Form 3160-3
(July 1992)

New Mexic OPER. OGRID NO. 193407 [illegible]
UNITED PROPERTY NO. 27991
J-36 DEPARTMENT OF POOL CODE 24250
BUREAU OF LAN EFF. DATE 8/25/03
APPLICATION FOR PERM API NO. 30-025-36382

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

1a. TYPE OF WORK: DRILL [X]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Yates Gas Corp
CONCHO ~~RESOURCES, INC.~~ FASKEN CENTER II (MARK ELLERBE 432-685-4343)

3. ADDRESS AND TELEPHONE NO.
500 WEST TEXAS AVE. SUITE 1300 MIDLAND, TEXAS 79701 (432-683-7443)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
1830' FSL & 2055' FEL SEC. 17 T20S-R35E LEA CO. NM
At proposed prod. zone SAME Unit J

5. LEASE DESIGNATION AND SERIAL NO.: NM-86172
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: ----------
7. UNIT AGREEMENT NAME: ----------
8. FARM OR LEASE NAME, WELL NO.: APPLESEED "17" FED. # 4
9. API WELL NO.:
10. FIELD AND POOL, OR WILDCAT: FEATHERSTONE-BONE SPRING
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 17 T20S-R35E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 30 miles Southwest of Hobbs, New Mexico

12. COUNTY OR PARISH: LEA CO. 13. STATE: NEW MEXICO

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 600'
16. NO. OF ACRES IN LEASE: 600
17. NO. OF ACRES ASSIGNED TO THIS WELL: 80
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1320'
19. PROPOSED DEPTH: 10,900'
20. ROTARY OR CABLE TOOLS: ROTARY
21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3693' GR.
Lea County Controlled Water Basin
22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	CONDUCTOR 20"	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48#	400'	400 Sx. Circulate cement
12¼"	J-55 8 5/8"	32#	4000'	1400 Sx. " "
7 7/8"	N-80 & J-55 5½"	17#	10,900'	900 Sx. Estimate TOC 6000'

1. Drill 26" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.
2. Drill 17½" hole to 400'. Run and set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 400 Sx. of Class "C" cement + ¼# Flocels/Sx. + 2% CaCl, circulate cement to surface.
3. Drill 12¼" 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% CaCl, ccirculate cement to surface.
4. Drill 7 7/8" hole to 10,900'. Run and set 10,900' of 5½" casing as follows: 2900' of 5½" 17# N-80 LT&C, 6100' of 5½" 17# J-55 LT&C, 1900' of 5½" 17# N-80 LT&C. Cement with 600 Sx. of Class "H" Light weight Cement + additives, tail in with 300 Sx. of Class "H" Premium Plus POZ + additives. Estimate top of cement 6000' from surface.

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.

24.
SIGNED Joe T Janica TITLE Agent DATE 07/21/03

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

(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 which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Acting FIELD MANAGER

APPROVED BY /S/ JOE G. LARA TITLE _____ DATE AUG 20 2003

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes 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.

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-36382	24250	FEATHERSTONE-BONE SPRING

Property Code	Property Name	Well Number
27991	APPLESEED "17" FEDERAL	4

OGRID No.	Operator Name	Elevation
193407	CONCHO OIL & GAS CORPORATION	3693'

Surface Location

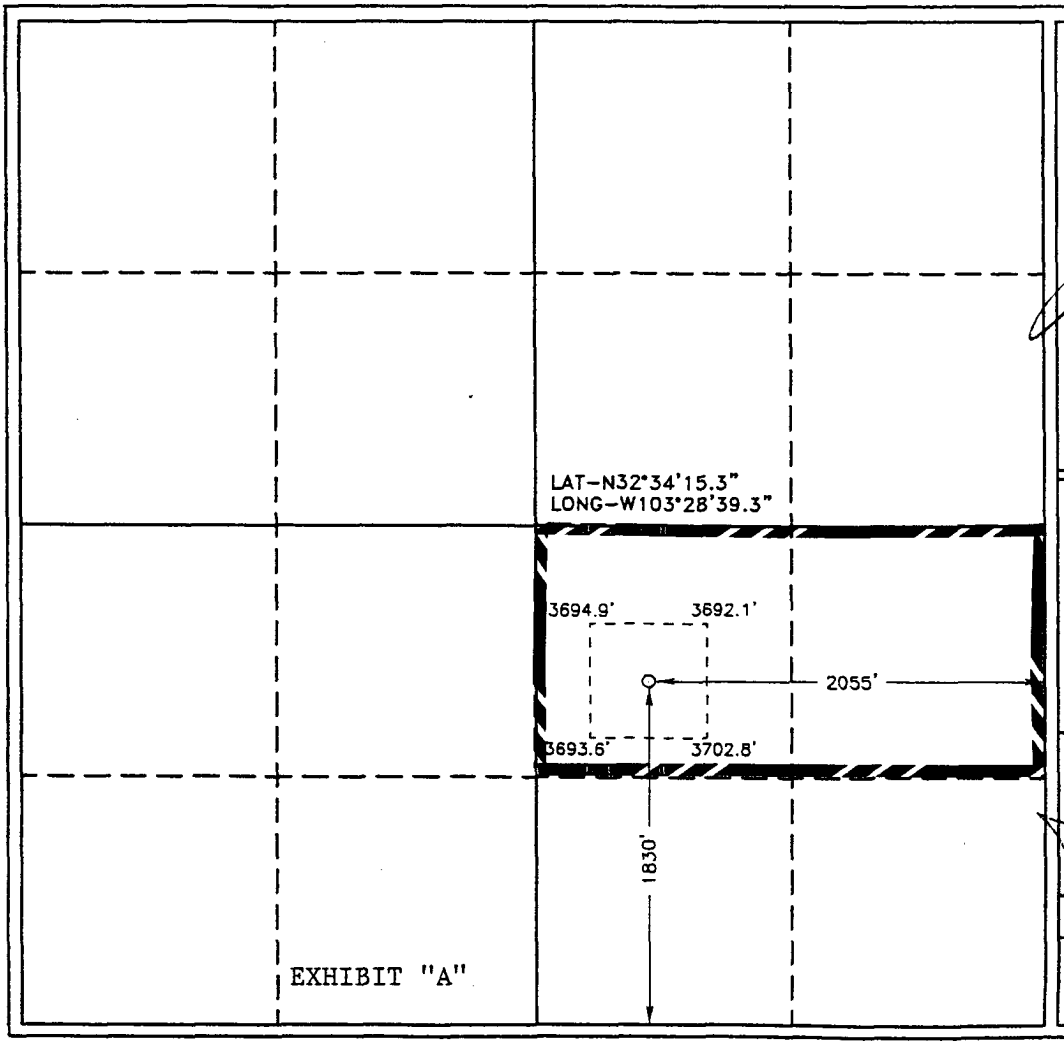
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	17	20 S	35 E		1830	SOUTH	2055	EAST	LEA

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.
80			

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
07/21/03
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 supervison, and that the same is true and correct to the best of my belief.

