

DATE IN 6/18/01	SUSPENSE 7/9/01	ENGINEER DC	LOGGED KW	TYPE CTB
ABOVE THIS LINE FOR DIVISION USE ONLY				117029879

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

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

E G E I
JUN 18 2001

[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

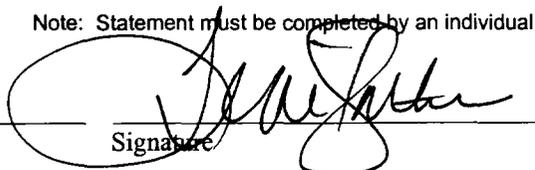
[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

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

6-14-01

 Date

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana

Midland, Texas 79701

(915) 683-7443
FAX 683-7441

June 14, 2001

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Off Lease Commingling and Off Lease Sales of Gas
 Fargo '11' Federal No. 1
 Eddy County, New Mexico

Gentlemen:

Concho Resources Inc. respectfully requests administrative approval for Central Tank Battery (CTB) Commingling of gas production from the follow wells and pools:

30-015-31646
30973

Fargo '11' Federal No. 1
Carbon Valley '14' Federal No. 2

Diamond Mound Morrow
Diamond Mound Morrow

Please see Attachment I for well locations.

Also, we are requesting approval for Off Lease Sales of the gas production for the Fargo '11' Federal No. 1 well. Concho Resources Inc. will first meter then commingle the gas production from the above wells and sell the gas production at the Carbon Valley '23' Federal No. 1 CPD. Administrative Order, OLM-17, was issued on October 6, 2000 permitting off lease measurement of the Carbon Valley '14' Federal No. 2 well.

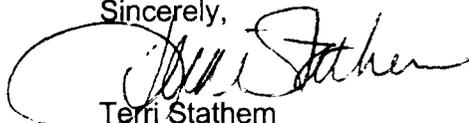
The common sales meter for the two wells is located in Unit Letter: H, Section 23, T-16S, R-27E in Lea County, New Mexico. Each well battery is located at the individual well location. The subject wells and gas pipeline route are depicted on Attachment II. Attachment III is the facility diagrams for the Carbon Valley '14' Federal No. 2 well.

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

Also enclosed please find Attachment V, owner notification letter, and Attachment VI, owner list for each well. The notification letter was sent to owners on June 14, 2001.

Thank you for your cooperation in this matter. If you have any questions, please feel free to contact me at (915) 683-7443.

Sincerely,



Terri Stathem
Production Analyst

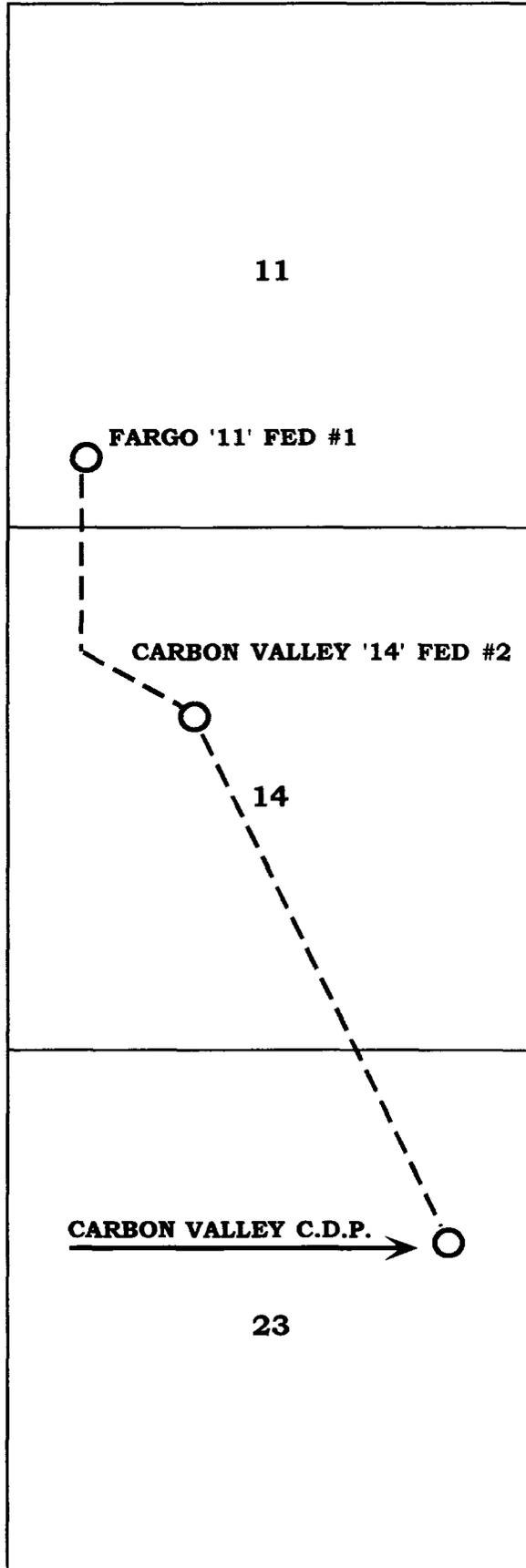
**Concho Resources Inc.
Pool Lease Surface Commingling
Fargo '11' Federal No. 1
Carbon Valley '14' Federal No. 2
Eddy County, New Mexico**

