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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

1041

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

4 2001

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

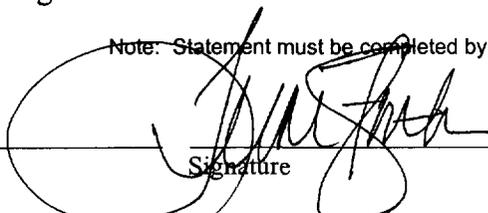
[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

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

5-31-01

Date

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana

Midland, Texas 79701

(915) 683-7443

FAX 683-7441

May 31, 2001

New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87504

Re: Pool Commingling
Checkers '24' Federal Lease

Gentlemen:

Concho Resources Inc. respectfully requests administrative approval for Pool Commingling of the gas production from the Checkers '24' Federal No. 5 with gas production from the Checkers '24' Federal Nos. 1 and 7. Permission is requested to commingle the West Red Tank Delaware pool gas production with gas production from the Red Tank Bone Spring pool.

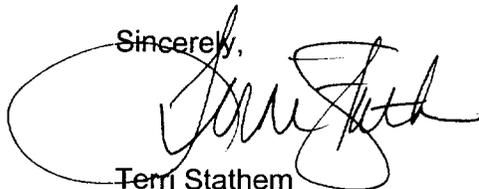
The gas sales meter is located in Unit J, NW/4, SE/4, Sec. 24, T-22S, R-32E, Lea County, NM. The working, royalty and overriding royalty interest owners are not identical in the two pools therefore, all natural gas production is metered by well at each well location and the meters are calibrated on a regular basis.

The purpose of the Pool Commingling request is to reduce facility and operating costs, thereby increasing the economic life of the wells.

Please find enclosed Attachment I, II, and III, individual well/battery diagrams 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 via certified mail on May 31, 2001. And Attachment V a listing of interest owners receiving notification.

Please call me at (915) 683-7443 if you have any questions or need additional information.

Sincerely,



Terri Stathem
Production Analyst

ENCLOSURES

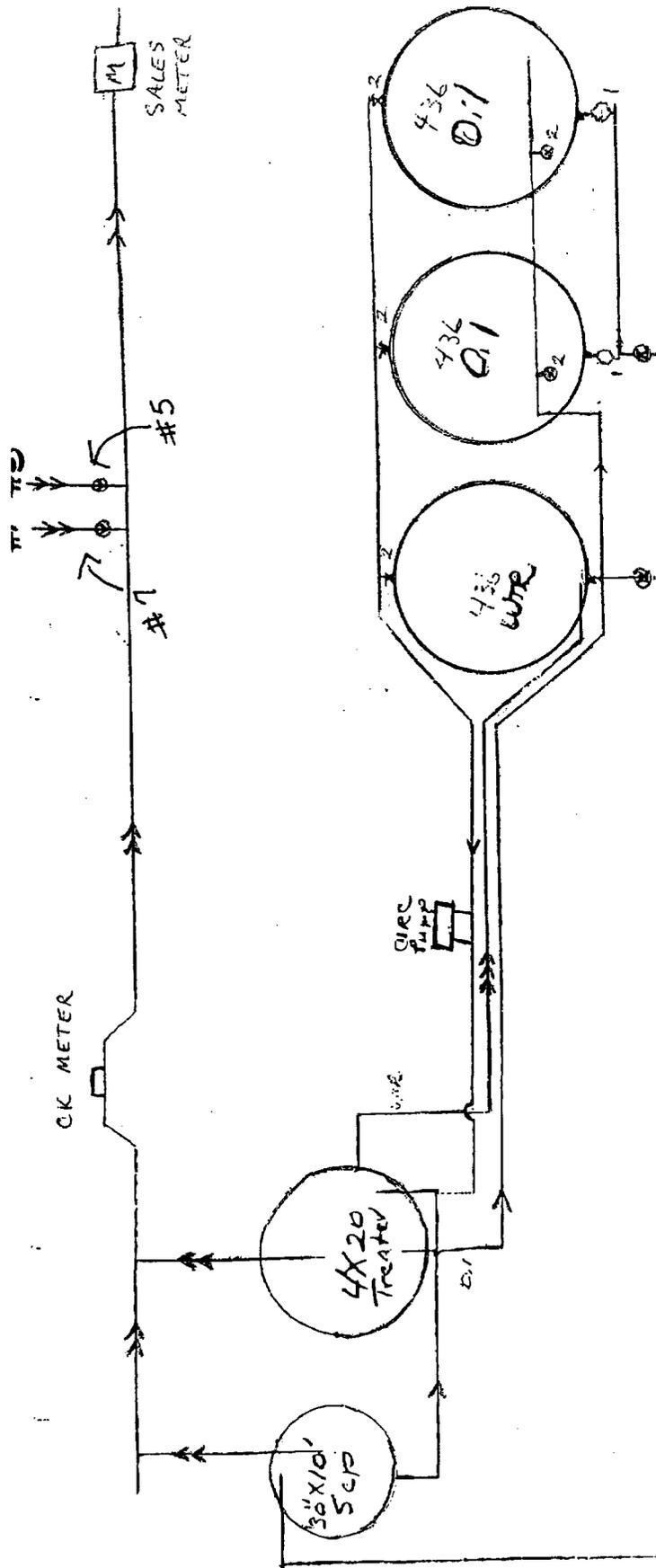
**Concho Resources Inc.
Surface Commingling Request
Checkers '24' Federal Lease**