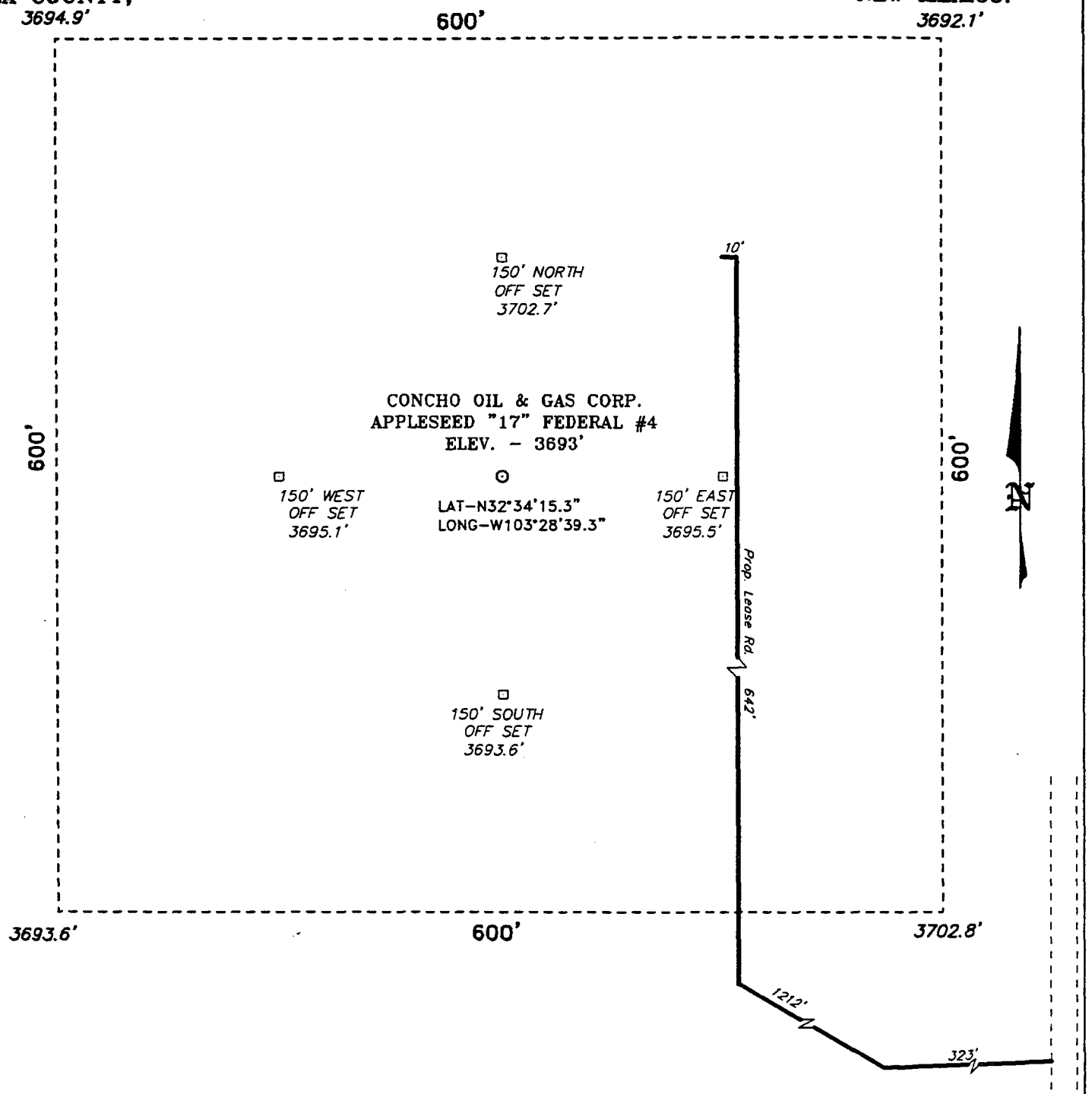
JUNE 8, 2003
Date Surveyed
Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 3381
Certificate No. Gary L. Jones 7977
BASIN SURVEYS

SECTION 17, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M.,

LEA COUNTY, **NEW MEXICO.**



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 176 AND CO. RD. H27(MARATHON ROAD), GO EAST ON STATE HWY 176 FOR APPROX. 0.4 MILE TO A LEASE ROAD; THENCE NORTH ON LEASE ROAD FOR APPROX. 1.2 MILE; THENCE EAST/NORTHEAST FOR APPROX. 0.6 MILE; THENCE NORTHERLY FOR APPROX. 0.5 MILE; THENCE NORTH/NORTHEAST FOR APPROX. 0.5 MILE; THENCE NORTHEAST FO 0.2 MILE; THENCE EAST/NORTHEAST FOR 1.7 MILE; THENCE NORTH FOR 0.2 MILE TO A PROPOSED LEASE ROAD.

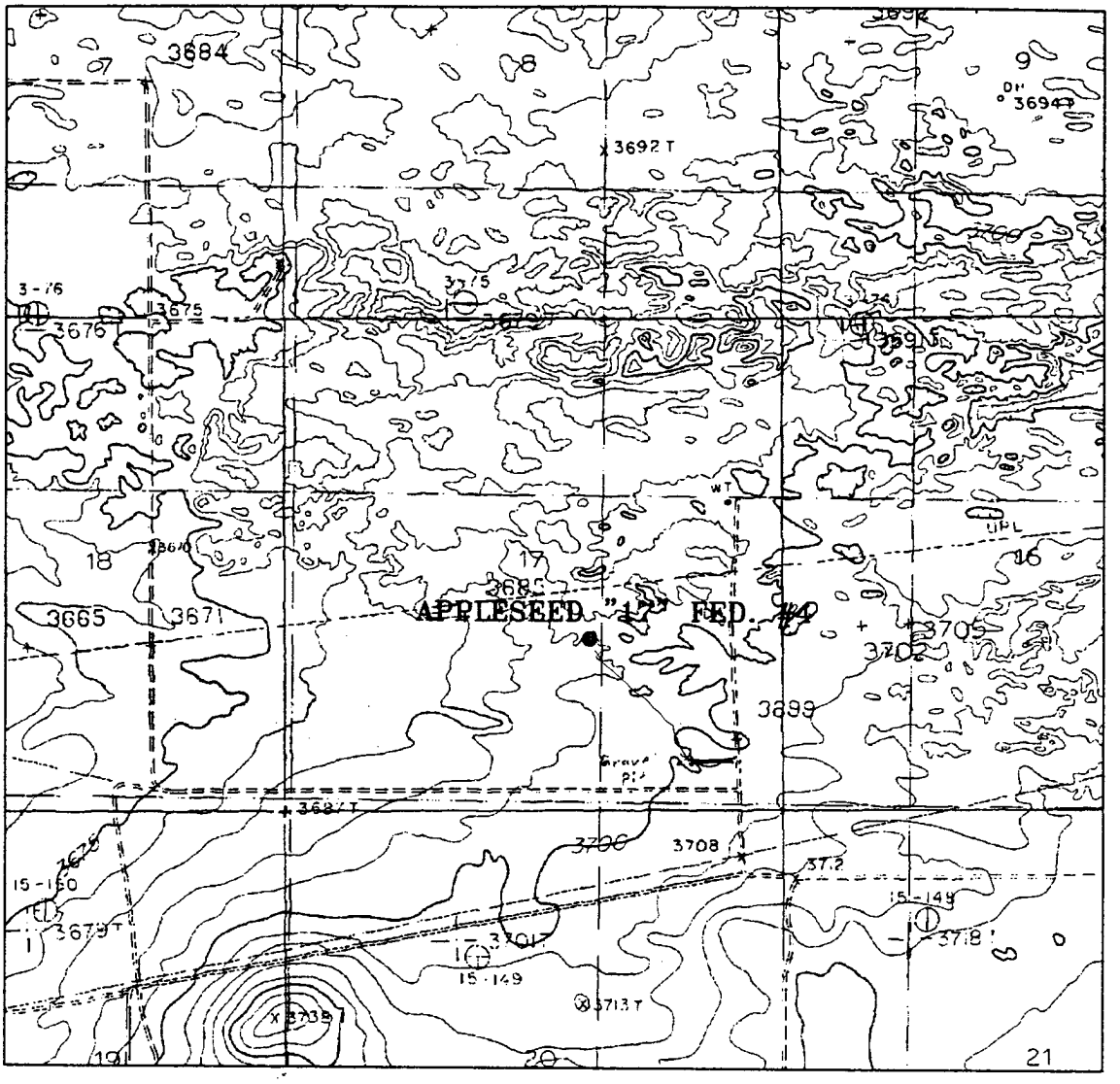
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

CONCHO OIL & GAS CORP.

