H-06-42

Form 3160-3
(April 2002)

OCD-HOBBS

5/16/06

FORM APPROVED
OMB No. 1004-0136
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
LC 031695(B)

6. If Indian, Allottee or Tribe Name

1a. Type of Work: [X] DRILL [ ] REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

8. Lease Name and Well No. <31493>
WARREN UNIT Blinebry Tubb DF 318

2. Name of Operator
CONOCOPHILLIPS CO. <217817>

9. API Well No.
30-025-37949

3a. Address P.O. BOX 2197 WL3 6108 HOUSTON, TX 77252

3b. Phone No. *(include area code)*
(832)486-2326

10. Field and Pool, or Exploratory
WARREN/BLINEBRY TUBB; WARF

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface SESE SEC. 28 T20S R38E 1155' FSL & 1265' FEL
At proposed prod. zone Unit P

11. Sec., T., R., M., or Blk, and Survey or Area
P Sec: 28 Twn:20S Rng: 38E

14. Distance in miles and direction from nearest town or post office*

12. County or Parish
LEA

13. State
NEW MEXIC

15. Distance from porposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1155 SOUTH 1265 EAST

16. No. of Acres in lease

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth
7250

20. BLM/BIA Bond No. on file
ES0084

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3530

22. Approximate date work will start*
07/01/2006

23. Estimated duration
45 DAYS

24. Attachments

Lea County Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operation certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Deborah Marberry
Name *(Printed/Typed)* DEBORAH MARBERRY
Date 05/11/2006

Title
REGULATORY ANALYST

Approved by *(Signature)* /s/ Tony J. Herrell
Name *(Printed/Typed)* /s/ Tony J. Herrell
Date JUN 15 2006

Title FIELD MANAGER
Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fradulent statements or representations as to any matter within its jurisdiction.

**(Instructions on page 2)*

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Witness Surface Casing

ConocoPhillips Company
PTRRC
Ronald G. Crouch
PTRRC Advisor
4001 Penbrook St., Ste. 345
Odessa TX, 79762
Phone (432) 368-1218
Cell (432) 631-5557

April 6, 2006

Cody Layton
Bureau of Land Management
620 East Greene
Carlsbad New Mexico 88220

Re: Warren Unit #318
Section 28, T20S-R38E
Lea County, New Mexico

Dear Cody:

Settlement has been reached between the surface owner and ConocoPhillips Company for the above mentioned well location and appurtenances.
The surface owner is:

Robert McCasland
P.O. Box 206
Eunice, NM 88231

If you have any questions, please contact me.

Sincerely,

Ronald Crouch
PTRRC Advisor
ConocoPhillips Company

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-37949	62965	WARREN; BLINEBRY-TUBB O&G

Property Code	Property Name	Well Number
~~21480~~ 31493	WARREN UNIT Blinebry Tubb W/F	318

OGRID No.	Operator Name	Elevation
217817	CONOCOPHILLIPS	3530'

Surface Location

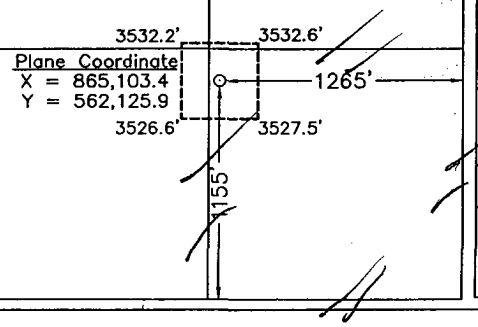
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	28	20 S	38 E		1155	SOUTH	1265	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Deborah Marberry

Deborah Marberry
Printed Name

Regulatory Analyst
Title

05/12/06
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

March 15, 2006
Date Surveyed

Signature & Seal of Professional Surveyor

MACON L. McDONALD
NEW MEXICO
12185
REGISTERED PROFESSIONAL SURVEYOR

W.O. Num 2006-0136

Certificate No. MACON McDONALD 12185

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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2040 South Pacheco, Santa Fe, NM 87505

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Energy, Minerals & Natural Resources Department

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State Lease – 4 Copies
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-37949	63080	WARREN; DRINKARD

Property Code	Property Name	Well Number
~~31488~~ 31493	WARREN UNIT ~~Blinebry Tubb DF~~	318

OGRID No.	Operator Name	Elevation
217817	CONOCOPHILLIPS	3530'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	28	20 S	38 E		1155	SOUTH	1265	EAST	LEA

Bottom Hole Location If Different From Surface

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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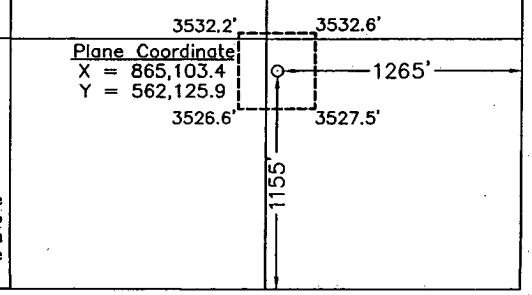

