

## Surface Use Plan of Operations

JUN 06 2013

CONOCOPHILLIPS COMPANY  
 Ruby Federal # 48  
 280' FNL & 1700' FWL of Section 18-17S-32E  
 Federal Lease No: NM LC029405B  
 Lea County, New Mexico

RECEIVED

ConocoPhillips Company respectfully requests that this APD serve as the application for right of way for use of an existing lease road that travels off lease as depicted on plat page 2 of 10 and page 7 of 10.

This location was finalized during an onsite visit conducted August 1, 2012 with BLM representatives.

1. Access Road - Existing

- A. From mile marker 143 of Highway 82, go southwesterly on Highway 82 for 0.4 miles to an existing lease road. Turn southeast and travel on lease road for 0.1 miles to well pad for HT Federal No. 8 (API # 30-025-39976). Proposed new road and well location are to the east.
- B. Proposed route to location - **See enclosed county map & vicinity map.**
- C. ConocoPhillips Company (COP) intends to use the existing lease road for access to wells drilled on this part of our lease. Our intent is to enter into a cooperative road maintenance agreement with the operator of HT Federal No. 8 (API # 30-025-39976).
- D. The existing road will be maintained, including Dust Suppression, in the same or better condition as existed prior to commencement of operations and said maintenance will continue until final abandonment and reclamation of this drilling location.

2. Planned Access Roads

- A. Approximately 1126' of new access road is needed. The access point is on the location's west side. A 20' construction right of way will be needed and a minimum travel way width of 14'. All access road is on federal surface.

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 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 at least 3 proposed drill wells within a one-mile radius.
- F. There are at least 5 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. Proposed Well Pad
  - 1. A well pad will be constructed to accommodate the new well and associated production equipment. Planned dimensions are approximately 260 feet by 260 feet of working surface. Interim reclamation will be deferred until after the completion of

Ruby Federal #23, #24, #35, #36 and other future wells needing drilling rig access via this well pad. Our intent is to perform interim reclamation to reduce the pad footprint after initial development phase is complete. **See map titled "Interim Reclamation"**.

2. Topsoil will be stored to the south in a manner that avoids sand dunes.
3. About 1.0 miles of above ground new power line will be installed to connect to existing power source at Mitchell B-13 location. Approximately 150' of power line will be buried in the well pad.
4. Fresh water, above ground, flow line (approximately 3.2 miles') will be installed following lease roads to the old Mitchell B-7 location (1980' FSL and 660' FWL; Section 17, T17S, R32E) during completion operations. A portion of the corridor will not have road access so the flow lines will be installed via field personnel or small utility vehicles.
5. This well will be placed on oil production. Production will be through the Ruby Facility #1 until the Ruby Central Tank Battery is operational. The Ruby Facility #1 is located in the SW Qtr of the SW Qtr (Unit M) of Section 17, T17S, R32E. Approximately 10,500' of flow line will be installed between the well and Ruby Facility #1 (See enclosed map titled, "**Option to Existing Ruby Facility #1, Gemstone Development Map**").

B. Ruby Central Tank Battery (proposed with Ruby #32 or newly constructed)

1. Produced fluid will utilize a flow line to Ruby Central Tank Battery (CTB) /Ruby Facility #2. The enclosed **Gemstone Development Facility Map** shows approximately 10,550' of above ground new flow line following the proposed lease access road, to the proposed Ruby CTB located in Unit J of Section 18, T17S, R32E. The portion of flow line corridor between Ruby #23 and Ruby #12 will be without road access. This will be walked for monitoring purposes. A utility corridor 20' wide is needed for flow lines.

C. Facilities Paint Color

1. All above ground existing facilities are painted an earth tone color that blends with the surrounding area. Any proposed new facilities, not including flow and power lines, will be painted Shale Green.

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 removed immediately to an approved disposal site.
- C. Sewage will be disposed of according to county and state requirements in a portable chemical toilet(s). 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.
- E. After drilling rig has moved out of area, any scattered trash and litter will be removed from site.
- F. 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 Well Pad Detail.**
- C. Topsoil will be stripped from the location and access roads to be stockpiled, on the south side of the new location, and 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. ConocoPhillips Company respectfully requests that this well location be covered under the BLM MOA NM-930-2008-003. This request will be submitted under separate cover.
- 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 additional Conditions of Approval provided by 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 filing a false statement.

Susan B. Maunder

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

Date: 2/20/2013

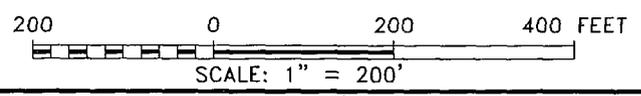
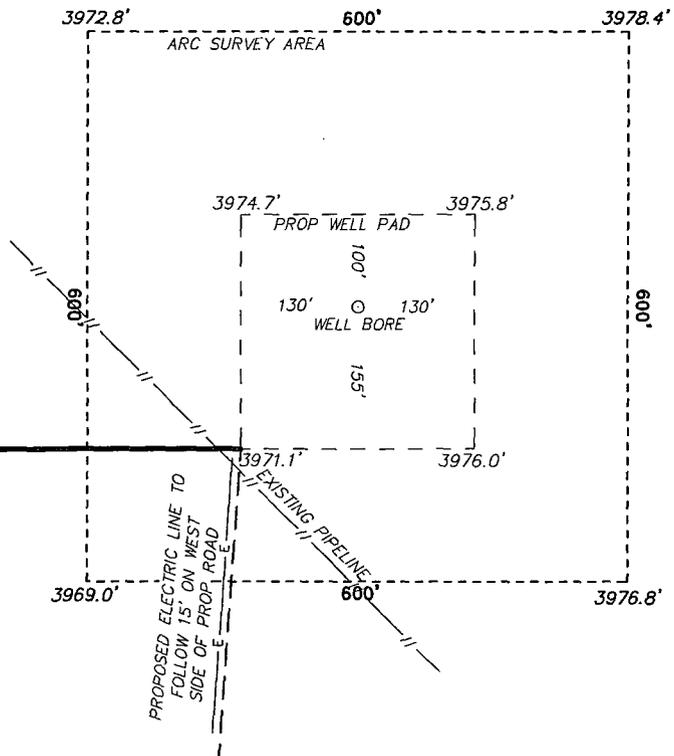
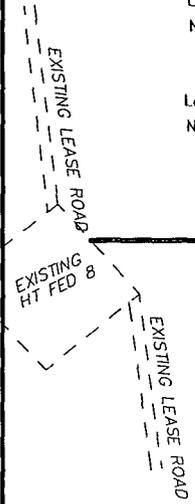
Field Representative: (If not above signatory) Rudy Quiroz, Production Supervisor  
Address: 1410 NW CR, Hobbs, NM 88240  
575-391-3147

