

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE

(Other instruct reverse si on

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☐

GAS  
WELL ☒

OTHER 16611

SINGLE  
ZONE ☒

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

CONCHO RESOURCES, INC. (JIM BLOUNT) 915-683-7443

3. ADDRESS AND TELEPHONE NO.

110 WEST LOUISIANA SUITE 410 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

660' FSL & 1760' FEL SEC. 18 T22S-R26E EDDY CO. NM.

At proposed prod. zone

1980' FSL & 660' FEL SEC. 18 T22S-R26E EDDY CO.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

Approximately 8 miles Northwest of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drig. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

160

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

NA

19. PROPOSED DEPTH

11,500'

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3428' GR.

22. APPROX. DATE WORK WILL START\*

When approved

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT              |
|--------------|----------------------|-----------------|---------------|---------------------------------|
| 25"          | 20" conductor        | NA              | 40'           | Cement to surface with Radi-mix |
| 17 1/2"      | H-40 13 3/8"         | 48              | 600'          | 650 Sx. circulate to surface    |
| 12 1/2"      | J-55 9 5/8"          | 36              | 2250'         | 1400 Sx. Circulate to surface   |
| 8 3/4"       | S-95 5 1/2"          | 17              | 11,500'       | 2350 Sx. cement in two stages   |

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Radi-mix.
2. Drill 17 1/2" hole to 600'. Run and set 600' of 13 3/8" H-40 48# ST&C casing. Cement with 650 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.
3. Drill 12 1/2" hole to 2250'. Run and set 2250' of 9 5/8" 36# J-55 ST&C casing. Cement with 1400 Sx. of cement as follows: 200 Sx. of Thixotropic Class "C" + 10% Cal Seal + 2% CaCl, follow with 950 Sx. of Class "C" Halco Light + 1/2# Flocele/Sx., + 1# Gilsonite/Sx., + 6% Gel, + 12% Salt, tail in with 250 Sx. Class "C" + 2% CaCl, circulate cement to surface.
4. Drill 8 3/4" hole to 11,500'. Run and set 11,500' of 5 1/2" 17# S-95 LT&C casing. Cement in two stages: 1st stage cement with 1100 Sx. of Modified Super "H" + .4% CFR3, + 5# Gilsonite /Sx. + .5% Halad 344 + 3# Salt/Sx. 2nd stage cement with 1050 Sx. of Class "C" Halco Light + 1/2# Flocele/Sx. + 1# Gilsonite/Sx. + 6% Gel, tail in with 200 Sx. of Class "C" + 2% CaCl.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNER [Signature]

TITLE Agent

DATE 01/14/01

(This space for Federal

NOTIFY OCD SPUD & TIME TO WITNESS  
WATER PROTECTION STRING

PERMIT NO.

Application approval does not  
CONDITIONS OF APPROVAL, IF.

PROVAL DATE

those rights in the subject lease which would entitle the applicant to conduct operations thereon.

APPROVED BY [Signature]

TITLE

DATE

APR 11 2001

\*See Instructions On Reverse Side



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. C. Cons. Division  
811 S. 1st Street  
Artesia, NM 88210-2834

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**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.*

NM-100540

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

CONCHO RESOURCES, INC. (ERICK NELSON 915-683-7443)

3a. Address 110 WEST LOUISIANA SUITE 410  
MIDLAND, TEXAS 79701

3b. Phone No. (include area code)  
915-683-7443

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

Move surface from 660' FSL & 1760' FEL To 660' FSL & 1910' FEL

Keep bottom hole location at 1980' FSL & 660' FEL Sec. 18

6. If Indian, Allottee or Tribe Name  
-----

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

8. Well Name and No.

FILAREE "18" FEDERAL # 1

9. API Well No.

10. Field and Pool, or Exploratory Area

HAPPY VALLEY-MORROW

11. County or Parish, State

EDDY CO. 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 type="checkbox"/> Other <u>Move location</u> |
|  | <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 recompleat 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 recompleat 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.)

1. Concho resources, Inc. requests the approval to move location from 660' FSL & 1760' FEL To 660' FSL & 1910' FEL SECTION 18 T22S-R26E.

2. The reason for this request to move location is to avoid an archaeological site.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Joe T. Janice

Title Agent

Signature

Date 03/17/01

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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.

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MAR 19 2001  
514  
FOR THE NMJ

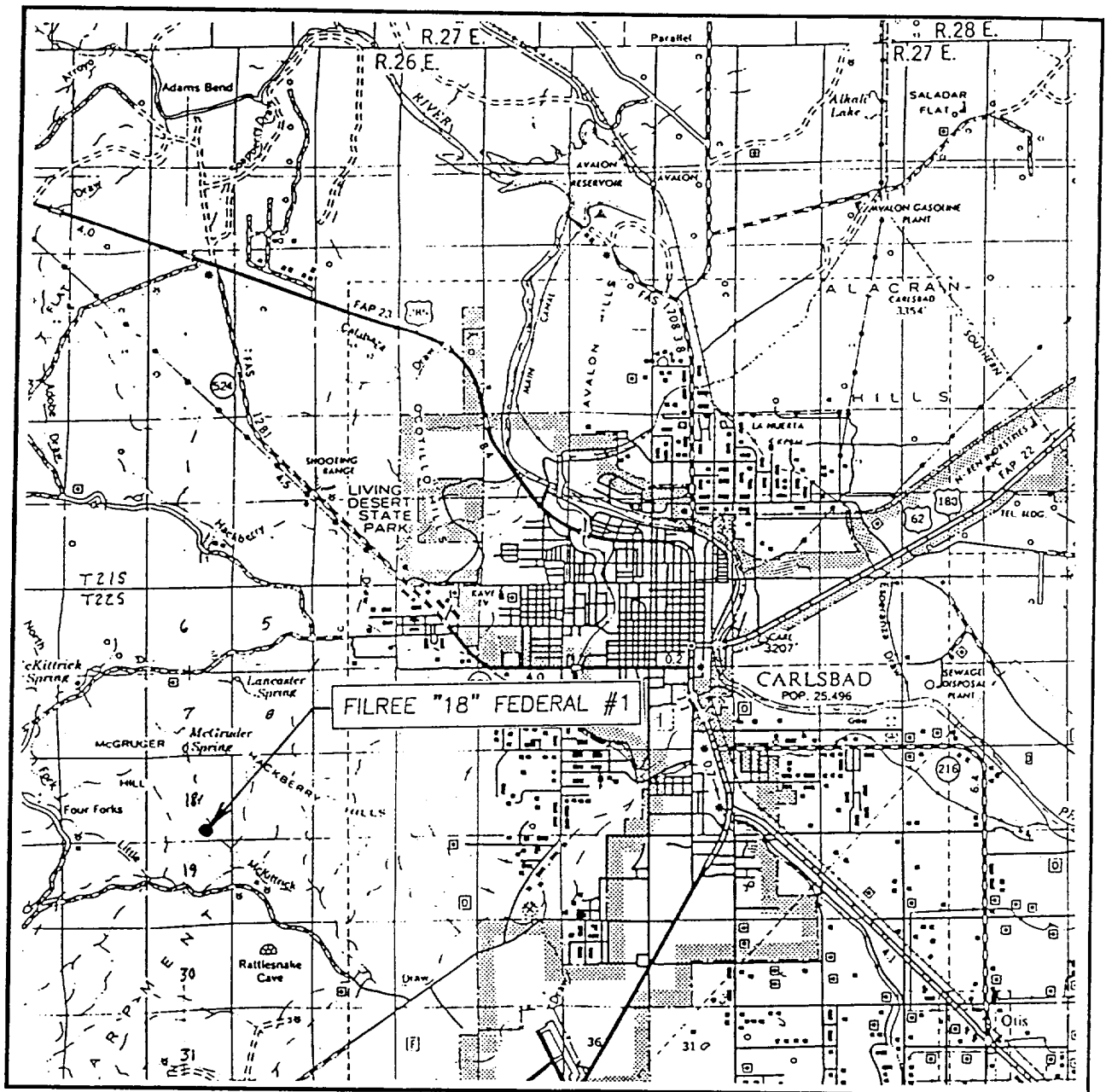
Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ **AMENDED REPORT**

