

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana

Midland, Texas 79701

(915) 683-7443

FAX 683-7441

November 9, 1999

State of New Mexico
Commissioner of Public Lands
P O Box 1148.
Santa Fe, New Mexico 87504-1148

Re: Off Lease Commingling and Off Lease Sales and Measurement of Gas
F. H. '29' Federal Com No. 1 Well

Gentlemen:

Concho Resources Inc. respectfully requests approval for Lease Commingling of gas production from the F. H. '29' Federal Com lease with the gas production from the F. H. '28' State lease. Also, we are requesting approval for Off Lease Sales and Measurement of the gas production from the F. H. '29' Federal Com lease. I have enclosed our application to the New Mexico Oil Conservation Division requesting administrative approval to commingle the gas production and off lease sales and measurement.

The common sales meter for the F. H. '29' Federal Com No. 1 and F. H. '28' State No. 1 wells is located in Unit Letter: C, Section 28, T-23S, R-26E in Eddy County, New Mexico. The tank battery for the F. H. '29' Federal Com No 1 well is located in Unit Letter: I, Section 29, T-23S, R-26E in Eddy County, New Mexico. The tank battery for the F. H. '28' State No. 1 well is located in Unit Letter: C, Section 28, T-23S, R-26E in Eddy County, New Mexico. The two subject wells and lease boundaries are depicted on Attachment I. Attachment II and III are the facility diagrams for each lease.

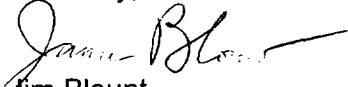
All oil production is measured individually and sold on a well by well basis at each individual well's tank battery. All natural gas production is metered at each individual well location prior to commingling at the sales point. Each gas meter is calibrated on a regular basis.

The purpose of the Lease Commingling and the Off Lease Measurement and Sales is to reduce facility and operating costs, thereby increasing the economic life of the wells.

Also enclosed please find Attachment IV, a copy of the notification letter which was mailed to all interest owners and to the gas purchaser via certified mail, along with a list of interest owners and the gas purchaser.

Thank you for your cooperation in this matter. If you have any questions, please feel free to contact me at (915) 683-7443.

Sincerely,


Jim Blount
Engineer

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana

Midland, Texas 79701

(915) 683-7443

FAX 683-7441

November 9, 1999

New Mexico Oil Conservation Division
2040 South Pacheco St.
Santa Fe, New Mexico 87505

Re: Off Lease Commingling and Off Lease Sales and Measurement of Gas
F. H. '29' Federal Com No. 1 Well

Gentlemen:

Concho Resources Inc. hereby requests administrative approval for Lease Commingling of gas production from the F. H. '29' Federal Com lease with the gas production from the F. H. '28' State lease and Off Lease Sales and Measurement of the gas production from the F. H. '29' Federal Com lease. The F. H. '29' Federal Com No. 1 well is a single completion in the Carlsbad Morrow South pool and the F. H. '28' State No. 1 well is a dual completion in the Carlsbad Morrow South pool and the Frontier Hills Strawn pool. Because both wells are not producing from the same pools, production will be measured separately at each well prior to commingling at the sales meter.

The common sales meter for the F. H. '29' Federal Com No. 1 and F. H. '28' State No. 1 wells is located in Unit Letter: C, Section 28, T-23S, R-26E in Eddy County, New Mexico. The tank battery for the F. H. '29' Federal Com No 1 well is located in Unit Letter: I, Section 29, T-23S, R-26E in Eddy County, New Mexico. The tank battery for the F. H. '28' State No. 1 well is located in Unit Letter: C, Section 28, T-23S, R-26E in Eddy County, New Mexico. The two subject wells and lease boundaries are depicted on Attachment I. Attachment II and III are the facility diagrams for each lease.

All oil production is measured individually and sold on a well by well basis at each individual well's tank battery. All natural gas production is metered at each individual well location and the meters are calibrated on a regular basis.

The purpose of the Lease Commingling and the Off Lease Measurement and Sales is to reduce facility and operating costs, thereby increasing the economic life of the wells.

