N. M. Oil Cons. Division
811 S. 1ST ST.
ARTESIA, NM 88210-2834

d45

Form 3160-3
(August 1999)

20

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM 96222

6. If Indian, Allottee or Tribe Name:

1a. Type of Work: XX DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.: 18817

1b. Type of Well: XX Oil Well ☐ Gas Well ☐ Other XX Single Zone ☐ Multiple Zone

8. Lease Name and Well No.: Ore Ida '14' Federal #14

2. Name of Operator: Concho Resources Inc. 147380

9. API Well No.: 30-015-31452

3a. Address: 110 W. Louisiana Ste 410; Midland, Tx 79701

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

10. Field and Pool, or Exploratory: E. Pierce Crossing Bone Sprin

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface: 1650' FSL & 560' FWL Unit L

At proposed prod. zone: same

11. Sec., T., R., M., or Blk. and Survey or Area: sec. 14, T-24S, R-29E

14. Distance in miles and direction from nearest town or post office*: 7 miles East of Malaga, NM

12. County or Parish: Eddy

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
660'	640	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**
1320'	8350'	yes
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
2946' GR	ASAP	25

24. Attachments

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. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
Terri Stathem	Terri Stathem	9/25/00
Title		
Production Analyst		
Approved by *(Signature)*	**Name *(Printed/Typed)***	**Date**
	[illegible]	[illegible]
Title	**Office**	
Assistant Field Manager, Lands And Minerals	[illegible] FIELD OFFICE	

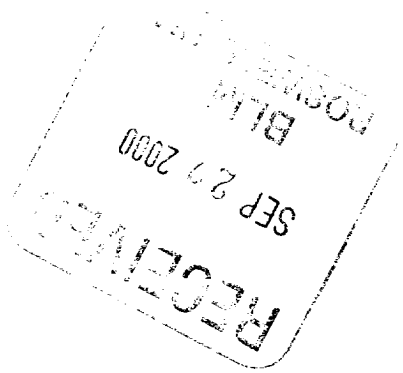
Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

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 reverse)

NOV 2000
RECEIVED
OCD - ARTESIA


RECEIVED
SEP 27 2000

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Departme...

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	96473	EAST PIERCE CROSSING-BONE SPRING

Property Code	Property Name	Well Number
018817	Ore Ida "14" Federal	14

OGRID No.	Operator Name	Elevation
147380	Penwell Energy Inc.	2949'

Surface Location

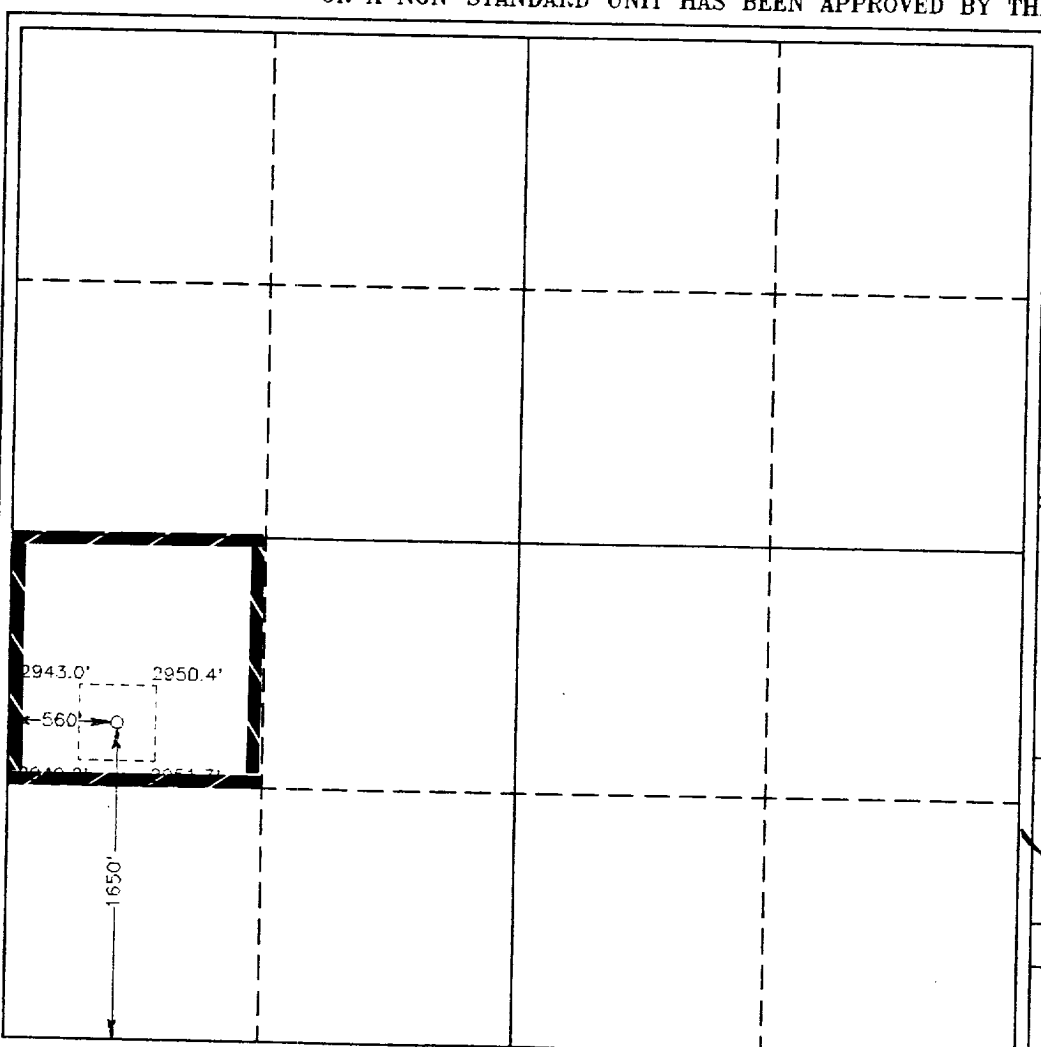
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	14	24 S	29 E		1650	South	560	West	Eddy

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

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



OPERATOR CERTIFICATION

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

Joe T Janica
Signature

Joe T. Janica
Printed Name

Agent
Title

04/29/97
Date

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 supervison, and that the same is true and correct to the best of my belief.