EXHIBIT "A"

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 18 TWP. 22-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FSL & 1910' FEL

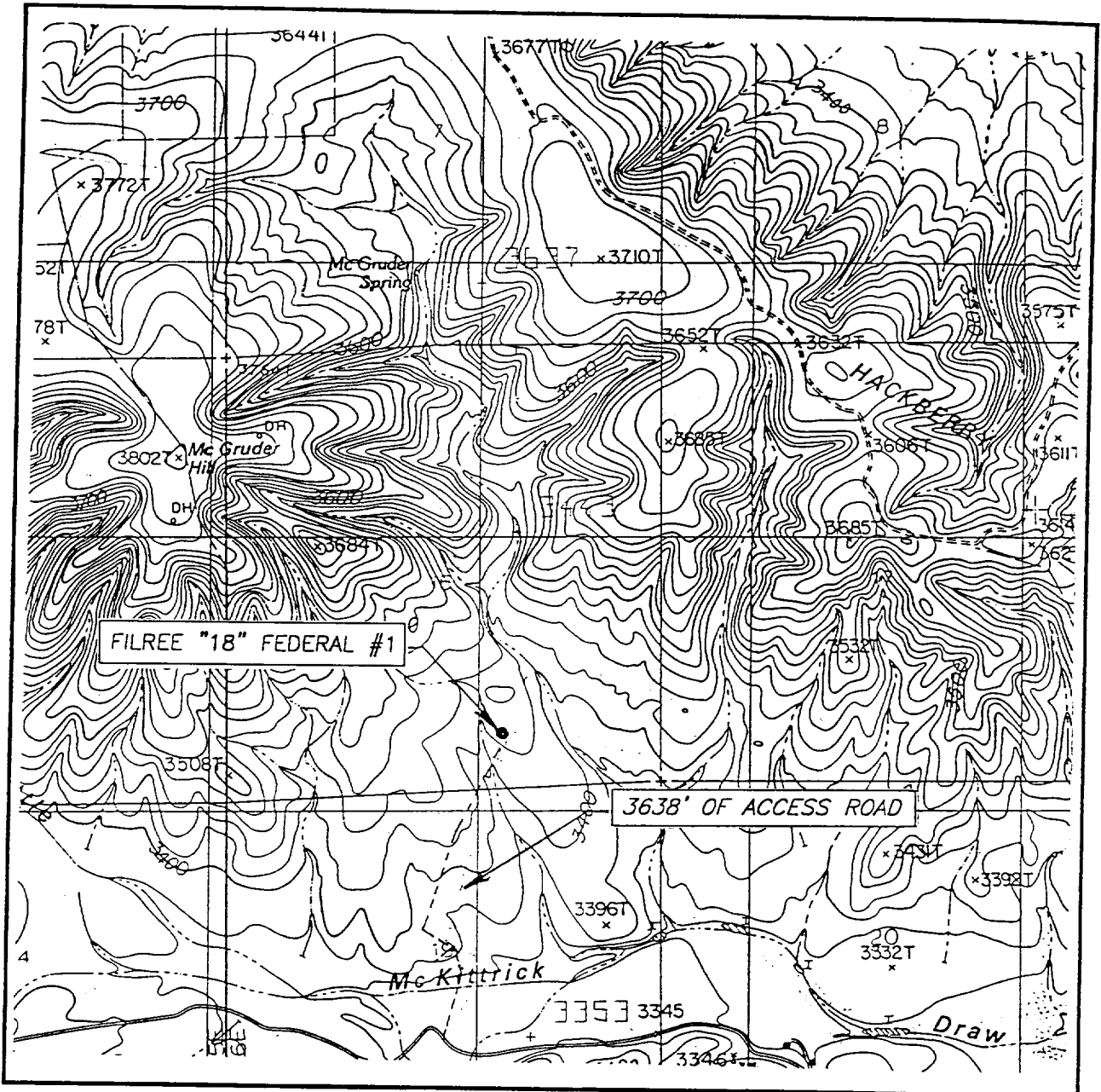
ELEVATION 3425'

OPERATOR CONCHO RESOURCES, INC.

LEASE FILREE "18" FEDERAL

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'

CARLSBAD WEST, N.M.

SEC. 18 TWP. 22-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FSL & 1910' FEL

ELEVATION 3425'

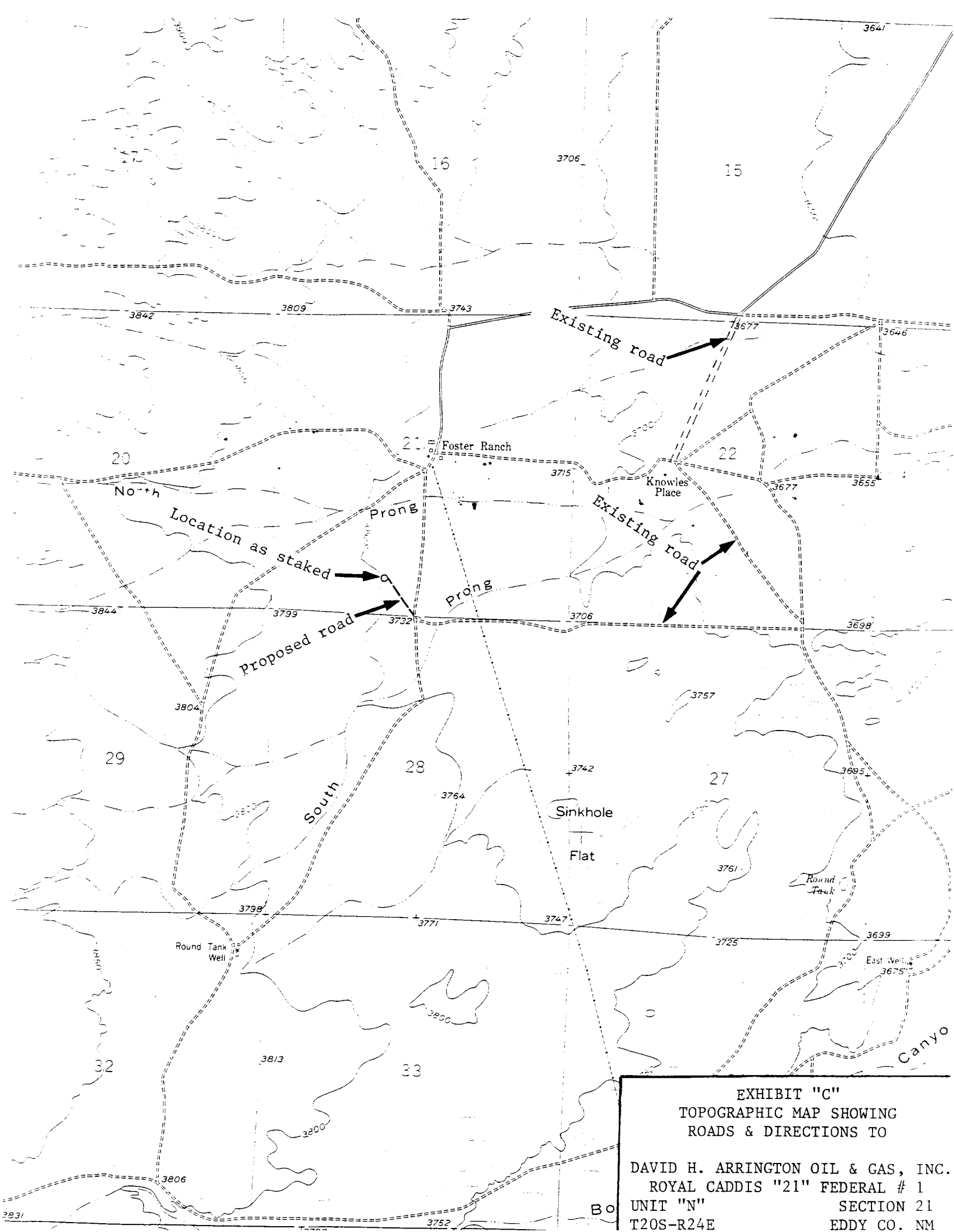
OPERATOR CONCHO RESOURCES, INC.

