

7. The anticipated testing, logging, and coring procedures to be used, including drill stem testing procedures, equipment, and safety measures.

a. DST or DFIT Program: 7700-14210 (specific intervals to be based on logs)
b. Core: 7700-14210 (specific intervals to be based on logs)
b. Mud Logging: One-Man Mudlogging: N/A
Two-Man Mudlogging: Spud to TD
Dry samples (30') 870-14210; Isotubes/Isojars 870-14210'
Logs to be Run: Quad combo + Sonic 25-870'
Triple Combo, Spectral GR, Sonic, FMI, NMR 870-14210'

8. List the expected bottom-hole pressure and any anticipated abnormal pressures, temperatures or potential hazards that are expected to be encountered, such as lost circulation zones and hydrogen sulfide. The operator's plans for mitigating such hazards shall be discussed. Should the potential to encounter hydrogen sulfide exist, the mitigation procedures shall comply with the provisions of the BLM.

The maximum anticipated bottom hole pressure is .78 psi/ft
No hydrogen sulfide is expected during drilling operations; however, the potential does exist for H2S. Please see attached H2S contingency plan to be used in the event of occurrence.

Any other facets of the proposed operation which the operator wishes to be considered in reviewing the application.
Anticipated construction date is October 15, 2013 with anticipated spud date of November 15, 2013. Construction of well pad and road will begin as soon as all Agency approvals are obtained.

9. Address the proposed directional design, plan view, and vertical section in true vertical and measured depth for directional, horizontal, or coil tubing operations.

There is no proposed directional plan. This well is planned as a monitor/source well only. It is not intended to produce oil and gas.

Request for Variance

ConocoPhillips Company
Lease Number: LC 068282A
Well: Stampede Fed 27 M #1
Location: Sec. 27, T26S, R31E
Rig: H&P 486
Date: 2/5/2014

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:
Jason A. Levinson
Drilling Engineer, ConocoPhillips Company
Phone (281) 206-5335
Cell (281) 682-2783
Date: 05 February 2014

ConocoPhillips

MCBU
P. O. Box 51810
Midland, TX 79710-1810

October 21, 2013

TO: Bureau of Land Management

FROM: Donna Williams
ConocoPhillips Company

RE: Stampede Federal 27 1M

In regards to the deficiency letter received regarding the above, ConocoPhillips Company respectfully submits the following:

1. Onsite was performed on July 24, 2013
2. Based off the survey information, the SW/4 is 2662.08'. Our proposed surface location is 1320' off the west line which positions the wellbore at 11.04' off q/q line
3. The intended long term plan for this well is to convert to a SWD well within the next 3 years after the monitoring operation begins
4. Revised drill plan information to address the remaining issues are attached

DRILLING PLAN

PROSPECT/FIELD	Wolfcamp/Red Hills				COUNTY/STATE		Eddy County, NM
OWNERS	ConocoPhillips			LEASE			
WELL NO.	Stampede Federal 27#1M		FNL	FSL	FEL	FWL	
LOCATION		Surface Location:	2157		1320		
		Bottom Hole Location:	2157		1320		SECTION 29
EST. T.D.	Leg #1 14,210' MD				GROUND ELEV.		3,145' (est)
						RKB	3,170' (est)

PROGNOSIS: Based on 3,169' KB(est)

Marker	TVD	S.S. Depth
Quaternary	Surface	
Rustler	870	2,300
Delaware Top	3,975	-805
Lamar Shale	4,020	-850
Bone Spring	7,720	-4,550
Bone Spring 1st Carbonate Top	8,000	-4,830
Avalon A Top	8,260	-5,090
Avalon B Top	8,500	-5,330
Avalon C Top	8,660	-5,490
1st Bone Spring Sand	8,930	-5,760
2nd Bone Spring Carbonate	9,440	-6,270
2nd Bone Spring Sand	9,625	-6,455
3rd Bone Spring Carbonate	10,070	-6,900
3rd Bone Spring Sand	10,800	-7,630
Wolfcamp Top	11,195	-8,025
Wolfcamp Marker	12,510	-9,340
Pilot TD	14,210	-11,040

LOGS:

Type	Interval
Open Hole:	
Quad-combo + Sonic	25-870
Triple Combo, Spectral GR, Sonic, FMI, NMR	870-14210

DEVIATION:

Surf: 3° max., 1°/ every 500'
Int1/2: 3° max., 1°/ every 500'
Pilot: 3° max., 1°/ every 500'

DST'S:

DFIT
7700 - 14210
Specific intervals to be based on logs

CORES:

Core
7700 - 14210
Specific intervals to be based on logs

SAMPLES:

	Start	End
Mudlogging:		
Two-Man:	Spud	TD
Dry samples (30ft)	870ft	14210ft
Isotubes/Isojars	870ft	14210ft

BOP:

COP Category 3 Well Control Requirements
H&P486 BOPE: 13-5/8" 5Mpsi Annular
(With Rotating Head) 13-5/8" 10Mpsi Blind Rams
13-5/8" 10Mpsi Cross / Choke & Kill Lines
13-5/8" 10M psi Pipe Rams
13-5/8" 10Mpsi Spacer Spool

Dip Rate:

Max. Anticipated BHP: 0.78 psi/ft

Surface Formation:

MUD:	Interval	Type	Max. MW	Vis	WL	Remarks
Surface:	0-870'	Aqua gel - Spud Mud	8.8	32-36	NC	
Intermediate 1:	870-4035'	Brine	10	28-30	5-8	
Intermediate 2:	4035-11245'	Cut Brine	9.5	30-39	<=4	
Production:	11245-14210'	OBM	15	40-45	<=5	

CASING:	Size	Wt ppf	Hole	Depth	Cement	WOC	Remarks
Surface:	13-3/8"	54.5	17-1/2"	870'	To Surface	18hrs	
Intermediate 1:	9-5/8"	40	12-1/4"	4,035'	To Surface	18hrs	
Intermediate 2:	7"	29	8-3/4"	11,245'	500' into Intermediate	18hrs	
Production Liner:	4-1/2"	15.1	6-1/8"	14,210'	Cement to TOL *	18hrs	

* Hanger set 500' into previous casing

DIRECTIONAL PLAN

	MD	TVD	INC	AZ
Surface:	N/A	N/A	0	0
Vertical KOP:	N/A	N/A	0	0
End Build:	N/A	N/A	0	0
Tangent:	N/A	N/A	0	0
Turn:	N/A	N/A	0	0
TD:	14,210'	14,210'	0	0

Directional Company: DDC
Vertical Build Rate: 0.0 °/100'
Tan Leg Turn Rate: 0.0 °/100'

Comments:
Vertical Monitor Well

Prep By: Jason A. Levinson Date: 8/15/13 Doc: REV.0

Stampede Federal 27#1M

Surface Location:			Bottom Hole Location		
	2157	1320	2157	1320	

Directional:

	MD	TVD	FNL/FSL	FEL/FWL	S-T-R	AZI
Vertical KOP :	N/A	N/A	0	0	0	0
End Build :	N/A	N/A	0	0	0	0.0
Tangent:	N/A	N/A	0	0	0	0.0
Turn:	N/A	N/A	0	0	0	0.0
TD:	14,210'	14,210'	0	0	0	0.0

Formation	TVD
Marker	TVD
Quaternary	
Rustler	870
Delaware Top	3975
Lamar Shale	4020
Bone Spring	7720
Bone Spring 1st Carbonate Top	8000
Avalon A Top	8260
Avalon B Top	8500
Avalon C Top	8660
1st Bone Spring Sand	8930
2nd Bone Spring Carbonate	9440
2nd Bone Spring Sand	9625
3rd Bone Spring Carbonate	10070
3rd Bone Spring Sand	10800
Wolfcamp Top	11195
Wolfcamp Marker	12510
Pilot TD	14210

CASING

Surface
870' 13-3/8" 54.5# J-55 STC

Optional DV & ECP: 3600 +/- 100ft

Intermediate 1
4,035' 9-5/8" 40# L-80 LTC

Optional DV & ECP: 4800 +/- 50ft

Optional DV & ECP: 8300 +/- 100ft

TOL: 10745' MD/ 10745' TVD
Intermediate 2
11,245' 7" 29# P110 LTC

Production Liner:
14,210' 4-1/2" 15.1# P110 LTC
Max. Anticipated BHP:

Drill Fluids

Surf. Hole:
FW gel mud:
8.6#
w/ high vis sweeps

Interm 1
Brine
10#
40-60 Vis
5-8 WL

Interm 2
Brine
9.5#
40-50 Vis
5-8 WL

Prod Hole:
OBM
15#
28-36 Vis
<=5 WL

high vis sweeps
as required.