Concho Resources Inc. respectfully requests approval for surface commingling of gas production from the following pools and wells on the Checkers '24' Federal Lease:

Well No.	Pool Name
Checkers '24' Federal No. 1 - J	Red Tank Bone Spring - 51689
Checkers '24' Federal No. 5 - M	West Red Tank Delaware - 51683
Checkers '24' Federal No. 7 - O	Red Tank Bone Spring - 51683

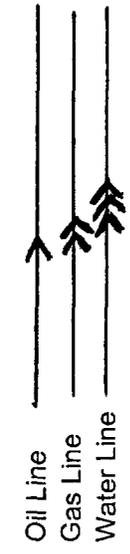
Production from the wells involved is as follows:

<u>Well Name/No.</u>	<u>MCFPD</u>
Checkers '24' Federal No. 1 (30-025-32945)	210
Checkers '24' Federal No. 5 (30-025-33702)	20
Checkers '24' Federal No. 7 (30-025-34023)	139

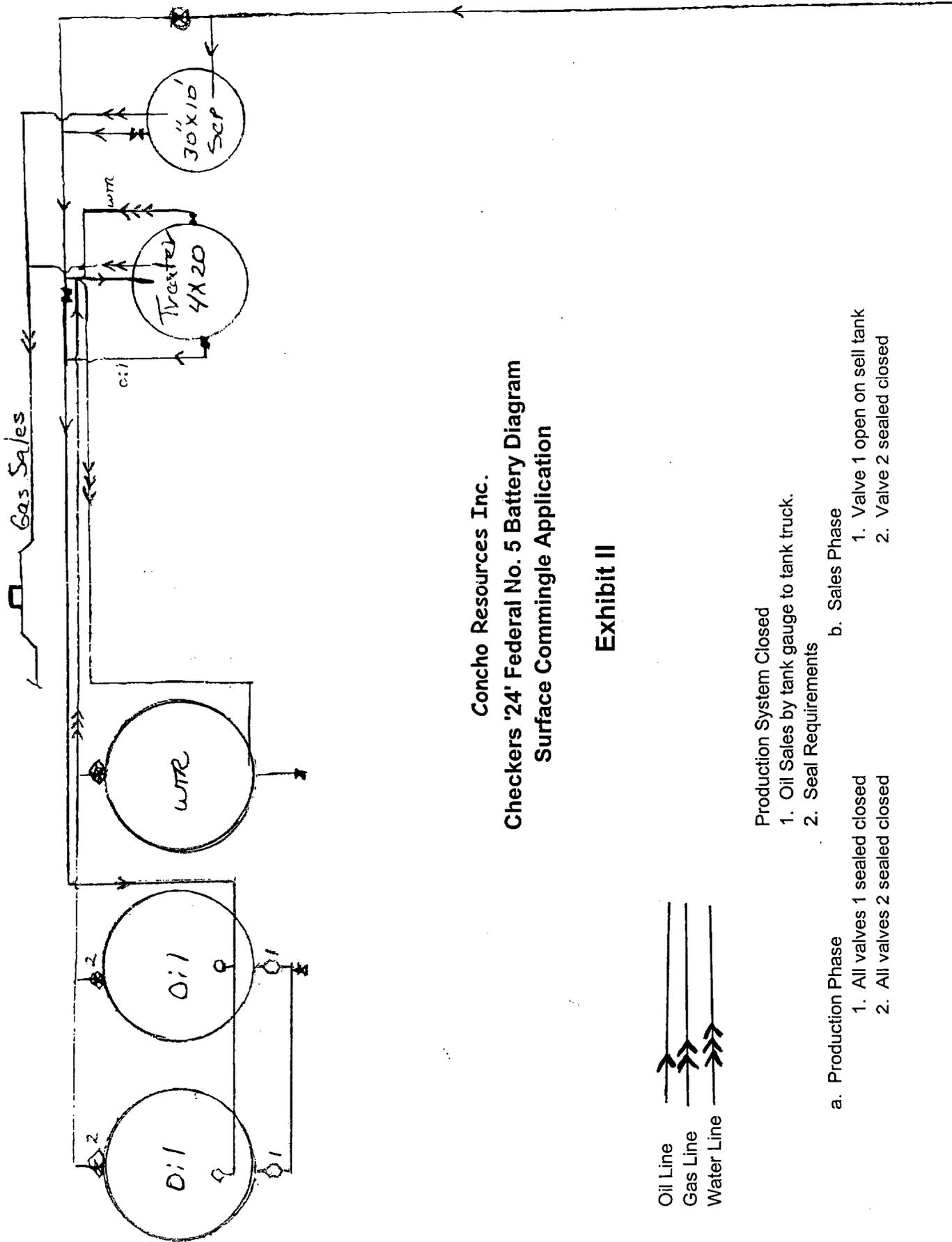


Concho Resources Inc.
 Checkers '24' Federal No. 1 Battery Diagram
 Surface Commingle Application

Exhibit I



- 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



Concho Resources Inc.

