Form 3160-3
(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

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

2. NAME OF OPERATOR
CONCHO OIL & GAS CORP. (JIM BLOUNT) 915-683-7443

3. ADDRESS AND TELEPHONE NO.
110 WEST LOUISIANA SUITE 410 MIDLAND, TEXAS 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
1980' FNL & 1980' FEL SEC. 17 T20S-R35E LEA CO. NM
At proposed prod. zone
G

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" FEDERAL # 3

9. API WELL NO.
30-025-35790

10. FIELD AND POOL, OR WILDCAT
FEATHERSTONE-BONE SPRING

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
SEC. 17 T20S-R35E

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

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 25 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: 600

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1320'

19. PROPOSED DEPTH: 10.800'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3689' 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"	20" conductor	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48	~~400'~~ 1975'	450 Sx. circulate to surface
11"	J-55 8 5/8"	32	3800'	1000 Sx. " " "
7 7/8"	J-55,N-80 5½"	17	10,800'	1200 Sx. estimate top cement 3500'

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe 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 450 Sx of Class "C" cement + 2% CaCl + ¼# Flocele/Sx. circulate cement to surface.

3. Drill 11" hole to 3800'. Run and set 3800' of 8 5/8" 32# J-55 ST&C casing. Cement with 600 Sx. of Light cement tail in with 400 Sx of Class "C" cement + 2% CaCl, + ¼# Flocele /Sx. circulate cement to surface.

4. Drill 7 7/8" hole to 10,800'. Run and set 10,800' of 5½" casing as follows: 1000' of 5½" 17# S-95 LT&C, 5100' of 5½" 17# N-80 LT&C, 4000' of 5½" J-55 LT&C, 700' of 5½" 17# N-80 LT&C. Cement with 900 Sx. of Class "H" Light cement + additives, tail in with 300 Sx. of Class "H" Premium Plus cement + additives, estimate top of cement 3500'.

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 Joel Jones TITLE Agent DATE 04/27/01

(This space f

PERMIT NO. ___ APPROVAL DATE ___

Application appr able title to those rights in the subject lease which would

CONDITIONS OF

OPER. OGRID NO. 193407
PROPERTY NO. 27997
POOL CODE 24250
EFF. DATE 12-31-01
API NO. 30-025-35790 NM

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

APPROVED BY /S/ JOE G. LARA TITLE FIELD MANAGER DATE DEC 26 2001

*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.


RECEIVED
APR 30 2001
BLM
ROSWELL, NM

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-35790	24250	FEATHERSTONE - BONE SPRING

Property Code	Property Name	Well Number
27991	APPLESEED "17" FEDERAL	3

OGRID No.	Operator Name	Elevation
193407	CONCHO OIL & GAS CORP.	3689'

Surface Location

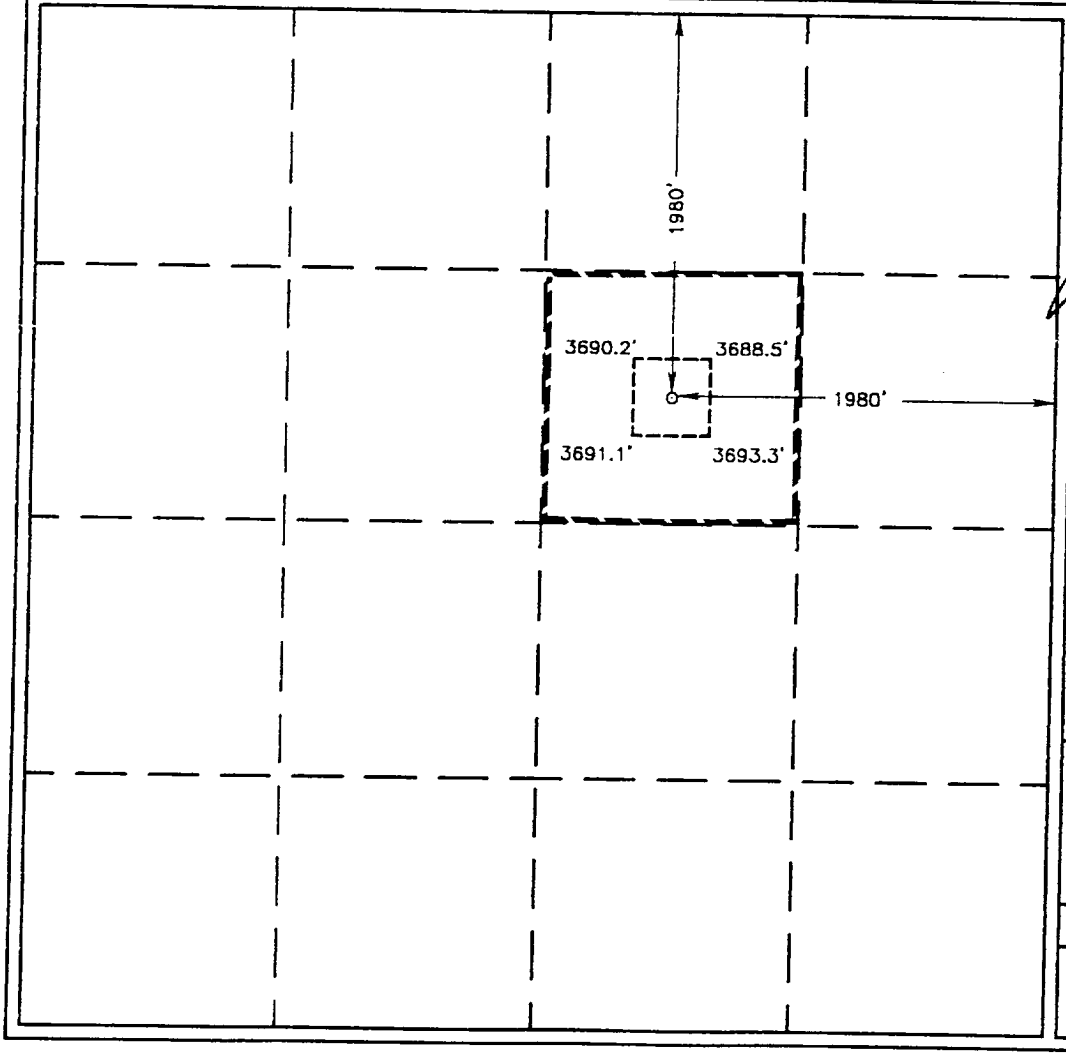
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	17	20-S	35-E		1980	NORTH	1980	EAST	LEA

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.
40			

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

04/27/01
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.