0.78 psi/ft

Cement

Data. These numbers are only estimates.

Surface:			Slurry Top
320 Sx Lead	Based on 17-1/2" OH		Surface.
460 Sx Tail	with 100% excess		
Intermediate 1			Slurry Top
2,070 Sx Lead	Based on 12-1/4" OH		Surface.
190 Sx Tail	with 250% excess		
Intermediate 2			Slurry Top
Stage 1:			500' into 9-5/8".
750 Sx Lead	Based on 8-3/4" OH		
183 Sx Tail	with 150% excess		
Stage 2			
390 Sx Lead	Based on 8-3/4" OH		
	with 175% excess		
Production			Slurry Top
320 Sx Tail	Based on 6-1/8" OH		500' into 7".
	with 135% excess		

Analysis

Mudlogging:
Two-Man:
Spud
TD

Open Hole:

Quad-Combo/Sonic from Spud to Surface

Triple Combo, Spectral GR,Sonic, FMI, and NMR from Surface to TD

Notes for Well:

Refer to the drilling program for detailed casing, drilling fluids, bit etc.
Drill 17 1/2" surface hole with conventional BHA and INC Survey Tool or MWD. RIH 13 3/8" CSG and cement it up to surface
Install well head and NU BOP. CSG Pressure Test and FIT, 12.5ppg
Mud logger (two-man) to be on at spud
Drill 12 1/4" intermediate #1 hole with Motor + MWD or Vertical Seeking Scout Tool+Motor and INC Survey Tool or MWD
RIH 9 5/8" CSG and cement it up to surface. CSG Pressure Test and FIT, 11.5ppg
Drill 8 3/4" intermediate #2 hole with Packed Hole BHA (Straight Motor+MWD) or Directional Motor+MWD till casing point
Run Gyro to casing point if run INC Tool before. If run MWD, consider Gyro optional
RIH 7" CSG and cement it up to 500ft into 9 5/8". Pressure Test 3500psi
Drill 6 1/8" production hole with PDM+MWD
POOH Backreaming after circulating the hole until clean returns
RIH 4 1/2" Liner and cement it to hanger (500ft inside of 7" shoe).
POOH Backreaming after circulating the hole until clean returns
RIH 4 1/2" Liner and cement it to hanger (500ft inside of 7" shoe).
Displace cement with 5% KCl Brine
POOH laying down 4in Drill Pipe
ND BOPE. Install 10M tubing head. Test connection
Release drilling rig.

Cased Hole Logs:	Completion:	Frac:
None.	None	None

David Sills
Geologist
Date 8/15/2013

Jason A. Levinson
Drilling Engineer
Date 8/15/2013

Wolfcamp/Red Hills
ConocoPhillips
Stampede Federal 27#1M

Surface Casing:	
Surface Casing Depth (Ft)	870
Surface Casing O.D. (In.)	13.375
Surface Casing ID (In)	12.715
Hole O.D. (In)	17.5
Excess (%)	100%
Volume Tail (Sx)	320
Yield Tail (Cu. Ft./Sx)	1.33
Yield Lead (Cu. Ft./Sx)	1.75
Shoe Joint (Ft)	40
Shoe Volume (Cu. Ft)	35.3
Tail feet of cement	300
Calculated Total Volume (Cu. Ft.)	1,244
Calc. Tail Volume (Cu. Ft.)	417
Calc. Lead Volume (Cu. Ft.)	792
Calc. Lead Volume (Sx)	460

Stage #2

Intermediate #1 Casing (Lead):	12.9ppg
Intermediate Casing O.D. (In.)	9.625
Intermediate Casing ID (In)	8.835
Hole O.D. (In)	12.25
Excess (%)	250%
cap 12-1/4 - 9-5/8"	0.0558
Calculated fill:	3,535'
Yield Lead (Cu. Ft./Sx)	1.88
Calculated Total Lead (Cu. Ft.)	3,875
Calc. Lead Volume (Sx)	2070

@ 3600ft
9 5/8" DV + ECP Same Cement

Stage #1

Intermediate #1 Casing (Tail):	14.8ppg
Intermediate Casing O.D. (In.)	9.625
Production Casing ID (In)	8.835
Hole O.D. (In)	12.25
Excess (%)	150%
cap 12-1/4 - 9-5/8"	0.0558
Calculated fill:	500'
Yield Tail (Cu. Ft./Sx)	1.33
Shoe Joint (Ft)	40
Shoe Volume (Cu. Ft)	17.0
Calc. Tail Volume (Cu. Ft.)	252
Required Tail Volume (Sx)	190

Stage 1

Intermediate #2 Casing (Lead):	9.5ppg
Intermediate Casing O.D. (In.)	7.000
Intermediate Casing ID (In)	6.184
Hole O.D. (In)	8.75
Excess (%)	150%
Cap 7" - 8-3/4" bbl/ft	0.0268
Cap 7" - 9-5/8" bbl/ft	0.0282
Calculated fill: (500' into 9-5/8")	10,045'
Yield Lead (Cu. Ft./Sx)	3.2
Calculated Total Lead (Cu. Ft.)	2,384
Calc. Lead Volume (Sx)	750

Intermediate #2 Casing (Tail):	14.8ppg
Intermediate Casing O.D. (In.)	7.000
Intermediate Casing ID (In)	6.184
Hole O.D. (In)	8.75
Excess (%)	135%
Cap 7" - 8-3/4" bbl/ft	0.0268
Cap 7" - 9-5/8" bbl/ft	0.0282
Calculated fill:	1,200'
Yield Lead (Cu. Ft./Sx)	1.33
Calculated Total Tail (Cu. Ft.)	244
Required Tail Volume (Sx)	183

@ 4800ft & 8300ft
7" DV + ECP Same Cement

Stage 2

Intermediate #2 Casing (Lead):	9.5ppg
Intermediate Casing O.D. (In.)	7.000
Intermediate Casing ID (In)	6.184
Hole O.D. (In)	8.75
Excess (%)	175%
Cap 7" - 8-3/4" bbl/ft	0.0268
Cap 7" - 9-5/8" bbl/ft	0.0282
Calculated fill: (500' into 9-5/8")	4,165'
Yield Lead (Cu. Ft./Sx)	3.2
Calculated Total Lead (Cu. Ft.)	1,234
Calc. Lead Volume (Sx)	390

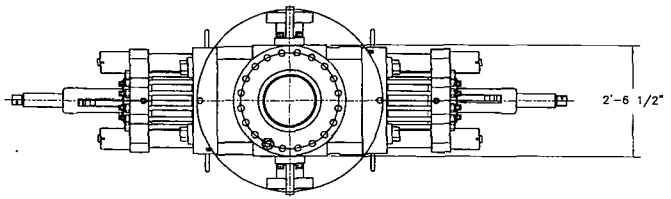
Production Casing:	16.4ppg
Production Casing O.D. (In.)	4.500
ProductionCasing ID (In)	3.826
Hole O.D. (In)	6.125
Excess (%)	135%
Cap 7" - 4-1/2"	0.0175
Cap 6-1/8" - 4-1/2"	0.0168
Calculated fill:	2,965'
Calculated fill (7" - 4-1/2"):	500'
Yield Lead (Cu. Ft./Sx)	1.09
Calculated Total Lead (Cu. Ft.)	345
Calc. Tail Volume (Sx)	320

DV 1Volume
234.8910592 BBL
1318.913298 FT3
3297.283244 250% XS
1753.874066 Sacks @ 1.88 ft3/s:
35.07748132

