

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTN.M. Oil Cons. Division  
1625 N. French Dr.  
Hobbs, NM 88240FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

## 1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

0231

## b. TYPE OF WELL

OIL  
WELL ☐GAS  
WELL ☒

OTHER

SINGLE  
ZONE ☒MULTIPLE  
ZONE ☐

## 2. NAME OF OPERATOR

CONCHO RESOURCES, INC.; FASKEN CENTER, TOWER II (MARK ELLERBE)

## 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

860' FSL &amp; 660' FEL SECTION 17 T19S-R33E LEA CO. NM

At proposed prod. zone SAME

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

Approximately 35 miles Southwest of Hobbs, New Mexico

## 15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

660'

## 16. NO. OF ACRES IN LEASE

480

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

320

## 18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

NA

## 19. PROPOSED DEPTH

13,700'

## 20. ROTARY OR CABLE TOOLS

ROTARY

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

3643' GR.

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           |
|--------------|----------------------|-----------------|---------------|------------------------------|
| 25"          | Conductor            | NA              | 40'           | Cement to surface W/Redi-mix |
| 17 1/2"      | H-40 13 3/8"         | 48              | 430'          | 485 Sx circulate to surface  |
| 12 1/2"      | J-55, HCK-55 8 5/8"  | 32              | 5200'         | 1840 Sx " " "                |
| 7 7/8"       | LSS-110 5 1/2"       | 20 & 17         | 13,700'       | 2390' Sx. Estimate TC 4700'  |

SEE ATTACHED SHEET

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHEDCONCHO RESOURCES, INC. ACCEPTS THE RESPONSIBILITY FOR THE OPERATION  
OF THIS LEASE.

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

TITLE

Agent

DATE

12/05/03

(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 which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

/s/ JOE G. LARA

TITLE

FIELD MANAGER

DATE

JAN 20 2004

\*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 58240

## 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 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                   |   |                           |
|-----------------------------------|---|---------------------------|
| API Number<br><b>30-025-36543</b> | Pool Code<br>73000                      | Pool Name<br>BUFFALO-PENN |
| Property Code<br><b>33342</b>     | Property Name<br>EXCALIBUR "17" FEDERAL | Well Number<br>1          |
| OGRID No.<br>193407               | Operator Name<br>CONCHO RESOURCES INC.  | Elevation<br>3643'        |

## Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 17      | 19 S     | 33 E  |         | 860'          | SOUTH            | 660'          | EAST           | LEA    |

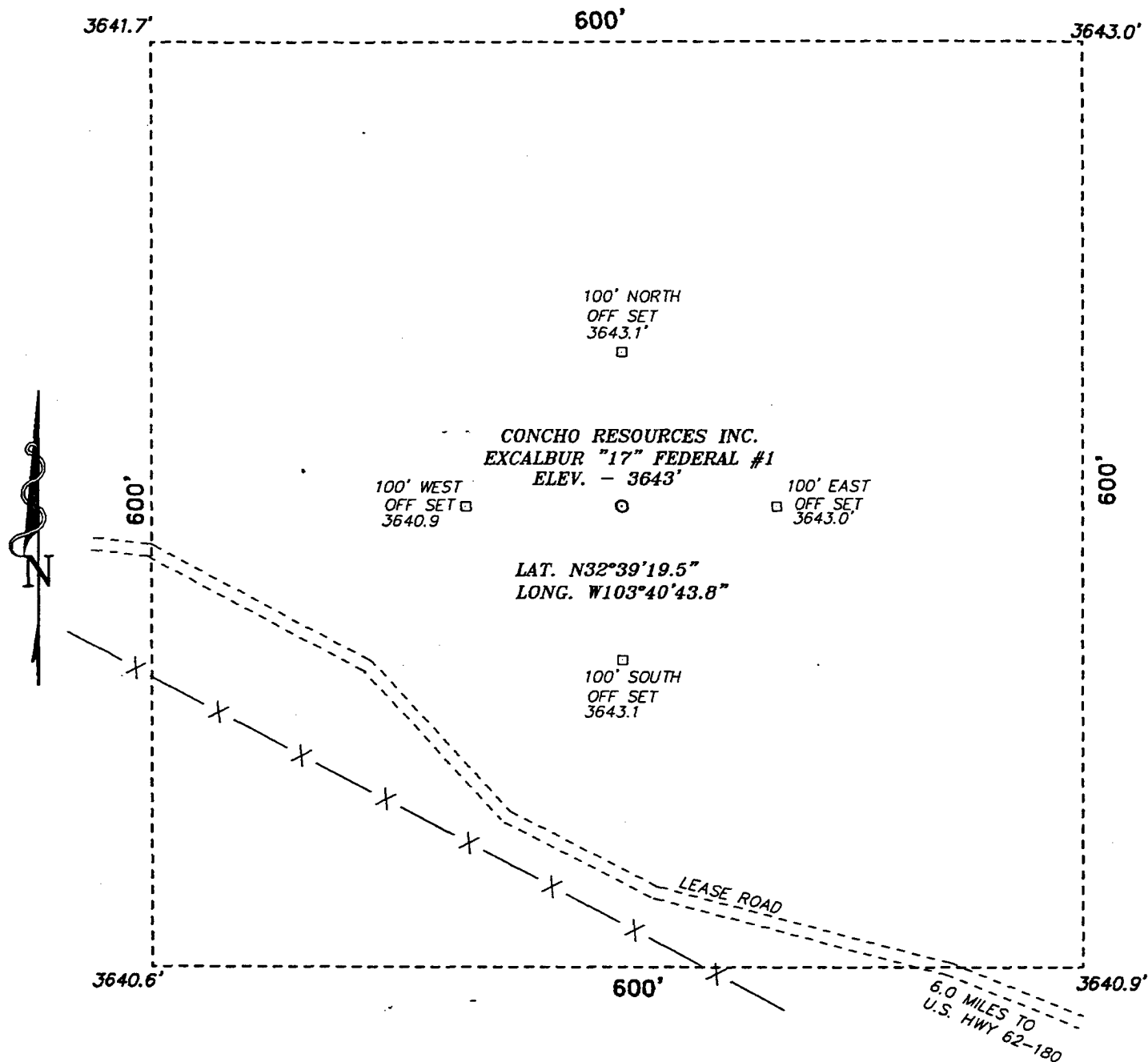
## Bottom Hole Location If Different From Surface