April 24, 1997
Date Surveyed

Signature & Seal of Professional Surveyor

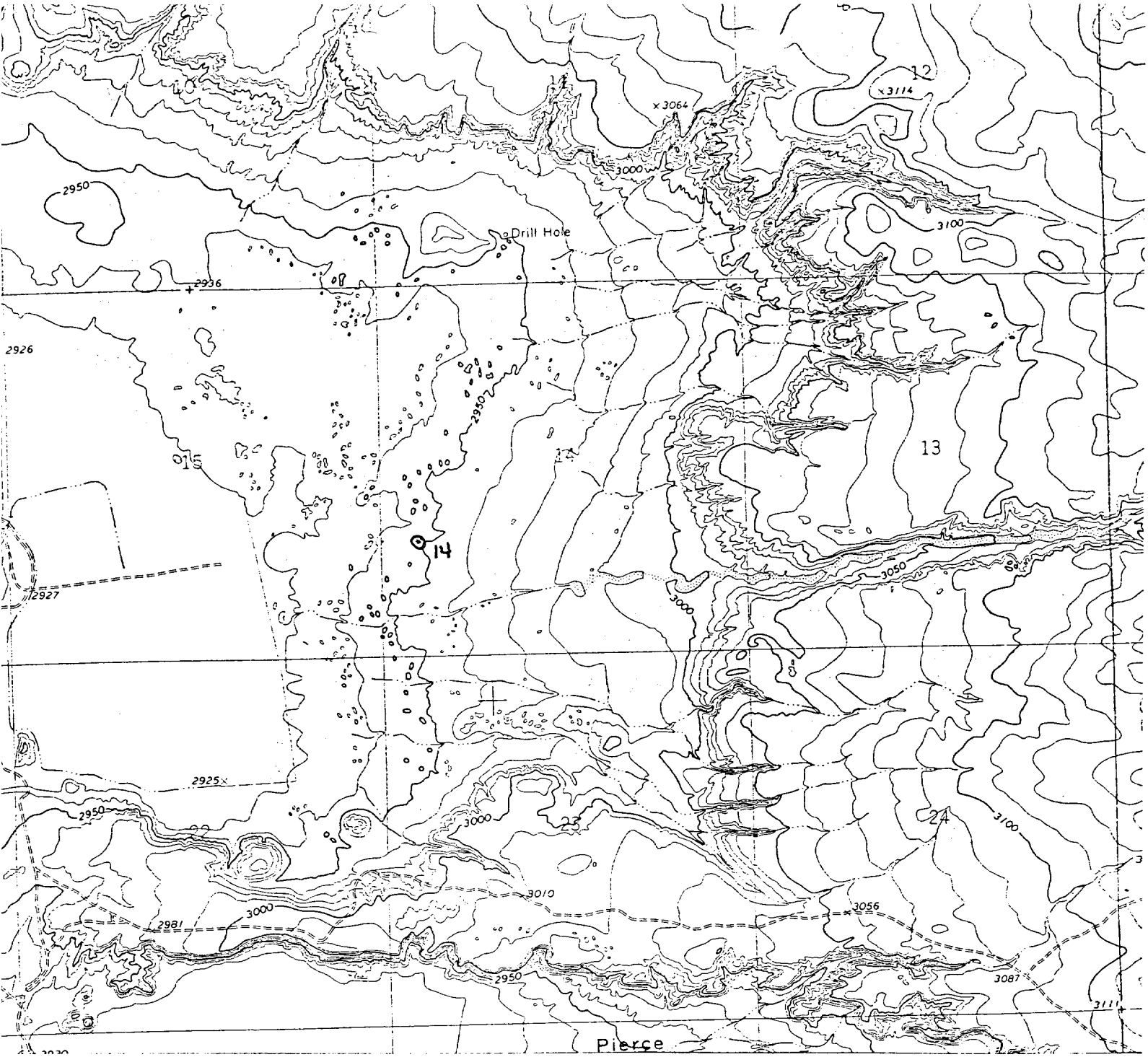
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
GARY L. JONES
7977

W.O. No. 7244

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

EXHIBIT "A"



CONCHO RESOURCES INC.

ORE IDA "14" FEDERAL #14
1650' FSL & 560' FWL
Sec. 14, T-24-S, R-29-E,
Eddy County, New Mexico.

