

Surface Use Plan of Operations

DEC 20 2012

CONOCOPHILLIPS COMPANY

Ruby Federal # 20

2310' FSL & 910' FEL of Section 18-T17S-R32E

Federal Lease No. NMLC029405-B

Lea County, New Mexico

RECEIVED

1. Access Road - Existing
 - A. From the junction of Mescalero and Maljamar – About 3.5 miles south of Maljamar. Go westerly for 2.0 miles to a lease road. Turn south on lease road for 0.8 miles, turning westerly again for 0.6 miles to Ruby 8 location. Go north 0.2 miles to proposed location.
 - B. 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 not be any new access road construction, as location is adjacent to existing road.
3. Location of Existing Wells within a One-Mile Radius.
 - A. There are no water wells within a one-mile radius
 - B. There is one dry hole located within a one-mile radius.
 - C. There are 2 plugged and abandoned wells within a one-mile radius.
 - D. There are no saltwater disposal wells within a one-mile radius.
 - E. There are 5 proposed wells within a one-mile radius.
 - F. There are no 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. Existing Central Tank Battery
 1. Produced fluid will utilize a flowline to a Ruby Central Facility. The enclosed **New Drills Facility Map** shows two options that are being evaluated for handling produced fluids. Option 1 would include approximately 1750' of new, above ground, flowline following lease access roads to a new, yet to be proposed, Ruby facility. Additionally, a new truckline will be installed to tie into the existing Ruby Facility #1. Option 2 includes a maximum 4100' of new, above ground, flow line which will follow the proposed and existing lease access roads to the existing Ruby Facility #1 located in the SW Qtr of the SW Qtr (Unit M) of Section 17, T17S, R32E. About 1900' of above ground new power line will follow proposed and existing access roads.
 2. All above ground existing facilities are painted an earth tone color that blends with the surrounding area. Any proposed new facilities, excluding flow and power lines, will be painted Shale Green.

JAN 11 8 2013

B. Proposed Well Pad

1. A well pad will be constructed to accommodate the new well and associated production equipment. Planned dimensions are 260 feet by 260 feet of working surface. Top soil will be stored along the north edge of the pad. Our intent is to perform interim reclamation to reduce the pad footprint following initial development phase.
2. This well will be placed on oil production. The production equipment will include but not limited to oil and water tanks.

5. Location and Type of Water Supply

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

6. Source of Construction Materials

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

7. Methods for Handling Waste Disposal

- A. Hazardous substances as listed as hazardous under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) of 1980, as amended, 42 U.S.C. 9601 et seq. and the regulations issued under CERCLA, will be disposed of in the appropriate pit.
- C. Any spills of oil or any other potentially hazardous material will be cleaned up and immediately removed to an approved disposal site.
- D. Sewage will be disposed of according to county and state requirements in a portable chemical toilet(s) or in a hole at least 20 feet deep excavated in the cut portion of the well pad. Other waste and chemicals may not be disposed of on location. Waste will not be burned on location.
- E. Garbage and trash will be contained in portable trash cages. The contents of the trash cages will be disposed of according to county and state regulations at an approved facility. Disposal of it or burning it will not be allowed on the well location.
- F. After drilling rig has moved out of area, any scattered trash and litter will be removed from site.
- G. All potentially hazardous areas will be fenced and will remain in this condition until entire area can be rehabilitated.

8. Ancillary Facilities

The production facilities are discussed under Item 4.

9. Well Site Layout

- A. **See Enclosed Well Location Plat.**
- B. Well Site Layout – **See Enclosed 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 no reserve pit on location. This well will be drilled via a closed loop system and the contents will be taken to an approved disposal site.

10. Plans for Reclamation of the Surface

- A. If this well is a producer, all site rehabilitation shall be completed within six months. Under normal weather conditions, the timetable for rehab will allow two months for backfill settling and two months to complete final re-contouring, and top-soiling. In the event of winter freeze-up, reclamation will be put on hold as determined by the BLM.
- B. At such time as the well is abandoned, ConocoPhillips Company will contact the BLM for development of the final rehabilitation plan. Upon abandonment, an erect dry hole marker welded to surface casing four feet below ground level will be installed. It will contain the same information as the well sign as directed by 43 CFR 3162.6 (30 CFR 221.22). The dry hole marker sealing the casing will have an 1/8" to 1/4" weep hole which will allow pressure to dissipate and make detection of any fluid seepage easier.
- C. If this well site is constructed and not drilled, the site and access road will be reclaimed or BLM approved special erosion control measures implemented within 90 days of site construction unless otherwise approved in writing by sundry notice.
- D. The unused portion of the site will be ripped prior to replacing the topsoil. The soil-banked material will be spread over the area. Reseeding will be an approved mixture by the BLM. If the broadcast method is utilized, the seed mixture shall be doubled. There shall be no primary or secondary noxious weed seed in the native seed mixture.
- E. The entire disturbed location shall be fenced after seeding. When the location has been rehabilitated and vegetation re-established, the fence shall be removed or the fenced area reduced as required by the landowner or BLM.
- F. Weeds will be controlled on disturbed areas within the exterior limits of the well pad. The control methods will be in accordance with guidelines established by EPA, BLM, state, and local authorities.
- G. A pre-work onsite with the BLM and ConocoPhillips Company may be held for all phases of reclamation.

