



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 13, 2002

Concho Oil & Gas Corporation
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4823

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*application reference No. pKRV0-234657188*) dated December 12, 2002 on behalf of the operator Concho Oil & Gas Corporation ("Concho"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Concho's request to drill its Ginger Quill "33" Well No. 1 at an unorthodox wildcat Devonian oil well location 420 feet from the South line and 1207 feet from the West line (Unit M) of Section 33, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico. The SW/4 SW/4 of Section 33 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Devonian formation.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Concho is seeking this location exception based on seismic, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Devonian formation underlying the subject 40-acre unit.

It is further understood that the W/2 of Section 33 is a single fee lease in which Concho is the leasehold operator.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Devonian oil well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Hobbs