

Changes to Approved Plan
ConocoPhillips Company
Maljamar; Grayburg-San Andres

MCA Unit 448

Lea County, New Mexico

Request:

ConocoPhillips Company respectfully requests approval to change an approved plan due to utilizing a different rig. The revised portions of the plan include: the pressure control equipment, the proposed mud systems, diagram and schematic for BOP and choke manifold equipment, location schematic and rig layout, and updated H2S contingency plan. This request is made under the provisions of Onshore Order No. 2 and No. 6.

1. Pressure Control Equipment:

A 11" 3M system will be installed, used, maintained, and tested accordingly as described in Onshore Oil and Gas Order No. 2.

Our BOP equipment will be:

- o Rotating Head
- o Annular BOP, 11" 3M
- o Blind Ram, 11" 3M
- o Pipe Ram, 11" 3M

After nipping up, and every 30 days thereafter or whenever any seal subject to test pressure is broken followed by related repairs, blowout 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 done by an independent service company and recorded on the daily drilling reports. BOP will be tested using a test plug to isolate BOP stack from casing. BOP test will include a low pressure test from 250 to 300 psi for a minimum of 10 minutes or until requirements of test are met, whichever is longer. Ram type preventers and associated equipment will be tested to the approved stack working pressure of 3000 psi isolated by test plug. Annular type preventers will be tested to 50 percent of rated working pressure, and therefore will be tested to 1500 psi. Pressure will be held for at least 10 minutes or until provisions of test are met, whichever is longer. Valve on casing head below test plug will be open during testing of BOP stack. BOP will comply with provisions of Onshore Oil and Gas Order No. 2 as specified. **See Attached BOPE Arrangement and Choke Manifold Arrangement.** A variance is requested to allow for the use of flexible hose. This request for variance is included as a separate enclosure with attachments.

2. Proposed Mud System:

The mud systems that are proposed for use are as follows:

DEPTH	TYPE	Density ppg	FV sec/qt	API Fluid Loss cc/30 min	pH	Vol bbl
0 – Surface Casing Point	Fresh Water or Fresh Water Native Mud in Steel Pits	8.5 – 9.0	28 – 40	N.C.	N.C.	120 – 160
Surface Casing Point to TD	Brine (Saturated NaCl ₂) in Steel Pits	10	29	N.C.	10 – 11	1250 - 2500
Conversion to Mud at TD	Brine Based Mud (NaCl ₂) in Steel Pits	10	34 – 45	5 – 10	10 – 11	0 - 1250

Proposal for Option to Not Mud Up at TD:

FW, Brine, and Mud volume presented above are estimates based on gauge 12-1/4" or 7-7/8" holes. We will adjust these volume based on hole conditions. We do not plan to keep any weighting material at the well site. Also, we propose an option to not mud up leaving only brine in the hole.

Drilling mud containing H2S shall be degassed in accordance with API RP-49, item 5.14. The gases shall be piped into the flare system. Gas detection equipment and pit level flow monitoring equipment will be on location. Gas detecting equipment will be installed in the mud return system and will be monitored. A mud gas separator will be installed and operable before drilling out from the Surface Casing.

In the event that the well is flowing from a waterflow, then we would discharge excess drilling fluids from the steel mud pits through a fas-line into steel frac tanks at an offset location for containment. Depending on the rate of waterflow, excess fluids will be hauled to an approved disposal facility, or if in suitable condition, may be reused on the next well.

No reserve pit will be built.

Anticipated starting date and duration of operations:

Well pad and road construction will begin as soon as all agency approvals are obtained. Anticipated date to drill this well is prior to the May 22, 2013 expiration of the APD approval.

