

HOBBS OCD

JUN 28 2012

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Surface Use Plan of Operations

ConocoPhillips Company
Emerald Federal #1
730 FSL & 140 FEL of Section 17-17S-32E
Lease No. NMLC060329
Lea County, New Mexico

1. Access Road - Existing
 - A. From the intersection of Mescalero and Maljamar, go west on lease road for 1.2 miles
Then east 0.1 miles to proposed 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.. No new access road will be constructed. Well will use existing lease road directly to the south.
3. Location of Existing Wells within a One-Mile Radius. **See Enclosed location verification map.**
 - 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 is one proposed drill wells within a one-mile radius.
 - F. There are 29 producing/recently drilled wells within a one-mile radius.
 - G. There are no shut-in wells within a one-mile radius.
 - H. There are no injection wells within a one-mile radius.
 - I. There are no monitoring or observation wells within a one-mile radius.
 - J. There is no water source well within a one-mile radius.
4. Location of existing and/or Proposed Facilities
 - A. On Well Pad
 1. This well will be placed on oil production. A proposed 3" products flowline will travel in A west then north direction following the new lease road for approximately 2100' to production facilities on the Emerald Battery. There are no storage facilities planned on this location.
 2. All above ground existing facilities are painted an earth tone color that blends with the surrounding area. Any proposed new facilities will be painted a shale green.
 3. There is no existing electric line next to the location. A tie in of approximately 180 linear feet to the wellhead is planned.

JUL 02 2012

5. Location and Type of Water Supply

- A. Fresh water will be obtained from an approved source.
- B. No water well will be drilled on this location.

6. Source of Construction Materials

- A. Any materials needed in addition to what can be used from location and access road will be hauled in from a supplier having a permitted source of materials.
- B. If production is established, any additional construction materials required for the surfacing of the access road and for installation of the production facilities will be purchased from a supplier having a permitted source of materials.
- C. No construction materials will be taken from Federal lands without a prior approval from the appropriate Surface Management Agency.

7. Methods for Handling Waste Disposal

- A. Hazardous substances as listed as hazardous under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) of 1980, as amended, 42 U.S.C. 9601 et seq. and the regulations issued under CERCLA, will be disposed of in the appropriate pit.
- B. Any spills of oil or any other potentially hazardous material will be cleaned up and Immediately removed to an approved disposal site.
- C. 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.
- D. Garbage and trash will be contained in portable trash cages. The contents of the trash cages will be disposed of according to county and state regulations at an approved facility. Disposal of it or burning it will not be allowed on the well location.
- F. After drilling rig has moved out of area, any scattered trash and litter will be removed from site.
- G. All potentially hazardous areas will be fenced, and will remain in this condition until entire area can be rehabilitated.

8. Ancillary Facilities

The production facilities are discussed under Item 4.

9. Well Site Layout

- A. **See Enclosed Well Location Plat**
- B. Well Site Layout – The rig to drill this well will need a 260'x255' location. The "pit side" of the location will be north. V door will be east. **See Enclosed Drilling Rig Layout Plat.**
- C. Topsoil will be stripped from the locations and access roads and be stockpiled and be deposited apart from other excavated material.
- D. There will be 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. If this well is a producer, all site rehabilitation shall be completed within six months. Under normal weather conditions, the timetable for rehab will allow two months for backfill settling and two months to complete final re-contouring, and top-soiling. In the event of winter freeze-up, reclamation will be put on hold as determined by the BLM.
- B. At such time as the well is abandoned, ConocoPhillips Company will contact the BLM for development of the final rehabilitation plan. Upon abandonment, a dry hole marker welded to surface casing four feet below ground level will be installed. It will contain the same information as the well sign as directed by 43 CFR 3162.6 (30 CFR 221.22). The dry hole marker sealing the casing will have an 1/8" to 1/4" weep hole which will allow pressure to dissipate and make detection of any fluid seepage easier.
- C. If this well site is constructed and not drilled, the site and access road will be reclaimed or BLM approved special erosion control measures implemented within 90 days of site construction unless otherwise approved in writing by sundry notice.
- D. The unused portion of the site will be ripped prior to replacing the topsoil. The soil-banked material will be spread over the area. Reseeding will be an approved mixture by the BLM. If the broadcast method is utilized, the seed mixture shall be doubled. There shall be no primary or secondary noxious weed seed in the native seed mixture
- E. The entire disturbed location may be fenced after seeding. When the location has been rehabilitated and vegetation re-established, the fence shall be removed or the fenced area reduced as required by the landowner or BLM.
- F. Weeds will be controlled on disturbed areas within the exterior limits of the well pad. The control methods will be in accordance with guidelines established by EPA, BLM, state, and local authorities.
- G. A pre-work onsite with the BLM and ConocoPhillips Company may be held for all phases of reclamation
- H. ConocoPhillips Company will utilize many best management practices. The first is location selection itself and adjusting the project area to accommodate the terrain to minimize the initial disturbance and erosion concerns. The project area will have the required interim reclamation and reseeding for the unused portion of the well site not needed for production operations. The interim reclamation will occur shortly after completion operation and facility installation has happened.