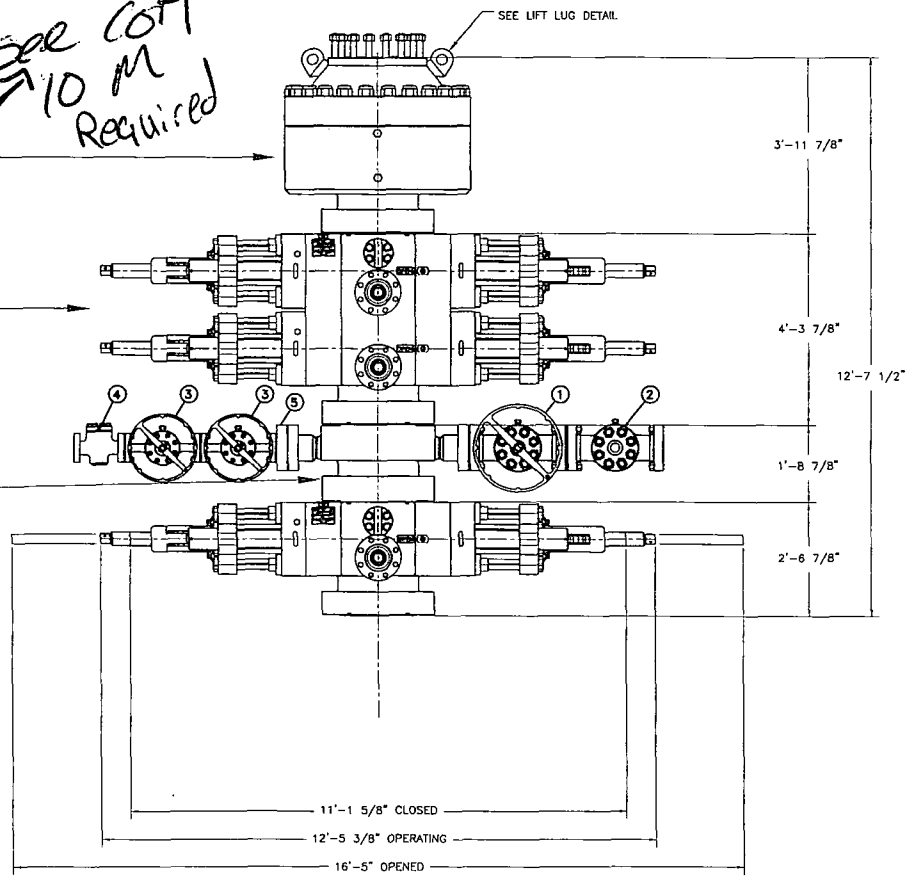
DV2 Volume
128.2846071 BBL
720.3180686 FT3
1800.795172 250% XS
562.7484911 Sacks @ 3.2 ft3/sx
11.25496982

DV3 Volume
34.57103604 BBL
194.1163674 FT3
485.2909184 250% XS
151.653412 Sacks @ 3.2 ft3/sx
3.03306824

LEGEND
① 4 1/16"–10M FLANGED END GATE VALVE
② 4 1/16"–10M FLANGED END GATE VALVE WITH DOUBLE ACTING HYDRAULIC ACTUATOR
③ 2 1/16"–10M FLANGED END GATE VALVE
④ 2 1/16"–10M FLANGED END CHECK VALVE
⑤ DOUBLE STUDDED ADAPTER



See COA
≥10 M
Required



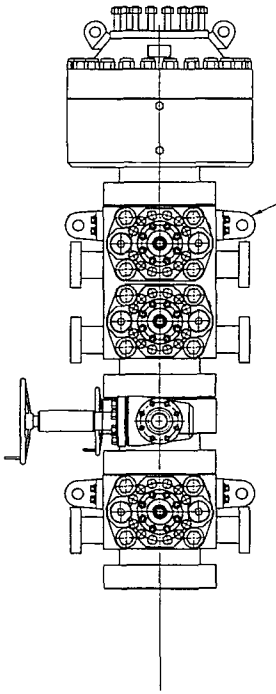
SHAFFER BOLTED–COVER SPHERICAL ANNULAR PREVENTER, (API 16A MONOGRAMMED, 13 5/8"–5M WP), 10M BOTTOM FLANGE x 5M STUDDED TOP (WEIGHT = 14,300 LBS WITH SHAFFER API 16A HOT OIL RESISTANT ACRYLONITRILE ELEMENT)

CAMERON UM DOUBLE RAM–TYPE PREVENTER (API 16A MONOGRAMMED, 13 5/8"–10M WP), WITH 5" CAMERON PIPE RAMS (CAMRAM FRONT PACKERS & TOP SEALS) IN TOP CAVITY AND CAMERON DS SHEARING BLIND RAMS IN BOTTOM CAVITY. BOTTOM FLANGE x STUDDED TOP (WEIGHT = 21,100 LBS, WITH RAMS)

13 5/8"–10M WP CAMERON DRILLING SPOOL (API 16A MONOGRAMMED), STUDDED TOP x FLANGED BOTTOM, WITH 4 1/16"–10M WP FLANGED OUTLETS (WEIGHT APPROXIMATELY 6,000 LBS)

CAMERON UM SINGLE RAM–TYPE PREVENTER (API 16A MONOGRAMMED, 13 5/8"–10M WP), WITH 5" CAMERON PIPE RAMS (CAMRAM FRONT PACKERS & TOP SEALS) BOTTOM FLANGE x STUDDED TOP
WEIGHT = 10,900 LBS

13 5/8–10M STACK



PRELIMINARY
April-14-2011
DRAFTSMAN
ENGINEER

API 6A MONOGRAMMED CAMERON CHOKE AND KILL WING VALVE ASSEMBLIES ARE NOT SHOWN FOR CLARITY

WEIGHTS DO NOT INCLUDE HOSES, ADAPTER SPOOLS OR QUICK CONNECT FITTINGS

REV	DATE	DESCRIPTION	BY
E	12/18/07	ADDED SHEET 03	JAV
D	4–10–07	ORDINANCE REVISED, DOUBLE STUDDED ADAPTER VALVES 1, 2, & 3, AND #5 CHECK VALVE ADDED	JBG
C	4–04–07	5" ADDED TO SPACER ADAPTER SPOOL	JBG
B	02–07–07	ADDED ADAPTER SPOOL	MWL
A	08–13–02	CORRECTED BOP STACK	MWL

ENGINEERING APPROVAL | DATE

HELMERICH & PAYNE
INTERNATIONAL DRILLING CO.

TITLE: 13 5/8"–10M BOP 3 RAM STACK FLEXRIG3

CUSTOMER: H&P

PROJECT: FLEXRIG3

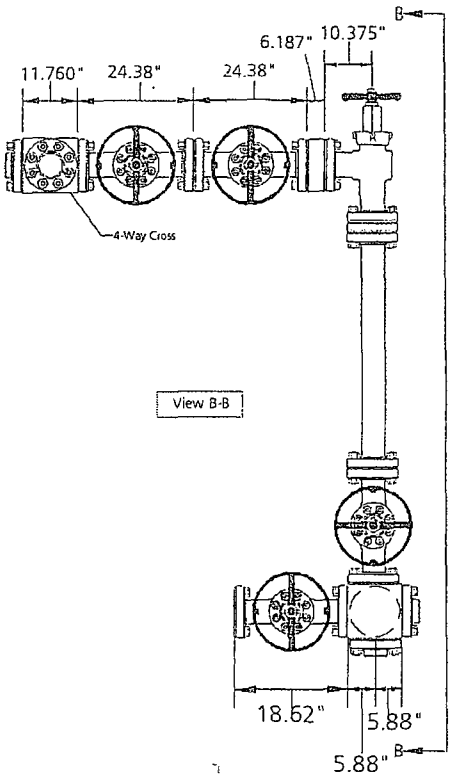
DRAWN: MTS | DATE: 6–5–02 | DWG. NO.: 210–P1–07 | REV: E