11. Surface Ownership
Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220-6292

12. Other Information

- A. The area that would be impacted by the well site and access road has been surveyed for cultural resources. The Archaeological Survey Report has been mailed to the BLM by Lone Mountain Archeological Company.
- 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

Operator Certification

ConocoPhillips

Certification:

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

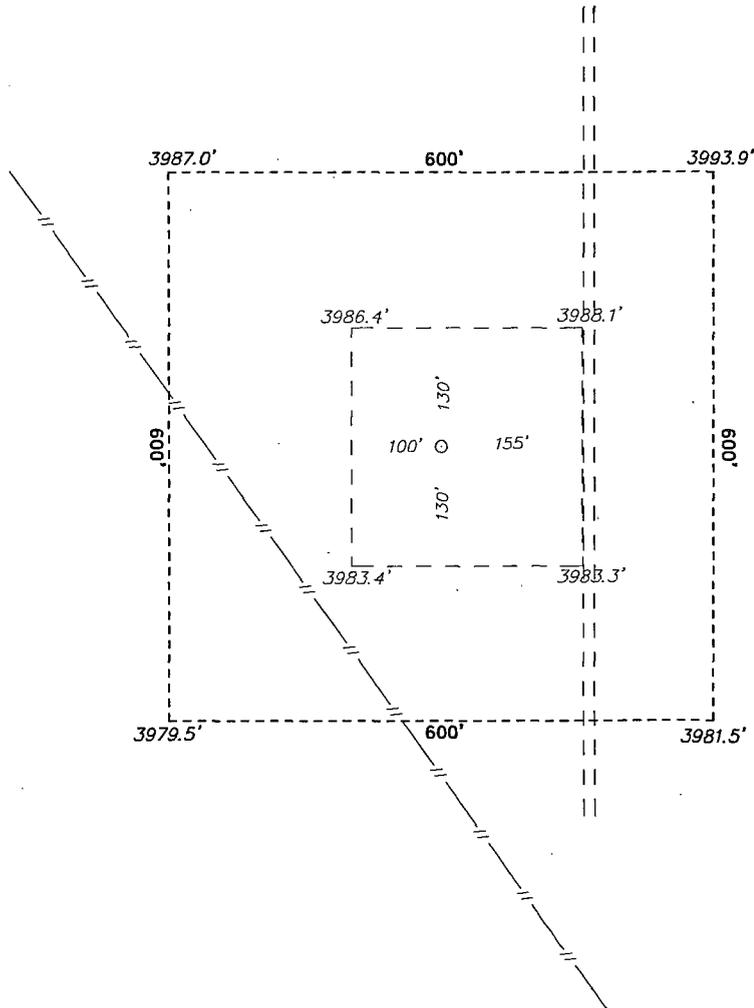
Susan B. Maunder

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

Date: 8/10/12

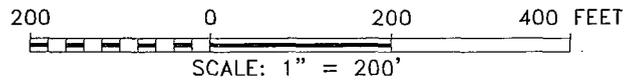
Field Representative: (If not above signatory) Rudy Quiroz, Production Supervisor
Address: 1410 NW CR, Hobbs, NM 88240
575-391-3147

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, WELL PAD VACINITY, NEW MEXICO.



CONOCO PHILLIPS
RUBY FEDERAL #20
ELEV. - 3985'

Lat - N 32°50'01.54"
Long - W 103°48'00.62"
NMSPCE- N 667468.762
E 705099.182
(NAD-83)
Lat - N 32°50'01.12"
Long - W 103°47'58.80"
NMSPCE- N 667404.537
E 663920.789
(NAD-27)



Directions to Location:

FROM THE JUNCTION OF MESCALERO AND MALJAMAR,
GO WESTERLY 2.0 MILES TURNING SOUTH 0.8 MILES
TURNING WESTERLY AGAIN FOR 0.6 MILES TO THE
RUBY 8, GO NORTH 0.2 MILES TO PROPOSED
LOCATION.