LEASE FILREE "18" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

CARLSBAD WEST, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117





DISTRICT I  
P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

|                     |   |                                    |
|---------------------|---|------------------------------------|
| API Number          | Pool Code<br>78060                      | Pool Name<br>HAPPY VALLEY - MORROW |
| Property Code       | Property Name<br>FILAREE "18" FEDERAL   | Well Number<br>1                   |
| OGRID No.<br>166111 | Operator Name<br>CONCHO RESOURCES, INC. | Elevation<br>3428'                 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0             | 18      | 22-S     | 26-E  |         | 660           | SOUTH            | 1760          | EAST           | EDDY   |

Bottom Hole Location If Different From Surface

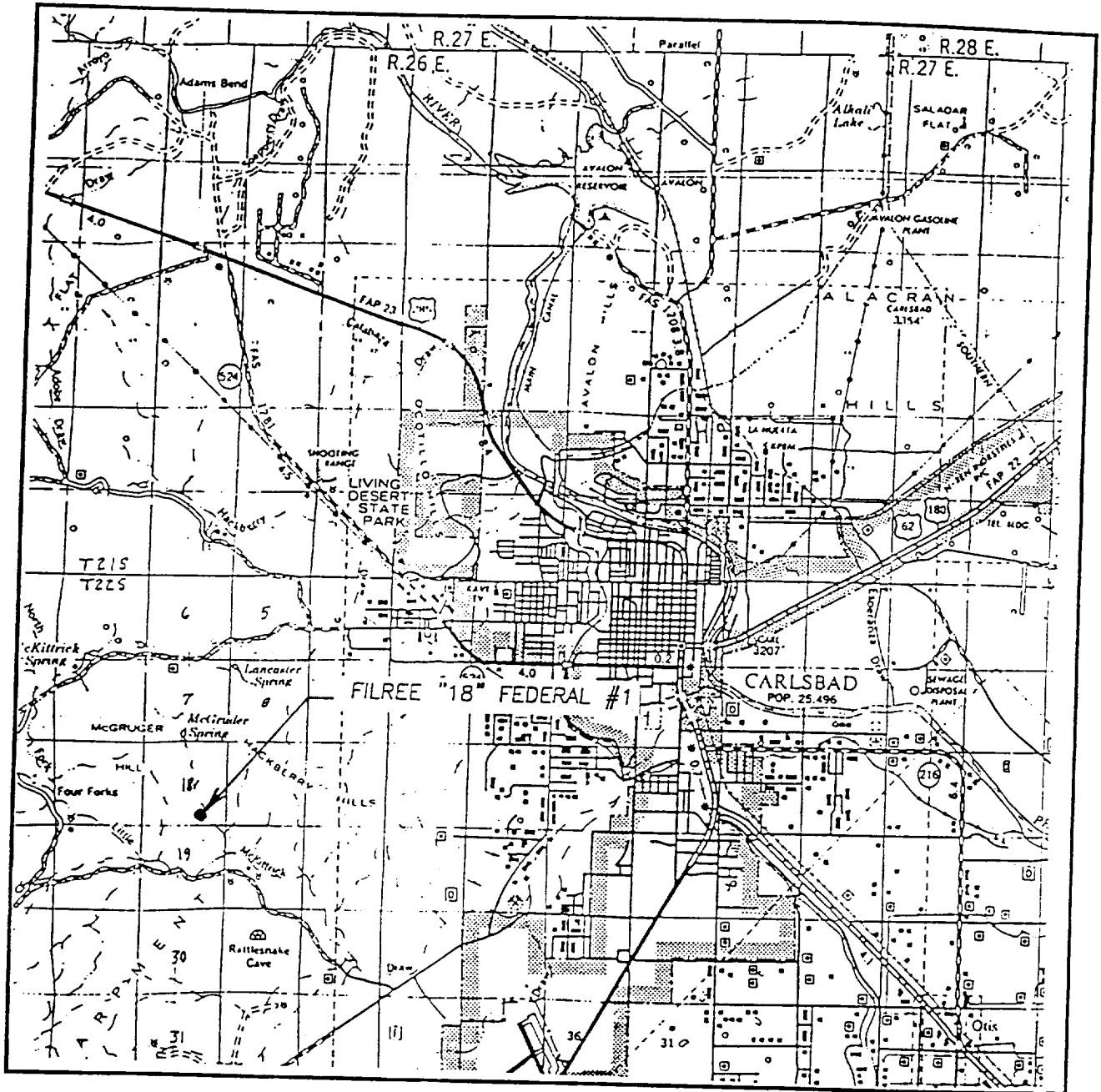
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1             | 18      | 22-S     | 26-E  |         | 1980          | SOUTH            | 660           | EAST           | EDDY   |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320             |                 |                    |           |

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

|  |  |
|--|--|
|  | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i><br/>signature<br/>Joe T. Janica<br/>Printed Name<br/>Agent<br/>Title<br/>01/14/01<br/>Date</p>   |
|  | <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>FEBRUARY 9, 2001</p> <p>Date Surveyed<br/>Signature &amp; Seal of Professional Surveyor<br/><i>Ronald J. Kidson</i> 02/12/01<br/>01-11-0220</p> <p>Certificate No. RONALD J. KIDSON 3239<br/>GARY KIDSON 12641</p> |

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 18 TWP. 22-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660'FSL & 1760'FEL