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

CONOCO PHILLIPS  
RUBY FEDERAL #48  
ELEV. - 3976'

Lat - N 32°50'28.51"  
Long - W 103°48'32.31"  
NMSPC E 670150.234  
E 702382.362  
(NAD-83)

Lat - N 32°50'27.78"  
Long - W 103°47'59.76"  
NMSPC E 670085.989  
E 661203.965  
(NAD-27)



Directions to Location:

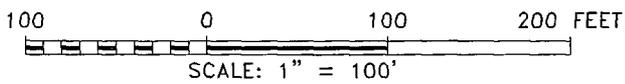
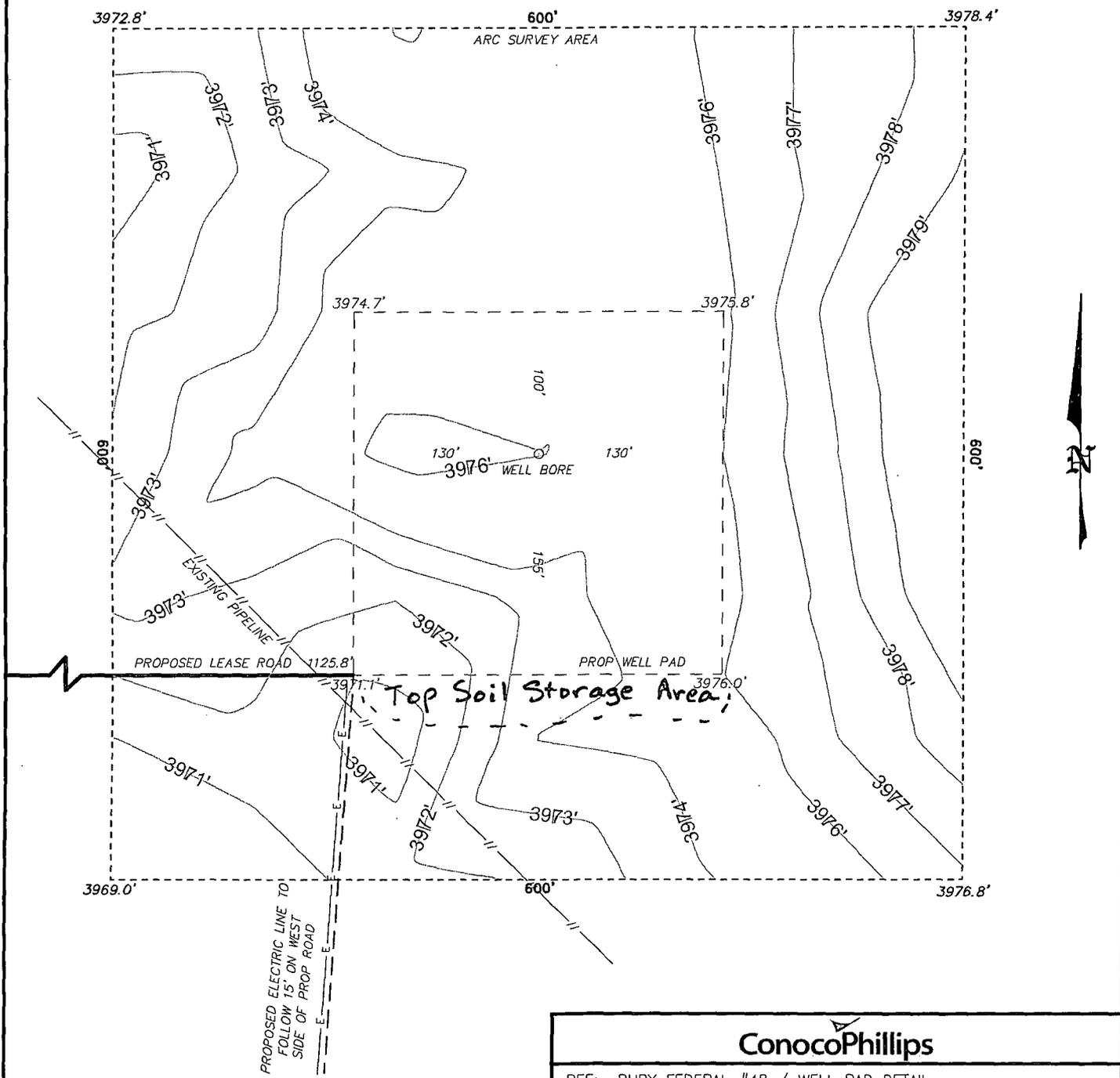
FROM MILE MARKER 143 OF HWY 82; GO  
SOUTHWESTERLY ON HWY 82 FOR 0.4 MILES TO  
LEASE ROAD, GO SOUTHEAST ON LEASE ROAD FOR  
0.1 MILES TO WELL PAD AND PROPOSED LEASE  
ROAD.

