

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

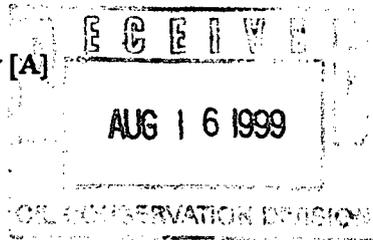
ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

2451

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Terri Stathem
 Print or Type Name

Signature

Production Analyst
 Title

8-13-99
 Date

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

August 13, 1999

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Mr. Catanach:

Re: Application for Downhole Commingle
Caballo '9' State No. 1
Lea County, New Mexico

Concho Resources Inc. hereby requests approval to downhole commingle production from the Strawn and Atoka pools in the Caballo '9' State No. 1 well.

On August 9, 1999 I spoke with you concerning the Caballo '9' State No. 1 well and the problems we would have if we were to isolate the two pools to determine contributing production. The Caballo '9' State No. 1 well was completed open hole from 11,800' to 12,250'. Geological data indicates the top for the Strawn is at 11,740', and the top of the Atoka is at 11,933'.

I mentioned that we ran a temperature survey and that it showed cooling in the Atoka interval from 12,158-68'. We believe this indicates the gas production is coming from the Atoka interval only. Based upon this information Concho Resources Inc. would like approval to allocate 100% of the production to the Atoka pool and 0% of the production to the Strawn pool.

Ownership and working interest for the two zones are common. A C-107A, C-102s, a Temperature Survey with GR and collar locator, a GR-CNL-CDL strip through the open-hole section, a production plot, and a map are attached for your review.

Please feel free to contact me if you have any questions or need any additional information.

Sincerely,



Jim Blount
Senior Operations Engineer

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

DISTRICT II
811 South First St., Artesia, NM 88210-2835

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd, Artes, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

YES NO

Operator _____ Address _____

Lessee _____ Well No. _____ Unit Ltr. - Sec - Twp - Rge _____ County _____
 Spacing Unit Lease Types: (check 1 or more)
 OGRID NO. 116111 Property Code 24294 API NO. 30025-34577 Federal State (and/or) Fee _____

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	STRAWN		ATOKA
2. Top and Bottom of Pay Section (Perforations)	11,784 -- 11,932 (0 H)		12,158 - 12,168 (0 H)
3. Type of production (Oil or Gas)	NONE		GAS
4. Method of Production (Flowing or Artificial Lift)	—		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) —	a.	a. 2750
	b. (Original) —	b.	b. 4232
6. Oil Gravity (° API) or Gas BTU Content	—		
7. Producing or Shut-In?	—		PROD
Production Marginal? (yes or no)	—		NO
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	Date: Rates:	Date: Rates:	Date: 8-5-99 Rates: 1828 MCF, 26 BC 0 BW
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 0 %	Oil: % Gas: %	Oil: 100 % Gas: 100 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
 If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
 Have all offset operators been given written notice of the proposed downhole commingling? Yes No

11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? Yes No

13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

15. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Terri Stathem TITLE Prod. Analyst DATE 8-13-99

TYPE OR PRINT NAME Terri Stathem TELEPHONE NO. (915) 683-7443

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1080

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1009 Rio Brazos Ed., Aztec, NM 87410

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30025-34577	Pool Code 70360	Pool Name Antelope Ridge, ATOKA
Property Code 24294	Property Name CABALLO 9	Well Number 1
OGRID No. 166111	Operator Name Concho Resources Inc.	Elevation 3419

