

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)  
(505) 982-2151 (FAX)

jamesbruc@aol.com

January 28, 2003

Hand Delivered

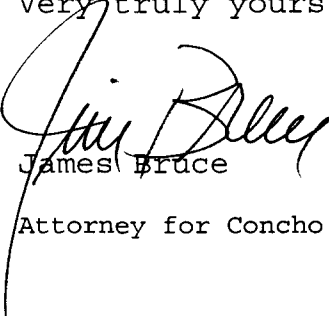
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Concho Oil & Gas Corp. Please set this matter for the February 20, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk under "COGC-PAD.FP2."

Very truly yours,

  
James Bruce

Attorney for Concho Oil & Gas Corp.

03 JAN 29 AM 7:44

OIL CONSERVATION DIV

*Case 13011*

PARTIES BEING POOLED

Magnum Hunter Production, Inc.  
P.O. Box 140907  
Irving, Texas 75039

Attention: Carol Glass

Featherstone Development Corp.  
1801 West Second Street  
Roswell, New Mexico 88201

Olen F. Featherstone, II  
1801 West Second Street  
Roswell, New Mexico 88201

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CONCHO OIL & GAS  
CORP. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 13011

APPLICATION

Concho Oil & Gas Corp. applies for an order pooling all mineral leasehold interests from the surface to the base of the Morrow formation underlying the S½ of Section 28, Township 19 South, Range 34 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 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Codorniz Fed. "28" Well No. 2, at an orthodox location in the NW¼SW¼ of the section, and seeks to dedicate the S½ of the section to the well for all pools or formations developed on 320 spacing within that vertical extent, including the Undesignated Quail Ridge-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the S½ of Section 28 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold 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 leasehold interest owners in the S½ of Section 28, pursuant to NMSA 1978 §70-2-17.

03 JUN 29 PM 7:54

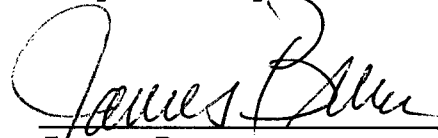
OL CONSERVATION DIV

5. The pooling of all mineral leasehold interests underlying the S½ of Section 28 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 leasehold interests in the S½ of Section 28, 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 penalty 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 Oil & Gas Corp.

## PROPOSED ADVERTISEMENT

Case 13011: Application of Concho Oil & Gas Corp. 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 28, Township 19 South, Range 34 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 but not limited to the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to applicant's Codorniz Fed. "28" Well No. 2, to be located at an orthodox location in the NW¼SW¼ of Section 28. 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 charge for the risk involved in drilling and completing the well. The unit is located approximately 17½ miles west of Monument, New Mexico.