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Printed Name

Regulatory Analyst
Title

05/12/06
Date

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	96587	DK; ABO, WEST

Property Code	Property Name	Well Number
31488	WARREN UNIT	318

OGRID No.	Operator Name	Elevation
217817	CONOCOPHILLIPS	3530'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	28	20 S	38 E		1155	SOUTH	1265	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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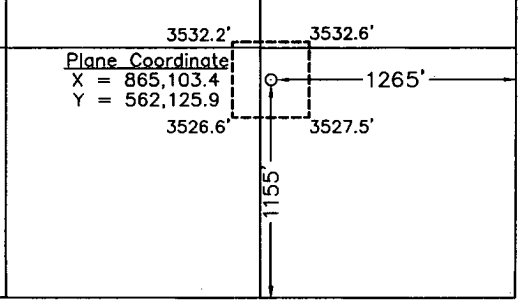

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Signature

Deborah Marberry
Printed Name

Regulatory Analyst
Title

05/12/06
Date

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March 15, 2006
Date Surveyed

Signature & Seal of Professional Surveyor

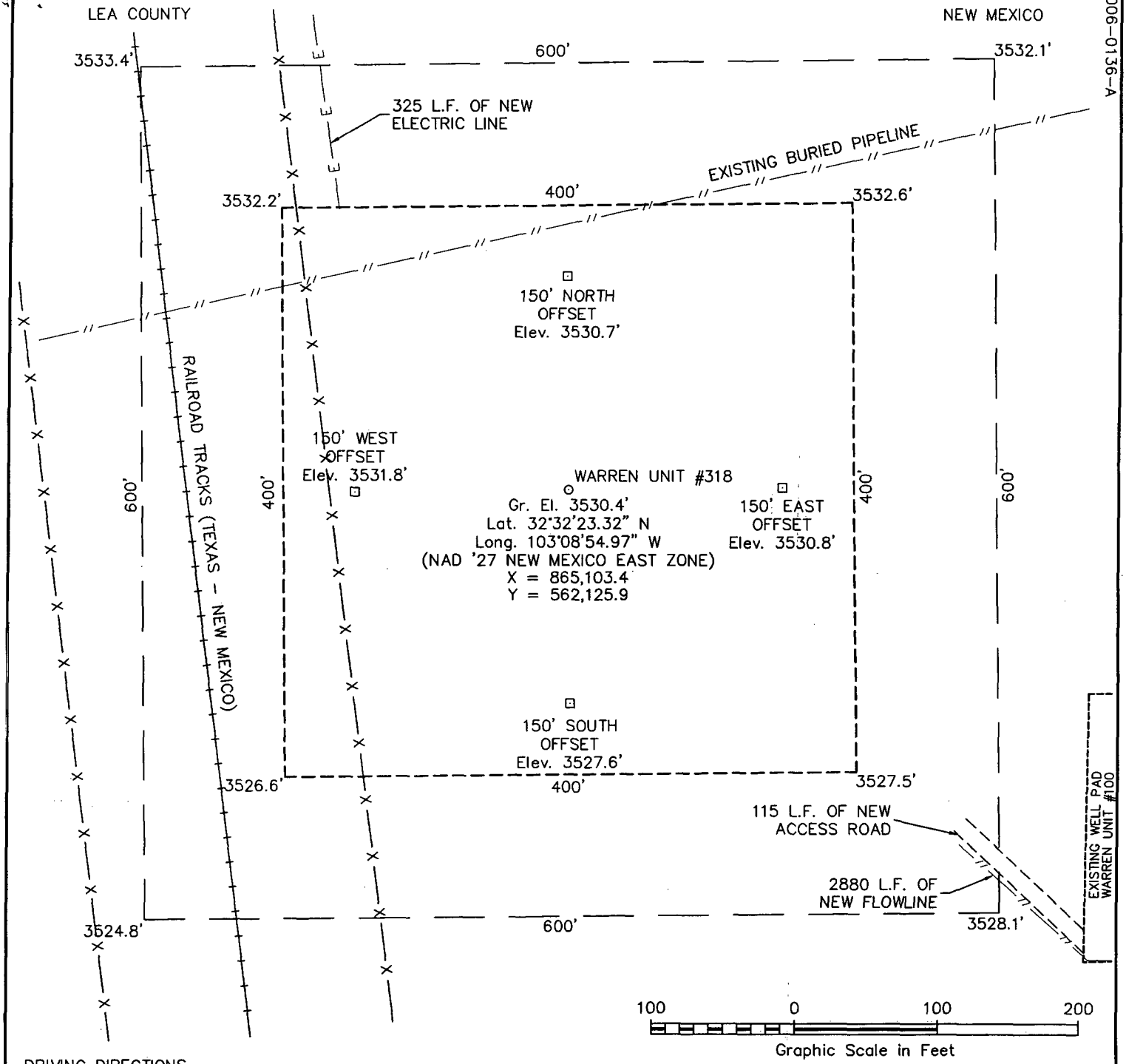
MACON L. McDONALD
NEW MEXICO
12185
PROFESSIONAL SURVEYOR

W.O. Num. 2006-0136

Certificate No. MACON McDONALD 12185

SECTION 28, TOWNSHIP 20 SOUTH, RANGE 38 EAST, N.M.P.M.