N

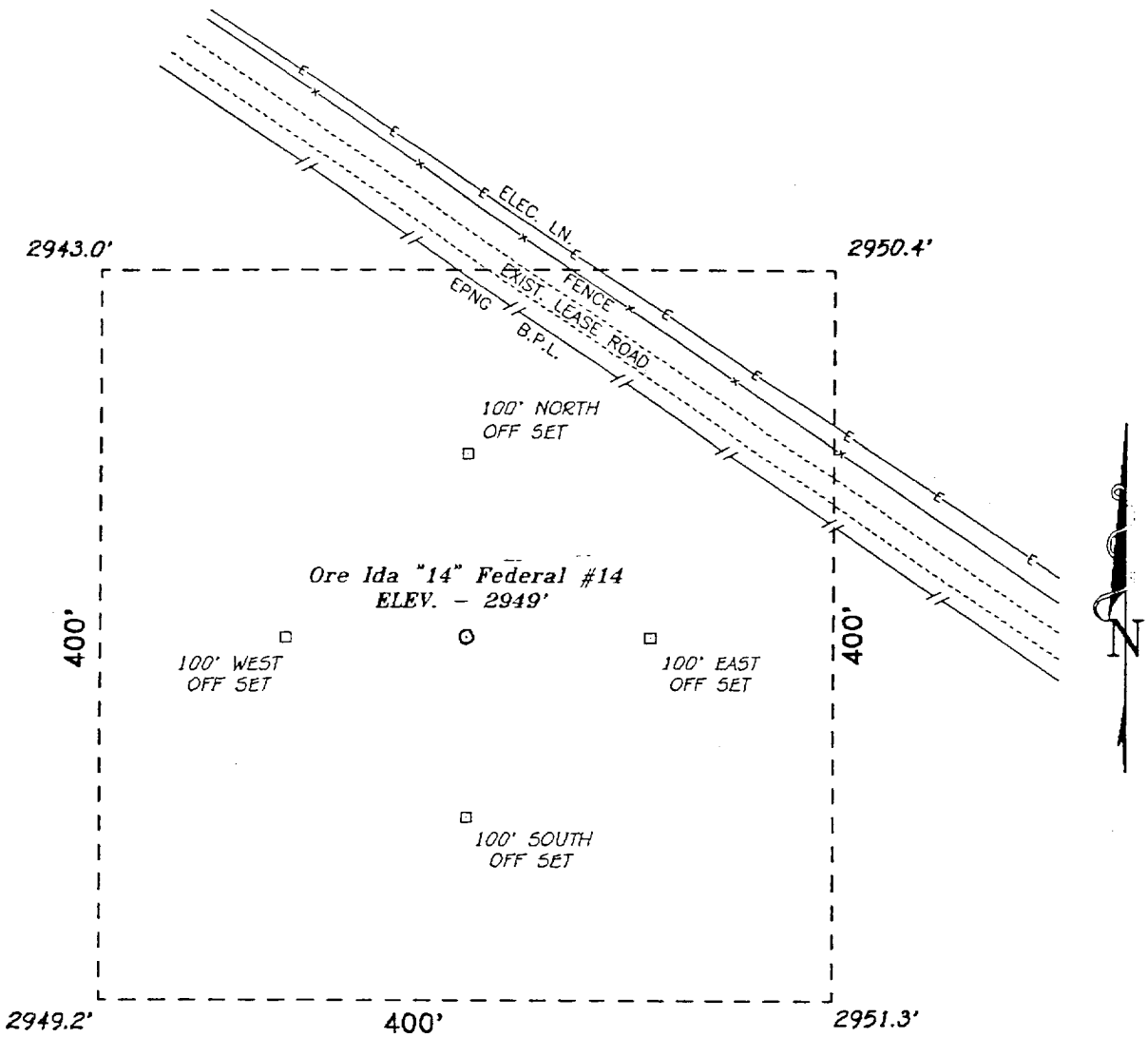
SCALE: 1" = 2000'

2000' 0 2000' 4000 Feet

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 7244	Drawn By: S.C. Nichols	Survey Date: 04-24-97	Sheet 1 of 1 Sheets

SECTION 14, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



100 0 100 200 FEET

SCALE: 1" = 100'

CONCHO RESOURCES INC.

REF: Ore Ida "14" Federal No. 14 / Well Pad Topo

THE ORE IDA "14" FEDERAL No. 14 LOCATED 1650' FROM THE SOUTH LINE AND 560' FROM THE WEST LINE OF SECTION 14, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 7244	Drawn By: S.C. NICHOLS		
Date: 04-28-97	Disk: SCN #35 - 7244AA.DWG	Survey Date: 04-24-97	Sheet 1 of 1 Sheets

Application to Drill

Concho Resources Inc.
Ore Ida '14' Federal #14
UL: L, Sec 14, T-24S, R-29E
Eddy County, NM

In response to questions asked under Section IIB of Bulletin NTL-6 the following information is provided for your consideration:

1. Location: 1650' FSL & 560' FWL, Sec. 14, T-24S, R-29E, Eddy County, NM

2. Elevation Above Sea Level: 2946' GR

3. Geologic Name of Surface Formation: Quaternary Aeolian Deposits

4. Drilling Tools and Associated Equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.

5. Proposed Drilling Depth: 8,350'

6. Estimated Tops of Geological Markers:

Lamar	3050'	Bone Spring	6800'
Bell Canyon	3100'	1st Bone Spring Sand	7100'
Brushy Canyon	5500'		

7. Possible Mineral Bearing Formation:

Bell Canyon	Oil
Brushy Canyon	Oil
1st Bone Spring Sd	Oil

8. Casing Program:

Hole Sz	Interval	OD Csg	Weight	Thread	Collar	Grade	Condition
25"	0-40'	20"	Cond.	NA	NA	NA	New
17-1/2"	0-350'	13-3/8"	48#	8-R	ST&C	H-40	New
12-1/4"	0-3100'	8-5/8"	32#	8-R	ST&C	J-55	New
7-7/8"	0-8350'	5-1/2"	17#	8-R	LT&C	K-55/N-80	New

9. Cementing & Setting Depth:

20"	Conductor	Drill 25" hole to 40'. Set 40' of 20" conductor. Cement to surface with Redi-mix.
13-3/8"	Surface	Drill 17-1/2" hole to 350'. Run & set 350' of 13-3/8", 48#, H-40, ST&C casing. Cement with 250 sacks Class "C" with 2% CaCl . Circulate cmt to surfrace.
8-5/8"	Intermediate	Drill 12-1/4" hole to 3100'. Run & set 3100' of 8-5/8", J-55, 32# ST&C casing. Cement with 500 sacks Class "C" + 2% CaCl. Circulate cmt to surface.
5-1/2"	Production	Drill 7-7/8" hole to 8350'. Run & set 8350' of 5-1/2", 17#, K-55/N-80, LT & C casing. Cement with 600 sacks Class "H" + additives. Estimated top of cement – 5600'.

Application to Drill
Concho Resources Inc.
Ore Ida '14' Federal #14
UL: L, Sec 14, T-24S, R-29E
Eddy County, NM

10. Pressure Control Equipment: Exhibit "E". A 900 Series 3000 psi working pressure BOP 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 nippled up on 13-3/8" casing and will be operated at least once each 24 hour 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
40-350'	8.4-8.8	29 - 36	NC	Fresh Water spud mud add paper for seepage control.
350-3100'	10.5-11	29 - 32	NC	Brine water add Lime for pH control & paper for seepage.
3100-7500'	9.3-10	29 – 34	NC	Cut brine use paper for seepage control.
7500-8350'	9.3-10	34-38	10 cc or less	Cut brine drispac system use starch for water loss control & soda ash for pH control.

