

DHC 9/29/99

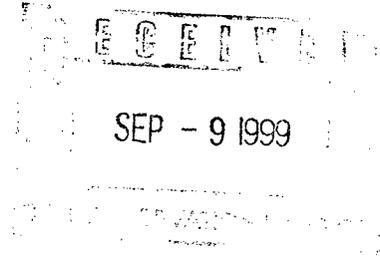
CONCHO RESOURCES INC.
Suite 410
110 W. Louisiana
Midland, Texas 79701

2/69

(915) 683-7443
FAX 683-7441

September 7, 1999

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Mr. Catanach:

Re: Application for Downhole Commingle
F. H. 28 State No. 1
Eddy County, New Mexico

Concho Resources Inc. hereby requests approval to downhole commingle production from the Strawn and Morrow pools in the F. H. 28 State No. 1 well.

This well is a dual completion in the Strawn and Morrow pools. We would like to install plunger lift equipment to help keep the well unloaded and to increase production. This equipment would work more effectively if the annulus were open for the energy storage effect of the annulus. To do this would require for the zones to be downhole commingled. The gas is currently commingled at the sales point and the value of the gas would not be changed. A flowing BHP bomb was recently run in the well and indicated there would not be an appreciable amount of crossflow.

Ownership and working interest for the two zones are common. The C-107A, C-102s, production curve for each pool, and a map are attached for your review. Concho Resources Inc. purchased the well in February 1999 and it was discovered that the allocation meter for the Strawn side was inaccurate. Therefore, production numbers since March 1999 were used to determine production allocations. Also, I have included the approved Application for Multiple Completion for your records.

Please feel free to contact me if you have any questions or need any additional information.

Sincerely,

A handwritten signature in cursive script that reads "James Blount". The signature is written in black ink and is positioned above the typed name.

James Blount
Senior Operations Engineer

DISTRICT I

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

DISTRICT II

811 South First St., Artesia, NM 88210-2825

DISTRICT III

1000 Rio Brazos Rd. Artesia, NM 87410-1693

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco Santa Fe, New Mexico 87505-6429

Form C-107-A New 3-12-96

APPROVAL PROCESS:

X Administrative Hearing

EXISTING WELLBORE

X YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Concho Resources Inc. 110 W. Louisiana, Ste 410; Midland, Tx 79701 Address

Lease F. H. 28 State 1 C 28-23S-26E Eddy, NM Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 166111 Property Code 024326 API NO. 30-015-28800 Spacing Unit Lease Types: (check 1 or more) Federal State X (and/or) Fee

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zone, Lower Zone. Rows include Pool Name and Pool Code, Top and Bottom of Pay Section, Type of production, Method of Production, Bottomhole Pressure, Oil Gravity, Producing or Shut-in?, Production Marginal?, and Fixed Percentage Allocation.

- 9. If allocation formula is based upon something other than current or past production...
10. Are all working, overriding, and royalty interests identical in all commingled zones?
11. Will cross-flow occur?
12. Are all produced fluids from all commingled zones compatible with each other?
13. Will the value of production be decreased by commingling?
14. If this well is on, or communitized with, state or federal lands...

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S).
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.
* 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 complete to the best of my knowledge and belief.
SIGNATURE [Signature] TITLE Production Analyst DATE 9/7/99
TYPE OR PRINT NAME Terri Stathem TELEPHONE NO. (915) 683-7443

DISTRICT I
P.O. Drawer DD, Artesia, NM 88241-0719

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-28800	Pool Code 77190	Pool Name Frontier Hills Strawn Gas
Property Code 024236	Property Name FH STATE "28"	Well Number 1
ACRIN No. 166111	Operator Name Concho Resources Inc.	Elevation 3336

