

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766



CTB-486

COMMERCIAL RESOURCES
Phone (505) 827-5724
Fax (505) 827-6157

ADMINISTRATION
Phone (505) 827-5700
Fax (505) 827-5853

MINERAL RESOURCES
Phone (505) 827-5744
Fax (505) 827-4739

GENERAL COUNSEL
Phone (505) 827-5713
Fax (505) 827-4262

ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax (505) 827-4739

PUBLIC AFFAIRS
Phone (505) 827-5765
Fax (505) 827-5766

SURFACE RESOURCES
Phone (505) 827-5793
Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

June 30, 1999

Concho Resources, Inc.
110 W. Louisiana
Midland, Texas 79701

Attn: Ms. Phyllis A. Carter

Re: Application for Surface Commingling
Tomcat "21" Federal Com Well No. 1
NW4, Section 21-23S-32E
Tomcat "16" State Well No. 2
SW4, Section 16-23S-32E
West Sand Dunes-Delaware Pool
Lea County, New Mexico

Dear Ms. Carter:

We have received your letter of June 25, 1999 wherein you requested our approval for surface commingling off-lease storage and measurement of the production from the above wells.

We understand that gas production shall be allocated to each lease by separately metering the production from each lease prior to commingling. The common gas sales meter is located in the NW4NW/4 of Section 21-23S-32E, Lea County, New Mexico. Oil from each of the wells will be measured individually and sold at each well's tank battery.

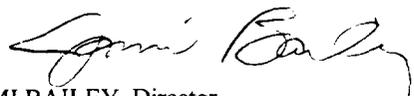
Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
Enclosure
xc: Reader File

OCD-Mr. David Catanach, Mr. Ben Stone

BLM

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

486

ADMINISTRATIVE APPLICATION COVERSHEET

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

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

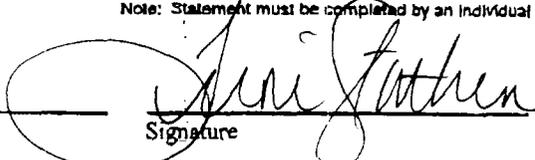
[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [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  Production Analyst 5/12/99
 Print or Type Name Signature Title Date

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL API NO. 30025-34306
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
State Oil & Gas Lease No.
Lease Name or Unit Agreement Name Tomcat '16' State
Well No. 2
Pool name or Wildcat Wildcat Delaware
Elevation (Show whether DF, RKB, RT, GR, etc.) 3679

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER
Name of Operator Concho Resources Inc.
Address of Operator 110 W. Louisiana, Ste 410; Midland, Tx 79701
Well Location Unit Letter <u>M</u> : <u>660</u> Feet From The <u>South</u> Line and <u>660</u> Feet From The <u>West</u> Line Section <u>16</u> Township <u>23S</u> Range <u>32E</u> NMPM <u>Lea</u> County
Elevation (Show whether DF, RKB, RT, GR, etc.) 3679

11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ANBANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: Surf Commingle/Off Lease Sales Gas Prod <input checked="" type="checkbox"/>	

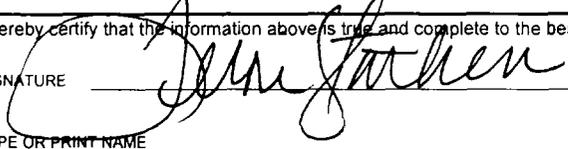
Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Concho Resources Inc. respectfully requests approval for surface commingling and off lease storage, sales and measurement of gas production from the Tomcat '16' State No. 2 well.

The gas production will be metered at each well prior to commingling with the Tomcat '21' Federal No. 1 well.

Please see attached for the details of our request.