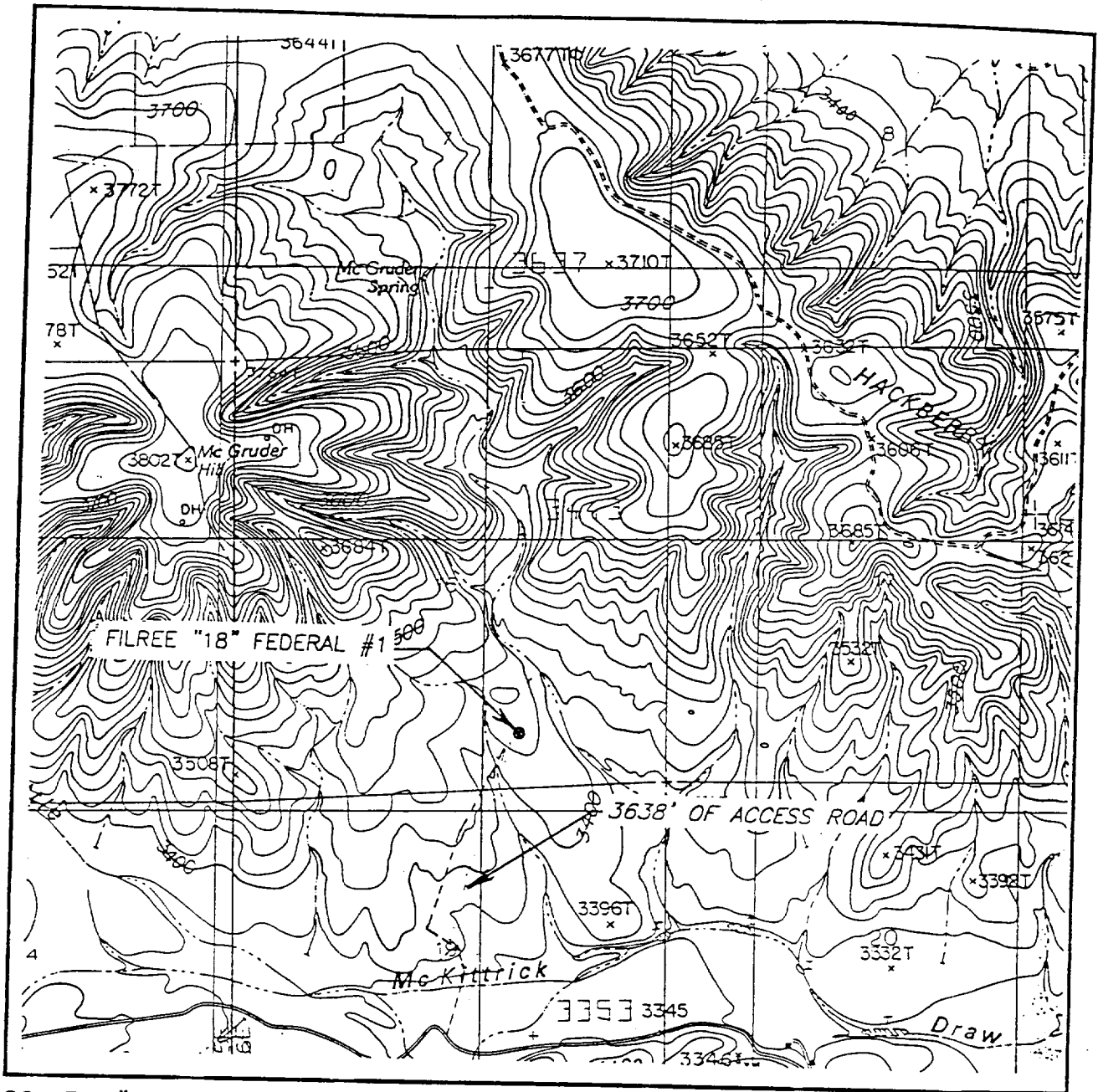
ELEVATION 3428'

OPERATOR CONCHO RESOURCES, INC.

LEASE FILREE "18" FEDERAL

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'  
CARLSBAD WEST, N.M.

SEC. 18 TWP. 22-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FSL & 1760' FEL

ELEVATION 3428'

OPERATOR CONCHO RESOURCES, INC.

LEASE FILREE "18" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
CARLSBAD WEST, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

## APPLICATION TO DRILL

CONCHO RESOURCES, INC.  
 FILAREE "18" FEDERAL # 1  
 UNIT "I" SECTION 18  
 T22S-R26E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. Location: Surface location: 660' FSL & 1760' FEL SEC. 18 T22S-R26E EDDY CO. NM  
 Bottom hole location 1980' FSL & 660' FEL sec. 18 T22S-R26E EDDY CO. NM
2. Elevation above Sea Level: 3428' GR.
3. Geologic name of surface formation: Quaternary Aeolian Deposits.
4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.
5. Proposed drilling depth: 11,500'
6. Estimated tops of geological markers:

|             |       |               |         |
|-------------|-------|---------------|---------|
| Delaware    | 2310' | Strawn        | 9670'   |
| Bone Spring | 4670' | Atoka         | 10,130' |
| Wolfcamp    | 8220' | Morrow        | 10,630' |
| Cisco       | 9380' | Barnett Shale | 11,160' |
7. Possible mineral bearing formations:

|             |     |        |     |
|-------------|-----|--------|-----|
| Bone Spring | Oil | Strawn | Gas |
| Wolfcamp    | Oil | Atoka  | Gas |
| Cisco       | Gas | Morrow | Gas |
8. Casing program:

| Hole size | Interval  | OD of casing | Weight | Thread | Collar | Grade     |
|-----------|-----------|--------------|--------|--------|--------|-----------|
| 25"       | 0-40'     | 20"          | NA     | NA     | NA     | Conductor |
| 17½"      | 0-600     | 13 3/8"      | 48     | 8-R    | ST&C   | H-40      |
| 12½"      | 0-2250'   | 9 5/8"       | 36     | 8-R    | ST&C   | J-55      |
| 8 3/4"    | 0-11,500' | 5½"          | 17     | 8-R    | LT&C   | S-95      |

## APPLICATION TO DRILL

CONCHO RESOURCES, INC.  
 FILAREE "18" FEDERAL # 1  
 UNIT "I" SECTION 18  
 T22S-R26E EDDY CO. NM

9. Cementing and Setting Depth:

|      |              |  |
|------|--------------|--|
| 20"  | Conductor    | Set 40' of 20" conductor pipe and cement to surface with Redi-mix.   |
| 17½" | Surface      | Set 600' of 13 3/8" 48# H-40 ST&C casing. Cement with 600 Sx. of Class "C" + ¼# Flacele/Sx. + 2% CaCl circulate cement to surface.   |
| 12¼" | Intermediate | Set 2250' of 9 5/8" 36# J-55 ST&C casing. Cement with 200 Sx. of Thixotropis Class "C" + 10% Cal-Seal + 2% CaCl, follow with 950 Sx. of Class "C" Halco Light + ¼# Flocele/Sx. + 1# Gilsonit/Sx. + 6% Gel + 12% Salt, tail in with 200 Sx. of Class "C" + 2% CaCl circulate cement to surface.   |
| 5½"  | Production   | Set 11,500' of 5½" 17# S-95 LT&C casing. Cement in two stages. 1st stage 1100 Sx. of Midified Super Class "H" + additives, 2nd stage 1050 Sx. of Class "C" Halco Light + ¼# Flocele/Sx. + 1# Gilsonite/Sx. + 6% Gel, tail in with 200 Sx. of Class "C" Neat cement. Estimate top of Cement 2000' |

10. Pressure Control Equipment: Exhibit "E". A 1500 Series 5000 PSI working pressure B.O.P. consisting of a double ram type preventor with a bag type annular preventor. BOP unit will be hydraulically operated. Exhibit "E-1". Choke manifold and closing unit. BOP will be nipped up on 13 3/8" casing and will be operated at least once each 24 Hr. period while drilling and blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized. No abnormal pressure or temperature is expected while drilling.

