

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address CONCHO OIL & GAS CORP. 550 W. Texas Ave, Suite 1300 Midland, TX 79701		OGRID Number 193407
		API Number 30-25-36391
Property Code 32757	Property Name Hornet State	Well No. 001

Surface Location

UL or Lot D	Section 3	Township 19S	Range 34E	Lot Idn	Feet From 760	N/S Line N	Feet From 660	E/W Line W	County Lea
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Proposed Pools

LA RICA;MORROW, EAST (GAS) 79810

Work Type New Well	Well Type Gas	Cable/Rotary	Lease Type State	Ground Level Elevation 4002
Multiple N	Proposed Depth 14000	Formation Morrow	Contractor	Spud Date 9/5/2003

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	1800	500	0
Int1	12.25	8.625	32	5400	1910	0
Prod	7.875	5.5	20	14000	1925	4900

Casing/Cement Program: Additional Comments

13 3/8 500 sx C+2%CaCl2 & 1/4# FC;8 5/8 550sx 50/50/10 Poz C Gel w/5%salt, 5# gil & 1/4# FC + 200 sx C neat, 960 sx 50/50/10 PozC gel w/5% salt,5# gil & 1/4# FC+200sx C neat.5 1/2 875 sx 50/50j/2 Poz H gel w/5% salt,3# gil, 5% FL52 & .5% FL25, 850 sx 50/50/a0 Poz C gel w/5% salt 5# gil & 1/4# FC + 200 sx H neat.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	2500	
Double Ram	5000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.	
Electronically Signed By: Erick Nelson	
Title: Sr. Engineer	
Date: 8/28/2003	Phone: 432-683-7443

OIL CONSERVATION DIVISION	
Electronically Approved By: Paul Kautz	
Title: Geologist	
Approval Date: 9/3/2003	Expiration Date: 9/3/2004
Conditions of Approval: There are conditions. See Attached.	

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Form C-102

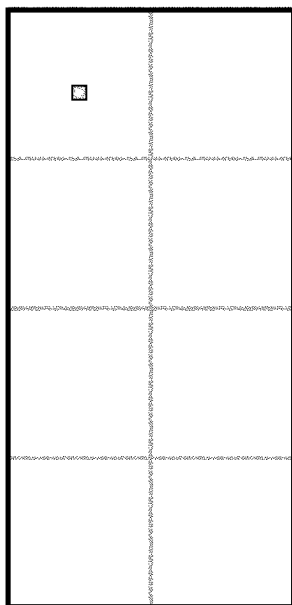
Oil Conservation Division
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-25-36391	Pool Name LA RICA;MORROW, EAST (GAS)	Pool Code 79810
Property Code 32757	Property Name Hornet State	Well No. 001
OGRID No. 193407	Operator Name CONCHO OIL & GAS CORP.	Elevation 4002

Surface And Bottom Hole Location

UL or Lot D	Section 3	Township 19S	Range 34E	Lot Idn	Feet From 760	N/S Line N	Feet From 660	E/W Line W	County Lea
Dedicated Acres 328.6		Joint or Infill		Consolidation Code		Order No.			



OPERATOR CERTIFICATION

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

Electronically Signed By: Erick Nelson

Title: Sr. Engineer

Date: 8/28/2003

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.

Electronically Signed By: Gary L. Jones

Date of Survey: 8/20/2003

Certificate Number: 7977

APD Comments

Operator: 193407 CONCHO OIL & GAS CORP.

Well: Hornet State 001

User Name	Comment	Comment Date
DMULL	A well located in Unit K of this section has also produced from the Morrow. At this time the well has not produce for several years, but it has the acreage tied to it.	9/2/2003
DMULL	Concho is working to take over the Union State #1-K well. The well has been shut-in and will continue to be shut-in from the Morrow zone.	9/3/2003

APD Conditions Of Approval

Operator: 193407 CONCHO OIL & GAS CORP.

Well: Hornet State 001

OCD Reviewer	Condition
PKAUTZ	Drilling Fluid 1) Fresh water or fresh water spud mud shall be used to drill to surface casing depth. If surface casing is set at a lesser depth than the top of the Rustler Fm., fresh water spud mud may be used to drill down to the first salt in the Rustler Fm. after which brine or fresh water may be used. 2) Non-toxic or biodegradable water based polymers, drilling paper, starch and gels may be used in the mud system in order to retard seepage into the redbeds.
PKAUTZ	Drilling Fluid (continued) 3) Two to five percent diesel or crude oil may be used in the redbed section in order to control heaving shales and mudstones. 4) Caustic and Lime shall not be used in the red beds but may be added when the Rustler Formation is reached. However, sodium carbonate may be used for alkalinity or pH control while drilling the red beds above the Rustler Fm.
PKAUTZ	Surface casing should be set at least 25 feet into top of the Rustler anhydrite and cement circulated to the surface.