DHC 6/30/99 2387

JUN 1 0 1999

CONCHO RESOURCES INC.

Suite 410 110 W. Louisiana Midland, Texas 79701

(915) 683-7443 Fax 683-7441

June 8, 1999

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New Mexico Oil Conservation Division 2040 Pacheco Santa Fe, NM 87505

Attention: David Catanach

Dear Sir:

Application for Downhole Commingle Cochiti '28' Federal No. 1 Eddy County, New Mexico

Concho Resources Inc. hereby requests approval to downhole commingle the production from the Delaware and Bone Spring zones in the Cochiti 28 Federal No. 1 well.

Each zone has been isolated and tested. The Delaware zone is not producing any oil, gas, or water. The Bone Spring zone is producing 100% of the production from this well.

Concho Resources Inc. requests approval for the downhole commingle so as not to incur the additional expense of squeezing off the Delaware perfs, thereby increasing the economic life of the well, and reducing operating costs.

Ownership and working interest for the two zones are common.

The C107-A, C102, map, decline curve, copy of letter to offset producers, are attached for your review.

Yours very truly, father Terri Stathem

Production Analyst

DISTRICT I	State of New Mexico Energy, Min cr als and Natural Resources Department	Form C-107-/ New 3-12-9		
· P.O. BOX 1980, HOODS, NM 88241-1980				
DISTRICT II	OIL CONSERVATION DIVISION	APPROVAL PROCESS:		
811 South First St., Artesia, NM 88210-2835	2040 S. Pacheco Santa Fe, New Mexico 87505-6429	X AdministrativeHearing		
DISTRICT III 1000 Rio Brazos Rd, Aztec, NM 87410-1893	APPLICATION FOR DOWNHOLE COMMINGLING	EXISTING WELLBORE		
CONCHO RESOURCES INC.,	110, W. Louisiana, Ste 410; Midland, Tx/79701			

Operator		Address	······································
Cochiti '28' Federal No	. 1	E-28-23S-29E	Eddy
Lease	Well No.	Unit Ltr Sec - Twp - Rge	County
	0/ 20/	20015-20113	Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 166111 Property Cod	e API NO	15-30113 Federal	, State, (and/or) Fee
The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Delaware	south	Ladura Salado - 85 1st Bone Spring
2. Top and Bottom of Pay Section (Perforations)	6210-30'		7816-7875'
3. Type of production (Oil or Gas)	None		011
4. Method of Production (Flowing or Artificial Lift)	NA		Pump
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. ^(Current) O b. ^(Original) 1140	a. b.	в. 2500 b. 3000
6. Oil Gravity ([°] API) or Gas BTU Content	NA		41.0
7. Producing or Shut-In?	NA		Producing
Production Marginal? (yes or no) • If Shut-In, give date and oil/gas/ water rates of last production Nota: For new zones with ne production history, applicant shall be required to attach production	Yes Date: Rates:	Date: Rotes:	Yes Datc: Rates:
 If Producing, give date andoil/gas/ water rates of recent test (within 60 days) 	Data: 6/4/99 Rates: O BO, O MCF, O BW:	Date: Rates:	Date: 6/1/99 Rates: 26 BO, 9 BW, 0 Gas
8. Fixed Percentage Allocation Formula -% for each zone	Oul: (). Ges; () %	он: 100	Oil: Gas: . % %

If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling? X Yes No Yes No Yes X No

Will cross-flow occur? ____Yes $_{X}$ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ____Yes ___No (If No, attach explanation) 11. Will cross-flow occur?

12. Are all produced fluids from all commingled zones compatible with each other? <u>x</u> Yes No

13. Will the value of production be decreased by commingling?

_Yes _X No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. X Yes No ORDER NO(S). _

15. NMOCD Reference Cases for Rule 303(D) Exceptions:

16. ATTACHMENTS:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of all offset operators.
Notification list of working, overriding, and royalty interests for uncommon interest cases.
Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complet	te to the best of my knowledge and belief.	
SIGNATURE	TITLE Production AnalystDATE	6/8/99
TYPE OR PRINT NAME Terri Stathem		683-7443

F, UL

DISTRICT I P.O. Box 1980, Hobbs, NM 68240

DISTRICT II P.Q. Drawer DD, Artesia, NM 88210 í

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 State of New Mexico

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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

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OIL CONSERVATION DIVISION P.0. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30015-30113	Pool Code 96857	LAGUNA: BONE SPRING, SOUTH	
Property Code 24304	Prope COCHITI "2	Well Number 1	
OGRID No. 166111	CONCHO RESOURCES INC.	ator Name	Elevation 2995'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	23 S	29 E		1980	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	p Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint o	r Infill	Consolidation (Code Ore	ier No.		**	·	
40				i.					

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

		1	OPERATOR CERTIFICATION
			I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.
		 	Sinature Entre
		l i	TERRI STATHEM
3005.4' 2996.6'			PRODUCTION ANALYST
3000.3 2993.9			<u> </u>
	·		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
			December 17, 1997 Dete Sproged Johnson Signature & Seal of CS
			J San D Jones
			Certificate (Noss GANLE) Jones 7977
			BASIN SURVEYS

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

DISTRICT II P.O. Drawer DD, Artesia, NM 88210 1

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 State of New Mexico

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Energy. Minerals and Natural Resources Department



OIL CONSERVATION DIVISION P.O. Box 2088

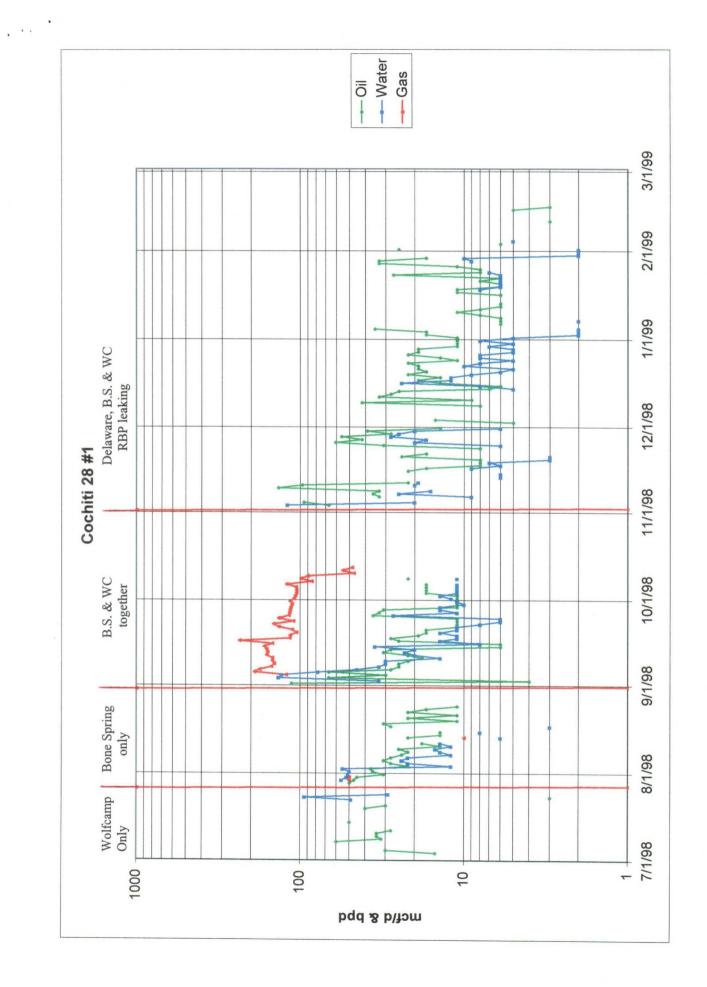
Santa Fe, New Mexico 87504-2088

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API 30015-3011	Number		Pool Code 96878 WC: LAGUNA SALADO: DELAWARE				SOUTH			
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CONCHO RESOURCES INC.

Suite 410 110 W. Louisiana Midland, Texas 79701

(915) 683-7443 Fax 683-7441

June 8, 1999

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Exxon Company USA P O Box 1547 Houston, Texas 77251 Matador Operating Company 8340 Meadow Rd., Ste 158 Dallas, Texas 75231-3751

Dear Offset Operator:

Application for Downhole Commingle Cochiti '28' Federal No. 1 Sec. 28, T-23S, R-29E Eddy County, New Mexico

Concho Resources Inc. has requested approval to downhole commingle the production from the Delaware and Bone Spring zones in the Cochiti 28 Federal No. 1 well. The map attached shows the well and offset properties.

Each zone has been isolated and tested. The Delaware zone is not producing any oil. gas, or water. The Bone Spring zone is producing 100% of the production from this well.

Without approval of the downhole commingle we would incur additional expense for squeezing off the Delaware perfs, thereby increasing operating costs and shortening the economic life of the well.

We would appreciate your returning an approved copy of this letter, either by mail or you may fax it to my attention at (915) 683-7441. If you have not responded by June 29, 1999 it will be assumed that you have no objection to this proposal and the New Mexico Oil Conservation Division and BLM can consider approval of our application.

Should you have any questions concerning this matter, please contact me at (915) 683-7443.

Yours very truly. athem

Terri Stathem **Production Analyst**

APPROVED BY:	DATE:	1999
COMPANY:		•