APRIL 20, 2001
Date Surveyed AWB

Signature & Seal of Professional Surveyor

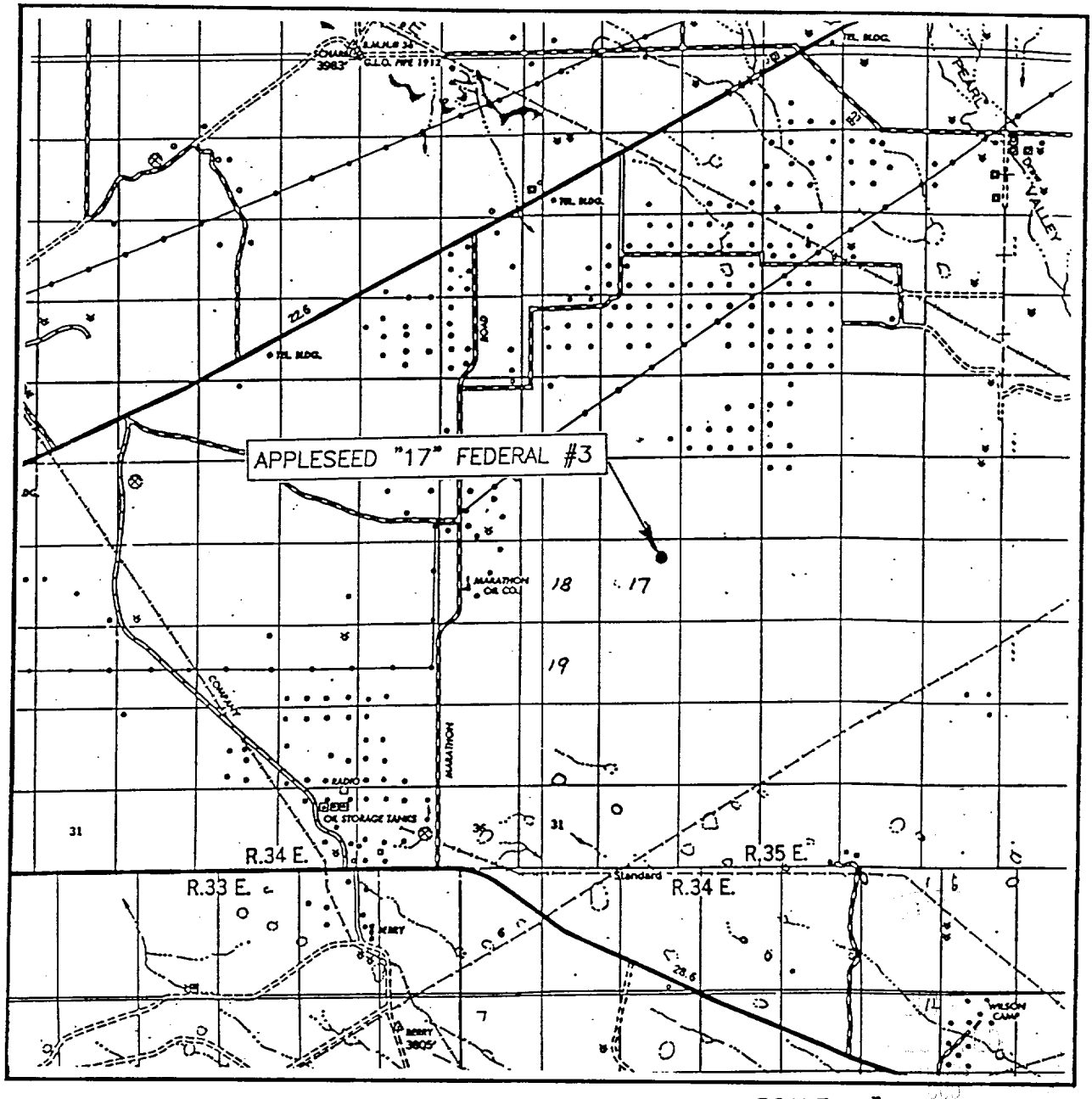
4/25/01

01-11-0486

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

EXHIBIT "A"

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 17 TWP. 20-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980'FNL & 1980'FEL

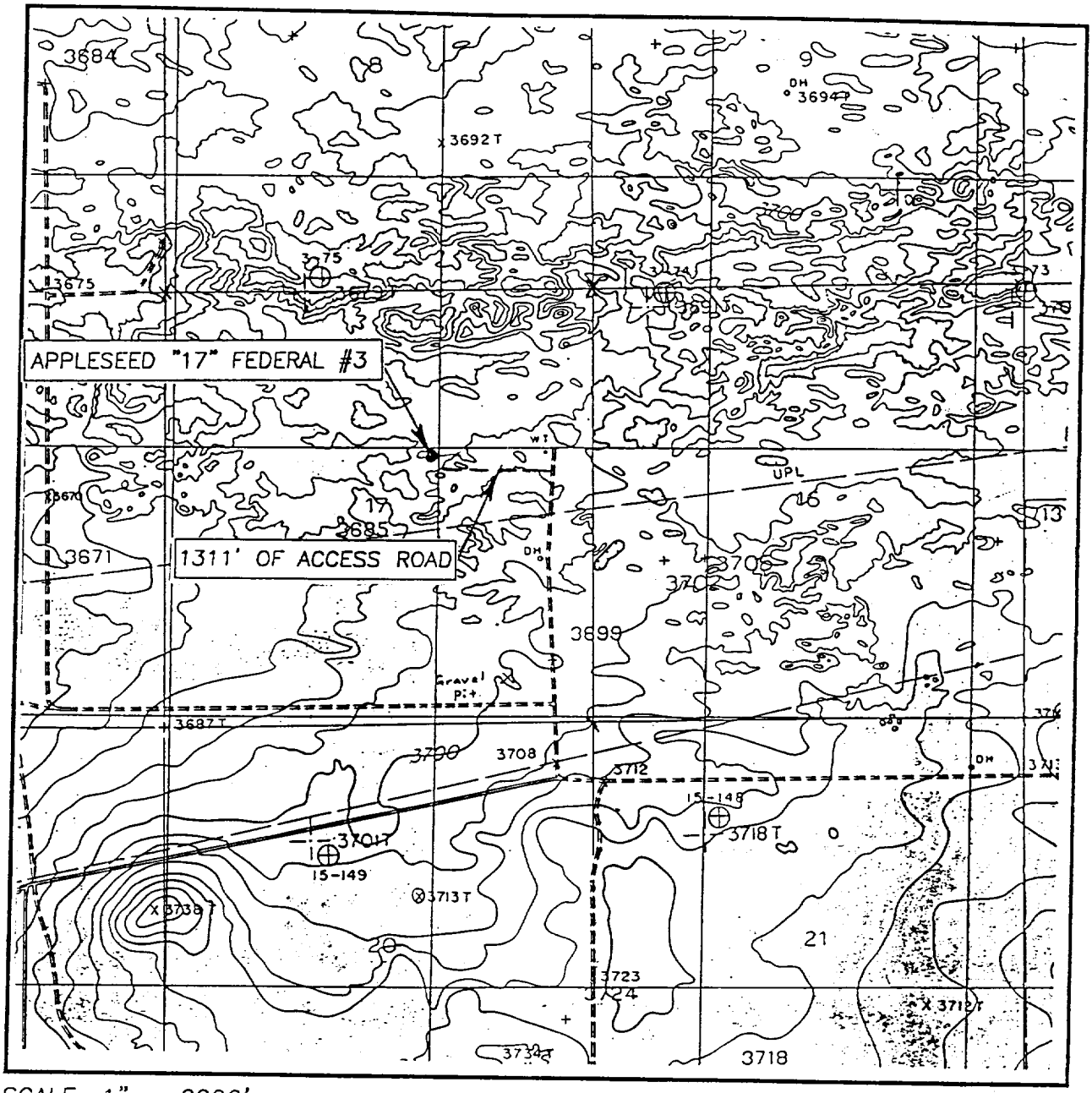
ELEVATION 3689'

OPERATOR CONCHO RESOURCES, INC.

LEASE APPLESEED "17" FEDERAL

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 5'

MONUMENT SW, N.M.

SEC. 17 TWP. 20-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980'FNL & 1980'FEL

ELEVATION 3689'

OPERATOR CONCHO RESOURCES, INC.

LEASE APPLESEED "17" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
MONUMENT SW, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

APPLICATION TO DRILL

CONCHO OIL & GAS CORP.
APPLESEED "17" FEDERAL # 3
UNIT "G" 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: 1980' FNL & 1980' FEL SEC. 17 T20S-R35E LEA CO. NM

2. Elevation above Sea Level: 3689' 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: 10,800'

6. Estimated tops of geological markers:

Rustler Anhydrite	1950'	Bone Spring	8310'
Yates	3845'	1st B.S. Sand	9600'
San Andres	5120'	2nd B.S. Sand	10250'

7. Possible mineral bearing formations:

San Andres	Oil
Bone Spring	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
11"	0-3800'	8 5/8"	32	8-R	ST&C	J-55
7 7/8"	0-10,800'	5½"	17	8-R	LT&C	S-95 N-80 J-55

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe 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 450 Sx. of Class "C" cement + 2% CaCl, +¼# Flocele/Sx. circulate cement to surface.
8 5/8"	Intermediate	Set 3800' of 8 5/8" 32# J-55 ST&C casing. Cement with 600 Sx. of Class "C" Light cement + additives, tail in with 400 Sx. of Class "C" cement +2% CaCl, + ¼# Flocele /Sx. circulate cement to surface.
5½"	Production	Set 10,800' of 5½" casing as follows: 1000' of 5½ 17# S-95 LT&C, 5100' of 5½" 17# N-80 LT&C, 4000' of 5½ 17# J-55 LT&C, 700' of 5½" 17# N-80 LT&C. Cement with 900 Sx of Class "H" Light cement + additives, tail in with 300 Sx. Class "H" Premium Plus + additives. Top cement 3500'.

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	29-36	NC	Fresh water spud mud add paper to control seepage.
400-3800'	10.2-10.5	29-38	NC	Brine water add paper to control seepage and high visc. sweeps to clean hole.
3800-9400'	9.3-9.8	29-38	NC	Cut brine add gel to increase viscosity, add Soda Ash to control pH use high viscosity sweeps to clean hole.
9400-10,800'	9.3-9.8	32-38	10 cc or less	Same as above use a polymer system to control water loss.

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.

12. Testing, Logging and Coring Program:

A. Open hole logs: Dual Laterolog, SNP,LDT, Gamma Ray, Caliper from TD to 3800'. Gamma Ray, Neutron from 3800' to surface.

B. Mud logger on hole from 3800' to TD.

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

13. Potential Hazards:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H_2S detectors will be in place to detect any presence. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 5000 PSI, estimated BHT 170° .

14. Anticipated Starting Date and Duration of Operation:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 36 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15. Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Bone Spring pay will be perforated and stimulated. The well will be swab tested and potentialed as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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"

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 OIL & GAS CORP.
APPLESEDD "17" FEDERAL # 3
UNIT "G" 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 .75 miles to existing well turn Left go 1300' to location.

   C. Lay flowline from well #3 to tank battery located at well # 1 see Exhibit "F".

2. PLANNED ACCESS ROADS: Approximately 1300' of new road will be constructed.

   A. The access road will be crowned and dirched 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	-	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"

4. If this well is completed as a producer Concho Oil & Gas Corp.will furnish maps and/or plats showing on site facilities and if necessary off site facilities. Exhibit "F" shows existing roads known pipelines and powerlines. Pipelines and powerlines necessary to produce this well will be laid and constructed along these roads and existing R-O-W's.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

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

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pit.

B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by supplier included broken sacks.

D. Sewage from living quarters will drain into holes with a minimum depth of 10'. These holes will be covered during drilling and will be back filled upon completion. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.

E. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time they will be hauled off by transports and be disposed of at a state approved disposal facility. Later pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES:

A. No camps or airstrips to be constructed.

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.

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
JIM BLOUNT

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 Oil & Gas Corp. 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 : 04/27/01
TITLE : Agent

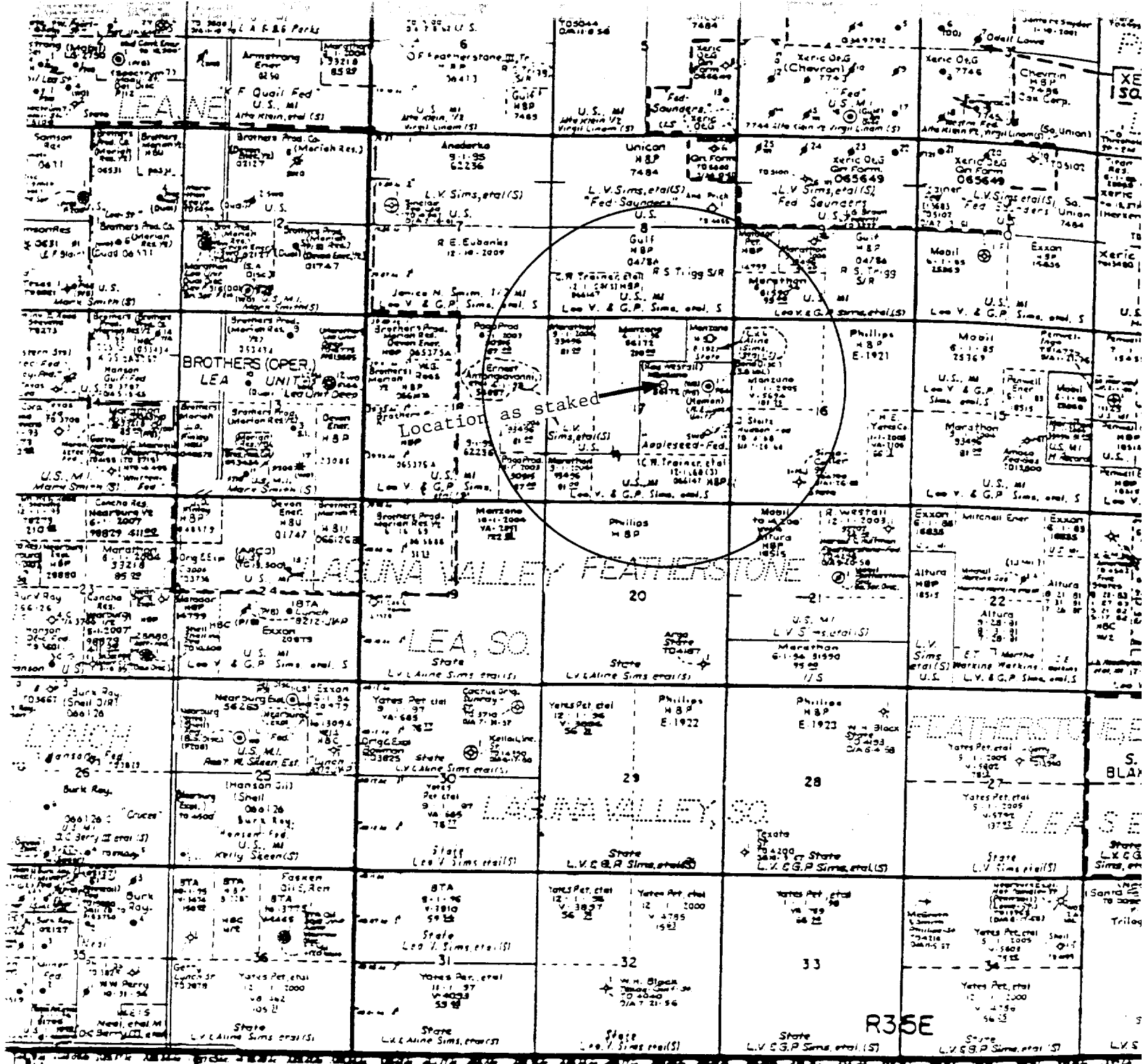


EXHIBIT "A-1"
ONE MILE RADIUS MAP

CONCHO OIL & GAS CORP.
APPLESEED "17" FEDERAL # 3
UNIT "G" SECTION 17
T20S-R35E LEA CO. NM

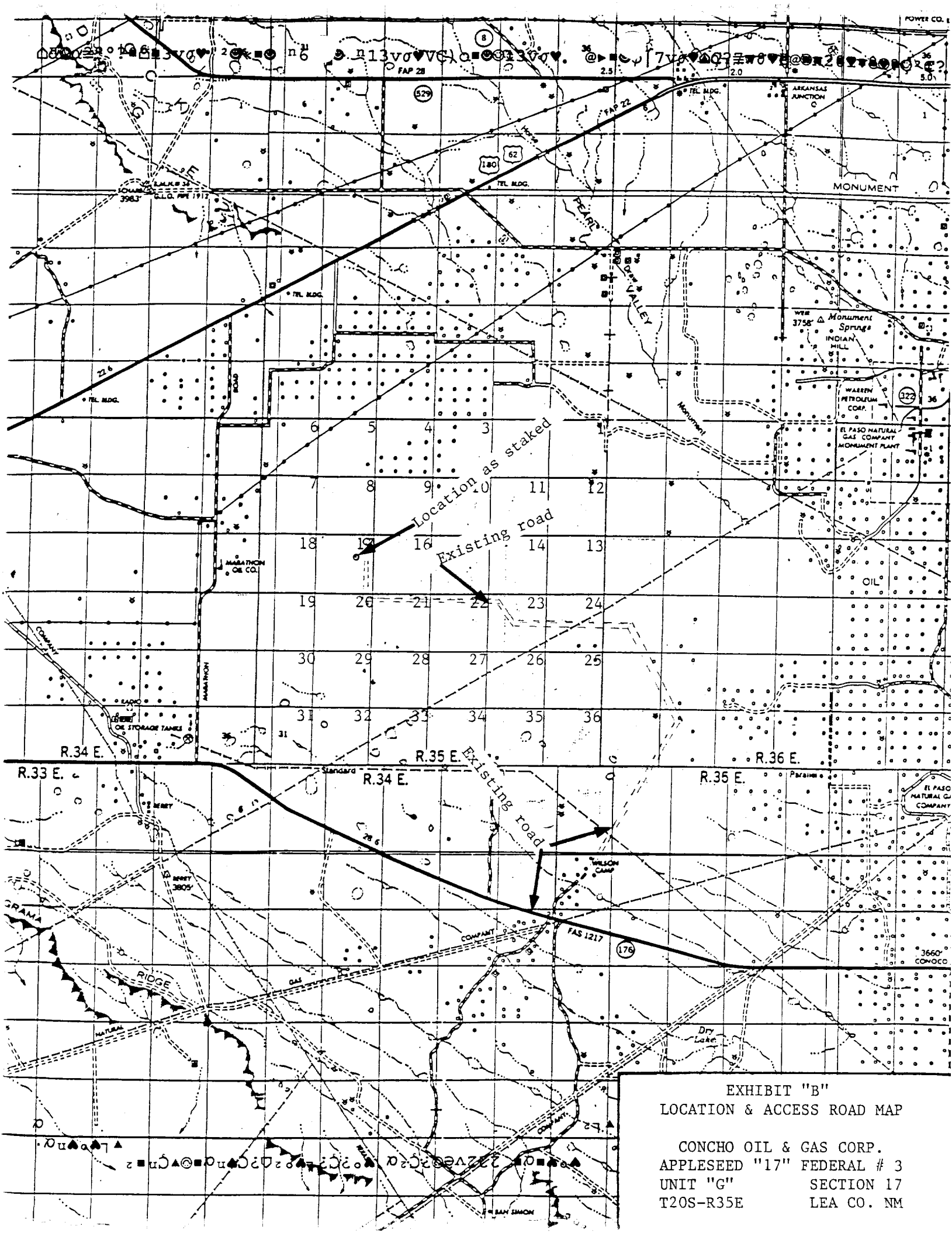


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

CONCHO OIL & GAS CORP.
APPLESEED "17" FEDERAL # 3
UNIT "G" SECTION 17
T20S-R35E LEA CO. NM

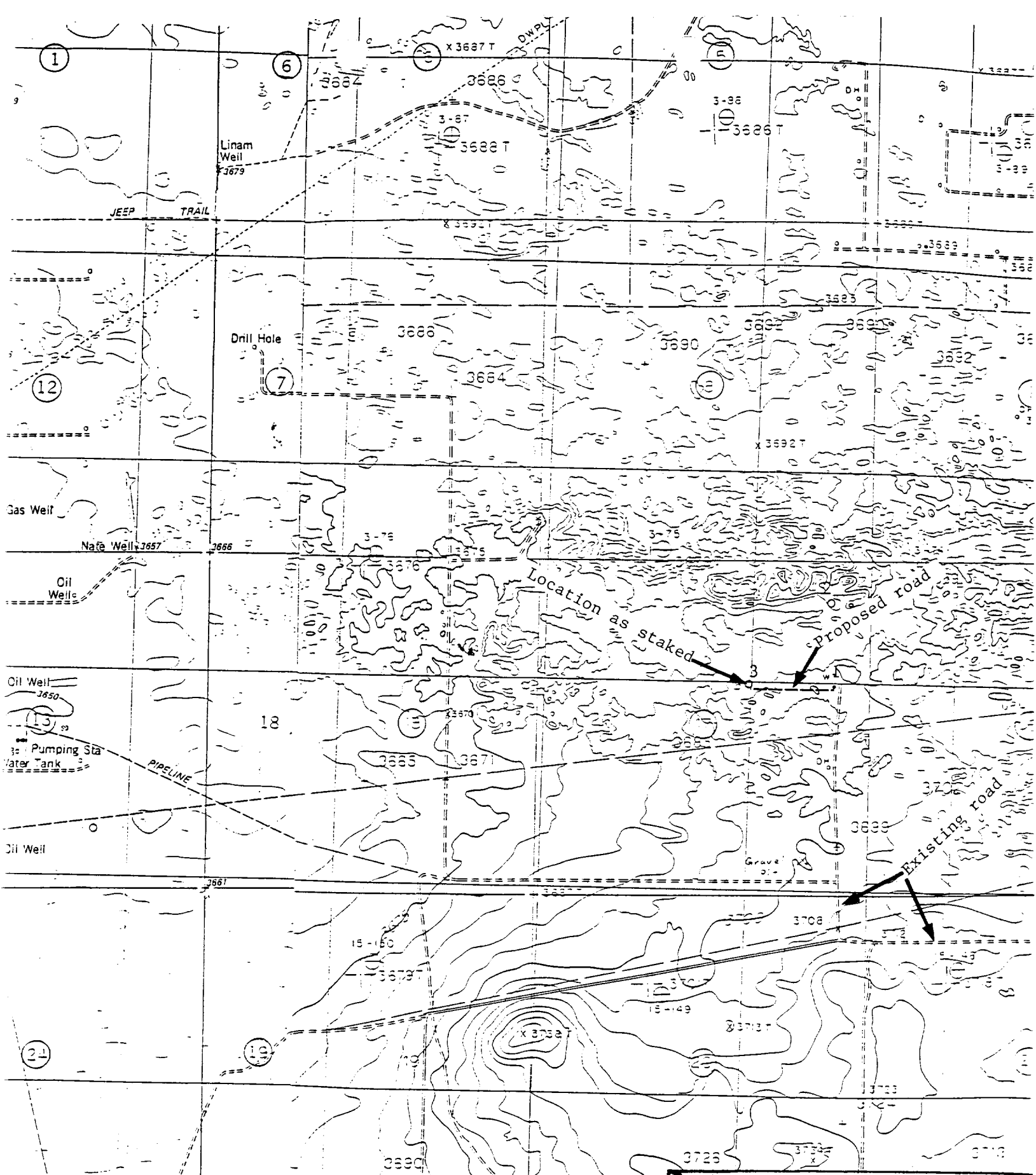
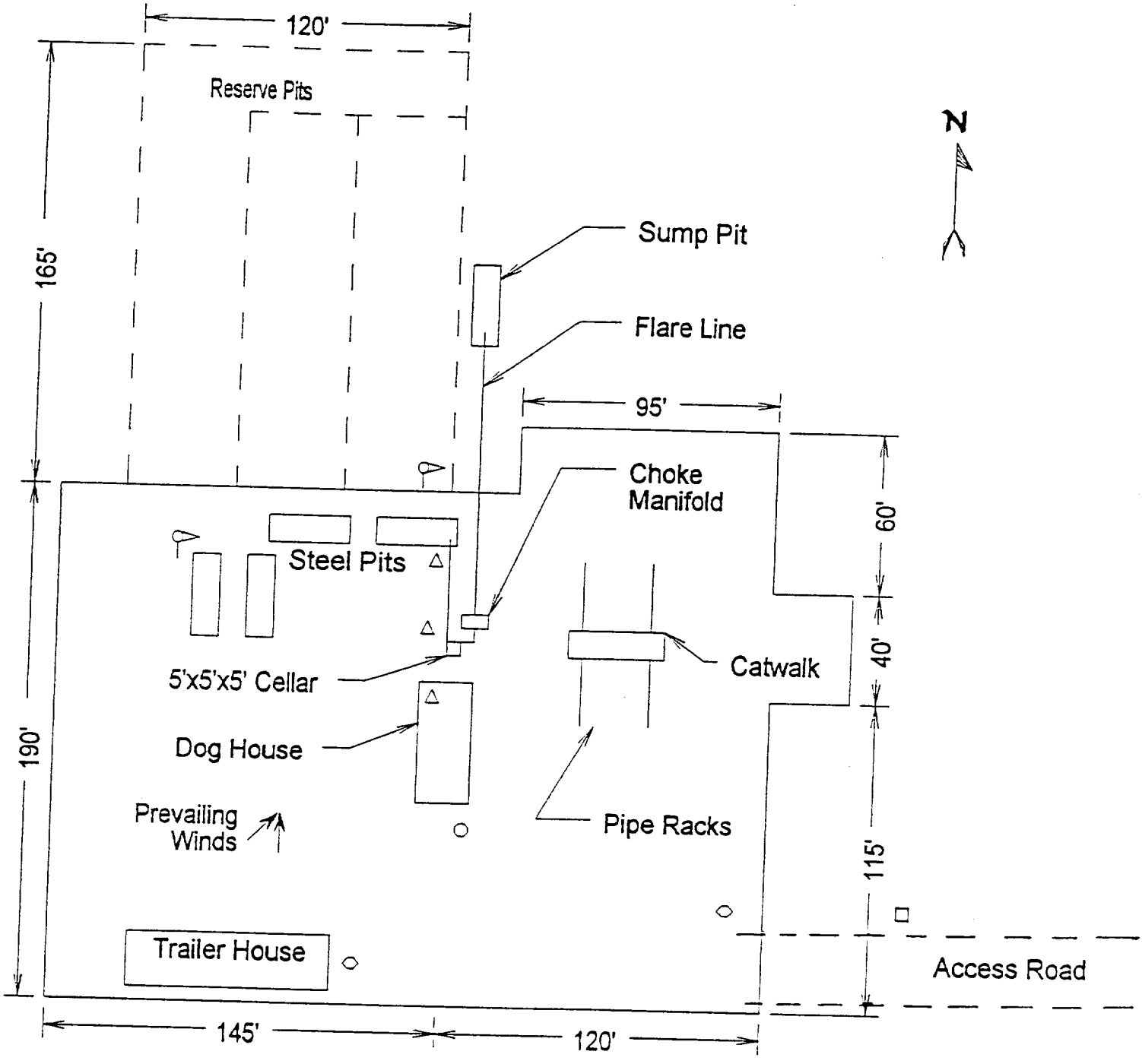


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

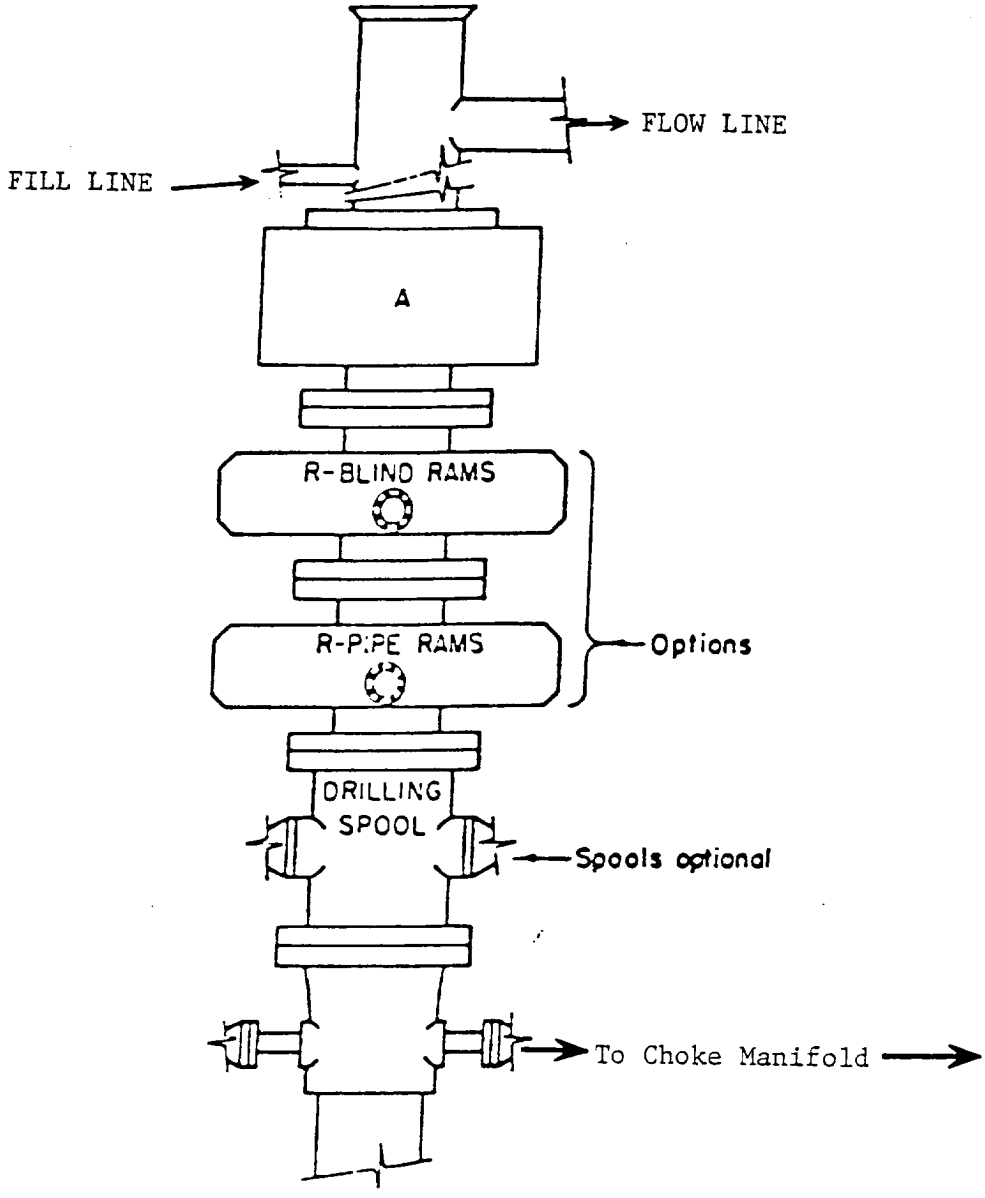
CONCHO OIL & GAS CORP.
APPLESEED "17" FEDERAL # 3
UNIT "G" SECTION 17
T20S-R25E [illegible]



- 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.
APPLESEED "17" FEDERAL # 3
UNIT "G" 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 OIL & GAS CORP.
APPLESEED "17" FEDERAL # 3
UNIT "G" SECTION 17
T20S-R35E LEA CO. NM

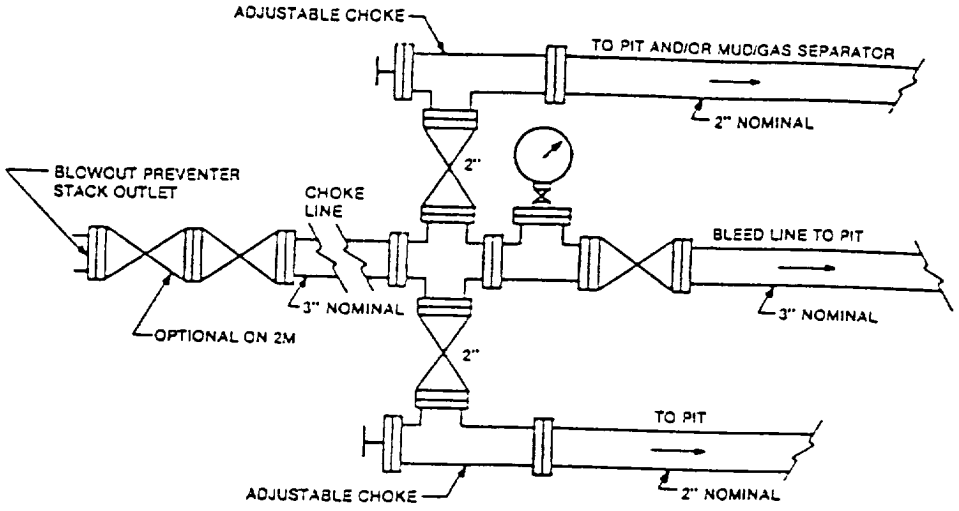


FIGURE K4-1. Typical choke manifold assembly for 2M and 3M rated working pressure service — surface installation.

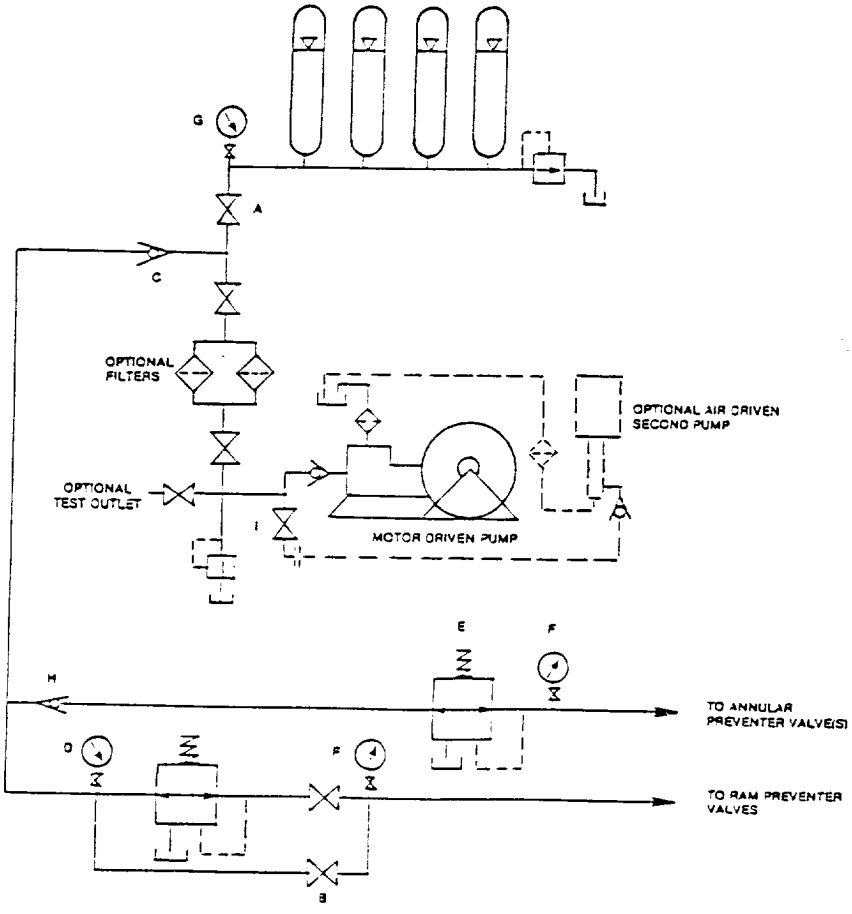


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

EXHIBIT "E-1"
CHOLE MANIFOLD & CLOSING UNIT

CONCHO OIL & GAS CORP.
APPLESEED "17" FEDERAL # 3
UNIT "G" SECTION 17
T20S-R35E LEA CO. NM

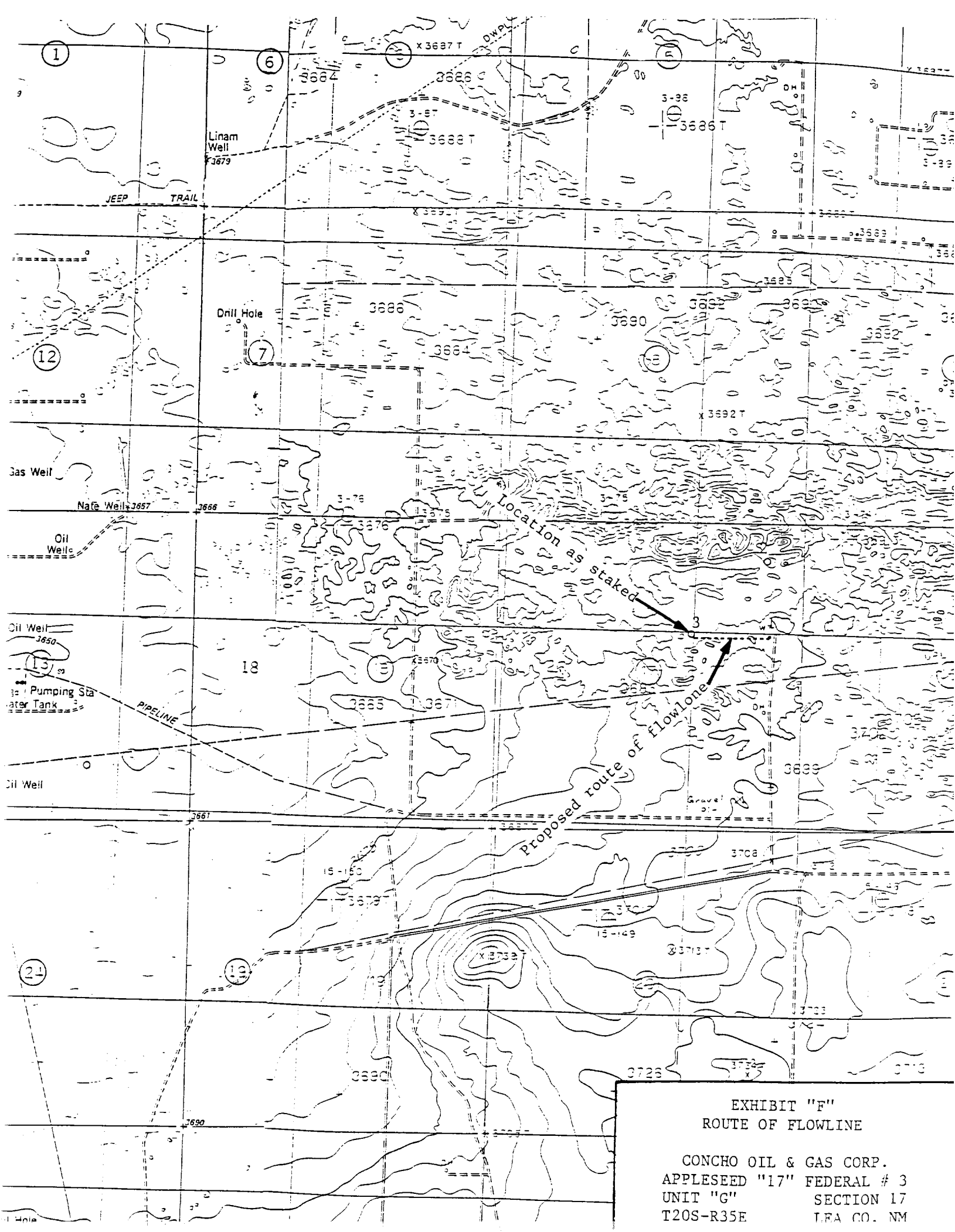


EXHIBIT "F"
ROUTE OF FLOWLINE

CONCHO OIL & GAS CORP.
APPLESEED "17" FEDERAL # 3
UNIT "G" SECTION 17
T20S-R35E LEA CO. NM