

CONCHO OIL & GAS CORP.

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Midland, Texas 79701

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CERTIFIED MAIL/RETURN RECEIPT #7000 1530 0004 2452 0568

August 13, 2001

Mr. Larry Hunnicutt
5616 Amistad Road NE
Albuquerque, New Mexico 87111

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12775 Exhibit No. **A-9**
Submitted By:
Concho Resources, Inc.
Hearing Date: December 6, 2001

Re: Well Proposal
Concho Oil & Gas Corp.
Big "D" State #1
Township 16 South, Range 34 East, NMPM
Section 6: Lots 3, 4, 5, 6, 11, 12, 13 and 14
(N2/3 W/2)
1,200' FWL & 3,498' FNL
Lea County, New Mexico
Sundance Prospect (306070-01)

Dear Mr. Hunnicutt:

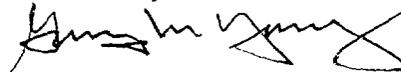
Please be advised that Concho Oil & Gas Corp. hereby proposes to drill the above referenced Big "D" State #1 Well as a 13,000-foot Morrow test. The above described lots comprise the N 2/3 of W/2 Section 6 and will be the 298.36 acre unit for the proposed well.

Enclosed are two copies of Concho's Authority For Expenditure estimating the dry hole cost of the proposed well at \$1,012,000 and completion costs of \$370,000 for a total completed well cost of \$1,382,000. If you desire to participate in the proposed test, please so indicate by signing and returning one copy of the Authority For Expenditure to the undersigned. If you do not wish to participate, Concho would consider acquiring your interest pursuant to the terms of a mutually agreeable Farmout Agreement or Term Assignment.

In the event you elect to participate in the proposed well, find enclosed one copy of the Operating Agreement dated July 27, 2001, which has been executed on behalf of Concho Oil & Gas Corp. covering the unit for the proposed Big "D" State #1. Subject to your review and approval, please execute the Operating Agreement and extra signature page before a Notary Public and return the fully executed and notarized signature page to the undersigned for inclusion in Concho's copy of the Operating Agreement. The copy of the Operating Agreement you have should be retained for your files. The Operating Agreement is modeled after the Manzano form everyone is familiar with in hopes it can be processed efficiently.

Concho would like to drill this well as soon as possible. Your early response to this proposal would certainly be appreciated. Should you have any questions in this regard, please advise.

Yours truly,



Gary M. Young
Land Consultant