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

W.O. Number: 26896 Drawn By: J. SMALL

Date: 07-12-2012 Disk: JMS 26896

ConocoPhillips

REF: RUBY FEDERAL #20 / WELL PAD VACINITY

THE RUBY FEDERAL #20 LOCATED 2310'

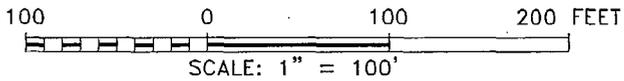
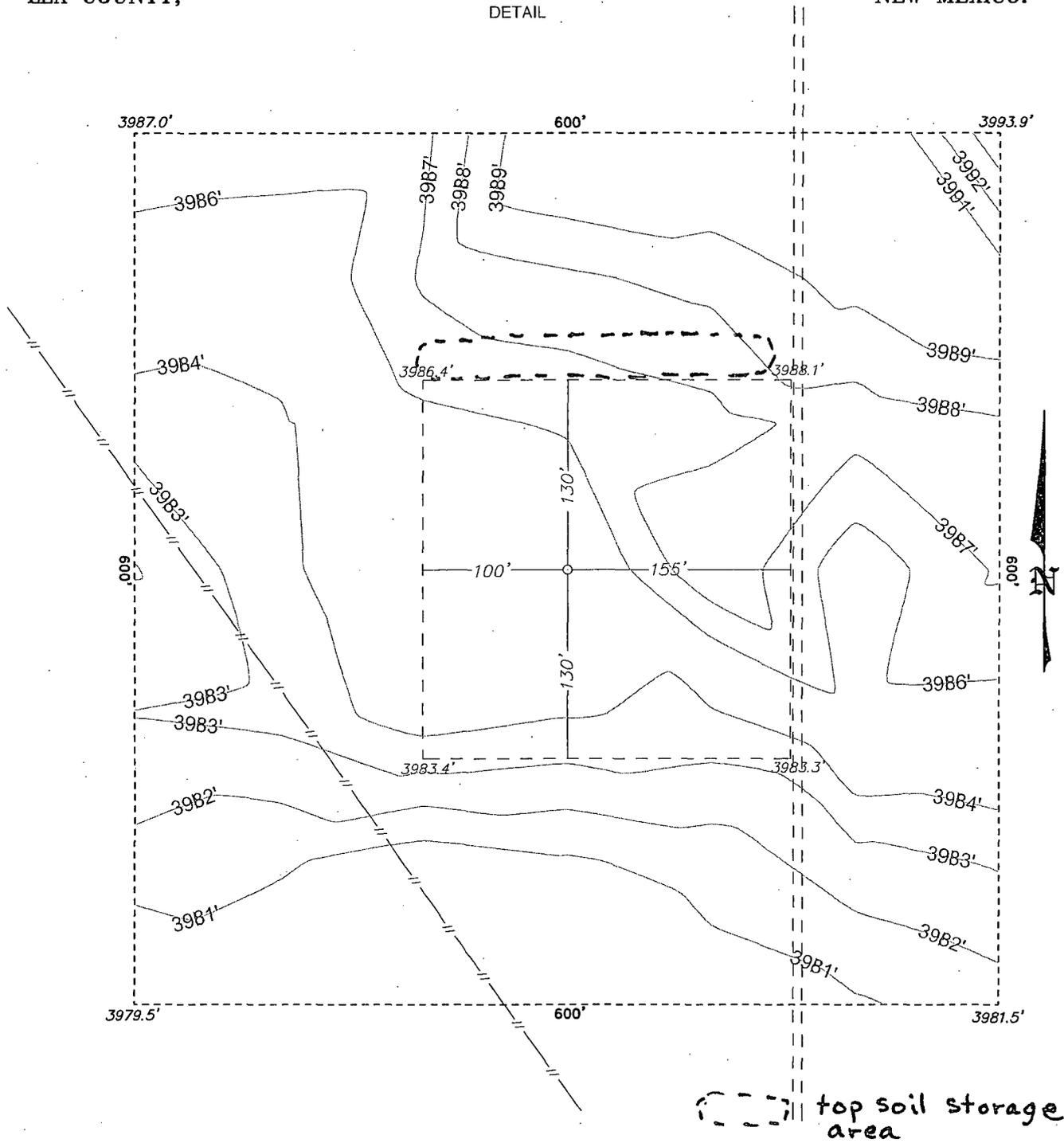
FROM THE SOUTH LINE AND 910' FROM THE EAST LINE OF
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,