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

W.O. Number: 27141      Drawn By: J. SMALL  
Date: 09-11-2012      Disk: JMS 27141

<b>ConocoPhillips</b>	
REF: RUBY FEDERAL #48 / WELL PAD VICINITY	
THE RUBY FEDERAL #48 LOCATED 280'	
FROM THE NORTH LINE AND 1700' FROM THE WEST LINE OF	
SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST,	
N.M.P.M., LEA COUNTY, NEW MEXICO.	
Survey Date: 08-22-2012	Sheet 2 of 9 Sheets

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

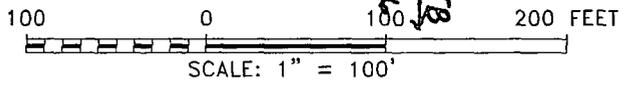
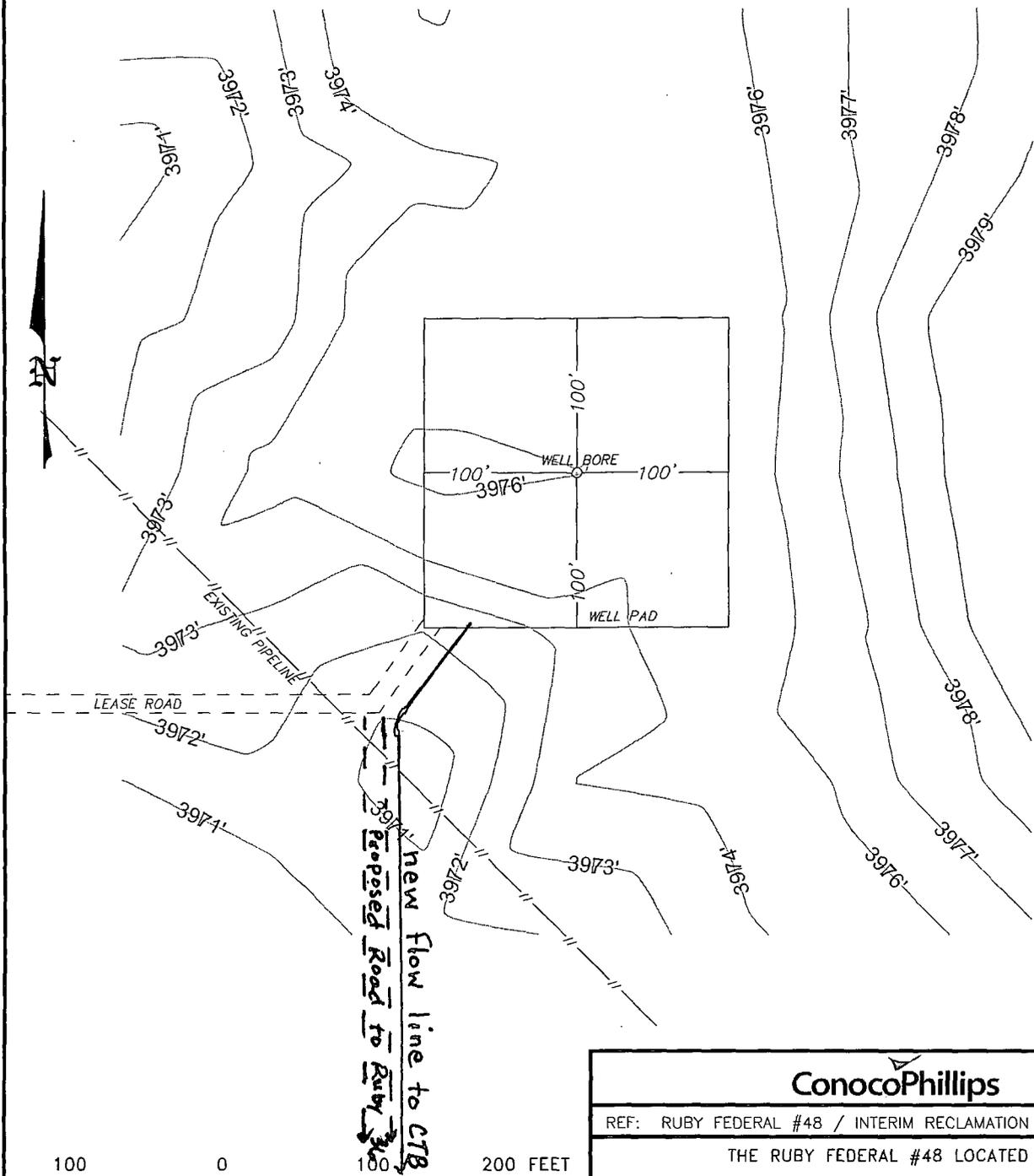


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<b>ConocoPhillips</b>	
REF: RUBY FEDERAL #48 / WELL PAD DETAIL	
THE RUBY FEDERAL #48 LOCATED 280' FROM THE NORTH LINE AND 1700' FROM THE WEST LINE OF SECTION 18, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.	
Survey Date: 08-22-2012	Sheet 3 of 9 Sheets

