

DATE IN 6/7/01	SUSPENSE 6/27/01	ENGINEER DC	LOGGED KV	TYPE CTB
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

515

**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

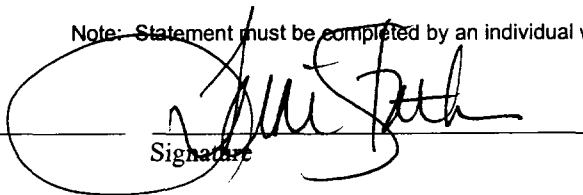
**[3] INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

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

6-5-01

Date

# CONCHO OIL & GAS CORP.

Suite 410  
110 W. Louisiana  
Midland, Texas 79701

(915) 683-7443  
FAX 683-7441

June 5, 2001

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

Gentlemen:

Re: Concho Oil & Gas Corp Administrative Approval Request  
For Lease Commingling and  
Off Lease Sales of Gas Production  
Appleseed Federal Lease and  
Manzanita State Lease

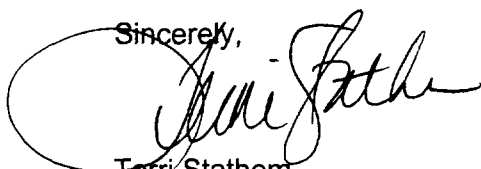
Concho Oil & Gas Corp. respectfully requests administrative approval to first meter and then commingle gas production from the Appleseed Federal Lease with gas production from the Manzanita State Lease. The Appleseed Federal and the Manzanita State leases are both producing from the Featherstone; Bone Spring pool and all gas production will be measured separately at each well prior to commingling. We are also requesting approval for off lease measurement of the gas production. The gas production will be sold at a common sales meter located off both leases in Unit B, NW/4 NE/4, Sec. 14, T-20S, R-35E in Lea County, NM. The subject wells and meter location are depicted on Attachment I.

Attachment II and III are facility diagrams for the two oil batteries in accordance with the "Manual for Installation and Operation of Commingling Facilities". All oil production will be stored and sold at the individual lease battery on a lease by lease 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.

A notification letter was sent via certified mail to all interest owners of our intent, see Attachment IV and V. Please feel free to call if I can be of any assistance.

Sincerely,



Terri Stathem  
Production Analyst

Enclosures

**Concho Oil & Gas Corp**  
**Appleseed Federal Lease and Manzanita State Lease**  
**Lease Commingling and Off Lease Measurement and Sales of Gas Production**

**Appleseed Federal Lease**

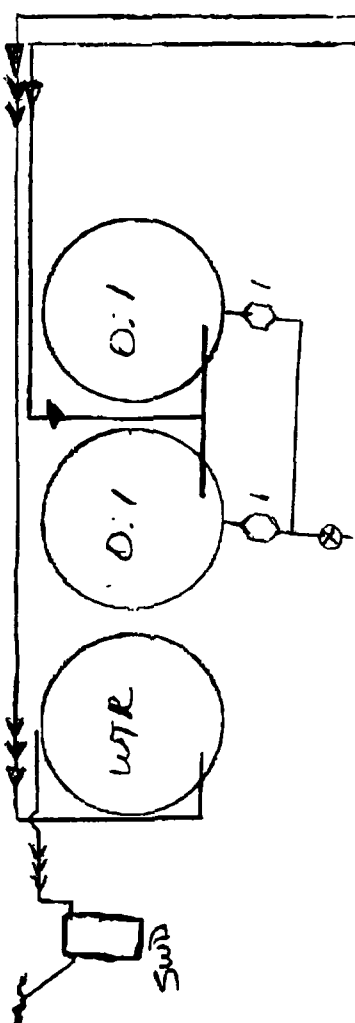
Unit Letter H, Sec. 17, T-20S, R-35E - E/2 NE1/4 NM-86172

**Manzanita State Lease**

Unit Letter E, Sec. 16, T-20S, R-35E - E/2 NW1/4 - VO 5694





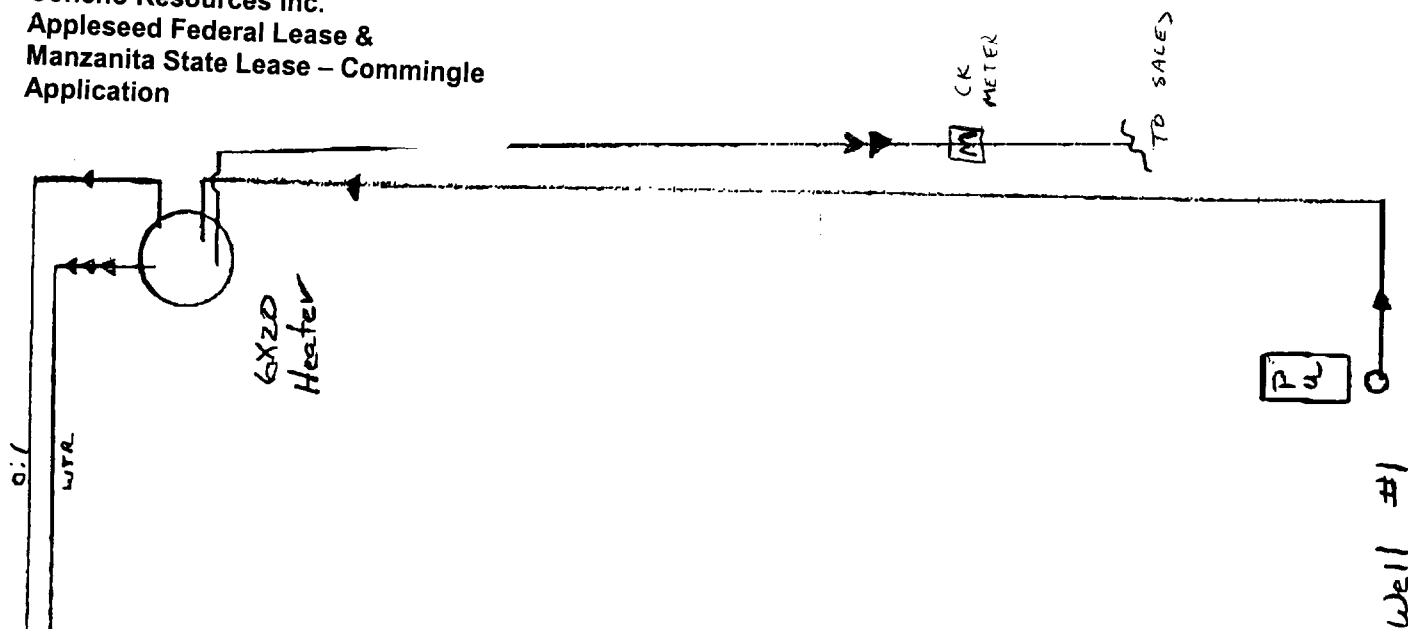


Concho Oil & Gas Corp.  
 Appleseed Federal Lease  
 Sec. 17 T20S R35E  
 Lea County, NM

Oil Line ———→  
 Gas Line ———→  
 Water Line ———→

Production System - Closed

1. Oil sales by tank gauge to truck
2. Seal requirements
  - a. Production Phase
    1. All valves 1 sealed closed
    2. All valves 2 sealed closed
  - b. Sales Phase
    1. Valve 1 open on sell tank
    2. Valve 2 sealed closed



## Production System - Closed

1. Oil sales by tank gauge to truck
2. Seal requirements
  - a. Production Phase
    1. All valves 1 sealed closed
    2. All valves 2 sealed closed
  - b. Sales Phase
    1. Valve 1 open on sell tank
    2. Valve 2 sealed closed



Attachment IV  
Concho Resources Inc.  
Appleseed Federal Lease &  
Manzanita State Lease – Commingle  
Application

## CONCHO OIL & GAS CORP.

Suite 410  
110 W. Louisiana  
Midland, Texas 79701

(915) 683-7443  
FAX 683-7441

June 5, 2001

Dear Interest Owner:

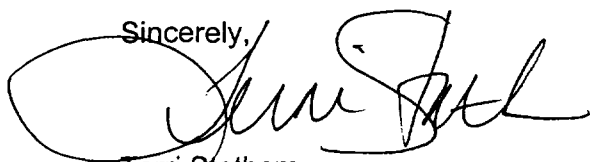
Re: Notification of Concho Oil & Gas Corp for Administrative Approval  
For Off Lease Commingling and Off Lease  
Measurement and Sales of Gas Production  
Appleseed Federal Lease and  
Manzanita State Lease

Concho Oil & Gas Corp. hereby notifies you that it is seeking approval to first meter and then commingle gas production from wells listed on Attachment I. Also, we are requesting approval to sale the produced gas off lease. The common sales meter for said wells is located at the Neuhaus '14' Federal No. 2 well located in Unit B, NW/4 NE/4, Sec. 14, T-20S, R-35E in Lea County, NM.

If you have any objection to this request, it is necessary for you to file a written objection within twenty (20) days of June 6, 2001 with the New Mexico Oil Conservation Division in Santa Fe, New Mexico. If you have no objections, it is not necessary for you to file anything.

Please feel free to call if I can be of any assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Terri Stathem', written over a large, loopy initial 'T'.

Terri Stathem  
Production Analyst

Enclosures

Attachment V  
Concho Resources Inc.  
Appleseed Federal Lease &  
Manzanita State Lease – Commingle  
Application

Concho Oil & Gas Corp.  
Lease Commingling & Off Lease Sales  
Appleseed Federal Lease  
and Manzanita State Lease  
Owner Listing

**Appleseed Federal Lease**

Larry Arnold	P O Box 2253	Hobbs, NM 88241-2253
Bear Energy, Inc.	3101 Asheton Ct	Edmond, OK 73034
Commissioner of Public Lands	P O Box 1140	Santa Fe, NM 87504
Bureau Of Land Management	2909 W Second	Roswell, NM 88201-2019
Crabtree Oil & Gas Corp.	Three Lincoln Ctr, 5430 LBJ FreeWay, Ste 1700	Dallas, Tx 75240-2697
Duncan Oil Properties	P O Box 26467	Oklahoma City, OK 73126-6467
Blaine Hess	P O Box 326	Roswell, NM 88202-0326
Frank G. Holtemann	P O Box 703	Nipomo, CA 93444
Phillips Petroleum	Attn: Jt Interest, P O Box 7500	Bartlesville, OK 74005-7500
Sunvalley Energy Corp	P O Box 1000	Roswell, NM 88202-1000
Trinaca 96 Energy LP	P O Box 2325	Corrales, NM 87048
Twodubyah, LLC	P O Box 30365	Albuquerque, NM 87190-0365

**Manzanita State**

Larry Arnold	P O Box 2253	Hobbs, NM 88241-2253
Bear Energy, Inc.	3101 Asheton Ct	Edmond, OK 73034
T J Bell	P O Box 30365	Albuquerque, NM 87190-0365
Commissioner of Public Lands	P O Box 1140	Santa Fe, NM 87504
Crabtree Oil & Gas Corp.	Three Lincoln Ctr, 5430 LBJ FreeWay, Ste 1700	Dallas, Tx 75240-2697
Walter Duncan Oil LP	100 Park Ave. Bldg, Ste 1200	Oklahoma City, OK 73102-8023
Blaine Hess	P O Box 326	Roswell, NM 88202-0326
Frank G. Holtemann	P O Box 703	Nipomo, CA 93444
Sunvalley Energy Corp	P O Box 1000	Roswell, NM 88202-1000



**Concho Oil & Gas Corp.  
Lease Commingling & Off Lease Sales  
Appleseed Federal Lease  
and Manzanita State Lease  
Owner Listing**

**Neuhaus Federal Lease**

Bean Family Ltd	P O Box 1738	Roswell, NM 88202-1738
James A. Boss	2200 Carolina Way	Roswell, NM 88201
BTA Oil Producers	104 South Pecos	Midland, Tx 79701
BWB Partners I	P O Box 51407	Midland, Tx 79710-1407
Bureau Of Land Management	2909 W Second	Roswell, NM 88201-2019
Eako, LLC	Attn: Deborah Goluska, P O Box 1090	Roswell, NM 88202-1090
Exxon Company USA	P O Box 951082	Dallas, Tx 75395-1082
Hayes Land Corp.	P O Box 51510	Midland, Tx 79710-1510
Hayes Land & Production	P O Box 51407	Midland, Tx 79710
Blaine Hess	P O Box 326	Roswell, NM 88202-0326
Jalapeno Corp.	P O Box 1608	Albuquerque, NM 87106-1608
Ben B. & Louise S. Neuhaus	P O Box 925567	Houston, Tx 77292-5567
Betty Neuhaus Trust	Edward K. Neuhaus, P O Box 925567	Houston, Tx 77292-5567
Betty Neuhaus Trust	Laurance B. Neuhaus, P O Box 925567	Houston, Tx 77292-5567
Betty Neuhaus Trust	W. O. Neuhaus, III, P O Box 925567	Houston, Tx 77292-5567
Read & Stevens Inc.	P O Box 1518	Roswell, NM 88201
Sisbro Oil & Gas	3600 S. Yosemite Ste, Ste 810	Denver, CO 80237
Speerex LP	P O Box 266	Roswell, NM 88202-2066
Tom P. Stephens Trust	Nations Bank of Texas, P O box 840738	Dallas, Tx 75284-0738
Texakota Oil Co.	2707 Kipling	Houston, Tx 77098
Tierra Oil Co.	P O Box 700968	San Antonio, Tx 78270-0968
Valko, LLC	Attn: Deborah Goluska, P O Box 1090	Roswell, NM 88202-1090
Yates Energy Corp	P O Box 2323	Roswell, NM 88202-2323

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

**ADMINISTRATION**

Phone (505) 827-5700

Fax (505) 827-5853

**GENERAL COUNSEL**

Phone (505) 827-5713

Fax (505) 827-4262

**PUBLIC AFFAIRS**

Phone (505) 827-1245

Fax (505) 827-5766



**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

**COMMERCIAL RESOURCES**

Phone (505) 827-5724

Fax (505) 827-6157

**MINERAL RESOURCES**

Phone (505) 827-5744

Fax (505) 827-4739

**ROYALTY MANAGEMENT**

Phone (505) 827-5772

Fax (505) 827-4739

**SURFACE RESOURCES**

Phone (505) 827-5793

Fax (505) 827-5711

June 22, 2001

Concho Oil & Gas Corp.  
110 W. Louisiana Ave., Suite 410  
Midland, Texas 79701

Attention: Ms. Terri Stathem

Re: Concho Oil & Gas Corp.  
Application For Surface Commingling and  
Off Lease Sales of Gas Production  
Appleseed Federal Lease SE/4NE/4 Sec. 17-20S-35E and  
Manzanita State Lease SW/4NW/4 Sec. 16-20S-35E  
Lea County, New Mexico

Dear Ms. Stathem:

We are in receipt of your application for surface commingling and off-lease sales and measurement of gas production from the Appleseed Federal Lease with gas production from the Manzanita State Lease.

It is our understanding that both wells are producing from the Featherstone; Bone Spring pool and all gas production will be metered separately at each well prior to commingling. The gas production will be then be sold off lease at a common sales meter located in the NW/4NE/4 of Section 14, Township 20 South, Range 35 East.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 dollar filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Please contact Ms. Debbie Padilla of our Right-of-Way Division at 505-827-5729 for a right-of-way through the N/2S/2 of Section 16, Township 20 South, Range 35 East. Our approval is contingent upon you acquiring the appropriate easements.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/pm

pc: Reader File

~~OCD-Attention: David Catanach~~