Surface Location

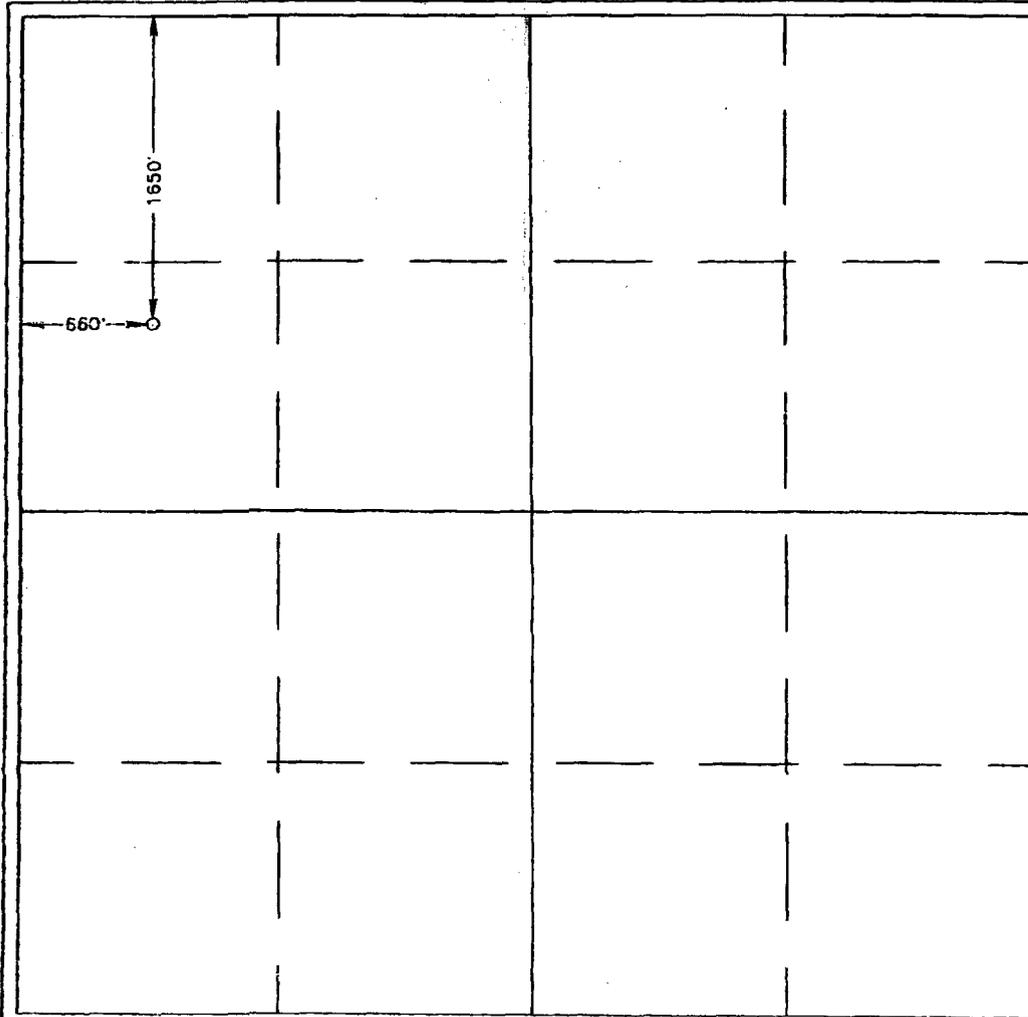
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	23 S	34 E		1650	NORTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Terri Stathem
Signature

Terri Stathem
Printed Name

Production Analyst
Title

3/19/99
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JANUARY 21, 1999
Date Surveyed

DMCC

G. EIDSON
Signature

G. EIDSON
Professional Surveyor

NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR

3/22/99
Date

99-11-0084

State No. BOWALD EIDSON 3239
GARY EIDSON 12641
MCDONALD 12185

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30025 34577	Pool Code	Pool Name ANTELOPE RIDGE STRAWN
Property Code 24294	Property Name CABALLO 9	Well Number 1
OGRID No. 166111	Or CONCHO RESOURCES INC.	Elevation 3419

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	23 S	34 E		1650	NORTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

