

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

H-06 62

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

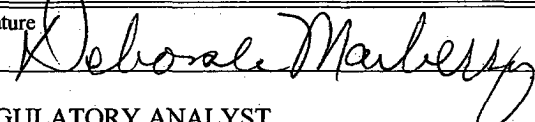
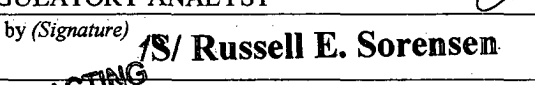
APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|---|---|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NM-0557686 |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator CONOCOPHILLIPS CO. | | 7. If Unit or CA Agreement, Name and No. |
| 3a. Address P.O. BOX 2197 WL3 6108 HOUSTON, TX 77252 | | 8. Lease Name and Well No. <31670> SEMU 174 |
| 3b. Phone No. (include area code) (832)486-2326 | | 9. API Well No. 30-025-38105 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface SWNW SEC. 14 T20S R37E 2325' FNL & 765' FWL Unit E At proposed prod. zone 2309 LEA COUNTY CONTROLLED WATER BASIN | | 10. Field and Pool, or Exploratory BLINEBRY/WARREN; TUBB/SKAG |
| 11. Sec., T., R., M., or Blk. and Survey or Area E Sec: 14 Twn: 20S Rng: 37E | | 12. County or Parish LEA |
| 13. State NEW MEXICO | | 14. Distance in miles and direction from nearest town or post office* |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2325 NORTH 765 WEST | 16. No. of Acres in lease 40 | 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 | 20. BLM/BIA Bond No. on file ES0084 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3550 | 22. Approximate date work will start* 07/01/2006 | 23. Estimated duration 30 DAYS |

24. Attachments

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

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

| | | |
|---|---|---------------------|
| 25. Signature  | Name (Printed/Typed) DEBORAH MARBERRY | Date 05/23/2006 |
| Title REGULATORY ANALYST | | |
| Approved by (Signature)  | Name (Printed/Typed) /S/ Russell E. Sorensen | Date JUL 10 2006 |
| ACTING 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 fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Witness Surface Casing

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------------------------|--|--|--|---|---------------------------|
| API Number 30-025-38105 | | Pool Code 63800 63800 | | Pool Name WEIR; BLINEBRY EAST | |
| Property Code 31670 | | Property Name SEMU | | | Well Number 174 |
| OGRID No. 217817 | | Operator Name CONOCOPHILLIPS CO. | | | Elevation 3550 |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 14 | 20S | 37E | | 2309 | NORTH | 765 | WEST | LEA |

11 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 | | | | |
|---|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|------------------------------|-----------------|--------------------|-----------|
| <table border="1"> <tr> <td>Dedicated Acres 40</td> <td>Joint or Infill</td> <td>Consolidation Code</td> <td>Order No.</td> </tr> </table> | | | | | | | | | | Dedicated Acres 40 | Joint or Infill | Consolidation Code | Order No. |
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | Order No. | | | | | | | | | | |

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.

| | | | | | |
|---|--|--|--|--|---|
| <div style="position: relative; height: 100px;"> 16 18309' 765' </div> | | | | | 17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <div style="display: flex; justify-content: space-between;"> <div>Signature <i>Deborah Marberry</i></div> <div>Date 7/24/06</div> </div> <div>Printed Name DEBORAH MARBERRY</div> |
| | | | | | 18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> |
| | | | | | Date of Survey Signature and Seal of Professional Surveyor: |
| | | | | | Certificate Number |

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|-------------------------------------|----------------------------|
| API Number 30-025-38105 | Pool Code 47090 | Pool Name MONUMENT;TUBB |
| Property Code 31670 | Property Name SEMU | Well Number 174 |
| OGRID No. 217817 | Operator Name CONOCOPHILLIPS CO. | Elevation 3550 |

¹⁰ Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|---------------|
| UL or lot no. E | Section 14 | Township 20S | Range 37E | Lot Idn | Feet from the 2309 | North/South line NORTH | Feet from the 765 | East/West line WEST | County LEA |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|---------------|

¹¹ 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 80 | | Joint or Infill | | Consolidation Code | | Order No. | | | |

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.

| | | | | | | |
|----|-------|------|--|--|--|--|
| 16 | 2309' | 765' | | | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature <u>Deborah Marberry</u> Date <u>7/24/06</u> Printed Name DEBORAH MARBERRY |
| | | | | | | ¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number |