REF: APPLESEED "17" FED. No. 4 / Well Pad Topo

THE APPLESEED "17" FED. No. 4 LOCATED 1830' FROM THE SOUTH LINE AND 2055' FROM THE EAST LINE OF SECTION 17, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 3361	Drawn By: K. GOAD		
Date: 07-09-2003	Disk: KJG CD#4 - 3361A.DWG	Survey Date: 07-08-2003	Sheet 1 of 1 Sheets

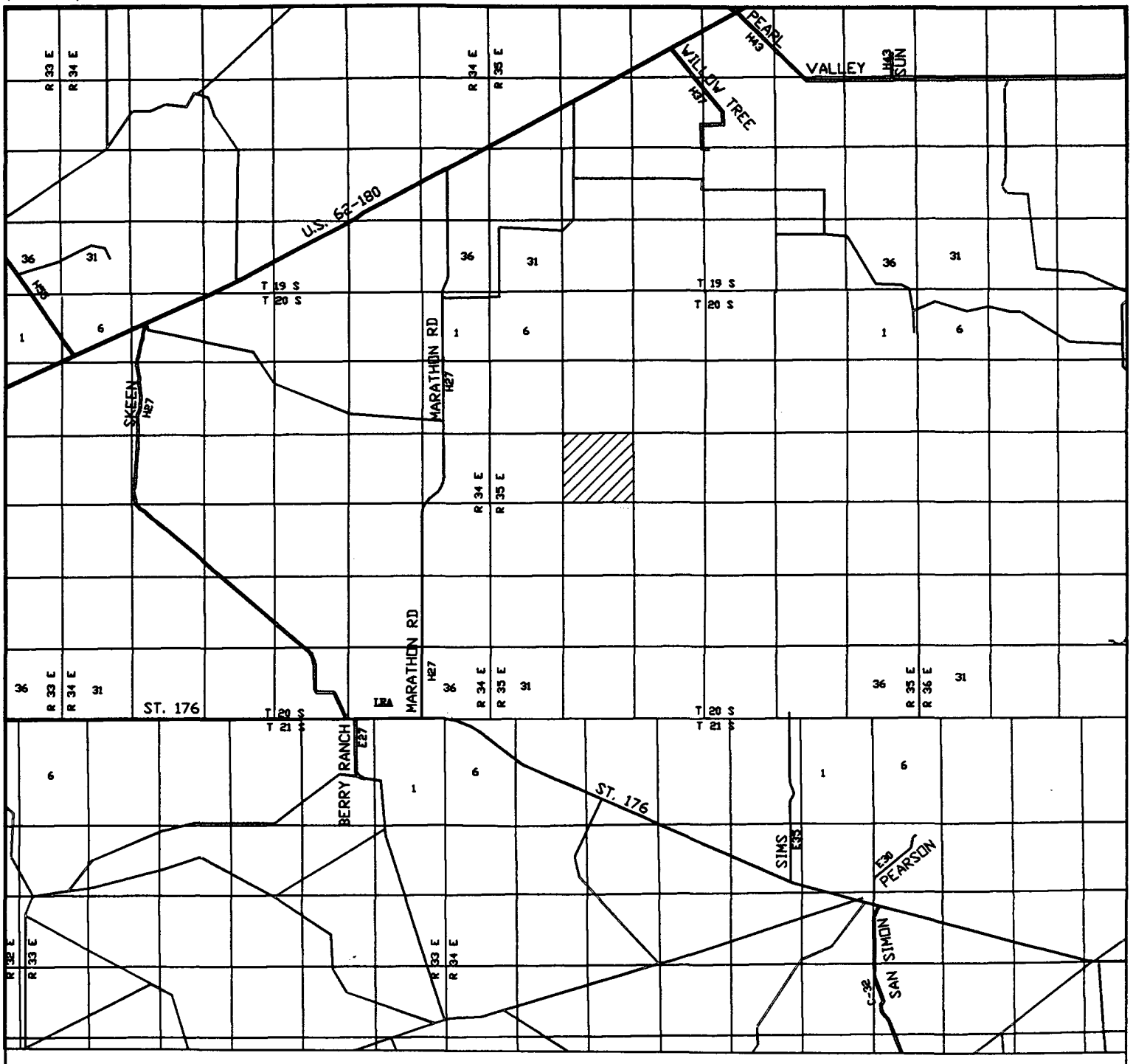


APPLESEED "17" FEDERAL #4
Located at 1830' FSL and 2055' FEL
Section 17, Township 20 South, Range 35 East,
N.M.P.M., Lea County, New Mexico.

basin surveys
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:	3361AA - KJG CD#5
Survey Date:	07-08-2003
Scale:	1" = 2000'
Date:	07-09-2003

CONCHO OIL & GAS CORP.



APPLESEED "17" FEDERAL #4
Located at 1830' FSL and 2055' FEL
Section 17, Township 20 South, Range 35 East,
N.M.P.M., Lea County, New Mexico.

basin surveys
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P.O. Box 1786
1120 N. West County Rd.
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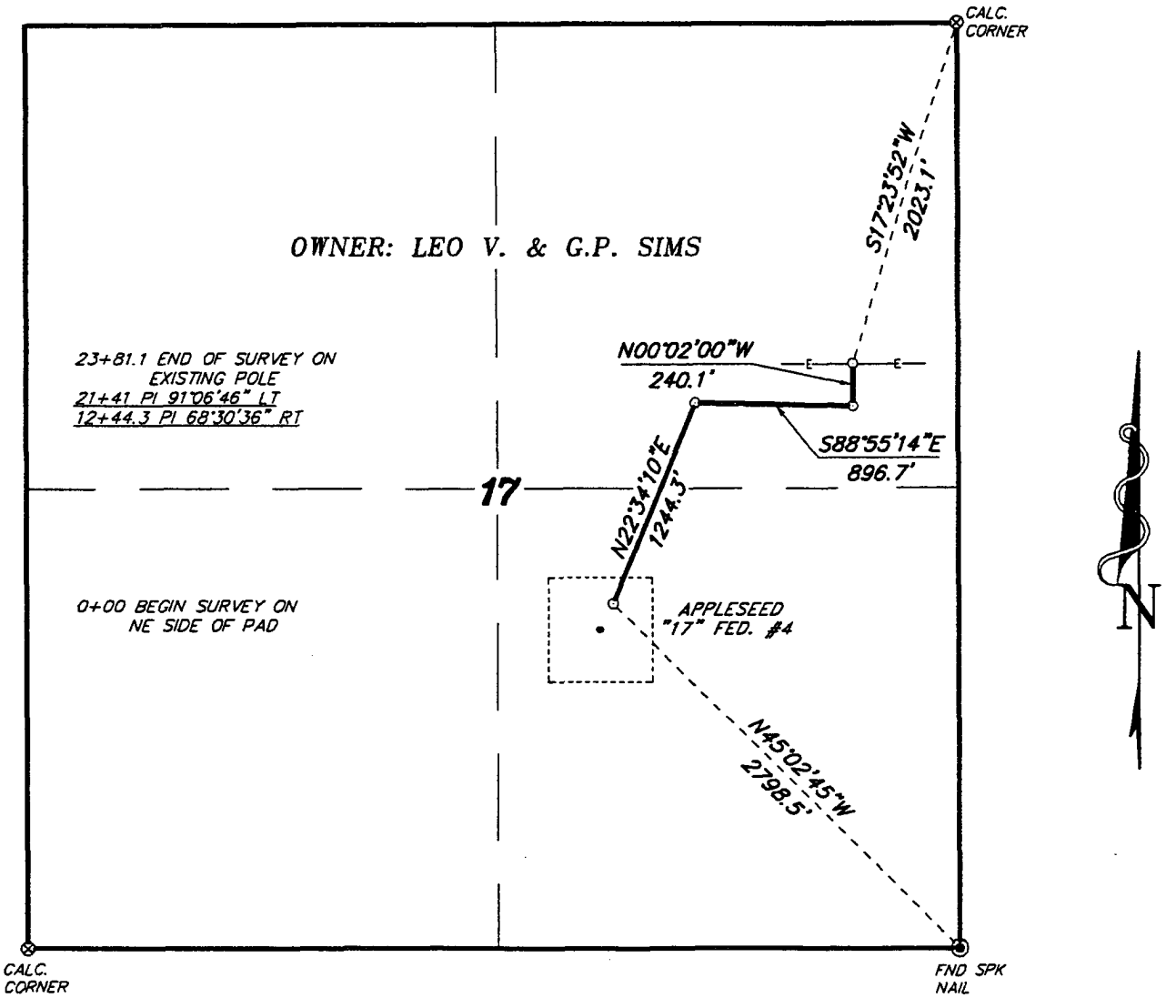
basinsurveys.com

W.O. Number:	3361AA - KJG CD#5
Survey Date:	07-08-2003
Scale:	1" = 2 MILES
Date:	07-09-2003

CONCHO
OIL & GAS
CORP.