11. Surface Ownership

Bureau of Land Management
620 E. Greene Street
Carlsbad, New Mexico 88220

12. Other Information

- A. The area that would be impacted by the well site and access road has been surveyed for cultural resources. The Archaeological Survey Report has been mailed to the BLM by Lone Mountain Archaeological Services, Inc.
- B. ConocoPhillips Company will be responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts.

If historic or archaeological materials are uncovered, ConocoPhillips Company will suspend all operations that might further disturb such materials and immediately contact the Authorized Officer, Bureau of Land Management.

Within five (5) working days the Authorized Officer will inform ConocoPhillips Company as to whether the materials appear eligible for the National Register of Historic Places; the mitigation measures the operator will likely have to undertake before the site can be used (assuming in site preservation is not necessary); and a time frame for the Authorized officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the Authorized Officer are correct and that mitigation is appropriate.

- C. ConocoPhillips Company will protect, in place, all public land survey monuments, private property corner, and Forest service boundary markers. In the event that any such land markers or monuments are destroyed in the exercise of their rights, depending on the type of monument destroyed, the operator shall see that they are reestablished or referenced in accordance with (1) the procedures outlined in the "Manual of Instructions for the Survey of the Public Land of the United States", (2) the specifications of the county surveyor, or (3) the specification of the BLM.
- D. ConocoPhillips Company will comply with the additional Conditions of Approval provided by the BLM.

Operator Certification

ConocoPhillips

Certification:

- I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access rout; that I am familiar with the conditions which presently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by ConocoPhillips Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application with bond coverage provided by Nationwide Bond ES-0085. This statement is subject to the provisions of 18 U.S.C. 1001 for filling a false statement

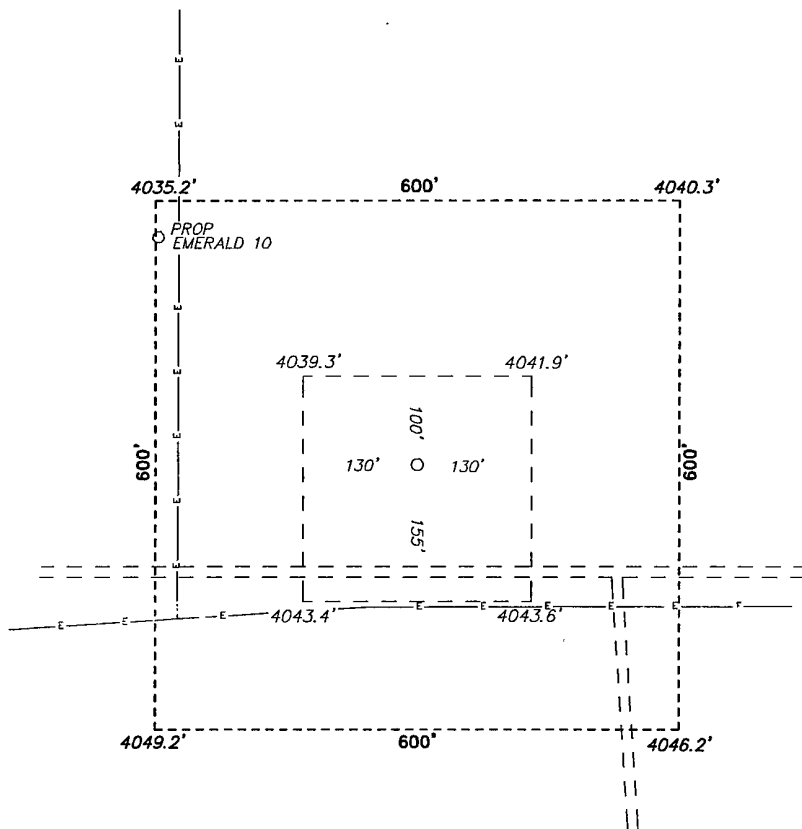


Brian D. Maiorino
Regulatory Specialist
PO Box 51810
Midland, TX 79710

Date: 3/22/12

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

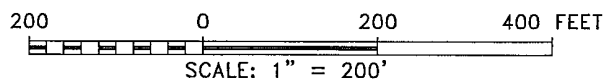
SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, WELL PAD VACINITY NEW MEXICO.



CONOCO PHILLIPS
EMERALD FEDERAL #1
ELEV. - 4042'

Lat - N 32°49'45.87"
Long - W 103°46'49.78"
NMSPCE - N 665915.785
E 711151.423
(NAD-83)

Lat - N 32°49'45.44"
Long - W 103°46'47.96"
NMSPCE - N 665851.523
E 669973.075
(NAD-27)



Directions to Location:

FROM THE JUNCTION OF MESCALERO AND MALJAMAR,
GO WEST ON LEASE ROAD FOR 1.2 MILES TO
TURNING SOUTH FOR 0.6 MILES THENCE EAST 0.1
MILES TO PROPOSED LOCATION.

ConocoPhillips

REF: EMERALD FEDERAL #1 / WELL PAD VACINITY

THE EMERALD FEDERAL #1 LOCATED 730'
FROM THE SOUTH LINE AND 140' FROM THE EAST LINE OF
SECTION 17, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

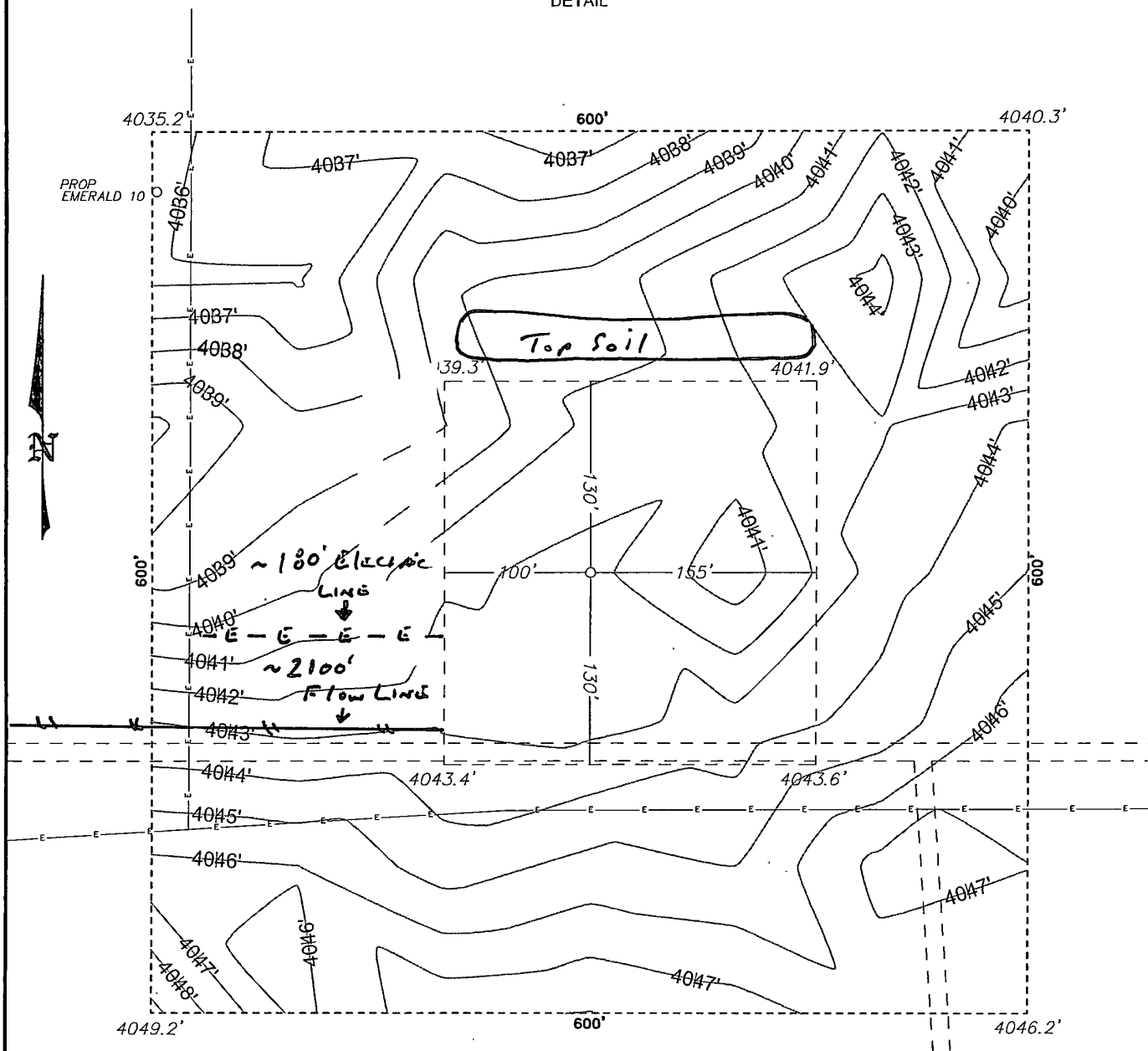
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Date: 02-20-2012 Disk: JMS 25583

Survey Date: 02-10-2012 Sheet 2 of 10 Sheets

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

WELL PAD
DETAIL



ConocoPhillips

REF: EMERALD FEDERAL #1 / WELL PAD DETAIL

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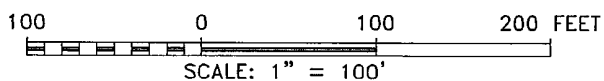
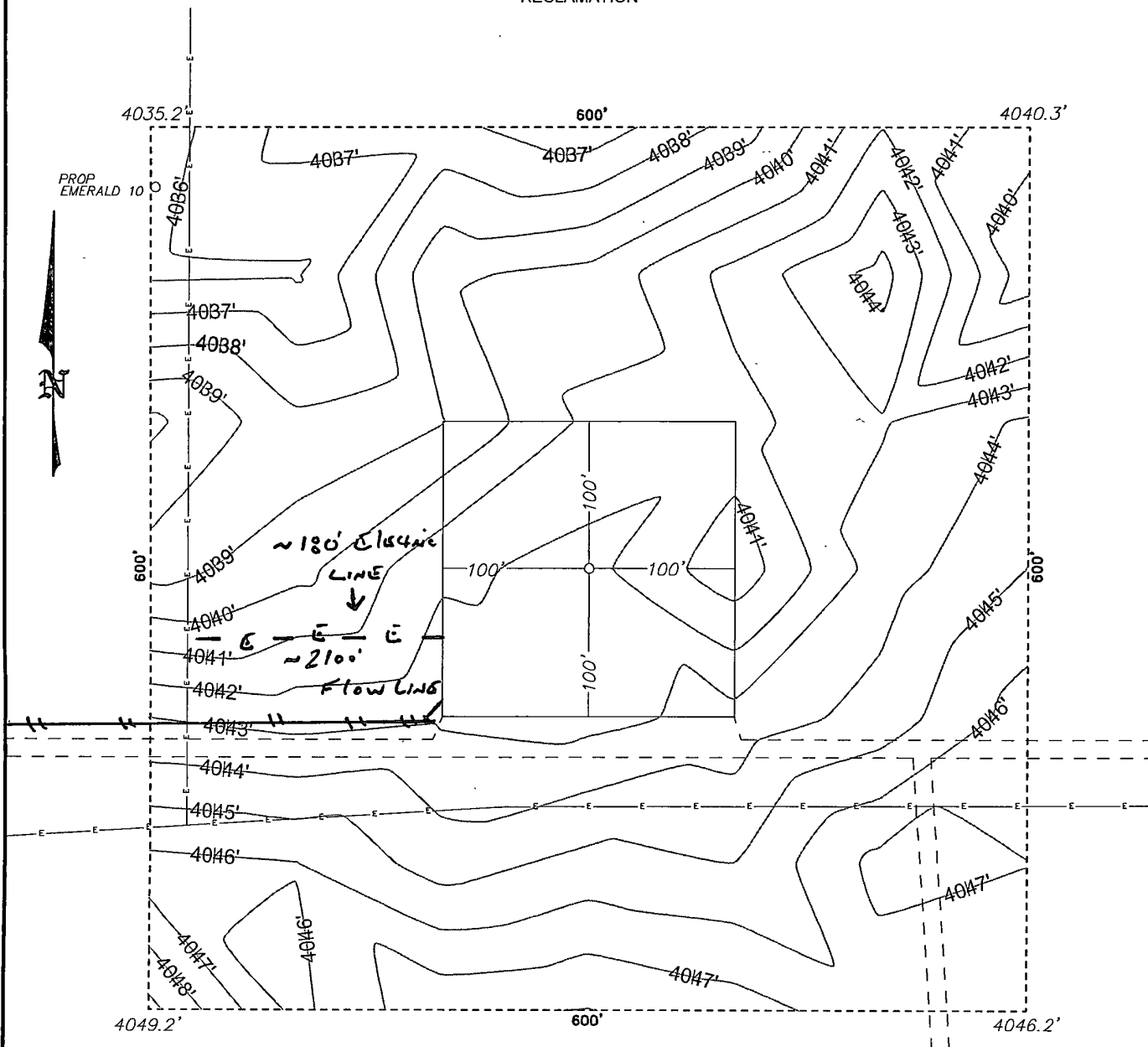
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Survey Date: 02-10-2012 Sheet 3 of 10 Sheets