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

SIGNATURE  TITLE Production Analyst DATE 05-12-99

TYPE OR PRINT NAME _____ TELEPHONE NO. _____

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

**Concho Resources Inc.
Surface Commingling Request**

Concho Resources Inc. respectfully requests approval for surface commingling of gas production from the following formation and well on Federal Lease Number: NM86153; Lease Name: Tomcat '21' Federal Com

NMNM 94505 (CA)

<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>	<u>Formation</u>
1	NW/4, UL F	21	23S	32E	Sand Dunes Delaware West

with gas production from the following formations and wells:

Lease Name: Tomcat '16' State

<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>	<u>Formation</u>
2	SW/4, UL M	16	23S	32E	Sand Dunes Delaware West

Production from the wells involved is as follows:

<u>Well Name & #</u>	<u>BOPD</u>	<u>Oil Grav.</u>	<u>MCFPD</u>
Tomcat '21' Federal Com #1	31	40.6	53
Tomcat '16' State #2	122	41.4	119

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

May 14, 1999

New Mexico Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

Re: Off Lease Storage, Sales, and Measurement and Lease Commingle
Tomcat '16' State #2 Lea Co., NM
Tomcat '21' Federal #1 Lea Co., NM

Gentlemen:

Concho Resources Inc. hereby requests administrative approval for Lease Commingling of gas production from the Tomcat '16' State and Tomcat '21' Federal Com and Off Lease Storage, Sales and Measurement of the gas production from the Tomcat '16' State. The Tomcat '16' State #2 well and the Tomcat '21' Federal Com #1 wells are both producing from the Delaware pool and all gas production will be measured separately at each well prior to commingling. All wells are listed on Attachment I.

The common sales meter for the Tomcat '21' Federal #1 and Tomcat '16' State #2 is located in Unit D, Section 21, T-23S, R-32E in Lea County, NM. The tank battery for the Tomcat 21 Federal Com #1 is located in Unit D of Section 21, T-23S, R-32E in Lea Co., NM. The tank battery for the Tomcat 16 State #2 is located in Unit M of Section 16, T-23S, R-32E in Lea Co., NM. All subject wells, lease boundaries, and gas sales point are depicted on Attachment II.

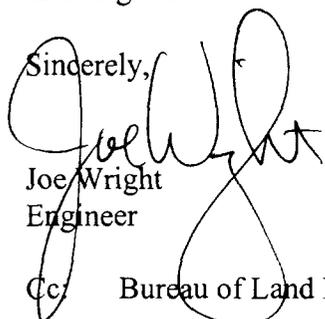
All oil production is measured individually and sold on a well by well basis at each individual well's tank battery. All natural gas production is metered on each individual well and the meters calibrated on a regular basis.

The purpose of the Lease Commingling and the Off Lease Storage, Measurement, and Sales is to reduce facility and operating cost, thereby increasing the economic life of the wells.

Page 2

Also enclosed please find the following: Attachment III, Tomcat '21' Federal Com #1, a diagram of the measurement equipment, separators, and storage tanks in accordance with the "Manual For Installation and Operation of Commingling Facilities"; Attachment IV, a copy of the notification letter which was mailed to all interest owners and to the purchaser via certified mail, along with a list of interest owners and purchasers (Attachment V).

Thank you for your cooperation in this matter. If you have any questions, please feel free to contact the undersigned.