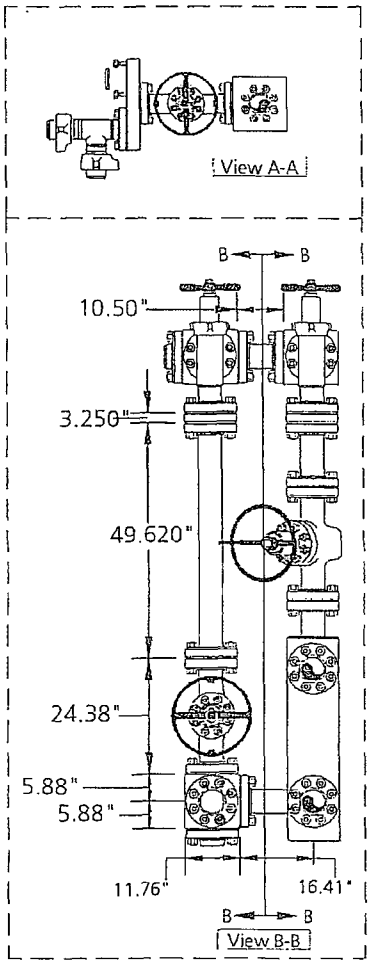
SCALE: 3/4"=1' | SHEET: 1 OF 3

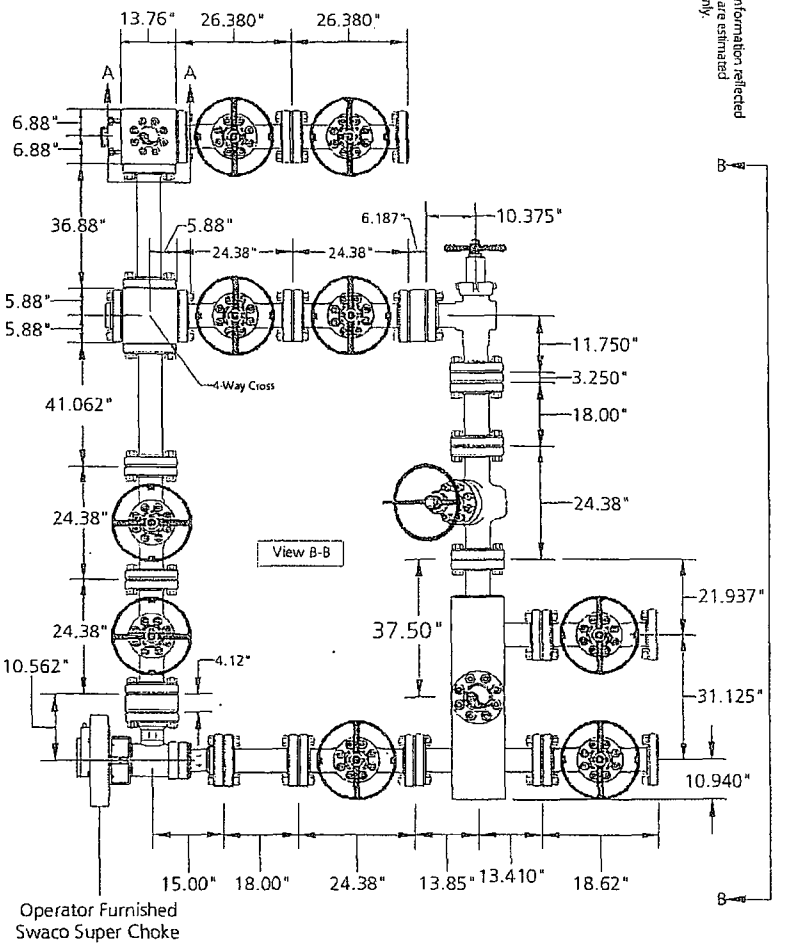
Helmerich & Payne

Rig Flex 3 Manifold with 3rd Choke Run

Note: Dimensional information reflected on this drawing are estimated measurements only.

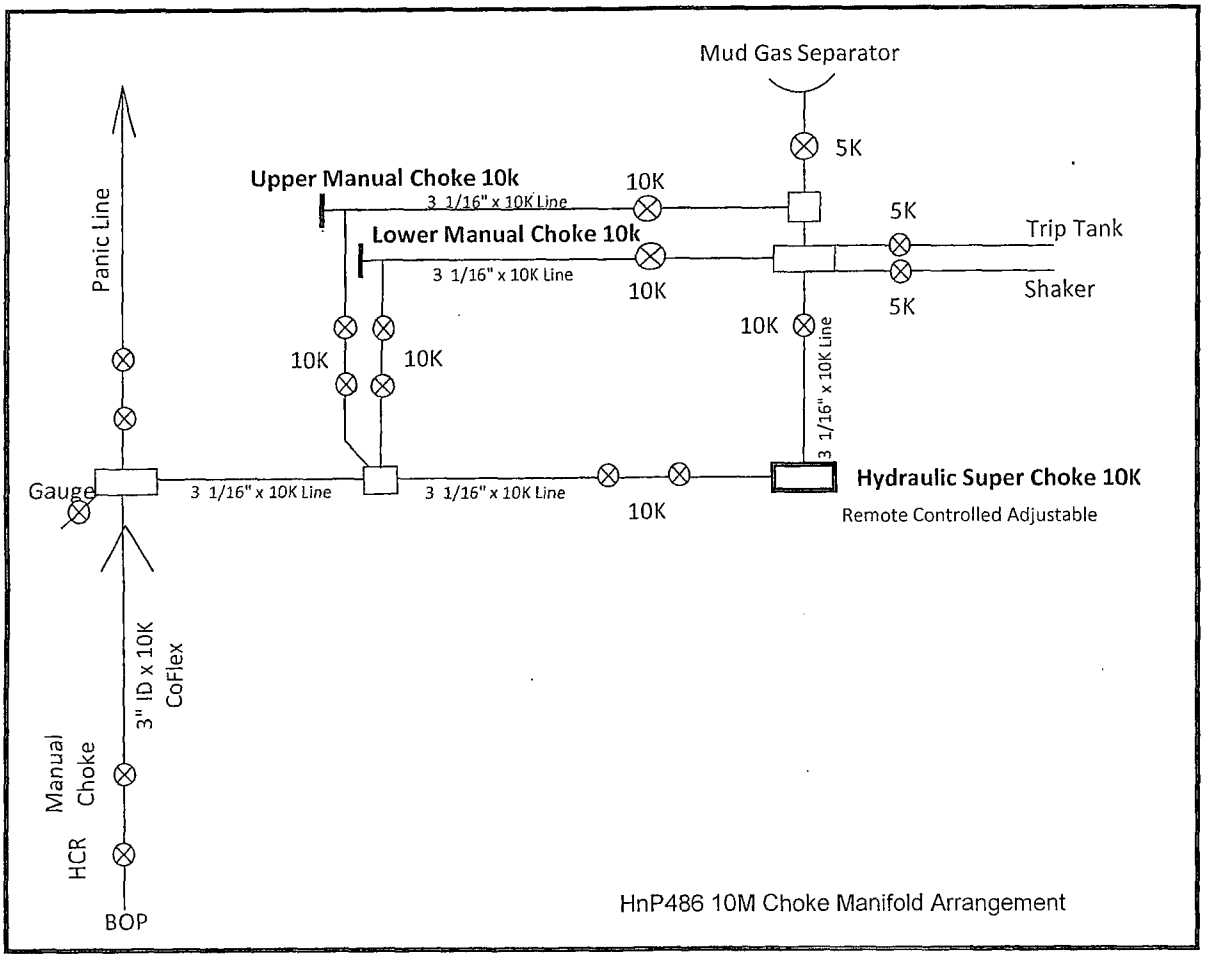






Name:	Jeanette
Date:	9-9-08
Working Pressure:	
#	J-37377-3

CAMERON


Mud Gas Separator
5K
Upper Manual Choke 10k
3 1/16" x 10K Line
10K
5K
Trip Tank
Lower Manual Choke 10k
3 1/16" x 10K Line
10K
5K
Shaker
Panic Line
10K
10K
10K
3 1/16" x 10K Line
Gauge
3 1/16" x 10K Line
3 1/16" x 10K Line
10K
Hydraulic Super Choke 10K
Remote Controlled Adjustable
3" ID x 10K CoFlex
Manual Choke
HCR
BOP
HnP486 10M Choke Manifold Arrangement