Attachments:

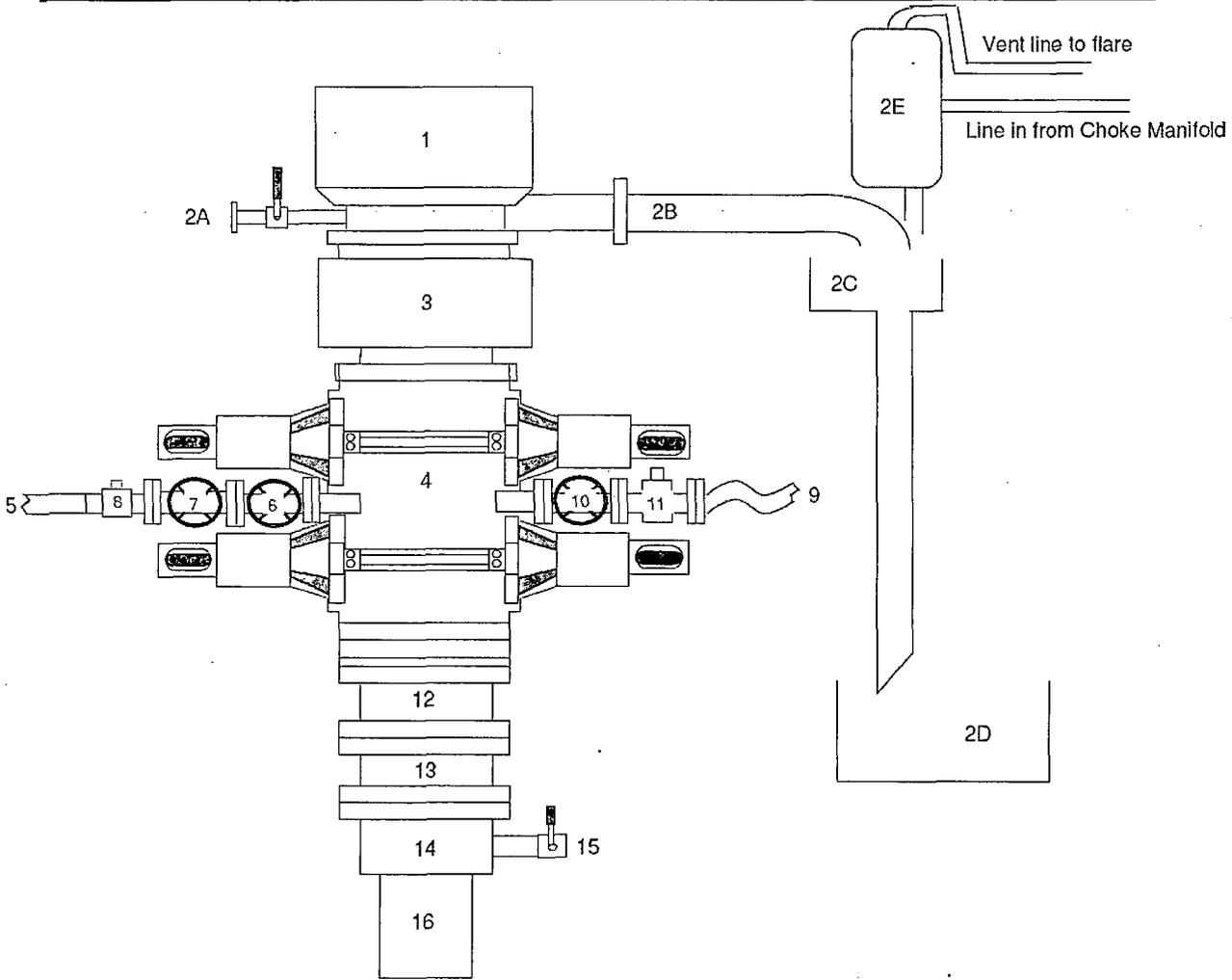
- Attachment # 1 BOP and Choke Manifold Schematic – 3M System
- Attachment # 2 Diagram of Choke Manifold Equipment
- Attachment # 3..... Location Schematic and Rig Layout for Closed Loop System – Precision #822
- Attachment # 4..... Updated H2S Contingency Plan Contact List (2 pages)

Contact Information:

Sundry Request proposed 19 October 12 by:
James Chen
Drilling Engineer, ConocoPhillips Company
Phone (832) 486-2184
Cell (832) 768-1647
Date: 26 October 2012