SECTION 17, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 17, 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.45°02'45"W., 2798.5 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 17; THENCE N.22°34'10"E., 1244.3 FEET; THENCE S.88°55'14"E., 896.7 FEET; THENCE N.00°02'00"W., 240.1 FEET TO THE END OF THIS LINE WHICH LIES S.17°23'52"W., 2023.1 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 17. SAID STRIP OF LAND BEING 2381.1 FEET OR 144.31 RODS IN LENGTH.

1000 0 1000 2000 FEET

I HEREBY CERTIFY THAT THIS PLAT 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 N.M. P.S. 7977
TEXAS P.L.S. NO. 5074

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

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

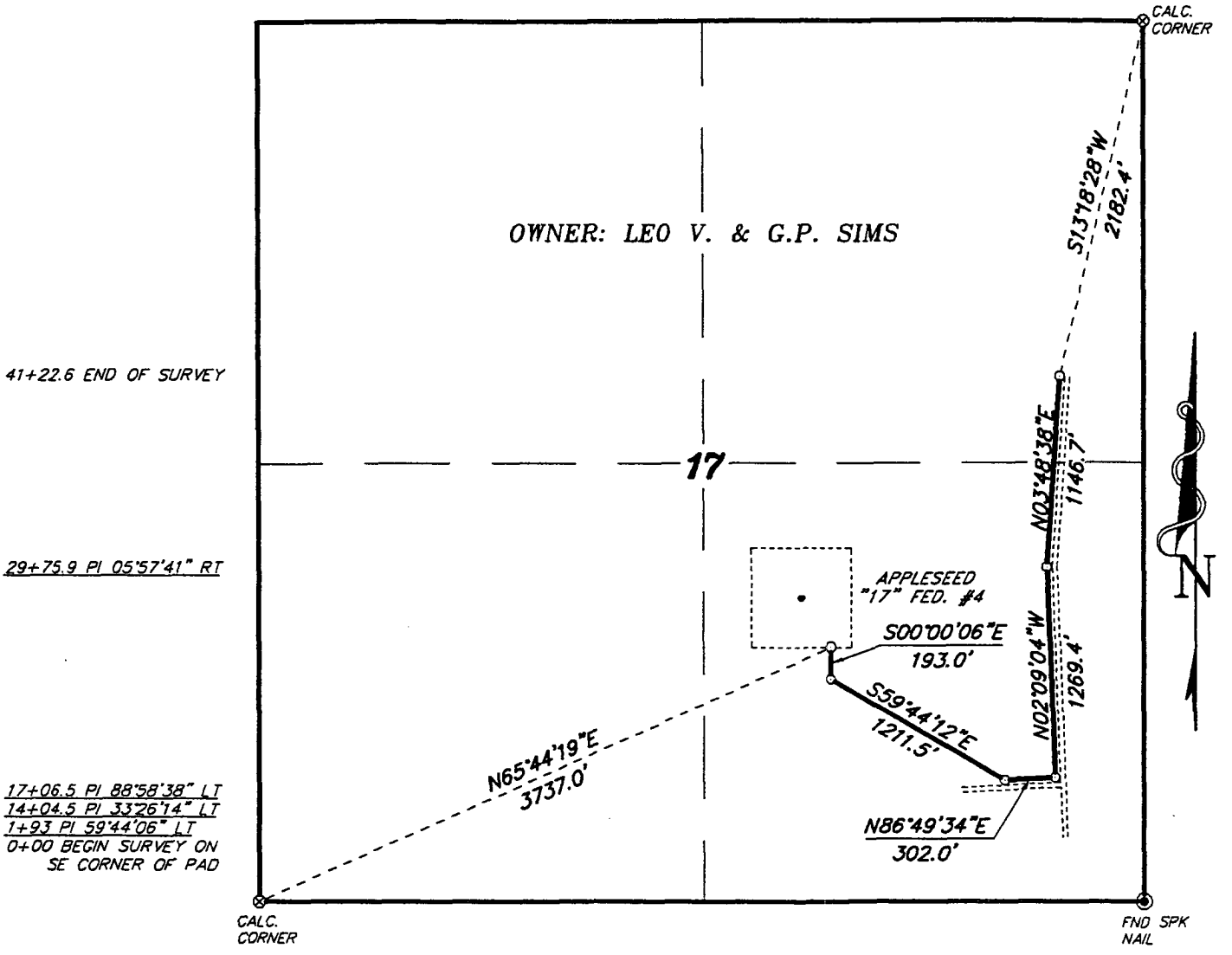
CONCHO OIL & GAS CORP.

REF: PROP. ELECTRIC LINE TO THE APPLESEED "17" FED. #4

AN ELECTRIC LINE CROSSING FEE LAND IN SECTION 17, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 3361	Drawn By: K. GOAD		
Date: 07-10-2003	Disk: KJG #5 – CON3361B.DWG	Survey Date: 07-08-2003	Sheet 1 of 1 Sheets

SECTION 17, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 17, 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.65°44'19"E., 3737.0 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 17; THENCE S.00°00'06"E., 193.0 FEET; THENCE S.59°44'12"E., 1211.5 FEET; THENCE N.86°49'34"E., 302.0 FEET; THENCE N.02°09'04"W., 1269.4 FEET; THENCE N.03°48'38"E., 1146.7 FEET TO THE END OF THIS LINE WHICH LIES S.13°18'28"W., 2182.4 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 17. SAID STRIP OF LAND BEING 4122.6 FEET OR 249.85 RODS IN LENGTH.

1000 0 1000 2000 FEET

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

GARY L. JONES N.M. P.S. 7977
TEXAS P.L.S. No. 5074

NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

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

CONCHO OIL & GAS CORP.

REF: PROP. FLOWLINE TO THE APPLESEED "17" FED. #4

A PIPELINE CROSSING FEE LAND IN
SECTION 17, TOWNSHIP 20 SOUTH, RANGE 35 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 3361	Drawn By: K. GOAD		
Date: 07-10-2003	Disk: KJG #5 – CON3361B.DWG	Survey Date: 07-08-2003	Sheet 1 of 1 Sheets

APPLICATION TO DRILL

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
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: 1830' FSL & 2055' FEL SECTION 17 T20S-R35E LEA CO. NM

2. Elevation above Sea Level: 3693' 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: 10,900'

6. Estimated tops of geological markers:

Rustler	1950'	Delaware	6050'
Yates	4080'	Bone Spring	8080'
Queen	4900'	3rd Bone Spring Sd.	10,250'
San Andres	5120'		

7. Possible mineral bearing formations:

Bone Spring	Oil

8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
26"	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"	0-10,900'	5½"	17#	8-R	LT&C	N-80 J-55

APPLICATION TO DRILL

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

9. CASING CEMENTING & SETTING DEPTHS:

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, + ¼# Flocels/Sx. Circulate cement to surface.
8 5/8"	Intermediate	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% CaCl, Circulate cement to surface.
5½"	Production	Set 10,900' of 5½" casing as follows: 2900' of 17# N-80 LT&C, 6100' of 17# J-55 LT&C, 1900' of 17# N-80 LT&C, Cement with 600 Sx. of Class "H" Light + additives, tail in with 300 Sx. of Class "H" POZ + additives. TOC 6000'.

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 nippled 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	29-32	NC	Fresh water Spud Mud add paper to control seepage.
400-4000'	10.0-10.2	29-38	NC	Brine water, add paper to control seepage and high viscosity sweeps to clean hole.
4000-10,900'	8.5-10.3	29-40	*	Fresh water going to cut brine, when desired to control water loss go to a Dris-Pac system.

* Water loss control may be necessary when drilling the pay interval, and may be necessary in order to run logs, DST's and casing. Reduce water loss to 10cc or less .

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.

* 3m Requires 3" CHOKE Lines

APPLICATION TO DRILL

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Logging: Dual Later-log, SNP, LDT, Gamma Ray, Caliper from TD Back to 8 5/8" casing shoe. Run Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.

B. Mud logger may be placed on hole at 4000' or when Geologist requests same.

C. No DST's or cores are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 5000 PSI, and Estimated BHT 185°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 24 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Bone Spring formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an oil well.