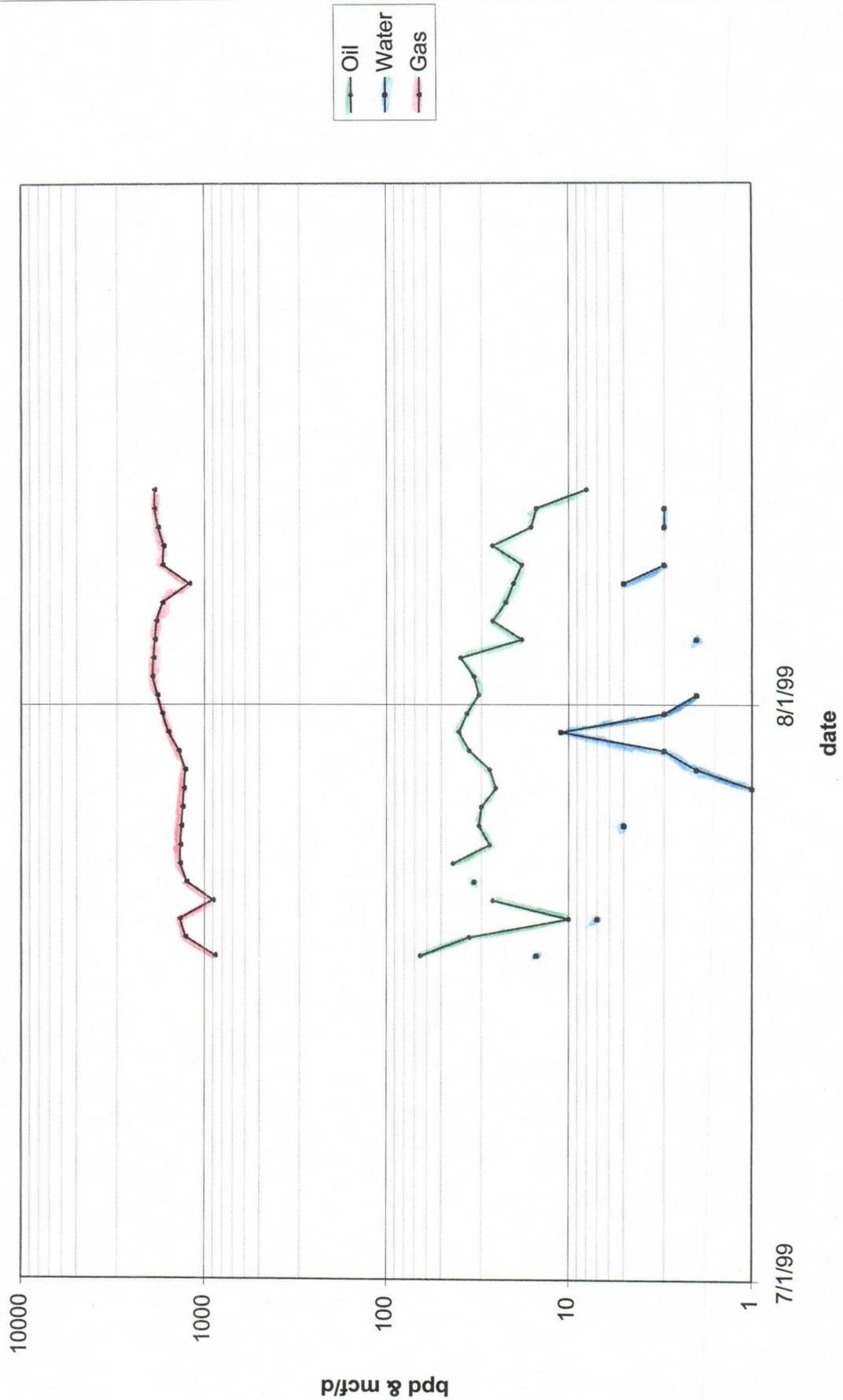
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