| UL or lot No.          | Section         | Township           | Range     | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
|                        |                 |                    |           |         |               |                  |               |                |        |
| Dedicated Acres<br>320 | 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

|  |   |
|--|---|
|  | <b>OPERATOR CERTIFICATION</b><br>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.<br><br>Signature<br>Joe T. Janica<br>Printed Name<br>Agent<br>Title<br>12/05/03<br>Date   |
|  | <b>SURVEYOR CERTIFICATION</b><br>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.<br>November 21, 2003<br>Date Surveyed<br>Signature of L. JONES<br>Seal of Professional Surveyor<br>7977<br>W.O. No. 3781<br>Certificate No. Gary Jones 7977<br>JLP<br>BASIN SURVEYS |

SECTION 17, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



SCALE: 1" = 100'

FROM THE INTERSECTION OF U.S. HWY. 62-180 AND  
SMITH RANCH RD. LEA COUNTY RD. H-55 GO NORTHWEST  
APPROX. 6.0 MILES TO LOCATION ON THE RIGHT.

**CONCHO RESOURCES INC.**

REF: EXCALIBUR "17" FEDERAL #1 / Well Pad Topo

EXCALIBUR "17" FEDERAL #1 LOCATED 860' FROM THE  
SOUTH LINE AND 660' FROM THE EAST LINE OF  
SECTION 17, TOWNSHIP 19 SOUTH, RANGE 33 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 3781

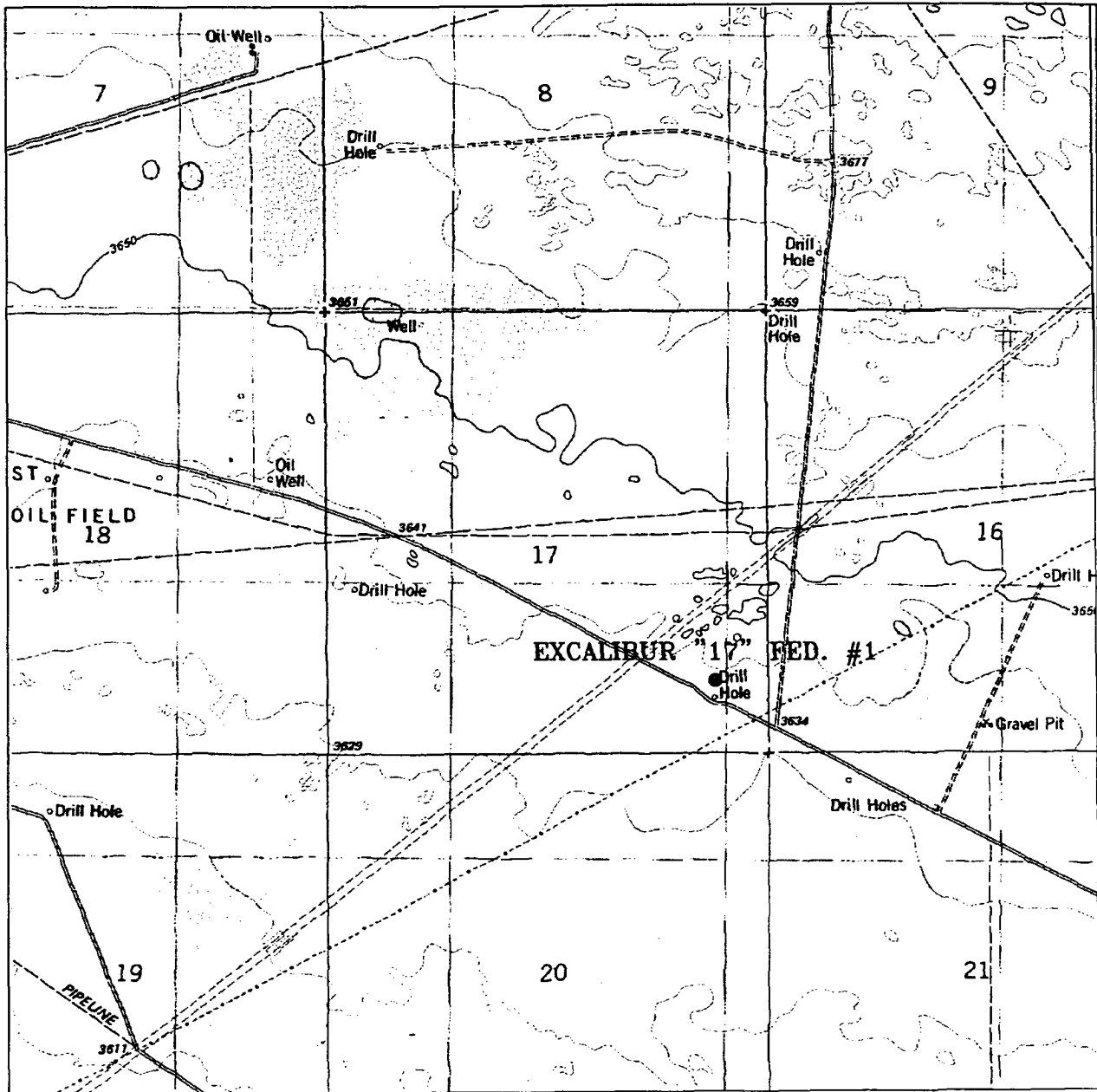
Drawn By: JAMES PRESLEY

Date: 11/24/03

Disk: JLP #1 - 3781A

Survey Date: 11/21/03

Sheet 1 of 1 Sheets



**EXCALIBUR "17" FEDERAL #1**  
 Located at 860' FSL and 660' FEL  
 Section 17, Township 19 South, Range 33 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: 3781AA - JLP #1

Survey Date: 11/21/03

Scale: 1" = 2000'

Date: 11/24/03

**CONCHO**  
**RESOURCES**  
**INC.**

# APPLICATION TO DRILL

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E 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: 860' FSL & 660' FEL SECTION 17 T19S-R33E LEA CO. NM
2. Ground Elevation above Sea Level: 3643' 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:

6. Estimated tops of geological markers:

|                   |       |             |         |
|-------------------|-------|-------------|---------|
| Rustler Anhydrite | 1400' | Bone Spring | 7790'   |
| Yates             | 3230' | Wolfcamp    | 10,960' |
| Queen             | 4200' | Strawn      | 12,080' |
| San Andres        | 5050' | Atoka       | 12,480' |
| Delaware          | 5960' | Morrow      | 12,780' |

7. Possible mineral bearing formations:

|          |     |             |     |
|----------|-----|-------------|-----|
| Yates    | Oil | Bone Spring | Oil |
| 7 Rivers | Oil | Morrow      | Gas |
| Delaware | Oil |             |     |

8. Casing Program:

| Hole Size | Interval  | OD of Casing | Weight  | Thread | Collar | Grade      |
|-----------|-----------|--------------|---------|--------|--------|------------|
| 25"       | 0-40'     | 20"          | NA      | NA     | NA     | Conductor  |
| 17½"      | 0-430'    | 13 3/8"      | 48      | 8-R    | ST&C   | H-40       |
| 12¼"      | 0-5200'   | 8 5/8"       | 32      | 8-R    | ST&C   | HCK & J-55 |
| 7 7/8"    | 0-13,700' | 5½"          | 17 & 20 | 8-R    | LT&C   | P-110      |

# APPLICATION TO DRILL

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM

## 9. CASING SETTING DEPTH AND CEMENTING:

|         |              |  |
|---------|--------------|--|
| 20"     | Conductor    | Set 40' of 20" conductor and cement to surface with Redi-mix.  |
| 13 3/8" | Surface      | Set 430' of 13 3/8" 48# H-40 ST&C casing. Cement with 485 Sx. of Class "C" cement + 2% CaCl, + 1/4# Flocele/Sx. circulate cement to surface.   |
| 8 5/8"  | Intermediate | Set 5200' of 8 5/8" 32# casing as follows: 700' of 8 5/8" 32# HCK ST&C, 3400' of 32# J-55 ST&C, 1100' of 8 5/8" 32# HCK-55 ST&C. Cement in 2 stages with DV Tool at 3100' Cement 1st stage with 600 Sx. of 50/50/10 POZ: "C": Gel + 5% Salt + 5# Gilsonite/Sx. + 1/4# Floceles/Sx. tail in with 200 Sx. of Class "C" neat, cement 2nd stage with 840 Sx. of 50/50/10 POZ "C" Gel + 5% Salt, + 5# Gilsonite /Sx. + 1/4# Flocele/Sx., tail in with 200 Sx. of Class "C" +2% CaCl, circulate cement to surface. |
| 5 1/2"  | Production   | Set 13,700' of 5 1/2" casing as follows: 700' of 5 1/2" 20# LSS-110 LT&C, 9600' of 17# LSS-110 LT&C, 3400' of 5 1/2" 20# LSS-110 LT&C. Cement in 2 stages with DV Tool at 10,500'±. Cement 1st stage with 800 Sx. of 50/50/2 POZ "H" Gel + 5% salt, + 3# Gilsonite/Sx., .5%FL-52, + .5% FL-25,. Cement 2nd stage with 1140 Sx. of 50/50/10 POZ "H" Gel, + 5% Salt, + 5# Gilsonite/Sx, + 1/4# Flocele/Sx. tail in with 200 Sx. of Class "H" Neat. Estimate top of cement 4700'.                               |

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 1900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. This B.O.P. will be nipped up on the 13 3/8" casing and remain on hole till the 8 5/8" casing is cemented. A 1500 Series 5000 PSI B.O.P. consisting of an annular type bag preventor middle blind rams, and bottom pipe rams, this B.O.P will be nipped up on the 8 5/8" casing and will remain on hole till casing is run. Exhibit "E-1" shows a hydraulically operated closing unit and a 3" 5000 PSI choke manifold with dual adjustable chokes. B.O.P.'s and choke manifold will be tested to API specs. B.O.P.'s will be operated at least once each 24 hour period and blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be on the drilling rig at all times while drilling. No abnormal pressures or temperatures are expected in this well.

## APPLICATION TO DRILL

CONCHO RESOURCES, INC.  
 EXCALIBUR "17" FEDERAL # 1  
 UNIT "P" SECTION 17  
 T19S-R33E LEA CO. NM

## 11. Proposed Mud Circulating System

| Interval        | Mud Wt.     | Visc.   | FL  | Type Mud System   |
|-----------------|-------------|---------|-----|---|
| 40' - 430'      | 8.4 - 8.9   | 32 - 34 | NC  | Fresh water spud mud. Add paper for seepage.  |
| 430' - 1500'    | 8.4 - 8.9   | NC      | NC  | Fresh water w/ 4-6% oil for red bed stability. <u>Pump sweeps of paper and starch while drilling red beds to meet BLM requirements for alternative surface casing setting depth.</u>                              |
| 1500' - 5200'   | 10.0 - 10.2 | NC      | NC  | Fresh water to brine w/ 4-6% oil for red bed stability. Use paper and high viscosity sweeps for seepage and hole cleaning. Prior to TD add 30- 50 bbl oil and 30 sx of yellow starch to condition hole to run csg |
| 5200' - 8800'   | 8.4 - 8.5   | NC      | NC  | Drill section with fresh water circulating the reserve utilizing periodic sweeps of MF-55 and paper as needed for seepage control and solids removal.   |
| 8800' - 10800'  | 8.5 - 9.0   | NC      | NC  | Increase weight with brine additions and utilize periodic sweeps of MF-55 and paper as needed for seepage control and solids removal.   |
| 10800' - 12500' | 10.0 - 10.2 | 31-32   | <20 | Increase weight with brine additions and mud up with bentonite and polypac circulating through steel pits.  |
| 12500' - 13700' | 10.0 - 10.2 | 36-42   | <8  | Add 3% KCL and reduce FL w/ duovis and polypac. Maintain properties to TD. Spot a high vis pill on bottom for logs.   |

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

APPLICATION TO DRILL

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Laterolog, SNP LDT, CNL, Gamma Ray- Caliper from 5200' to 13 3/8" casing shoe. (Run one) Run 2 same suite from TD back to 8 5/8" casing shoe at 5200'±.
- B. Mud logger may be placed on hole at the advice of Geologist after intermediate casing is run.
- C. Cores and DST's will be run as shows dictate.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H<sup>2</sup>S in this area. If H<sup>2</sup>S 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 6250 PSI, and Estimated BHT 190°.

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 40 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 MORROW formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as a gas well.



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 hazards
  - 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" & "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<sub>2</sub>S has on tubular goods and other mechanical equipment.
9. If H<sub>2</sub>S 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<sub>2</sub>S scavengers if necessary.

## SURFACE USE PLAN

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM

1. EXISTING ROADS & PROPOSED ROADS: Area maps; Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing 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 Hobbs New Mexico take U.S. Hi-way 62-180 West toward Carlsbad New Mexico go 30 miles to Smith Ranch road turn North go 2.2 miles bear Left follow caliche road Northwest approximately 4 miles to location on the North side of road.
  - C. Lay flowline and construct ~~powerline~~ along lease road as shown on Exhibit "F".  
TSC
2. PLANNED ACCESS ROADS: Aproximately 200' of new road will be constructed.
  - A. The access roads will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.
  - B. Gradient of all roads will be less than 5.00%.
  - C. If turn-outs are necessary they will be constructed.
  - 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 new roads will be flagged. Earth-work will be will be done as field conditions require.
  - F. Culverts will be placed in the access road if they are necessary. The roads will be constructed to utilize low water crossings for drainage as required by topography.
3. LOCATIONS OF EXISTING WELLS IN A ONE MILE RADIUS. 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"

## SURFACE USE PLAN

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E 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 furthred 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 RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E 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 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.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E 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. Surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is used for grazing livestock and the production of oil and gas.
- 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 near this location.

12. OPERATORS REPRESENTATIVES:

Before construction:

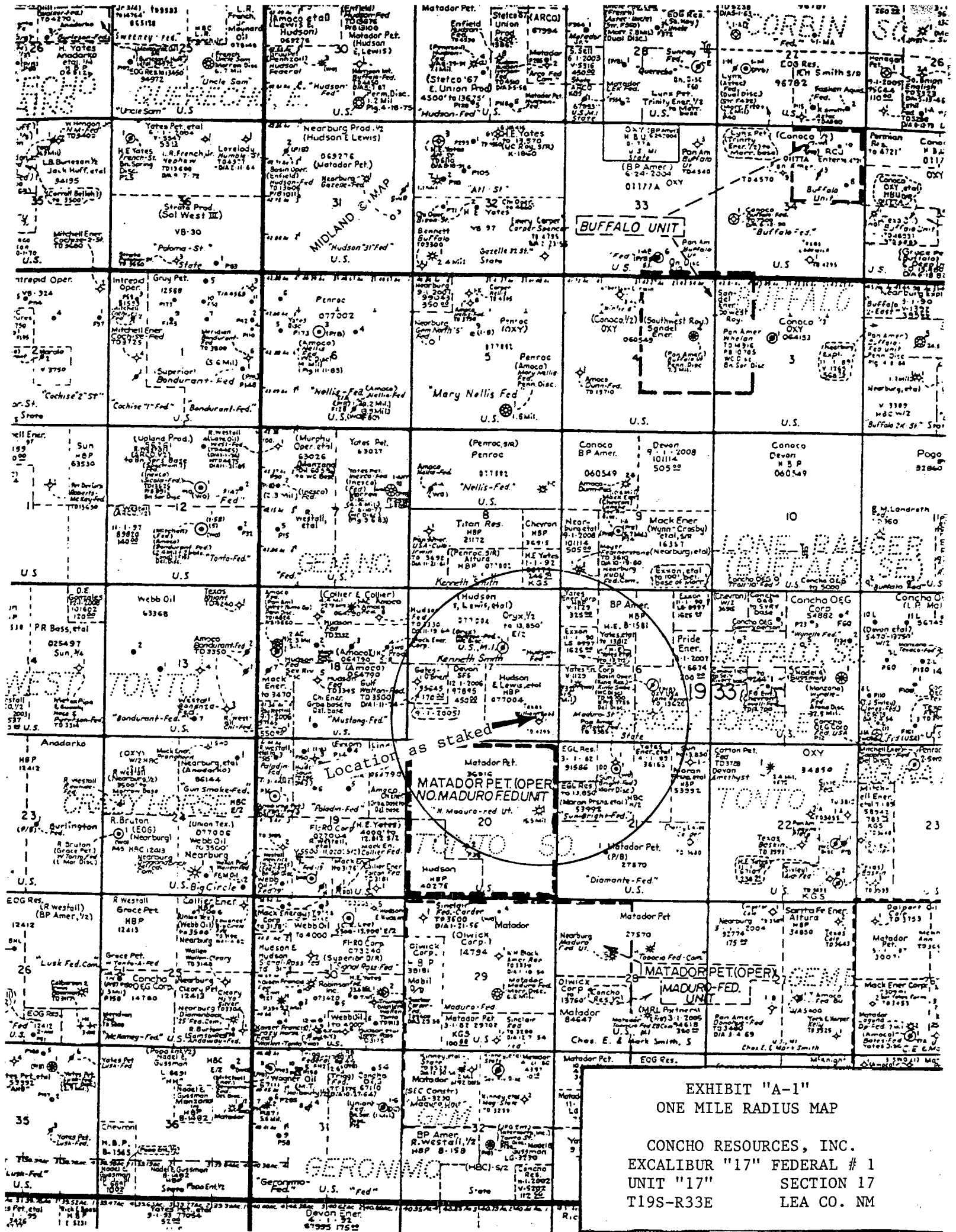
TIERRA EXPLORATION, INC  
P.O. BOX 2188  
HOBBS, NEW MEXICO 88241  
OFFICE Ph. 505-391-8503  
JOE T. JANICA

During and after construction:

CONCHO RESOURCES, INC.  
FASKEN CENTER TOWER II  
550 WEST TEXAS ACE SUITE 1300  
MIDLAND, TEXAS 79701  
MARK ELLERBE OFFICE PH. 432-685-4343