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

Survey Date: 07-09-2012 Sheet 2 of 10 Sheets

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

WELL PAD
DETAIL



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Date: 07-12-2012

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ConocoPhillips

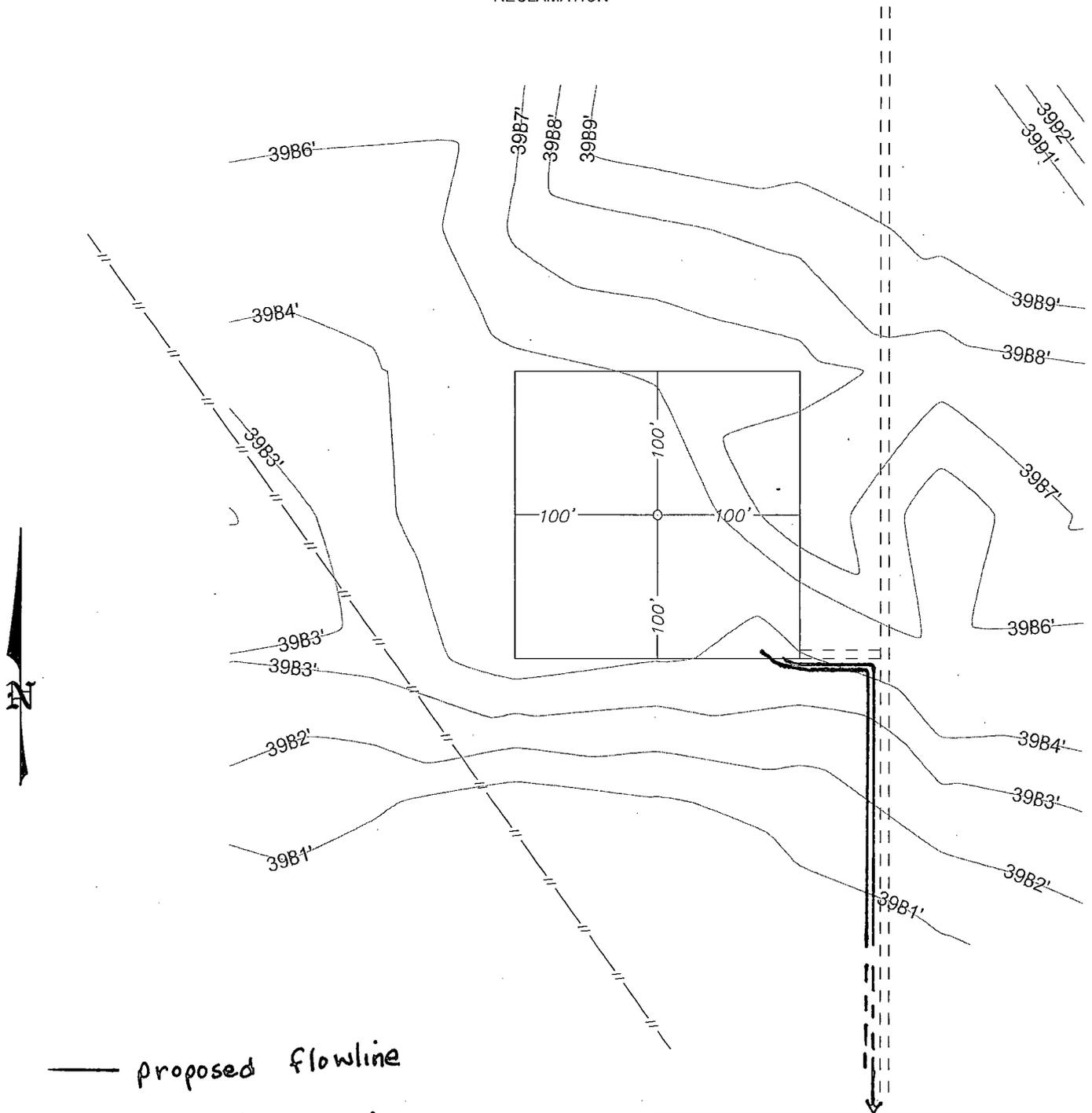
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THE RUBY FEDERAL #20 LOCATED 2310'
FROM THE SOUTH LINE AND 910' FROM THE EAST LINE OF
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

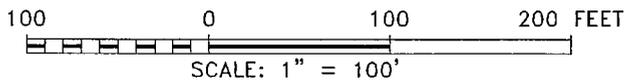
Survey Date: 07-09-2012

Sheet 3 of 10 Sheets

SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
 LEA COUNTY, INTERIM RECLAMATION, NEW MEXICO.



— proposed flowline
 — proposed power line



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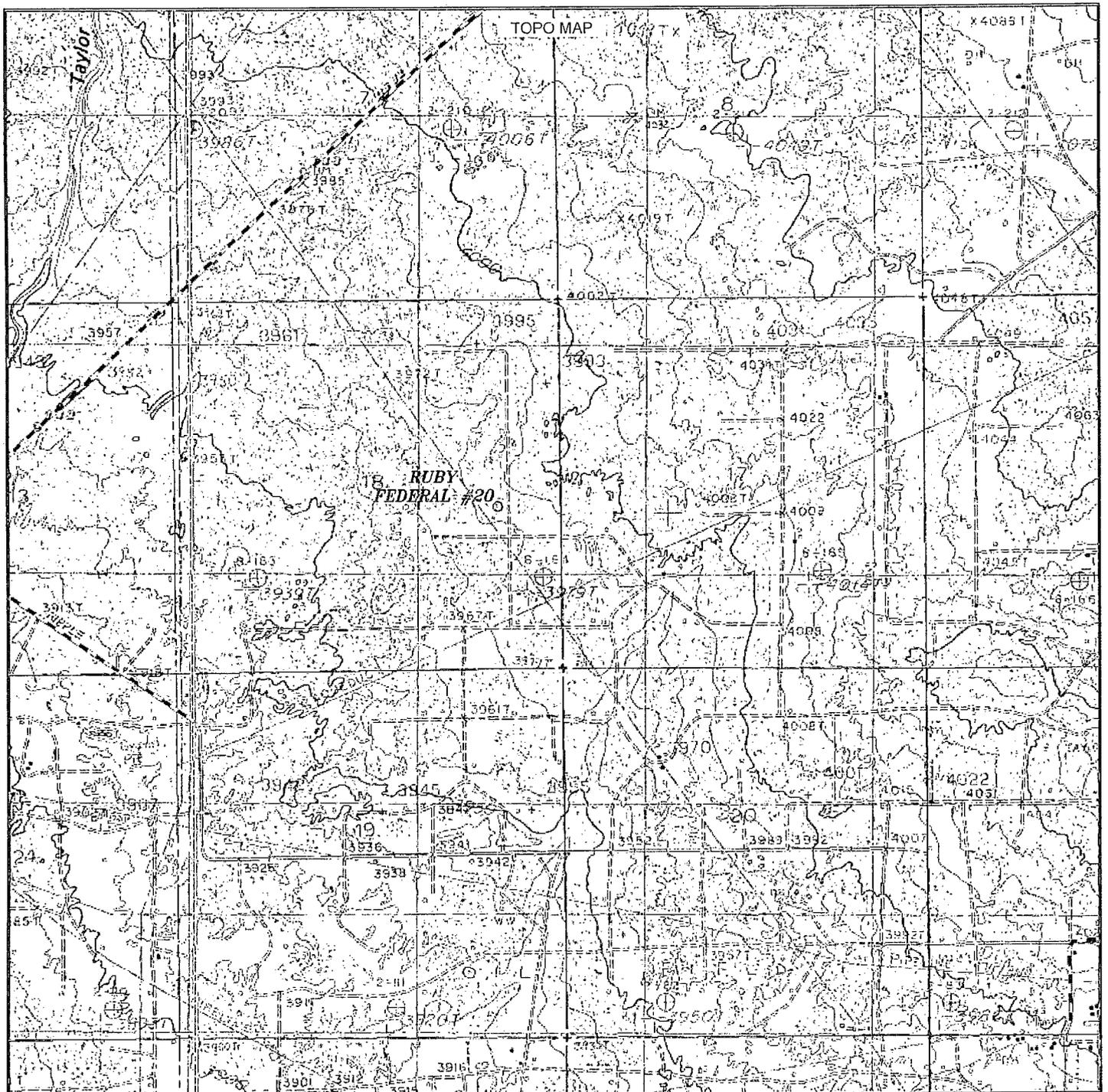
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ConocoPhillips

REF: RUBY FEDERAL #20 / INTERIM RECLAMATION

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 FROM THE SOUTH LINE AND 910' FROM THE EAST LINE OF
 SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,
 N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 07-09-2012 Sheet 4 of 10 Sheets



RUBY FEDERAL #20
 Located 2310' FSL and 910' FEL
 Section 18, Township 17 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.



focused on excellence
 in the oilfield

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 26896

Survey Date: 07-09-2012

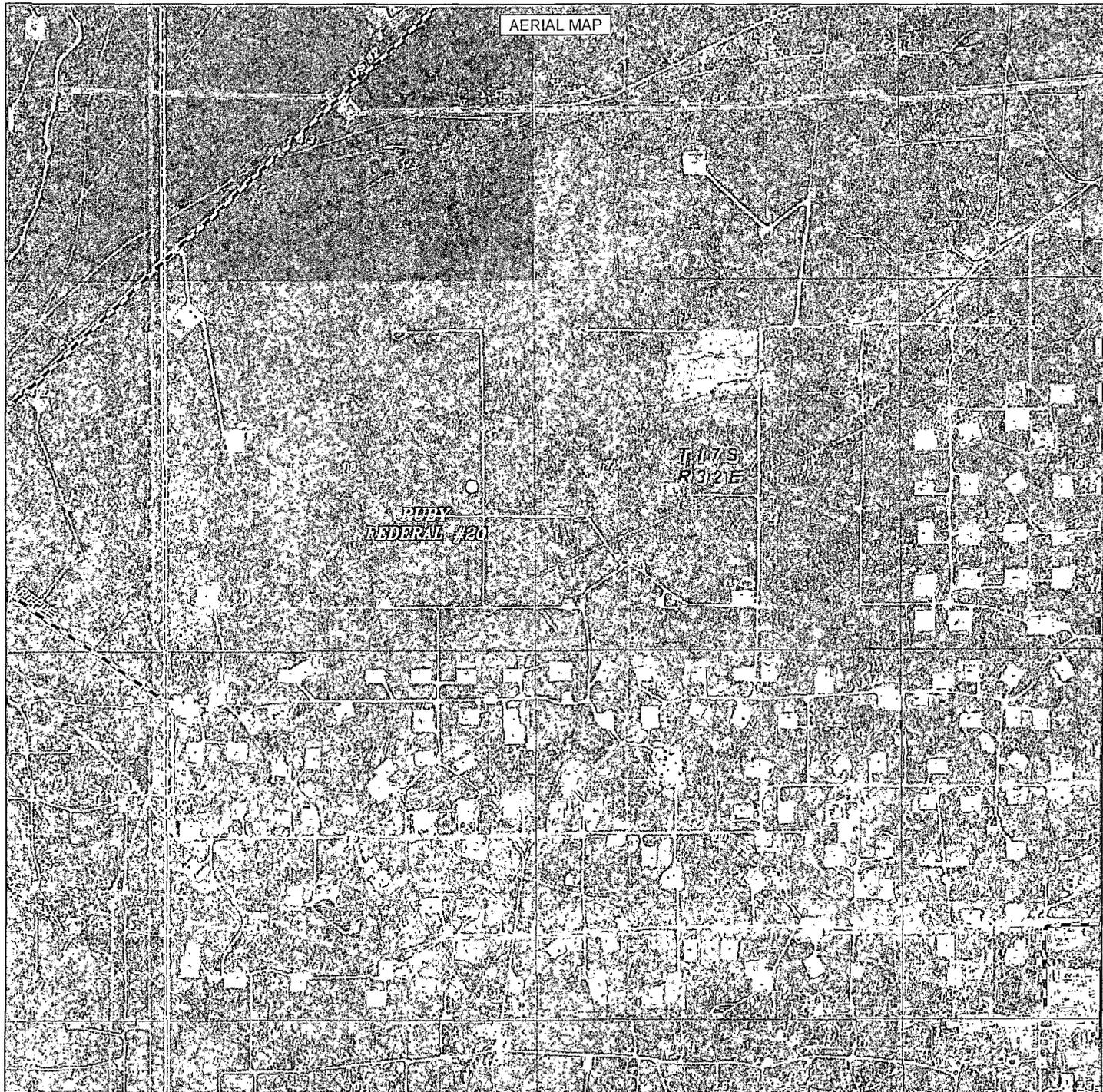
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Date: 07-12-2012



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AERIAL MAP



RUBY FEDERAL #20

Located 2310' FSL and 910' FEL

Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



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Scale: 1" = 2000'

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



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ONE MILE
RADIUS MAP

MALJAMAR GRAYBURG

01/000

7

LEA

8

MITCHELL B 1

T17S R32E

MITCHELL B 4

MITCHELL B 3

088912/000

18

RUBY
FEDERAL #20

Ruby

17

MITCHELL B 19

MITCHELL B 6

MITCHELL B 20

MCA UNIT 267

MITCHELL B 11

ELVIS 2
MITCHELL B 9

MCA UNIT BATTERY 1 16

MITCHELL B 10

BC FEDERAL 45

BC FEDERAL 4

BC FEDERAL 44

BC FEDERAL 13

BC FEDERAL 54

BC FEDERAL 1

BC FEDERAL 2

BC FEDERAL 12

BC FEDERAL 16

BC FEDERAL 13

BC FEDERAL 40

BC FEDERAL 55

BC FEDERAL 1

19

MCA UNIT 21

MITCHELL A 1

088911/000

20

MCA UNIT 23

BC FEDERAL 34

MCA UNIT 19
BC FEDERAL 20

BC FEDERAL 47

BC FEDERAL 22

BC FEDERAL 46

BC FEDERAL 8

BC FEDERAL 57

BC FEDERAL 58

BC FEDERAL 1

BC FEDERAL 49

BC FEDERAL 60

BC FEDERAL 25

RUBY FEDERAL #20

NEAREST WELL APPROX 430'
MITCHELL B 6

Located 2310' FSL and 910' FEL

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N.M.P.M., Lea County, New Mexico.