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S 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_2S Detection and Alarm Systems

   A. H_2S 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_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E" & "E-1"

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 the location is near to a dwelling a closed DST 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.

SURFACE USE PLAN

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

1. EXISTING ROADS: Area maps, Exhibit "B" is a reproduction of a County General Highway 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 as staked.

   B. From Eunice New Mexico take State Hi-way 176 West approximately 16 miles to Pearson road turn North follow road Northeast for 3.8± miles bear Left go 1.7± miles bear Left go 2± miles bear Right go .7 milesbear Left go 2.2± miles turn Right (North) cross cattle guard go approximately 500' turn Left and follow road approximately 1500' to location.

   C. Lay flowline from well #4 to tank battery located at well # 1 see Exhibit "F".

2. PLANNED ACCESS ROADS: Approximately 1500' of new road will be constructed.

   A. The access road will be crowned and ditched to a 12'00" wide travel surface with a 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	-	None known
B.	Disposal wells	-	One approximately 1300' East.
C.	Drilling wells	-	None Known
D.	Producing wells	-	As shown on Exhibit "A-1"
E.	Abandoned wells	-	As shown on Exhibit "A-1"

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 quaters 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.

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.

SURFACE USE PLAN

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

11. OTHER INFORMATION:

A. Topography consists of sand dunes and isolated patches of loamy clay. Native grasses, shinnery oak and mesquite occupy the area

B. The surface is owned by The Leo Sims Estate, while the minerals are owned by The U.S. Department of Interior.

C. An archaeological survey will be conducted and the report will be filed with the Bureau of Land Management, in the Carlsbad Field Office.

D. There are no dwellings within 3 miles of location.

12. OPERATORS REPRESENTIVE:

Before construction:

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

During and after construction:

CONCHO OIL & GAS CORP.
110 WEST LOUISIANA SUITE 410
MIDLAND, TEXAS 79701
OFFICE PHONE 915-683-7443
MARK ELLERBE

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 proposedherein will be performed by CONCHO RESOURCES, INC. it's 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 : Joe T Janica
DATE : 07/21/03
TITLE : Agent