11. Proposed Mud Circulating System:

| Depth        | Mud Wt.   | Visc. | Fluid Loss    | Type Mud  |
|--------------|-----------|-------|---------------|---|
| 40-600'      | 8.5-8.7   | 29-35 | NC            | Fresh water Spud mud add paper to control seepage.  |
| 600-2250'    | 8.5-8.8   | 29-36 | NC            | Fresh water add paper to control seepage and lime to control pH.                                      |
| 2250-9000'   | 10.1-10.3 | 29-34 | NC            | Brine water add paper to control seepage, lime to control pH use high viscosity sweeps to clean hole. |
| 9000-11,500' | 10.2-10.6 | 32-40 | 10 cc or less | Dris-Pac system add Soda Ash to control pH and paper to control seepage if necessary.                 |

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, unexpected kicks. In order to run DST'S, open hole logs, and casing the viscosity and water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "I" SECTION 18  
T22S-R26E EDDY CO. NM

12. Testing, Logging and Coring Program:

- A. Open hole logs: Dual-Laterolog, Micro SFL, LDT, Gamma Ray, Caliper from TD to 2250'
- B. Run Gamma Ray, Neutron from 2250' to surface.
- C. No cores or DST's are planned at this time.
- D. Two man mud logging unit will be placed on hole at the Geologist's suggestion,

13. Potential Hazards:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H<sub>2</sub>S detectors will be in place to detect any presence. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 5500 PSI, estimated BHT 195° .

14. Anticipated Starting Date and Duration of Operation:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 60 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15. Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Morrow pay will be perforated and stimulated. The well will be swab tested and potentialized as a Gas well.

## HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H<sub>2</sub>S safety instructor to the following:
  - A. Characteristics of H<sub>2</sub>S
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems.
  - D. Principle and operation of H<sub>2</sub>S detectors, warning system and briefing areas.
  - E. Evacuation procedure, routes and first aid.
  - F. Proper use of 30 minute pressure demand air pack.
2. H<sub>2</sub>S Detection and Alarm Systems
  - A. H<sub>2</sub>S detectors and audio alarm system to be located at bell nipple, end of blooie 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, H<sub>2</sub>S 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 telephoned 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 D.S.T. will be performed.

## HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects  $H_2S$  has on tubular goods and other mechanical equipment.
9. If  $H_2S$  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  $H_2S$  scavengers if necessary.



SURFACE USE PLAN

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "I" SECTION 18  
T22S-R26E EDDY CO. NM

1. EXISTING ROADS. Area map, Exhibit "B" is a reproduction of the New Mexico General Hi-way Co. Map. Exhibit "C" is a reproduction of a topographic map. Existing roads and proposed roads are shown on each exhibit. All roads will be maintained in a condition equal to or better than of construction.
  - A. Exhibit "A" shows the proposed well location as staked.
  - B. From Carlsbad New Mexico take U.S. Hi-way 62-180 West to junction with Hidalgo Road (Co. Road 672) turn Right follow Hidalgo Road 3.5± miles to McKittrick Road (Co. Road 429) follow McKittrick road 3.4 miles± Turn Right and follow least road to location.
  - C. Lay flow lines along lease road to gas sales line.
2. PLANNED ACCESS ROADS
  - A. The access road will be crowned and ditched to a 12'00" wide travel surface with 40' right-of-way.
  - B. Gradient on all roads will be less than 5.00%.
  - C. No turnouts will be necessary.
  - D. If needed, road will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.
  - E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.
  - F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Topography.
3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A-1"
  - A. Water wells - One approximately 1.2 miles South Southeast.
  - B. Disposal wells - None known
  - C. Drilling wells - None known
  - D. Producing wells - As shown on Exhibit "A-1"
  - E. Abandoned wells - As shown on Exhibit "A-1"

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "I" SECTION 18  
T22S-R26E EDDY CO. NM

4. If, upon completion this well is a producer Concho Resources Inc. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction will be obtained from the excavation of drill site, if additional material is needed it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pit.
- B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
- D. Sewage from living quarters will drain into holes with a minium depth of 10'. These holes will be covered during drilling and will be back filled upon completion. A Ports-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time they will be hauled off by transports and be disposed of at a state approved disposal facility. Later pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES:

- A. No camps or airstrips to be constructed.

## SURFACE USE PLAN

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "I" SECTION 18  
T22S-R26E EDDY CO. NM

### 9. WELL SITE LAYOUT

- A. Exhibit "D" shows the proposed well site layout.
- B. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with polyethelene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

### 10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

CONCHO RESOURCES, INC.  
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11. OTHER INFORMATION:

- A. Topography consists of Limestone Hills Southwest of Pecos River rocky soils. Vegetation consists of acacia, javelina bush, creosote bush, and native grasses. Drainage is to the Northeast to the Pecos River.
- B. The surface and minerals are owned by The U.S. Department of Interior and administered by the Bureau of Land Management. The surface is leased out to ranchers for livestock grazing.
- C. An archaeological survey will be conducted and filed with the Bureau of Land Management Carlsbad Field Office.
- D. There are no dwellings within one mile of location.

12. OPERATORS REPRESENTATIVE:

Before construction:

TIERRA EXPLORATION INC.  
P.O. BOX 2188  
HOBBES, NEW MEXICO 88241  
OFFICE PHONE 505-392-2112  
JOE T. JANICA

During and after construction:

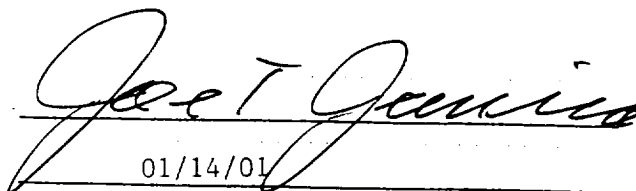
CONCHO RESOURCES, INC.  
110 WEST LOUISIANA SUITE 410  
MIDLAND, TEXAS 79702  
OFFICE PHONE 915-683-7443  
ERICK NELSON

13. CERTIFICATION: - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Concho Resources, Inc., its contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME:

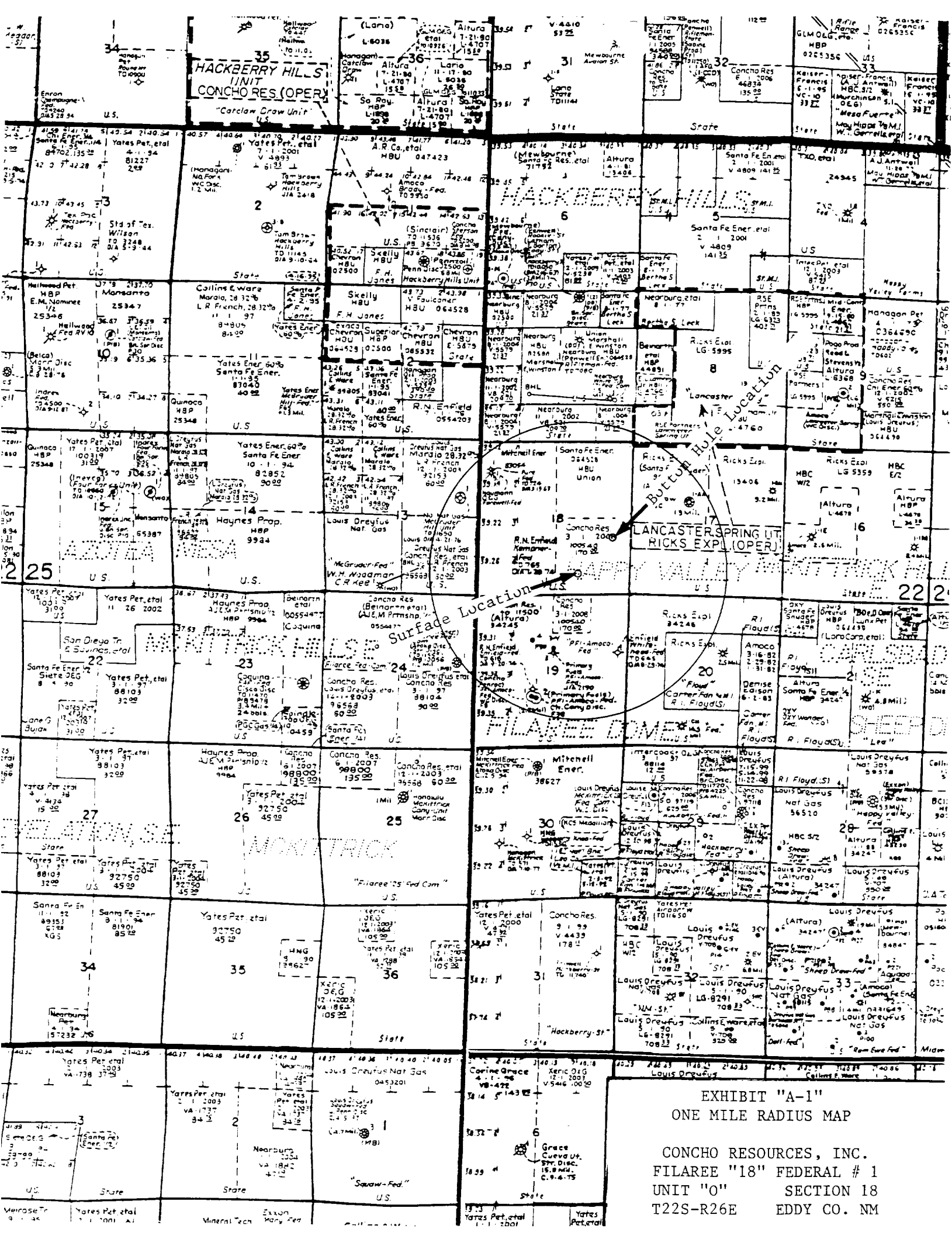
DATE:

TITLE:



01/14/01

Agent





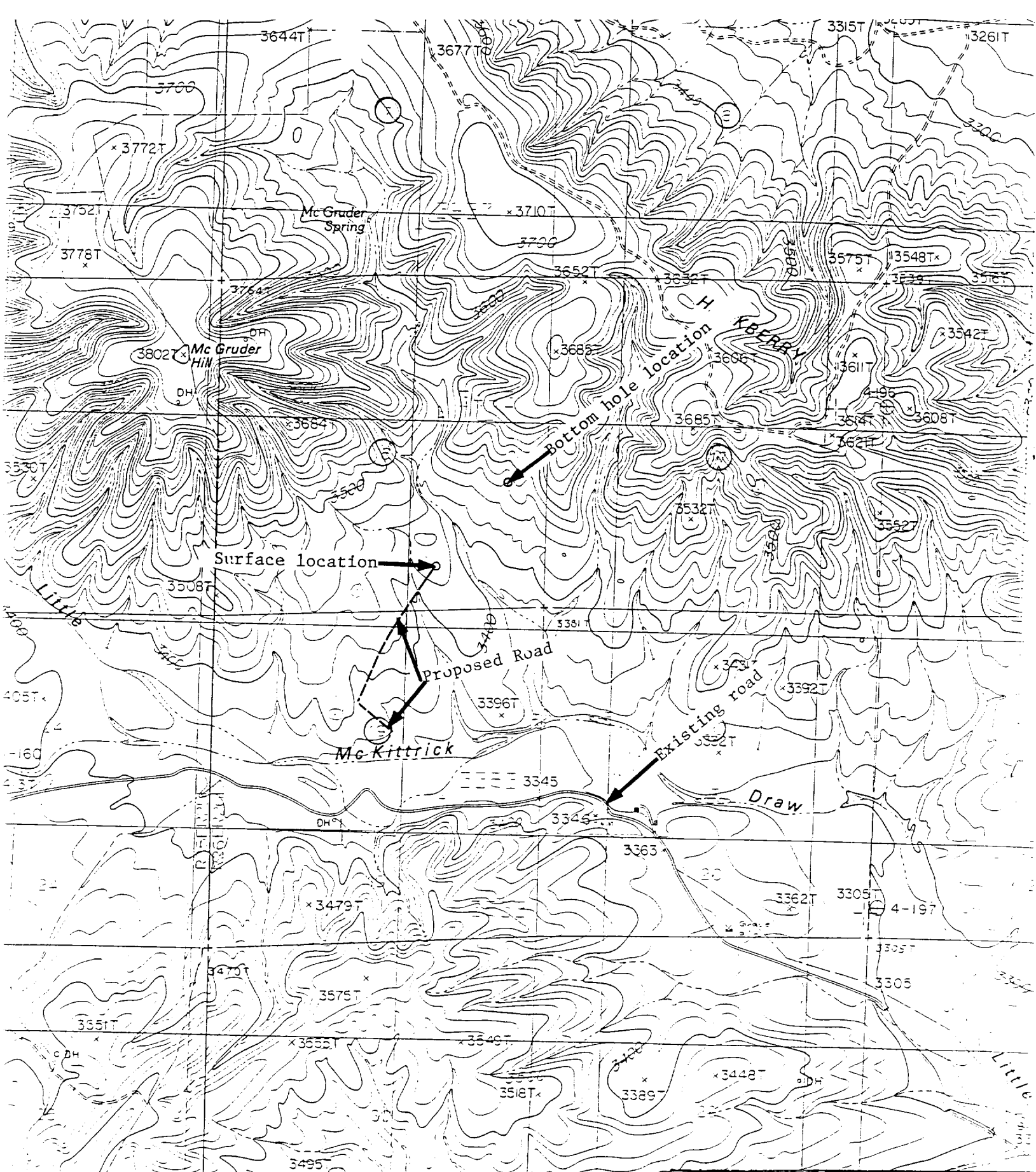
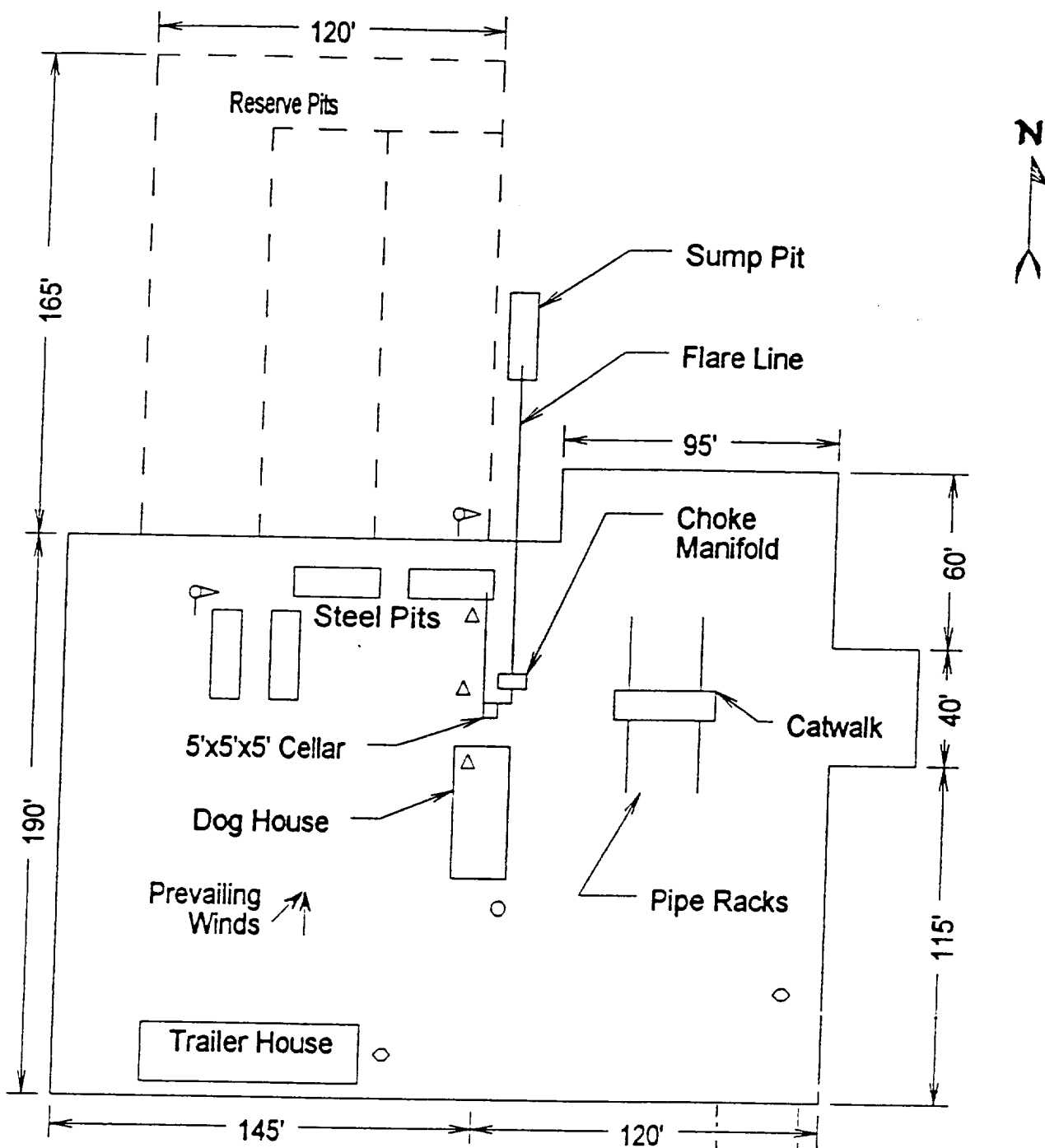


EXHIBIT "C"  
TOPOGRAPHIC MAP SHOWING  
ROADS & DIRECTIONS TO

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "O" SECTION 18  
T22S-R26E FDDY CO NM

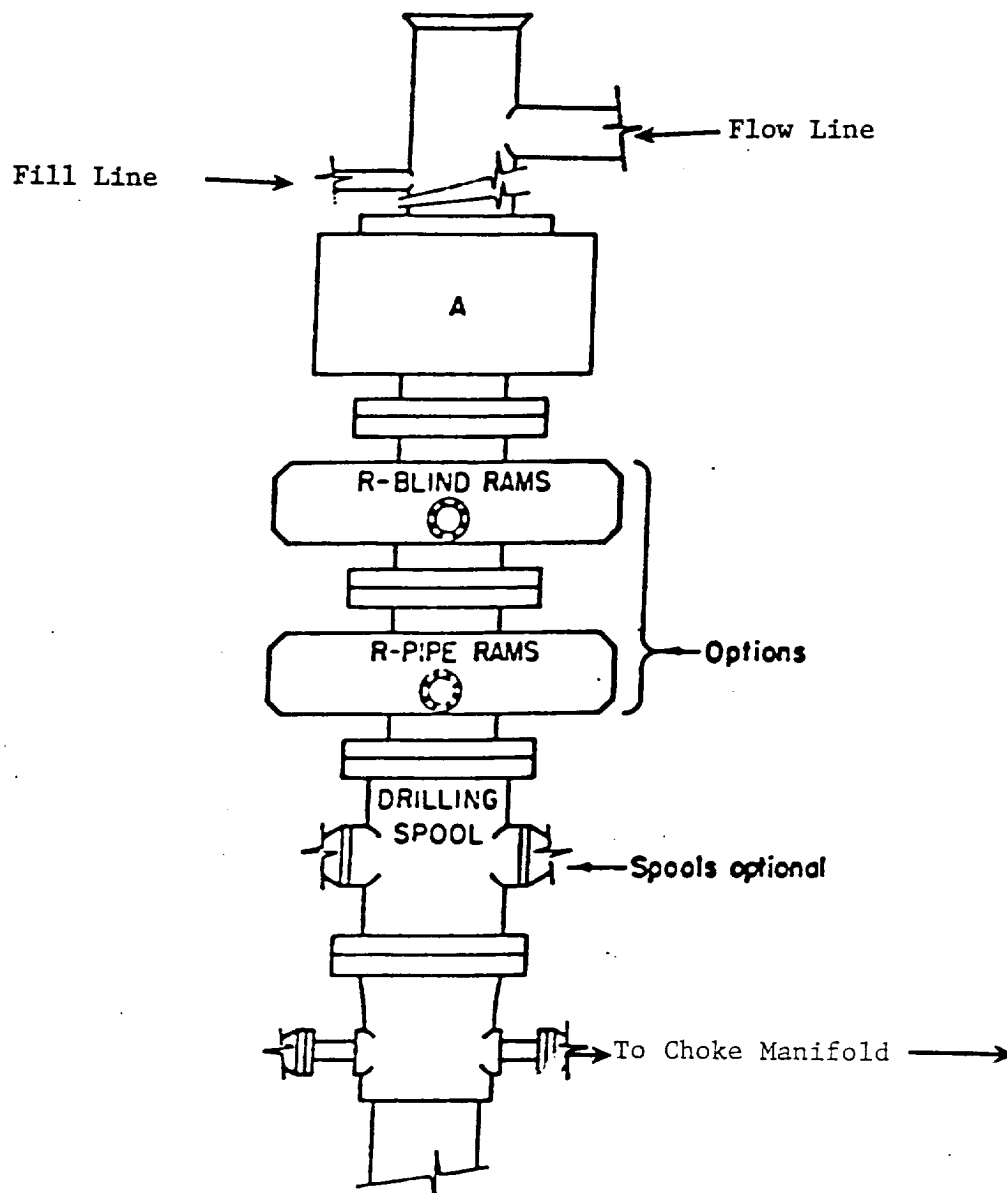


- ⊙ Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

EXHIBIT "D"  
RIG LAY OUT PLAT

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "O" SECTION 18  
T22S-R26E EDDY CO. NM





### ARRANGEMENT SRRA

1500 Series

5000# Working Pressure

EXHIBIT "E"  
SKETCH OF B.O.P. TO BE USED ON

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "O" SECTION 18  
T22S-R26E EDDY CO. NM

