

DATE IN 7/31/00	EMPLOYEE 8/21/00	ENGINEER MA	LOGGED W	TYPE CTB
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

500

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
 Off lease sales

- [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

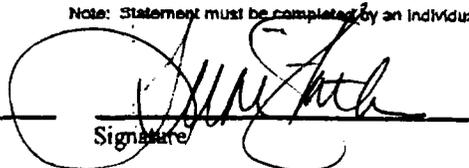
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, 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.

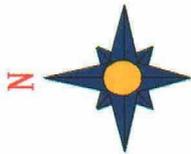
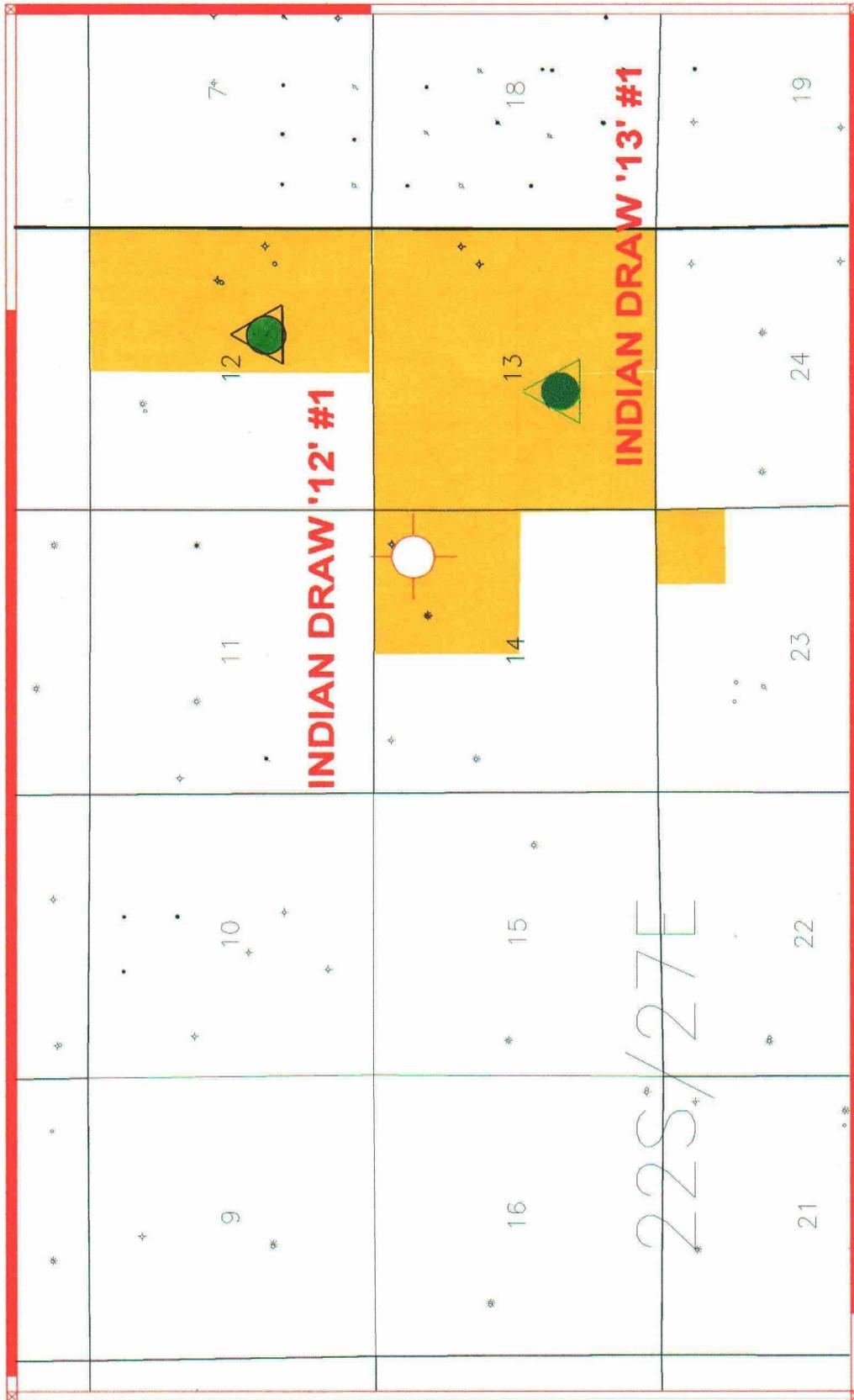
Note: Statement must be completed by an individual with supervisory capacity.