Also enclosed please find Attachment IV, a copy of the notification letter which was mailed to all interest owners and to the gas purchaser via certified mail, along with a list of interest owners and the gas purchaser.

Thank you for your cooperation in this matter. If you have any questions, please feel free to contact me at (915) 683-7443.

Sincerely,



Jim Blount
Engineer

Concho Resources Inc.
Surface Commingling Request

Concho Resources Inc. respectfully requests approval for surface commingling of gas production from the F. H. '29' Federal Com Lease:

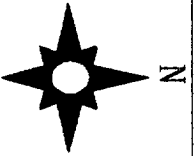
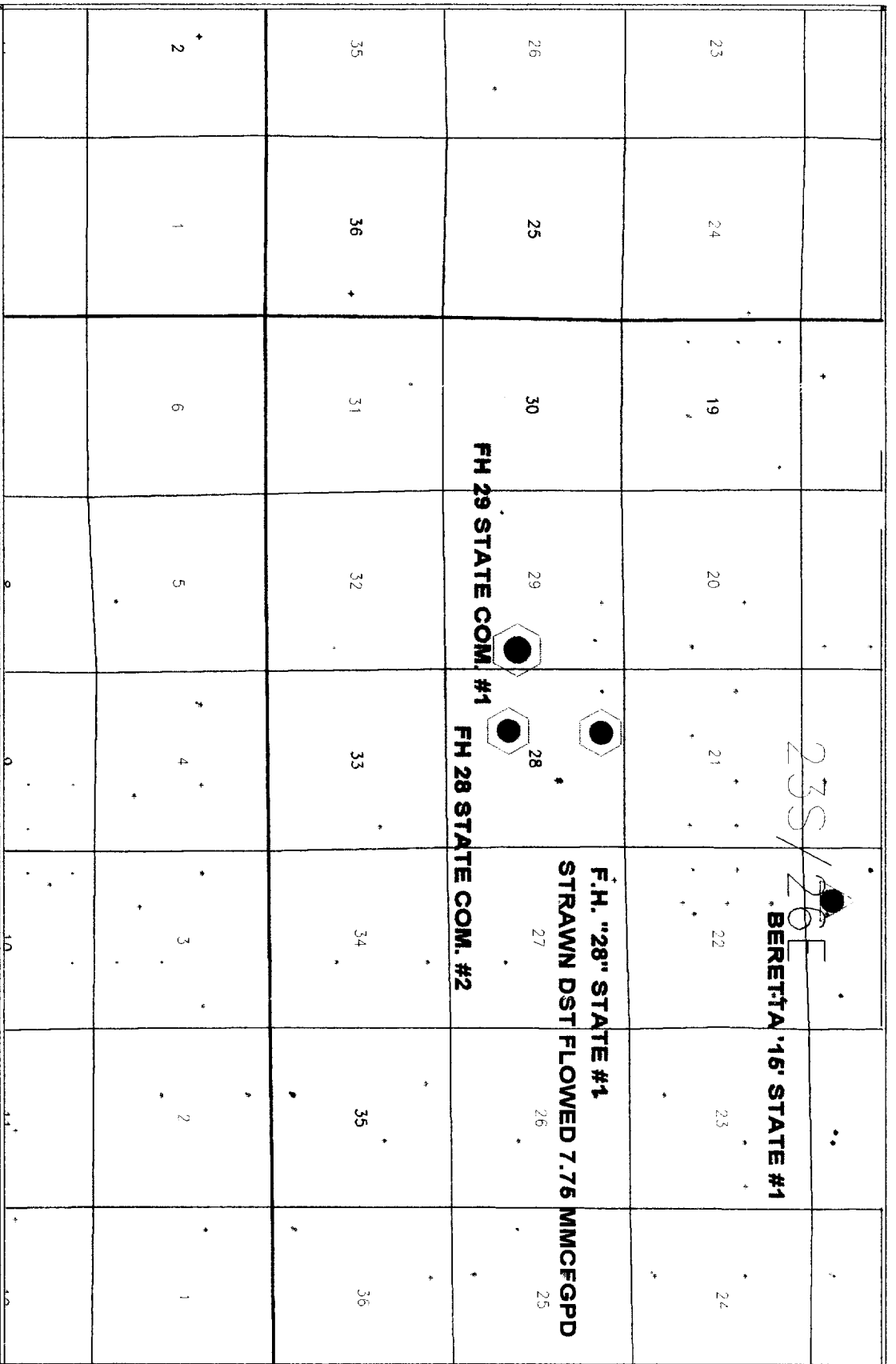
<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>	<u>Formation</u>
1	SE/4, UL I	29	23S	26E	Carlsbad Morrow South

with gas production from the F. H. '28' State Lease:

<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>	<u>Formation</u>
1	NW/4, UL C	28	23S	26E	Carlsbad Morrow South Frontier Hills - Strawn

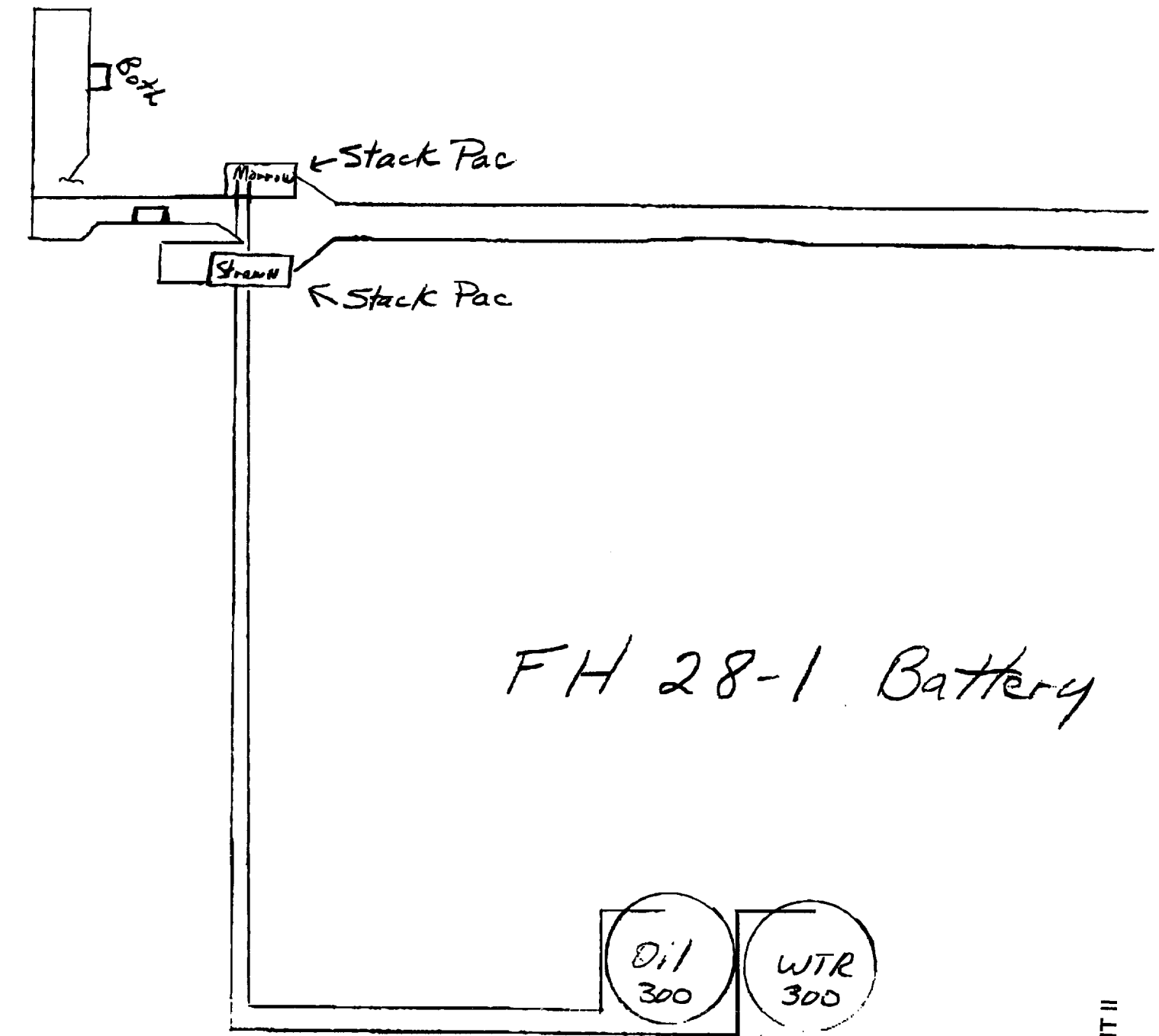
Production from the wells involved is as follows:

<u>Well Name & #</u>	<u>BOPD</u>	<u>MCFPD</u>
F. H. '29' Federal Com No. 1	0	150
F. H. '28' State No. 1 (Morrow)	0	169
F. H. '28' State No. 1 (Strawn)	0	180

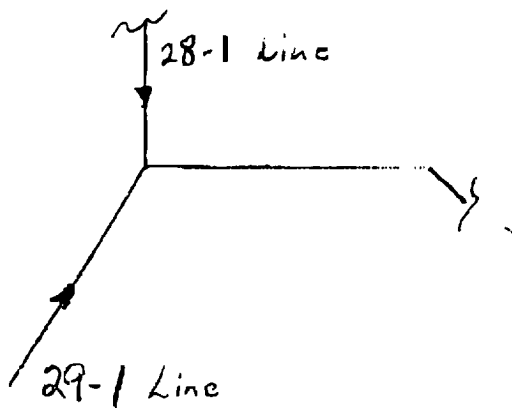


ATTACHMENT 1

CONCHO RESOURCE INC.	
MIDLAND, TEXAS	
FRONTIER HILLS PROSPECT	
PHONE (915) 683-1443	



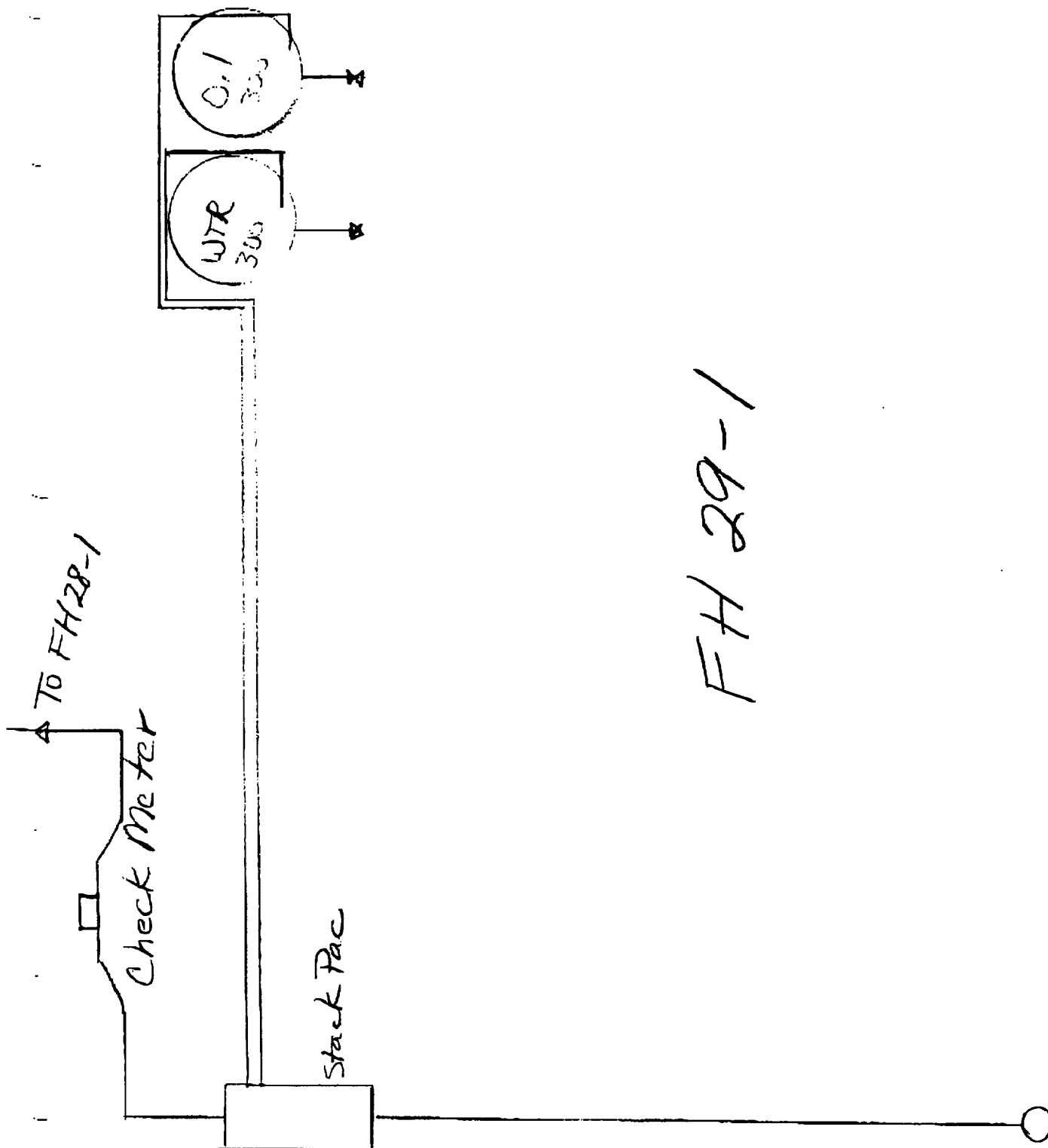
FH 28-1 Battery



.5 mi East on Main Road

Sales Meter
El Paso
□

ATTACHMENT II



FH 29-1

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

November 9, 1999

Dear Interest Owner and Purchaser:

Re: Notification of Application of Concho Resources Inc. for Administrative Approval
For Lease Commingling and Off Lease Sales and Measurement of Gas
Production
F. H. '29' Federal Com No. 1
Sec. 29, T-23S, R-26E, Eddy County, New Mexico

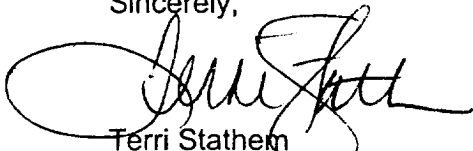
Concho Resources Inc. is requesting your approval for off lease measurement and sales and surface commingling of gas production from the F. H. '29' Federal Com No. 1 well with gas production from the F. H. '28' State Com No. 1. The common sales meter for said wells is located in Unit C, Section 28, T-23S, R-26E in Eddy County, New Mexico.

The working interest and the royalty interests are not common in the two wells therefore; production from each well will be metered separately at the well before being commingled.

If you have any objection to this request, it is necessary for you to file a written objection within twenty (20) days of November 9, 1999 with NMOCD. If you have no objections to this proposal it is not necessary for you to file anything.

Should you have any questions please feel free to call Jim Blount, Engineer or me at (915) 683-7443.

Sincerely,



Terri Stathem
Production Analyst

ATTACHMENT IV

F. H. '29' FEDERAL COM NO. 1 AND F. H. '28' STATE NO. 1

F. H. '29' FEDERAL COM NO. 1		
WORKING INTEREST OWNERS:		
Concho Resources Inc.	110 W. Louisiana Ste 410	Midland, Tx 79701
Santa Fe Snyder Corp	840 Gessner, Ste 1400	Houston, Tx 77024
S & P Co.	330 Marshall St, Ste 300	Shreveport, LA 71101
ROYALTY OWNERS:		
Richard & Beverly Barr	5716 Hillcrest Place	Midland, Tx 79707
Paul Barwis	2201 Southampton Lane	Midland, Tx 79705
The Blanco Company	P O Box 1698	Roswell, NM 88202
Andrew R. Bunn	3683 Woodlawn Dr.	Honolulu, HI 96822
Francis Bunn	2493 Makiki Hights Dr.	Honolulu, HI 96822
Robert Bunn	2493 Makiki Hights Dr.	Honolulu, HI 96822
Kathryn B. Bunn	8321 13th Ave NW	Seattle, WA 98117
CBT/MAP 1999		
c/o Chase Bank	P O Box 910864	Dallas, Tx 75391-0864
Lyle B & Mary Boxell Gallivan	8470 W. 4th Ave	Lakewood, CO 80226
Henry H. & Kathryn Grandi	P O Box 898	Carlsbad, NM 88220
Wilma Hamann	1406 Westride Rd	Carlsbad, NM 88220-4073
Shawn P & Francis A Hannifin	49315 E. 88th Ave	Bennett, CO 80102
Alan R. Hannifin	518 17th Street #540	Denver, CO 80202
International Petroleum	RT 6, HCL, Box 616	Sheffield, PA 16347
Jareed Partners, LTD	2407 Bellechase Ct	Midland, Tx 79705
Cecelia Lee Kennedy	9726 Westview Dr.	Houston, Tx 77027
Robin B. Martin	2493-A Makiki Hights Dr.	Honolulu, HI 96822
Joseph & Madge Morgan	518 17th Street #545	Denver, CO 80202
Charles & Catherine Packenham	P O Box 887	Cedar Crest, NM 87008
Penwell Employee Royalty Fund	600 N. Marienfeld, Ste 1100	Midland, Tx 79701
Carolyn Stewart	11 Postgate Rd.	Hamilton, MA 01982
Katherine May Walicek	2158 McIntosh	Garland, Tx 75040
Donald & Anette Wambaugh	P O Box 4611	Midland, Tx 79704
Scott E. Wilson	4512 Bent Tree Trail	Midland, Tx 79707
Department of Interior Royalty Mgmt Prog	P O Box 5810 TA	Denver, CO 80217-5810

CONCHO RESOURCES INC.
F. H. '29' FEDERAL COM NO. 1 AND F. H. '28' STATE NO. 1
OWNER INFORMATION

<u>F. H. '28' STATE NO. 1 (Strawn & Morrow Pools)</u>			
WORKING INTEREST OWNERS:			
Concho Resources Inc. S & P Co.	110 W. Louisiana Ste 410 330 Marshall St, Ste 300	Midland, Tx 79701 Shreveport, LA 71101	
ROYALTY OWNERS:			
Paul Barwis CBT/MAP 1999 c/o Chase Bank Lyle B & Mary Boxell Gallivan Camterra Resources Jim Geitgey Shawn P & Francis A Hannifin Alan R. Hannifin Hunt Oil Co. J. M. Huber Corporation Lowe Partners Joseph & Madge Morgan Santa Fe Snyder Corp Penwell Employee Royalty Fund Donald & Anette Wambaugh Commissioner of Public Lands	2201 Southampton Lane P O Box 910864 8470 W. 4th Ave P O Box 2069 2407 Bellechase Ct 49315 E. 88th Ave 518 17th Street #540 Fountain Place, 1445 Ross At Field 1900 W. Loop South Ste 1600 P O Box 832 518 17th Street #545 840 Gessner, Ste 1400 600 N. Marienfeld, Ste 1100 P O Box 4611 P O Box 1148	Midland, Tx 79705 Dallas, Tx 75391-0864 Lakewood, CO 80226 Marshall, Tx 75671 Midland, Tx 79705 Bennett, CO 80102 Denver, CO 80202 Dallas, Tx 75202-2785 Houston, Tx 77027 Midland, Tx 79702 Denver, CO 80202 Houston, Tx 77024 Midland, Tx 79701 Midland, Tx 79704 Santa Fe, NM 87504-1148	
GAS PURCHASER			
EL PASO NATURAL GAS	P O Box 2511	Houston, Tx 77252-2511	