Attachment # 1

CONTITECH RUBBER Industrial Kft.	No: QC-DB- 45 / 2012
	Page: 9 / 50

Continental CONTITECH

Hose Data Sheet

CRI Order No.	516273
Customer	ContiTech Beattie Co.
Customer Order No	PO5438 STOCK
Item No.	3
Hose Type	Flexible Hose
Standard	**API SPEC 16 C**
Inside dia in inches	3
Length	35 ft
Type of coupling one end	FLANGE 4 1/16" API SPEC 6A TYPE 6BX FOR 10000 PSIBX155 RING GROOVE
Type of coupling other end	FLANGE 4 1/16" API SPEC 6A TYPE 6BX FOR 10000 PSI BX155 RING GROOVE
H2S service NACE MR0175	Yes
Working Pressure	10 000 psi
Design Pressure	10 000 psi
Test Pressure	15 000 psi
Safety Factor	2,25
Marking	USUAL PHOENIX
Cover	NOT FIRE RESISTANT
Outside protection	St.steel outer wrap
Internal stripwound tube	No
Lining	OIL RESISTANT
Safety clamp	No
Lifting collar	No
Element C	No
Safety chain	No
Safety wire rope	No
Max.design temperature [°C]	100
Min.design temperature [°C]	-20
MBR operating [m]	1,60
MBR storage [m]	1,40
Type of packing	WOODEN CRATE ISPM-15

Continental ContiTech

Fluid Technology

Quality Document

QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. N°: 184	
PURCHASER: ContiTech Beattie Co.				P.O. N°: 005438	
CONTITECH ORDER N°: 516273		HOSE TYPE: 3" ID		Choke and Kill Hose	
HOSE SERIAL N°: 61477		NOMINAL / ACTUAL LENGTH:		10,67 m / 10,71 m	
W.P. 68,9 MPa	10000 psi	T.P. 103,4 MPa	15000 psi	Duration: 60	min.

Pressure test with water at ambient temperature

See attachment. (1 page)

↑ 10 mm = 10 Min.

→ 10 mm = 20 MPa

COUPLINGS Type	Serial N°		Quality	Heat N°
3" coupling with	10178	10173	AISI 4130	20231
4 1/16" 10K API Flange end			AISI 4130	33051

NOT DESIGNED FOR WELL TESTING

API Spec 16 C

Temperature rate:"B"

All metal parts are flawless

WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER INSPECTED AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.

STATEMENT OF CONFORMITY: We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements.

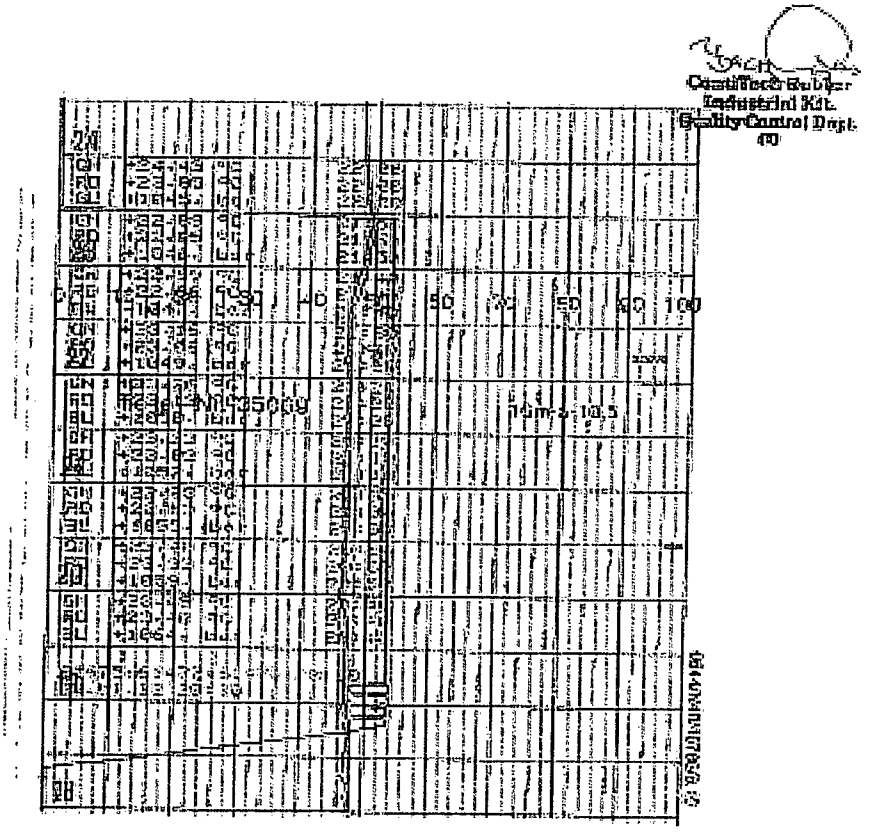
COUNTRY OF ORIGIN HUNGARY/EU

Date:	Inspector	Quality Control
30. January 2012.		ContiTech Rubber Industrial Kft. Quality Control Dept. (1)

ContiTech Rubber Industrial Kft. Budapesti út 10. Szeged H-6728 PO Box 152 Szeged H-6701 Hungary
Phone: +36 62 566 737 Fax: +36 62 566 738 e-mail: [illegible] Internet: [illegible]
The Court of Csongrád County as Registry Court Registry Court No: [illegible] EU VAT No: [illegible]
Bank data Commerzbank Zrt. Budapest [illegible]

ATTACHMENT OF QUALITY CONTROL INSPECTION AND TEST CERTIFICATE *No: 182, 184, 185*

Page: 1 / 1



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Section

ConocoPhillips

HYDROGEN SULFIDE (H_2S) OPERATIONS

Contingency Plan
For
Permian Drilling Operations

ConocoPhillips Company
Mid-Continent Business Unit
Permian Asset Area

I. PURPOSE

The purpose of this Contingency Plan is to provide an organized plan of action for alerting and protecting the public following the release of a potentially hazardous volume of hydrogen sulfide. This plan prescribes mandatory safety procedures to be followed in the event of a release of H_2S into the atmosphere from exploration and production operations included in the scope of this plan. The extent of action taken will be determined by the supervisor and will depend on the severity and extent of H_2S release. Release of H_2S must be reported to the Drilling Superintendent and documented on the IADC and in Wellview.

II. SCOPE

This Contingency plan shall cover the West Texas and Southeastern New Mexico areas, which contain H2S gas and could result in a release where the R.O.E. is greater than 100 ppm at 50' and less than 3000' and does not include a public area and 500 ppm R.O.E. does not include a public road. Radius of exposure is defined as the maximum distance from the source of release that a specified calculated average concentration of H_2S could exist under specific weather conditions.

III. PROCEDURES

First Employee on Scene

____ Assess the incident and ensure your own safety.

Note the following:

____ Location of the incident.
____ Nature of the incident.
____ Wind direction and weather conditions.
____ Other assistance that may be needed.

____ Call local supervisory personnel (refer to Section V: Emergency Call List) until personal contact is made with a person on the list.

____ Perform emergency assessment and response as needed. The response may include rescue and/or evacuation of personnel, shutting in a system and/or notification of nearby residents/public (refer to Section VII: Public Notification/Evacuation).

____ Secure the site.

____ Follow the direction of the On-scene Incident Commander (first ConocoPhillips supervisor arriving on-scene).

First Supervisor on Scene (ConocoPhillips On-scene Incident Commander)

____ Becomes ConocoPhillips' On-scene Incident Commander upon arrival to location.

____ Follow the principles of the **D.E.C.I.D.E.** process below to assess the incident. (Note wind direction and weather conditions and ensure everyone's safety).

