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January 28, 2003

Hand Delivered

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

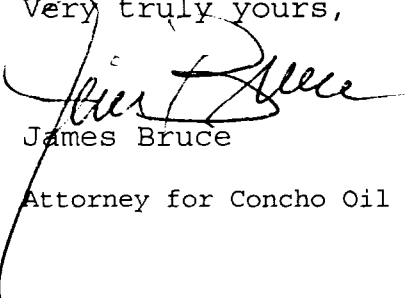
*Case 13010*

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.FP1"

Very truly yours,

  
James Bruce

Attorney for Concho Oil & Gas Corp.

PARTIES BEING POOLED

Burlington Resources Oil & Gas Company LP  
P.O. Box 51810  
Midland, Texas 79710

Attention: Trey Shepherd

EOG Resources, Inc.  
P.O. Box 2267  
Midland, Texas 79702

Attention: Patrick J. Tower

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

Attention: Carol Glass

Merit Partners, L.P.  
Merit Partners III, L.P.  
Merit Partners D-III, L.P.  
Suite 1500  
12222 Merit Drive  
Dallas, Texas 75251

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13010

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 N½ 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 N½ of Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Codorniz Fed. "28" Well No. 1, at an orthodox location in the NW¼NW¼ of the section, and seeks to dedicate the N½ of the section to the well for all pools or formations developed on 320 spacing within that vertical extent, including the 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 N½ of Section 28 for the purposes set forth herein.

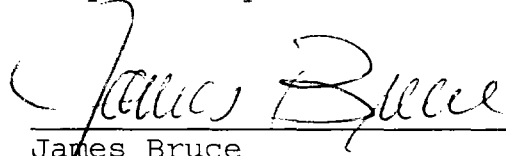
4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interest owners in the N½ of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the N½ 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 N½ 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,

  
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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Concho Oil & Gas Corp.