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

12. Testing, Logging and Coring Program:
    A. CNL-FDC, Gamma Ray & Caliper; AIT, Dual Laterolog, Micro SFL from TD to 8-5/8 casing shoe.
    B. Gamma Ray, Neutron from TD to surface.
    C. Mud logger on from 2800' to TD.
    D. Sidewall cores to be taken as shows dictate in the Delaware from 3100-6700'.

13. Potential Hazards:
No abnormal pressures or temperatures are expected. Hydrogen Sulfide (H2S) Gas may be encountered. H2S 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 operations of equipment being used. Estimated BHP 3900 PSI, estimated BHT 180°.

14. Anticipated Starting Date and Duration of Operations:
Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 18-25 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 TD over possible pay intervals. The Bone Spring pay will be perforated and stimulated. The well will be swab tested and potentialed as an oil well.

Hydrogen Sulfide Drilling Operations Plan

Concho Resources Inc.
Ore Idea '14' Federal #14
UL: L, Sec 14, T-24S, R-29E
Eddy County, NM

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 systems and briefing areas.
   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 blooey line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or Wind Streamers
   A. Windsock at mud pit 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 – indicating potential pressure and danger. Red Flag – danger – H2S present in dangerous concentration. Only emergency personnel admitted on location.

5. Well Control Equipment – See Exhibit "E"

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

7. Drill Stem Testing
   A. All testing will be done in the daylight hours.
   B. Exhausts will be watered.
   C. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   D. If location is near any dwelling a closed DST will be performed.

Hydrogen Sulfide Drilling Operations Plan

Concho Resources Inc.
Ore Idea '14' Federal #14
UL: L, Sec 14, T-24S, R-29E
Eddy County, NM

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 necessary.

Surface Use Plan

Concho Resources Inc.
Ore Ida '14' Federal #14
UL: L, Sec 14, T-24S, R-29E
Eddy County, NM

1. EXISTING ROADS: Area map, Exhibit "B" is a reproduction of the New Mexico General Highway Co. map. Exhibit "C" is a reproduction of a Topographic map. All existing roads and proposed roads are shown on each exhibit. All roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.
   A. Exhibit "A" shows the proposed development well as staked.
   B. From Malaga New Mexico take County Road 720 East for .8 miles. Turn North on County Road 745 & go 1 miles, turn East & go .6 miles, cross Pecos River. Follow County Road 745 Northeast for 1.4 miles, turn right on County Road 788 go 1.2 miles, turn East & go .6 miles, bear right & go Southwest for .3 miles, bear left & follow road 1.3 miles, turn North go past B.K. Exploration Cedar Canyon #1 & turn Southeast & go 1.2 miles. Turn right & go to location on South side of road.
   C. All pipelines and power lines will be laid & constructed along road ROW as necessary to produce oil and gas from this lease.

2. PLANNED ACCESS ROADS: Approximately 200' of new road will be constructed.
   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 Lopography.

3. LOCATION OF EXISTING WELLS IN A ONE MILE RADIUS – EXHIBIT "A-1"

A.	Water Wells	None known
B.	Disposal Wells	None known
C.	Drilling Wells	None known
D.	Producing Wells	Exhibit "A-1"
E.	Abandoned Wells	Exhibit "A-1"

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 private source and trucked over the access roads or piped in flexible lines laid on top of the ground.

SURFACE USE PLAN
Concho Resources Inc.
Ore Ida '14' Federal #14
UL: L, Sec 14, T-24S, R-29E
Eddy County, NM

6. SOURCE OF CONSTRUCTION MATERIALS
If needed, construction materials will be obtained from the drill site's excavations or from a local source. These materials will be transported over the access route as shown on Exhibit "C".

7. METHODS FOR HANDLING WASTE DISPOAL
   A. Drill cuttings will be disposed of in the reserve pit.
   B. Trash, waste paper, and garbage will either be contained in a fenced trash trailer or a trash pit, fenced with mesh wire to prevent wind scattering during storage. When the rig moves out, all trash and debris left at the site will be contained to prevent scattering and will be buried at least 36" deep within a reasonable period of time.
   C. Salts remaining after completion of the well and broken sacks will be picked up by the supplier.
   D. Sewage from trailer house will drain into holes with a minimum depth of 10' 00". These holes will be covered during drilling and backfilled upon completion. A "porta potty" will be provided for the rig crews. This 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 backfilling. In the event drilling fluids will not evaporate in a reasonable period of time they will be transported by tank truck to a state approved disposal site. Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES
No camps or airstrips will be constructed.

9. WELL SITE LAYOUT
   A. Exhibit "D" shows location and rig layout.
   B. Exhibit "D" indicates proposed location of reserve and trash pits; and living facilities.
   C. Pit is proposed to be unlined, unless subsurface conditions encountered using pit construction indicate that lining is needed for lateral containment of fluids.
      1. If lining of reserve pit is needed it is to be lined with PVC or polyethylene. The pit liner will be 6 mils thick. Pit liners will extend a minimum 2' 00" over the reserve pit dikes, where the liner will be anchored down.

D. 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 of 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 been be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with previsions 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. Top soil 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.

11. OTHER INFORMATION:

A. Topography, as shown on topographic map consists of sand dunes with a Westerly dip toward the Pecos River. The surface is used mainly for live stock grazing and access to oil & gas production. Surface vegetation consists of native grasses, shinnery oak, mesquite, sandsage and snake weed.

B. The surface is owned by the U.S. Department of Interior, Bureau of Land Management and is used for grazing of livestock.

C. An archeological survey has been conducted of the location and road. This was submitted separately to the BLM upon completion.

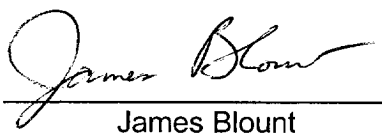
D. There are no dwellings within 2 miles of this location.

Surface Use Plan

Concho Resources Inc.
Ore Ida '14' Federal #14
UL: L, Sec 14, T-24S, R-29E
Eddy County, NM

12. OPERATORS REPRESENTATIVES:
Concho Resources Inc.
110 W. Louisiana, Suite 410
Midland, Tx 79701
(915) 683-7443
Mr. Joe Wright
Mr. James Blount

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 USC 1001 for the filing of a false statement.