Terri Stathem
Print or Type Name


Signature

Production Analyst
Title

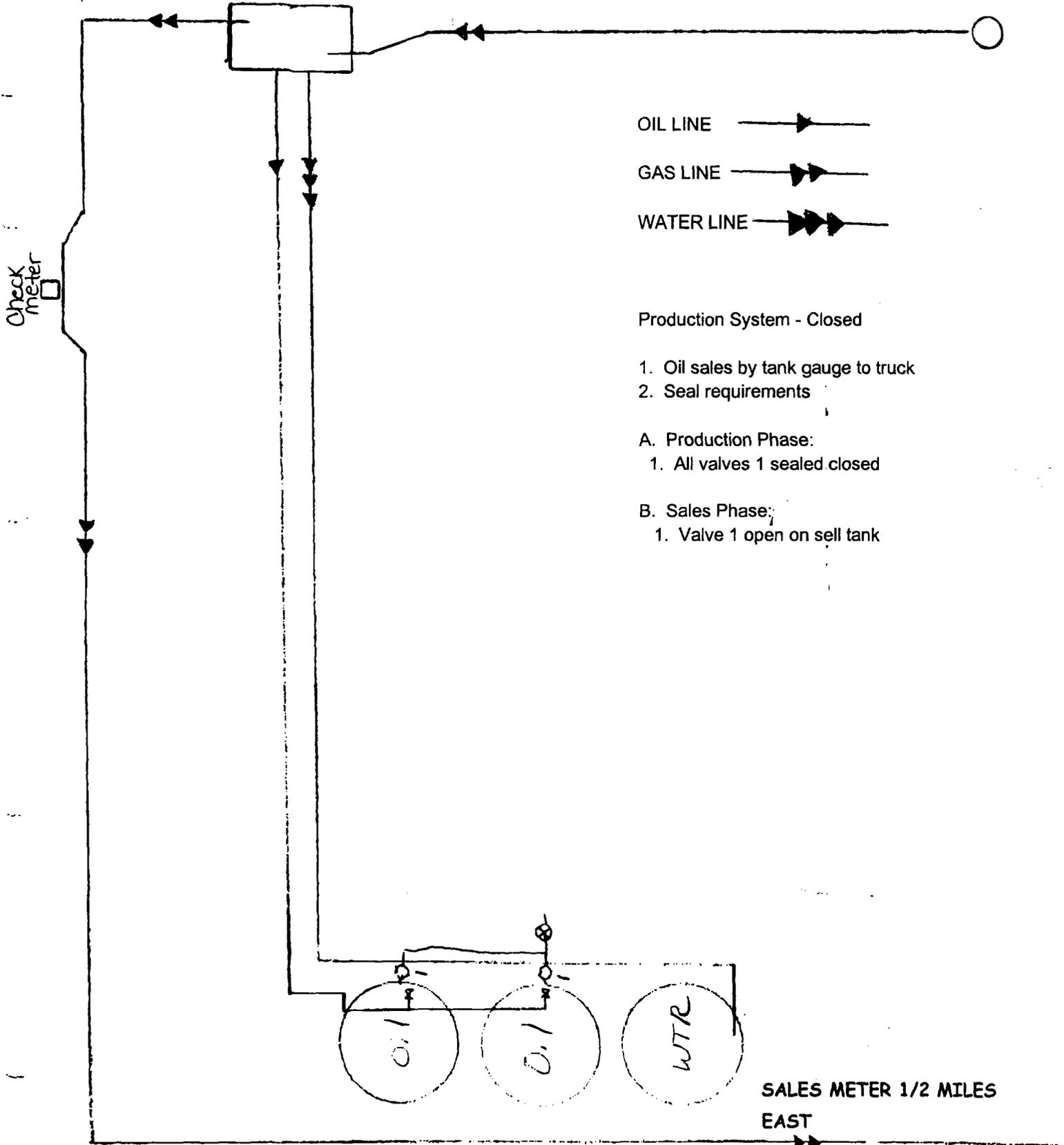
7/28/00
Date



CONCHO RESOURCES INC	
MIDLAND, TEXAS	
INDIAN DRAW PROSPECT	
PHONE: (915) 683-7443	
	INDWEGP

CONCHO RESOURCES INC.
INDIAN DRAW '13' LEASE
SEC. 13, T-22S, R-27E

Stack
Tac



OIL LINE ———▶
GAS LINE ———▶▶
WATER LINE ———▶▶▶

Production System - Closed

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

A. Production Phase:

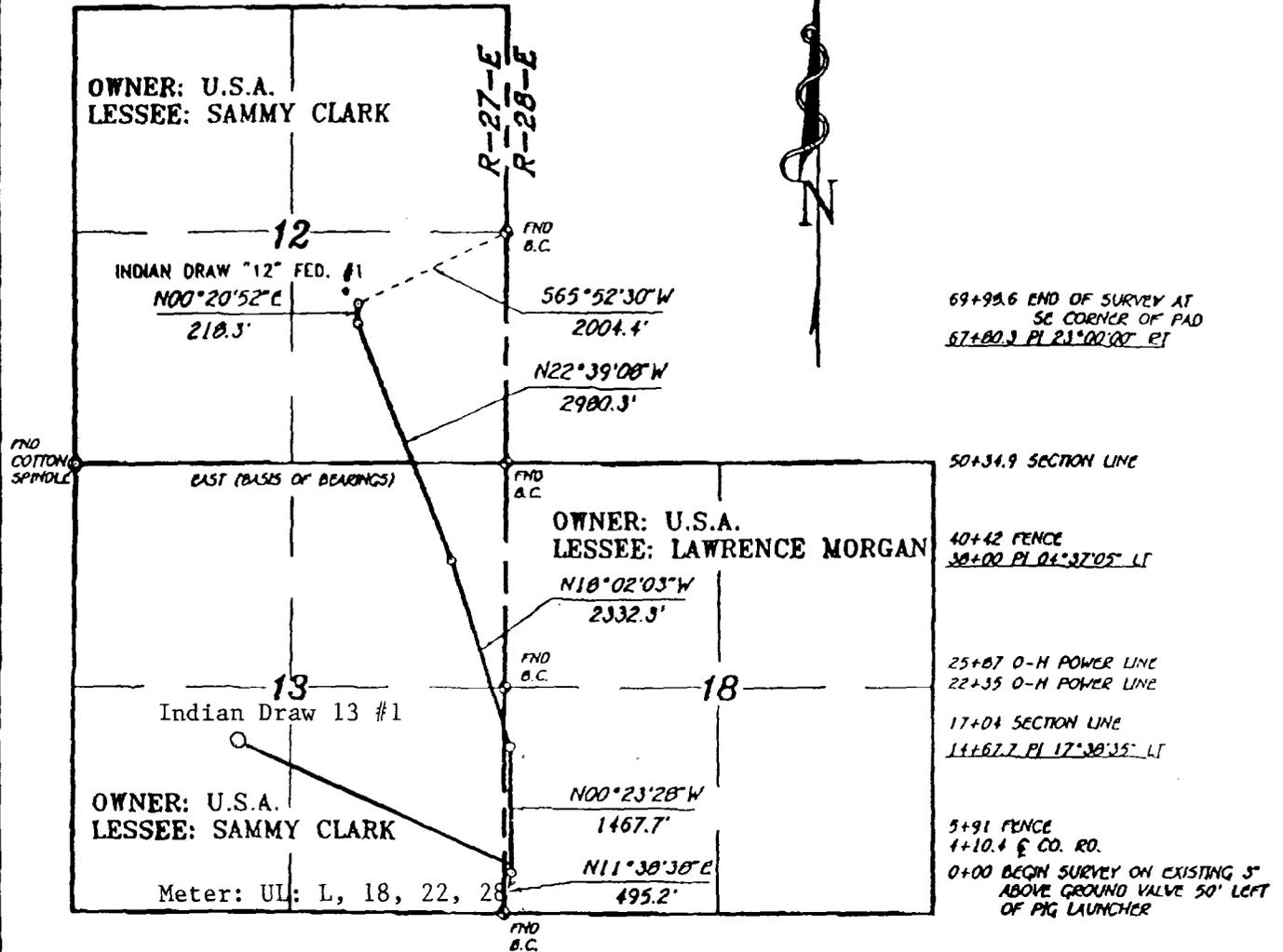
- 1. All valves 1 sealed closed

B. Sales Phase:

- 1. Valve 1 open on sell tank

SALES METER 1/2 MILES
EAST

**SECTION'S 12&13, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.,
SECTION 18, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**

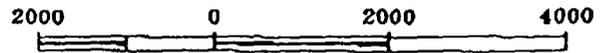


LEGAL DESCRIPTION

A STRIP OF LAND 50.0 FEET WDC, LOCATED IN SECTION'S 12&13, TOWNSHIP 22 SOUTH, RANGE 27 EAST, & SECTION 18, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 18 1704.0 FEET = 0.32 MILES
 SECTION 13 3330.9 FEET = 0.63 MILES
 SECTION 12 1963.7 FEET = 0.37 MILES
 TOTAL 6998.6 FEET = 1.32 MILES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



PENWELL ENERGY INC.