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



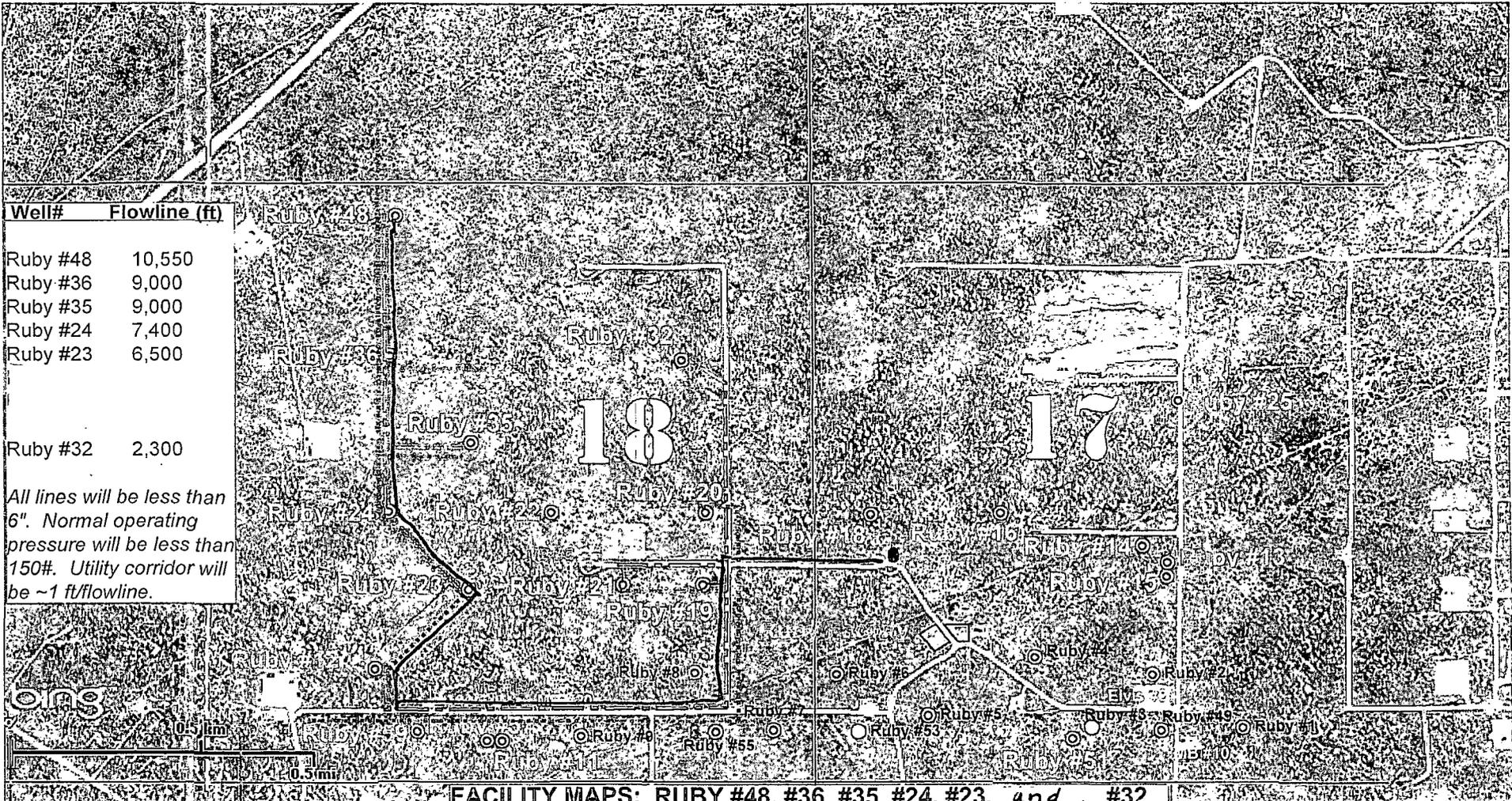
**ConocoPhillips**

REF: RUBY FEDERAL #48 / INTERIM RECLAMATION

THE RUBY FEDERAL #48 LOCATED 280'  
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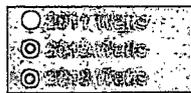
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 W.O. Number: 27141 Drawn By: J. SMALL  
 Date: 09-11-2012 Disk: JMS 27141

Survey Date: 08-22-2012 Sheet 4 of 9 Sheets



FACILITY MAPS: RUBY #48, #36, #35, #24, #23, and #32

2003.07 ft



- Proposed locations for new Ruby CTB (400'x250')
- Existing Facility

### Gemstone Development Map

- Powerline following roads
- Area will be walked
- Flowlines (NPS 6 in or less) to new Ruby CTB
- completion flow line (fresh water)



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Well#      Flowline (ft)

Ruby #48	3,700
Ruby #36	2,250
Ruby #35	2,350
Ruby #24	950
Ruby #23	-

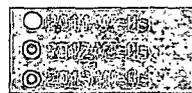
All lines will be less than 6". Normal operating pressure will be less than 150#. Utility corridor will be ~1 ft/flowline.

0.5 mi  
0.5 mi

0.5 mi  
0.5 mi

**RUBY #23 TEMPORARY FACILITY MAP**

2003.07 ft



- Proposed locations for Temporary Facility (Ruby #23 Well pad)
- Existing Facility

**Gemstone Development Map**

Area will be walked

..... Powerline

--- Flowlines (NPS 6 in or less) to Temporary Facility



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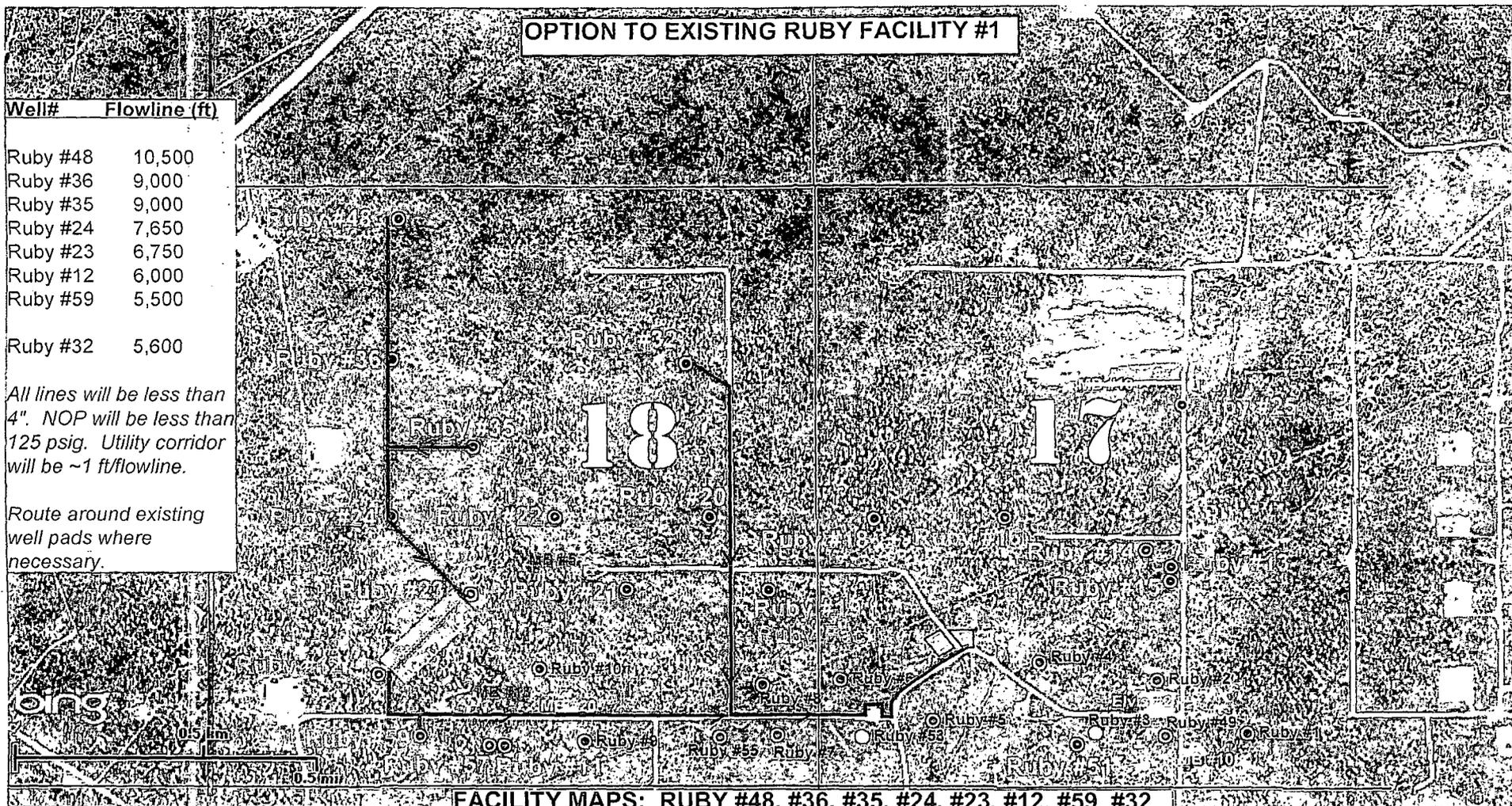
**OPTION TO EXISTING RUBY FACILITY #1**