Attachment # 1

BLOWOUT PREVENTER ARRANGEMENT
3M System per Onshore Oil and Gas Order No. 2 utilizing 3M and 5M Rated Equipment



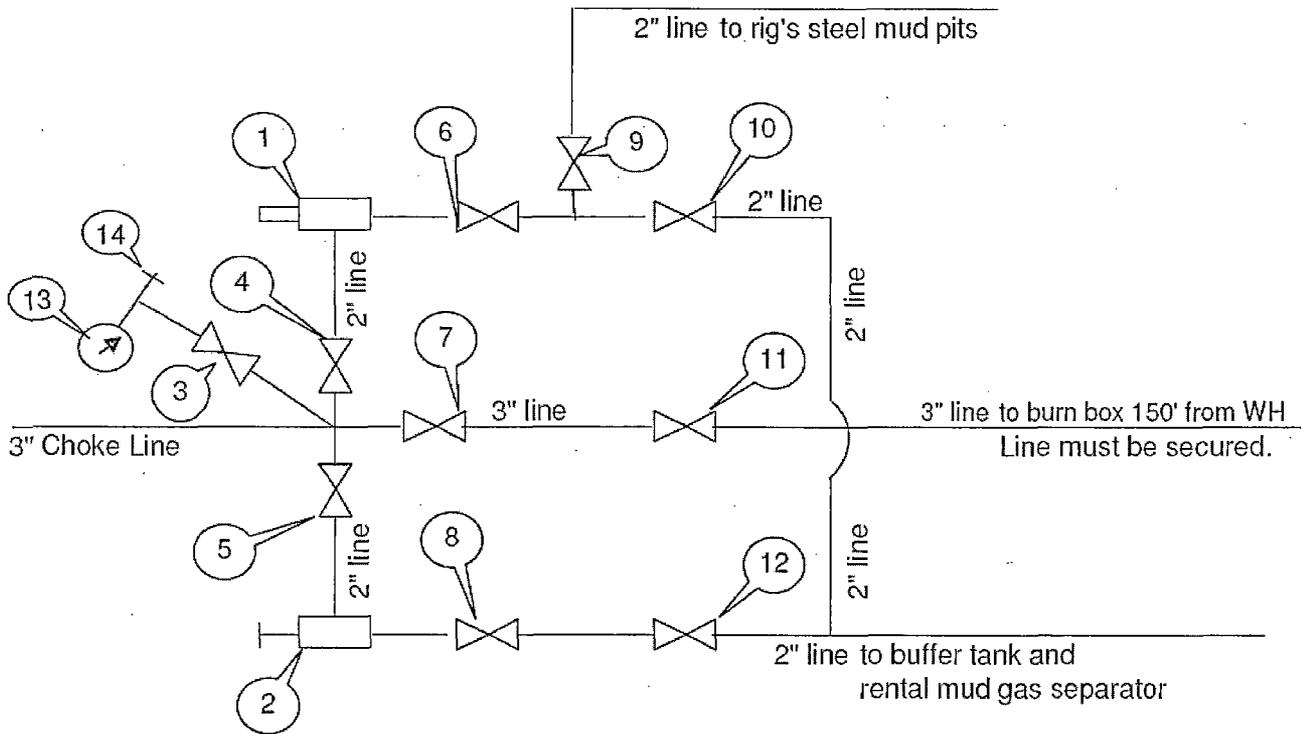
Item	Description
1	Rotating Head, 11"
2A	Fill up Line and Valve
2B	Flow Line (10")
2C	Shale Shakers and Solids Settling Tank
2D	Cuttings Bins for Zero Discharge
2E	Rental Mud Gas Separator with vent line to flare and return line to mud system
3	Annular BOP (11", 3M)
4	Double Ram (11", 3M, equipped with Blind Rams and Pipe Rams)
5	Kill Line (2" flexible hose, 3000 psi WP)
6	Kill Line Valve, Inner (3-1/8", 3000 psi WP)
7	Kill Line Valve, Outer (3-1/8", 3000 psi WP)
8	Kill Line Check Valve (2-1/16", 3000 psi WP)
9	Choke Line (5M Stainless Steel Coflex Line, 3-1/8" 3M API Type 6B, 3000 psi WP)
10	Choke Line Valve, Inner (3-1/8", 3000 psi WP)
11	Choke Line Valve, Outer, (Hydraulically operated, 3-1/8", 3000 psi WP)
12	Adapter Flange (11" 5M to 11" 3M)
13	Spacer Spool (11", 5M)
14	Casing Head (11" 5M)
15	Ball Valve and Threaded Nipple on Casing Head Outlet, 2" 5M
16	Surface Casing