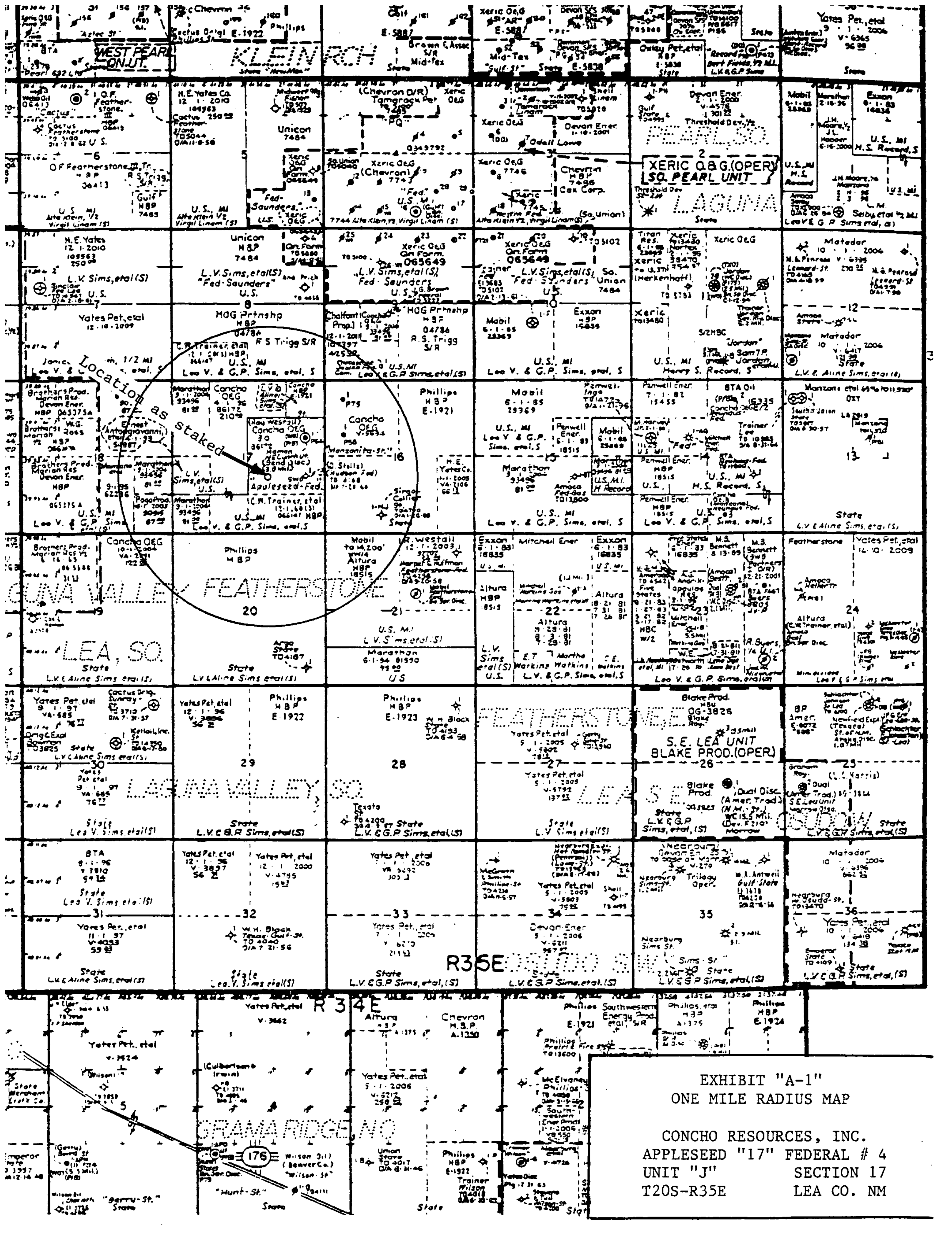


EXHIBIT "A-1"
ONE MILE RADIUS MAP

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

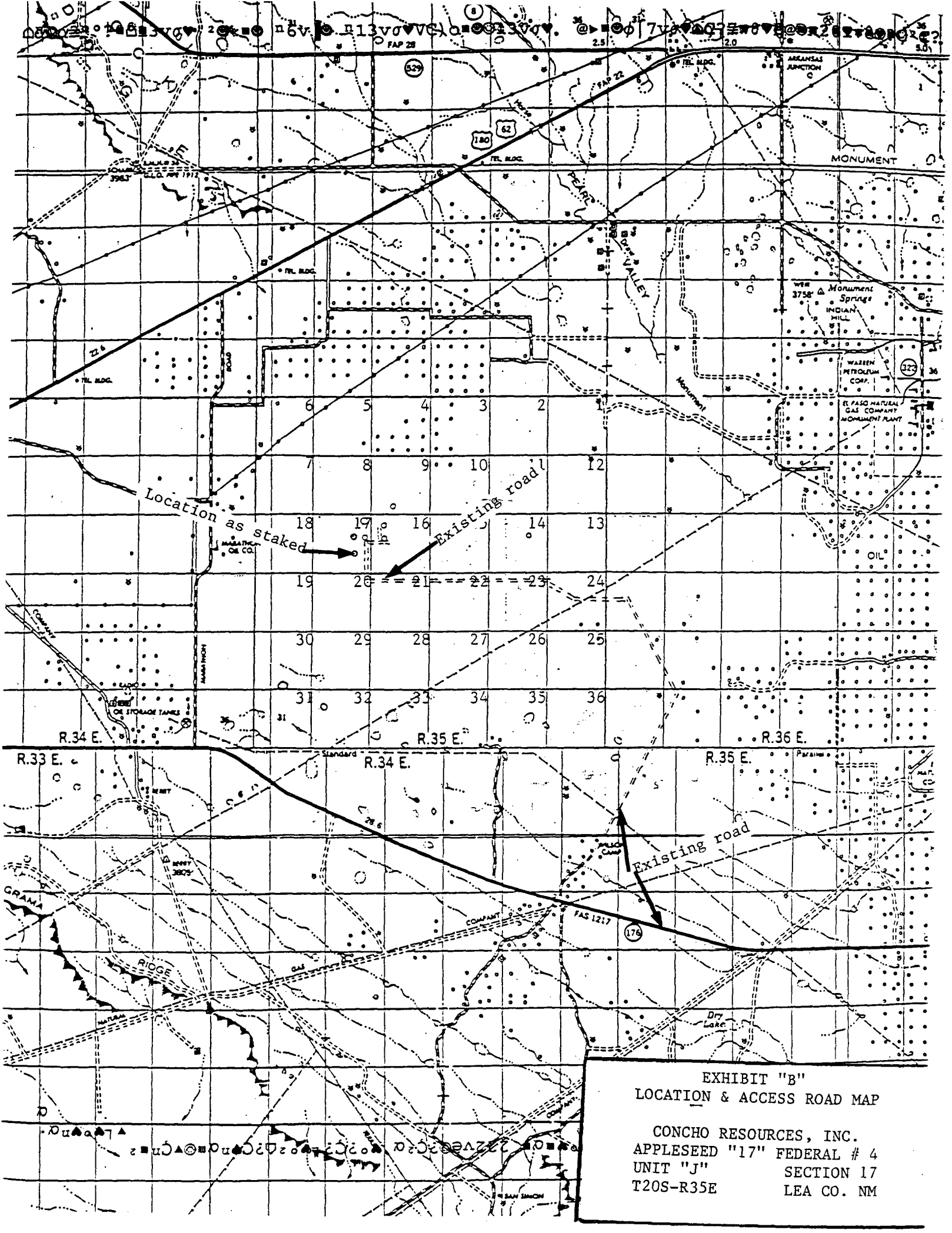


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

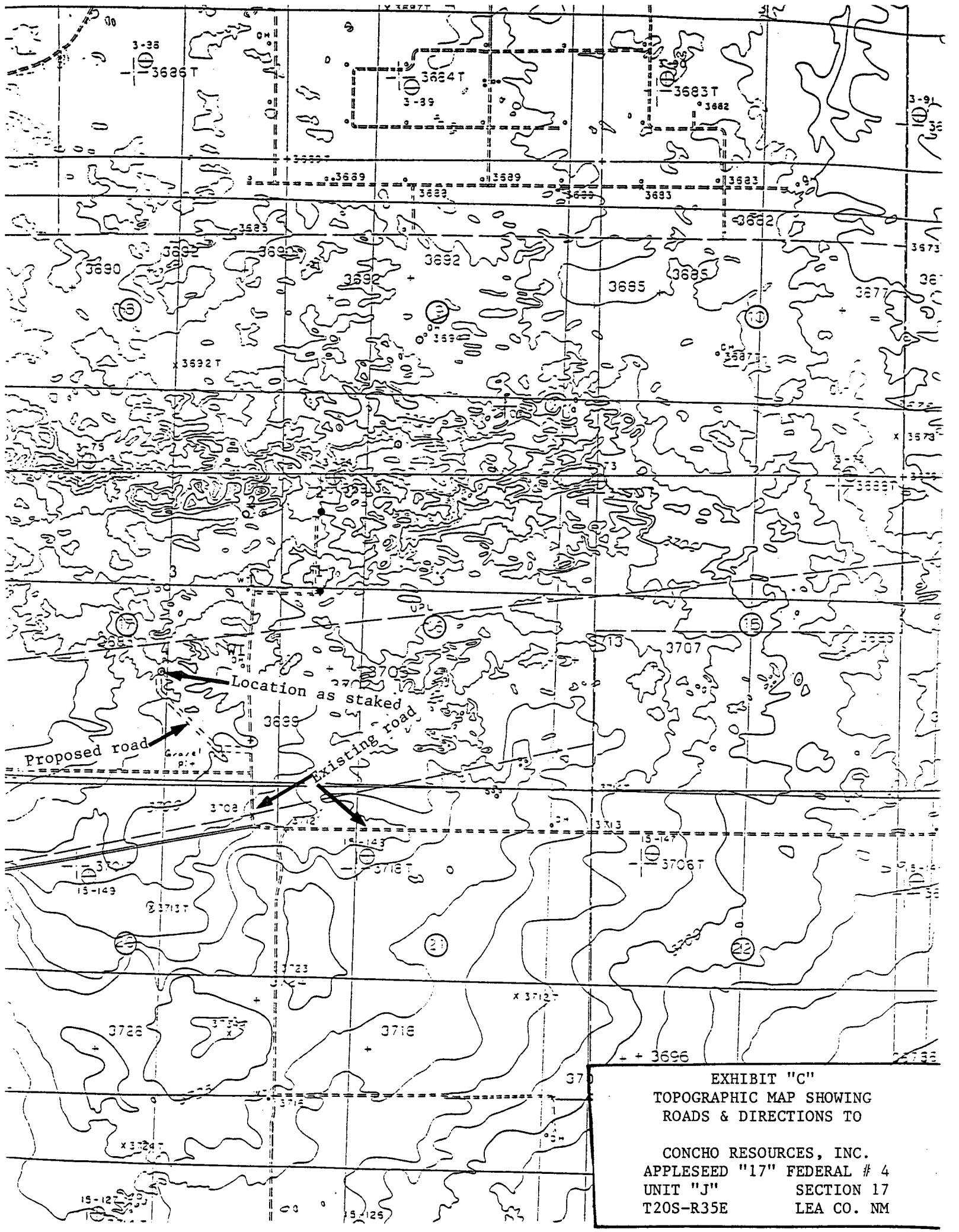
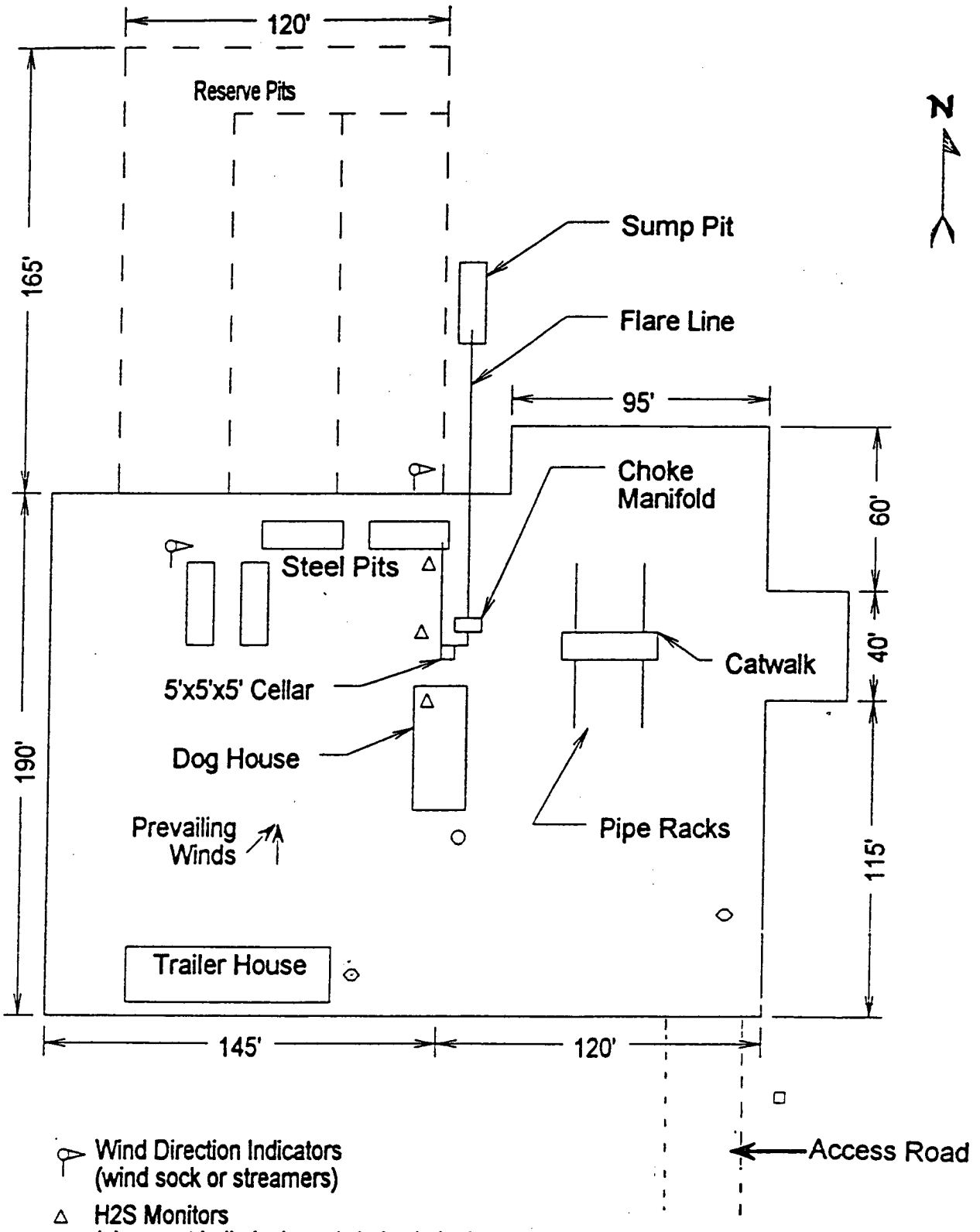