Checkers '24' Federal No. 5 Battery Diagram
Surface Commingle Application

Exhibit II

Production System Closed

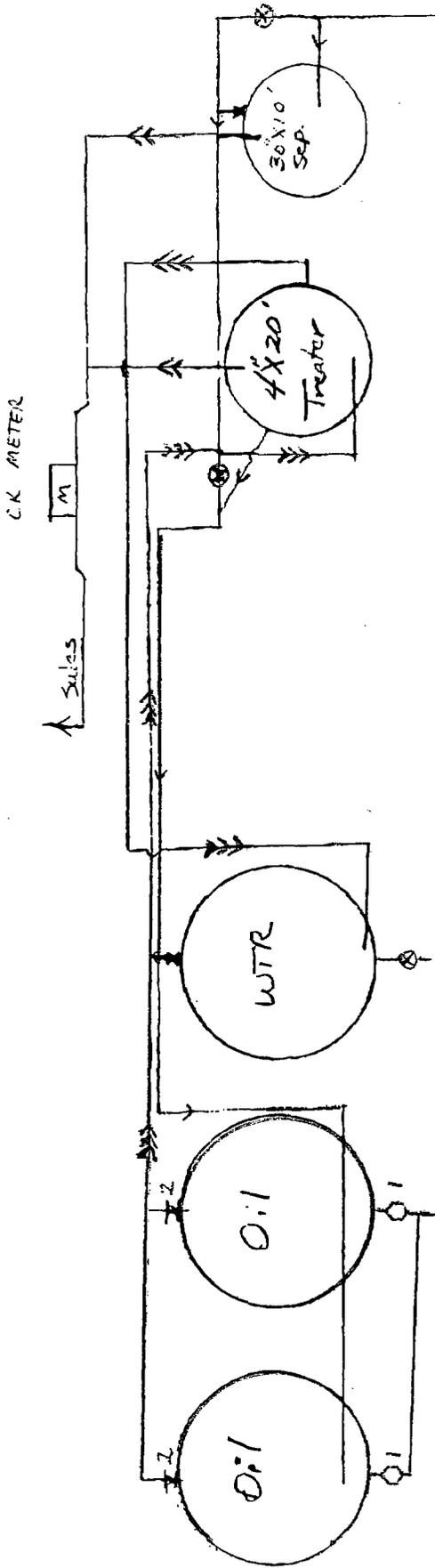
1. Oil Sales by tank gauge to tank truck.
2. Seal Requirements

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



Concho Resources Inc.
 Checkers '24' Federal No. 7 Battery Diagram
 Surface Commingle Application

Exhibit III

Oil Line
 Gas Line
 Water Line

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

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

May 31, 2001

Dear Interest Owner:

Re: Pool Commingling
Checkers '24' Federal Lease

Gentlemen:

In order to reduce facility and operating costs, Concho Resources Inc. respectfully requests your approval for Pool Commingling of the gas production from the Checkers '24' Federal No. 5 well with gas production from the Checkers '24' Federal Nos. 1 and 7 wells.

