Surface Use Plan of Operations

ConocoPhillips Company
War Hammer 25 Federal COM W2 2H
283 FNL & 125 FEL (NENE) of Section 25-26S-32E
Federal Lease No. NMLC069515 (SHL)
Lea County, New Mexico

ConocoPhillips Company respectfully requests that this APD be reviewed with other wells in this development; War Hammer 25 Federal COM TC 4H, War Hammer 25 Federal COM W1 3H, War Hammer 25 Federal COM W2 2H & War Hammer 25 Federal COM W3 1H.

Location was finalized during an onsite conducted October 24, 2013 with BLM staff.

1. Access Road - Existing

   A. Directions to Proposed Location:
   BEGINNING AT THE INTERSECTION OF HIGHWAY 18 AND HIGHWAY 128 PROCEED IN A WESTERLY, THEN NORTHWESTERLY DIRECTION FROM JAL, NEW MEXICO ALONG HIGHWAY 128 APPROXIMATELY 14.1 MILES TO THE JUNCTION OF THIS ROAD AND BATTLE AXE ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY, THEN WESTERLY, THEN SOUTHERLY, THE SOUTHWESTERLY DIRECTION APPROXIMATELY 13.3 MILES TO THE JUNCTION OF THIS ROAD AND BATTLE AXE ROAD/CR J-2 TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY, THEN SOUTHWESTERLY, THEN WESTERLY DIRECTION APPROXIMATELY 6.3 MILES TO THE JUNCTION OF THIS ROAD AND CR J-1/CR J-2 TO THE SOUTH; TURN LEFT AND PROCEED IN A SOUTHERLY, THEN WESTERLY DIRECTION APPROXIMATELY 1.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.8 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE EAST; FOLLOW ROAD FLAGS IN AN EASTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 1,136' TO THE 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. There will be approximately 1410' of new access road with a 30' construction right of way and a minimum travel width of 14'. All is on federal surface. **See Figure 1 & 3 for Temporary Access Road.**

   B. Approximately 274' of the new access road is temporary. The temporary road will be reclaimed following the initial development phase, as agreed upon during the onsite evaluation. Following drilling and completions operations, a permanent road on the SE side of the pad will be built to provide long term access to the site according to BLM specifications. This will be done so that the access road will be on lease for permanent use. **See Figure 4 for Permanent Configuration.**

   C. Maximum grade will not exceed 8 percent.

   D. There will be no County approach.

   E. There will be no low water crossing or culverts

   F. There will be no cattleguard installed on the access road.

   G. The proposed access road will be constructed in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, Third Edition and/or BLM Manual Section 9113 concerning road construction activities on projects under federal jurisdiction. Prior to moving in any heavy equipment, the access road will be thoroughly compacted. The access road will be surfaced to the required minimum depth (after compaction).

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3. Location of Existing Wells within a One-Mile Radius. **See Enclosed One-Mile Radius Plat.**

A. There are no water wells within a one-mile radius
B. There is at least 1 dry hole located within a one-mile radius.
C. There are 0 plugged and abandoned wells within a one-mile radius.
D. There are at least 2 saltwater disposal wells within a one-mile radius.
E. There are at least 4 proposed drill wells within a one-mile radius.
F. There are at least 58 producing/recently drilled wells within a one-mile radius.
G. There are 0 shut-in wells within a one-mile radius.
H. There are at least 2 injection wells within a one-mile radius.
I. There are 0 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 the Well Pad:
1. A well pad will be constructed to accommodate a 4 well pad and associated production equipment. Planned dimensions of the quad pad are approximately 600 feet by 350 feet. Our intent is to perform interim reclamation to reduce the pad footprint following initial development phase. Interim reclamation will be done as shown on the enclosed map titled "Reclamation Diagram" on the north, east, and south sides of the pad.
2. The topsoil will be stored to the south.
3. There will be no production equipment on this pad.

C. Utility Corridor:
A. Power:
1. About 5354' of overhead new power line will be utilized following the lease road connecting to an existing power source for the proposed well and proposed CTB. **See Enclosed Power Map.**

B. Pipeline:
1. Production will be through the War Hammer Central Tank Battery. Produced fluid will utilize a utility corridor for installation of up to 4 lines to the War Hammer Central Tank Battery in which approximately 2219' of new flow lines in a 60ft construction ROW will be constructed to that facility. The enclosed pipeline survey plat shows new flow lines following lease road(s). The lines will be 4" Steel, buried and operated within BLM specifications from each well head on the pad to the proposed War Hammer CTB. **See Topo D, Enclosed Pipeline Map & Buried Pipe Diagram**
2. The utility corridor will also be utilized for 4 buried gas supply lines from the War Hammer CTB back to the each wellhead on the pad and operated within BLM specifications using the utility corridor as referenced in B (1). **See Topo D, Enclosed Pipeline Map & Buried Pipe Diagram**
3. The ROW will be 60' for construction purposes. The topsoil will be stripped and placed on one side of the right of way. A 6' deep trench will be dug with a trackhoe. The spoilpile will be separate from the topsoil. This process helps control erosion by using the separate piles as buffers. The line will be placed in ditch, spoilpile put back in trench, and a motor grader or other wheeled vehicle used to ensure proper compaction. A clean up blade is then ran to smooth the ROW and then spread the topsoil and reseed as required. Use of other measures such as water bars, hay bales, etc will be used as the topography indicates. There is no area designated for any type of storage of soils,wastes, or fuels. All activity is to be contained within the bladed right of way. There are no impervious structures after completion.

C. Water Transfer Lines:
1. Approximately 7.25 miles of above ground temporary fresh water transfer lines will be installed following the roads during completion operations from the Wilder Frac Pond Sec.

28-26S-32E (previously authorized under the Wilder Federal #1 project) and Buck Frac Pond Sec.17-26S-32E (previously authorized under the Buck Federal 17 1H project) to the 4 well pad.

2. Above ground temporary water lines will be installed following the roads to transfer produced water from the War Hammer CTB to the 4 wells on the pad during completion operations.

D. Proposed War Hammer Central Tank Battery

1. A new central Tank Battery is needed to develop this area. The location is in Section 25, T26S, R32E in the S ½ NW ¼. **See Enclosed Location Layout**
2. This well will be placed on oil production. The production equipment may include but not limited to oil and water tanks.
3. There will be a 30' Communications Tower at the War Hammer Central Tank Battery. **See Enclosed Diagrams.**

E. Facilities Paint Color

All above ground existing facilities are painted an earth tone color that blends with the surrounding area. Any proposed new facilities 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 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 – **The rig to drill this well will need a 600 x 350 location. 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, NM 88220

12. Other Information

A. ConocoPhillips Company may 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 the additional Conditions of Approval provided by the BLM.