James Blount	Sr. Operations Engineer	9/25/00
	Title	Date

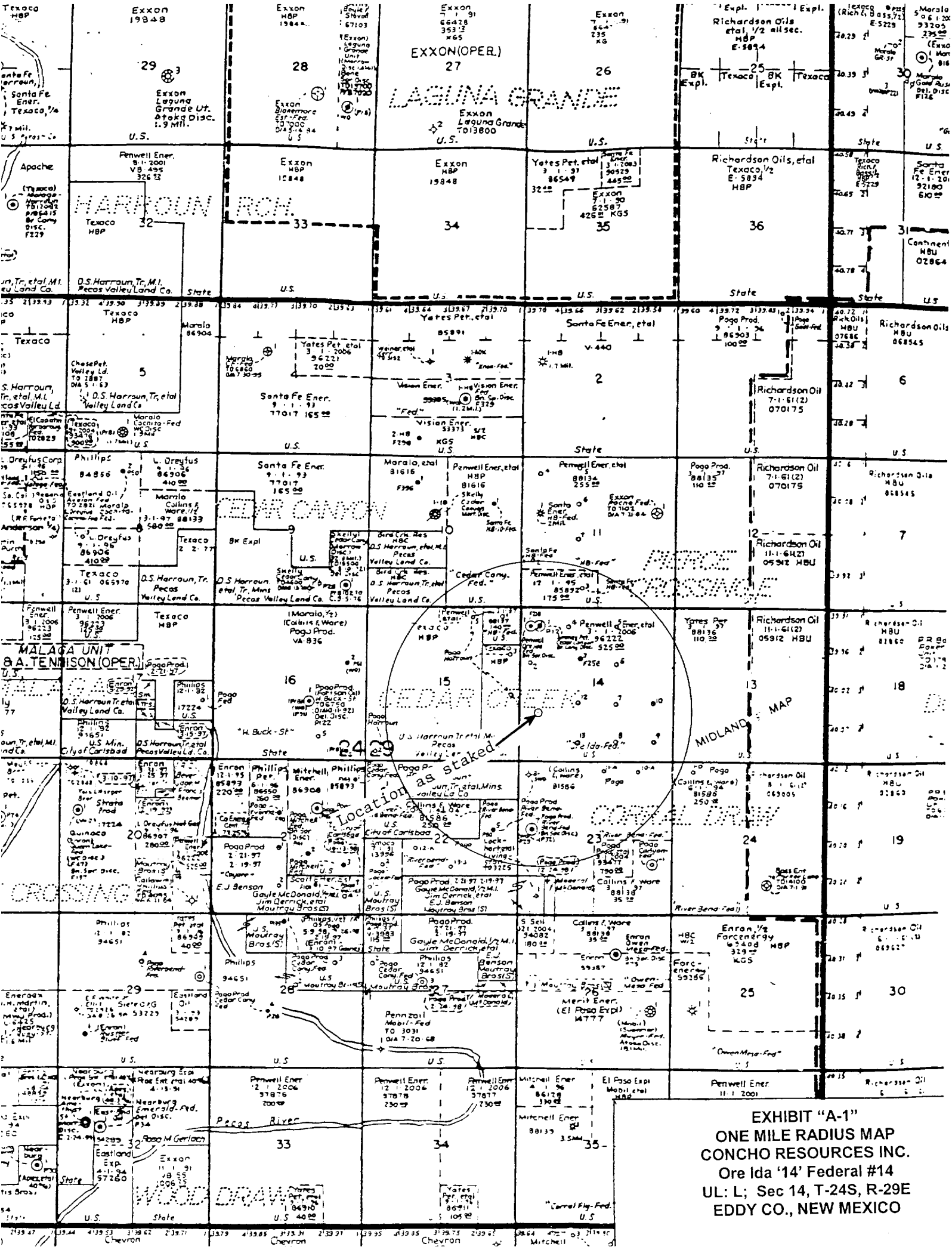


EXHIBIT "A-1"
ONE MILE RADIUS MAP
CONCHO RESOURCES INC.
Ore Ida '14' Federal #14
UL: L; Sec 14, T-24S, R-29E
EDDY CO., NEW MEXICO