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

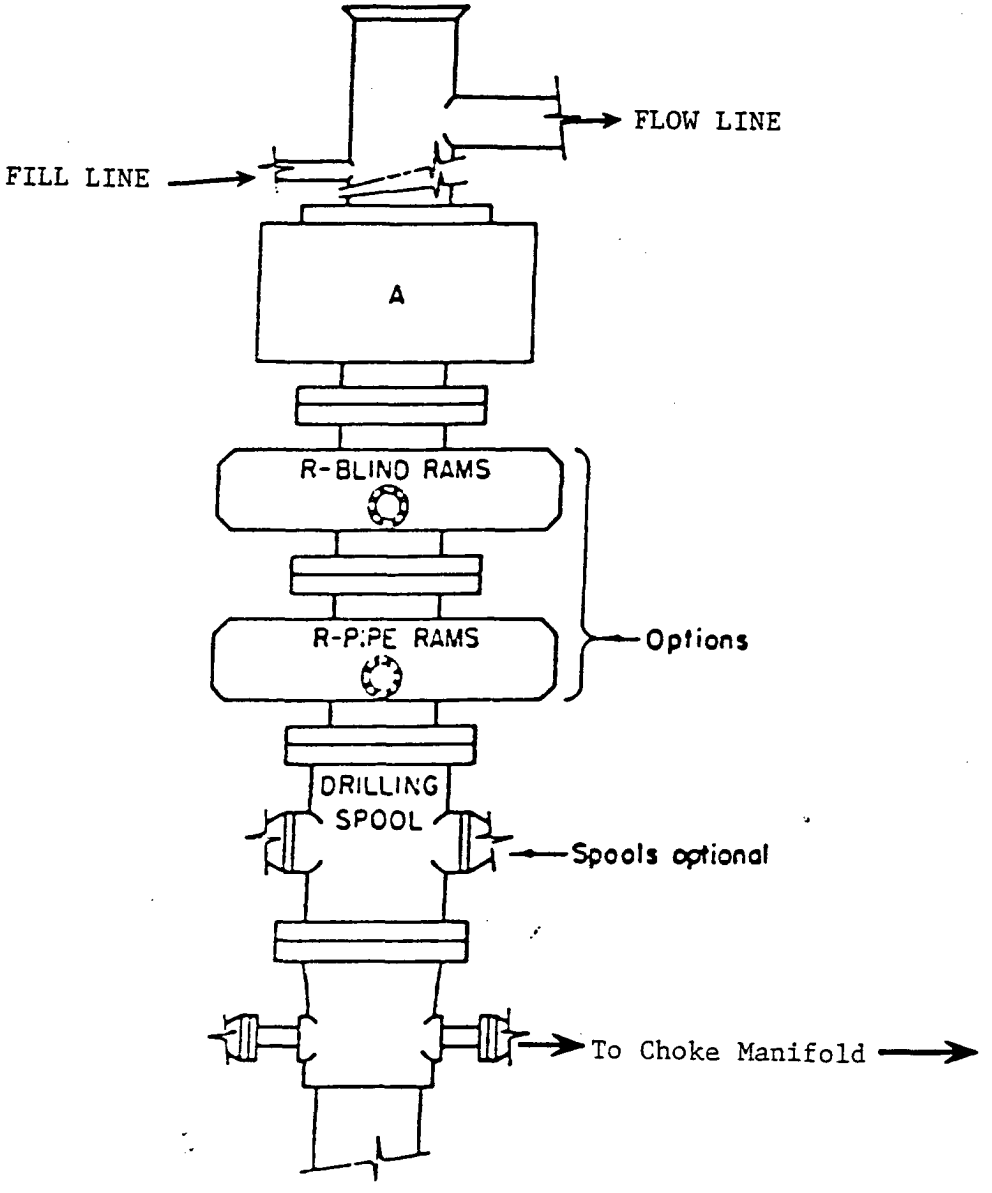
CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM



- 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 RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