DETECT the problem
ESTIMATE likely harm without intervention
CHOOSE response objectives
IDENTIFY action options
DO the best option
EVALUATE the progress

____ Complete the Preliminary Emergency Information Sheet (refer to Section VIII: Forms/Reports).

____ Call your supervisor (refer to Section V: Emergency Call List).

—— Perform emergency response as necessary. (This may include notification & evacuation of all personnel and/or nearby residents/public (refer to Section VII: Public Notification/Evacuation), requesting assistance from ConocoPhillips personnel or outside agencies (refer to Section V: Emergency Call List) and obtaining any safety equipment that may be required (refer to Section IV: Emergency Equipment and Maintenance).

—— Notify appropriate local emergency response agencies of the incident as needed. Also notify the appropriate regulatory agencies. (refer to Section V: Emergency Call List).

—— Ensure site security.

— Set barricades and /or warning signs at or beyond the calculated 100 ppm H_2S radius of exposure (ROE). All manned barricades must be equipped with an H_2S monitor and a 2-way radio.

— Set roadblocks and staging area as determined.

—— Establish the Incident Command Structure by designating appropriate on-scene response personnel as follows:

Recording Secretary _____
Public Information Officer _____
Safety/Medical Officer _____
Decontamination Officer _____

—— Have the "Recording Secretary" begin documenting the incident on the "Incident Log" (refer to Section VIII: Forms/Reports).

—— If needed, request radio silence on all channels that use your radio tower stating that, until further notice, the channels should be used for emergency communications only.

—— Perform a Site Characterization and designate the following:

Hot Zone -- Hazardous Area
Warm Zone -- Preparation & Decontamination Area
Cold Zone -- Safe Area

AND

On-Scene Incident Command Post	(Cold Zone)
Public Relations Briefing Area	(Cold Zone)
Staging Area	(Cold Zone)
Triage Area	(Cold Zone)
Decontamination Area	(Warm Zone)

_____ Refer all media personnel to ConocoPhillips' On-Scene Public Information Officer (refer to Section VI: Public Media Relations).

_____ Coordinate the attempt to stop the release of H_2S. You should consider closing upstream and downstream valves to shut-off gas supply sources, and/or plugging or clamping leaks. Igniting escaping gas to reduce the toxicity hazard should be used **ONLY AS A LAST RESORT**. (It must first be determined if the gas can be safely ignited, taking into consideration if there is a possibility of a widespread flammable atmosphere.)

_____ Once the emergency is over, return the situation to normal by:

Confirming the absence of H_2S and combustible gas throughout the area,

Discontinuing the radio silence on all channels, stating that the emergency incident is over,

Removing all barricades and warning signs,

Allowing evacuees to return to the area, and

Advising all parties previously notified that the emergency has ended.

_____ Ensure the proper regulatory authorities/agencies are notified of the incident (refer to Section V: Emergency Call List).

_____ Clean up the site. (Be sure all contractor crews have had appropriate HAZWOPER training.)

_____ Report completion of the cleanup to the Asset Environmentalist. (Environmentalist will report this to the proper State and/or Federal agencies.)

_____ Fill out all required incident reports and send originals to the Safety Department. (Keep a copy for your records.)

- Company employee receiving occupational injury or illnesses.

- Company employee involved in a vehicle accident while driving a company vehicle.

- Company property that is damaged or lost.

- Accident involving the public or a contractor; includes personal injuries, vehicle accidents, and property damage. Also includes any situation, which could result in a claim against the Company.

- Hazardous Material Spill/Release Report Form

- Emergency Drill Report

_____ Assist the Safety Department in the investigation of the incident. Review the factors that caused or allowed the incident to occur, and modify operating, maintenance, and/or surveillance procedures as needed. Make appropriate repairs and train or retrain employees in the use and operation of the system.

_____ If this incident was simulated for practice in emergency response, complete the Emergency Drill Report found in Section VIII: Forms/Reports and submit a copy to the Drilling Manager. (Keep one copy in area files to document exercising of the plan.)

Emergency Procedures
Responsibility

In the event of a release of potentially hazardous amounts of H2S, all personnel will immediately proceed upwind/ crosswind to the nearest designated briefing area. The COPC Drilling Rep. will immediately, upon assessing the situation, set this into action by taking the proper procedures to contain the gas and notify appropriate people and agencies.

1. In an emergency situation, the Drilling Rep. on duty will have complete responsibility and will take whatever action is deemed necessary in an emergency situation to insure the personnel's safety, to protect the well and to prevent property damage.

2. The Toolpusher will assume all responsibilities of the Drilling Rep. in an emergency situation in the event the Drilling Rep. becomes incapacitated.

3. Advise each contractor, service company, and all others entering the site that H2S may be encountered and the potential hazards that may exist.

4. Authorize the evacuation of local residents if H2S threatens their safety.

5. Keep the number of persons on location to a minimum during hazardous operations.

6. Direct corrective actions to control the flow of gas.

7. Has full responsibility for igniting escaping gas to reduce the toxicity hazard. This should be used **ONLY AS A LAST RESORT**.

IV. EMERGENCY EQUIPMENT and MAINTENANCE

Emergency Equipment Suppliers

Safety International – Odessa, Tx. 432.580.3770
H_2S monitors
Breathing air includes cascade systems
First aid and medical supplies
Safety equipment
H2S Specialist

Total Safety US Odessa, Tx/ Hobs, NM 432.561.5049 Odessa, Tx.
575.392.2973 Hobbs, NM
H_2S monitors
Breathing air includes cascade systems
Fire fighting equipment
First aid and medical supplies
Safety equipment

Indian Fire & Safety – Hobbs, NM 575.393.3093
H_2S monitors
Breathing air including cascade systems trailer mounted
30 minute air packs
Safety Equipment

Emergency Equipment and Maintenance (continued)

General Information

Materials used for repair should be suitable for use where H_2S concentrations exceed 100 ppm. In general, carbon steels having low-yield strengths and a hardness below RC-22 are suitable. The engineering staff should be consulted if any doubt exists on material specifications.

Appropriate signs should be maintained in good condition at location entrance and other locations as specified in Texas Rule 36 and NMOCD Rule 118.

All notification lists should be kept current with changes in names, telephone numbers, etc.

All shutdown devices, alarms, monitors, breathing air systems, etc., should be maintained in accordance with applicable regulations.

All personnel working in H_2S areas shall have received training on the hazards, characteristics, and properties of H_2S, and on procedures and safety equipment applicable for use in H_2S areas.

H2S Safety Equipment and Monitoring Systems

An H2S emergency response package will be maintained at locations requiring H2S monitoring. The package will contain at a minimum the following:

3 – Fixed H2S sensors located as follows:
- 1 – on the rig floor
- 1 – at the Bell Nipple
- 1 – at the Shale Shaker or Flowline

1 – Entrance Warning Sign located at the main entrance to the location, with warning signs and colored flags to determine the current status for entry into the location.

2 – Windsocks that are clearly visible.

1 – Audible warning system located on rig floor

2 – Visual warning systems (Beacon Lights)
- 1 – located at the rig floor
- 1 – located in the mud mixing room

Note: All alarms (audible and visual) should be set to alarm at 10 ppm.

2 - Briefing areas clearly marked
- 2 - SCBA's at each briefing area
- 1- SCBA located at the Drilling Reps office

Note:

1. All SCBA's must be positive pressure type only!!!

2. All SCBA's must either be Scott or Drager brand.

3. All SCBA's face pieces should be size large, unless otherwise specified by the Drilling Supervisor.

5 – Emergency Escape Paks located at Top Doghouse.
- Note: Ensure provisions are included for any personnel working above rig floor in derrick.

1 – Tri or Quad gas monitor located at the Drilling Reps office. This will be used to determine if the work area if safe to re-enter prior to returning to work following any alarm.