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 RESOURCES, INC. it's contractors/subcontractors is in compfornity 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 : 12/05/03  
TITLE : Agent



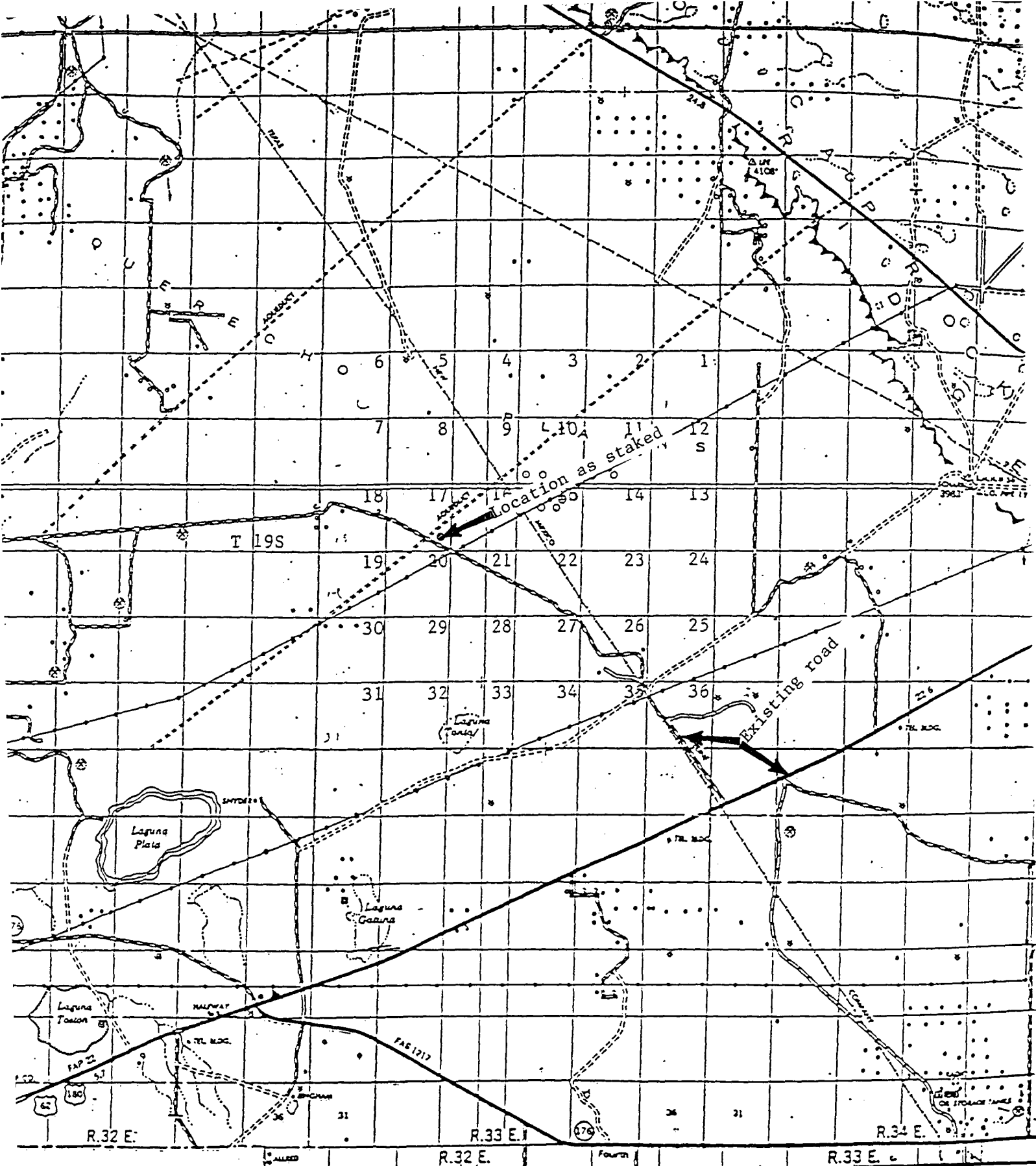
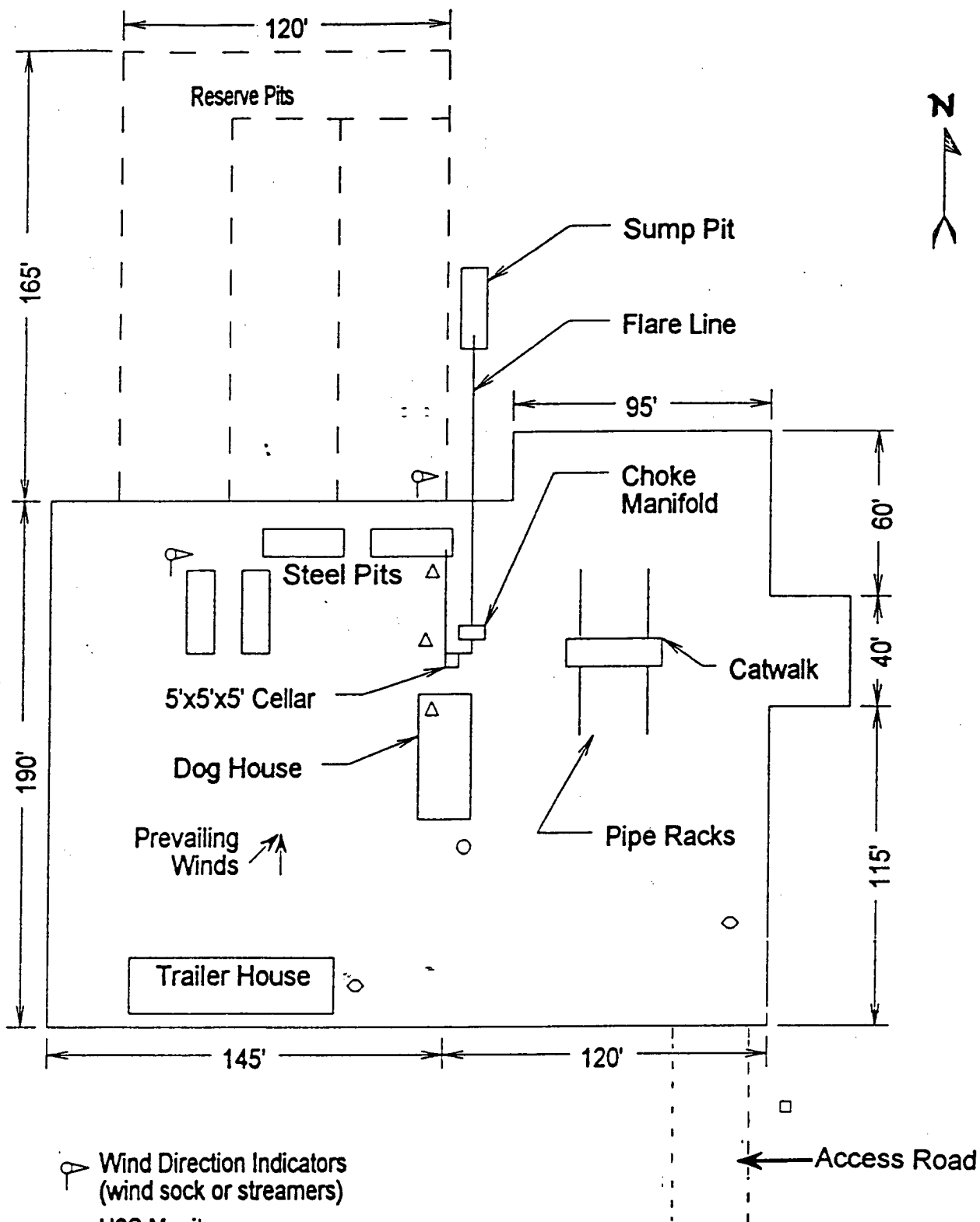


EXHIBIT "B"  
LOCATION & ACCESS ROAD MAP

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM



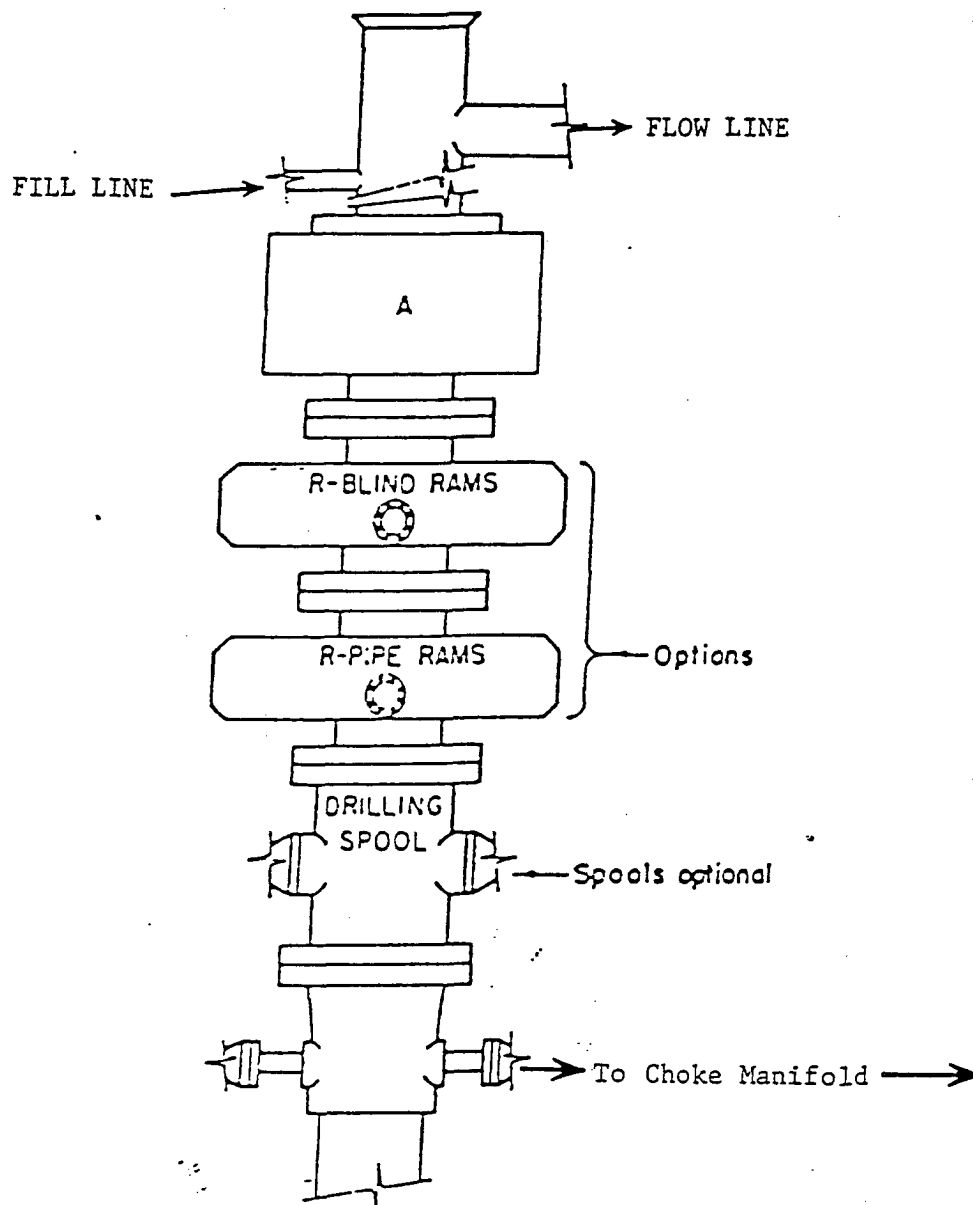




- ⊙ Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

EXHIBIT "D"  
RIG LAY OUT PLAT

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM

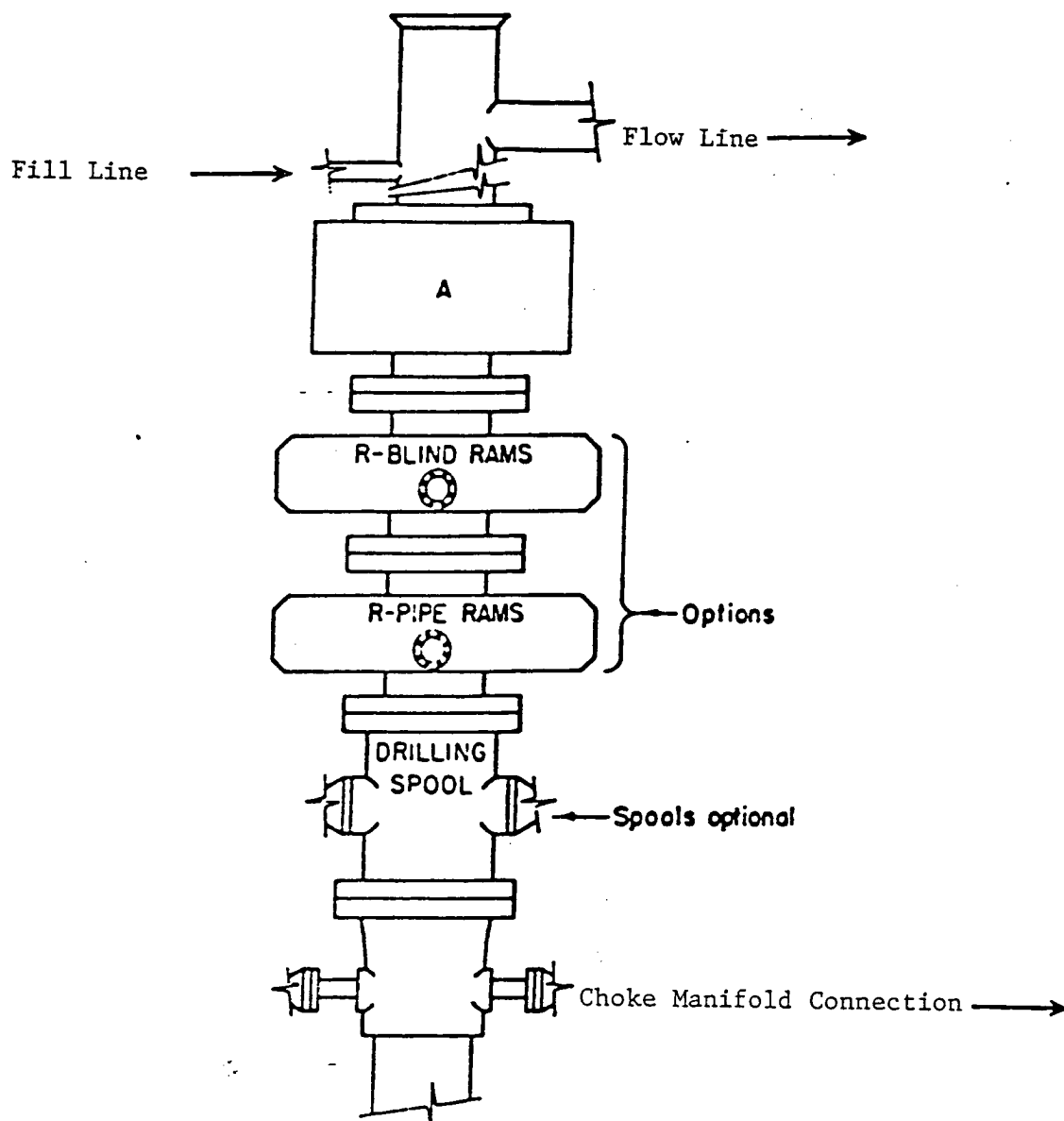


# ARRANGEMENT SRRA

900 Series  
3000 PSI WP

EXHIBIT "E"  
SKETCH OF B.O.P. TO BE USED ON  
3000 PSI

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM



# **ARRANGEMENT SRRA**

1500 Series  
5000 PSI WP

EXHIBIT "E"  
SKETCH OF B.O.P. TO BE USED ON  
5000 PSI

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM

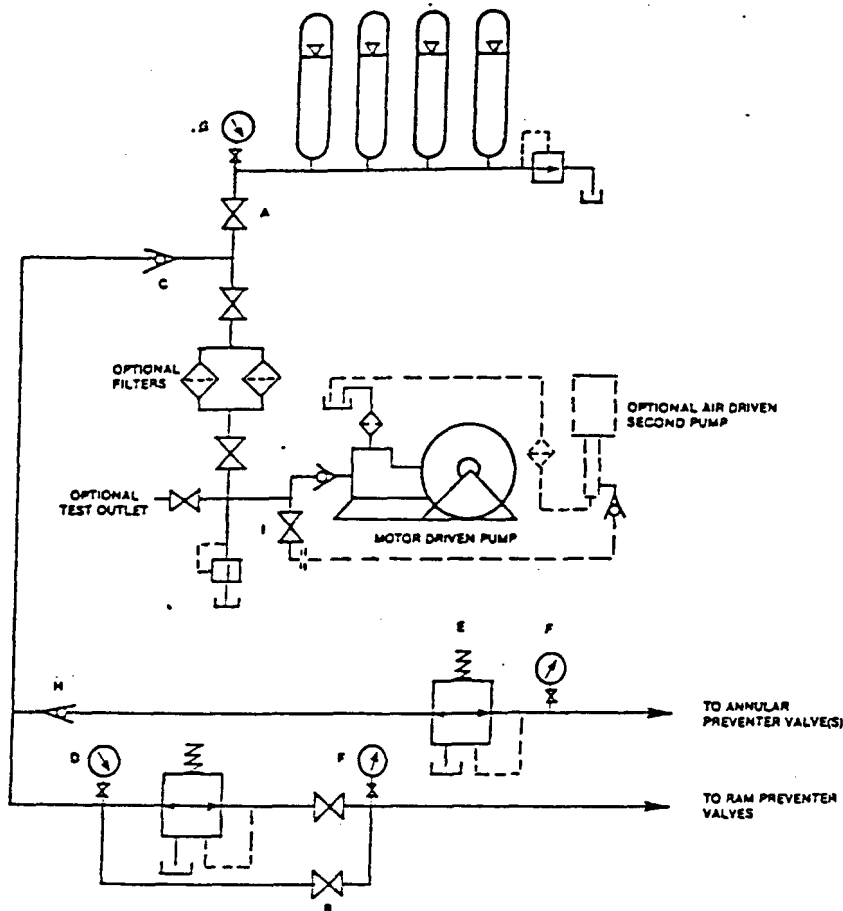


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

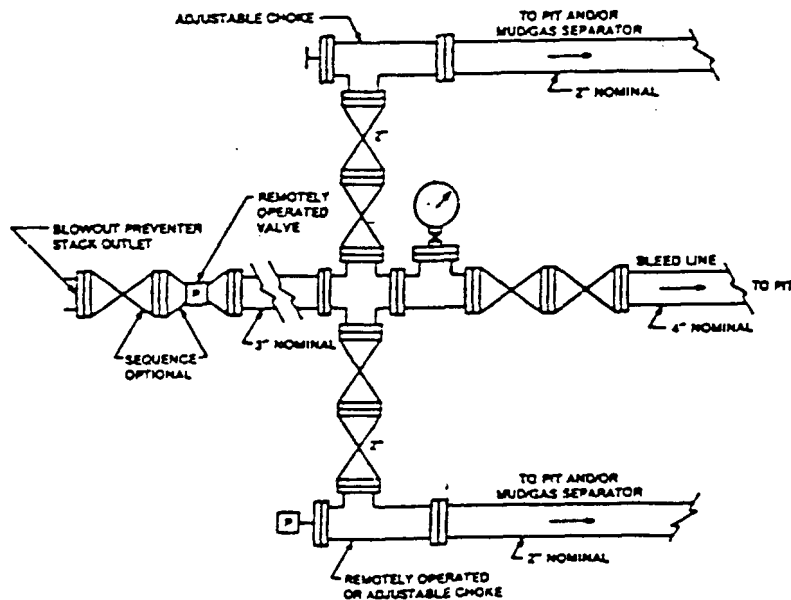


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"  
CHOKE MANIFOLD & CLOSING UNIT

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM

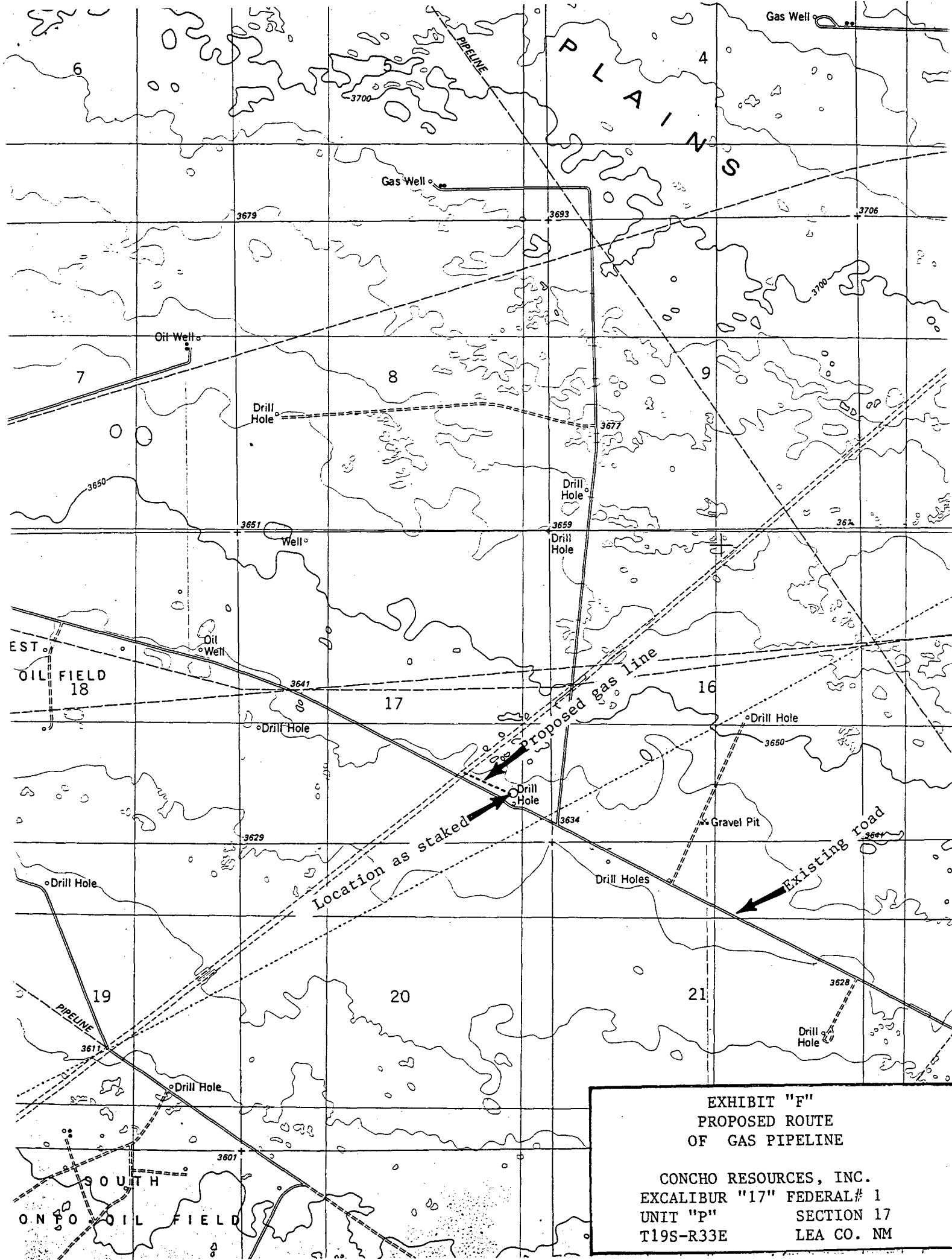


EXHIBIT "F"  
PROPOSED ROUTE  
OF GAS PIPELINE

CONCHO RESOURCES, INC.  
EXCALIBUR "17" FEDERAL # 1  
UNIT "P" SECTION 17  
T19S-R33E LEA CO. NM