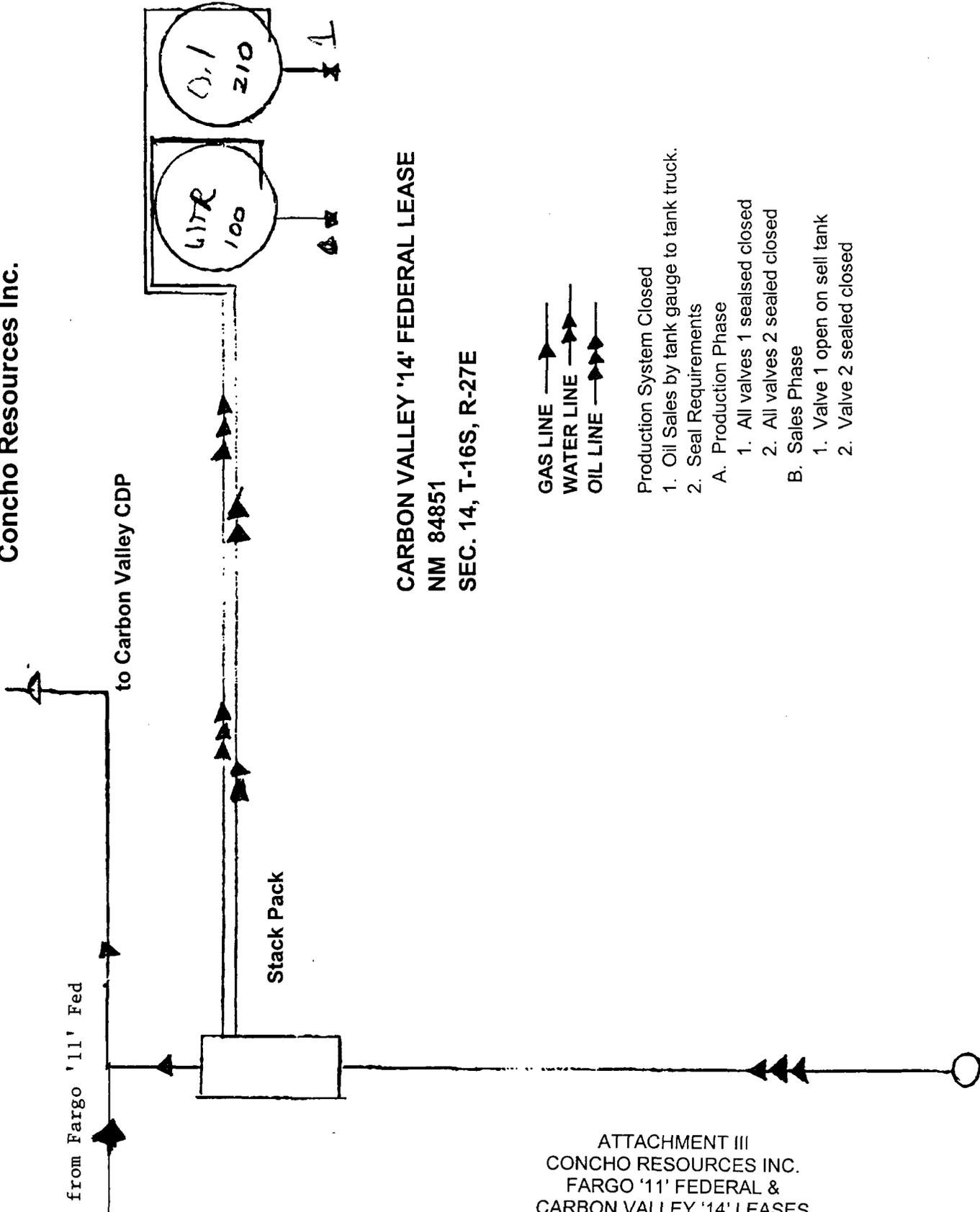
Fargo '11' Federal No. 1 Diamond Mound Morrow
660' FSL & 660' FWL, Sec. 11, T-16S, R-27E

Carbon Valley '14' Federal No. 2 Diamond Mound Morrow
1850' FNL & 1980' FWL, Sec. 14, T-16S, R-27E