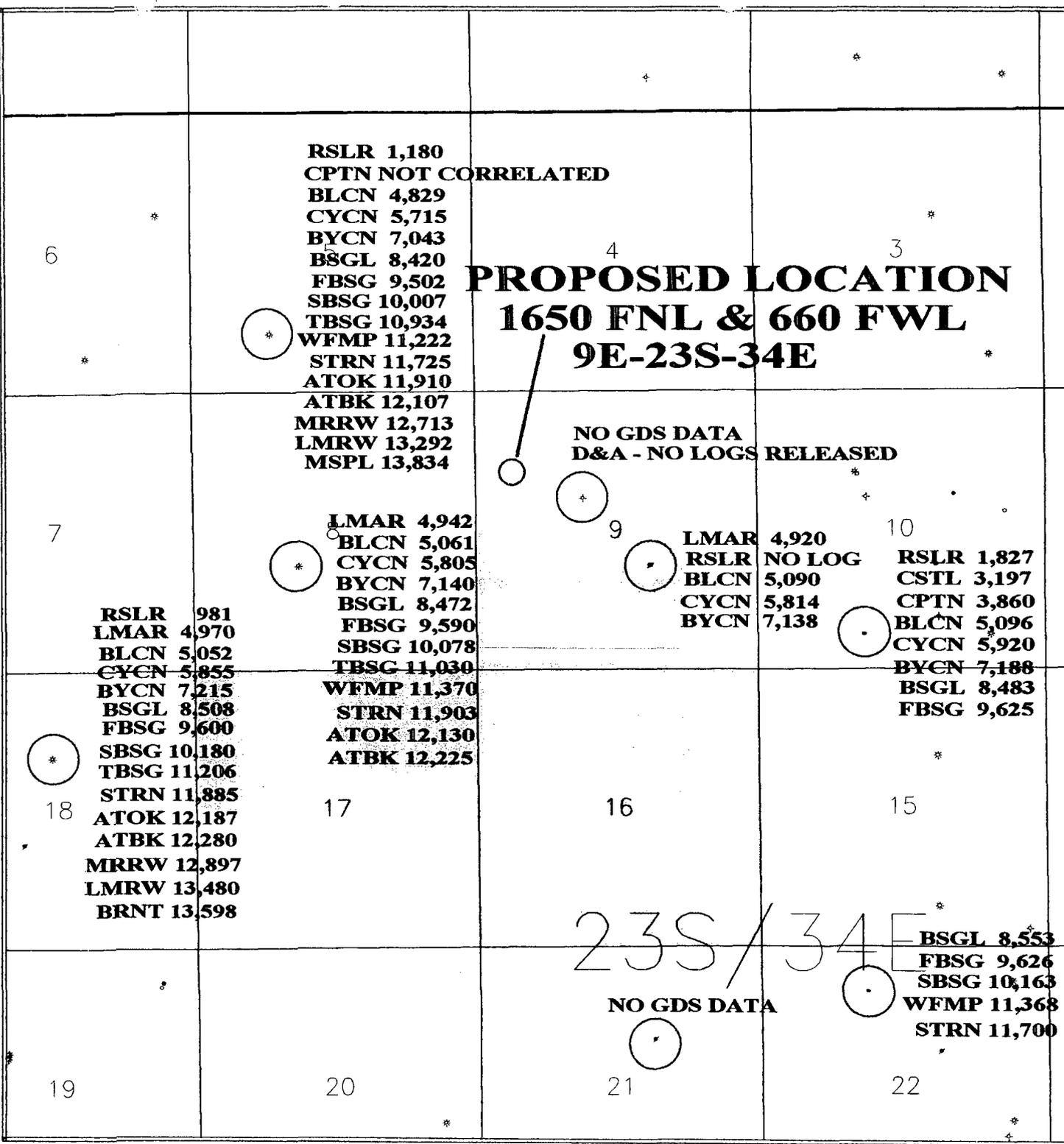
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Terri Stathem</i> Signature</p> <p>Terri Stathem Printed Name</p> <p>Production Analyst Title</p> <p>8/13/99 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JANUARY 21, 1999</p> <p>Date Surveyed</p> <p>Signature & seal Professional Surveyor</p> <p><i>Gary Eidson</i> Signature</p> <p>DMCC</p>
	<p>99-1-0044</p>
	<p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641 MCDONALD 12185</p>