L-2006-0136-A



DRIVING DIRECTIONS

FROM THE INTERSECTION OF U.S. HIGHWAY 18 AND U.S. HIGHWAY 176 IN EUNICE, NEW MEXICO GO NORTH ON SAID U.S. HIGHWAY 18 7.3 MILES TO A CATTLE GUARD ON WEST (LEFT) SIDE OF SAID U.S. HIGHWAY 18, THEN GO WEST THROUGH SAID CATTLE GUARD ON LEASE ROAD 1.2 MILES, THEN GO SOUTH (LEFT) 0.2 MILE TO CONOCO PHILLIPS WARREN UNIT #100 WELL, BEING APPROXIMATELY 500 FEET EAST OF PROPOSED LOCATION.

CONOCOPHILLIPS

WARREN UNIT #318

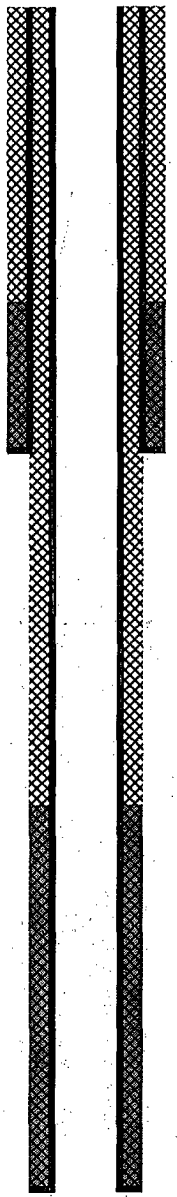
Located 1155' FSL & 1265' FEL, Section 28
Township 20 South, Range 38 East, N.M.P.M.
Lea County, New Mexico

Drawn By: LVA	Date: March 23, 2006
Scale: 1"=100'	Field Book: 332 / 28-31
Revision Date:	Quadrangle: Hobbs SW
W.O. No: 2006-0136	Dwg. No.: L-2006-0136-A

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

Hobbs BU Wells
Schlumberger Cement Calculations



SURFACE CASING :

Drill Bit Diameter	12.25	"
Casing Outside Diameter	8.625	"
Casing Inside Diam.	8.097	"
Casing Weight	24	ppf
Casing Grade	J-55	'
Shoe Depth	1550	
Excess Lead Cement	125	%
Excess Tail Cement	100	%
Tail Cement Length	**500**	'

SHOE 1550 ', 8.625 ", 24 ppf, J-55 STC

PRODUCTION CASING :

Drill Bit Diameter	7.875	"
Casing Outside Diameter	5.5	"
Casing Inside Diam.	4.892	"
Casing Weight	17	ppf
Casing Grade	J-55	
Top of Cement	0	'
Shoe Depth	7250	'
Excess Lead Cement	225	%
Excess Tail Cement	150	%
Tail Cement Length	**1750**	'

SHOE 7250 ', 5.5 ", 17 ppf, J-55 LTC

Hobbs BU Wells
Schlumberger Cement Calculations
Production Casing

Lead Cement		
Cement Recipe	50:50 Poz Class C	
	CemNET in first 100 bbls	
	+ 5% Salt (bwow)	
	+ 10% Bentonite	
	+ 0.2% Uniflac	
	+ 0.2% TIC Dispersant	
	+ 0.25 lb/sx Celloflake	
Cement Quantity	994	sx
Cement Yield	2.54	cuft/sx
Cement Volume	975.4	cuft
	173.7	bbls
Cement Density	11.8	ppg
Water Required	14.71	gal/sx

Tail Cement		
Cement Recipe	TXI Lightweight	
	+ 2% Antifoamer	
	+ 0.2% XE-114A	
	+ 0.3% Uniflac	
	+ 0.2% TIC Dispersant	
Cement Quantity	570	sx
Cement Yield	1.34	cuft/sx
Cement Volume	764.2	cuft
	136.1	bbls
Cement Density	13.2	ppg
Water Required	6.78	gal/sx