**Well# Flowline (ft)**

Ruby #48	10,500
Ruby #36	9,000
Ruby #35	9,000
Ruby #24	7,650
Ruby #23	6,750
Ruby #12	6,000
Ruby #59	5,500
Ruby #32	5,600

All lines will be less than 4". NOP will be less than 125 psig. Utility corridor will be ~1 ft/flowline.

Route around existing well pads where necessary.



**FACILITY MAPS: RUBY #48, #36, #35, #24, #23, #12, #59, #32**



Existing Facility

Flowlines (NPS 4 in or less) to existing Ruby #1 Facility

Area will be walked

MAY 2013

**Gemstone Development Map**



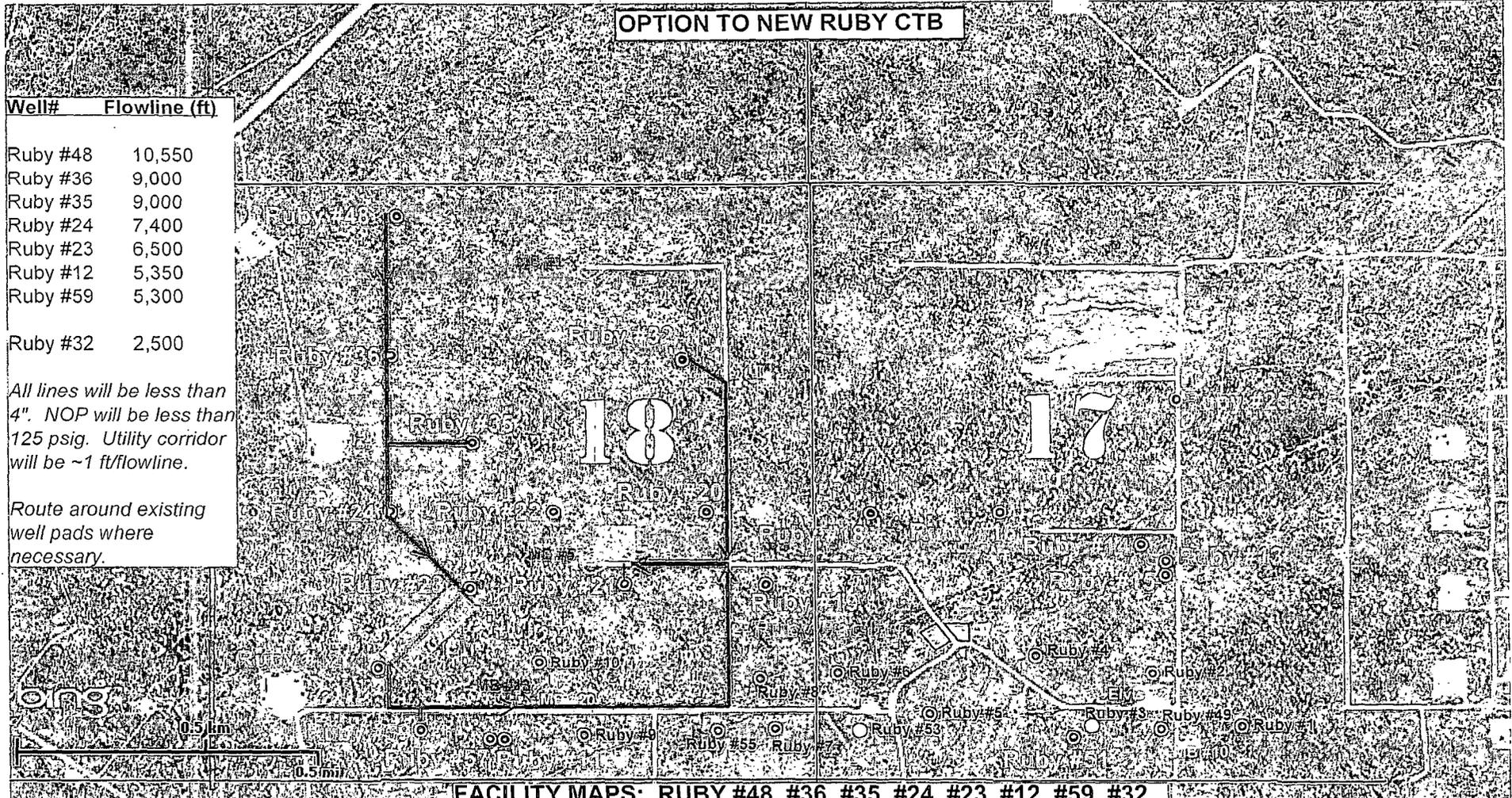
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**OPTION TO NEW RUBY CTB**

Well#	Flowline (ft)
Ruby #48	10,550
Ruby #36	9,000
Ruby #35	9,000
Ruby #24	7,400
Ruby #23	6,500
Ruby #12	5,350
Ruby #59	5,300
Ruby #32	2,500

All lines will be less than 4". NOP will be less than 125 psig. Utility corridor will be ~1 ft/flowline.

