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| <input type="checkbox"/> Hand Delivered Received by |

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

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|-----------------|
| Identification |
| IID |
| Lease NMNM96212 |
| CA |
| Unit |
| PA |

| | | | | | | |
|---|-----------------------|---|--------------|-----------------|--------------|-----------------|
| Bureau of Land Management Office CARLSBAD FIELD OFFICE | | Operator CONCHO RESOURCES INC | | | | |
| Address P O BOX 1778 CARLSBAD NM 88220 | | Address 110 W LOUISIANA, SUITE 410 MIDLAND TX 79701 | | | | |
| Telephone 505.887.6544 | | Attention | | | | |
| Inspector Eugene Hunt | | Attn Addr | | | | |
| Site Name ANGEL 6 FED | Well or Facility 1 | Township 20S | Range 28E | Meridian NMP | Section 6 | 1/4 1/4 NWSW |
| Site Name ANGELL 6 FED #1 BATTERY | Well or Facility A | Township 20S | Range 28E | Meridian NMP | Section 6 | 1/4 1/4 NWSW |

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

| Date | Time (24 - hour clock) | Violation | Gravity of Violation |
|--------------------------------------|------------------------|------------------------------|----------------------|
| 03/14/2000 | 10:00 | 43 CFR 3162.5-1 | MINOR |
| Corrective Action To Be Completed By | Date Corrected | Assessment for Noncompliance | Assessment Reference |
| 04/18/2000 | 4/18/00 | | 43 CFR 3163.1() |

Remarks REPEATED OIL SPILLS AT THE TRUCK LOADING SPOT HAVE SATURATED THE SOIL IN AREA. REMOVE AND REPLACE AFFECTED SOIL AND EMPTY SUMP VESSEL AS NEEDED TO PREVENT FUTURE OVERFILLING AND SUBSEQUENT CONTAMINATION OF SOIL.

When violation is corrected, sign this notice and return to above address.

Company Representative Title Production Analyst Signature  Date 4/24/00

Company Comments

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 4015 Wilson Blvd., Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer  Date 3/14/00 Time 1647

FOR OFFICE USE ONLY

| | | | | |
|--------------------------|------|------------|---------|-------------|
| Number 3 | Date | Assessment | Penalty | Termination |
| Type of Inspection SP | | | | |