Hobbs BU Wells
Schlumberger Cement Calculations
Surface Casing

Lead Cement		
Cement Recipe	35:65 Poz Class C Cement	
	CemNET in first 100 bbls	
	+ 5% Salt (bwow)	
	+ 6% Bentonite Gel	
	+ 2% Calcium Chloride	
	+ 0.25 lb/sx Celloflake	
Cement Volume	495	sx
Cement Yield	1.97	cuft/sx
Slurry Volume	975.4	cuft
	173.7	bbls
Cement Density	12.8	ppg
Water Required	10.54	gal/sx

Tail Cement		
Cement Recipe	Class C Standard Cement	
	+ 2% Calcium Chloride	
	+ 5% Salt	
	+ 3% Bentonite Gel	
	+ 0.25 lb/sx Celloflake	
Cement Volume	320	sx
Cement Yield	1.34	cuft/sx
Slurry Volume	429.0	cuft
	76.4	bbls
Cement Density	14.8	ppg
Water Required	6.29	gal/sx

Hobbs BU Wells			
Schlumberger Cement Calculations			
	Surf Csg	Int Csg	Prod Csg
OD	8.625	7.625	5.5
ID	8.097	7.021	4.892
Depth	1550	4100	7250
Hole Diam	12.25	12.25	7.875
% Excess Lead	125	100	225
% Excess Tail	100	0	150
Lead Yield	1.97	1.94	2.54
Tail Yield	1.34	1.39	1.34
Ft of Tail Slurry	500	500	1750
Top of Tail Slurry	1050	4600	5500
Top of Lead Slurry	0	0	0
Mud Wt (ppg)	8.9	10.0	10.0
Mud Type	WBM	BRINE	BRINE

Surface Casing						
	Ft	Cap	XS Factor	bbls	cuft	sx
Lead Open Hole Annulus	1050	0.073539	2.25	173.7	975.4	495.1
Lead Total				173.7	975.4	495.1
Tail Open Hole Annulus	500	0.073539	2	73.5	412.9	308.1
Tail Shoe Track Volume	45	0.063714	1	2.9	16.1	12.2
Tail Total				76.4	429.0	320.3

Production Casing						
	Ft	Cap	XS Factor	bbls	cuft	sx
Lead Open Hole Annulus	3950	0.03087	3.25	396.3	2225.0	876.0
Lead Cased Hole Annulus	1550	0.034316	1	53.2	298.6	117.6
Lead Total				449.5	2523.7	993.6
Tail Open Hole Annulus	1750	0.03087	2.5	135.1	758.3	565.9
Tail Shoe Track Volume	45	0.023257	1	1.0	5.9	4.4
Tail Total				136.1	764.2	570.3

H2S DRILLING OPERATIONS PLAN

ConocoPhillips, Inc. will comply with Onshore Order No. 2 and No. 6 for working in an H2S environment or a potential H2S environment.

I. Hydrogen Sulfide Training

All contractors and subcontractors employed by ConocoPhillips will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H2S)
2. Safety precautions.
3. Operations of safety equipment and life support systems.

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H2S on metal components in the system, especially where high tensile strength tubulars are to be used.
2. Corrective action and shutdown procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

II. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following minimum safety equipment will be on location:

A. Wind direction indicators placed near rig floor/mud return lines and at points along the perimeter of the location to allow visibility of at least one indicator from any point on location.
B. Automatic H2S detection alarm equipment (both audio and visual)
C. Clearly visible warning signs. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
D. Protective breathing equipment will be located in the doghouse and at briefing areas on location.

2. Well Control Systems

A. Blowout Prevention Equipment

Equipment includes but is not limited to:

1. Pipe rams to accommodate all pipe sizes
2. Blind rams
3. Choke manifold
4. Closing Unit
5. Flare line and means of ignition

B. Communication

The rig contractor will be required to have two-way communication capability. ConocoPhillips will have either land-line, satellite phone, microwave phone, or mobile (cellular) telephone capabilities.

