Form 3160-3 (July 1992)			SUBMIT IN T (Other Instr reverse	uctions on	FORM APP OMB NO. 10 Expires: Februa	04-0136	
		D MANAGEMENT	1060		5. LEASE DESIGNATION A LC 06927		
APPLI	CATION FOR PER	MIT TO DRILL O	R DEEPEN		6. IF INDIAN, ALLOTTEE O	R TRIBE NAME	
1a. TYPE OF WORK	7. UNIT AGREEMENT NAME						
D. TYPE OF WELL OIL WELL			NGLE MULT		8. FARM OR LEASE NAME,	WELL NO.	
2. NAME OF OPERATOR					West Corbin '19' Fe	ederal #3	
Concho Resource	<u></u>				9. API WELL NO.		
3. ADDRESS AND TELEPHO	DNE NO.				30-025-	<u>3529</u>	
110 W. Louisiana	Ste 410; Midland, Tx 797	01 (915) 683-7443			10. FIELD AND POOL, OR WILDCAT		
4. LOCATION OF WELL (Re At surface 1650' FN	port location clearly and in accordance L & 330' FWL	with any State requirements.*)	Fin Ft	F	Querecho Plains t-Bone Spring 5		
At proposed prod. zone	е		(ul n)		and survey or area Sec. 19, T-18S, R-33E		
same			Lot #2				
14. DISTANCE IN MILES AN	D DIRECTION FROM NEAREST TOV	VN OR POST OFFICE*			12. COUNTY OR PARISH	13. STATE	
32 miles West fro	m Hobbs, NM				Lea	NM	
15. DISTANCE FROM PROF LOCATION TO NEAREST PROPERTY OR LEASE L (Also to nearest drig. unit I	ſ	30'	OF ACRES IN LEASE	17. NO. OF A TO THIS	ACRES ASSIGNED S WELL 40		
18. DISTANCE FROM PROP TO NEAREST WELL, DR OR APPLIED FOR, ON TI	OSED LOCATION* ILLING, COMPLETED,	19. PRO	OSED DEPTH 8900'	20. ROTARY	OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whe	ether DF, RT, GR, etc.)				22. APPROX. DATE WORK	WILL START*	
3811' GR					12/30/00		
23.		PROPOSED CASING AND	CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT						
17-1/2	13-3/8 - H40	48	450-1325		350 sx C + additi	ves	
11	8-5/8 - J55	40	2850 FRESH	DNLY	475 sx Lite + 200		
7-7/8 5-1/2 - N-80 17 8900 300 sx H						·····	

1. Drill 17-1/2" hole to 450'. RIH w/ 13-3/8", 48#, H-40, ST&C casing & set @ 450'. Cmt w/ 350 sx Class C cmt + addtives. Circ to surface.

2. Drill 11" hole to 2850'. RIH w/ 8-5/8", 40#, 8R, ST&C, J-55 casing & set @ 2850'. Cmt w/ 475 sx Lite + 200 sx Class C cmt. Circ to surf.

3. Drill 7-7/8" hole to 8900. RIH w/ 5-1/2", 17#, 8R, LT&C, N-80 casing & set @ 8900'. Cmt w/ 300 sx Class H. Est TOC @ 5000'.

APD previously approved 10/23/97

OPER. OGRID NO. 166/1/
PROPERTY NO. 24227
POOL CODE 1.3160
EFF. DATE 12-8-00 APINO. 30-025-35293
APINO. 30-025-35293

IN ABOVE SPACE DESCRIBE BROGRAM: 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 pertnent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED	Matten	TITLE Production Analyst	DATE 09/14/00	
	NCTAIN TO BE CAR AND	APPROVAL DATE		
Application approval does no CONDITIONS OF APPROV	ot warrant or certify that the applicant holds leg AL, IF ANY:	al or equitable title to those rights in the subject lease whi	ich would attende applicant applican	
			· · · · · · · · · · · · · · · · · · ·	
APPROVED BY		ΤΙΤΙΕ	DATE DEC 0 8 2000	
	*See i	Instructions On Reverse Side	( And the second s	

C 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.



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DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

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

### State of New Mexico

Energy, Minerals and Natural Resources Department

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

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

D AMENDED REPORT

		٦	WELL LO	<b>CATION</b>	AND ACREA	AGE DEDICATI	ON PLAT		
API Number Pool Code Corlin Pool									<u> </u>
50-02		5293	- <del>5051</del>	e Springs	5				
Property 24227	Lode			Well Number 3					
OGRED N	lo.		· · · · ·		Operator Nam			Elevat	tion
166111		Cor	ncho Re	sources	Inc.			381	
					Surface Loc	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Bast/West line	County
Lot 2	19	18 S	33 E		1650	North	330	West	Lea
			Bottom	Hole Lo	cation If Diffe	erent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Bast/West line	County
Dedicated Acre	s Joint o	r Infill Co	nsolidation	Code Or	der No.			<u>ــــــــــــــــــــــــــــــــــــ</u>	
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<b>[</b>		URAN	IUN-STAN	DARD UN	IT HAS BEEN	APPROVED BY	THE DIVISION		
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PENWELL ENERGY INC. West Corbin "19" Federal #3 1650' FNL & 330' FWL Sec. 19, T-18-S, R-33-E, Lea County, New Mexico.



SCALE: 1"=2000"

BASIN	SURVEYS	P.0. BO	X 1786 – HOBI	BS, NEW MEXICO	2000 <sup>.</sup> ECEC		2000'	4000 Feet
W.O. Nur	nber: 6154		Drawn By:	S.C. Nichols	Survey Date-	1-22 05	Ch	Chanta



## **Application to Drill**

### Concho Resources Inc. West Corbin '19' Federal #3 UL: Lot 2; Sec. 19, T-18S, R-33E Lea County, NM

In response to questions asked under Section IIB of Bulletin NTL-6 the following information is proved for your consideration:

- 1. Location: 1650' FNL & 330' FWL, Sec. 19, T-18S, R-33E, Lea County, NM
- 2. Elevation Above Sea Level: 3811' GR
- 3. Geologic Name of Surface Formation: Kermit Soils-Dune Land
- 4. <u>Drilling Tools and Associated Equipment:</u>Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5. Proposed Drilling Depth: 8,900'
- 6. Estimated Tops of Geological Markers:

Anhydrite	1252'
Yates	2855'
Seven Rivers	3340'
Queen	3790'
San Andres	4860'
Delaware	5360'
Bone Spring	8652'
TD	8900'

- Possible Mineral Bearing Formation: Yates – Oil Bone Spring - Oil
- 8. Casing Program:

Hole Sz	Interval	OD Csg	Weight	Thread	Collar	Grade	Condition
17-1/2"	0-450'	13-3/8"	48#	8-R	ST&C	H-40	New
12-1/4"	0-2850'	8-5/8"	40#	8-R	ST&C	J-55	New
7-7/8"	0-8900'	5-1/2"	17#	8-R	LT&C	N-80	New

9. <u>Cementing & Setting Depth:</u>

13-3/8"	Surface	Drill 17-1/2" hole to 450'. Run & set 450' of 13-3/8", 48#, H-40, ST&C casing. Cement with 350 sacks Class "C" + additives. Circulate cmt to surface.
8-5/8"	Intermediate	Drill 12-1/4" hole to 2850'. Run & set 2850' of 8-5/8", J-55, 32 ST&C casing. Cement with 475 sacks Class "C" light, tail in with 200 sacks Class "C". Circulate cmt to surface.
5-1/2"	Production	Drill 7-7/8" hole to 8900'. Run & set 8900' of 5-1/2", 17'#, N-80, LT & C casing. Cement w/ 300 sx Class "H". Estimated top of cement – 2650'.

10. <u>Pressure Control Equipment:</u> Exhibit "E" A 900 Series 3000 psi working pressure BOP consisting of a double ram type preventor with a bag type annular preventor. BOP unit will be hydraulically operated. Exhibit "E-1". Choke manifold and closing unit. Blind rams on top, pipe rams on bottom to correspond with size of drill pipe in use. BOP will be nippled upon 13-3/8" casing and will be operated at least once each 24-hour period while drilling and blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized. Anticipated BHP 1800 psi and 125° BHT.

11.	Proposed Mud Circulating System:								
	Depth	Mud Wt.	Visc.	Fluid Loss	Type Mud				
	0-450'	8.3-8.9	28 - 50	NC	Fresh water spud mud add paper for seepage control.				
	450-2850'	10.0	29	NC	Brine water add Lime for pH control & paper for seepage.				
	2850-7500'	8.8-9.3	29	NC	Cut Brine & lime for pH control.				
	7200-8900'	9.3-10.0	34-38	10 cc or less	Cut brine soda ash Drispac & gel & starch for water loss control.				

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

- 12. Testing, Logging and Coring Program:
  - A. Gamma Ray Surface csg to TD @ 8900'.
  - B. CNL, LDT, DLL, MFL Below 8-5/8" to TD.
  - C. No coring or DST's planned at this time.
- 13. Potential Hazards:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide (H2S) Gas may be encountered, H2S 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 1800 PSI, estimated BHT 125°.

- 14. <u>Anticipated Starting Date and Duration of Operations:</u> Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 16-18 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.
- 15. <u>Other Facets of Operations:</u> After running casing, cased hole gamma ray neutron logs will be run from TD 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 Concho Resources Inc. West Corbin '19' Federal #3 UL: Lot 2; Sec. 19, T-18S, R-33E Lea County, NM

- 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 systems 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 blooey line (mud pit) and on derrick floor or doghouse.
- 3. Windsock and/or Wind Streamers
  - A. Windsock at mud pit 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
  - Flags to be displayed on sign at entrance to location. Green flag normal safe condition. Yellow flag – indicating potential pressure and danger. Red Flag – danger – H2S present in dangerous concentration. Only emergency personnel admitted on location.
- 5. Well Control Equipment See Exhibit "E"
- 6. Communication
  - A. While working under masks chalkboards will be used for communication.
  - B. Hand signals will be used where chalkboard is inappropriate.
  - C. Two way radio will be used to communicate off location in case emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.
- 7. Drill Stem Testing
  - A. All testing will be done in the daylight hours.
  - B. Exhausts will be watered.
  - C. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
  - D. If location is near any dwelling a closed DST will be performed.

Page 3-A

# Hydrogen Sulfide Drilling Operations Plan

## Concho Resources Inc. West Corbin '19' Federal #3 UL: Lot 2; Sec. 19, T-18S, R-33E Lea County, NM

- 8. Drilling contractor supervisor will be required to be familiar with the effects H2S has on tubular goods and other mechanical equipment.
- 9. If H2S 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 H2S scavengers if necessary.

## Surface Use Plan

### Concho Resources Inc. West Corbin '19' Federal #3 UL: Lot 2; Sec. 19, T-18S, R-33E Lea County, NM

- 1. EXISTING ROADS: Area map, Exhibit "B" is a reproduction of the New Mexico General Highway Co. map. Exhibit "C" is a reproduction of a USGS Topographic map. All existing roads and proposed roads are shown on each exhibit. All 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 development well as staked.
  - B. From Hobbs New Mexico go West for 12 miles on Highway 62-180 and West on Highway 529 for 19 miles then turn South on caliche road for 4 miles, turn East into location for Well No. 1, then go South until find stake for Well No. 2 located in the SW/4 of the NW/4.
  - C. Lay 3" polyethylene pipeline to transport produced fluids to a common tank battery. Construct a 1250 KV electric power line along road ROW in order to produce oil and gas from this well.
- 2. PLANNED ACCESS ROADS: Approximately 930.1' of new road will be constructed.
  - A. The access road will be crowned and ditched to a 12' 00" wide travel surface with 40' of right of way.
  - B. Gradient of all roads will be less than 5%
  - C. No turnouts will be necessary.
  - D. If needed, road will be surfaced with a minimum of 4" 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 Lopography.
- 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 Exhibit "A-1"
  - E. Abandoned Wells Exhibit "A-1"
- 4. If upon completion this well is a producer, Concho Resources Inc. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry notice.
- 5. LOCATION AND TYPE OF WATER SUPPLY Water will be purchased locally from a private source and trucked over the access roads or piped in flexible lines laid on top of the ground.

### Surface Use Plan Concho Resources Inc. West Corbin '19' Federal #3 UL: Lot 2; Sec. 19, T-18S, R-33E Lea County, NM

6. SOURCE OF CONSTRUCTION MATERIALS If needed, construction materials will be obtained from the drill site's excavations or from a local source. These materials will be transported over the access route as shown on Exhibit "A".

## 7. METHODS FOR HANDLING WASTE DISPOAL

- A. 1. Drill cuttings will be disposed of in the reserve pit.
  - 2. Trash, waste paper, and garbage will either be contained in a fenced trash trailer or a trash pit, fenced with mesh wire to prevent wind scattering during storage. When the rig moves out, all trash and debris left at the site will be contained to prevent scattering and will be buried at least 36" deep within a reasonable period of time.
  - 3. Salts remaining after completion of the well and broken sacks will be picked up by the supplier.
  - 4. Sewage from trailer house will drain into holes with a minimum depth of 10' 00". These holes will be covered during drilling and backfilled upon completion. A "porta potty" will be provided for the rig crews. This will be properly maintained during the drilling operations and removed upon completion of the well.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time they will be transported by tank truck to a state approved disposal site.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

- 8. ANCILLARY FACILITIES No camps or airstrips will be constructed.
- 9. WELL SITE LAYOUT
  - A. Exhibit "D" shows location and rig layout.
  - B. Exhibit "D" indicates proposed location of reserve and trash pits; and living facilities.
  - C. Pit is proposed to be unlined, unless subsurface conditions encountered using pit construction indicate that lining is needed for lateral containment of fluids.
    - 1. If lining of reserve pit is needed it is to be lined with PVC or polyethylene. The pit liner will be 6 mils thick. Pit liners will extend a minimum 2' 00" over the reserve pit dikes, where the liner will be anchored clown.

## Surface Use Plan Concho Resources Inc. West Corbin '19' Federal #3 UL: Lot 2; Sec. 19, T-18S, R-33E Lea County, NM

D. 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.

### 8. 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 of 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 been be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with previsions 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. Top soil 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.

#### 9. OTHER INFORMATION:

- A. Topography: The proposed well site and access road is in the area of the Querecho Plains that is relatively level with some undulation to the surface, plus several isolated fairly large sand dunes. The area of the location has an overall slop of 1.2% to the northeast from a level elevation of 3820'.
- B. The topsoil at the well site is light colored sand of the Kermit soils and Dune land series.

Page 6

## Surface Use Plan

### Concho Resources Inc. West Corbin '19' Federal #3 UL: Lot 2; Sec. 19, T-18S, R-33E Lea County, NM

- C. Flora & Fauna: The vegetation cover is a poor grass cover of three-awn, sand and spike dropseed, bluestem and other misc. native grasses along with plants of mesquite, yucca, shinnery oak brush, sage, javelina bush, cacti and miscellaneous weeds and wildflowers. The wildlife consist of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds & Streams None in area.
- E. Residences and Other Structures: None in the area.
- F. Land Use: Cattle grazing
- G. Surface Ownership: BLM
- H. There is no evidence of any archaeological, historical or cultural sites in the area. An archaeological survey has been conducted by Archaeological Services by Laura Michalik and the report has been submitted to the appropriate government agencies separately.

#### 10. OPERATORS REPRESENTATIVES:

Concho Resources Inc. 110 W. Louisiana, Suite 410 Midland, Tx 79701 (915) 683-7443 Mr. Joe Wright Mr. Erick Nelson

### 11. 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 proposed herein will be performed by Concho Resources Inc., its 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 USC 1001 for the filing of a false statement.

Sr. Operations Engineer 09-15-00 Title Date









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

EXHIBIT "D" RIG LAY OUT PLAT CONCHO RESOURCES INC. West Corbin '19' Federal #3 UL: Lt 2; Sec 19, T-18S, R-33E LEA CO., NEW MEXICO



<sup>#3</sup> 



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Standard Blowout Preventer Stack

EXHIBIT "E" BOP SKETCH TO BE USED ON: CONCHO RESOURCES INC. West Corbin '19' Federal #3 UL: Lt 2; Sec 19, T-18S, R-33E LEA CO., NEW MEXICO



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working pressure service - surf .ce installation.

EXHIBIT "E-1" **CHOKE MANIFOLD & CLOSING UNIT** CONCHO RESOURCES INC. West Corbin '19' Federal #3 UL: Lt 2; Sec 19, T-18S, R-33E I FA CO NEW MEXICO