

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

July 27, 2000

CERTIFIED MAIL, RETURN RECEIPT

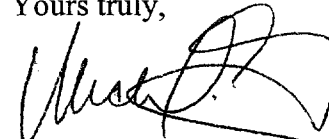
Fuel Products Inc.
P. O. Box 3098
Midland, TX 79702

Re: Illinois Camp 18 State No. 1 Well
T-18-S, R-28-E, Section 18: E/2
990' FSL and 660' FEL
Eddy County, New Mexico

Gentlemen:

Concho Resources Inc. has acquired the interest of Phillips Petroleum Company in Section 18, T-18-S, R-28-E: SW/4 SE/4 below 3,000' and NE/4 SE/4 below 2,407'. This interest is subject to a recent compulsory pooling hearing under OCD Case No. 12446. Please furnish us with an Authority for Expenditure and Operating Agreement for the captioned well and unit. For your information we are enclosing a copy of our Term Assignment and Agreement from Phillips Petroleum Company to Concho Resources Inc.

Yours truly,



Michael M. Gray
Senior Landman

MMG/gez

Enclosure

cc: Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

V-F Petroleum Inc.
P. O. Box 1889
Midland, TX 79702