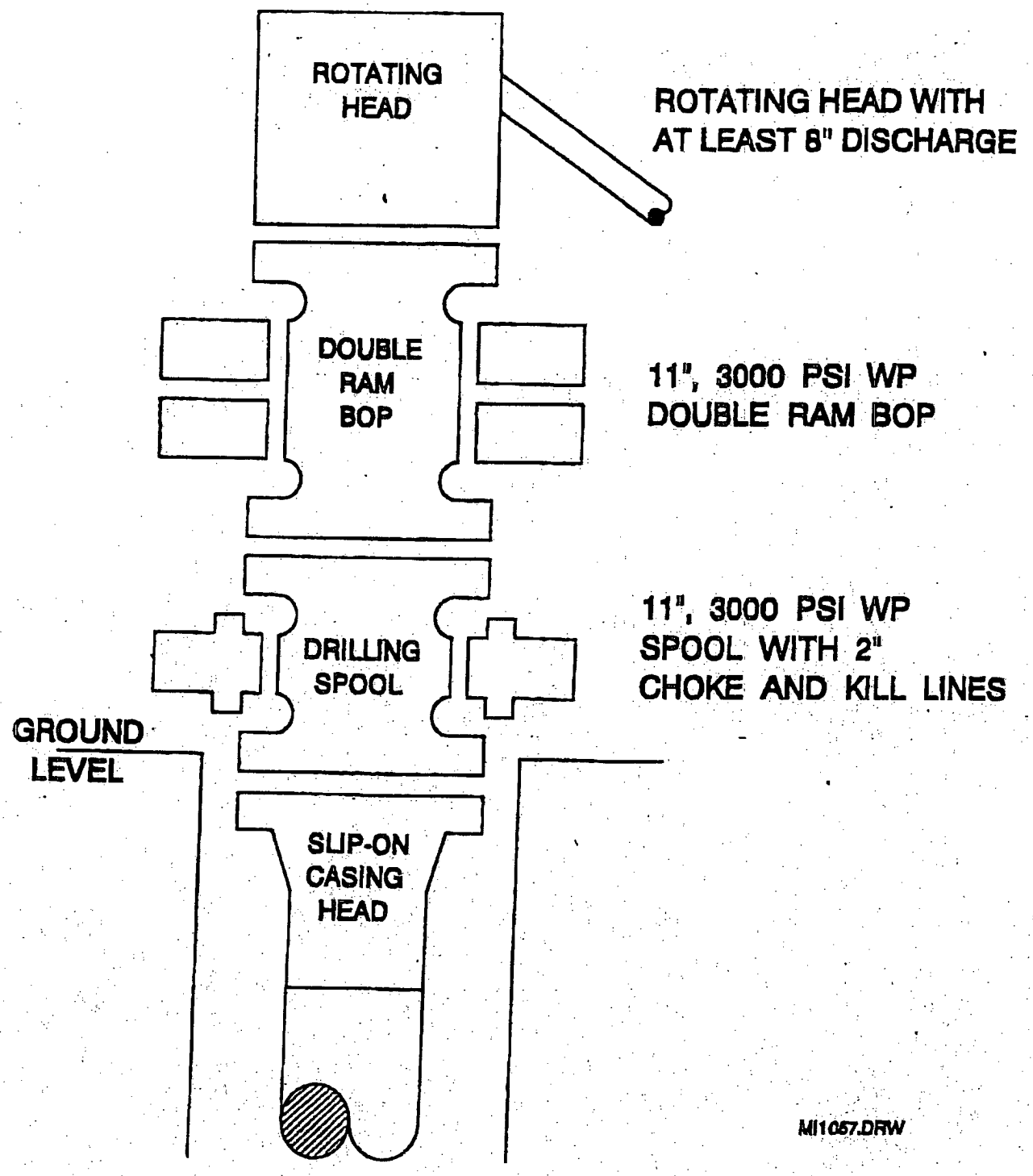
C. Mud Program

The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices and the use of H2S scavengers when appropriate will minimize hazards when penetrating H2S bearing zones.

D. Drill Stem Tests

Any planned drill stem test will be cancelled if H2S is detected prior to such test. In the event that H2S is detected during testing, the test will be terminated immediately.

BOP SPECIFICATIONS



RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.
The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 318 – WARREN UNIT
Operator's Name: CONOCOPHILLIPS CO.
Location: 1155' FSL & 1265' FEL – SEC 28 – T20S – R38E – LEA COUNTY
Lease: LC-031695B

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8-5/8 inch 5-1/2 inch

C. BOP tests

2. **No Hydrogen Sulfide (H2S) gas has been encountered in Sec 28 – T20S – R38E. The operator feels that there is potential for H2S gas in this area so a Hydrogen Sulfide (H2S) Drilling Plan will be in effect and posted at the wellsite.**

3 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at **1550 feet**, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐
Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☐

Operator: CONOCOPHILLIPS CO. Telephone: (832)486-2326 e-mail address: deborah.marberry@conocophillips.com
Address: P.O. BOX 2197 WL3 6108 HOUSTON, TX 77252
Facility or well name: WARREN UNIT Blinebry Tubb WF #318 API#: 30-025-37949 U/L or Qtr/Qtr P Sec 28 T 20S R 38E
County: LEA Latitude Longitude NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☐ Unlined ☐ Liner type: Synthetic ☐ Thickness ____ mil Clay ☐ Pit Volume ____ bbl	Volume: ____ bbl Type of fluid: ____ Construction material: ____ Double-walled, with leak detection? Yes ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite ☐ offsite ☐ If offsite, name of facility ____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface ____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☒.**
Date: 05/12/2006
Printed Name/Title DEBORAH MARBERRY REGULATORY ANALYST Signature Deborah Marberry

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title PETROLEUM ENGINEER Signature Date: JUN 21 2006

ConocoPhillips' General Plan for Pit Construction & Closure in Southeast New Mexico October 2005

In accordance with Rule 19.15.2.50(B)(2), the following information describes the construction and closure of drilling pits on COPC Southeast New Mexico (SENM) locations. This will become COPC's standard procedure on all SENM locations. If pits are constructed or closed out of the norm, a separate permit application will be submitted.