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



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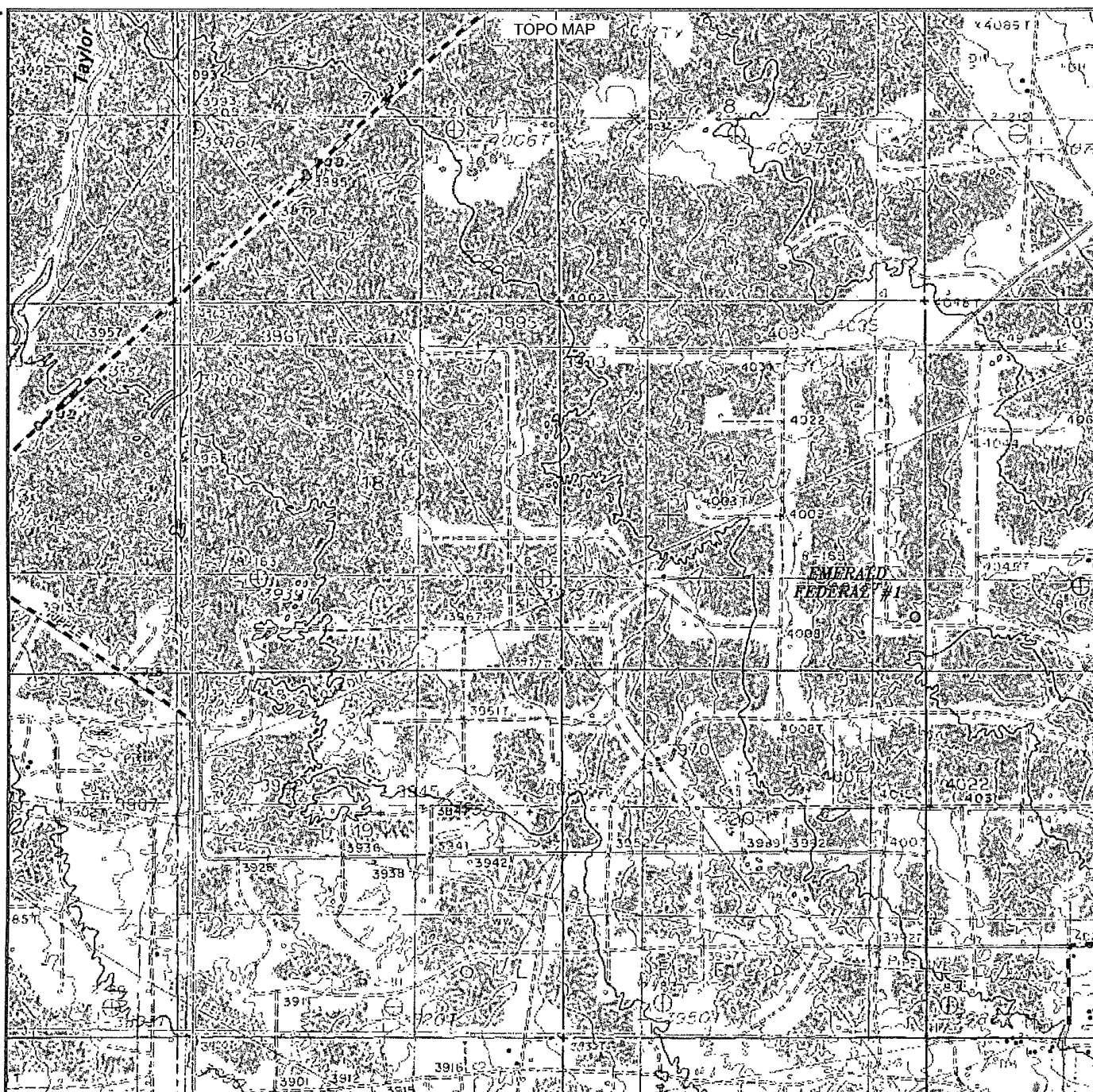
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REF: EMERALD FEDERAL #1 / INTERIM RECLAMATION

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

Survey Date: 02-10-2012 Sheet 4 of 10 Sheets



EMERALD FEDERAL #1
 Located 730' FSL and 140' FEL
 Section 17, Township 17 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 25583