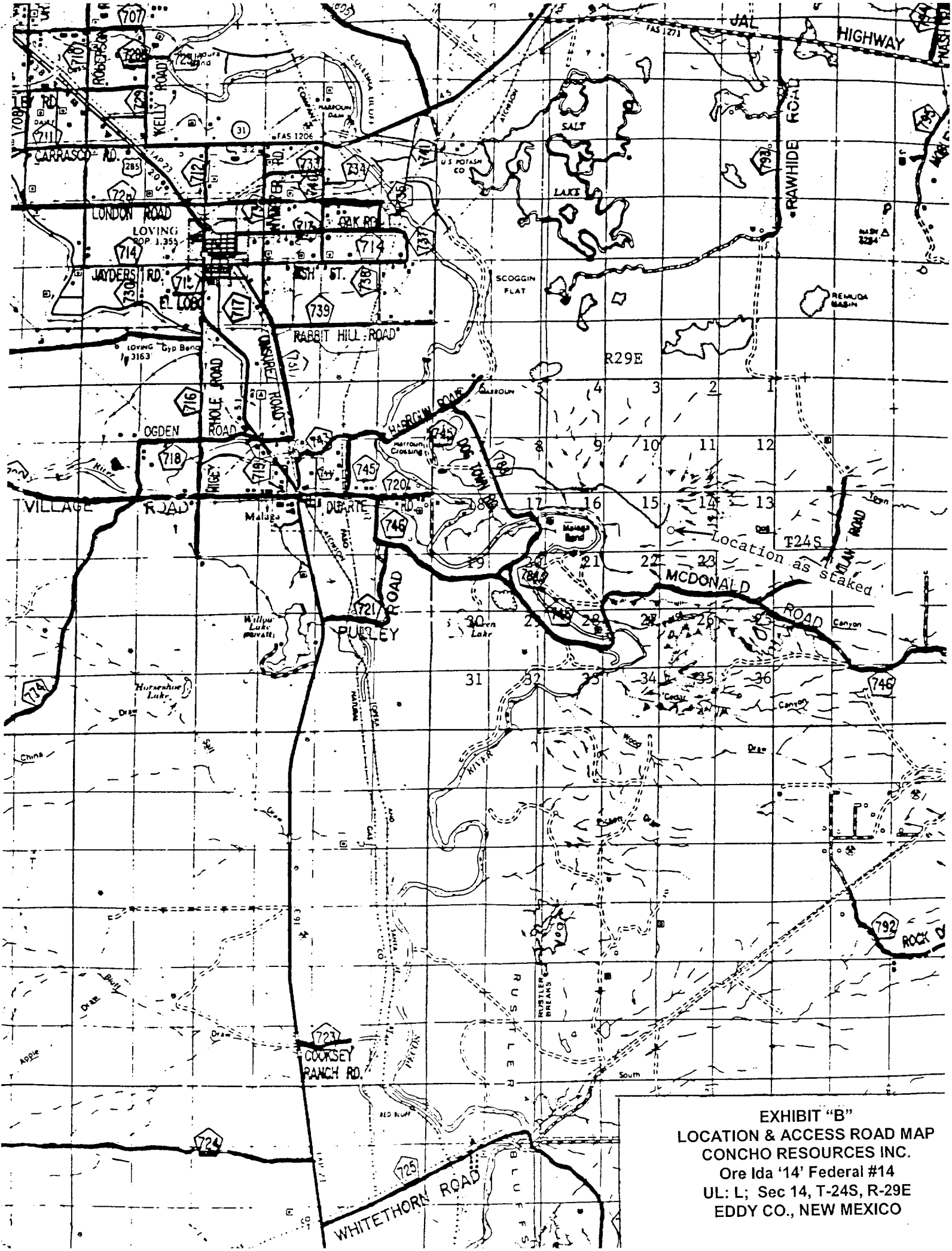


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP
CONCHO RESOURCES INC.
Ore Ida '14' Federal #14
UL: L; Sec 14, T-24S, R-29E
EDDY CO., NEW MEXICO