V. EMERGENCY CALL LIST:

The following is a priority list of personnel to contact in an emergency situation:

Supervisory Personnel	Office No.	Home	Cellular
R.W. "Cottton" Hair Permian Drilling Supt.	432.368.1302	432.563.9467	432.556.9116
Dennis Paschall Permian Drilling Field Supt.	432.368.1517	432.683.9400	432.238.3150
Tom Samarripa WSER	423.368.1263	432.367.4961	432.556.9113
Ty Maxey Permian Asset Operations Manager	432.368.1100		281.217.8492
Leo Gatson Safety and Environmental Coordinator	432.368.1248		432.631.066
Lynn Dooley Drilling Mngr.	832.486.2567	281.225.8063	281.435.3517

EMERGENCY CALL LIST: State Officials

Regulatory Agencies

New Mexico Oil Conservation Commission Office: 575.393.6161
P. O. Box 1980
Hobbs, New Mexico 88240-1980

Bureau of Land Mngt.
Carlsbad Field Office Office: 575.234.5972
620 E. Greene St. Fax: 575.885.9264
Carlsbad, NM 88220

EMERGENCY CALL LIST: Local Officials

Refer to the Location Information Sheet
Note: The LIS should include any area residents (i.e. rancher's house, etc)

VI. Public Media Relations

The **Public Information Officer** becomes the ConocoPhillips on-scene contact (once designated by the Phillips On-Scene Incident Commander).

Confers with Houston Office's Human Relations Representative, who is responsible for assisting in the coordination of local public relations duties.

Answer media questions honestly and **only with facts,** do not speculate about the cause, amount of damage, or the potential impact of the incident of the community, company, employees, or environment. (This information will be formally determined in the incident investigation.)

If you are comfortable answering a question or if you are unsure of the answer, use terms such as the following:

- "I do not know. I will try to find out."
- I am not qualified to answer that question, but I will try to find someone who can."
- "It is under investigation."

Note:
Do Not Say "No Comment." (This implies a cover-up.)

Do Not Disclose Names of Injured or Dead! Confer with the Houston Office's Human Relations Representative, who is responsible for providing that information.

VII. Public Notification/Evacuation

Alert and/or Evacuate People within the Exposure Area

1. Public Notification – If the escape of gas could result in a hazard to area residents, the general public, or employees, the person **first** observing the leak should take **immediate** steps to cause notification of any nearby residents. The avoidance of injury or loss of life should be of prime consideration and given top priority in all cases. If the incident is of such magnitude, or at such location as to create a hazardous situation, local authorities will be requested to assist in the evacuation and roadblocks of the designated area until the situation can be returned to normal.

   Note: Bilingual employees may be needed to assist in notification of residents.

2. Evacuation Procedures – Evacuation will proceed upwind from the source of the release of H_2S. Extreme caution should be exercised in order to avoid any depressions or low-lying areas in the terrain. The public area within the radius of exposure should be evacuated in a southwesterly and southeasterly direction so as to avoid the prevailing southern wind direction.

Roadblocks and the staging area should be established as necessary for current wind conditions.

Note: In all situations, consideration should be given to wind direction and weather conditions. H_2S is heavier than air and can settle in low spots. Shifts in wind direction can also change the location of possible hazardous areas.

VIII. FORMS & REPORTS

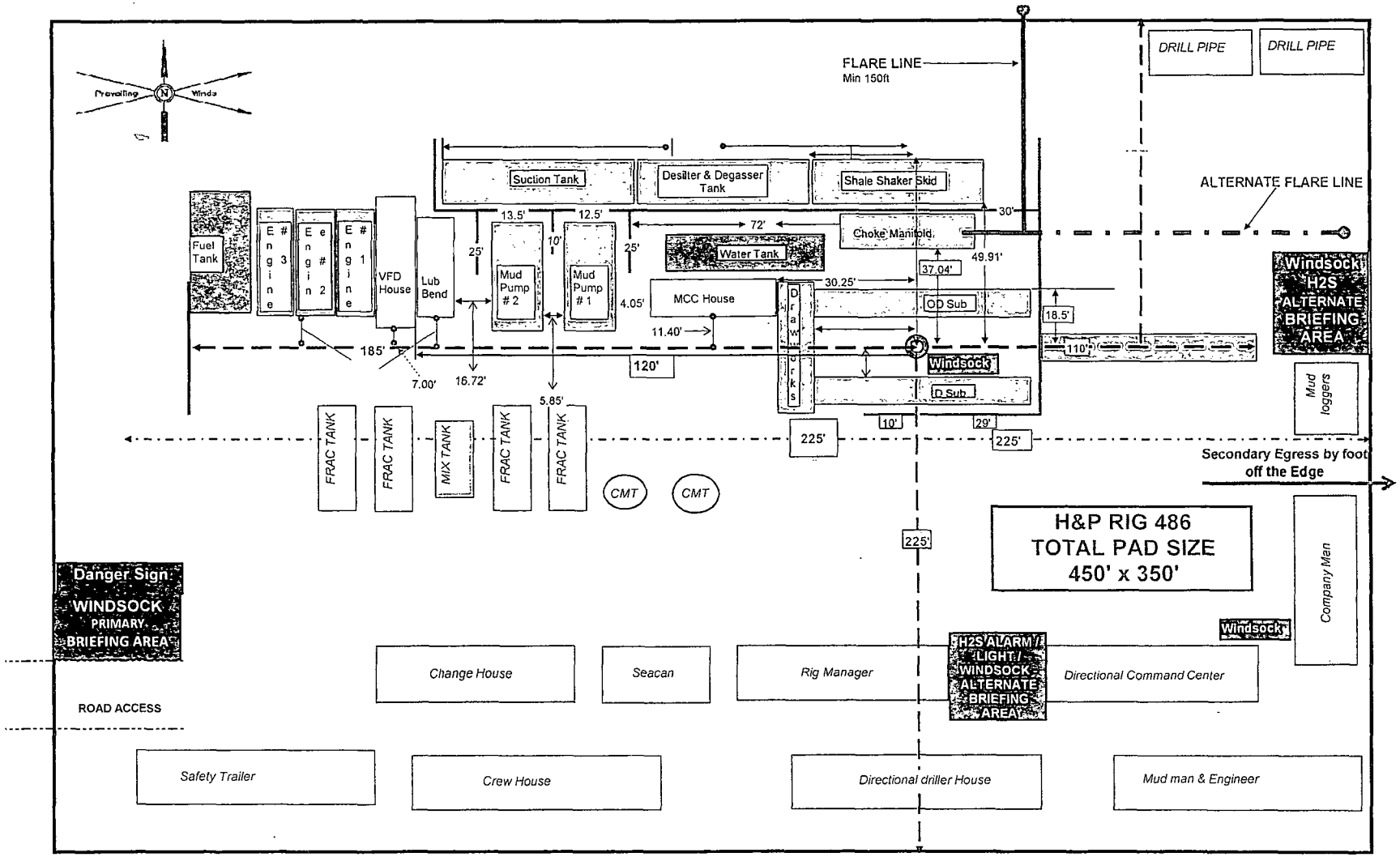
I. Incident Log

II. Preliminary Emergency Information Sheet

III. Emergency Drill Report

IV. Onshore Hazardous Material Spill/Release Report Form

V. Immediate Report of Occupational Injury or Illness
Report of Accident-Public Contractor
Report of Loss or Damage to Company Property
Report of Automotive Incident


Prevailing Winds
FLARE LINE
Min 150ft
DRILL PIPE
DRILL PIPE
ALTERNATE FLARE LINE
Suction Tank
Desilter & Degasser Tank
Shale Shaker Skid
Fuel Tank
Engine #3
Engine #2
Engine #1
VFD House
Lub Bend
Mud Pump # 2
Mud Pump # 1
Water Tank
Choke Manifold
MCC House
Drawworks
OD Sub
D Sub
Windsock
Windsock H2S ALTERNATE BRIEFING AREA
Mud loggers
FRAC TANK
FRAC TANK
MIX TANK
FRAC TANK
FRAC TANK
CMT
CMT
Secondary Egress by foot off the Edge
H&P RIG 486
TOTAL PAD SIZE
450' x 350'
Company Man
Danger Sign:
WINDSOCK
PRIMARY
BRIEFING AREA
ROAD ACCESS
Change House
Seacan
Rig Manager
H2S ALARM / LIGHT / WINDSOCK ALTERNATE BRIEFING AREA
Directional Command Center
Safety Trailer
Crew House
Directional driller House
Mud man & Engineer