Caballo 9 St #1



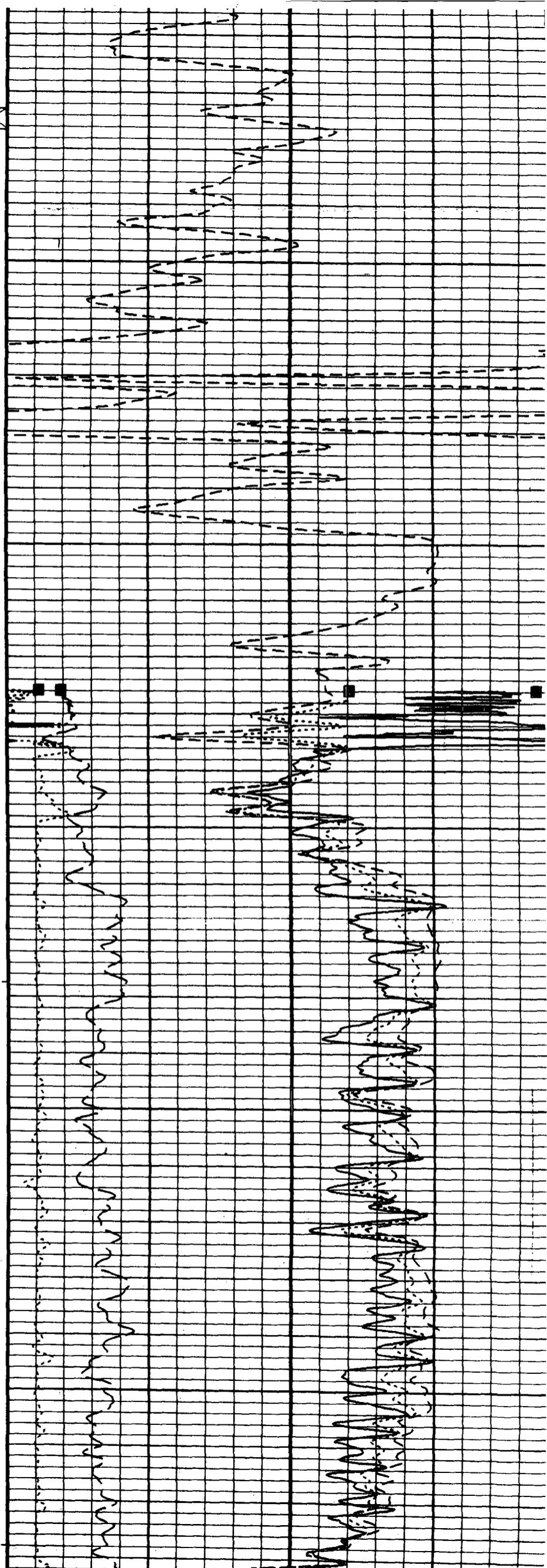
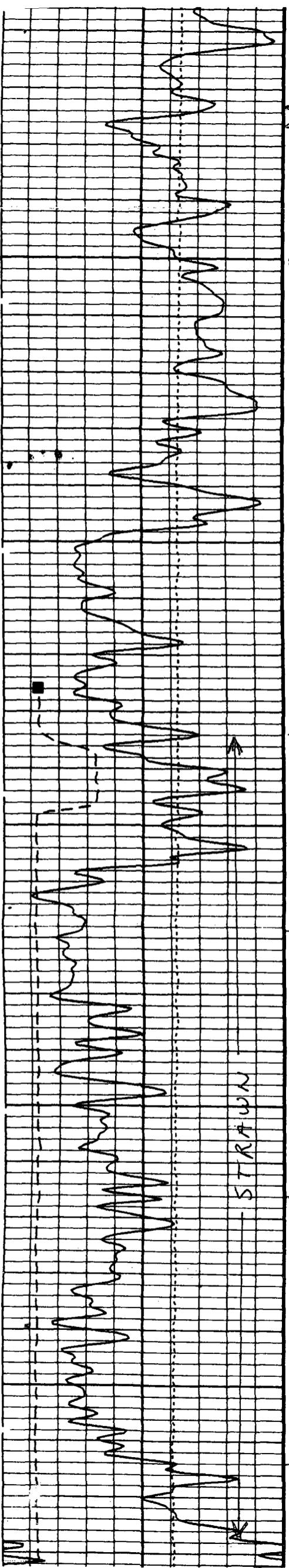