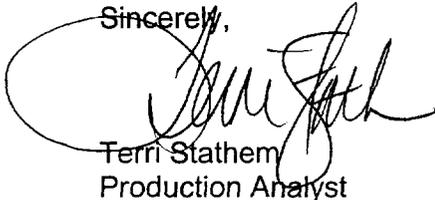
Permission is requested to commingle the West Red Tank Delaware pool gas production with gas production from the Red Tank Bone Spring pool. The common gas sales meter is located in Unit J, NW/4, SE/4, Sec. 24, T-22S, R-32E, Lea County, NM.

The working, royalty and overriding royalty interest owners are not identical in the West Red Tank Delaware and Red Tank Bone Spring pools. Therefore, individual gas check meters are installed at each well and all natural gas production is metered through these check meters prior to commingling the gas production.

If you have an objection to this request, it is necessary for you to file a written objection within twenty (20) days of June 1, 2001 with the New Mexico Oil Conservation Division in Santa Fe, NM. If you have no objections, it is not necessary for you to file anything with the New Mexico Oil Conservation Division.

Please call me at (915) 683-7443 if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Terri Stathem", is written over a large, light-colored circular stamp or watermark.

Terri Stathem
Production Analyst

ENCLOSURES

**Concho Resources Inc.
Checkers '24' Federal Lease
Owner Listing**

ATTACHMENT V
CONCHO RESOURCES INC.
CHECKERS '24' FEDERAL
SEC. 24, T-22S, R-32E
LEA COUNTY, NM

Checkers '24' Federal No. 1

Ronald Barnes	3300 N. 75th	Scottsdale, AZ 85251
Paul Barwis	2201 Southampton Ln	Midland, Tx 79705
EOG Resoruces Inc.	P O Box 2267	Midland, Tx 79702
Excalibur Energy Comp	P O Drawer 25045	Albuquerque, NM 87125
Jareed Partners LTD	2407 Bellechase Court	Midland, Tx 79705
Ann Losee	10919 Farola NW	Albuquerque, NM 87114
Elizabeth Losee	635 Applewood Rd	Corrales, NM 87048
Losee Investments LLP	P O Box 1720	Artesia, NM 88211-1720
Matco 850	3300 N "A" St., Bldg 4, Ste 102	Midland, Tx 79705
David R Mussett	11505 Heathrow Dr	Austin, Tx 78759-4427
Marian Mussett	4302 Teakwood Terrace	Midland, Tx 79707
Penwell Employee Royalty Fund	600 N. Marienfeld, Ste 1100	Midland, Tx 79701
Frederick Prince IV	816 Connecticut Ave	Wasington, DC 20006
Southwest Royalties	P O Box 11390	Midland, Tx 79702
John L. Thoma	1011 Mesquite Ridge	Graford, Tx 76449
Charles Tiblom	5800 Woodway Dr, #101	Houston, Tx 77057
C. W. and Jackie Trainer	P O Box 754	Midland, Tx 79702
Trobaugh Properties	3300 N. "A" Ste, Bldg 4, Ste 102	Midland, Tx 79705
C. Mark Wheelker	3001 Northtown Place	Midland, Tx 79705
Concho Resources Inc. Department of Interior	110 W. Louisiana, Ste 410	Midland, Tx 79701

Checkers '24' Federal No. 5

Ronald Barnes	3300 N. 75th	Scottsdale, AZ 85251
Paul Barwis	2201 Southampton Ln	Midland, Tx 79705
EOG Resoruces Inc.	P O Box 2267	Midland, Tx 79702
Excalibur Energy Comp	P O Drawer 25045	Albuquerque, NM 87125
Jareed Partners LTD	2407 Bellechase Court	Midland, Tx 79705
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Concho Resources Inc. Department of Interior	110 W. Louisiana, Ste 410	Midland, Tx 79701

**Concho Resources Inc.
Checkers '24' Federal Lease
Owner Listing**

Checkers '24' Federal No. 7

Ronald Barnes	3300 N. 75th	Scottsdale, AZ 85251
Paul Barwis	2201 Southampton Ln	Midland, Tx 79705
EOG Resoruces Inc.	P O Box 2267	Midland, Tx 79702
Excalibur Energy Comp	P O Drawer 25045	Albuquerque, NM 87125
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Concho Resources Inc. Department of Interior	110 W. Louisiana, Ste 410	Midland, Tx 79701

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

May 31, 2001

Bureau of Land Management
2909 West Second
Roswell, NM 88210

Re: Pool Commingling
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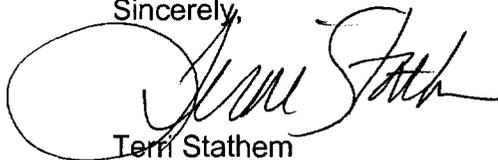
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Production Analyst

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