Route around existing well pads where necessary.



**FACILITY MAPS: RUBY #48, #36, #35, #24, #23, #12, #59, #32**



Proposed locations for new Ruby CTB (400'x300')

Existing Facility

Flowlines (NPS 4 in or less) to new Ruby CTB

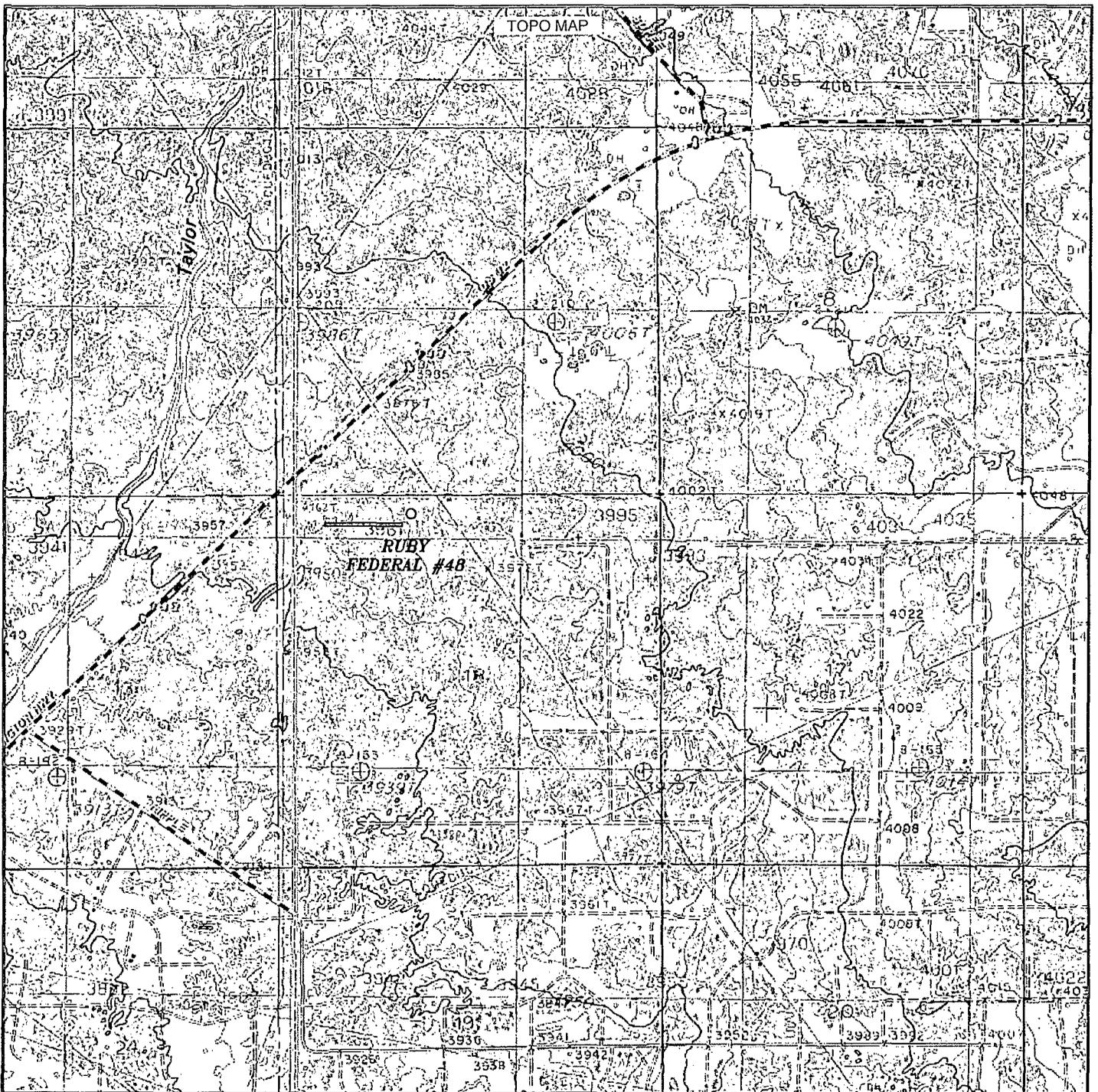
Area will be walked

MAY 2013

**Gemstone Development Map**



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**RUBY FEDERAL #48**  
 Located 280' FNL and 1700' FWL  
 Section 18, 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 27141