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State of New Mexico
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Revised October 12, 2005
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|-------------------------------------|-----------------------------|
| API Number 30-025-38105 | Pool Code 63840 | Pool Name WEIR; DRINKARD |
| Property Code 31670 | Property Name SEMU | Well Number 174 |
| OGRID No. 217817 | Operator Name CONOCOPHILLIPS CO. | Elevation 3550 |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| E | 14 | 20S | 37E | | 2309 | NORTH | 765 | WEST | LEA |

¹¹ 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 40 | Joint or Infill | Consolidation Code | Order No. |
|------------------------------|-----------------|--------------------|-----------|

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.

| | | | | | |
|--|--|--|--|--|---|
| 16 2309' 765' 11 | | | | | <p>¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Deborah Marberry Signature Date 7/24/06 DEBORAH MARBERRY Printed Name</p> <p>¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p> |
| | | | | | |
| | | | | | |
| | | | | | |

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT **OCD-HOBBS**FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007**SUNDRY NOTICES AND REPORTS ON WELLS****Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.****SUBMIT IN TRIPLICATE - Other instructions on reverse side.**1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
CONOCOPHILLIPS CO.3a. Address
P.O. BOX 2197 WL3 6108 HOUSTON TX 77252
3b. Phone No. (include area code)
(832) 486-2326

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**2309 NORTH 765 WEST
UL: E, Sec: 14, T: 20S, R: 37E**

5. Lease Serial No.

NM-0557686

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

SEMU 174

9. API Well No.

10. Field and Pool, or Exploratory Area

BLINEBRY/WARREN; TUBB/SKAGGS; D

11. County or Parish, State

LEA**NEW MEXICO****12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**


| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other LOCATION MOVE |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Due to this well being at a non-standard location ConocoPhillips requests authority to move the well 16' further north. The new footage would be 2309' FNL & 765' FWL.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)**DEBORAH MARBERRY**Title **REGULATORY ANALYST**

Signature

Date **07/24/2006****THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

/s/ Don Peterson**FIELD MANAGER**

Title

Date **JUL 28 2006**

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

Office

CARLSBAD FIELD OFFICE

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.

LEA COUNTY

NEW MEXICO

2735 L.F. OF
NEW FLOWLINE

3550.0'

600'

3552.4'

EXISTING 12" CALICHE ROAD

3551.1'

400'

3552.8'

150' NORTH
OFFSET
Elev. 3551.5'

EXISTING ELECTRIC LINE

150' WEST
OFFSET
Elev. 3550.2'

SEMU #174
Gr. El. 3550.0'
Lat. 32°34'25.83" N
Long. 103°13'40.11" W
(NAD '27 NEW MEXICO EAST ZONE)
X = 840,563.9
Y = 574,244.9

150' EAST
OFFSET
Elev. 3549.8'

150' SOUTH
OFFSET
Elev. 3551.3'

3552.2'

400'

3549.9'

EXISTING BURIED PIPELINE

3553.7'

600'

3552.3'



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 2.6 MILES, THEN GO NORTH (RIGHT) FOR 0.4 MILE, THEN GO WEST (LEFT) 0.3 MILE ALONG ANOTHER LEASE ROAD, THEN GO NORTH (RIGHT) 0.7 MILE, THEN GO WEST (LEFT) 3.2 MILES TO A POINT WHERE ROAD TURNS NORTHWEST THEN CONTINUE NORTHWEST 0.9 MILE TO A POINT, THEN GO EAST (RIGHT) 0.4 MILE, THEN GO NORTH (LEFT) 0.3 MILE, THEN GO EAST (RIGHT) 0.3 MILE TO A POINT BEING APPROXIMATELY 300 FEET NORTH OF PROPOSED LOCATION.

CONOCO PHILLIPS

SEMU #174

Located 2325' FNL & 765' FWL, Section 14
Township 20 South, Range 37 East, N.M.P.M.
Lea County, New Mexico

Drawn By: LVA

Date: March 23, 2006

Scale: 1"=100'

Field Book: 332 / 36-39

Revision Date:

Quadrangle: Hobbs SW

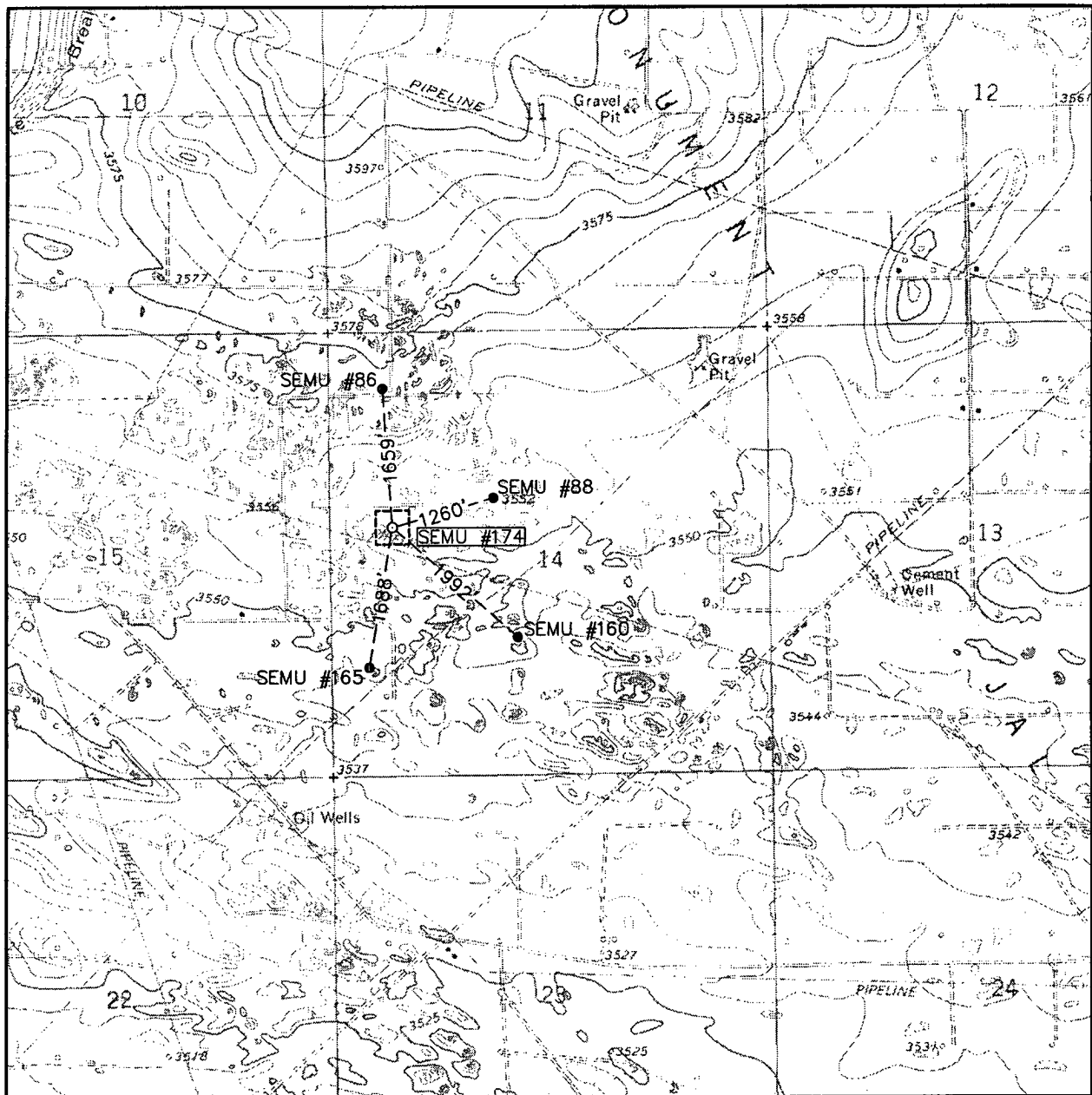
W.O. No: 2006-0141

Dwg. No.: L-2006-0141-A

WEST
COMPANY
of Midland, Inc.

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SW - 5'

SEC. 14 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2325' FNL & 765' FWL

ELEVATION 3550'

OPERATOR CONOCOPHILLIPS

LEASE SEMU

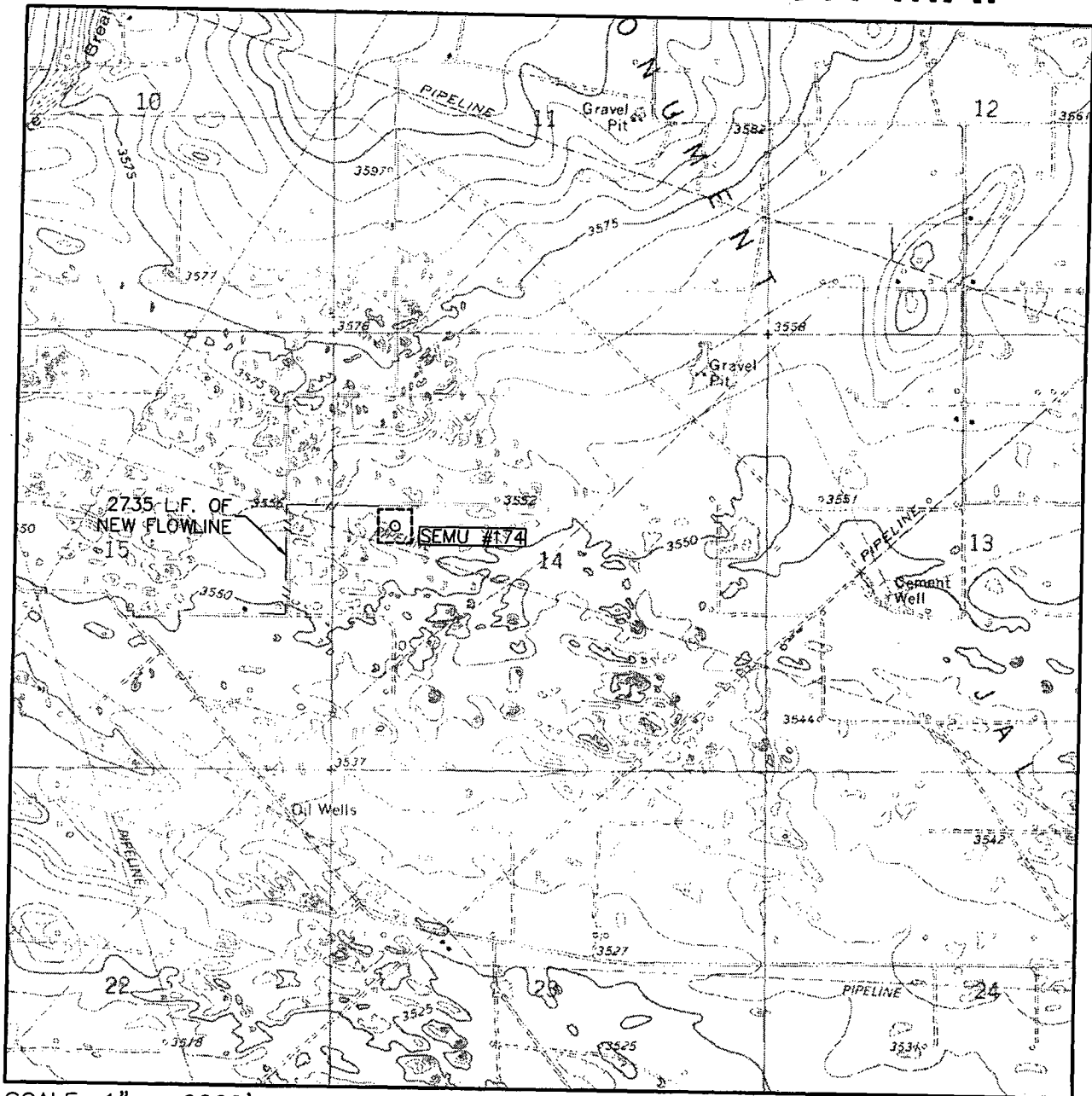
U.S.G.S. TOPOGRAPHIC MAP
HOBBS SW



**WEST
COMPANY**
of Midland, Inc.

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOBBS SW - 5'

SEC. 14 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2325' FNL & 765' FWL

ELEVATION 3550'

OPERATOR CONOCOPHILLIPS

LEASE SEMU

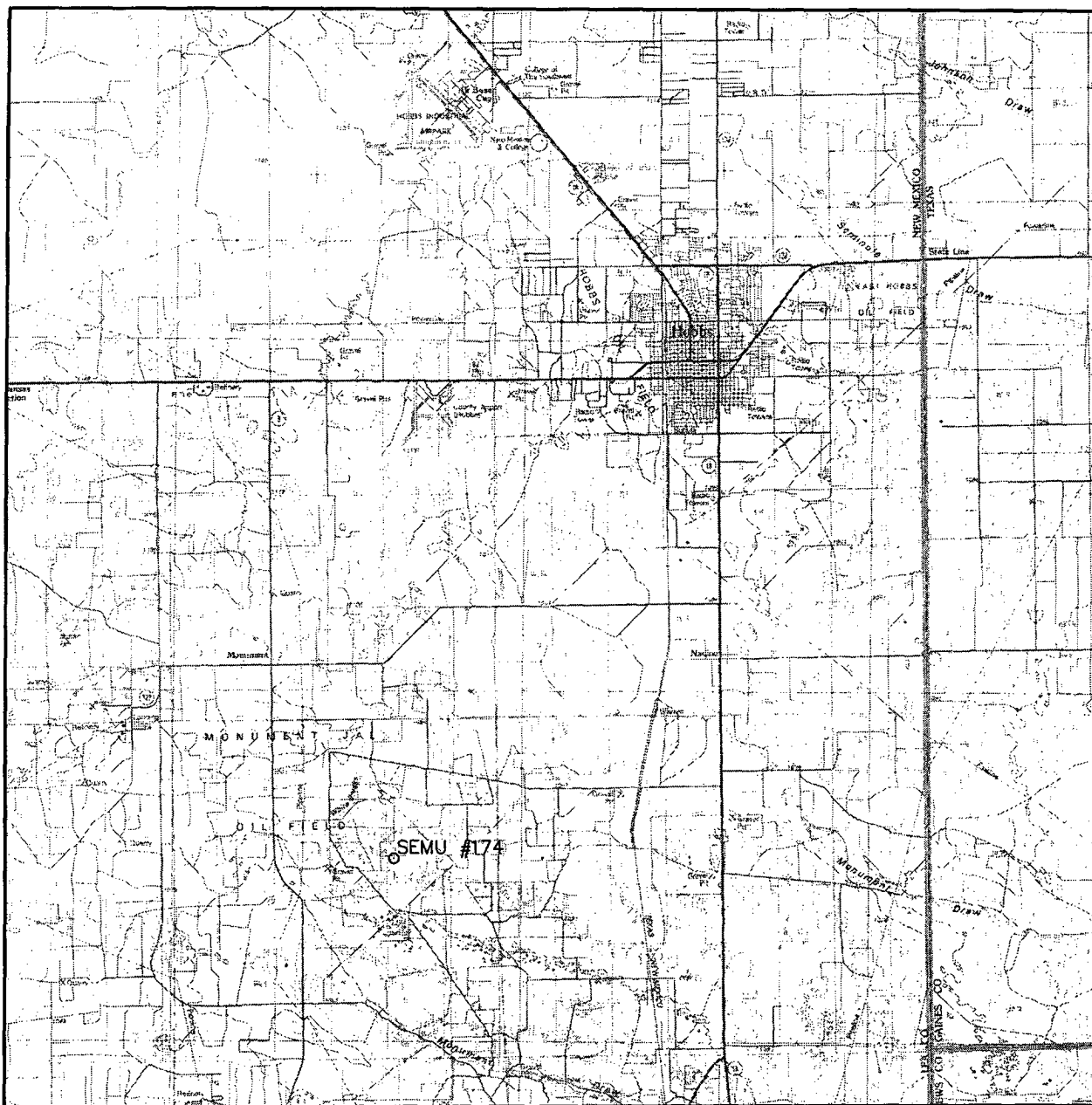
U.S.G.S. TOPOGRAPHIC MAP
HOBBS SW



WEST
COMPANY
of Midland, Inc.

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

VICINITY MAP



SCALE: 1" = 3 MILES

SEC. 14 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2325' FNL & 765' FWL

ELEVATION 3550'

OPERATOR CONOCO PHILLIPS

LEASE SEM U



**WEST
COMPANY**
of Midland, Inc.

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

District I
1629 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1600 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

Form C-144
June 1, 2004

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

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: SEMU # 174 | API # 30-025-38185 | U/I or Qtr/Qtr E Sec 14 T 20S R 37E |
| County: LEA | Latitude | Longitude |
| NAD: 1927 <input type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/> | | |
| Pit | Below-grade tank | |
| Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> | Volume: _____ bbl Type of fluid: _____ | |
| Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> | Construction material: _____ | |
| Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/> | Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____ | |
| Pit Volume 20190 bbl | | |
| 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 you 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: 05/23/2006

Printed Name/Title: DEBORAH MARBERRY REGULATORY ANALYST

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:

AUG 30 2006

| |
|----------------------------------|
| 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 |
| Production Casing |

| | | |
|-----------------|---------------------------|---------|
| Lead Cement | | |
| Cement Recipe | 50/50 P62 Class C | |
| | Cem NET 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 |

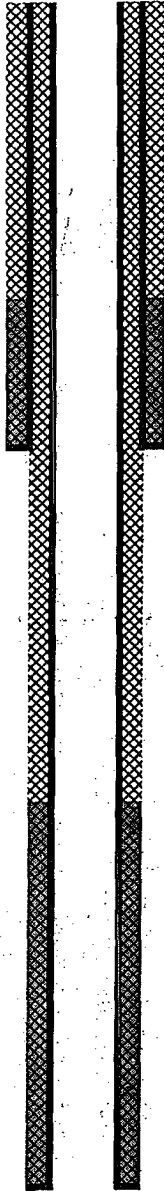
| | | |
|-----------------|-----------------------|---------|
| Tail Cement | | |
| Cement Recipe | TXI Lightweight | |
| | + 2% Antifoamer | |
| | + 0.2% XE114A | |
| | + 0.3% Uniflac | |
| | + 0.2% TIC Dispersant | |
| Cement Quantity | 570 | sx |
| Cement Yield | 1.34 | cuft/sx |
| Cement Volume | 764.2 | cuft |
| | 136.1 | bbls |
| Cement Density | 13.2 | ppg |
| Water Required | 6.78 | gal/sx |

| Hobbs BU Wells | | | |
|----------------------------------|----------|---------|----------|
| Schlumberger Cement Calculations | | | |
| | Surf Csg | Int Csg | Prod Csg |
| OD | 8.625 | 8.625 | 5.5 |
| ID | 8.097 | 8.097 | 4.892 |
| Depth | 1550 | 1550 | 7250 |
| Hole Diam | 12.25 | 12.25 | 7.875 |
| % Excess Lead | 125 | 125 | 225 |
| % Excess Tail | 100 | 100 | 150 |
| Lead Yield | 1.97 | 1.97 | 2.54 |
| Tail Yield | 1.34 | 1.34 | 1.34 |
| Ft of Tail Slurry | 500 | 500 | 1750 |
| Top of Tail Slurry | 1050 | 1050 | 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 | bb/s | 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 | bb/s | 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 |

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' |

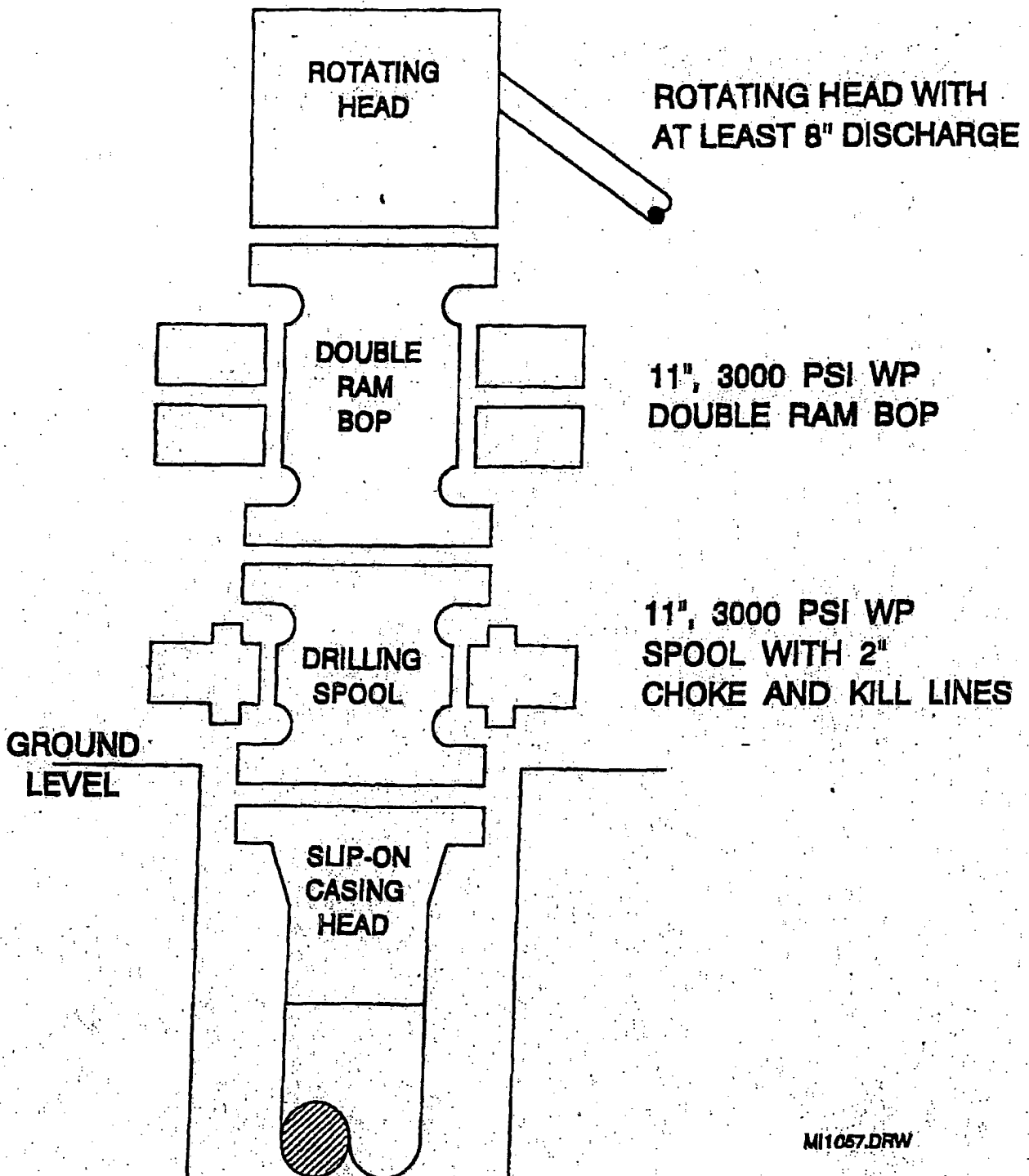
SHOE 1550 ', 8.625 ", 24 ppf, J-55 STC

PRODUCTION CASING :

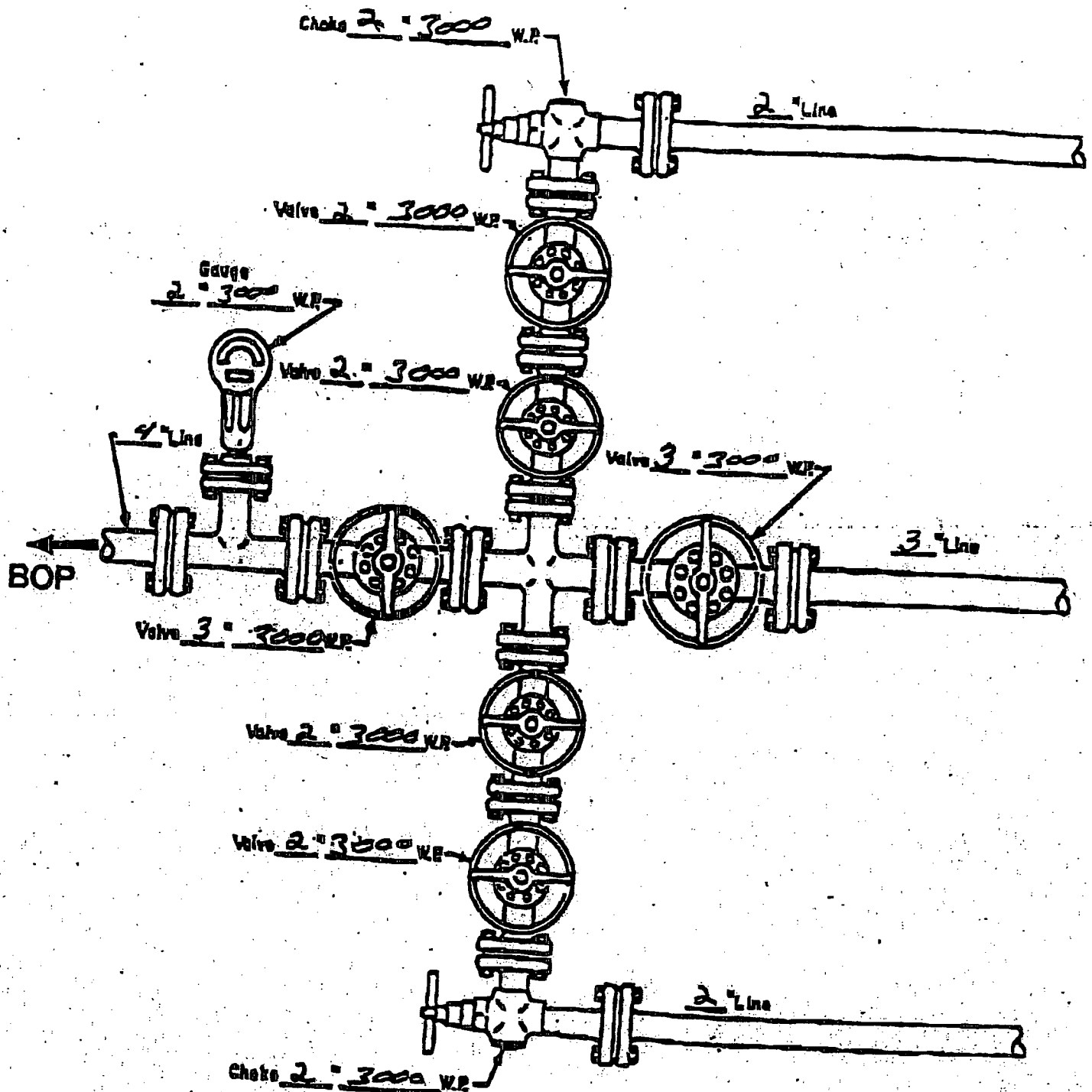
| | |
|-------------------------|--------|
| Drill Bit Diameter | 7.875" |
| Casing Outside Diameter | 5.5" |
| Casing Inside Diam. | 4.892" |
| Casing Weight | 17 ppf |
| Casing Grade | J-55 |
| Top of Cement | 0' |
| Shoe Depth | 7250' |
| Excess Lead Cement | 225% |
| Excess Tail Cement | 150% |
|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