Submitted by: James Chen, Drilling Engineer, Mid-Continent Business Unit, ConocoPhillips Company, 25-Sep-2012

Attachment # 2

CHOKE MANIFOLD ARRANGEMENT

3M System per Onshore Oil and Gas Order No. 2 utilizing 3M and 5M Equipment



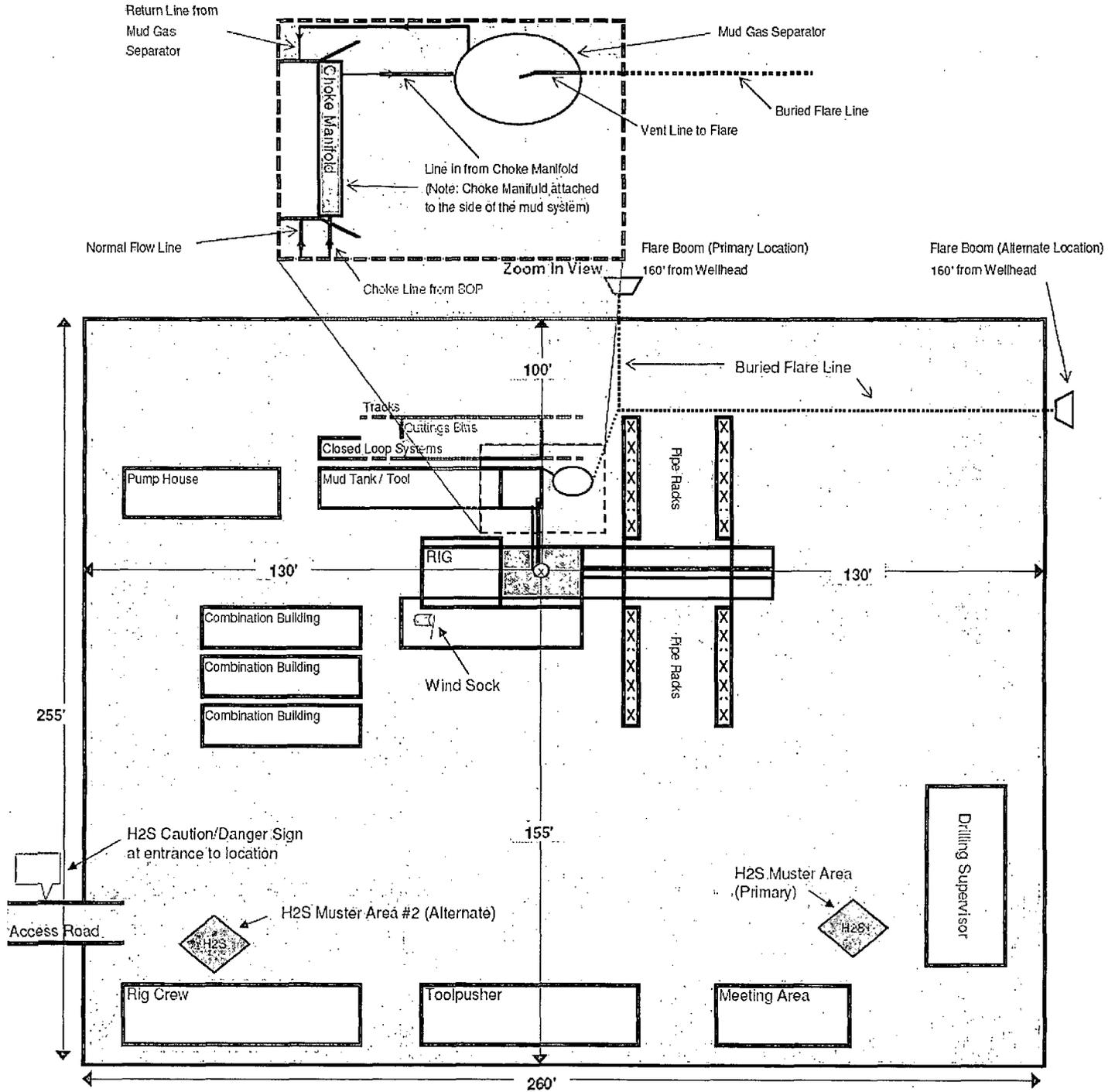
All Tees must be targeted

Item	Description
1	Remote Controlled Hydraulically Operated Adjustable Choke, 2-1/16", 3M
2	Manual Adjustable Choke, 2-1/16", 3M
3	Gate Valve, 2-1/16" 5M
4	Gate Valve, 2-1/16" 5M
5	Gate Valve, 2-1/16" 5M
6	Gate Valve, 2-1/16" 5M
7	Gate Valve, 3-1/8" 3M
8	Gate Valve, 2-1/16" 5M
9	Gate Valve, 2-1/16" 5M
10	Gate Valve, 2-1/16" 5M
11	Gate Valve, 3-1/8" 3M
12	Gate Valve, 2-1/16" 5M
13	Pressure Gauge
14	2" hammer union tie-in point for BOP Tester

We will test each valve to 3000 psi from the upstream side.

Drawn by:
 Steven O. Moore
 Chief Drilling Engineer, Mid-Continent Business Unit, ConocoPhillips Company
 Date: 25-Sept-2012

ConocoPhillips
 Location Schematic and Rig Layout
 for Closed Loop System
 Precision #822
 (PICTURE NOT TO SCALE)



Drawn by:
 James Chen
 Drilling Engineer, ConocoPhillips Company
 Date: 17-July-2012

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. "Cotton" 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

P. O. Box 1980
Hobbs, New Mexico 88240-1980

Office: 575.393.6161

Bureau of Land Mgmt.

Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

Office: 575.234.5972

Fax: 575.885.9264

BLM 24 Hr on call # Lea County: 575-393-3612

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)

ConocoPhillips Emergency Call List and Location Information Sheet

ConocoPhillips- 281-293-3600

Drilling Superintendent	Cotton Hair	Office: 432-368-1302 Cell: 432-556-9116
Safety (WSER)	Tom Samarripa	Office: 432-368-1263 Cell: 432-556-9113
Drilling Engineer	Steve Moore	Office: 832-486-2459 Cell: 281-467-7596
Regulatory Contact	Susan Maunder	Office: 432-688-6913 Cell: 432-556-6501

Emergency Numbers

Hospital: Lea Co. Regional Medical Center (Hobbs)	575-492-5000
Ambulance: Hobbs Fire Dept.	575-397-9308
Air Ambulance: Care Star	888-624-3571
Aero Star	800-627-2376
Fire Dept. (Hobbs)	575-397-9308
(Maljamar non-emerg)	575-676-4100
State Police (Artesia)	575-748-9718
(Hobbs)	575-392-5580
Sheriff (Lovington).....	575-396-3611
Police (Lovington)	575-396-5166
NMOCD	575-393-6161
(Emerg)	575-370-3186
BLM Switchboard.....	575-393-3612
BLM 24 Hr on Call, Lea County.....	575-393-3612
New Mexico Emergency Response Comm (Santa Fe)	505-476-9600
New Mexico State Emerg Ops Ctr	505-476-9635
National Emerg Response Center	800-424-8802

Number of Residences within 1 mile of Well: There are no residences within one mile of the well to be drilled.

