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June 3, 2011

Concho Resources
550 West Texas Avenue
Suite 100
Midland, Texas 79701
Attn: Greg Daggett

COP Exhibit No. 5
OCD Case Nos. 14558 / 14577
June 28, 2011

Re: Joint Development Agreement, Yeso
Burch Keely and Grayburg Deep Unit Areas
T17S-29E and T17S-30E
Eddy County, New Mexico

Gentlemen:

ConocoPhillips Company (COPC) is interested in discussing the potential for entering into a Joint Development Agreement ("JDA") between the current owners of the Burch Keely and Grayburg Deep Units in order to fully develop all horizons commonly considered as part of the Yeso formation and provide for the sharing of costs, revenues and reserves.

COPC, therefore, proposes a meeting as soon as practical to discuss the following issues relative to establishing such a JDA:

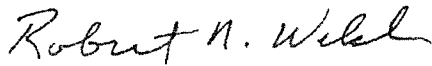
- 1) Areal Extent: The Burch Keely Unit (5,129.44 acres) and the Grayburg Deep Unit (2,534.22 acres) and the Grayburg Deep JOA (5,484.17 acres) are overlapping ownerships affected by the current depth severance. Agreement is required to establish the boundary of the JDA based on current contract/ownership boundaries and/or geologic considerations.
- 2) Horizontal Extent: Agreement will be required on the regulatory defined "pool" to cover the entirety of the Yeso (Paddock, Blinebry, Tubb, Drinkard, Bone Spring) within the agreed to Areal Extent. The JDA would govern drilling and development of the Yeso "pool" within the Areal Extent as defined.
- 3) Equity Determination Methodology: Agreement between the parties as to Remaining Recoverable Hydrocarbon for the combined Paddock and Blinebry formations (the Yeso pool) within the areal and horizontal extent.

- 4) Form of JOA: Operator (COG, COPC or Cimarex), penalties, non-consent, COPAS etc. Takeover of wellbore for development above or below the Yeso "pool".
- 5) Appropriate regulatory approvals at BLM/NMOCD and methodology for production and revenue accounting to regulatory agencies.
- 6) Approval of the JDA by co-owners

COPC realizes other issues may need to be resolved and look forward to discussing a mutually agreeable development plan. COPC is interested in resolving this matter as quickly as possible in a mutually agreeable fashion and requests that COG provide us with a date for an appropriate meeting to discuss this matter and initiate negotiations.

Please contact me at 832-486-2205, or Tom Scarbrough at 832-486-2338, to discuss a meeting date.

Respectfully,



Robert N. Welch
MCBU Land Supervisor