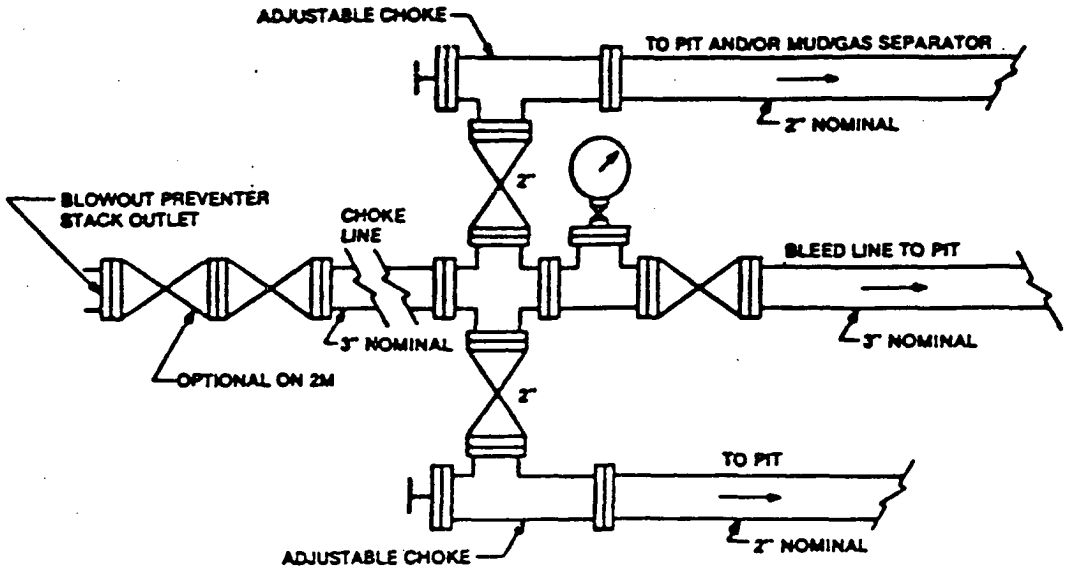


ARRANGEMENT SRRA

900 Series
3000 PSI WP

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

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM



Typical choke manifold assembly for 3M WP system

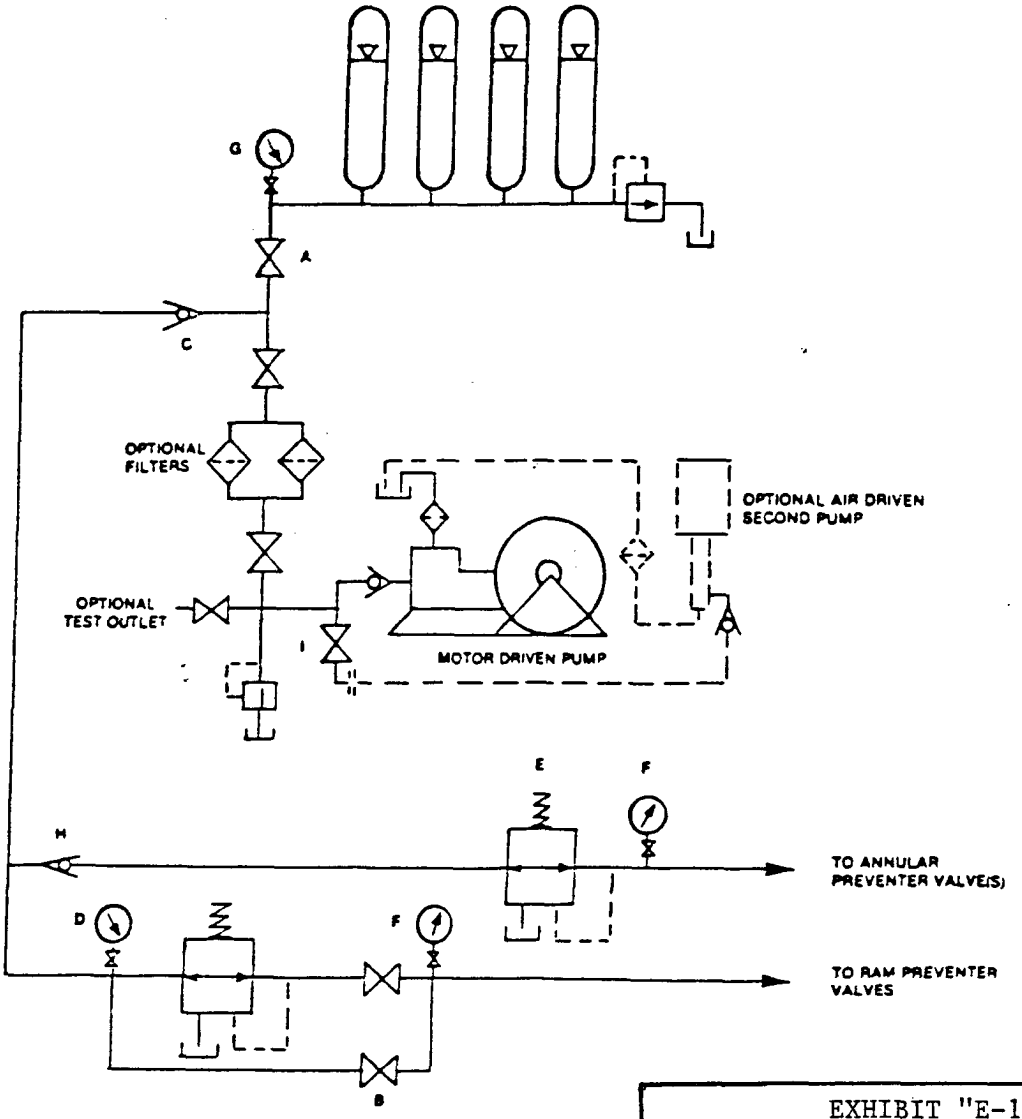
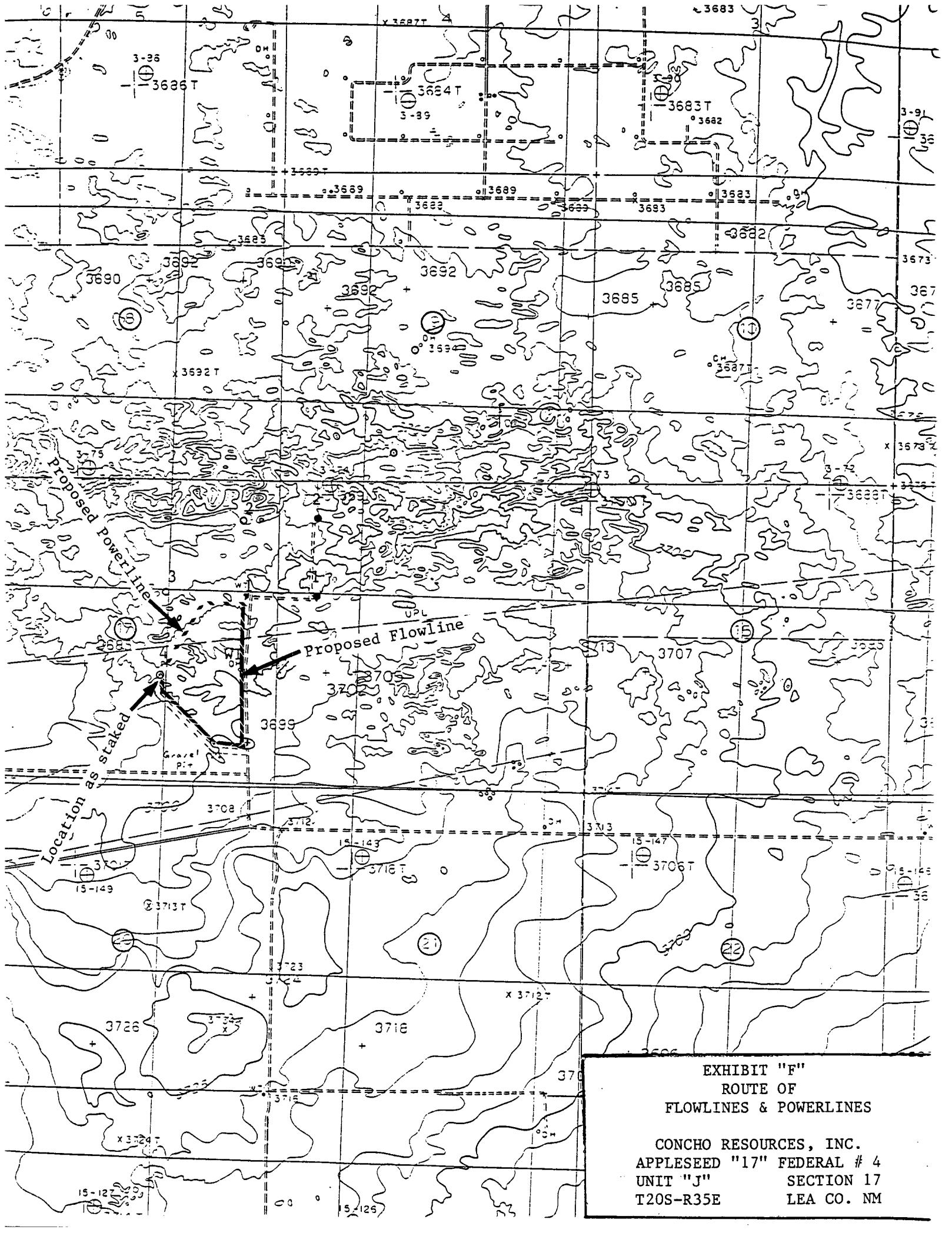


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM


Proposed Powerline
Proposed Flowline
Location as staked
Gravel Pit
EXHIBIT "F"
ROUTE OF
FLOWLINES & POWERLINES
CONCHO RESOURCES, INC.
APPLESEED "17" FEDERAL # 4
UNIT "J" SECTION 17
T20S-R35E LEA CO. NM

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME: CONCHO RESOURCES, INC.

ADDRESS; FASKEN CENTER, TOWER II
550 WEST TEXAS AVENUE
SUITE 1300

CITY,STATE, & ZIP: MIDLAND, TEXAS 79701

The above operator accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No: NM-86172

Well name: APPLESEED "17" FEDERAL # 4

Legal Description of land: E/2 of W/2, W/2 of E/2, E/2 of SE/4, SE/4 of NE/4.

Bond coverage: BLANKET

B.L.M. Bond File No.: NM-27279

Authorized Signature
Joe T. Janica
Joe T. Janica

Title: AGENT

Date: 07/30/03

CONCHO RESOURCES INC.

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

(432) 683-7443
FAX 683-7441

August 4, 2003

Ms. Linda A. Askwig
Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88202

Federal Lease NM NM 86172
Appleseed "17" Federal #4 Well
1,830' FSL & 2,055' FEL Section 17
Township 20 South, Range 25 East
Lea County, New Mexico
Our File #306004-04 & #706002

Dear Ms. Askwig:

This letter will certify that Concho Resources, Inc., as the Operator of the captioned well, has reached an agreement with the private surface owner concerning the surface use for the drilling of our well at the captioned location.

Thank you.

Yours truly,

Garland H. Lang, III
Senior Landman

cc: Production Department
Joe Janica

/tf:appleseed(133)