<ol> <li>Drill 25"</li> <li>Drill 17<sup>1</sup>/<sub>2</sub>' 650 Sx. of</li> <li>Drill 12<sup>1</sup>/<sub>4</sub>" 510 Sx of + <sup>1</sup>/<sub>4</sub># Floce</li> <li>Drill 7 7/ 600 Sx. of + additive</li> <li>ABOVE SPACE DESCRIP pen directonally, give pro- successory</li> <li>SIGNED</li> <li>This spuce for Fede</li> <li>PERMIT NO.</li> </ol>	' hole to 775'. Ri E Class "C" cemen ' hole to 2800'. I Class "C" Light ele/Sx. circulate '8" hole to 8500' E Class "H" Light es. Estimate top of BE PROPOSED PROGRAM: If p inent data on subsurface locations	un and set 77 t + 2% CaCl + Run and set 2 + additives, cement to su . Run and set + additives, of cement 250	conductor pipe an 5' of 13 3/8" 48# - ½# Flocele/ Sx. 800' of 8 5/8" 32 tail in with 200 rface. 8500' of 5½" 17# tail in with 250 0' from surface. data on present product 222878 entitle option of 5½" 17# tail in with 250 0' from surface.	H-40 ST circulat # J-55 S Sx. of C J-55 LT Sx. of C	&C casing. CEme e cement to sur T&C casing. Cem lass "C" cement &C casing. Ceme Class "H" Premi VAL Class "H" Premi VAL DATE 02/09/0	ent with face. ment with t + 2% CaClent with tum Plus
<ol> <li>Drill 25"</li> <li>Drill 17<sup>1</sup>/<sub>2</sub>' 650 Sx. of</li> <li>Drill 12<sup>1</sup>/<sub>4</sub>" 510 Sx of + <sup>1</sup>/<sub>4</sub># Floce</li> <li>Drill 7 7/ 600 Sx. of + additive</li> <li>ABOVE SPACE DESCRIP open directionally give pro- successory</li> <li>This space for Fede</li> </ol>	' hole to 775'. Ri E Class "C" cemen ' hole to 2800'. I Class "C" Light ele/Sx. circulate '8" hole to 8500' E Class "H" Light es. Estimate top of BE PROPOSED PROGRAM: If p inent data on subsurface locations	un and set 77 t + 2% CaCl + Run and set 2 + additives, cement to su . Run and set + additives, of cement 250	5' of 13 3/8" 48# - 1/2# Flocele/ Sx. 800' of 8 5/8" 32 tail in with 200 rface. 8500' of 51/2" 17# tail in with 250 0' from surface. data on present product 2223076 entical depths. Given Powout preve Agen	H-40 ST circulat # J-55 ST Sx. of C J-55 LT Sx. of C Sx. of C	&C casing. CEme e cement to sur T&C casing. Cem lass "C" cement &C casing. Ceme Class "H" Premi V-1 V-1 Example 2002. If prop any. DATE 02/09/0	ent with face. nent with t + 2% CaC ent with tum Plus
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<ol> <li>Drill 25"</li> <li>Drill 17<sup>1</sup>/<sub>2</sub>' 650 Sx. of</li> <li>Drill 12<sup>1</sup>/<sub>4</sub>' 510 Sx of + <sup>1</sup>/<sub>4</sub># Floce</li> <li>Drill 7 7/ 600 Sx. of + additive</li> </ol>	' hole to 775'. Ri E Class "C" cemen ' hole to 2800'. I Class "C" Light ele/Sx. circulate '8" hole to 8500' E Class "H" Light es. Estimate top o	un and set 77 t + 2% CaCl + Run and set 2 + additives, cement to su . Run and set + additives, of cement 250	<pre>'5' of 13 3/8'' 48# '¼ Flocele/ Sx. 800' of 8 5/8'' 32 tail in with 200 rface. 8500' of 5½'' 17# tail in with 250 0' from surface. data on present protist 322378</pre>	H-40 ST circulat # J-55 S Sx. of C J-55 LT Sx. of C APLES SFECTOR	&C casing. CEme e cement to sur T&C casing. Cem lass "C" cement &C casing. Ceme Class "H" Premi V-1	ent with face. ment with t + 2% CaCl ent with tum Plus
<ol> <li>Drill 25"</li> <li>Drill 175' 650 Sx. of</li> <li>Drill 125'' 510 Sx of + 510 Sx of</li> <li>4. Drill 7 7/ 600 Sx. of + additive</li> </ol>	' hole to 775'. R Class "C" cemen ' hole to 2800'. I Class "C" Light ele/Sx. circulate '8" hole to 8500' Class "H" Light es. Estimate top o	un and set 77 t + 2% CaCl + Run and set 2 + additives, cement to su . Run and set + additives, of cement 250	<pre>'5' of 13 3/8" 48# '¼ Flocele/ Sx. 800' of 8 5/8" 32 tail in with 200 rface. 8500' of 5½" 17# tail in with 250 0' from surface.</pre>	H-40 ST circulat # J-55 S Sx. of C J-55 LT Sx. of ( AC C S	&C casing. CEme e cement to sur T&C casing. Cen lass "C" cement &C casing. Ceme Class "H" Premi	ent with face. ment with t + 2% CaCl ent with tum Plus
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<ol> <li>Drill 25"</li> <li>Drill 17<sup>1</sup>/<sub>2</sub>' 650 Sx. of</li> <li>Drill 12<sup>1</sup>/<sub>4</sub>' 510 Sx of + <sup>1</sup>/<sub>4</sub># Floce</li> <li>Drill 7 7/ 600 Sx. of</li> </ol>	' hole to 775'. R E Class "C" cemen ' hole to 2800'. F Class "C" Light ele/Sx. circulate '8" hole to 8500' E Class "H" Light	un and set 77 t + 2% CaCl + Run and set 2 + additives, cement to su . Run and set + additives,	<pre>'5' of 13 3/8" 48# '½# Flocele/ Sx. 800' of 8 5/8" 32 tail in with 200 rface. 8500' of 5½" 17# tail in with 250</pre>	H-40 ST circulat # J-55 S Sx. of C J-55 LT Sx. of (	&C casing. CEme e cement to sur T&C casing. Cen lass "C" cement &C casing. Ceme Class "H" Premi	ent with face. ment with t + 2% CaCl ent with
<ol> <li>Drill 25"</li> <li>Drill 17½' 650 Sx. of</li> <li>Drill 12½' 510 Sx of + ½# Floce</li> </ol>	'hole to 775'. R Class "C" cemen 'hole to 2800'. P Class "C" Light ele/Sx. circulate	un and set 77 t + 2% CaCl + Run and set 2 + additives, cement to su	75' of 13 3/8" 48# - ½# Flocele/ Sx. 800' of 8 5/8" 32 tail in with 200 rface.	H-40 ST circulat # J-55 S Sx. of C	&C casing. CEme e cement to sur T&C casing. Cen lass "C" cement	ent with face. ment with : + 2% CaCl
<ol> <li>Drill 25"</li> <li>Drill 17<sup>1</sup>/<sub>2</sub>' 650 Sx. of</li> <li>Drill 12<sup>1</sup>/<sub>4</sub>' 510 Sx of</li> </ol>	'hole to 775'. R E Class "C" cemen 'hole to 2800'. 1 Class "C" Light -	un and set 77 t + 2% CaCl + Run and set 2 + additives,	75' of 13 3/8" 48# - 坛# Flocele/ Sx. 800' of 8 5/8" 32 tail in with 200	H-40 ST circulat # J-55 S	&C casing. CEme e cement to sur T&C casing. Cem	ent with face.
<ol> <li>Drill 25"</li> <li>Drill 17<sup>1</sup>/<sub>2</sub></li> <li>650 Sx. of</li> <li>Drill 12<sup>1</sup>/<sub>4</sub>"</li> </ol>	' hole to 775'. R E Class "C" cemen ' hole to 2800'. 1	un and set 77 t + 2% CaCl + Run and set 2	75' of 13 3/8" 48# - ½# Flocele/ Sx. 800' of 8 5/8" 32	H-40 ST circulat # J-55 S	&C casing. CEme e cement to sur T&C casing. Cem	ent with face.
1. Drill 25" 2. Drill 17 <sup>1</sup> 2'	'hole to 775'. Ri	un and set 77	'5' of 13 3/8" 48#	H-40 ST	&C casing. CEme	ent with
1. Drill 25"						
	hole to 40'. Set	: 40' of 20" of	conductor pipe an	d cement	to surface wit	th Redi-mi
, , ,		± /	0000	1000 SX.	. estimate top	cem. 2500
7 7/8"	J-55 8 5/8	32	2800'	710 Sx	•	
17 <sup>1</sup> / <sub>2</sub> "	$-\frac{H-40}{J-55}$ $\frac{13}{8}$ $\frac{3}{8}$	48	775' 2		. circulate to	surface
25"	Conductor	NA	40 '		to surface wit	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH		QUANTITY OF CEMEN	<u></u>
3.			AND CEMENTING PROGR	AM S	t Abour	S.1.+
2007A.1073 (300W 1	nucul <del>er</del> 172, Ris, UK, ECC.}	3647' GR.			22. APPROX. DATE WO	
OR APPLIED FOR, ON :	whether DF. RT. GR. etc.)	1000'	8500'	ROT.		
3. DISTANCE FROM PE	OFOSED LOCATION		19. PROPOSED DEPTH	20. ROTA	RT OR CABLE TOULS	, 
LOCATION TO NEAR PROPERTY OR LEASE	EST	330'	80		OF ACEES ASSIGNED HIS WELL 4(	)
15. DISTANCE FROM PRO			Hills New Mexico	117 80.0	EDDY CO.	NM
	3 AND DIRECTION FROM NEA				12. COUNTY OF PARISH	13. STATE
At proposed prod. :	SAME	Uni	ī D		SEC. 17 T18	S-R31E
	330' FWL SEC. 17	T18S-R31E E	EDDY CO. NM		11. SEC., T., E., M., OF AND SURVEY OF AN	
4. LOCATION OF WELL At surface	(Report location clearly an	d in accordance with	any State requirements.")	000 /440	SHUGART NORTH	LOCAT
	· · ·		TEXAS 79702 (915-	683-74/3	30-0/5-	31728
CONCHO RESOL		(ERICK NELS	ON) 915-683-7443		9. AR WELL NO.	<u>"17" FED.</u>
2. NAME OF OPERATOR	WELL OTHER	10 Hil	ZONE ZON		8. FARM OR LEASE NAME W WEST SHUGART	ELL NO.
b. TIPE OF WELL OIL	GY2		_	TIPLE		27000
1a. TYPE OF WORK	DRILL X	DEEPEN [			7. UNIT AGREEMENT	NAXI
	LICATION FOR I	PERMIT TO E	RILLOR DEEPEI	N	6. IF INDIAN, ALLOTT	E OR TRIBE NAM
	BUREAU O	F LAND MANAG	EMENT /	· •	5. LEASE DEBIGNATION	
		TED STATES		36 81461	Expires: Febr	NATY 28 1000
	011			structións on se side)		100 31
(July 1992)	UN		(Orber In		FORM AP	PROVEN

/s/ LESLIE	A. THEISS
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\*See Instructions On Reverse Side

\_ me \_\_\_

DISTRICT I				State o	of New	v Mexico			
DISTRICT II DISTRICT II	80		Energy,	Minerals and	Natural l	les surces Department	Submit	Revised Februar to Appropriate Dist	rict Office
DISTRICT II DISTRICT III	-0719	OIL	CON		ATI Box 2	ON DIVIS 088	ION	State Lease Fee Lease	
1000 Rio Brazos Rd., Aztec, M DISTRICT IV	67410		Santa F	e, New	Mexic	o 87504-2088			
P.0. BOX 2055, SANTA FE, N.M. 875	i04-2088 ·	WELL LO	CATION	AND A	CREA	GE DEDICATI	ON PLAT	AMENDEI	REPORT
API Number		5640	Pool Code		्रमा	GART NORTH -	Pool Name	· · · · · · · · · · · · · · · · · · ·	
Property Code		· · · · · · · · · · · · · · · · · · ·	EST SH		rty Nam	e	DONE DIRENC	Well Num 2	iber
OGRID No.				Opera	tor Nam			Elevation 364	
166111			CONC	Surfac			<u></u>		/
UL or lot No. Section	Township	Range	Lot Idn	Feet from		North/South line	Feet from the	East/West line	County
D 17	18-S	31-E		99		NORTH	330	WEST	EDDY
UL or lot No. Section	Township	Range	Hole Loc Lot Idn	Feet from		rent From Sur North/South line	Feet from the	East/West line	County
Dedicated Acres Joint of 40	r Infill   Co	nsolidation (	Code Or	der No.					
NO ALLOWABLE W						NTIL ALL INTER APPROVED BY		EEN CONSOLID	ATED
SEE DETAIL	3646.2	] 3640.4					I hereby contained herein best of my know Signature Joe T. Printed Nam Agent Title 02/09-01 Date SURVEYO I hereby certify on this plat we actual surveys supervison an correct to th	Anica e DR CERTIFICAT y that the well locat made by me or id that the same is e best of my belie JARY 19, 200 Seal of	formation eie to the

State of New Mexico

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. <u>17</u> TWP. <u>18</u>—S RGE. <u>31</u>—E SURVEY <u>N.M.P.M.</u> COUNTY <u>EDDY</u> DESCRIPTION <u>990'FNL & 330'FWL</u> ELEVATION <u>3647'</u> OPERATOR <u>CONCHO RESOURCES, INC.</u> LEASE WEST SHUGART "17" FEDERAL

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

# LOCATION VERFICATION MAP



# LOCATION VERFICATION MAP



SEC. <u>17</u> TWP.<u>18-S</u> RGE. <u>31-E</u>

SURVEY N.M.P.M.

COUNTY\_\_\_\_EDDY\_\_\_\_

DESCRIPTION 990'FNL & 330'FWL

ELEVATION \_\_\_\_\_\_ 3647'

OPERATOR <u>CONCHO RESOURCES</u>, INC. LEASE <u>WEST SHUGART</u> "17" FEDERAL U.S.G.S. TOPOGRAPHIC MAP

LOCO HILLS, HACKBERY LAKE N.M.

CONTOUR INTERVAL: 10' LOCO HILLS, HACKBERRY LAKE N.M.

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

#### APPLICATION TO DRILL

CONCHO RESOURCES, INC. WEST SHUGART "17" FEDERAL # 2 UNIT "D" SECTION 17 T18S-R31E 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: 990' FNL & 330' FWL SEC. 17 T18S-R31E EDDY CO. NM
- 2. Elevation above Sea Level: 3647' GR.
- 3. Geologic name of surface formation: Quaternery 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: 8500'
- 6. Estimated tops of geological markers:

Rustler Anhydrite	575 <b>'</b>	San Andres	3800'
Yates	1950'	Delaware	5775 <b>'</b>
Queen	3150'	Bone Spring	8150'

#### 7. Possible mineral bearing formations:

San Andres	Oil	Bone Spring	0i1
Delaware	Oil		

8. Casing program:

_	Hole size	Interval	OD of casing	Weight	Thread	Cullar	Grade	_
	25"	0-40	20"	NA	NA	NA	Conductor	
	17 <sup>1</sup> 2"	0-775'	13 3/8"	48#	8-R	ST&C	H-40	
	12 <sup>1</sup> z''	0-2800'	8 5/8"	32#	8-R	ST&C	J-55	
	7 7/8"	0-8500'	5 <sup>1</sup> <sub>2</sub> ''	17#	8-R	LT&C	J <b>-</b> 55	

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#### APPLICATION TO DRILL

CONCHO RESOURCES, INC. WEST SHUGART "17" FEDERAL # 2 UNIT "D" SECTION 17 T18S-R31E EDDY CO. NM

#### 9. Cementing and Setting Depth:

20"	Conductor	Set 40' of 20' conductor and cement to surface with Redi-mix.
13 3/8" 2733 maryt	Surface Sectors Discipline Status Sact!	Set 775' of 13 3/8" $48\#$ H-40 ST&C casing. Cement with 650 Sx. of Class "C" cement + 2% CaCl + $\frac{1}{2}\#$ Flocele/Sx. Circulate cement to surface.
8 5/8"	Intermediate	Set 2800' of 8 5/8" 32# J-55 ST&C casing. Cement with 510 Sx. of Class "C" Light + additives, tail in with 200 Sx. of Class "C" cement + 2% CaCl + ½# Flocele/Sx. Circulate cement to surface.
5½"	Production	Set 8500' of $5\frac{1}{2}$ " 17# J-55 LT&C casing. Cement with 600 Sx. of Class "H" Light + additives, tail in with 250 Sx. of Class "H" Premium Plus + additives, estimate top of cement 2500' from surface.

10. Pressure Control Equipment: Exhibit "E". A 900 Series 3000 PSI working pressure B.O.P. consisting of a double ram type preventor with a bag type annular preventor. BOP un-t 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 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.

Depth	Mud Wt.	Visc,	Fluid Loss	Type Mud
40-775'	8.4-8.7	29-34	NC	Fresh water Spud mud add paper to control seepage, use high viscosity sweeps to clean hole.
775-2800'	10-10.4	29-36	NC	Brine water use paper to control seepage and high viscosity sweeps to clean hole.
2800-8000'	8.9-9.5	32-38	NC	Cut Brine using high viscosity sweeps to clean hole.
8000-8500	8.8-9.5	32-38	lOcc or less	Cut brine with a Gel/Pac system for water loss control.

11. Proposed Mud Circulating System:

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, & unexpected kicks. In order to rud DST's , open hole logs and casing viscosity and water loss may have to be controled.

#### APPLICATION TO DRILL

CONCHO RESOURCES, INC. WEST SHUGART "17" FEDERAL # 2 UNIT "D" SECTION 17 T18S-R31E EDDY CO. NM

#### 12. Testing, Logging and Coring Program:

- A. Open hole logs: Gamma Ray, Neutron Density with caliper, Laterolog MSFL from TD to 2800'. Gamma Ray Neutron from 2800' to surface.
- B. Two man mud logging unit on hole from 4500' to TD.
- C. Side wall cores may be taken over possible productive intervals.
- D. DST's may be run if shows dictate.

#### 13. Potential Hazards:

### 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 <u>28</u> 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 <u>BONE SPRING</u> pay will be perforated and stimulated. The well will be swab tested and potentialed as an oil 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 hazzards
  - 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 seperator will be brought into service along with  $H_2S$  scavengers if necessary.

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CONCHO RESO	URCES, INC.
WEST SHUGART "1	7" FEDERAL # 2
UNIT "D"	SECTION 17
T18S-R31E	EDDY CO. NM

- 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. Existings 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 as staked.
  - B. From Loco Hills New Mexico take U.S. Hi-way 82, 5.5 miles East to CR-222, turn South go 4.4 miles turn West follow lease road .6 miles, turn South go .2 miles turn West go .25 miles to well # 1 location turn North go 990' to location of well # 2.
  - C. Construct powerlines and lay flowlines along access roads and existing R-O-W's that will allow this well to produce oil & gas. See Exhibit "F" attached.

<u>.</u>..

2. PLANNED ACCESS ROADS : Approximately 990' 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"

Α.	Water wells -	None known
в.	Disposal wells -	None known
с.	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. WEST SHUGART "17" FEDERAL # 2 UNIT "D" SECTION 17 T18S-R31E EDDY CO. NM

- 4. If on completion this well is a producer Concho Resources, Inc. will furnish maps and/or plats showing on site facilities or off site facilities if required. R-O-W's for pipelines and powerlines along existing R-O-W's or existing roads as shown on Exhibit "F"
- 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 quaters 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 Porta-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.

CONCHO RESOURCES, INC. WEST SHUGART "17" FEDERAL # 2 UNIT "D" SECTION 17 T18S-R31E 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. WEST SHUGART "17" FEDERAL # 2 UNIT "D" SECTION 17 EDDY CO. NM T18S-R31E

## 11. OTHER INFORMATION:

- A. Topography consists of sand dunes, sandy soils with native grasses consisting of Sand Sage, Scrub Oak, Snakeweed and Mesquite. Drainage is Westerly toward the Querecho Plains.
- B. The surface is owned by The Bureau of Land Management, U.S. Dept. of Interior.
- C. An Archaeological survey will be conducted and the results will be submitted to the Bureau of Land Management, Carlsbad, New Mexico.
- D. No dwellings within one mile of location.
- 12. OPERATORS REPRESENTATIVE:

Field representative to contact regarding compliance with Application to Drill and Surface Use Plan is:

Before APD is approved.

### After APD is approved.

Tierra Exploration Inc.	
P.O. Box 2188	Concho Resources, Inc.
Hobbs, N.M. 88241 Joe T. Janica	110 West Louisiana Suite 410
Office Phone: 505-392-2112	Midland, Texas 79702 Jim Blount 915-683-7442

13. CERTIFICATION: I hereby certify that I, or persons under by 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. it's contractors/subcontractors in conformity with this plan and the terms and the conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for filing a false statement.

DATE:	02/09/01	$\bigcirc$
NAME:	JOE T. JANICA	Jast Janica
TITLE:	AGENT	$\overline{\Box}$

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