Drill Pit Construction:

General:

- Depth to Ground Water, Wellhead Protection Area & Distance to Nearest Surface Water Body ranking criteria will be site specific and information will be provided on APD or Sundry form C-103.
    - In the case where groundwater is encountered during the construction of a drilling pit, the NMOCD will be contacted and COPC will either try to find an alternative well location or use a closed steel tank system.
- The pit size and design is specific to well depth and location conditions.
- Topsoil will be stockpiled in the construction zone for later use in restoration.
- Pits will not to be located in natural drainages.
- Diversion ditches will be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit.
- Under no circumstance will pits be cut and drained during the drilling operations.
- A well sign will be on location identifying ConocoPhillips as the operator.
- Waste material at construction sites shall be disposed of promptly at an appropriate waste disposal site. No trash shall be disposed of in the drilling pit.
- Immediately after cessation of drilling and completion pits shall have any visible or measurable layer of oil removed from the surface.
- Prior to any pit construction the OCD will be notified at least 48 hours in advance.

Reserve Pit

- Pits will be constructed so as not to leak, break or allow discharge of liquids or produced solids during the drilling operations.
- Pits will be lined with impervious material at least 12 mils thick, which meets long-term standards as referenced in the guidelines. Padding (hay or pad dirt) is used underneath the synthetic liner in rocky areas.
- The pit will have adequate capacity to maintain 2 feet of free board.
- The reserve pit will be fenced on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves out.

Blow Pit

- Pits will be constructed to allow gravity flow to discharge into lined drill pit.
- The lower half of the pit, which is toward the drain line to the fully lined reserve pit, will be lined.
- Design of pit has been changed to reduce potential for trapped fluid at tail end of pit
- Pit will be fenced on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves off.
- Corrective actions will be taken to ensure the pit does not contain fluid.
    - This includes pumping out trapped fluid or fluid in low spots.
    - Filling in low spots in the blow pit that are below the elevation of the drain pipe to the lined pit.
    - Removing any high spots in blow pit that could trap rain water.

Pit Monitoring and Maintenance

- COPC will perform an inspection of the location including pit compliance within 72 hours of rig moving off.
- COPC will review the OCD pit requirements and the requirements included in this document with all COPC and contract personnel responsible for construction and closure of pits.

Drill Pit Closure:

- Good faith effort is made to close pits within required timeframe on Federal wells (90 days) and State/Fee wells (6 months). If pits will remain open past due dates, an extension will be requested by sundry notice to allow pits to remain open.
- The BLM is notified 24 hours prior to fluid hauling on Federal wells.
- The NMOCD will be notified 48 hours prior to closing of any pit.
- Aeration of pit fluids will be confined within pit area.
- Wells which have not penetrated a salt section and where less than 9.5# brine was used during drilling will be encapsulated below-grade.
    - Encapsulation will be accomplished by mixing earthen materials with the pit contents to stiffen the pit contents, as necessary, folding the edges of the liner over the stiffened mud and cuttings and covering the encapsulated wastes and liner with a minimum of 3 feet of clean soil or like material that is capable of supporting native plant growth.
- Wells which have penetrated a salt section or 9.5# brine or greater was used during drilling may be capped and encapsulated insitu or deep trench buried and capped below-grade.
    - Capping and encapsulation insitu will be accomplished by mixing earthen materials with the pit contents, as necessary to stiffen the pit contents sufficiently to provide physical stability and support for the pit cover, folding the edges of the liner over the stiffened mud and cuttings; capping the pit with either a 1-foot thick clay cap compacted to ASTM standards, or a 20 mil minimum liner and covering the cap with a minimum of 3 feet of clean soil or like material that is capable of supporting native plant growth.
    - Deep trench burial and capping will be accomplished by digging a trench adjacent to the drilling pit; lining the trench with a 12 mil liner; mixing earthen materials with the pit contents, as necessary to stiffen the pit contents sufficiently to provide physical stability and support for the trench cap; capping the trench with either a 1-foot clay cap compacted to ASTM standards, or a 20 mil minimum liner and covering the cap with a minimum of 3 feet of clean soil or like material that is capable of supporting native plant growth.
    - When constructing the cap, the liner or clay cap will overlap the underlying pit or trench area by at least 3 feet in all directions.
- If the depth to groundwater is less that 50 feet or if the well is located less than 200 feet from a domestic fresh water well or spring or less than 1000 feet from any other fresh water well or if the distance to surface water body is less than 200 feet; the well is considered to be in sensitive area. (Keep in mind that these are not the only scenarios of sensitive area.)
    - A special encapsulation or solidification process prior to covering the pit contents will be accomplished by mixing the pit contents with cement or some other solidifying product at approximately a 3 to 1 ratio with samples taken and approved by the OCD prior to closure and then contents buried as described above.
    - OCD must give written approval on any special closure or encapsulation prior to any work being done.
- The reserve pit will then be backfilled, leveled and contoured so as to prevent run-off to surface water.
- The area will be reseeded with the appropriate seed mixture.
- The final grade of reserve pit (after reclamation) will be returned to natural contour of the land such that no pooling will occur.
- A closure report will be submitted on Form C-144 on all drilling pits.
- **Note: On Federal wells, a BLM inspector may witness pit closures and may mandate specific modifications to that which is mentioned above. If this happens, OCD will be contacted for concurrence and modifications will be noted in the closure report.**