Surface Location

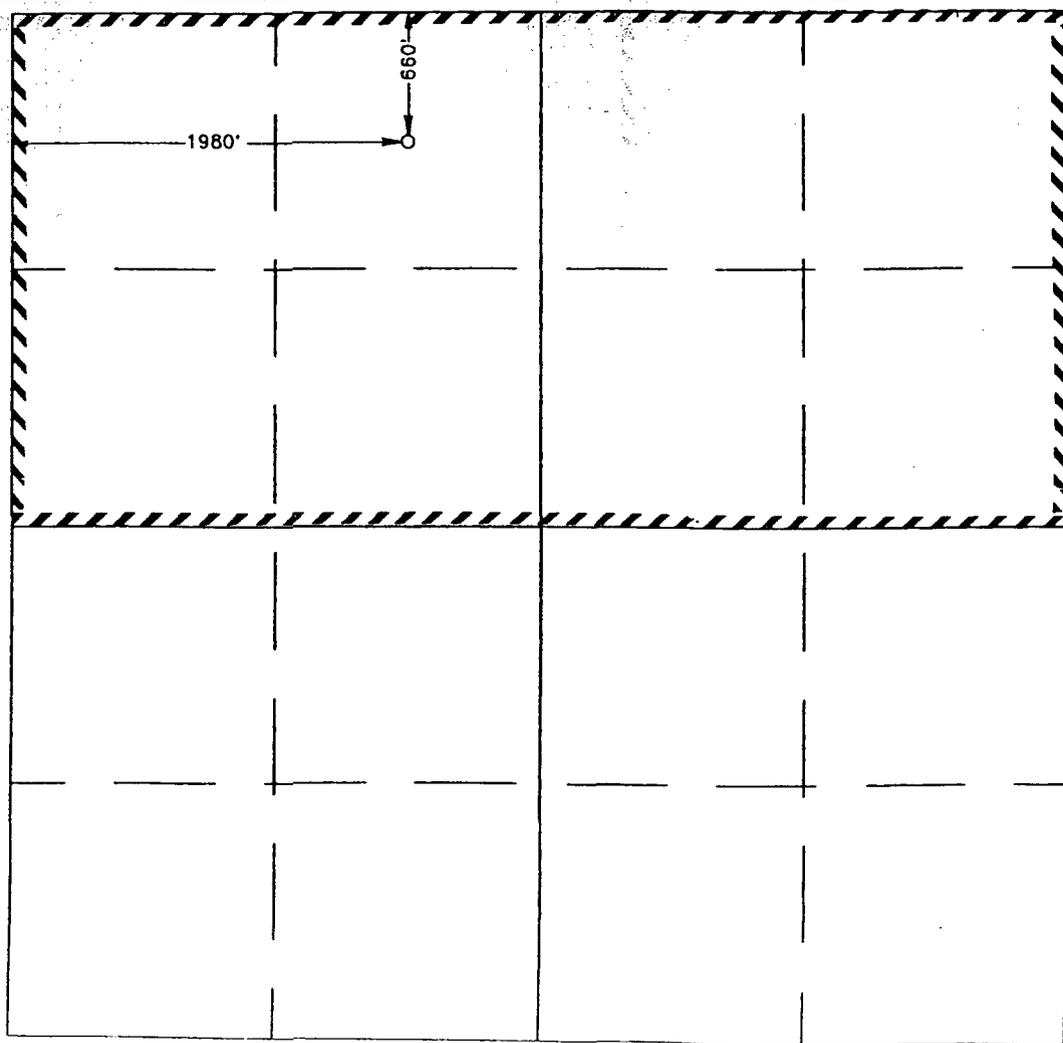
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	28	23 S	26 E		660	NORTH	1980	WEST	EDDY

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 320	Joint or Infill	Consolidation Code	Order No.
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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.

Joe T. Janica
Signature

Joe T. Janica
Printed Name

Agent
Title

01/22/96
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 supervision, and that the same is true and correct to the best of my belief.