Surface Use Plan of Operations

ConocoPhillips Company
Stampede Federal 27 1M
2157 FSL & 1320 FWL (NWSW) 27-26S-31E
Federal Lease No. LC068282A
Eddy County, New Mexico

1. Access Road - Existing

   A. From Hwy 128, travel south and west on Orla Road/CR J-1 for 15.2 miles. Turn east onto State Line Road and travel for 3 miles. Turn right onto Buck Jackson Road and travel .4 mile. Turn right onto proposed access road and travel 669' to 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. There will be 669' of new access road with a 30' construction right of way and a minimum travel width of 14'. All is on federal surface.
   B. Maximum grade will not exceed 8 percent.
   C. There will be no County approach; however there could be an apron from the road to the pad corner of about 60' to allow truck turning traffic.
   D. There will be no low water crossing or culverts
   E. There will be no cattleguard installed on the access road.
   F. The proposed access road will be constructed in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint 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 access road will be thoroughly compacted. The access road will be surfaced to the required minimum depth (after compaction).

3. Location of Existing Wells within a One-Mile Radius. **See Enclosed One-Mile Radius Plat.**

   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 no proposed drill wells within a one-mile radius.
   F. There are approximately 2 producing 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.

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 the additional Conditions of Approval provided by the BLM.

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	CONOCOPHILLIPS
LEASE NO.:	LC068282A
WELL NAME & NO.:	1M-STAMPEDE FEDERAL 27
SURFACE HOLE FOOTAGE:	2157' FSL & 1320' FWL
BOTTOM HOLE FOOTAGE	
LOCATION:	Section 19, T. 26 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

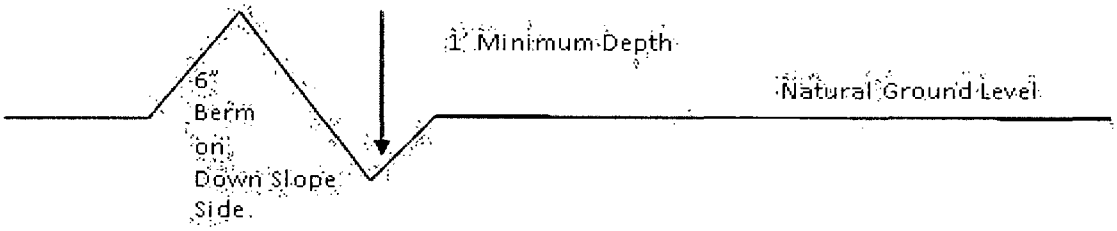
Ditching
Ditching shall be required on both sides of the road.

Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$\text{400 foot road with 4\% road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations
Appropriately sized culverts shall be installed at deep waterway channel flow crossings through the road.

Cattleguards
An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings.

Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

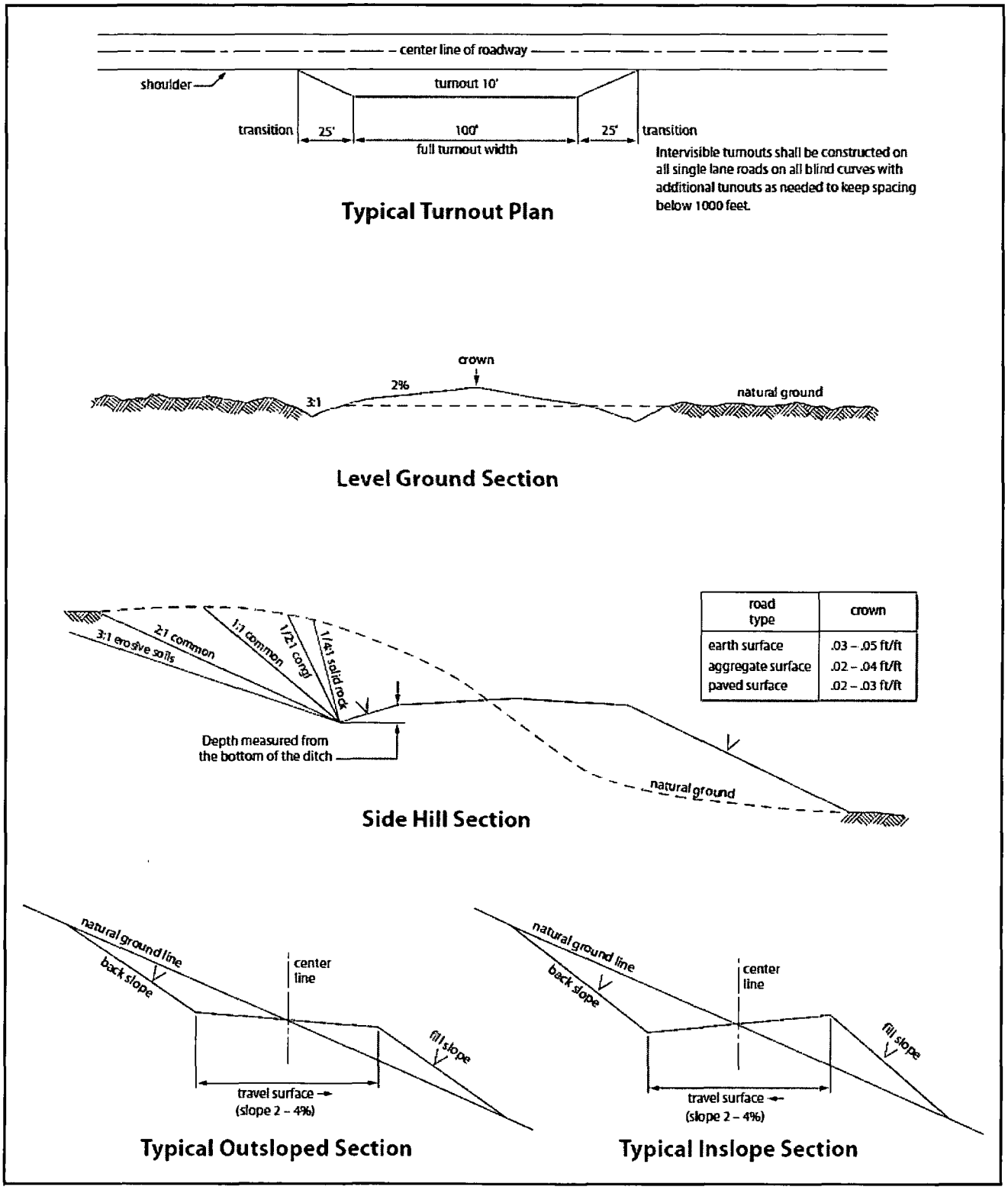


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VI. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#).

Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Abnormal pressures may occur in the Wolfcamp.
Possible water flows in the Salt and the Castile.
Possible lost circulation in the Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **1025** feet (**in a competent bed <u>below the Magenta Dolomite</u>, a <u>Member of the Rustler</u>**) and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Formation below the 13-3/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is: **(Casing is to be set in the base of the Castile or the Lamar at approximately 3925')**

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

3. The minimum required fill of cement behind the **7** inch production casing is:

Operator has proposed DV tool at depth of 4700-4800' and if lost circulation is encountered operator proposes a contingency DV tool at 8300-8400'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

a. First stage to DV tool:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with third stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

c. Third stage above DV tool:

☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

4. The minimum required fill of cement behind the **4-1/2** inch production Liner is:

☒ Cement to top of liner. Operator shall provide method of verification. **Excess calculates to 5% - Additional cement may be required.**

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **10,000 (10M)** psi. **10M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

d. The results of the test shall be reported to the appropriate BLM office.

e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

F. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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VII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

VIII. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains lovegrass (Eragrostis intermedia)	0.5
Sand dropseed (Sporobolus cryptandrus)	1.0
Sideoats grama (Bouteloua curtipendula)	5.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed