

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

CONCHO OIL & GAS CORP. (915-683-7443) ERICK NELSON

3. ADDRESS AND TELEPHONE NO.

110 WEST LOUISIANA SUITE 410 MIDLAND, TEXAS (915-683-7443)

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

At surface

1980' FNL & 1650' FEL SECTION 14 T20S-R35E

At proposed prod. zone SAME

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

Approximately 45 miles Southwest of Hobbs New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT. 990'

(Also to nearest drlg. unit line, if any)

18. NO. OF ACRES IN LEASE

320

19. PROPOSED DEPTH

11,600'

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

3671' GR

Lea County Controlled Water Basin

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	20"	NA	40'	Cement to surface with Redi-mix
17 1/2"	H-40 13 3/8"	48	400'	400 Sx. circulate cement
12 1/4"	J-55 8 5/8"	32	4000'	1400 Sx. " " "
7 7/8"	N-80, S-95 5 1/2"	17	11,600'	800 Sx. Estimate TOC 6000'

1. Drill 25" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 400'. Run and set 400' of 13 3/8" 48# H-40 casing. Cement with 400 Sx. of Class "C" cement + 2% CaCl₂ + 1/4# Flocele/Sx. Circulate cement to surface.
3. Drill 12 1/4" hole to 4000'. Run and set 4000' of 8 5/8" 32# J-55 ST&C casing. Cement with 1200 Sx. of Class "C" Light Weight cement + additives, tail in with 200 Sx. of Class "C" cement + 1% CaCl₂. Circulate cement to surface.
4. Drill 7 7/8" hole to 11,600'. Run and set 11,600' of 5 1/2" casing as follows: 1400' of 5 1/2" 17# S-95 LT&C, 8400' of 5 1/2" 17# N-80 LT&C, 1800' 5 1/2" 17# N-80 Buttress Thread. Cement with 500 Sx. of Class "H" Light Weight cement + additives, tail in with 300 Sx. of Class "H" Premium Plus cement + additives. Estimate top of cement 6000' from surface.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 other pertinent data for program, if any.

24.

SIGNED

TITLE Agent

DATE 05/20/03

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

/s/ JOE G. LARA

TITLE

ACTING
FIELD MANAGER

DATE

JUL 31 2003

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36353	Pool Code 24270	Pool Name FEATHERSTONE-BONE SPRING, East
Property Code 27356	Property Name NEUHAUS "14" FEDERAL	Well Number 4
OGRID No. 193407	Operator Name CONCHO OIL & GAS CORPORATION	Elevation 3671'

Surface Location

UL or lot No. G	Section 14	Township 20 S	Range 35 E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 1650	East/West line EAST	County LEA
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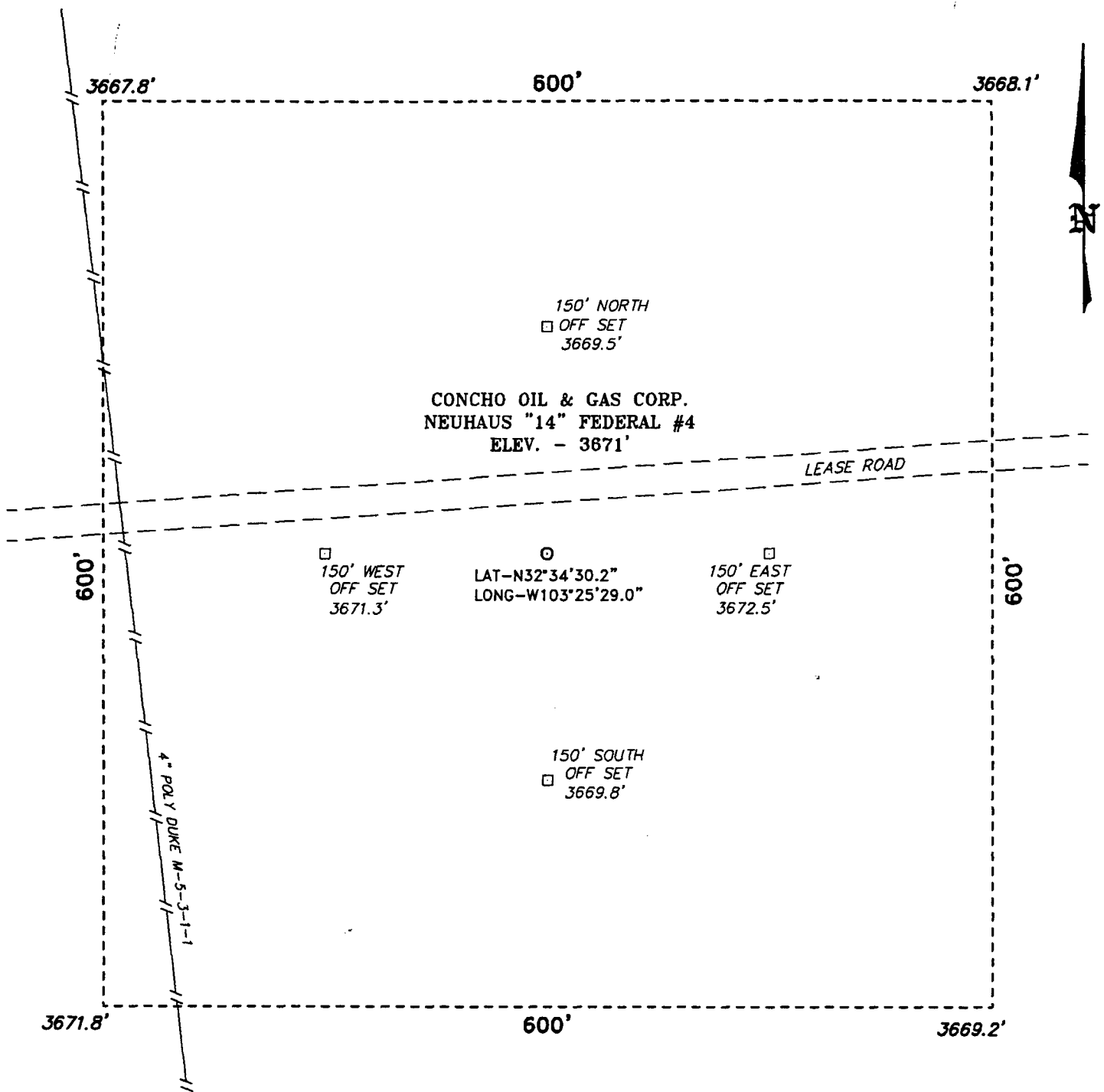
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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. Signature Joe T. Janica Printed Name Agent Title 05/20/03 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 supervision, and that the same is true and correct to the best of my belief. Date Surveyed Signature Professional Surveyor No. 3279 Certificate BASIN SURVEYS

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM JUNCTION US HWY 62/180 AND CO. RD. H-37 AT MILE MARKER 85, GO SOUTHEAST ON H-37 FOR 1.3 MILE TO A LEASE ROAD RIGHT; THENCE FOLLOW MAIN LEASE ROAD FOR 0.3 MILE WEST; THENCE 0.3 SOUTH; THENCE 0.1 MILE EAST; THENCE 1.0 MILE SOUTH; THENCE 0.5 MILE SOUTH AND SOUTHEAST; THENCE 0.2 MILE SOUTH; THENCE 2.0 MILES EAST; THENCE 2.9 MILES SOUTH TO A LEASE ROAD RIGHT; THENCE GO WEST ON LEASE ROAD FOR 0.6 MILE TO LOCATION.

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

W.O. Number: 3279

Drawn By: K. GOAD

Date: 05-15-2003

Disk: KJG CD#4 - 3279A.DWG

100 0 100 200 FEET

SCALE: 1" = 100'

CONCHO OIL & GAS CORP.

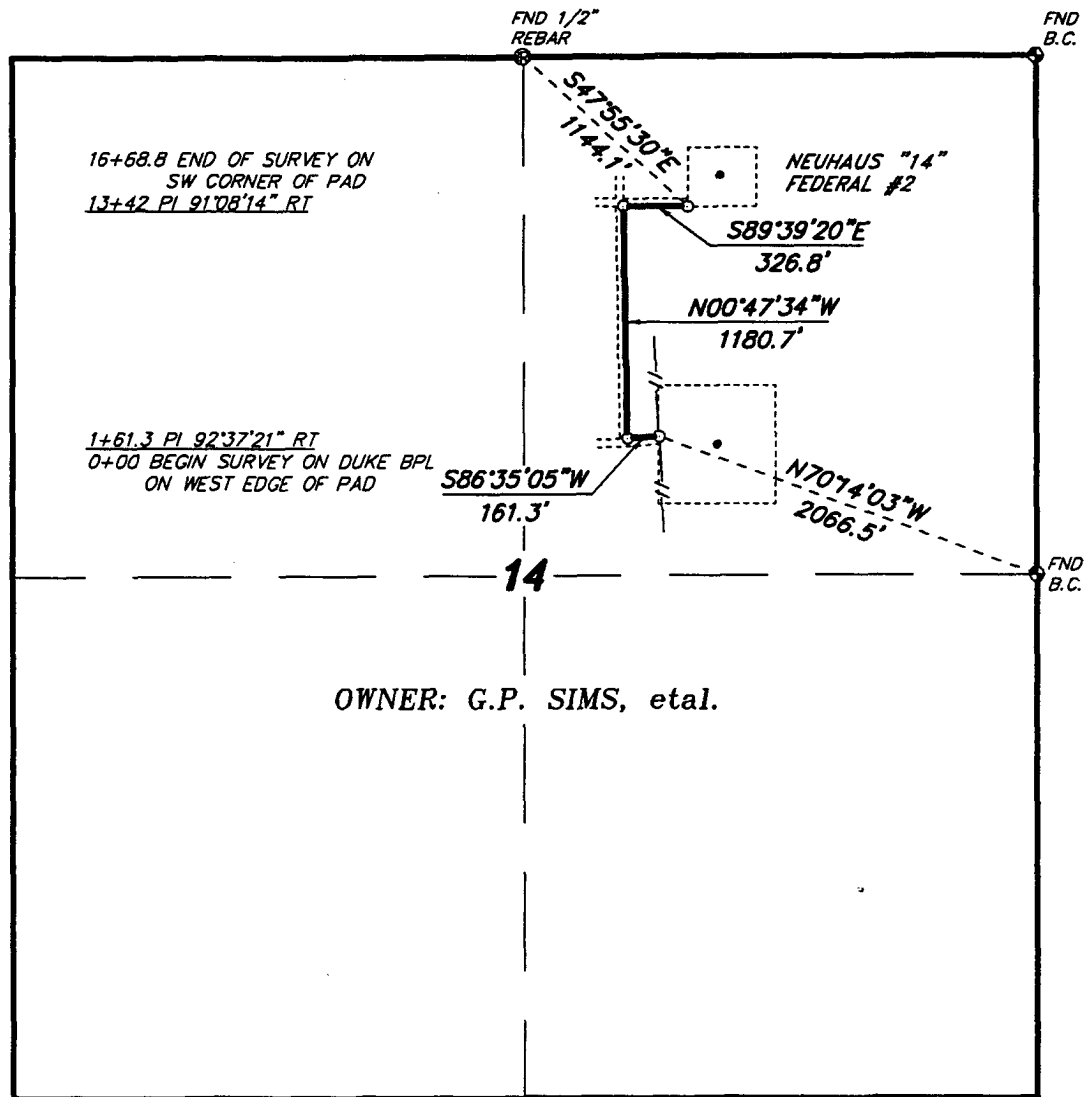
REF: NEUHAUS "14" FEDERAL No. 4 / Well Pad Topo

THE NEUHAUS "14" FED. No. 4 LOCATED 1980' FROM THE NORTH LINE AND 1650' FROM THE EAST LINE OF SECTION 14, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 05-14-2003

Sheet 1 of 1 Sheets

**SECTION 14, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**



OWNER: G.P. SIMS, etal.

LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 14, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT WHICH LIES N.70°14'03"W., 2066.5 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 14; THENCE S.86°35'05"W., 161.3 FEET; THENCE N.00°47'34"W., 1180.7 FEET; THENCE S.89°39'20"E., 326.8 FEET TO THE END OF THIS LINE WHICH LIES S.47°55'30"E., 1144.1 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 14. SAID STRIP OF LAND BEING 1668.8 FEET OR 101.14 RODS IN LENGTH.

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 7977
TEXAS P.L.S. No. 5074

1000 0 1000 2000 FEET

CONCHO OIL & GAS CORP.

REF: PROP. PIPELINE TO THE NEUHAUS "14" FEDERAL #4

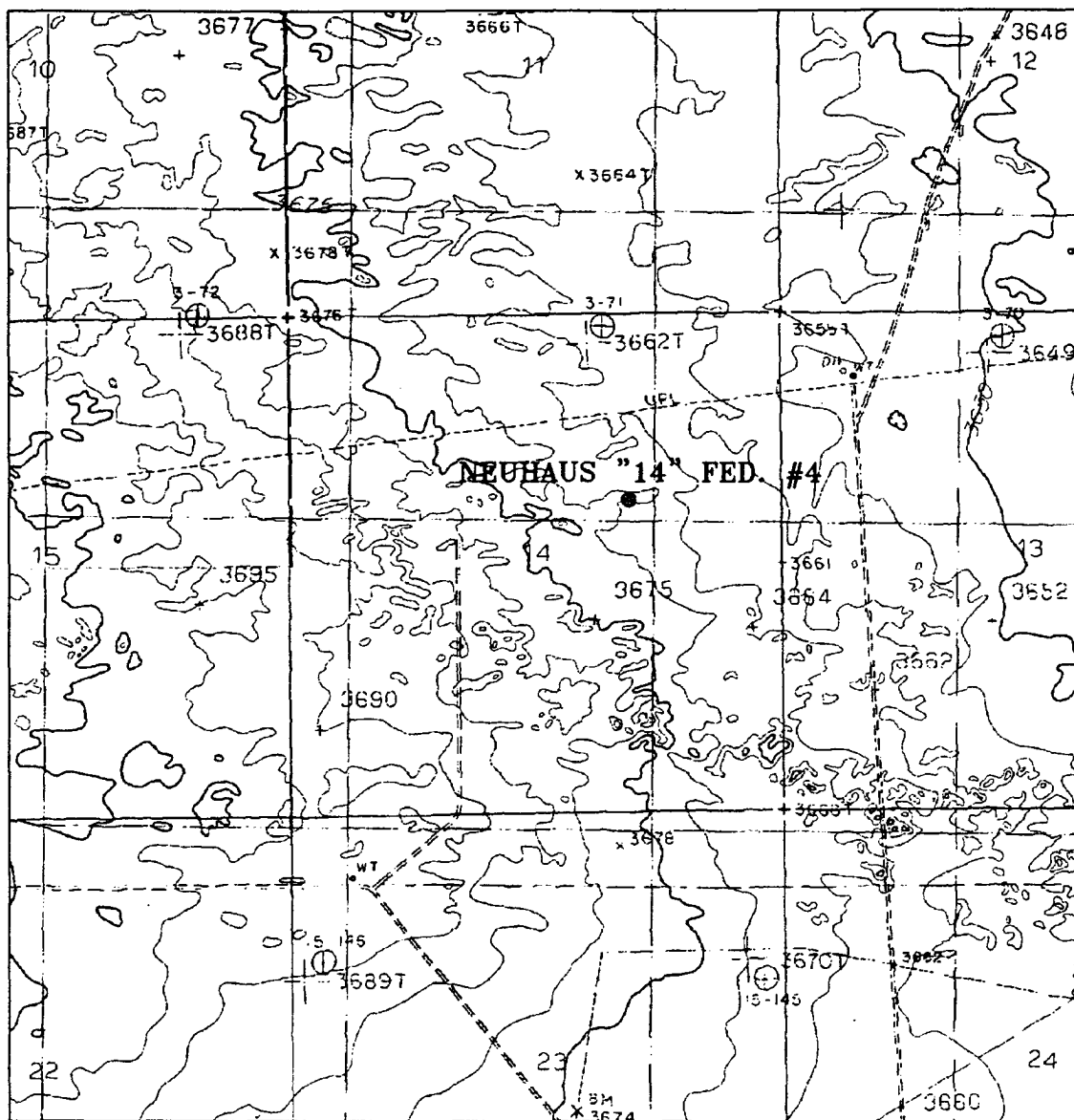
A PIPELINE CROSSING FEE LAND IN
SECTION 14, TOWNSHIP 20 SOUTH, RANGE 35 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 3279 Drawn By: **K. GOAD**

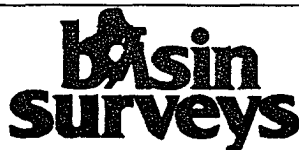
Date: 05-15-2003 Disk: KJG #5 - CON3279B.DWG

Survey Date: 05-14-2003 Sheet 1 of 1 Sheets



NEUHAUS "14" FEDERAL #4

Located at 1980' FNL and 1650' FEL
Section 14, Township 20 South, Range 35 East,
N.M.P.M., Lea County, New Mexico.



focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

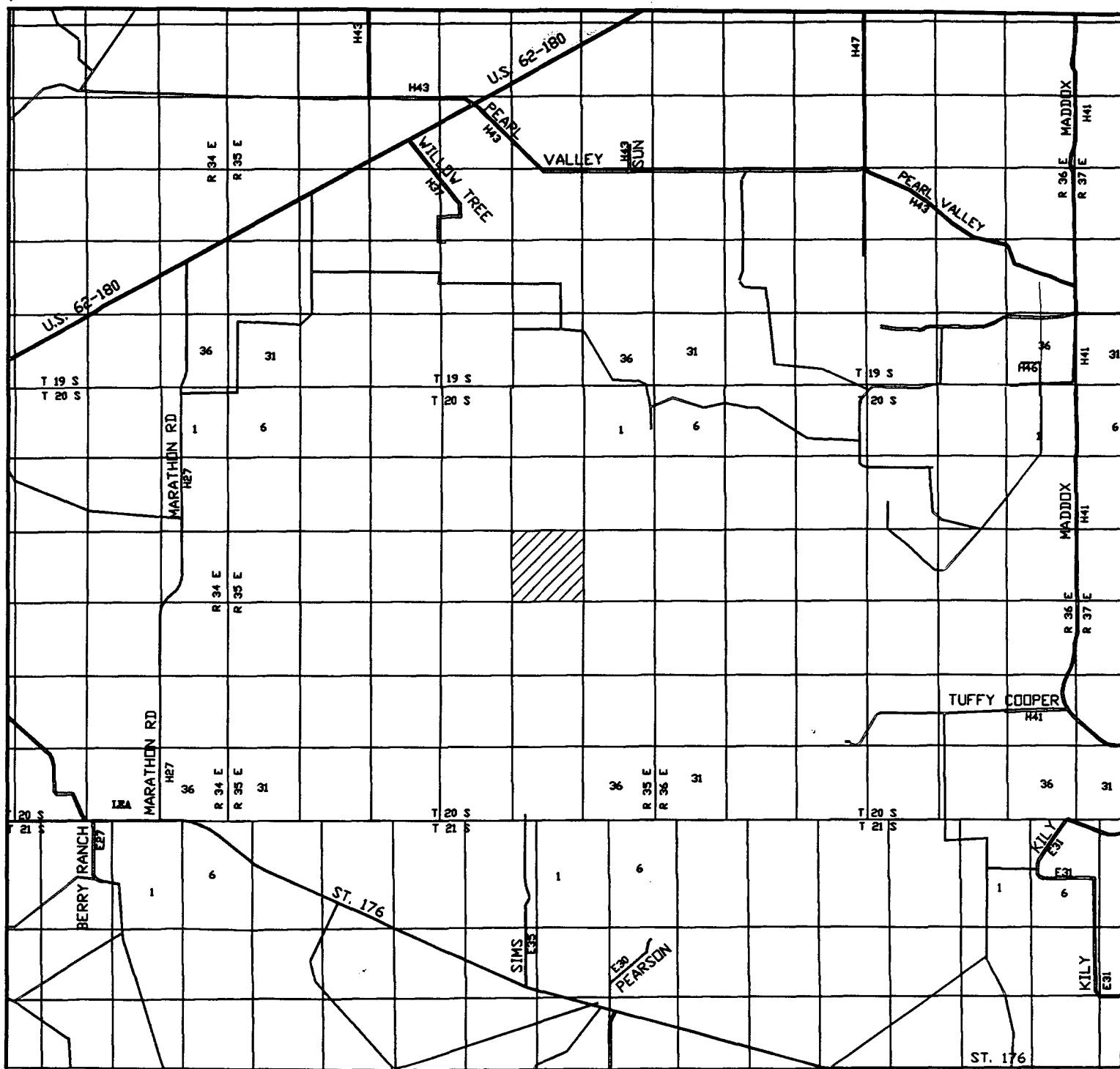
W.O. Number: 3279AA - KJG CD#5

Survey Date: 05-14-2003

Scale: 1" = 2000'

Date: 05-15-2003

**CONCHO
OIL & GAS
CORP.**



NEUHAUS "14" FEDERAL #4
 Located at 1980' FNL and 1650' FEL
 Section 14, Township 20 South, Range 35 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 3279AA - KJG CD#5

Survey Date: 05-14-2003

Scale: 1" = 2 MILES

Date: 05-15-2003

CONCHO
 OIL & GAS
 CORP.

APPLICATION TO DRILL

CONCHO OIL & GAS CORP.
 NEUHAUS "14" FEDERAL # 4
 UNIT "G" SECTION 14
 T20S-R35E LEA 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 of well: 1980' FNL & 1650' FEL SECTION 14 T20S-R35E LEA CO. NM

2. Ground Elevation above Sea Level: 3671' GR.

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 11,600'

6. Estimated tops of geological markers:

Rustler Anhydrite	2058'	Delaware	5885'
Yates	4098'	Bone Spring	8055'
Queen	4996'	3rd Bone Spring Sd.	11,060'
San Andres	5196'	Wolfcamp	11,300'

7. Possible mineral bearing formations:

Bone Spring	Oil
Wolfcamp	Oil

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
25"	0-40	20"	NA	NA	NA	Conductor
17½"	0-400'	13 3/8"	48#	8-R	ST&C	H-40
12¼"	0-4000'	8 5/8"	32#	8-R	ST&C	J-55
7 7/8"	0-11,600'	5½"	17#	8-R & Buttress	LT&C	S-95 N-80

APPLICATION TO DRILL

CONCHO OIL & GAS CORP.
 NEUHAUS "14" FEDERAL # 4
 UNIT "G" SECTION 14
 T20S-R35E LEA CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor and cement to surface with Redi-mix.
13 3/8"	Surface	Set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 400 Sx. of Class "C" cement + 2% CaCl, + 1/4# Flocele/Sx. Circulate cement to surface.
8 5/8"	Intermeniate	Set 4000' of 8 5/8" 32# J-55 ST&C casing. Cement with 1200 Sx. of Class "C" Light cement + additives, tail in with 200 Sx. of Class "C" cement + 2% CaCl, + 1/4# Flocele/Sx. Circulate cement to surface.
5 1/2"	Production	Set 11,600' of 5 1/2" casing as follows: 1400' of 5 1/2" 17# S-95 LT&C, 8400' of 5 1/2" 17# N-80 LT&C, 1800' of 5 1/2" 17# N-80 Buttress thread. Cement with 500 Sx. of Class "H" Light cement + additives, tail in with 300 Sx. of Class "H" Premium Plus cement Estimate TOC 6000' FS.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nipped up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-400'	8.4-8.7	29-34	NC	Fresh water Spud Mud add paper to control seepage.
400-4000'	10.0-10.2	29-38	NC	Brine water use paper to control seepage and High viscosity sweeps to clean hole.
4000-11,600'	10.0-10.3	29-40	*	Same as above but using Dris-pac to control water loss.

* Water loss control may be required by the geologist to reduce formation damage, Reduce water loss to 10 cc or less in order to run logs, DST's, and casing.

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

APPLICATION TO DRILL

CONCHO OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM

12. TESTING, LOGGING, & COREING PROGRAM:

- A. Open hole logs: Dual Laterolog, LDT, SNP, Gamma Ray, Caliper from TD back to 8 5/8" casing shoe.
- B. Run Cased hole logs: Gamma Ray, Neutron from 8 5/8" casing shoe to surface.
- C. Mud logger may be placed on hole at 4000' and remain on hole to TD.
- D. No DST's or cores are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H₂S detectors will be in place to detect any presence of unsafe levels of H₂S. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operations of all equipment that will be used. Estimated BHP 5500 PSI & estimated BHT 184°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Roads and location construction will begin after the BLM approves the APD. Anticipated spud date will be as soon as pad & road construction has been completed. Drilling time for the well is estimated to take 37 days. If production casing is run an additional 30 days will be required to complete well and construct surface facilities.

15. OTHER FACETS OF OPERATION:

After running production casing, cased hole Gamma-Neutron & Collar logs will be run over all possible pay intervals. If commercial production from the Bone Spring pay is indicated it will be perforated and stimulated. Then if necessary the pay will be swab tested and completed as an oil well.

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 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 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, 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 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 OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM

1. EXISTING ROADS: Area roads, Exhibit "B" is a reproduction of a County General Hiway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing 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 well site location as staked.
 - B. From Eunice New Mexico take State Hi-way 176 West for 16 miles to Pearson Road, turn Right follow road 5.3 miles bear Left go 3.8 miles, thrn Right (North) go 1.1 miles to well # 1-A, turn Right go .3+ miles to location on the South side of road.
 - C. Flow lines will be laid along road to existing tank battery as shown on Exhibit "F".
2. PLANNED ACCESS ROADS: No additional roads need to be constructed.
 - A. The access road will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.
 - B. Gradient on all roads will be less than 5%.
 - C. Turnouts will be constructed as required or as directed by the BLM.
 - D. If needed roads will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.
 - E. Center line for the new access road has been staked and flagged. Earthwork will be done as required by field and topographic conditions.
 - F. Culverts in the access road will be used where necessary. The road will be constructed to utilize low water crossings for drainage as dictated by the topography.
3. LOCATION OF EXISTING WELLS WITHIN A ONE-MILE RADIUS SHOWN ON EXHIBIT "A-1".
 - A. Water wells - None known
 - 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"
 - F. Injection wells - None known

SURFACE USE PLAN

CONCHO OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Possible routes of pipelines, flowlines and powerlines are 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 to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

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

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. All trash, junk and other waste material will be contained in trash cages or trash 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 the supplier, including broken sacks.
- D. Waste water from living quarters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

- A. No camps or air strips will be constructed on location.

SURFACE USE PLAN

CONCHO OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA 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 of 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.

SURFACE USE PLAN

CONCHO OIL & GAS CORP:
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM

11. OTHER INFORMATION:

- A. Topography consists of sand dunes with a slight dip to the West. Deep sandy soil supports shinnery oak, native grasses, and an occasional mesquite tree.
- B. The surface of the land is owned by the Sims Estate and the minerals are owned by The U.S. Department of Interior and administered by the Bureau of Land Management. Surface is used for livestock grazing and oil production.
- C. An archaeological survey will be conducted on the location and access roads. This report will be filed with The Bureau of Land Management in the Carlsbad field office.
- D. There are no dwellings in the near vicinity of this location.

12. OPERATORS REPRESENTATIVES:

Before construction:

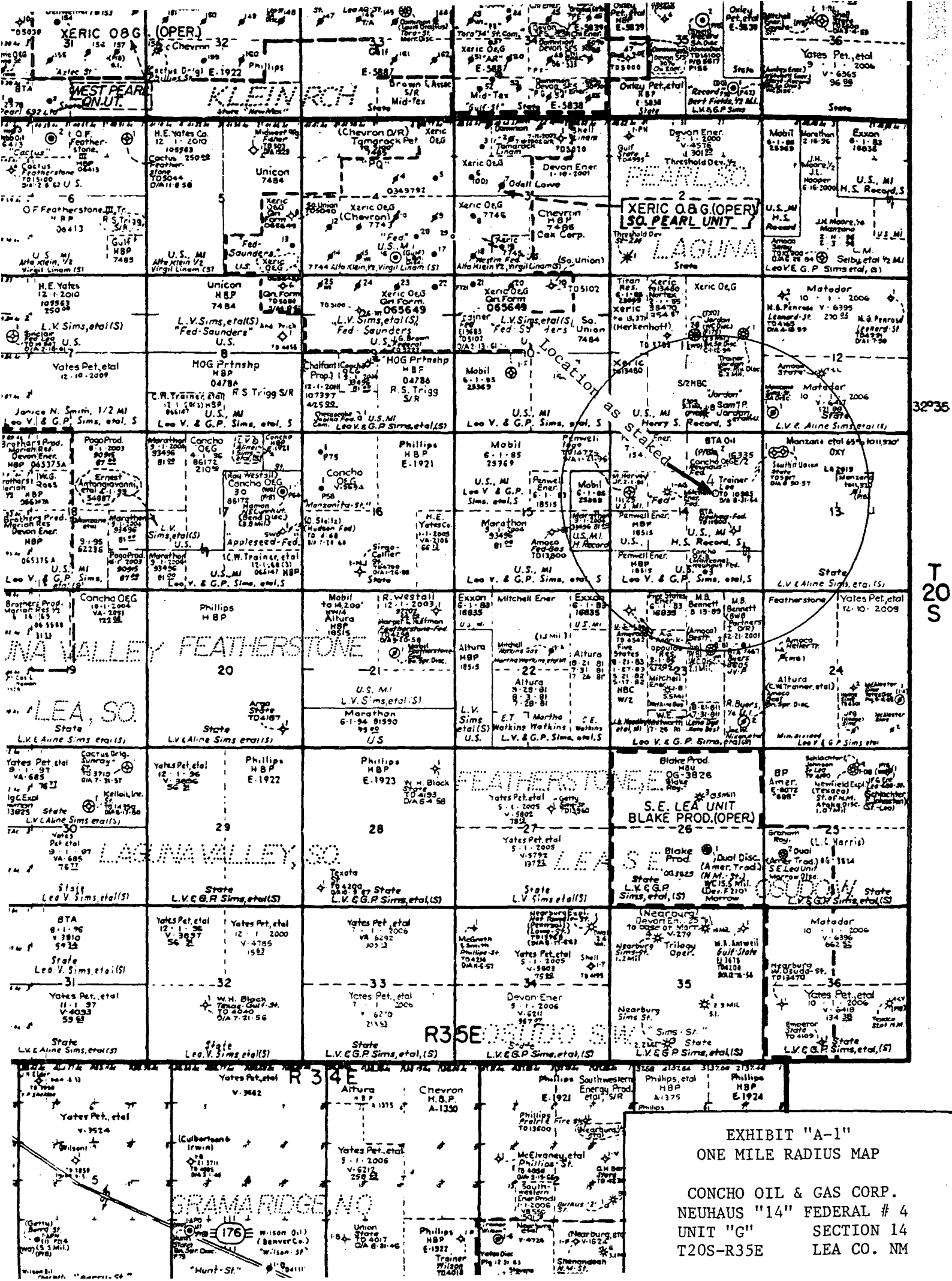
TIERRA EXPLORATION, INC
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
OFFICE Ph. 505-391-8503
JOE T. JANICA

During and after construction:

CONCHO OIL & GAS CORP.
110 WEST LOUISIANA SUITE 410
MIDLAND, TEXAS 79701
ERICK NELSON
Phone 915-683-7443

13. CERTIFICATION: I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access roads, and 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 OIL & GAS CORP. it's contractors/subcontractors is in compformity 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 report.

NAME : Joe T Janica
DATE : 05/20/03
TITLE : Agent



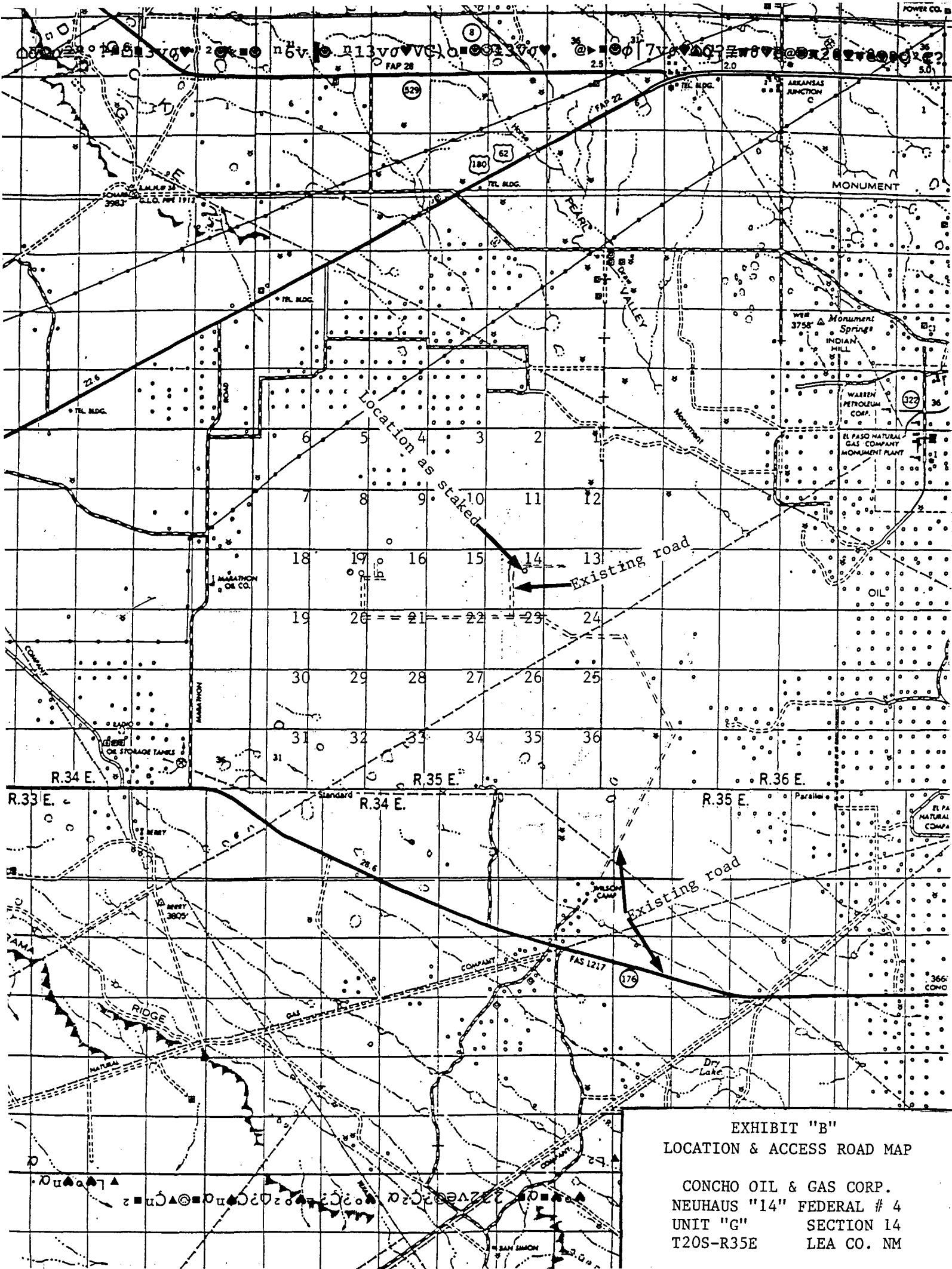
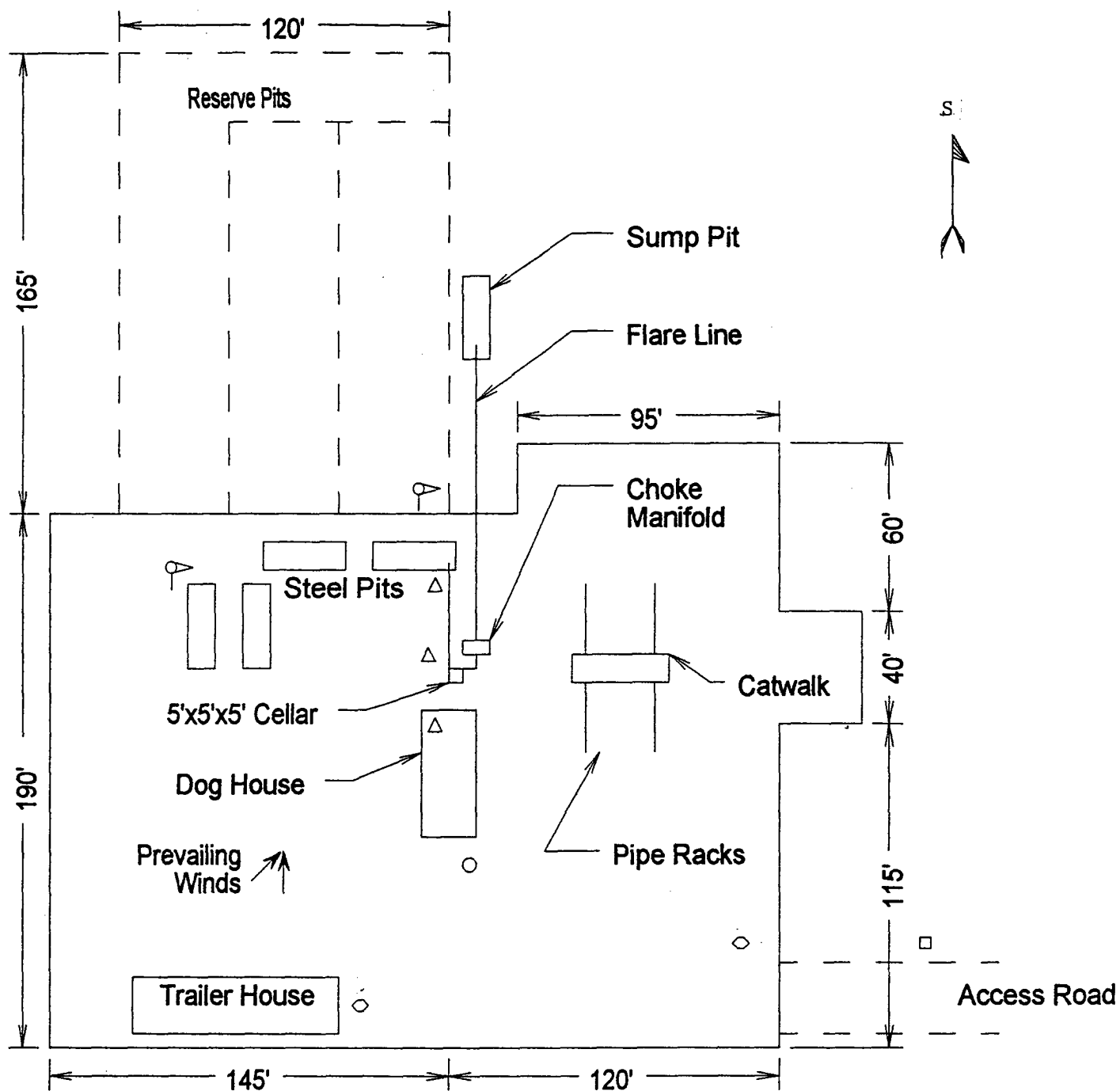