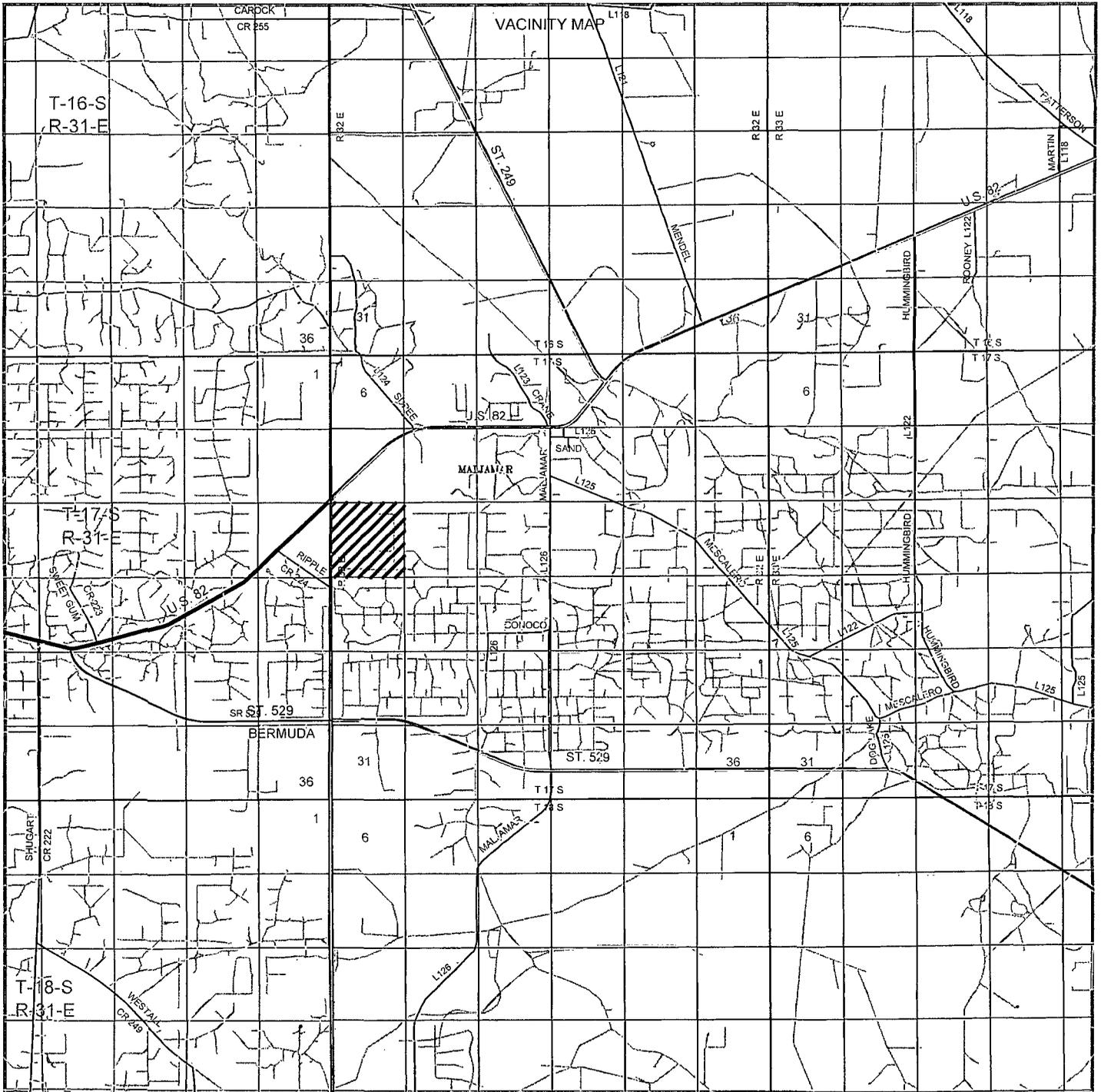
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Scale: 1" = 2000'

Date: 09-11-2012



Sheet 5 of 10 Sheets



**RUBY FEDERAL #48**  
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Scale: 1" = 2 Miles

Date: 09-11-2012



Sheet 6 of 10 Sheets



**RUBY FEDERAL #48**  
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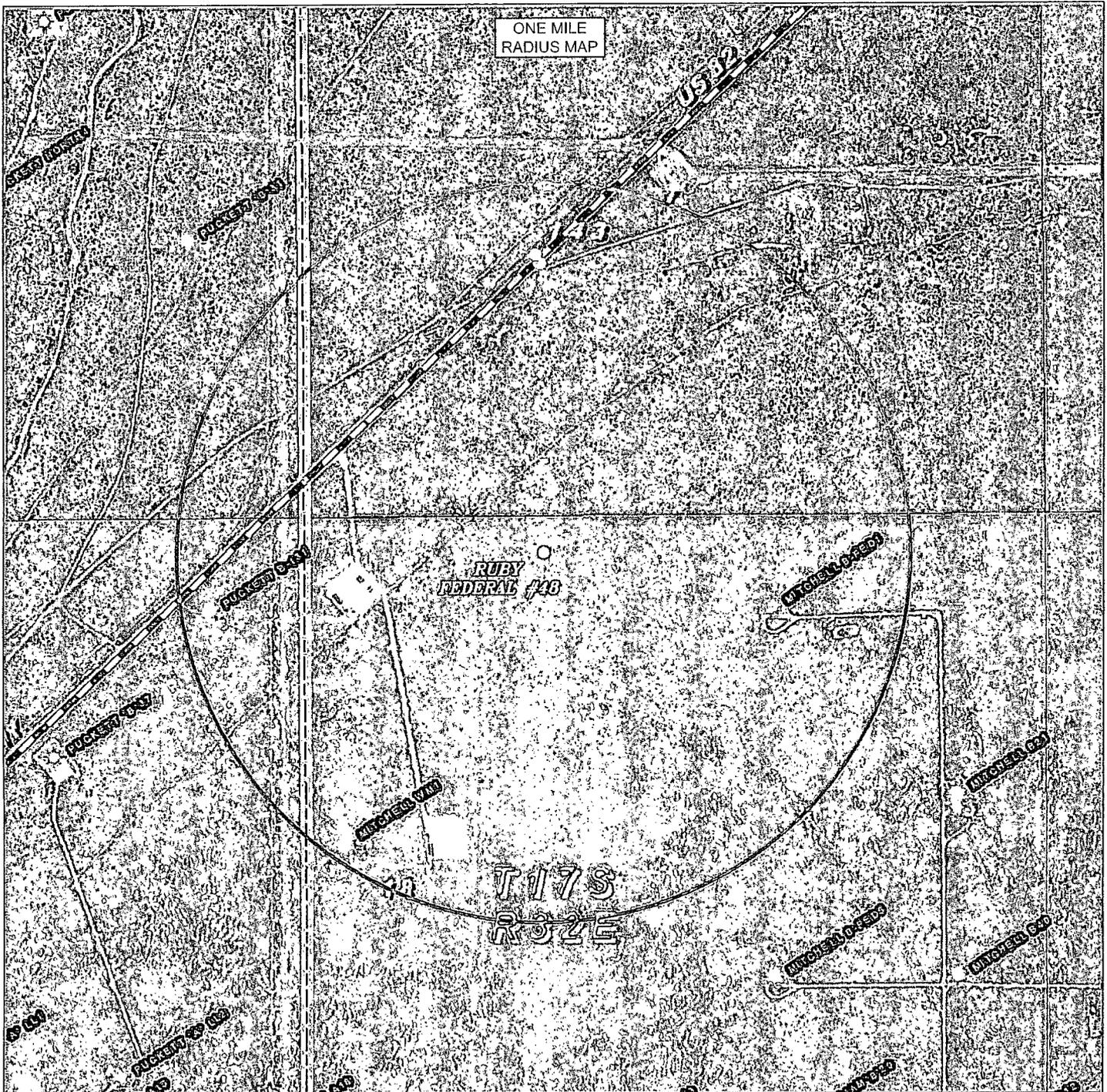
Scale: 1" = 2000'

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



Sheet 7 of 10 Sheets

ONE MILE  
RADIUS MAP



**RUBY FEDERAL #48**  
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 Section 18, Township 17 South, Range 32 East,  
 N.M.P.M., Lea County, New Mexico.