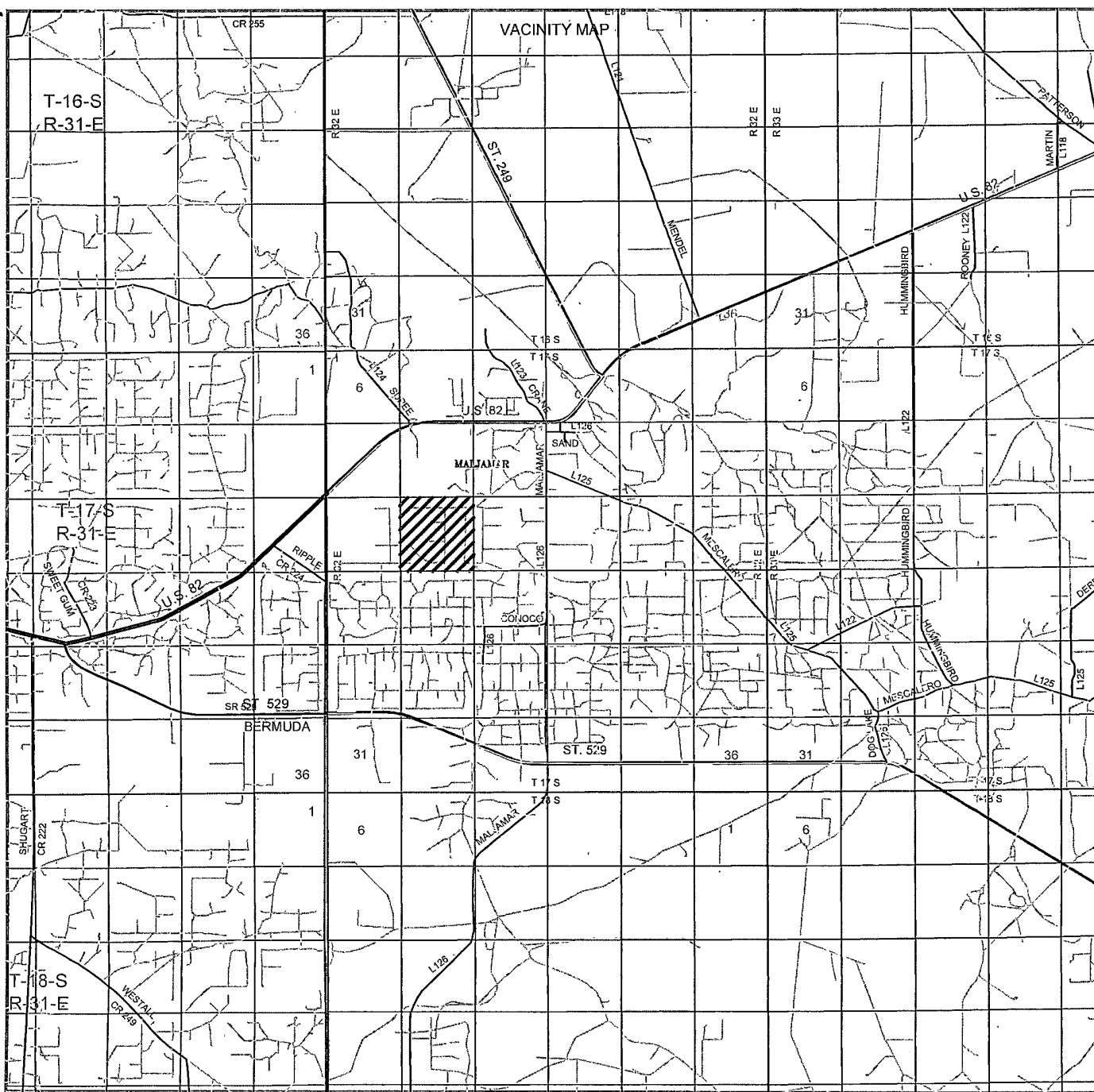
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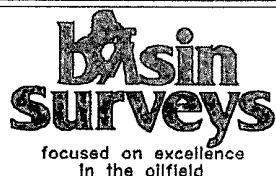
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EMERALD FEDERAL #1
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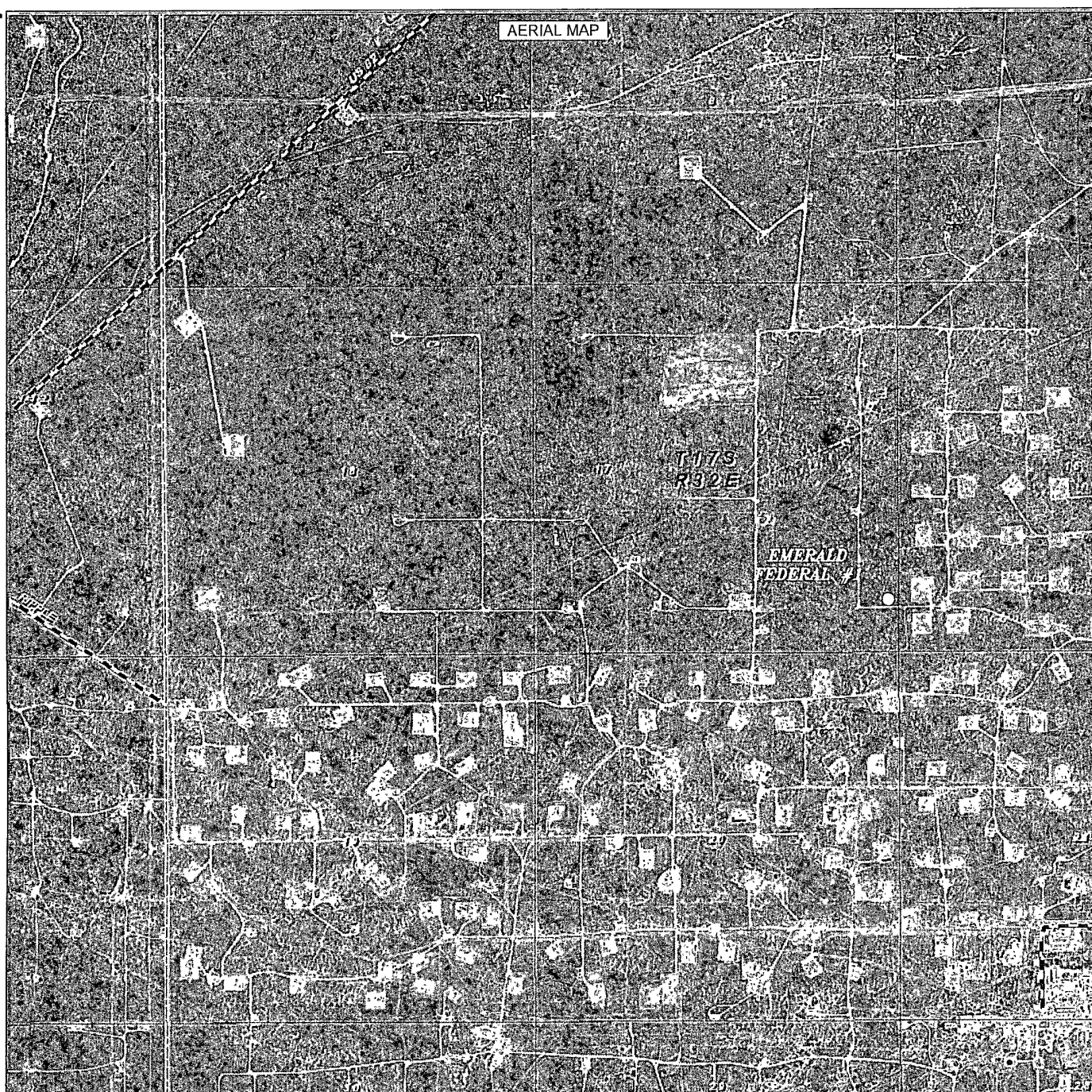
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Scale: 1" = 2 Miles

Date: 02-20-2012



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EMERALD FEDERAL #1
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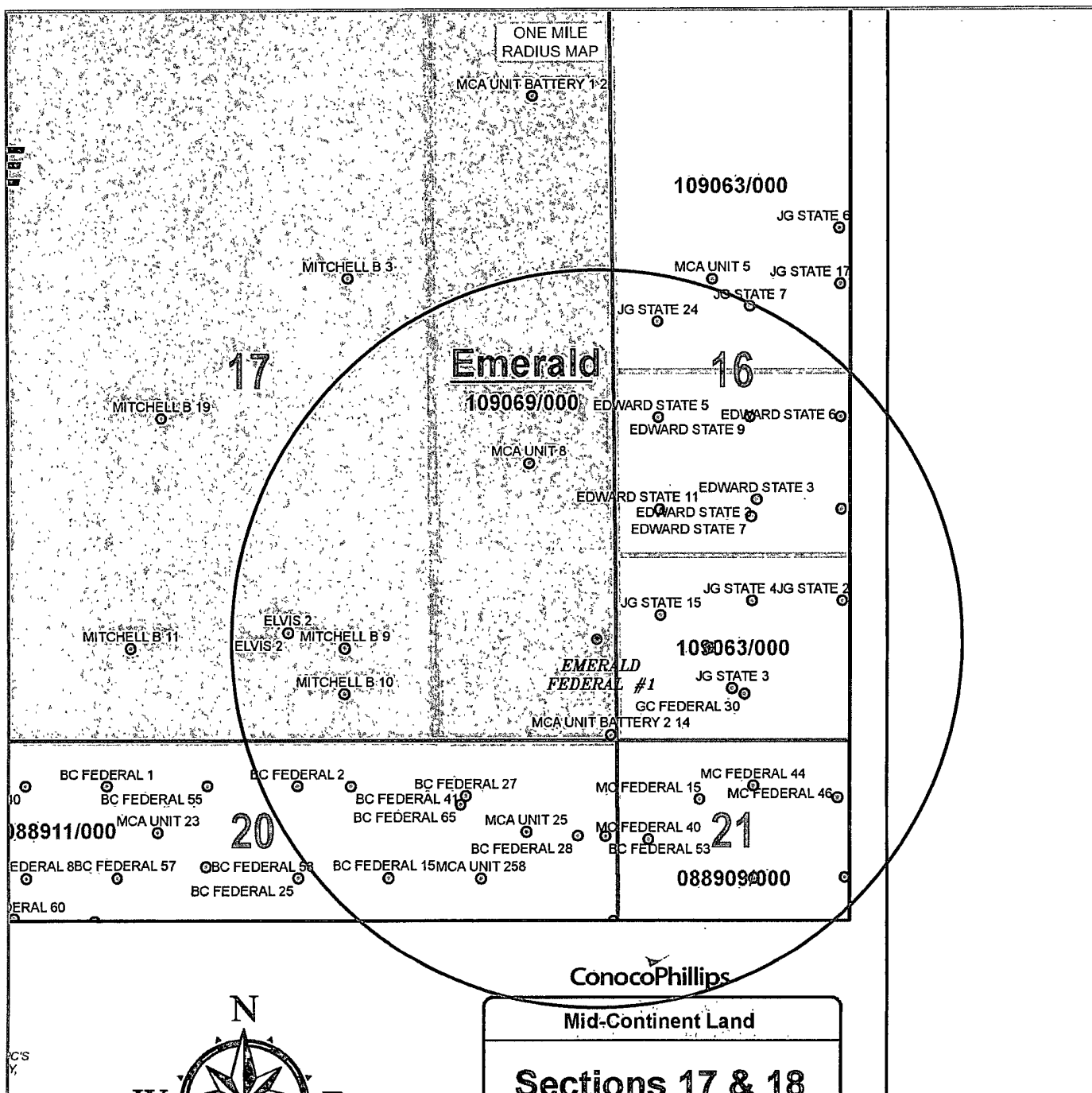
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Scale: 1" = 2000'

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


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EMERALD FEDERAL #1

Located 730' FSL and 140' FEL

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

NEAREST WELL APPROX 490'
JG STATE 15

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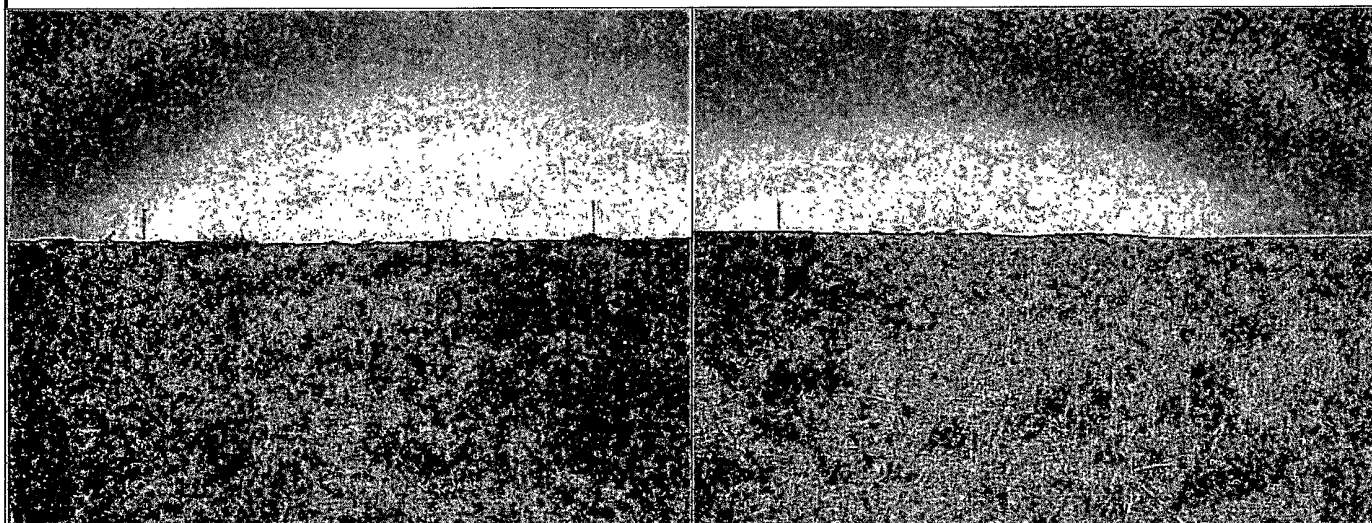
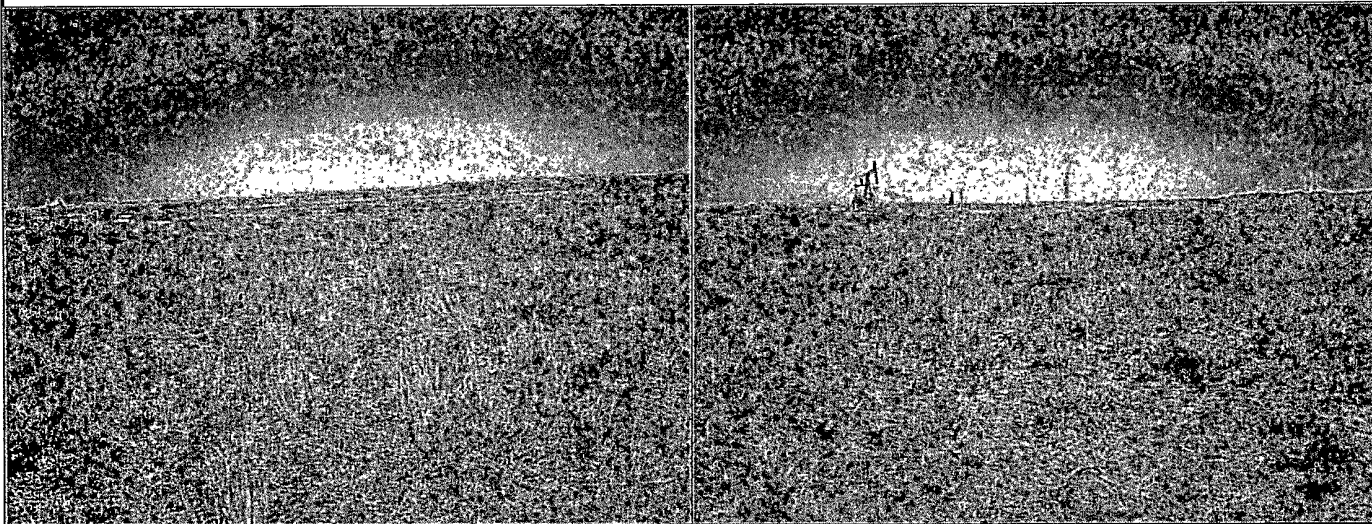
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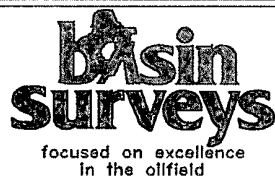
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RECLAMATION
PHOTOS



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