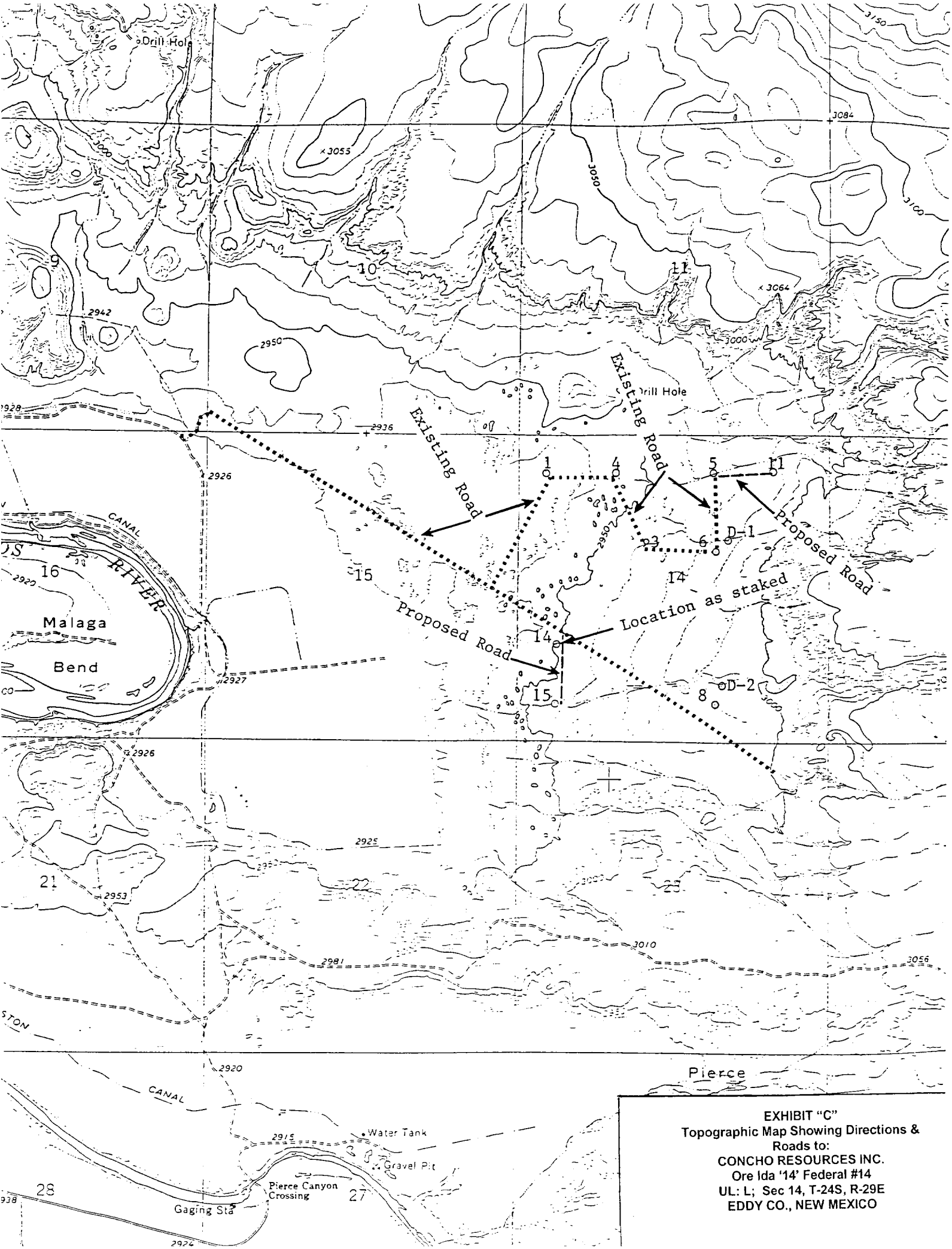
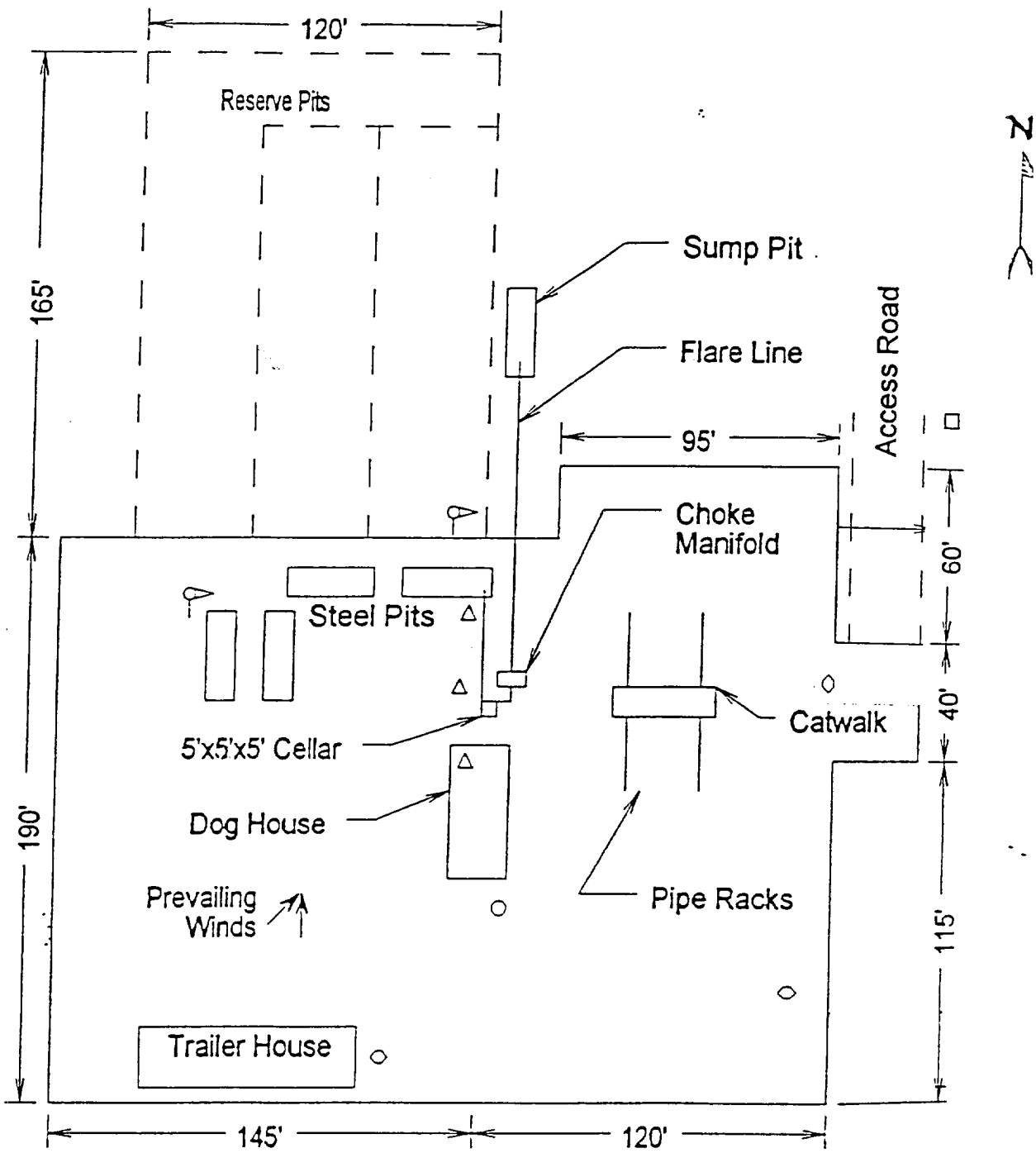
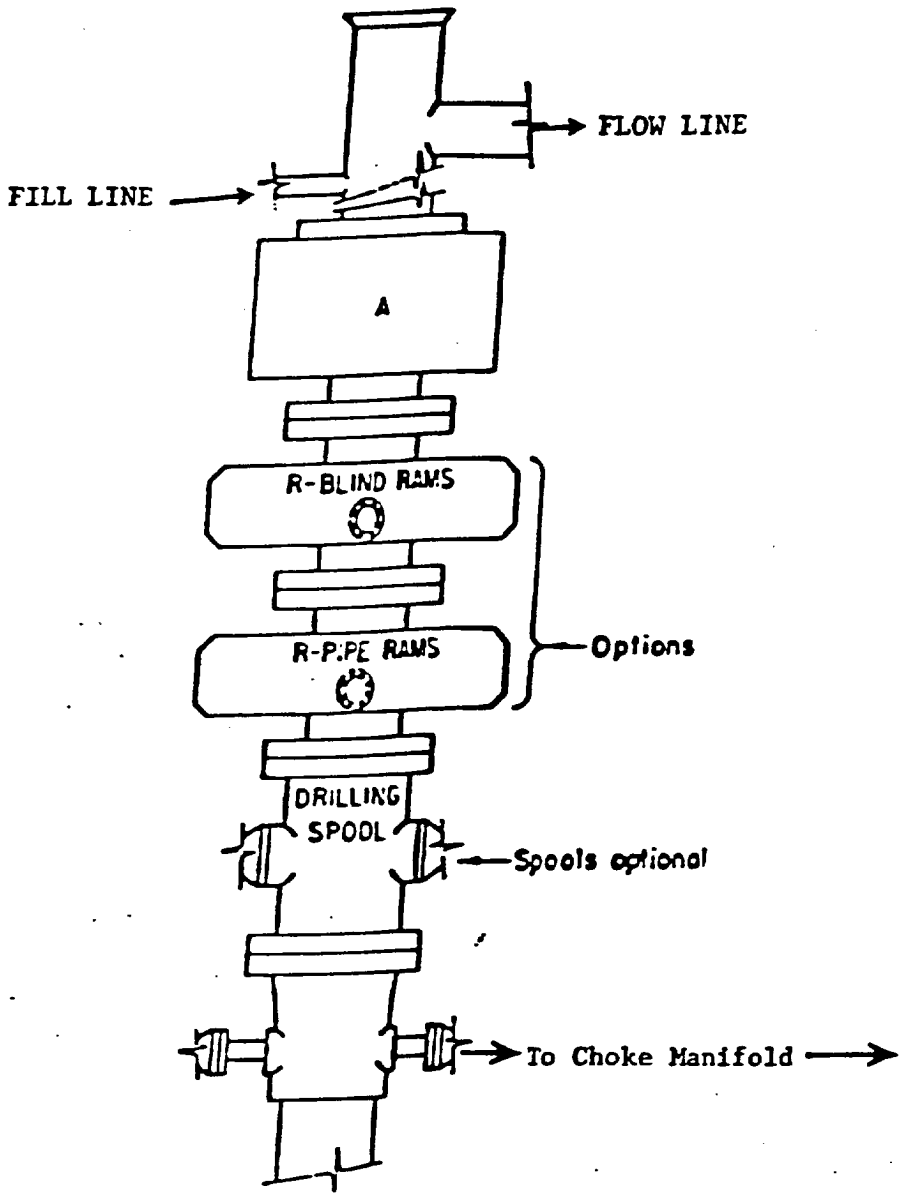


EXHIBIT "C"
Topographic Map Showing Directions & Roads to:
CONCHO RESOURCES INC.
Ore Ida '14' Federal #14
UL: L; Sec 14, T-24S, R-29E
EDDY CO., NEW MEXICO



- 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.
Ore Ida '14' Federal #14
UL: L; Sec 14, T-24S, R-29E
EDDY CO., NEW MEXICO



ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
BOP SKETCH TO BE USED ON:
CONCHO RESOURCES INC.
Ore Ida '14' Federal #14
UL: L; Sec 14, T-24S, R-29E
EDDY CO., NEW MEXICO

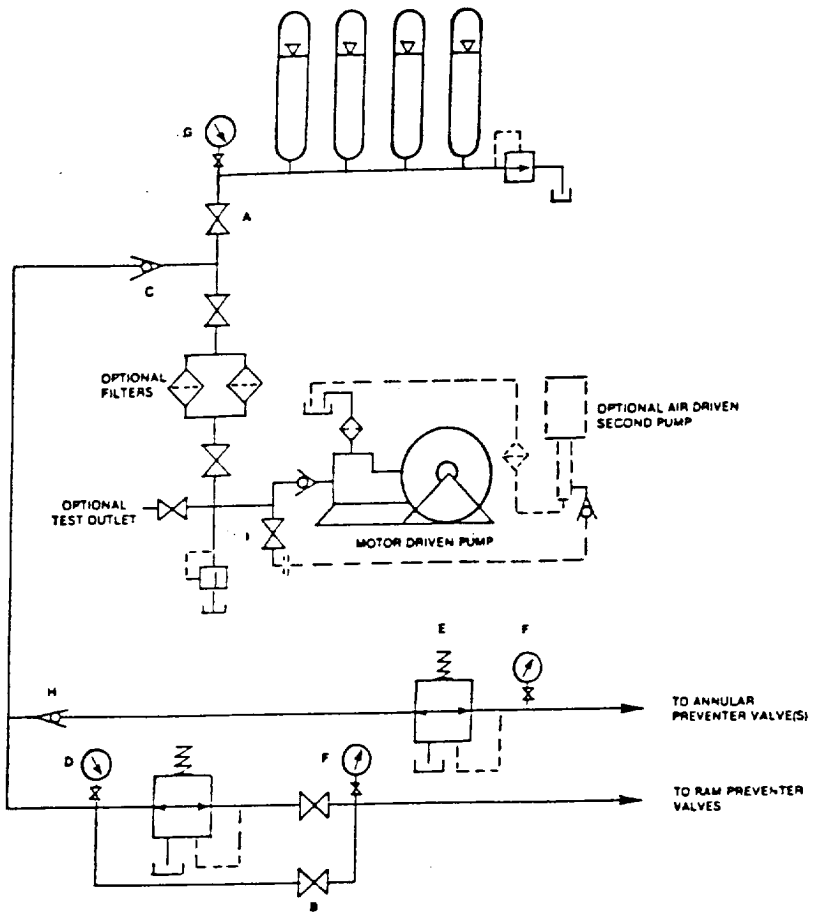


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

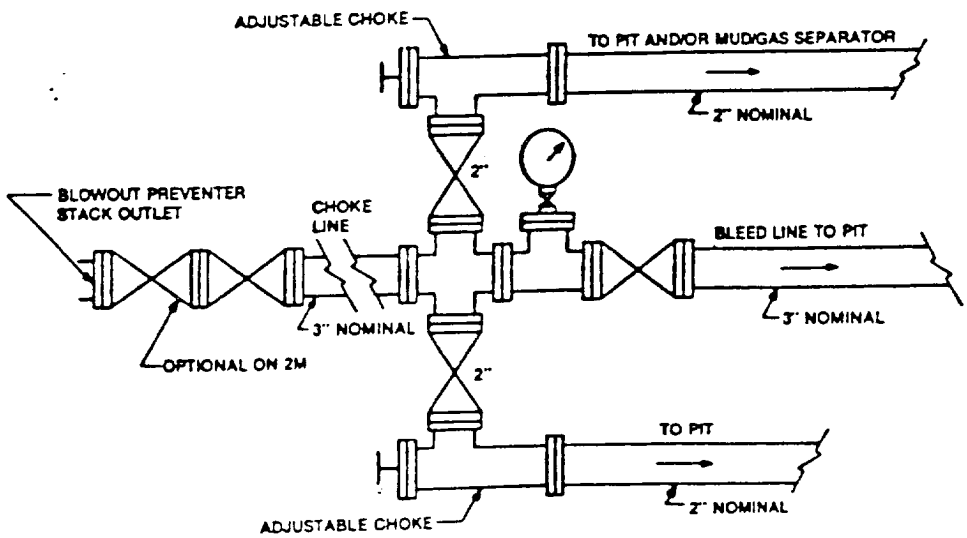


FIGURE K4-1. Typical choke manifold assembly for 2M and 3M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT
CONCHO RESOURCES INC.
Ore Ida '14' Federal #14
UL: L; Sec 14, T-24S, R-29E
EDDY CO., NEW MEXICO