Sincerely,

Joe Wright
Engineer

Cc: Bureau of Land Management / Roswell, NM

Attachment I

Tomcat '16' State #2

Unit M

660' FSL & 660' FWL Section 16 T-23-S R-32-E Lea Co., NM

Tomcat '21' Federal Com #1

Unit D

1890' FNL & 1880' FWL Section 21 T-23-S R-32-E Lea Co., NM

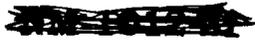
SECTION 16-T23S-R32E

**TOMCAT '16' STATE #2
660 FSL & 660 FWL**



SECTION 21-T23S-R32E

**TOMCAT '21' FEDERAL #1
1980 FNL & 1980 FWL**

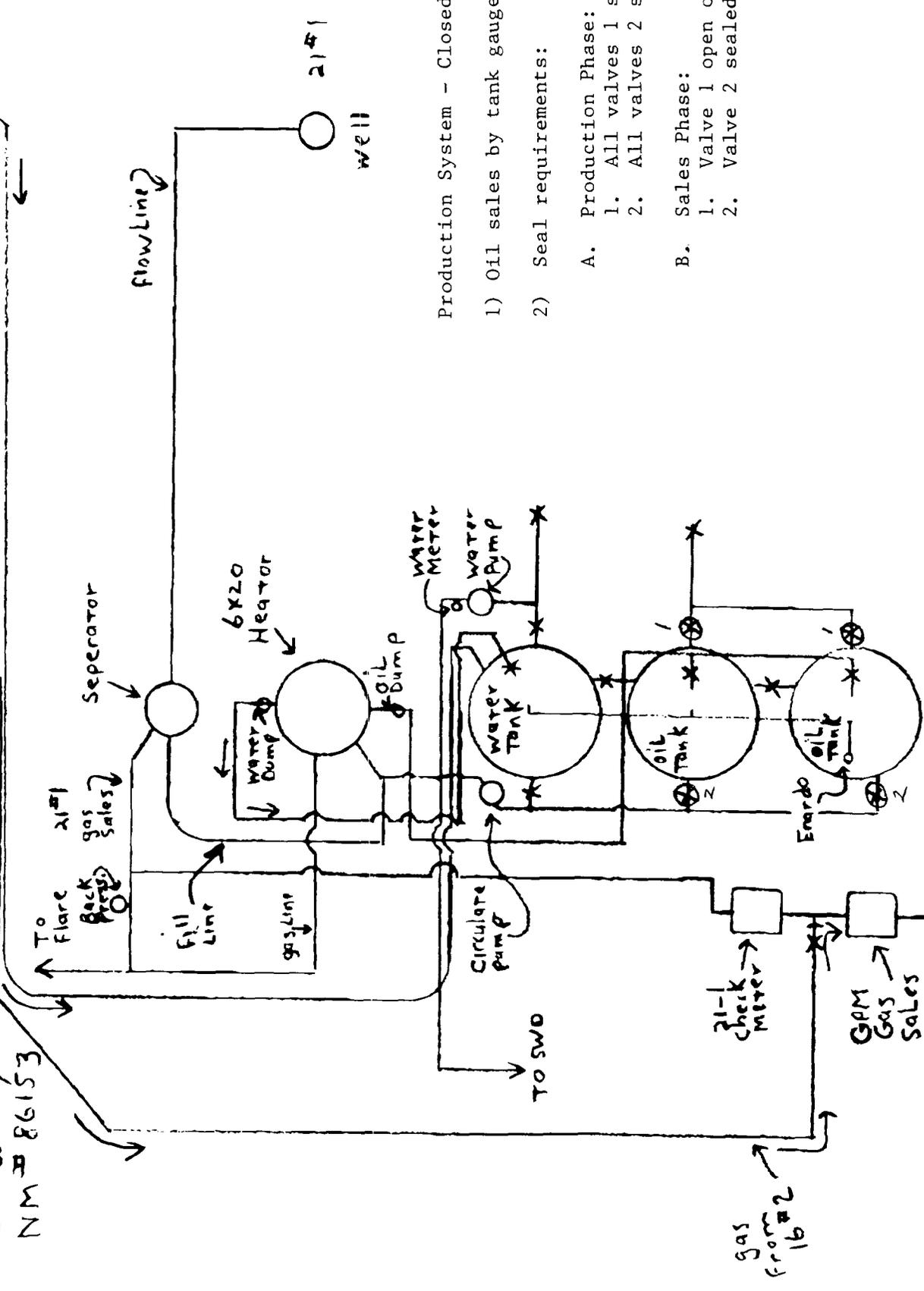


**Tomcat Lease, Lea County, New Mexico
Concho Resources Inc., Midland, Texas**

Tomcat Federal "21" Com. #1
 1980' FNL 1880' FWL
 S-21-T-23-S-R-32-E
 Lea County New Mexico
 NM # 86153



Water from
Tomcat 16 State #2



Production System - Closed

- 1) Oil sales by tank gauge to tank truck
- 2) Seal requirements:

A. Production Phase:

1. All valves 1 sealed closed
2. All valves 2 sealed closed

B. Sales Phase:

1. Valve 1 open on sell tank
2. Valve 2 sealed closed

ATTACHMENT IV

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana

Midland, Texas 79701

(915) 683-7443

FAX 683-7441

To: Interest Owners and Purchasers

Re: Notification of Application of Concho Resources Inc. for Administrative Approval for Lease Commingling and Off Lease Storage, Sales, and Measurement Section 16, T-23-S, R-32-E, Lea Co., NM

Dear Interest Owner or Purchaser:

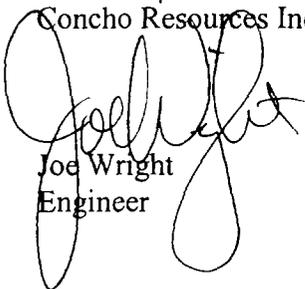
Concho Resources Inc. hereby notifies you that it is seeking approval to first meter and then commingle gas production from wells listed on Attachment I. The common sales meter for said well (s) is located in Unit D, NW/4, NW/4, Section 21, T-23S, R-32E in Lea Co., NM.

If you have any objection to this request, then it is necessary for you to file a written objection within twenty (20) days of May 14, 1999 with the BLM. If you have no objections, it is not necessary for you to file anything.

Please feel free to call if I can be of any assistance.

Sincerely,

Concho Resources Inc.



Joe Wright
Engineer

Concho Resources Inc.
Tomcat '16' State #2 & Tomcat '21' Federal #1

Working Interest Owners:			
Concho Resources Inc.	110 W. Louisiana, Ste 410		Midland, Tx 79701
Santa Fe Energy	1616 South Voss, Ste 700		Houston, Tx 77057
Royalty & Override Interest Owners:			
Tomcat '16' State No. 2			
Permian Basin Investment Co.	648 Petroleum Bldg		Roswell, NM 88201
George Scott Jr & Sharon Scott	2001 W. First Street, Ste 648		Roswell, NM 88201
Mitchell Exploration Inc.	P O Box 2415		Midland, Tx 79702
Strata Production Co.	P O Box 1030		Roswell, NM 88202-1030
Pete T. Balog & Gail Balog	3822 Locarno Dr		Anchorage, AK 99508
Hutchings Oil Co.	c/o Stratton & Cavin PA; P O Box 1216		Albuquerque, NM 87103-1216
Browning Investment Co.	P O Box 25245		Albuquerque, NM 87125-5245
Robert Chase	P O Box 548		Artesia, NM 88210-0548
Centennial	P O Box 1837		Roswell, NM 88202-1837
Valorie F Walker Trustee - Jack Walker	P O Box 102256		Anchorage, AK 99510-2256
Gross Family LP	P O Box 358		Roswell, NM 88202-0358
Robert J. Leonard & Marion M. Leonard	P O Box 3422		Midland, Tx 79702
Leonard Resource Investment Co.	PO Box 3422		Midland, Tx 79702
Dr. Michael J. Norton, III	688 County Street		New Bedford, MA 02740
Scott Exploration, Inc.	200 W First Street, Ste 648		Roswell, NM 88201
C. Mark Wheeler	3001 Northtown Pl		Midland, Tx 79705
John Thoma	213 Mesquite Dr.		Graford, Tx 76449
Paul R. Barwis	2201 Southhampton Ln		Midland, Tx 79705
Jareed Partners, LTD	2407 Bellechase Ct.		Midland, Tx 79705
Penwell Employee Royalty Pool	600 N. Marienfeld, Ste 1100		Midland, Tx 79701
Tomcat '21' Federal No. 1			
Paul Barwis	2201 Southhampton Ln		Midland, Tx 79705
CBT/MAP 1998 A Ptnrshp	Chase Bank; P O Box 660197		Dallas, Tx 75391-0864
Lyle Gallivan	8479 W. 4th Ave		Lakewood, CO 80226
Jim Geitgey	2407 Bellechase Ct		Midland, Tx 79705
Shawn Hannifin	49315 E. 88th Ave		Bennett, CO 80102
Alan R. Hannifin	518 17th St, #540		Denver, CO 80202
Mitchell Energy	P O Box 842073		Dallas, Tx 75284-2073
Joseph Morgan	518 17th Street, #545		Denver, CO 80202
Penwell Employee Royalty Pool	600 N. Marienfeld, Ste 1100		Midland, Tx 79701
Donald Wambaugh	P O Box 4611		Midland, Tx 79704-4611
Purchasers:			
GPM Gas Co.	P O Box 50020		Midland, Tx 79710-0020
Navajo Refining & Crude Oil Mktg	P O Box 159		Artesia, NM 88211