JANUARY 4, 1996
Date Surveyed

DMCC

Signature of Seal of Professional Surveyor

Bonnie Eidsen 1-08-96

W.O. Num 96-14-0015

Certificate No. JOHN W. EIDSON 676
RONALD S. EIDSON 3239
DARE EIDSON 12641

DISTRICT I
P.O. Box 1908, Hobbs, NM 88241-1908

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-28800	Pool Code 73960	Pool Name Carlsbad South Morrow
Property Code 024236	Property Name FH STATE "28"	Well Number 1
ACRIN No. 166111	Operator Name Concho Resources Inc.	Elevation 3336

Surface Location

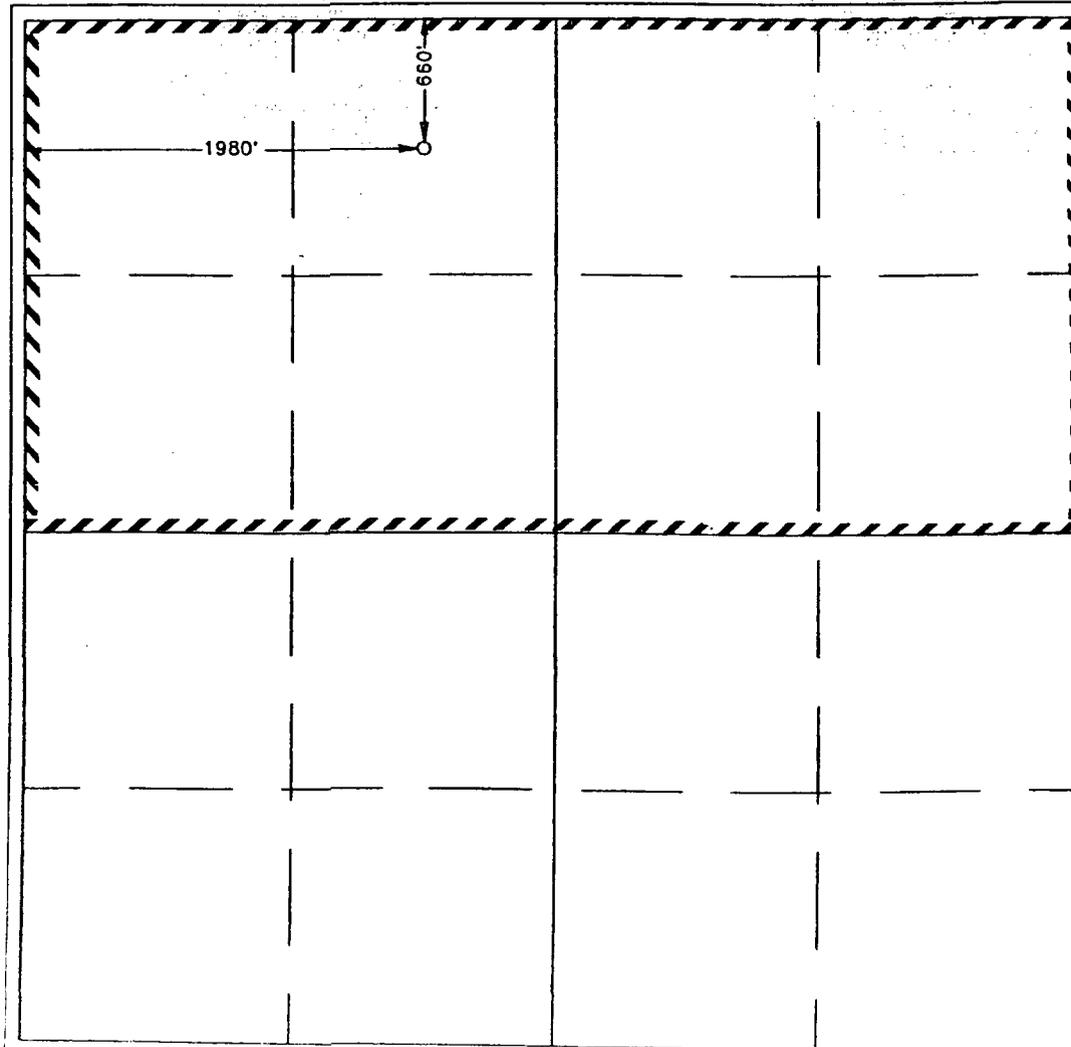
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C	28	23 S	26 E		660	NORTH	1980	WEST	EDDY

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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Joe T. Janica
Signature
Joe T. Janica
Printed Name
Agent
Title
01/22/96
Date

SURVEYOR CERTIFICATION

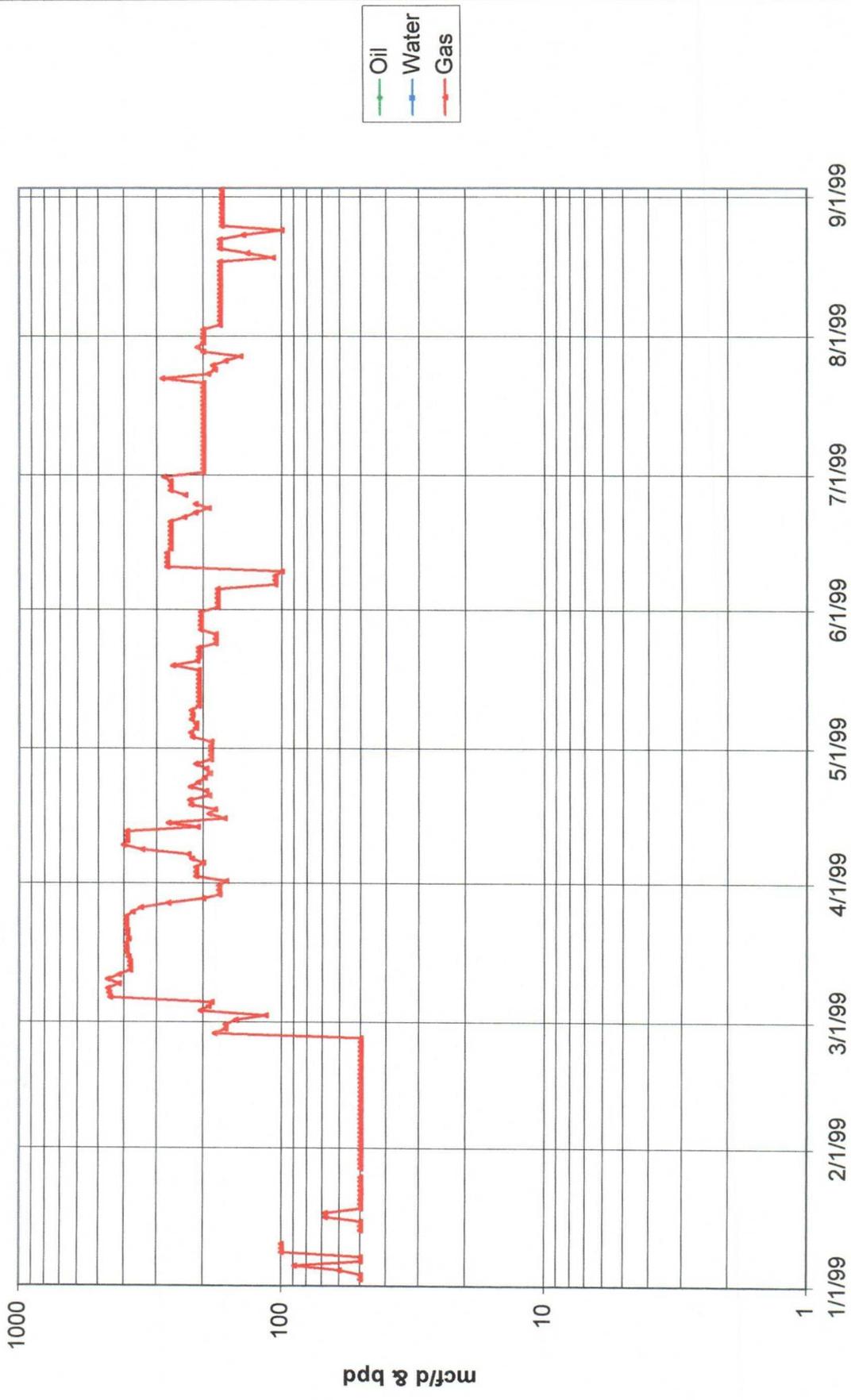
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JANUARY 4, 1996

Date Surveyed
Signature & Seal of Professional Surveyor
DMCC
Ronald S. Eidson
NEW MEXICO
W.O. Num 96-14-0015
Certificate No. JOHN W. WEST 676
RONALD S. EIDSON 3239
DARYL FIDSON 12641

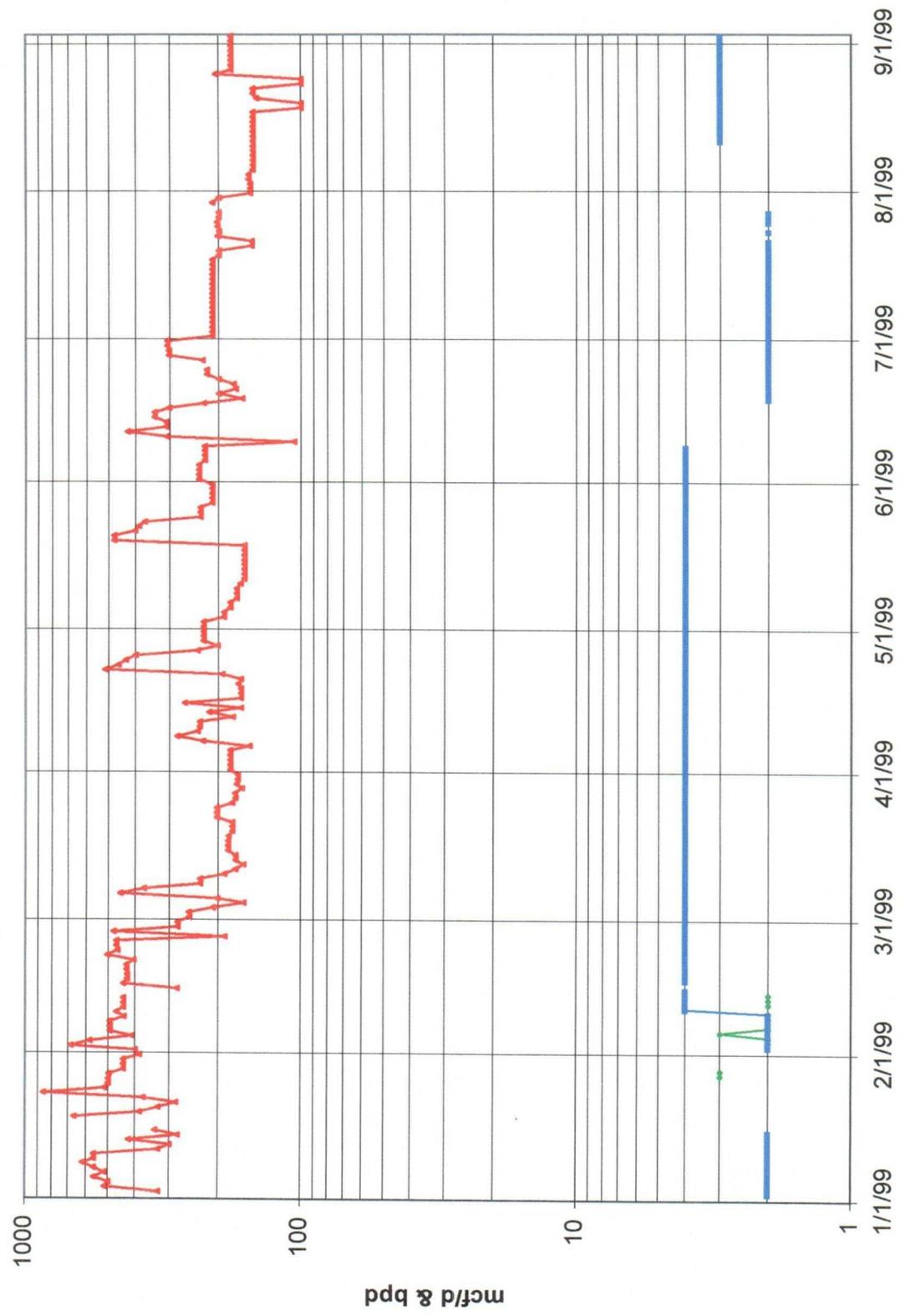
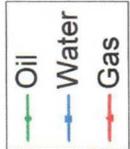
FH 28 St #1 Morrow

MISALLOCATED



FH 28 St #1 Strawn

MISALLOCATED



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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107
Revised 4-1-91

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

DEC 05 '96

Filing Instructions
Bottom of Page

APPLICATION FOR MULTIPLE COMPLETION O. C. D.
ARTESIA OFFICE

Operator	Address		
Penwell Energy, Inc.	600 N. Marienfeld, Ste. 1100, Midland, Texas 79701		
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County
FH "28" State Com.	1	C 28 23 26	Eddy

All applicants for multiple completion must complete Items 1 and 2 below.

1. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Frontier Hills Strawn	-	Carlsbad South-Morrow
b. Top and Bottom of Pay Section (Perforations)	Proposed perfs 10,179 - 10,380 Selective 139 holes	-	Existing perfs - Morrow 11,713 - 724' (22 holes)
c. Type of production (Oil or Gas)	Gas	-	Gas
d. Method of Production (Flowing or Artificial Lift)	Flowing	-	Flowing
e. Daily Production <input checked="" type="checkbox"/> Actual <input checked="" type="checkbox"/> Estimated Oil Bbls. Gas MCF Water Bbls.	Estimated 50 bbls. condensate; 3.0 MMCFG/d 5 BW/d	-	Actual 0 BC/d 2.0 MMCFG/d 0 BW/d

2. The following must be attached:
- Diagrammatic Sketch of the Multiple Completion, showing all casing and location thereof, quantities used and top of cement, perforated interval of packers and side door chokes, and such other information as may be required.
 - Plat showing the location of all wells on applicant's lease, all offset wells offsetting applicant's lease.
 - Electrical log of the well or other acceptable log with tops and bottoms logs is not available at the time application is filed it shall be submitted.

Post-it® Fax Note	7671	Date	4-1-97	# of pages	
To	BRIAN	From	Brenda		
Co./Dept.	OCD	Co.	Penwell		
Phone #		Phone #			
Fax #	505 748-9720	Fax #		faxed 4-1-97 to Brian	

OPERATOR:

I hereby certify above information is true and complete to best of my knowledge, and belief.

Signature Bill Pierce

Printed Name & Title Bill Pierce, Senior Operations Engineer

Date 11-27-96 Telephone (915) 683-2534

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title: _____

Date: FEB 3 1997

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

FILING INSTRUCTIONS:

- District Approval -- See rule 112-A-B -- Submit 4 copies of Form C-107 with attachments to appropriate district office.
- Division Director Administrative Approval -- See Rule 112-C -- Submit 2 copies of Form C-107 with attachments to Division office in Santa Fe and 2 copies of Form C-107 with attachments to appropriate district office.
- Multiple completions not qualifying for District or Division Director approval may be set for hearing as outlined in Rule 112-A-E.