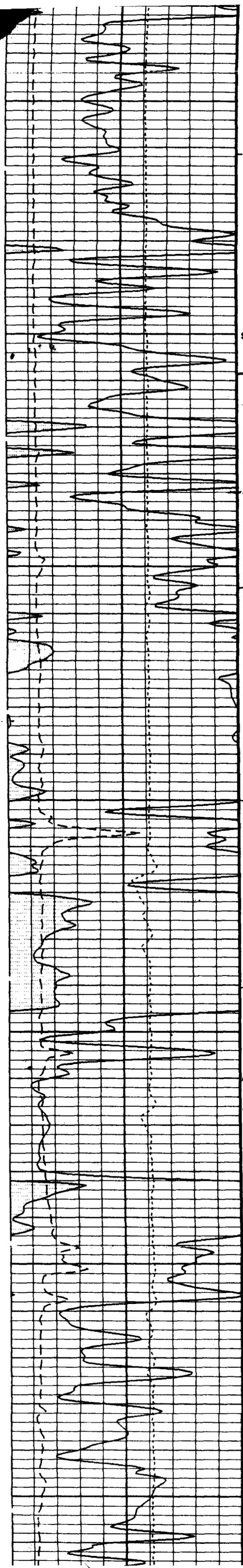
CONCHO RESOURCES INC.

GAZELLE AREA, LEA COUNTY, NEW MEXICO
GDS FORMATION TOPS

3-17-99

GZGDSIPS.GPF





sc 2000

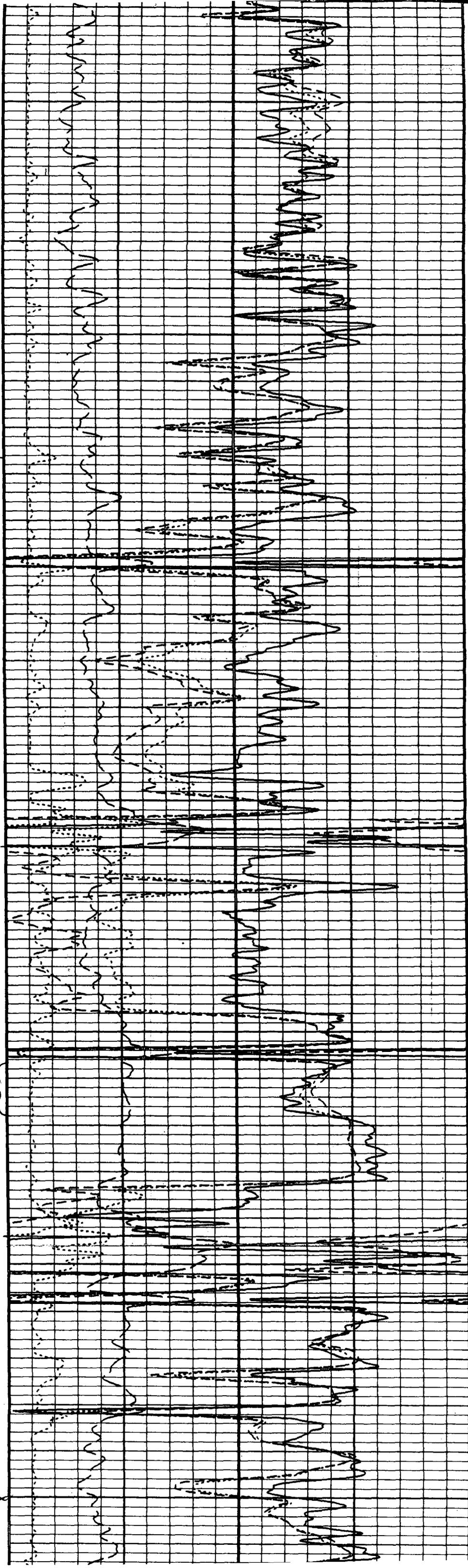
sc 2000

sc 2100

sc 12200

P.B.T.D

ATOKA
PRODUCING
INTERVAL





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

8/23/99

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____ *X*
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Concho Resources Inc Caballo 9 State #1-E-9-235-34e
 Operator Lease & Well No. Unit S-T-R 30-025-34577

and my recommendations are as follows:

? Why were offsets not given notice. - Need to attach map showing offsets across.

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed