

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

March 8, 2000

Mr. Michael M. Gray  
Concho Resources, Inc.  
Suite 410, 110 W. Louisiana  
Midland, Texas 79701

Re: Woody "10" Fed. Com. #1  
Section 10, T17S-R27E  
Eddy County, New Mexico

Dear Mike:

In reference to the captioned area, enclosed please find the following:

- 1) Your Authority for Expenditure that has now been signed by the parties,
- 2) Signature page to the Operating Agreement, dated February 23, 2000,
- 3) Signature and notary pages to the Exhibit "G",
- 4) A copy of our geological requirement letter.

Should you have any questions, please advise.

Very truly yours,

YATES PETROLEUM CORPORATION

Douglas W. Hurlbut  
Landman

DWH/mw

Enclosures

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12377 Exhibit No. 8  
Submitted By:  
Concho Resources, Inc.  
Hearing Date: June 29, 2000



A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982

ARTICLE XVI. MISCELLANEOUS

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This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of February, 192000

Concho Resources Inc., who has prepared and circulated this form for execution, represents and warrants that the form was printed from and with the exception listed below, is identical to the AAPL Form 610-1982 Model Form Operating Agreement, as published in diskette form by Forms On-A-Disk, Inc. No changes, alternations, or modifications, other than those in Articles which are indicated herein, have been made to the form.

OPERATOR

CONCHO RESOURCES INC. *MS*

*[Signature]*  
\_\_\_\_\_  
David W. Copeland, Vice President  
February 23, 2000

NON-OPERATORS

CHI ENERGY, INC.

SOUTHWESTERN ENERGY PRODUCTION COMPANY

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

OXY USA, INC.

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

YATES PETROLEUM CORPORATION

*[Signature]*  
Printed Name: Payton Yates  
Title: attorney-in-fact  
Date: 3-7-2000

YATES DRILLING COMPANY

*[Signature]*  
Printed Name: Payton Yates  
Title: attorney-in-fact  
Date: 3-7-2000

ABO PETROLEUM CORPORATION

*[Signature]*  
Printed Name: John A. Yates, Jr  
Title: attorney-in-fact  
Date: 3-7-2000

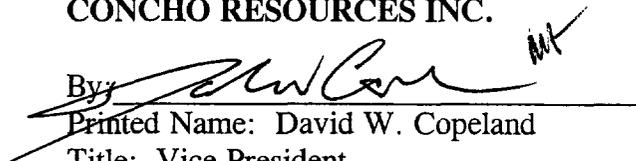
MYCO INDUSTRIES, INC.

*[Signature]*  
Printed Name: Frank Yates, Jr  
Title: attorney-in-fact  
Date: 3-7-2000

Signature Page to Memorandum of Operating Agreement And Financing  
Statement pertaining to the Woody "10" Federal Com #1.

**OPERATOR:**

**CONCHO RESOURCES INC.**

By:  <sup>MK</sup>

Printed Name: David W. Copeland

Title: Vice President

Date: February 23, 2000

Taxpayer ID No. 75-2720028  
110 West Louisiana, Suite 410  
Midland, Texas 79701

**NON-OPERATORS:**

**SOUTHWESTERN ENERGY PRODUCTION COMPANY**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Taxpayer ID No. \_\_\_\_\_

2350 N. Sam Houston Parkway East, Suite 300  
Houston, Texas 77032

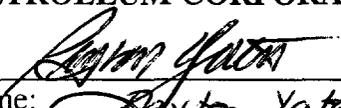
**OXY USA, INC.**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Taxpayer ID No. \_\_\_\_\_

P. O. Box 50250  
Midland, Texas 79710

**YATES PETROLEUM CORPORATION**

By:   
Printed Name: Peyton Yates  
Title: attorney-in-fact  
Date: 3-6-00

Taxpayer ID No. \_\_\_\_\_

105 S. 4<sup>th</sup> Street  
Artesia, New Mexico 88210

**NON-OPERATORS (Continued):**

**YATES DRILLING COMPANY**

By: *Reyton Yates*  
Printed Name: Reyton Yates  
Title: attorney-in-fact  
Date: 3-6-2000

Taxpayer ID No. \_\_\_\_\_

105 S. 4<sup>th</sup> Street  
Artesia, New Mexico 88210

**ABO PETROLEUM CORPORATION**

By: *John A. Yates, Jr*  
Printed Name: John A. Yates, Jr  
Title: attorney-in-fact  
Date: 3-6-2000

Taxpayer ID No. \_\_\_\_\_

105 S. 4<sup>th</sup> Street  
Artesia, New Mexico 88210

**MYCO INDUSTRIES, INC.**

By: *Frank Yates, Jr*  
Printed Name: Frank Yates, Jr  
Title: attorney-in-fact  
Date: 3-6-2000

Taxpayer ID No. \_\_\_\_\_

105 S. 4<sup>th</sup> Street  
Artesia, New Mexico 88210

**CHI ENERGY, INC.**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

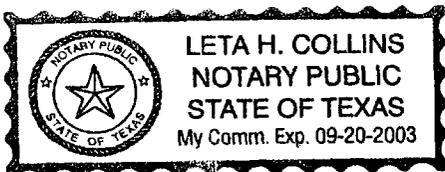
Taxpayer ID No. \_\_\_\_\_

P. O. Box 1799  
Midland, Texas 79702

ACKNOWLEDGMENTS

STATE OF TEXAS §  
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 23rd day of February, 2000, by David W. Copeland, as Vice President, on behalf of **Concho Resources Inc.**, a Delaware corporation, on behalf of said corporation.



Leta H. Collins  
Notary Public for the State of Texas

STATE OF TEXAS §  
COUNTY OF HARRIS §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2000, by \_\_\_\_\_, as \_\_\_\_\_, on behalf of **Southwestern Energy Production Company**, on behalf of said company.

\_\_\_\_\_  
Notary Public for the State of Texas

My Commission Expires: \_\_\_\_\_

STATE OF TEXAS §  
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2000, by \_\_\_\_\_, as \_\_\_\_\_, on behalf of **Oxy USA, Inc.**, a \_\_\_\_\_ corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public for the State of Texas

My Commission Expires: \_\_\_\_\_

STATE OF NEW MEXICO §  
COUNTY OF Eddy §

This instrument was acknowledged before me on this 6<sup>th</sup> day of March, 2000, by Pepton Yates, as Attorney-in-Fact, on behalf of **Yates Petroleum Corporation**, a New Mexico corporation, on behalf of said corporation.

Darlene Chavarria  
Notary Public for the State of New Mexico

My Commission Expires: 9-15-2003

ACKNOWLEDGMENTS (Continued)

STATE OF NEW MEXICO §  
COUNTY OF Eddy §

This instrument was acknowledged before me on this 6<sup>th</sup> day of March, 2000, by Payton Yates, as Attorney-in-Fact, on behalf of Yates Drilling Company, on behalf of said company.

Darlene Chavama  
Notary Public for the State of New Mexico

My Commission Expires: 9-15-2003

STATE OF NEW MEXICO §  
COUNTY OF Eddy §

This instrument was acknowledged before me on this 6<sup>th</sup> day of March, 2000, by John A. Yates, Jr., as Attorney-in-Fact, on behalf of ABO Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.

Darlene Chavama  
Notary Public for the State of New Mexico

My Commission Expires: 9-15-2003

STATE OF NEW MEXICO §  
COUNTY OF Eddy §

This instrument was acknowledged before me on this 6<sup>th</sup> day of March, 2000, by Frank Yates Jr., as Attorney-in-Fact, on behalf of MYCO Industries, Inc., a New Mexico corporation, on behalf of said corporation.

Darlene Chavama  
Notary Public for the State of New Mexico

My Commission Expires: 9-15-2003

STATE OF TEXAS §  
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2000, by \_\_\_\_\_, as \_\_\_\_\_, on behalf of Chi Energy, Inc., a \_\_\_\_\_ corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public for the State of Texas

My Commission Expires: \_\_\_\_\_

EXHIBIT "A"  
GEOLOGICAL REQUIREMENTS

Mr. Brent May  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210  
(505) 748-1471 (Office)  
(505) 746-3304 (Home)  
(505) 365-6170 (Cellular)  
(505) 748-4570 (Plain Paper Fax)  
(505) 748-4321 (Continuous Log Fax)

ALTERNATE:  
Mr. Ray Beck  
(505) 748-2565

I. Notification:

- A. You shall immediately notify the above company representative (or alternate) by telephone, at your expense, sufficiently in advance of the following events in order that a representative of the company may be present to witness same:
1. Spudding of any test well hereunder,
  2. All drill stem or other tests of said well,
  3. Logging or other downhole surveys,
  4. Any coring operations,
  5. Any plugging operations,
- B. You shall, at your expense, furnish us current progress reports (daily drilling, completion, or workover and daily mud log) on said well with full information thereon each day by fax. This requirement may be waived and well progress report may be mailed daily when practicable.

II. Other Requirements:

- A. Unless waived by us, you shall run:
1. A GR-Dual Laterolog, Dual Induction or equivalent saturation log.
  2. A GR-Compensated Neutron-Formation Density or equivalent porosity log.
  3. A mudlog commencing 100' above 1st potential pay continuous to TD.
- B. You shall furnish us the following data and information:
1. Two copies of field prints and two copies of final prints of all electric logs or other downhole surveys run in said well: this includes dipmeter logs, Borehole Image Logs and any derivative logs such as "Elan", or equivalent survey analysis. **FAX ONLY zones of interest of E-logs and mudlogs immediately after logging operations to (505-748-4321).**
  2. One copy of digital data on 3-1/2" diskette - LAS Format.
  3. When Schlumberger is used, logs should be lognetted to Schlumberger Midland Computing Center and diskettes made there.
  4. Two copies of all drill stem test reports,
  5. Two copies of all core analysis reports,
  6. One copy of all fluid analysis reports,
  7. Two copies of the preliminary mudlog sheets and two copies of the final mud log,
  8. One copy of any paleontological report.
  9. One copy of any geological report,
  10. One copy of the sample description
  11. One copy of the drilling time,
  12. One copy of all government reports, (*Application for Permit to Drill should be attached with initial drilling report*)
  13. One copy of daily production reports for sixty (60) days after completion of the well.
- C. One set of representative samples to be filed with Midland Sample Cut.