

Surface Use Plan of Operations

CONOCOPHILLIPS COMPANY
SEMU #253
299' FNL & 1119' FWL of Section 19-20S-38E
Federal Lease No: NM LC 031670B
Lea County, New Mexico

Location was finalized during an onsite conducted August 22, 2013 with BLM staff.

Summary of New Surface Use

- Approximately 345' of new access road
- Well pad about 255' x 260'
- Top soil stored along south side
- Interim reclamation on the east, west and south sides
- Approximately 122' of new overhead power line
- About 3545' of new, above ground flow line

HOBBS OCD

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1. Access Road - Existing

- A. Directions to location are: beginning at the intersection of U.S. Highway 62/U.S. Highway 180 and Highway 18, proceed in a southerly direction from Hobbs, New Mexico along Highway 18 approximately 10.7 miles to the junction of this road and an existing road to the west; turn right and proceed in a westerly direction approximately 3.5 miles to the junction of this road and an existing road to the north; turn right and proceed in a northerly, then northwesterly direction approximately 1.3 miles to the junction of this road and an existing road to the east; turn right and proceed in an easterly, then northeasterly, then easterly direction approximately 0.5 miles to the junction of this road and an existing road to the north; turn left and proceed in a northerly direction approximately 0.1 miles to the junction of this road and an existing road to the west; turn left and proceed in a westerly direction approximately 0.2 miles to the junction of this road and an existing road to the north; turn right and proceed in a northerly direction approximately 0.2 miles to the beginning of the proposed access to the northeast; follow road flags in a northeasterly direction approximately 345' to the proposed location.
- B. Proposed route to location - **See enclosed plat package, page "Access Road Map"**.
- C. The existing access road will be maintained by crowning, fixing potholes, etc. and dust suppression, according to BLM specifications, until final location reclamation is complete.

2. Access Roads - Planned

- A. **See Access Road ROW Figure #6 plat for new road.**
- B. The maximum width of the driving surface will be 14'. The road will be crowned and ditched to BLM specifications. Caliche from an approved source will be used for the driving surface. Ditches along roads will be constructed according to BLM specifications.
- C. No turnout will be needed.
- D. The road will be maintained, including dust suppression, and said maintenance will continue until final abandonment and reclamation of this location.

3. Location of Existing Wells within a One-Mile Radius (see "Topographic Map C").

- 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 at least 6 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 wells within a one-mile radius.
- F. There are at least 16 producing/recently drilled wells within a one-mile radius.
- G. There are no shut-in wells within a one-mile radius.
- H. There are at least 4 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 two new wells and associated production equipment. Our intent is to perform interim reclamation to reduce the pad footprint (see section 10.A.1).
 - 2. New power line will be installed to connect to power source. Power line to follow lease road. See enclosed survey plat. Approximately 150' of buried power line will be installed in the well pad.
 - 3. This well will be placed on oil production.
- B. Production Facilities
 - 1. Produced fluid will utilize a flow line to the Permian Tank Battery. The Permian Tank Battery is located in the NE Qtr of the SW Qtr (Unit K) of Section 19, T20S, R38E. The enclosed pipeline survey plat shows new flow line following lease road(s). The line will be <4", Fiberspar operated within BLM specifications. A utility corridor 10' wide is needed for flow line.
- 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. A closed-loop system will be used for handling drilling wastes. These materials will be disposed of in an approved facility.
- B. 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 an appropriate permitted facility.
- C. Any spills of oil or any other potentially hazardous material will be cleaned up and removed immediately to an approved disposal site.
- D. 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.
- E. Garbage and trash will be contained in portable trash cages. The contents of trash cages will be disposed of according to county and state regulations at an approved facility. Disposal 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 Well Pad Detail.**
- C. Topsoil will be stripped from the location and access roads to be stockpiled and deposited apart from other excavated material.
- D. There will be no reserve pit on location.

10. Plans for Reclamation of the Surface

- A. Interim Reclamation
 - 1. Interim reclamation will be completed, after well(s) have been drilled, as indicated on **the enclosed map titled "Reclamation Diagram"**.
 - 2. 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.
 - 3. Interim reclamation is to be performed according to BLM standards and currently consists of removing excess caliche (for re-use or disposal at an approved facility), turning the sides to be reclaimed so that sand and topsoil are on the surface and re-contouring. The unused portion of the site will be ripped prior to replacing the topsoil. The soil-banked material will be spread over the area.
- B. Final Reclamation
 - 1. 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.

2. Caliche will be removed and disposed of in an approved facility. Re-contouring will be performed prior to topsoil being spread over location.
3. Reseeding will be an approved mixture by the BLM. If the broadcast method is utilized, the seed mixture shall be doubled.
4. There shall be no primary or secondary noxious weed seed in the native seed mixture.
5. 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 fenced area reduced as required by the landowner or BLM.
6. 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.

C. Other Reclamation Information

1. 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.
2. A pre-work onsite with 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

Surface Owner/Lessee
Bob McCasland-SW Cattle Co.
(Private Surface Owner Agreement
effective 1-1-08)

12. Other Information

- A. ConocoPhillips Company will request that this well location be covered under the BLM MOA NM-930-2008-003 at a later date.
- 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.