REF: PIPELINE TO THE INDIAN DRAW "12" FED. #1

A PIPELINE CROSSING USA LAND IN

SECTION'S 12&13, TOWNSHIP 22 SOUTH, RANGE 27 EAST,
SECTION 18, TOWNSHIP 22 SOUTH, RANGE 27 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

GARY L. JONES N.M. P.S. No. 7977
 TEXAS P.L.S. No. 5074

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 8176 Drawn By: K. GOAD

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

July 28, 2000

Dear Interest Owner and Purchaser:

Re: Notification of Application of Concho Resources Inc. for Administrative Approval
For Lease Commingling and Off Lease Sales of Gas Production
Indian Draw '12' Federal Lease & Indian Draw 13 Lease
Sec. 12 & 13, T-22S, R-27E, Eddy County, New Mexico

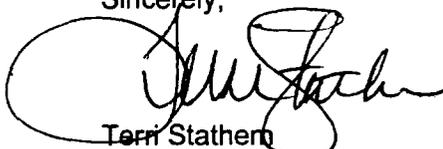
Concho Resources Inc. respectfully requests your approval for Lease Commingling of gas production from the Indian Draw '12' Federal lease with the gas production from the Indian Draw '13' lease. The Indian Draw '12' Federal No. 1 well and the Indian Draw '13' No. 1 well are single completions in the Otis Morrow pool. The common sales meter for said wells is located in Unit L, Section 18, T-22S, R-28E in Eddy County, New Mexico.

The working interest and the royalty interests are not common in the two wells therefore; production from each well will be metered separately at the well before being commingled.

If you have any objection to this request, it is necessary for you to file a written objection within twenty (20) days of July 28, 2000 with NMOCD. If you have no objections to this proposal it is not necessary for you to file anything.

Should you have any questions please feel free to call me at (915) 683-7443.

Sincerely,



Terri Stathern
Production Analyst

CONCHO RESOURCES INC.

Indian Draw '12' Federal No. 1 & Indian Draw '13' No. 1

OWNER INFORMATION

Indian Draw '12' Federal No. 1	
WORKING INTEREST OWNERS: Concho Resources Inc. S & P Co.	Midland, Tx 79701 Shreveport, LA 71101
ROYALTY OWNERS: Paul Barwis Jareed Partners, LTD John L. Thoma Ocean Energy Mark Wheeler Penwell Employee Royalty Fund Department of Interior Royalty Mgmt Prog	2201 Southampton Lane 2407 Bellechase Ct 2-13 Mesquite Drive 1001 Fannin, Ste 1600 3001 Northtown Place 600 N. Marienfeld, Ste 1100 P O Box 5810 TA Denver, CO 80517-5810

Indian Draw '13' No. 1	
WORKING INTEREST OWNERS: Concho Resources Inc. Drilmor, Inc. S & P Co.	Midland, Tx 79701 Midland, Tx 79702 Shreveport, LA 71101

ROYALTY OWNERS: Paul Barwis Penwell Employee Royalty Fund Rich Blackwell Bob Blundell L. C. Bowles Devon Energy Enerstar Resources Milton Evangelou Logan Royalties Jon Massey MBR Resources Inc. McGee Drilling C. Pendergraft H. B. Rhoads Southwest Royalties John L. Thoma Mark Wheeler	2201 Southampton Lane 600 N. Marienfeld, Ste 1100 P O Box 1632 P O Box 386 1717 Norfolk, #1464 20 North Broadway, Ste 1500 P O Box 606 5959 Madra Ave P O Box 804 P O Box 57597 810 S. Cincinnati, Ste 201 P O Box 2471 3106 Stanolind 2304 Castleford Rd P O Box 11390 213 Mesquite Drive 3001 Northtown Place Midland, Tx 79705 Midland, Tx 79701 Midland, Tx 79702 Carlsbad, NM 88220 Lubbock, Tx 79416 Oklahoma City, OK 73102 Carlsbad NM 88221 San Diego, CA 92120 Midland, Tx 79702 New Orleans, LA 70157 Tulsa, OK 74119 Midland, Tx 79702 Midland, Tx 79705 Midland, Tx 79705 Midland, Tx 79702 Graford, Tx 76449 Midland, Tx 79705
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CONCHO RESOURCES INC.
Indian Draw '12' Federal and Indian Draw '13' Leases
Eddy County, NM

GAS PURCHASER:

EIPaso Field Services
3008 East Green Street
Carlsbad, NM 88220

OIL PURCHASER:

NONE