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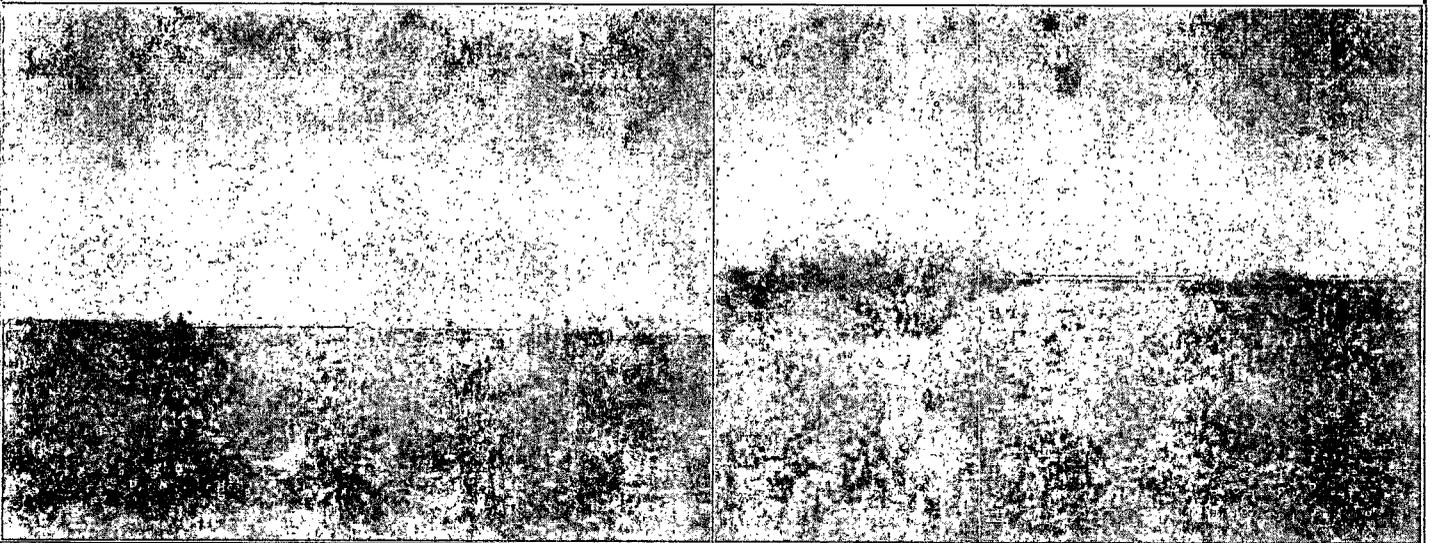
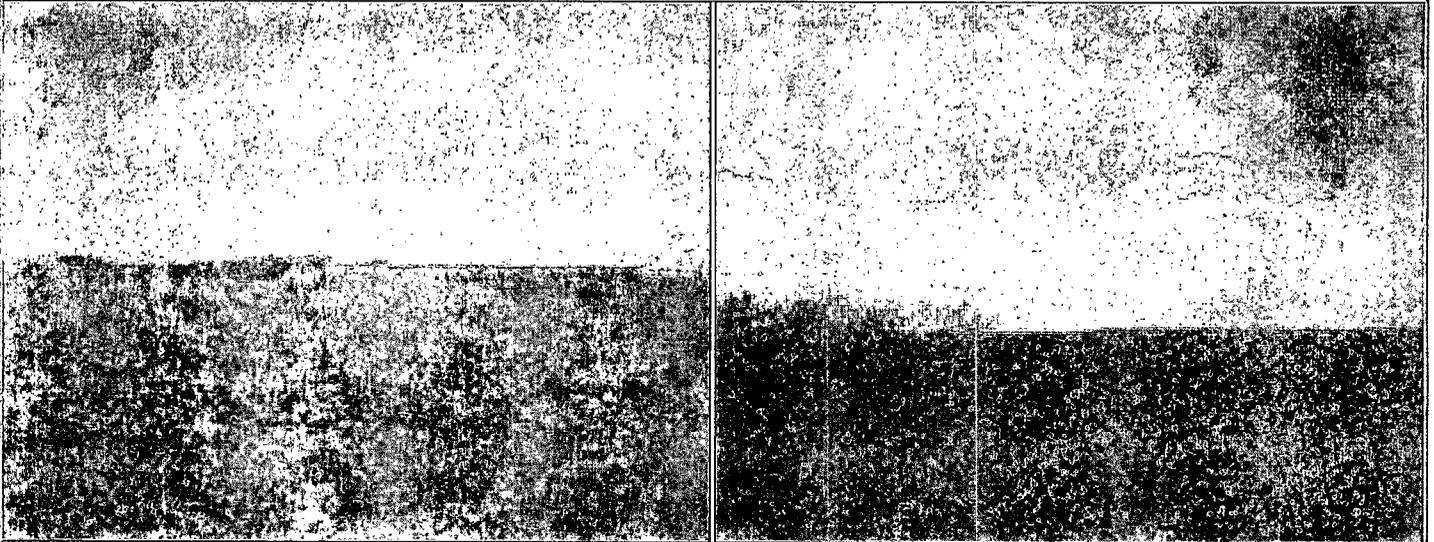
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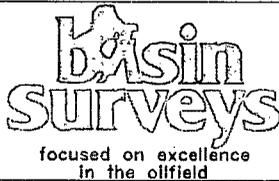