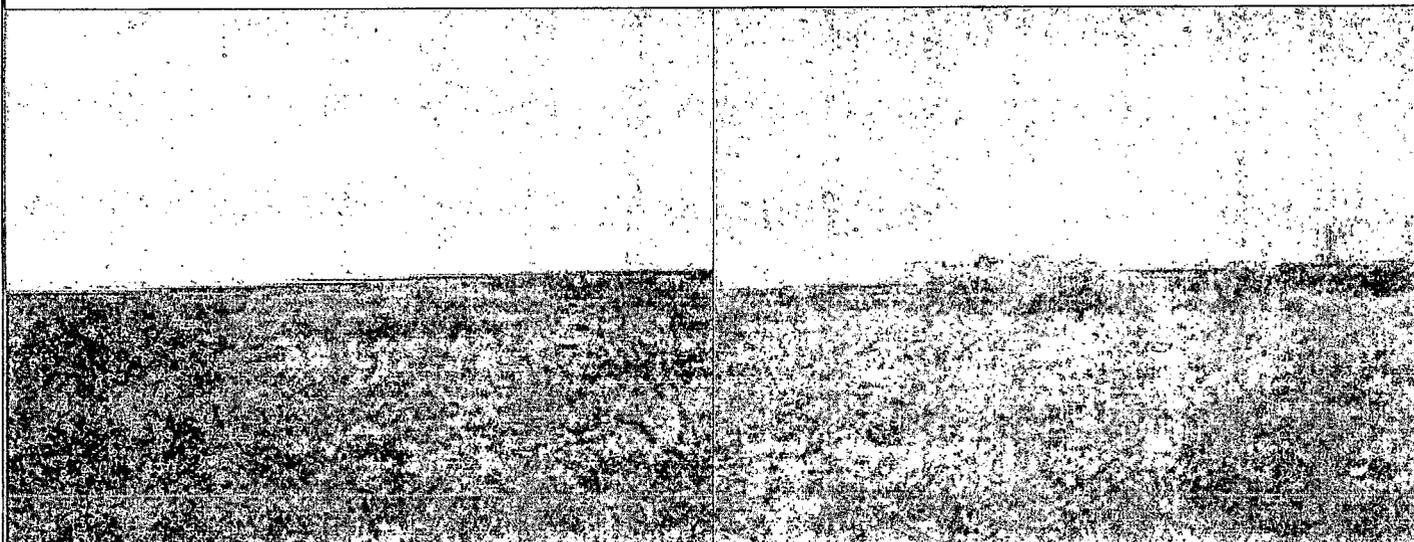
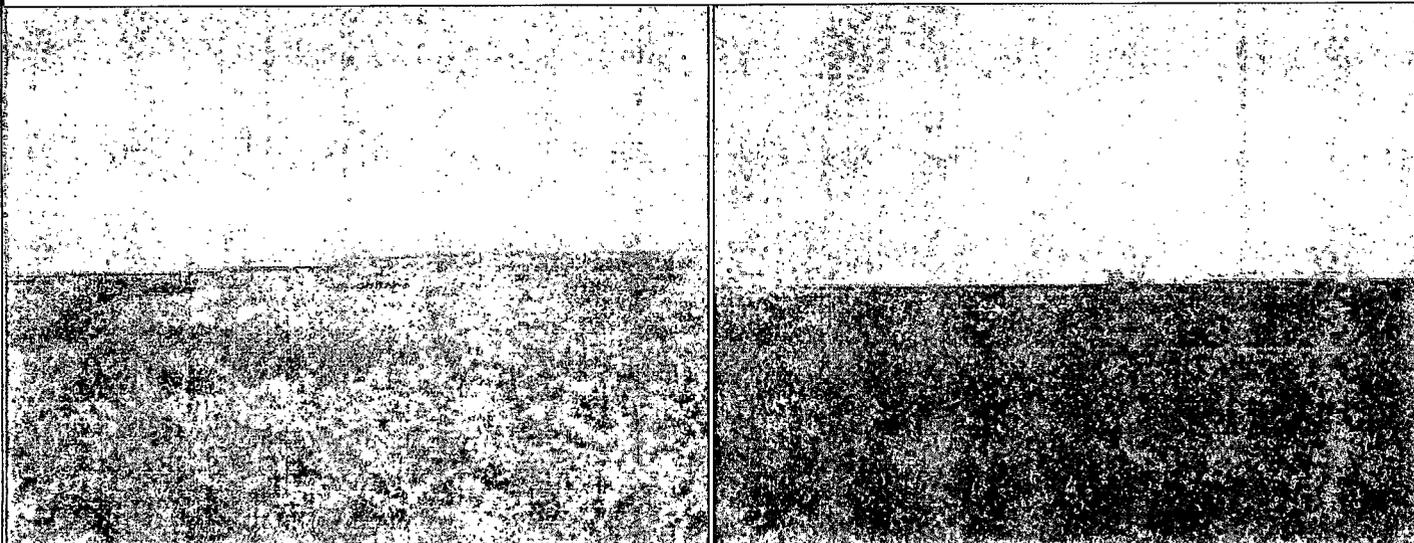
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 Survey Date: 08-22-2012  
 Scale: NONE  
 Date: 09-11-2012



Sheet 9 of 10 Sheets

RECLAMATION  
PHOTOS



RUBY FEDERAL #48  
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Section 18, Township 17 South, Range 32 East,  
N.M.P.M., Lea County, New Mexico.



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Scale: NONE

Date: 09-11-2012



Sheet 10 of 10 Sheets