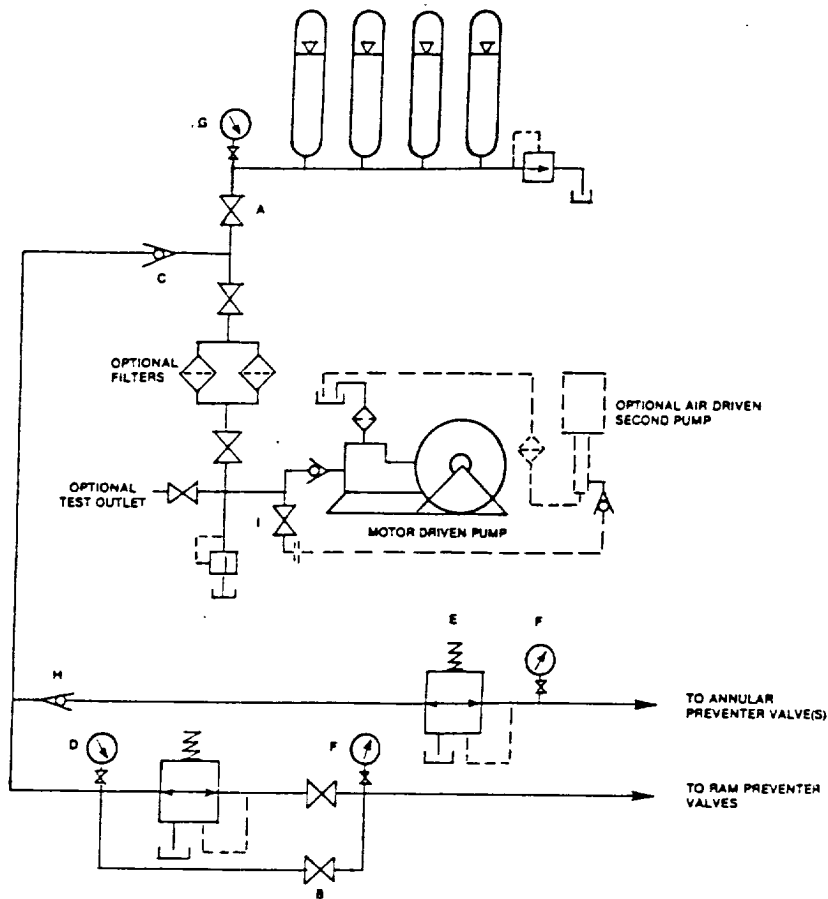


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

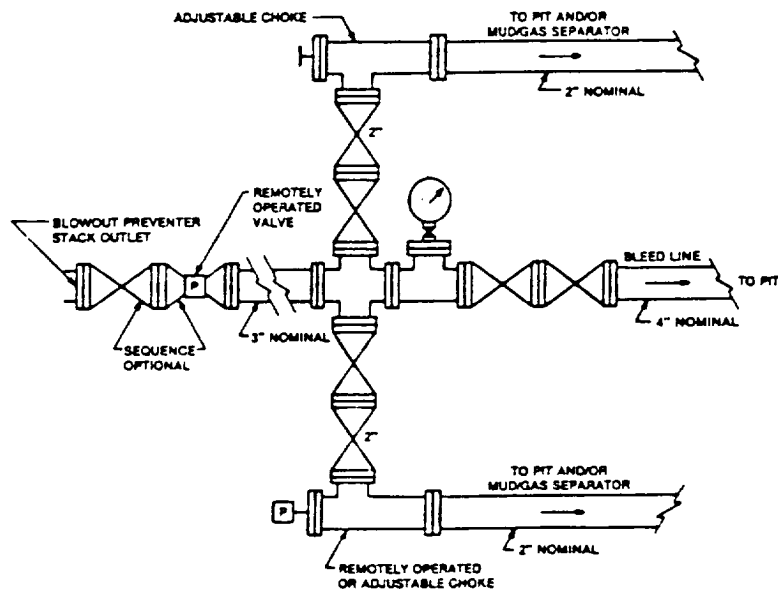


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"  
CHOKE MANIFOLD & CLOSING UNIT

CONCHO RESOURCES, INC.  
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T22S-R26E EDDY CO. NM

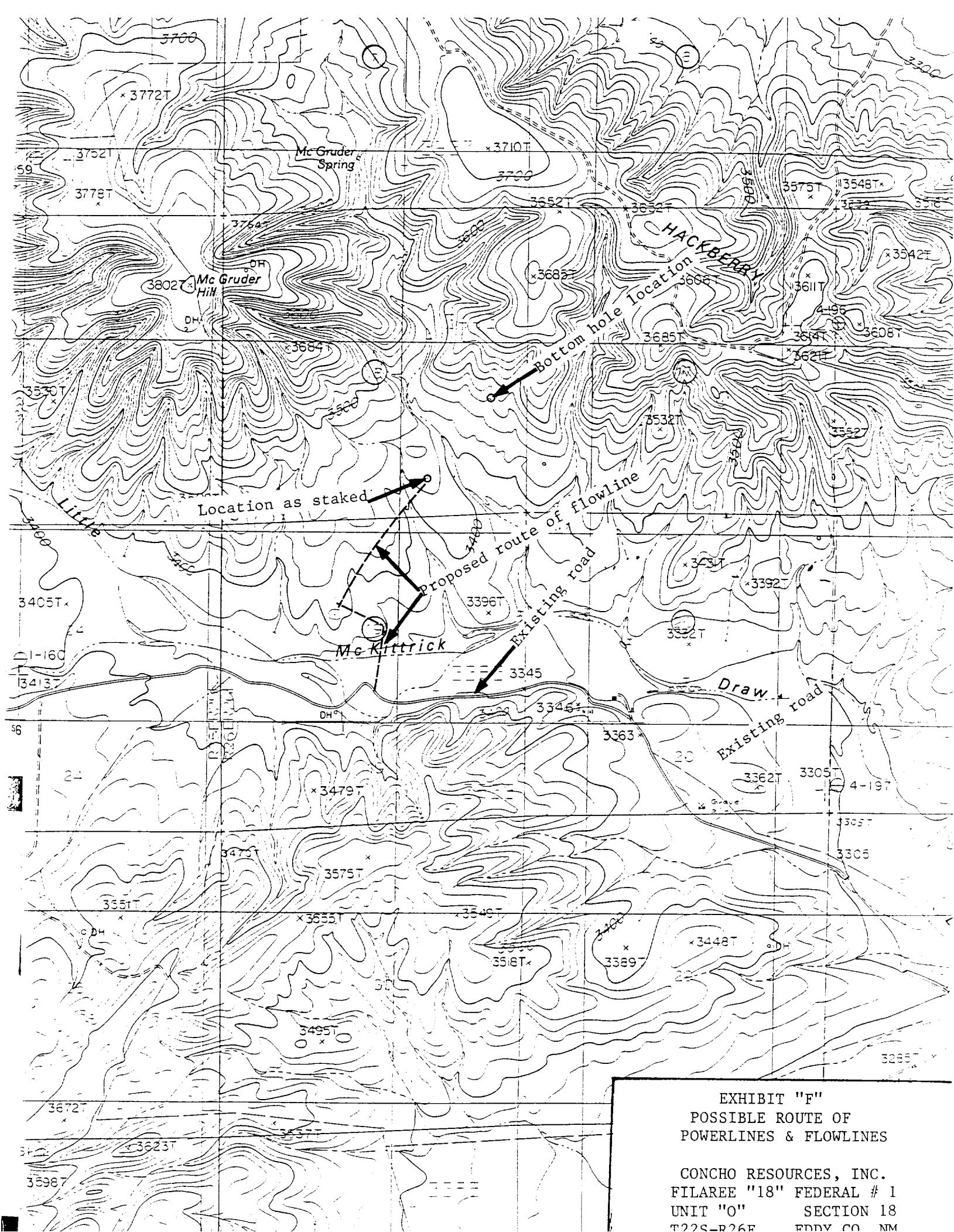


EXHIBIT "F"  
POSSIBLE ROUTE OF  
POWERLINES & FLOWLINES

CONCHO RESOURCES, INC.  
FILAREE "18" FEDERAL # 1  
UNIT "O" SECTION 18  
T22S-R26E EDDY CO. NM