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RECLAMATION
PHOTOS



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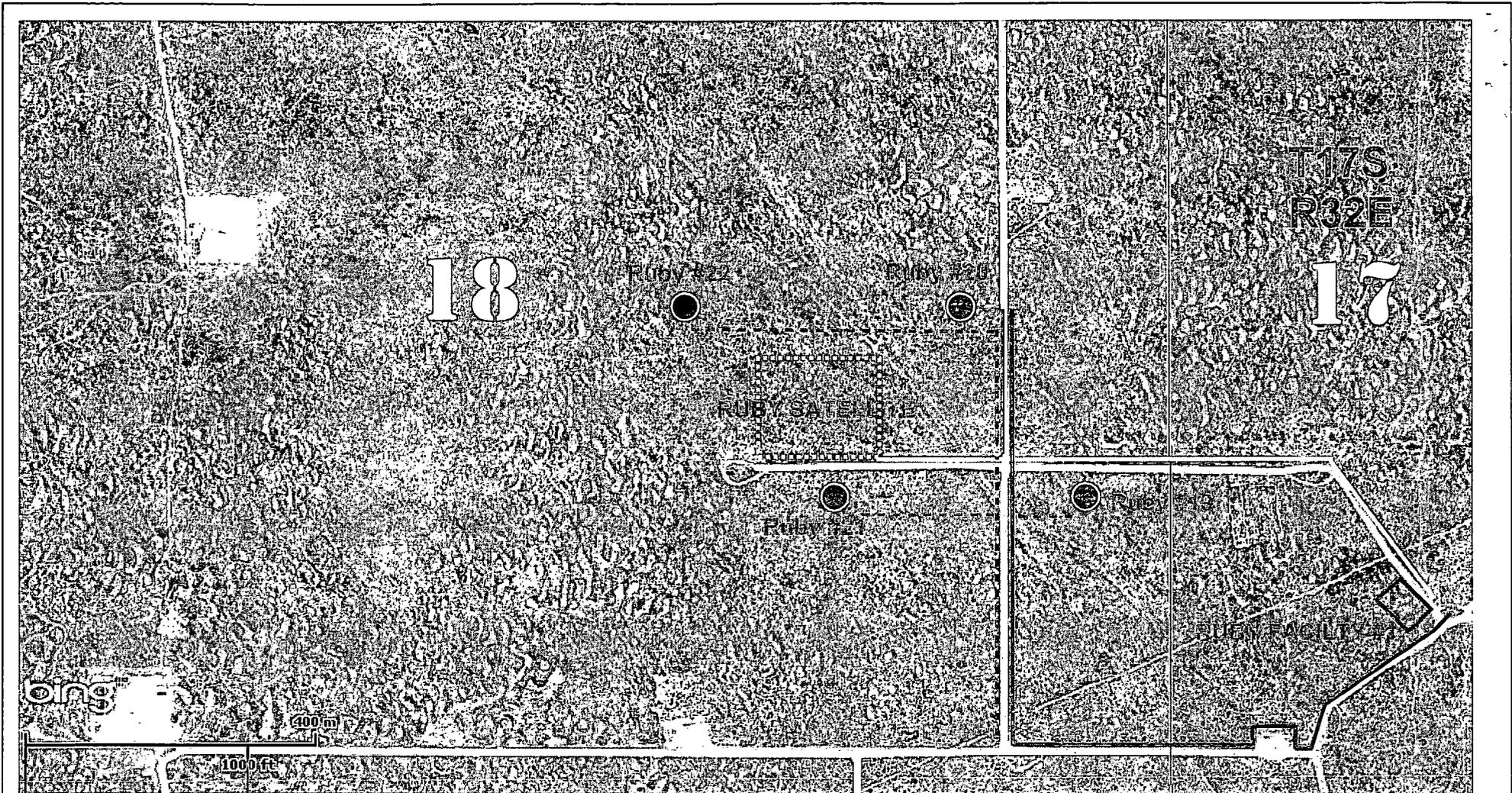
Survey Date: 07-09-2012

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Date: 07-12-2012



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1001.16 ft

- Flowline (OPTION 1): ~1,750 FT, 2-7/8" J55 Tubing, NOP <150 PSIG ———
- Flowline (OPTION 2): ~4,100 FT, 2-7/8" J55 Tubing, NOP <150 PSIG =====
- Power: ~1,850 FT, Proposed new powerline to be built following the road - - - - -
- Proposed New Facility/Satellite Location (OPTION 1): 600'x600'
- Truckline from New Battery to Ruby Facility (OPTION 1): ~ FT, 4" FlexPipe, NOP <150 PSIG

Ruby Federal #20

New Drills **FACILITY MAP**



DISCLAIMER: This map is for informational purposes and has not been prepared for, nor is it suitable for legal, surveying, or engineering purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information. ConocoPhillips makes no warranty or guarantee as to the content, accuracy, timeliness, or completeness of any of the data provided and assumes no legal responsibility for the information contained herein.
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