ATTACHMENT I
CONCHO RESOURCES INC.
FARGO '11' FEDERAL &
CARBON VALLEY '14' LEASES
EDDY CO., NM

**CONCHO RESOURCES INC
FARGO '11' FEDERAL
SEC 11, 14 & 23, T16S, R27E
EDDY COUNTY, NEW MEXICO**





CARBON VALLEY '14' FEDERAL LEASE
 NM 84851
 SEC. 14, T-16S, R-27E

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

June 14, 2001

Dear Interest Owner:

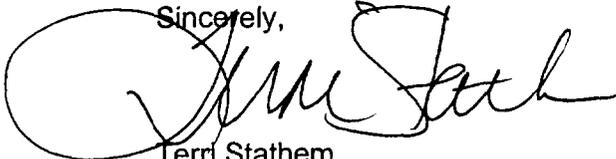
Re: Notification of Concho Resources Inc. for Administrative Approval
For Off Lease Commingling and Off Lease
Measurement and Sales of Gas Production from the
Fargo '11' Federal No. 1

Concho Resources Inc. hereby notifies you that it is seeking approval to first meter and then commingle gas production from the wells listed on Attachment I. Also, we are requesting approval to sale the produced gas off lease. The common sales meter for said wells is located at the Carbon Valley CPD located in Unit H, SE/4 NE/4, Sec. 23, T-16S, R-27E in Eddy County, NM.

If you have any objection to this request, it is necessary for you to file a written objection within twenty (20) days of June 15, 2001 with the New Mexico Oil Conservation Division in Santa Fe, New Mexico. 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,



Terri Stathem
Production Analyst

Enclosures

ATTACHMENT IV
CONCHO RESOURCES INC.
FARGO '11' FEDERAL &
CARBON VALLEY '14' LEASES
EDDY CO., NM

Concho Resources Inc.
Fargo '11' Federal & Carbon Valley '14' Federal
Owner Listing

Fargo '11' Federal

L. G. & Jeanne Wells	Address Unknown	
Trustee Stuart L. Carter Trust	Address Unknown	
1988 Foran Oil Co. Employees Ptr	8340 Meadow Rd., Ste 158	Dallas, Tx 75231
G. Dee Williamson	216 W. 3rd	Roswell, NM 88201
Hanagan Properties	P O Box 1887	Santa Fe, NM 87504
Hugh E. Hanagan & Betty Hanagan	P O Box 1737	Roswell, NM 88202-1737
Nolan H. Brunson Jr	532 E. Baja Dr	Hobbs, NM 88240
Lanita C. Williamson	9352 Highedge Circle	Dallas, Tx 75239-2585
Carolyn Ann Nunnally	507 Meadowview Ln	Coppell, Tx 75019-5742
Georgette H. Olmstead	8724 Madre Ave NE	Albuquerque, NM 87111-6610
Ocean Energy Inc.	1001 Fannin, Ste 1600	Houston, Tx 77002
GAJH 1989 Lmt Ptrshp	c/o Ocean Energy Inc., 1001 Fannin,	Houston, Tx 77002
Plains Radio Inc	P O Box 11351	Midland, Tx 79702
E & S Petroleum LLC	P O Box 2825	Amarillo, Tx 79105
Department of Interior		

Carbon Valley 14 Federal

Anderson, Curtis	3807 S. County Rd. 1135	Midland, Tx 79706
Apache Corp	2000 Post Oak Blvd, Ste 100	Houston, Tx 77056
Chi Energy Inc.	P O Box 1799	Midland, Tx 79702
Davidson, James A.	P O Box 494	Midland, Tx 79702
Fasken Oil & Ranch	303 W Wall, Ste 1800	Midland, Tx 79701
Lowe Partners LP	Dept 5, Box 4887	Houston, Tx 77210-4887
Murchison Oil & Gas	P O Box 841670	Dallas, Tx 75201
Department of Interior		

Carbon Valley 23 Federal

Anderson, Curtis	3807 S. County Rd. 1135	Midland, Tx 79706
Apache Corp	2000 Post Oak Blvd, Ste 100	Houston, Tx 77056
Chi Energy Inc.	P O Box 1799	Midland, Tx 79702
Davidson, James A.	P O Box 494	Midland, Tx 79702
Fasken Oil & Ranch	303 W Wall, Ste 1800	Midland, Tx 79701
Lowe Partners LP	Dept 5, Box 4887	Houston, Tx 77210-4887
Murchison Oil & Gas	P O Box 841670	Dallas, Tx 75201
Department of Interior	P O Box 5810TA	Denver, CO 80217-5810
Thoma, John	1011 Mesquite Ridge	Graford, Tx 76449