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

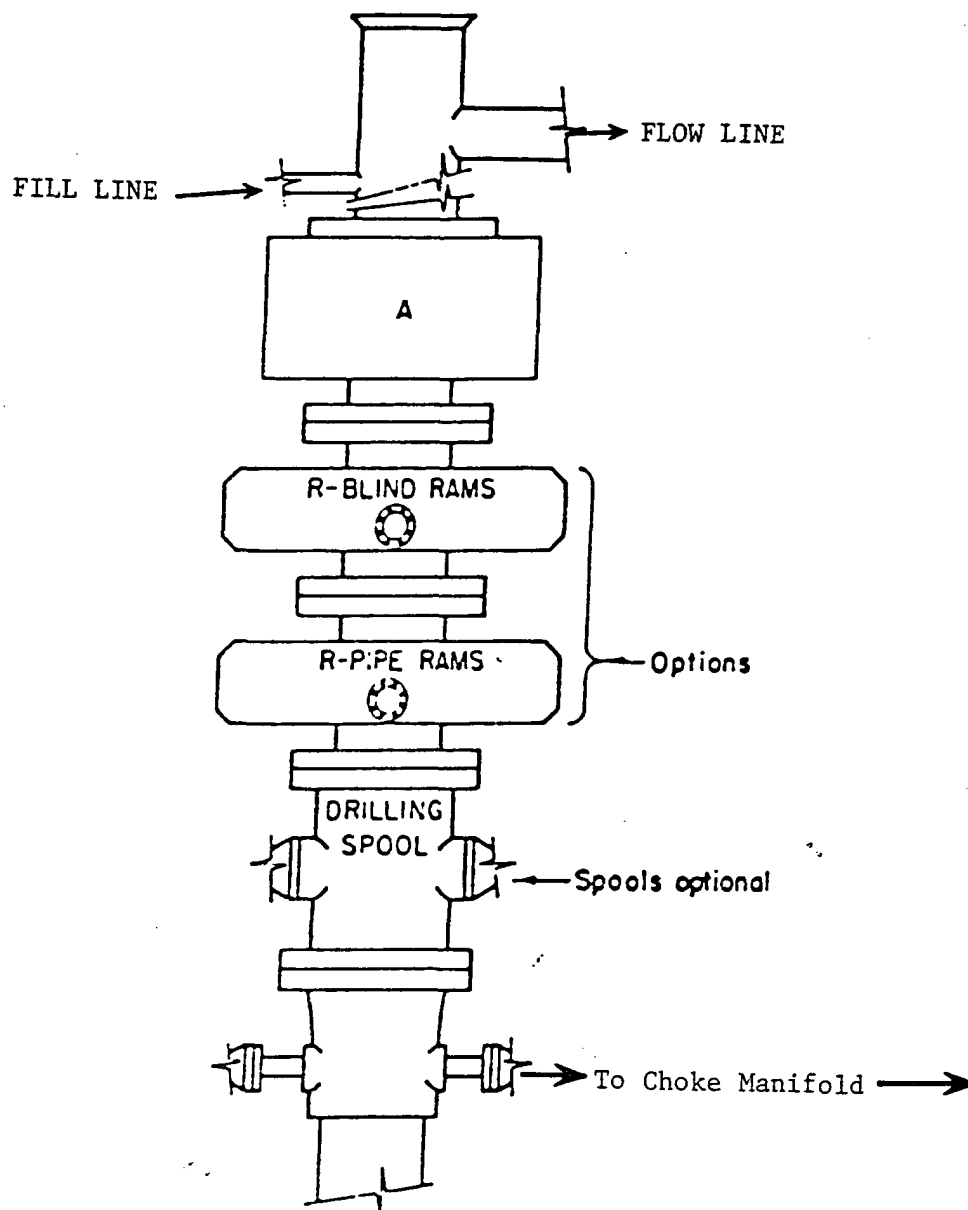
CONCHO OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM



- 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 OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM

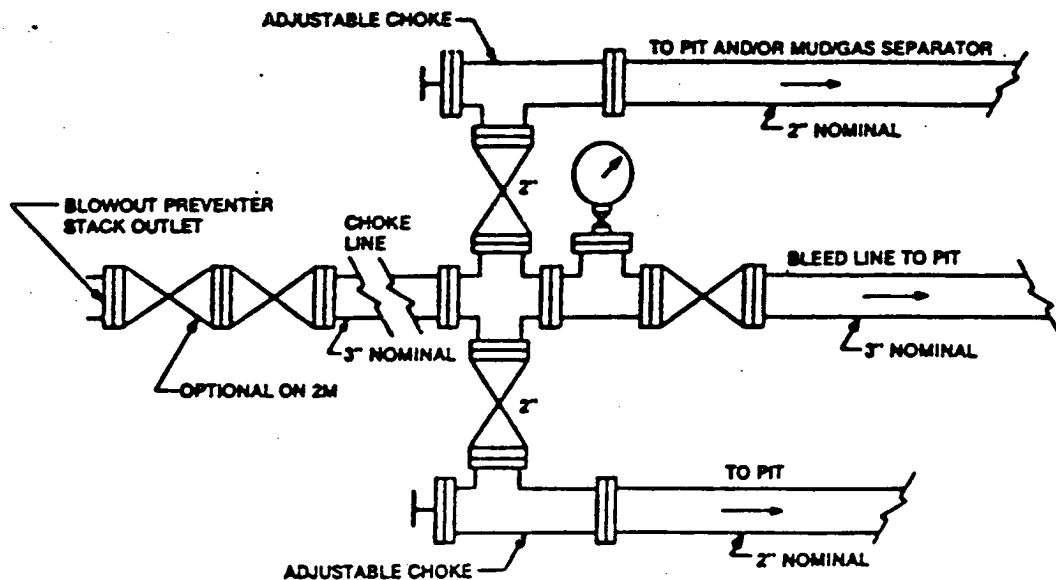


ARRANGEMENT SRRA

900 Series
3000 PSI WP

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

CONCHO OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM



Typical choke manifold assembly for 3M WP system

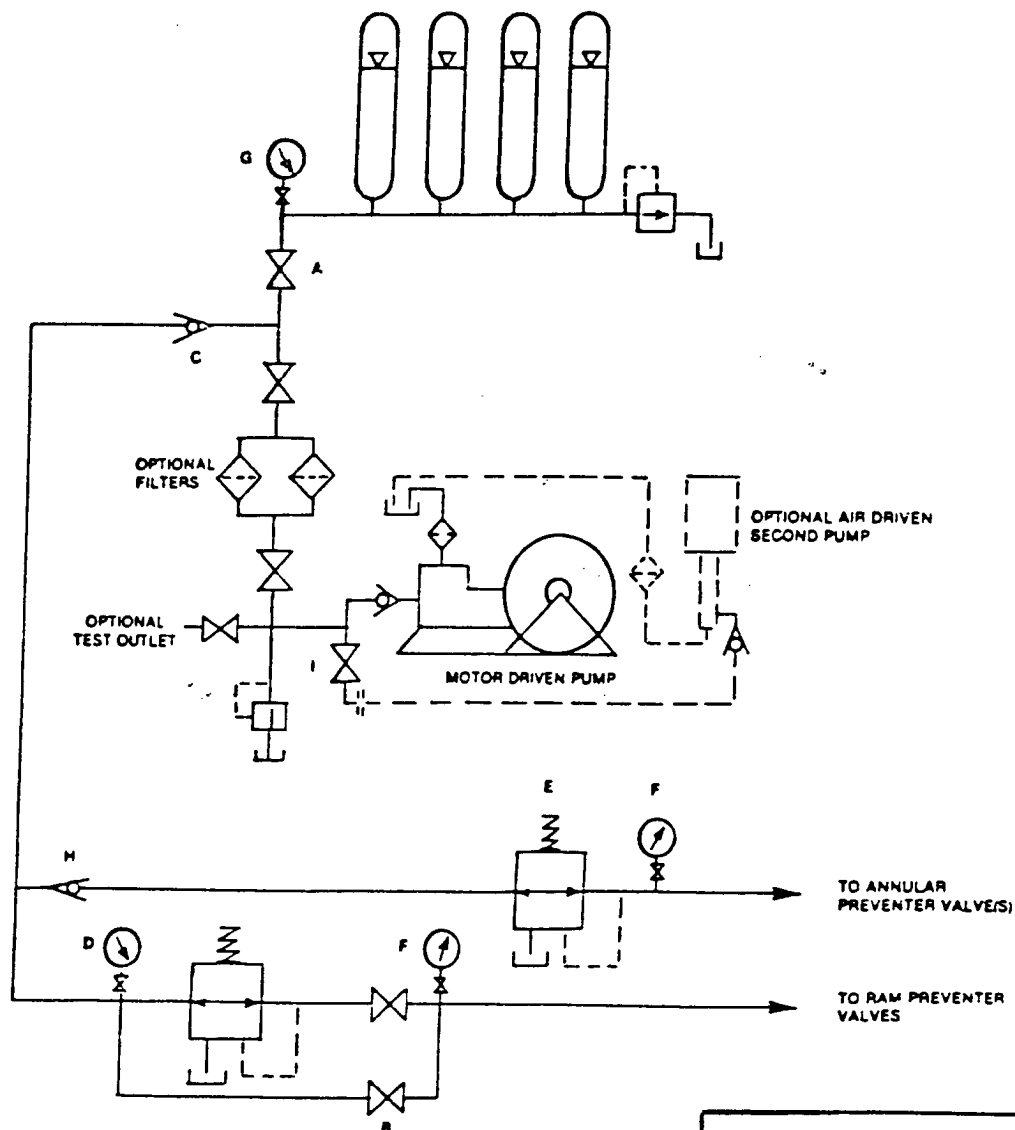


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

CONCHO OIL & GAS CORP
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM

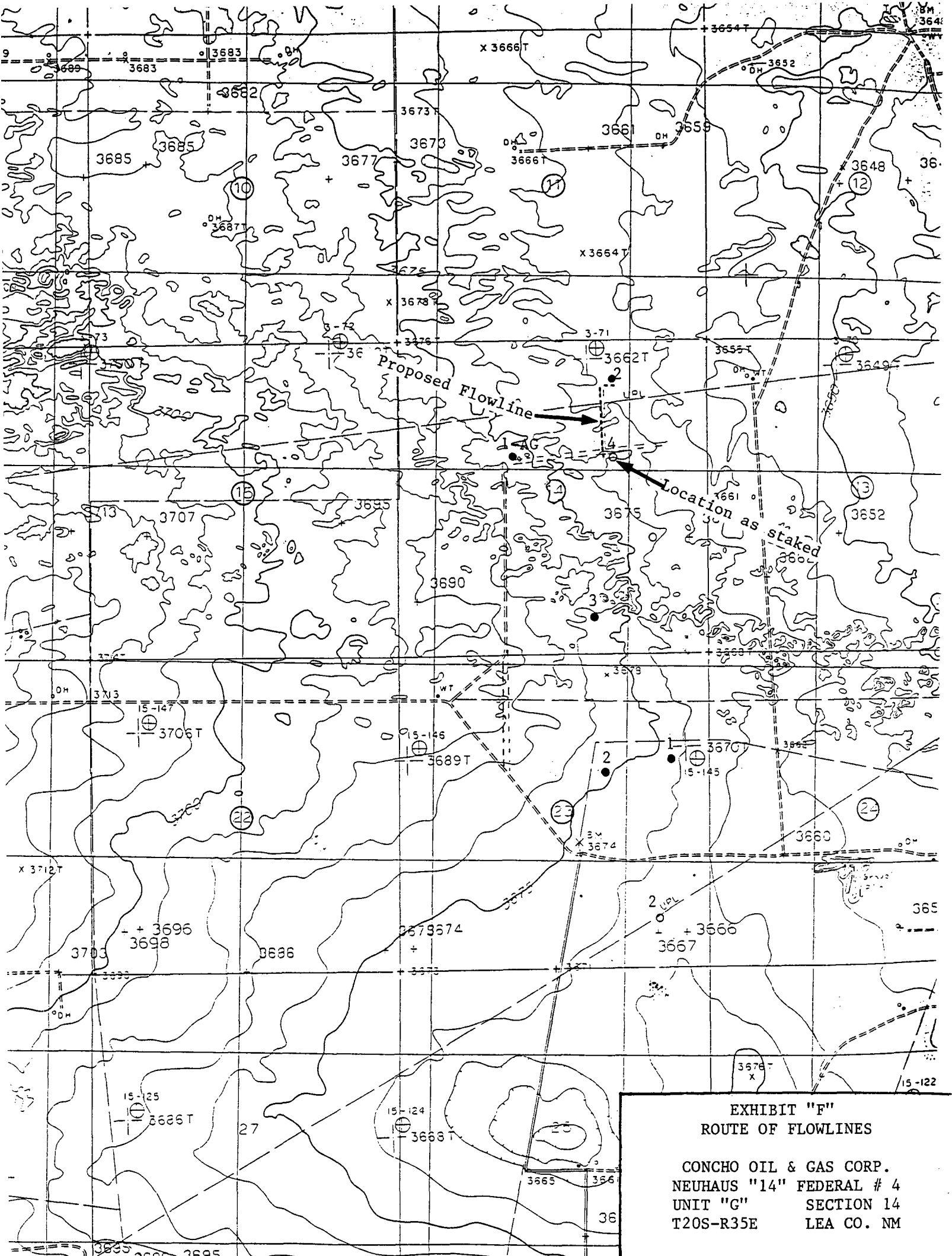


EXHIBIT "F"
ROUTE OF FLOWLINES

CONCHO OIL & GAS CORP.
NEUHAUS "14" FEDERAL # 4
UNIT "G" SECTION 14
T20S-R35E LEA CO. NM

CONCHO RESOURCES INC.

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

(432) 683-7443
FAX 683-7441

July 3, 2003

Bureau of Land Management
2909 West Second Street
Roswell, NM 88202
Attention: Linda Askwig

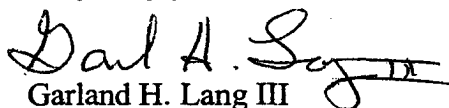
REF: Federal Lease NM-16835
Neuhuas "14" Federal #4 Well
1980' FNL and 1650' FEL
Section 14, T-20-S, R-38-E
Lea County, New Mexico
COG #306038-04

Dear Ladies and Gentlemen:

Pursuant to part III.B.2 of the Oil and Gas Onshore Order No. 1, Concho Resources Inc. has reached an agreement with the owner of the surface pertaining to the captioned well.

If you have any questions, please contact me at 432-683-7443.

Very truly yours,


Garland H. Lang III
Senior Landman