

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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 and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Form C-101

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address CONCHO RESOURCES, INC. 550 W. Texas Ave, Suite 1300 Midland, TX 79701		OGRID Number 193407
		API Number 30-015-33134
Property Code 33125	Property Name Jake State	Well No. 004

Surface Location

UL or Lot E	Section 36	Township 24S	Range 26E	Lot Idn E	Feet From 1650	N/S Line N	Feet From 660	E/W Line W	County Eddy
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Proposed Pools

Black River Morrow, Southwest				
Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3323
Multiple N	Proposed Depth 11800	Formation Morrow	Contractor	Spud Date 11/25/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	300	400	0
Int1	12.25	9.625	40	2100	700	0
Int2	8.75	7.625	33.7	8900	500	5200
Prod	6.5	4.5	11.6	11800	400	8600

Casing/Cement Program: Additional Comments

Drill 17 1/2 hole to 300 w/FW. Run 13 3/8 csg. & cmt w/400 sx ClC +2% CaCl2. Circ. Test to 1200#. Drill 12 1/4 hole to 2100 w/brine. Run 9 5/8 csg. & cmt. w/700 sx Cl C + add. Circ. NU 11 5000# Double ram BOP & 11 3000# Hydril. Test Dbl ram BOP & chk to 3500# & Hydril to 2500#. Drill 8 3/4 hole to 8900 w/brine. MW 8.4-9.6. Run 7 5/8 csg & cmt w/500 sx Cl H + add. Drill 6 1/2 hole to 11800 w/brine. MW 10.0-11.5, Run 4 1/2 liner from TD to 8600. Cmt. w/400 sx Cl C+add. Cmt at top of liner.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	2500	
Double Ram	5000	4000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Brenda Coffman

Title: Regulatory Analyst

Date: 11/25/2003

Phone: 432-685-4373

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 12/08/2003

Expiration Date: 12/08/2004

Conditions of Approval:

There are conditions. See Attached.

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Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33134	Pool Name Black River Morrow, Southwest	Pool Code
Property Code 33125	Property Name Jake State	Well No. 004
OGRID No. 193407	Operator Name CONCHO RESOURCES, INC.	Elevation 3323

Surface And Bottom Hole Location

UL or Lot E	Section 36	Township 24S	Range 26E	Lot Idn E	Feet From 1650	N/S Line N	Feet From 660	E/W Line W	County Eddy
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			

<input checked="" type="checkbox"/>			

OPERATOR CERTIFICATION

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

Electronically Signed By: Brenda Coffman

Title: Regulatory Analyst

Date: 11/25/2003

SURVEYOR CERTIFICATION

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.

Surveyed By: Gary L. Jones

Date of Survey: 10/15/2003

Certificate Number: 3695

**Concho Exploration Inc.
Fasken Center, Tower II
550 West Texas Avenue, Suite 1300
Midland, Texas 79701**

December 8, 2003

Oil Conservation Commission
State of New Mexico
1301 W. Grand Avenue
Artesia, New Mexico 88210

Attention: Mr. Brian Aarant

RE: Jake State #4, Eddy County, NM
UL E, Section 36, T24S, R26E
1650' FNL & 660' FWL

Dear Brian:

This letter is in reference to the OCD's requirements for H2S contingency plan for the above captioned well. No H2S, abnormal pressures or temperatures are expected in the drilling of the above captioned well. H2S detection equipment will be installed prior to the top of the Wolfcamp formation as a precautionary measure.

Yours truly,



Brenda Coffman
Regulatory Analyst

bc

Hydrogen Sulfide Drilling Operations Plan

- 1 All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:

- A. Characteristics of H₂S
- B. Physical effects and hazards
- C. Proper use of safety equipment and life support systems.
- D. Principle and operation of H₂S detectors, warning system and briefing
- E. Evacuation procedure, routes and first aid.
- F. Proper use of 30 minute pressure demand air pack.

2 H₂S Detection and Alarm Systems

- A. H₂S detectors and audio alarm system to be located at bell nipple, end of blosie line (mud pit) and on derrick floor or doghouse.

3 Windsock and/or wind streamers

- A. Windsock at mudpit area should be high enough to be visible.
- B. Windsock at briefing area should be high enough to be visible.
- C. There should be a windsock at entrance to location.

4 Condition Flags and Signs

- A. Warning sign on access road to location.
- B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.

5 Well control equipment

- A. See exhibit "E"

6 Communication

- A. While working under masks chalkboards will be used for communication.
- B. Hand signals will be used where chalk board is inappropriate.
- C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.

7 Drillstem Testing

- A. Exhausts will be watered.
- B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
- C. If location is near any dwelling a closed DST will be performed.

Hydrogen sulfide Drilling Operations Plan

- 8 Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.**
- 9 If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if**

Permit Conditions Of Approval

Operator: CONCHO RESOURCES, INC. , 193407

Well: Jake State #004

OCD Reviewer	Condition
BARRANT	Cement to cover ALL oil, gas and water bearing zones.