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January 27, 2003

Hand Delivered

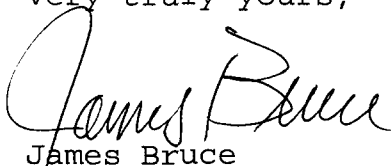
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of two applications for compulsory pooling, together with proposed advertisements, filed on behalf of Concho Resources Inc. Please set these matters for the February 19, 2004 Examiner hearing. Thank you.

The advertisements are also on the enclosed disk.

Very truly yours,


James Bruce

Attorney for Concho Resources Inc.

RECEIVED

JAN 27 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13218

PARTIES BEING POOLED

SX §17-19S-33E:

Moore & Shelton, Ltd.
4320 Avenue P
Galveston, Texas 77550

Delmar Hudson Lewis Living Trust
Suite 1005-A
6300 Ridglea Place
Fort Worth, Texas 76116

Lindy's Living Trust
616 Texas Street
Fort Worth, Texas 76102

William A. Hudson
616 Texas Street
Fort Worth, Texas 76102

Edward R. Hudson, Jr. and
William A. Hudson, Trustees
U/W/O Edward R. Hudson
616 Texas Street
Fort Worth, Texas 76102

Yates Energy Corporation
P.O. Box 2323
Roswell, New Mexico 88202

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202

Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202

Explorers Petroleum Corporation
P.O. Box 1933
Roswell, New Mexico 88202

HEYCO Employees, Ltd.
P.O. Box 1933
Roswell, New Mexico 88202

James H. Yates, Inc.
Suite C
906 South St. Francis Drive
Santa Fe, New Mexico 87505

Colkelan Corporation
Suite C
906 South St. Francis Drive
Santa Fe, New Mexico 87505

W $\frac{1}{2}$ S21-21S-35E:

Rio Petroleum, Inc.
2805 West 15th Street
Amarillo, Texas 79102

Champlin Exploration, Inc.
Suite 700
201 North Grand
Enid, Oklahoma 73701

Derrel C. Melton
3905 Martingale
Plano, Texas 75203

ConocoPhillips Company
600 North Dairy Ashford
Houston, Texas 77252

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CONCHO RESOURCES
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

JAN 27 2004
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
Case No. 13218

APPLICATION

Concho Resources Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 17, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S½ of Section 17, and has the right to drill a well thereon.

2. Applicant proposes to drill its Excalibur "17" Fed. Com. Well No. 1, at an orthodox location in the SE¼SE¼ of Section 17, and seeks to dedicate the S½ of Section 17 to the well to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 spacing within that vertical extent, including the Undesignated Buffalo-Pennsylvanian Gas Pool, Undesignated Tonto-Atoka Gas Pool, and Undesignated Gem-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 17 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order

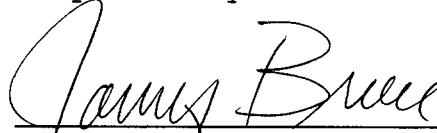
pooling all mineral interest owners in the S½ of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 17, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 17, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and supervision costs, together with a provision adjusting those rates as provided in the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Concho Resources
Inc.

PROPOSED ADVERTISEMENT

Case 13218: Application of Concho Resources Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 17, Township 19 South, Range 33 East, NMPM to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Buffalo-Pennsylvanian Gas Pool, Undesignated Tonto-Atoka Gas Pool, and Undesignated Gem-Morrow Gas Pool. The unit will be dedicated to applicant's Excalibur "17" Fed. Com. Well No. 1, to be located at an orthodox location in the SE¼SE¼ of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 15½ miles south-southeast of Maljamar, New Mexico.