



T. Kent Woolley, CPL  
Landman Advisor

OXY USA INC.  
Box 50250, Midland, TX 79710

Phone (915) 685-5906  
Fax (915) 685-5742

May 1, 2000

Southwestern Energy Production Company  
2350 N. Sam Houston Pkwy East, Suite 300  
Houston, TX 77032  
Attn: Sam Thompson

RE: Concho's proposed  
Woolley ~~Herman~~ 10 Federal Com. #1  
Eddy County, New Mexico

Dear Sam:

In an attempt to settle the Force Pooling issue between Concho Resources and Southwestern Energy over the captioned well, OXY proposes the following:

1. OXY USA Inc. will Farmout to Southwestern Energy, OXY's interest in the SW/4 of Section 14, T21S-R34E, Lea County, New Mexico. It would appear that OXY has 80.0 net acres in the SW/4 with a net revenue interest of 87.5% limited to rights from 5200' down to 14,465';
  2. Southwestern Energy will Farmout to OXY USA Inc., Chi Energy and Yates Petroleum all of its interest in the N/2 SW/4 and N/2 SE/4 of Section 10, T17S-R27E, Eddy County, New Mexico. It would appear Southwestern Energy has 80.0 net acres with a net revenue interest of 83.333%;
  3. Each party hereto will deliver its ~~entire working interest and will not retain an overriding royalty interest.~~ *as*
- Upon notice of intention to spud, the Farmor will deliver a formal Farmout Agreement which, among other items, provides for the following:
- a) 9-month term effective May 1, 2000;
  - b) Wells contemplated hereunder shall be on a "produce to earn" basis; *150' below deepest producing zone drilled by either party.*
  - c) Substitute well provision;
  - d) 90-day continuous drill option;
  - e) Assignments earned would be without warranty of title;
  - f) The Farmout will inure to and benefit OXY USA Inc., Chi Energy and Yates Petroleum.

*8/20*  
*OF RECONS*  
*this date, 4.*

If this proposal is acceptable please indicate below.

Yours truly,  
OXY USA Inc.

*[Signature]*  
T. Kent Woolley  
TKW/gw

Agreed to and accepted this 15<sup>th</sup> day of May, 2000.

Southwestern Energy Production Company

By: *[Signature]*

Title: Attorney-in-Fact *(B)*

An Occidental Oil & Gas Company

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12377 Exhibit No. 10  
Submitted By:  
Concho Resources, Inc.  
Hearing Date: June 29, 2000