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

BOP SPECIFICATIONS

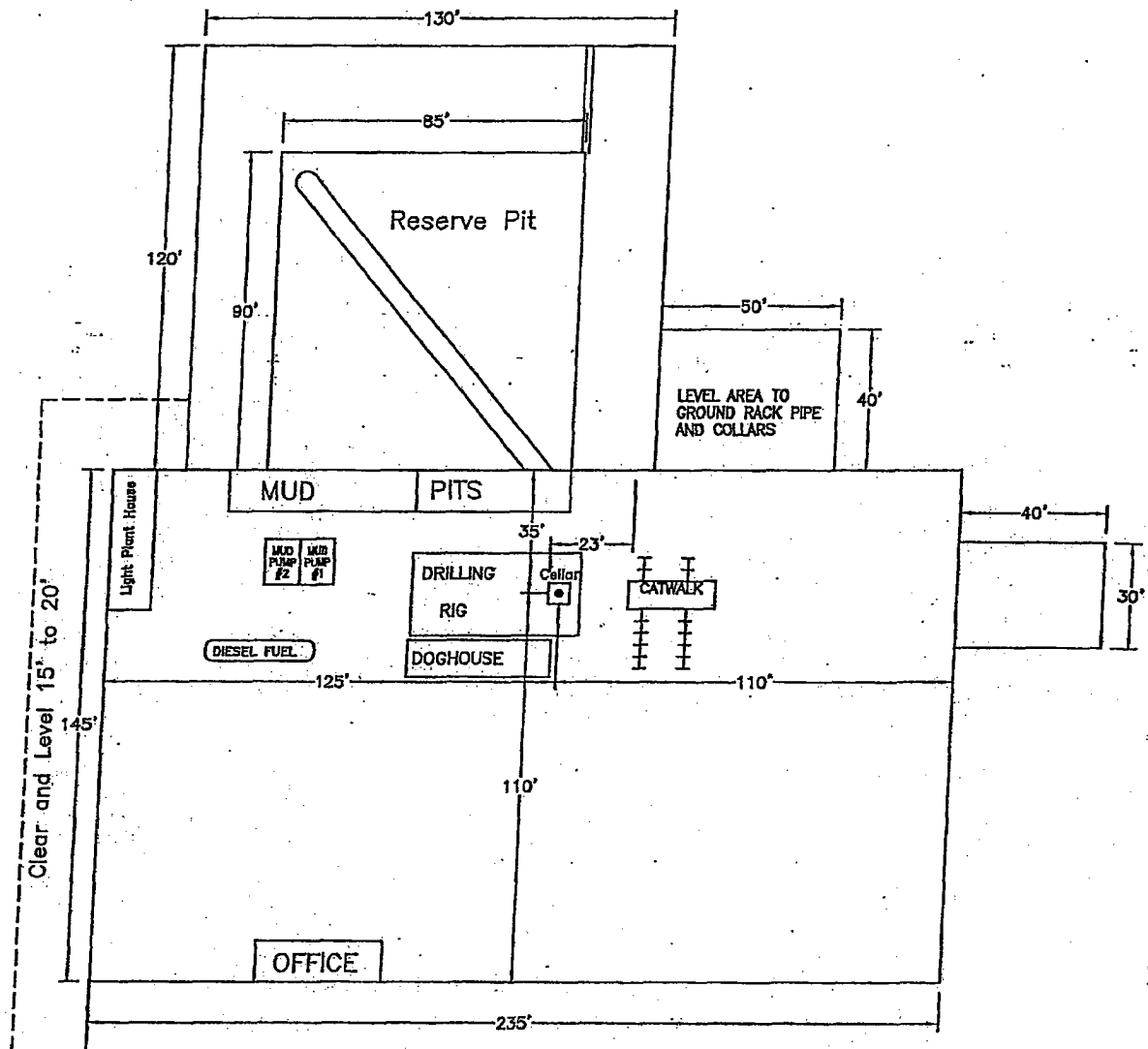


CHOKE MANIFOLD DIAGRAM



MANIFOLD
3000 W.P.

- ☒ Manual
- ☐ Hydraulic



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.

**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 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 than 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.**