

DATE IN 10/6/00	SUBMITTER 10/26/00	ENGINEER MA	LOGGED KW	TYPE OLM
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

29345161

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling
☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☒ OLS ☒ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

TERRI STATHEM
Print or Type Name

Signature

PRODUCTION ANALYST
Title

9/27/00
Date

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

October 4, 2000

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

Re: Off Lease Sales and Measurement
Carbon Valley '14' Federal Lease

Approved Memo - unapproved AS

Gentlemen:

Concho Resources Inc. hereby requests administrative approval for Off Lease Sales and Measurement of the gas production from the Carbon Valley '14' Federal lease. We would request that we be able to utilize the existing central delivery point located on the Carbon Valley '23' Federal lease for sales and measurement of the gas production from the Carbon Valley 14 Federal lease.

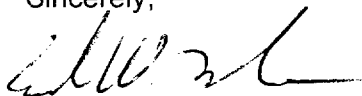
The gas sales meter for the Carbon Valley '14' Federal lease is located in Unit H, SE/4, NE/4, Sec. 23, T-16S, R-27E, Eddy County, NM. All natural gas production from the Carbon Valley '14' Federal lease will be measured and sold at this meter location. The meter will be calibrated on a regular basis. No other gas production from any other Concho Resources Inc. lease is commingled into this meter at this time.

This gas meter was initially installed to be the central delivery point for our Carbon Valley '23' Federal lease and the Carbon Valley '14' Federal lease. The Carbon Valley '23' Federal No. 1 well was initially completed and is currently shut in due to non-production. The Carbon Valley '14' Federal No. 2 well is currently active and we anticipate drilling the Carbon Valley '14' Federal No. 1 well in the future.

Please find enclosed the following: Attachment I a diagram of the measurement equipment, separators, and storage tanks in accordance with the "Manual for Installation and Operation of Commingling Facilities"; Attachment II, a copy of the notification letter which was mailed to all interest owners and to the purchaser via certified mail, Attachment III, a listing of interest owners and purchasers receiving notification.

Please call me at (915) 683-7443 if you have any questions or need additional information.

Sincerely,



Erick Nelson
Engineer

ENCLOSURES

Concho Resources Inc.
Off Lease Storage, Measurement and Sales

Concho Resources Inc. respectfully requests approval for off lease storage, measurement and sales of gas production from the following formation and lease on Federal Lease Number: NM 84851; Lease Name: Carbon Valley '14' Federal

<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>	<u>Formation</u>
14	16S	27E	Diamond Mound Morrow

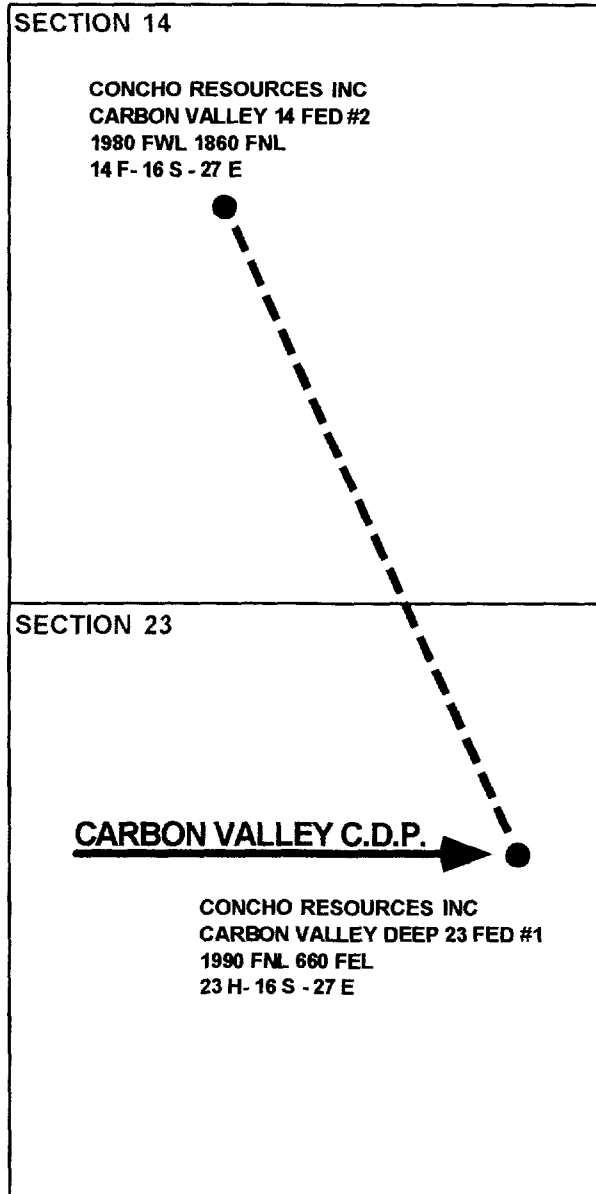
Production for the lease involved is as follows:

<u>Lease Name</u>	<u>MCFPD</u>
Carbon Valley '14' Federal	100

**CARBON VALLEY '14' FEDERAL LEASE
NM 84851
SEC. 14, T-16S, R-27E**



**CONCHO RESOURCES INC
CARBON VALLEY '14' FEDERAL LEASE
NM 84851
EDDY COUNTY, NEW MEXICO
Sec 14, T 16 S, R 27 E
OLS & OLM**



CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

October 4, 2000

Dear Interest Owner and Purchaser:

Re: Notification of Application of Concho Resources Inc. for Administrative Approval
Of Off Lease Sales and Measurement of Gas Production
Carbon Valley '14' Federal Lease
Sec. 14, T-16S, R-27E, Eddy County, New Mexico

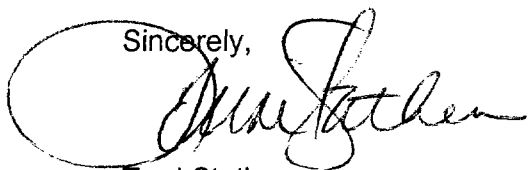
Concho Resources Inc. is requesting your approval for off lease measurement and sales of gas production from the Carbon Valley '14' Federal lease. The central delivery point/sales meter for said well is located in Unit H, Section 23, T-16S, R-27E in Eddy County, New Mexico.

The gas sales meter was initially installed to be the central delivery point for our Carbon Valley '23' Federal lease and the Carbon Valley '14' Federal lease. The Carbon Valley '23' Federal lease is currently shut in due to non-production so no commingling of production is anticipated. If the Carbon Valley '23' Federal well is returned to production we will seek approval to commingle the production but, will meter the production at each well prior to commingling.

If you have any objection to this request, it is necessary for you to file a written objection within twenty (20) days of October 4, 2000 with the 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 Erick Nelson, Engineer or me at (915) 683-7443.

Sincerely,

A handwritten signature in black ink, appearing to read "Terri Stathem", written over a large, loopy circular flourish.

Terri Stathem
Production Analyst

Concho Resources Inc. Off Lease Measurement & Sales

Carbon Valley 14 Federal Lease

Owner Listing

Anderson, Curtis	3807 S. County Rd. 1135	Midland, Tx 79706
Apache Corp	2000 Post Oak Blvd, Ste 100	Houston, Tx 77056
Chi Energy Inc.	P O Box 1799	Midland, Tx 79702
Davidson, James A.	P O Box 494	Midland, Tx 79702
Fasken Oil & Ranch	303 W Wall, Ste 1800	Midland, Tx 79701
Lowe Partners LP	Dept 5, Box 4887	Houston, Tx 77210-4887
Murchison Oil & Gas	P O Box 841670	Dallas, Tx 75201
Department of Interior	P O Box 5810TA	Denver, CO 80217-5810

Carbon Valley 23 Federal Lease

Owner Listing

Anderson, Curtis	3807 S. County Rd. 1135	Midland, Tx 79706
Apache Corp	2000 Post Oak Blvd, Ste 100	Houston, Tx 77056
Chi Energy Inc.	P O Box 1799	Midland, Tx 79702
Davidson, James A.	P O Box 494	Midland, Tx 79702
Fasken Oil & Ranch	303 W Wall, Ste 1800	Midland, Tx 79701
Lowe Partners LP	Dept 5, Box 4887	Houston, Tx 77210-4887
Murchison Oil & Gas	P O Box 841670	Dallas, Tx 75201
Department of Interior	P O Box 5810TA	Denver, CO 80217-5810
Thoma, John	1011 Mesquite Ridge	Graford, Tx 76449