STANDARD RIG LAYOUT

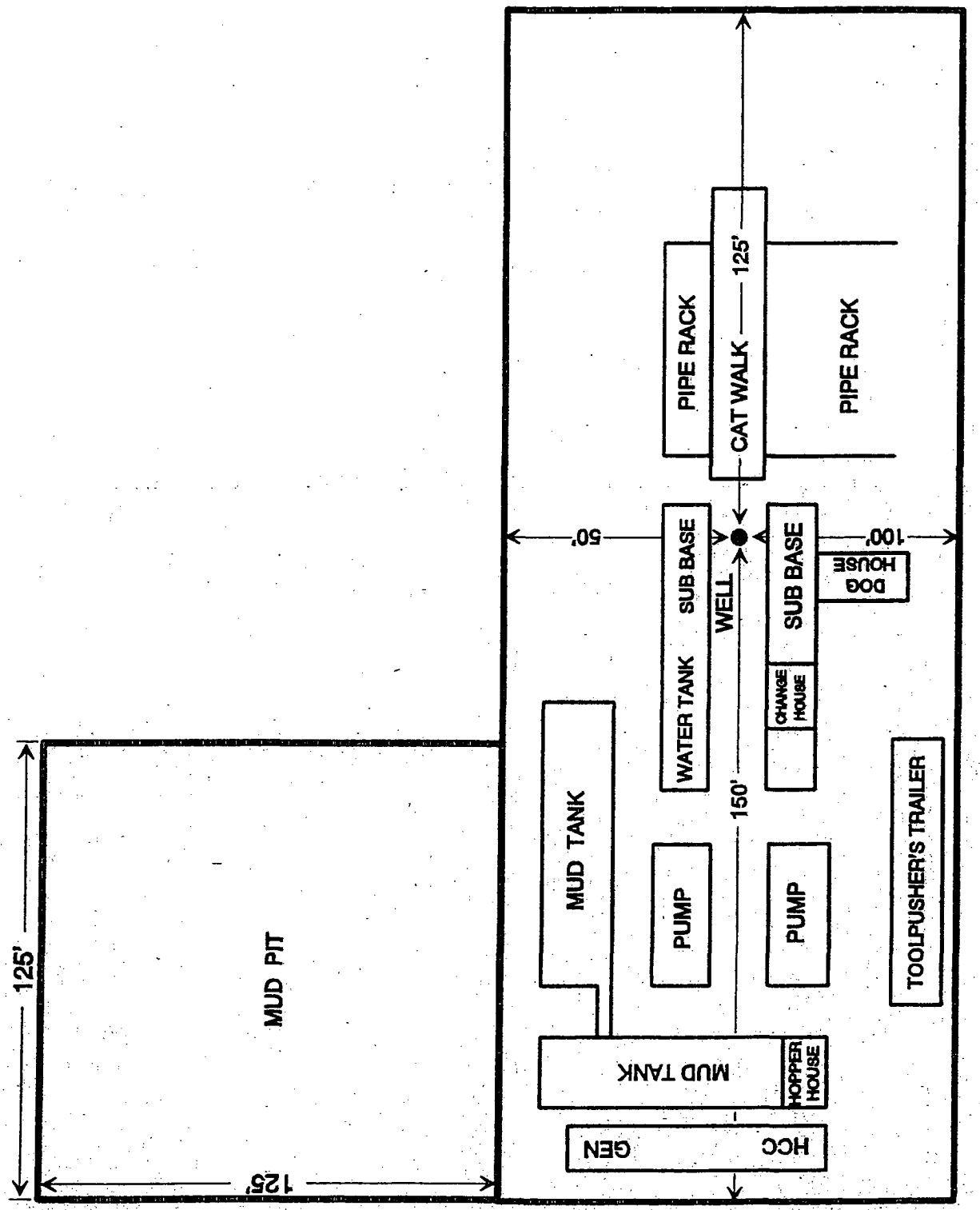
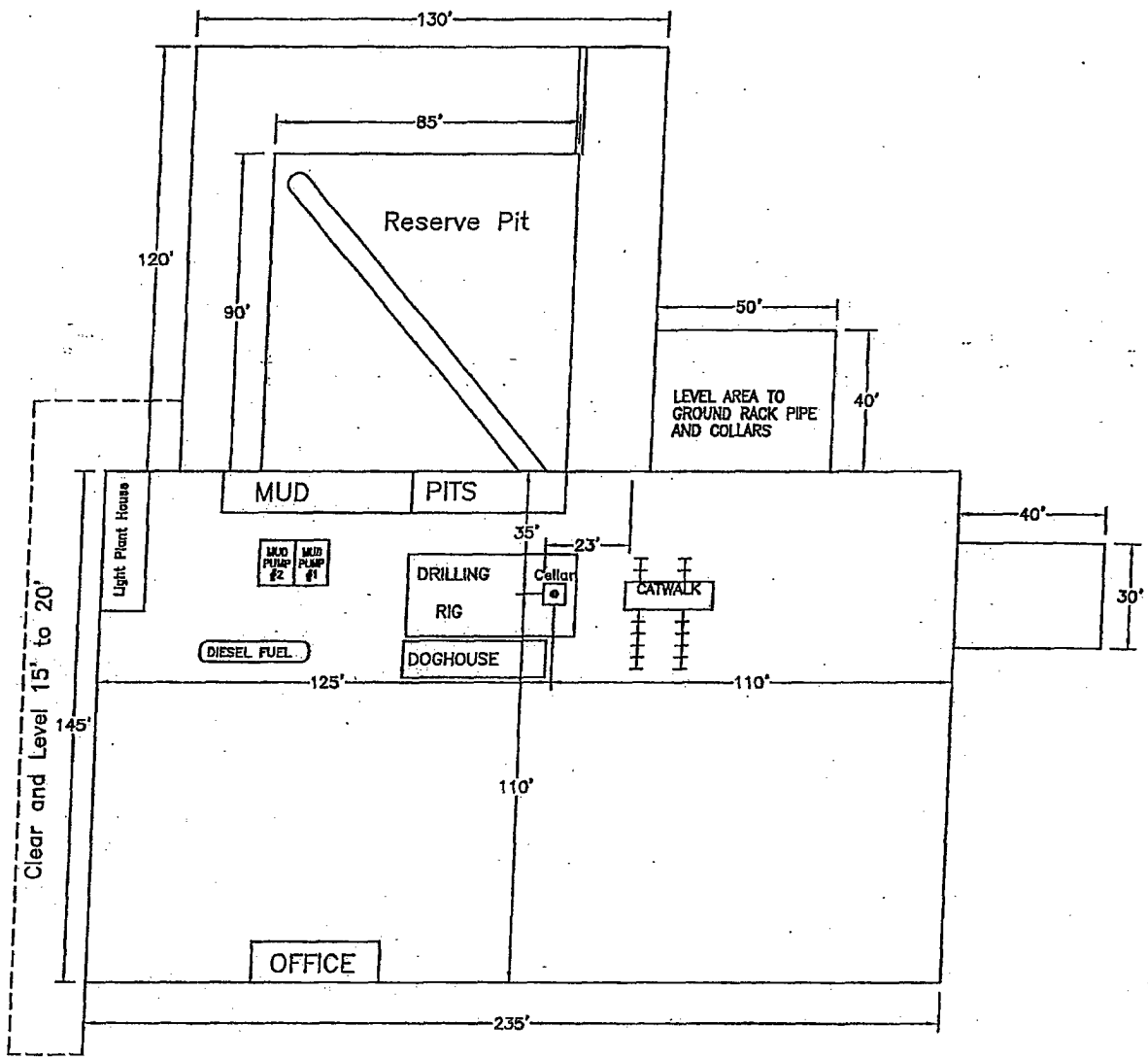


EXHIBIT C

ConocoPhillips



The sender of this message has requested a read receipt. Click here to send a receipt.

Mull, Donna, EMNRD

From: Phillips, Dorothy, EMNRD **Sent:** Wed 6/21/2006 8:51 AM
To: Mull, Donna, EMNRD
Cc:
Subject: RE: Financial Assurance Requirement
Attachments:

All three have blankets and do not appear on Jane's list.

From: Mull, Donna, EMNRD
Sent: Wednesday, June 21, 2006 8:49 AM
To: Phillips, Dorothy, EMNRD
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Financial Assurance Requirement

Dorothy,

Is the Financial Assurance Requirements for these Operators OK?

Edge Petroleum Operating Co Inc (224400)
ConocoPhillips Co (217817)
Melrose Operating Co (184860)

I have checked the Inactive well list for each of these Operators.

Please let me know. Thanks and have a nice day. Donna