Request for Variance

ConocoPhillips Company

Lease Number: NM LC 059408-A

Well: MCA Unit 448

Location: Sec. 26, T17S, R32E

Date: 10-25-12

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 will be 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:

James Chen

Drilling Engineer, ConocoPhillips Company

Phone (832) 486-2184

Cell (832) 768-1647

Date: 25 October 2012



Reliance Eliminator Choke & Kill

This hose can be used as a choke hose which connects the BOP stack to the bleed-off manifold or a kill hose which connects the mud stand pipe to the BOP kill valve.

The Reliance Eliminator Choke & Kill hose contains a specially bonded compounded cover that replaces rubber covered Asbestos, Fibreglass and other fire retardant materials which are prone to damage. This high cut and gouge resistant cover overcomes costly repairs and downtime associated with older designs.

The Reliance Eliminator Choke & Kill hose has been verified by an independent engineer to meet and exceed EUB Directive 36 (700°C for 5 minutes).

Nom. ID		Nom OD		Weight		Min Bend Radius		Max WP	
in.	mm.	in.	mm	lb/ft	kg/m	in.	mm.	psi	Mpa
3	76.2	5.11	129.79	14.5	21.46	48	1219.2	5000	34.47
3-1/2	88.9	5.79	147.06	20.14	29.80	54	1371.6	5000	34.47



Fittings

- RC4X5055
- RC3X5055
- RC4X5575

Flanges

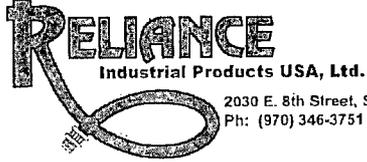
- R35 - 3-1/8 5000# API Type 6B
- R31 - 3-1/8 3000# API Type 6B

Hammer Unions

- All Union Configurations

Other

- LP Threaded Connectio
- Graylock
- Custom Ends

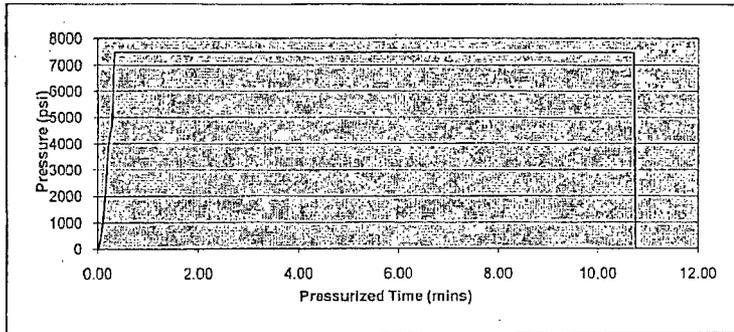
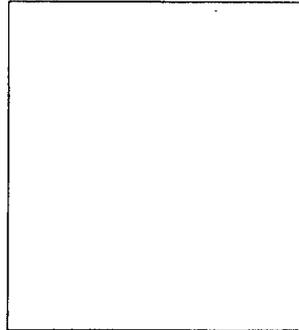


2030 E. 8th Street, Suite B • Greeley, CO 80631
Ph: (970) 346-3751 • Fax: (970) 353-3168 • Toll Free: (866) 771-9739

TEST CERTIFICATE

Customer: PRECISION DRILLING
P.O. #: RIG 822
Invoice #: 27792
Material: 3 1/2" FIREGUARD
Description: 3 1/2" X 10'
Coupling 1: 3 1/2" FLANGE R31
" Serial:
" Quality:
Coupling 2: 3 1/2" FLOATING R31
" Serial:
" Quality:
Working Pressure: 3000
Test Pressure: 7500
Duration (mins): 10

Cert No.: 27792
Date: 9/21/2012



Conducted By: FLORES M.
Test Technician

- Acceptable
 Not Acceptable

Operator Certification

ConocoPhillips

Certification:

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



Susan B. Maunder
Senior Regulatory Specialist
PO Box 51810
Midland, TX 79710

Date: 10/26/12

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

MCA Unit 448
30-025-39428
Conoco Phillips Company
December 13, 2012
Conditions of Approval

1. 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.** 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).

JAM 121312