

DHC 6/30/99
2387

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

June 8, 1999

New Mexico Oil Conservation Division
2040 Pacheco
Santa Fe, NM 87505

JUN 10 1999

Attention: David Catanach

Dear Sir:

Application for Downhole Commingle
Cochiti '28' Federal No. 1
Eddy County, New Mexico

Concho Resources Inc. hereby requests approval to downhole commingle the production from the Delaware and Bone Spring zones in the Cochiti 28 Federal No. 1 well.

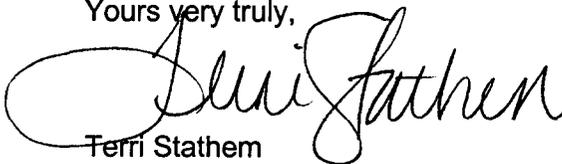
Each zone has been isolated and tested. The Delaware zone is not producing any oil, gas, or water. The Bone Spring zone is producing 100% of the production from this well.

Concho Resources Inc. requests approval for the downhole commingle so as not to incur the additional expense of squeezing off the Delaware perfs, thereby increasing the economic life of the well, and reducing operating costs.

Ownership and working interest for the two zones are common.

The C107-A, C102, map, decline curve, copy of letter to offset producers, are attached for your review.

Yours very truly,



Terri Stathem
Production Analyst

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:
 Administrative Hearing
EXISTING WELLBORE
 YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

CONCHO RESOURCES INC., 110 W. Louisiana, Ste 410; Midland, Tx 79701

Operator Cochiti '28' Federal No. 1 Address E-28-23S-29E Eddy
Lease Well No. Unit Ltr. - Sec - Twp - Rge County
OGRID NO. 166111 Property Code 24304 API NO. 30015-30113 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Delaware		<i>South Adams Salado - BS</i> 1st Bone Spring
2. Top and Bottom of Pay Section (Perforations)	6210-30'		7816-7875'
3. Type of production (Oil or Gas)	None		Oil
4. Method of Production (Flowing or Artificial Lift)	NA		Pump
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 0	a.	a. 2500
	b. (Original) 1140	b.	b. 3000
6. Oil Gravity (° API) or Gas BTU Content	NA		41.0
7. Producing or Shut-In?	NA		Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 6/4/99 Rates: 0 BO, 0 MCF, 0 BW	Date: Rates:	Date: 6/1/99 Rates: 26 BO, 9 BW, 0 Gas
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 0 %	Oil: 100 % Gas: 100 %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____
16. ATTACHMENTS:
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of all offset operators.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

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

SIGNATURE *Terri Stathem* TITLE Production Analyst DATE 6/8/99
TYPE OR PRINT NAME Terri Stathem TELEPHONE NO. (915) 683-7443

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

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088



AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30015-30113	Pool Code 96857	Pool Name LAGUNA: BONE SPRING, SOUTH
Property Code 24304	Property Name COCHITI "28" FEDERAL	Well Number 1
OGRID No. 166111	Operator Name CONCHO RESOURCES INC.	Elevation 2995'

Surface Location

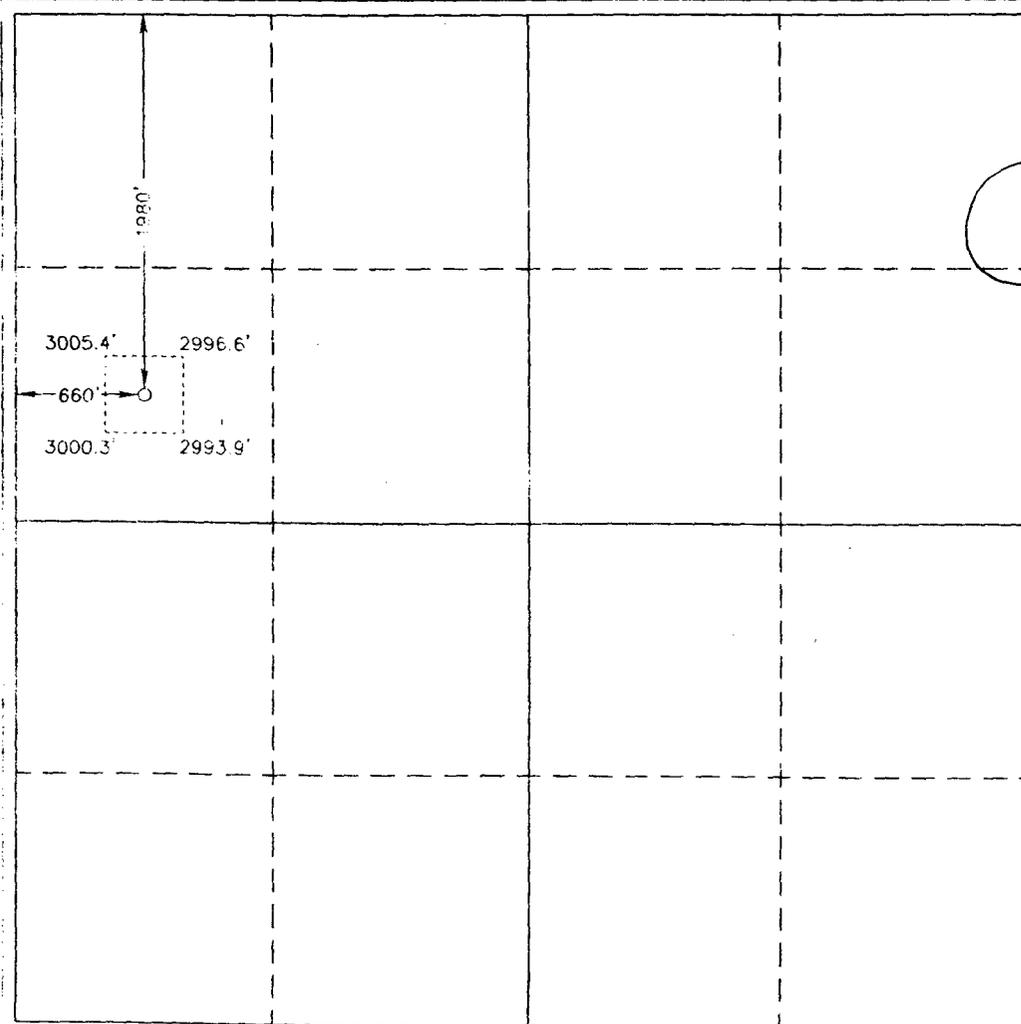
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	23 S	29 E		1980	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

TERRI STATHEM
Signature

TERRI STATHEM
Printed Name

PRODUCTION ANALYST
Title

6/8/99
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

December 17, 1997
Date Surveyed

W. O. Jones
Signature & Seal of Professional Surveyor

W.O. No. 7772
Certificate No. Gary L. Jones 7977

BASIN SURVEYS

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

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department



Form C-102
Revised February 10, 1994
Instruction on back
Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30015-30113	Pool Code 96878	Pool Name WC: LAGUNA SALADO: DELAWARE SOUTH
Property Code 24304	Property Name COCHITI "28" FEDERAL	Well Number 1
OGRID No. 166111	Operator Name CONCHO RESOURCES INC.	Elevation 2995'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	23 S	29 E		1980	NORTH	660	WEST	EDDY

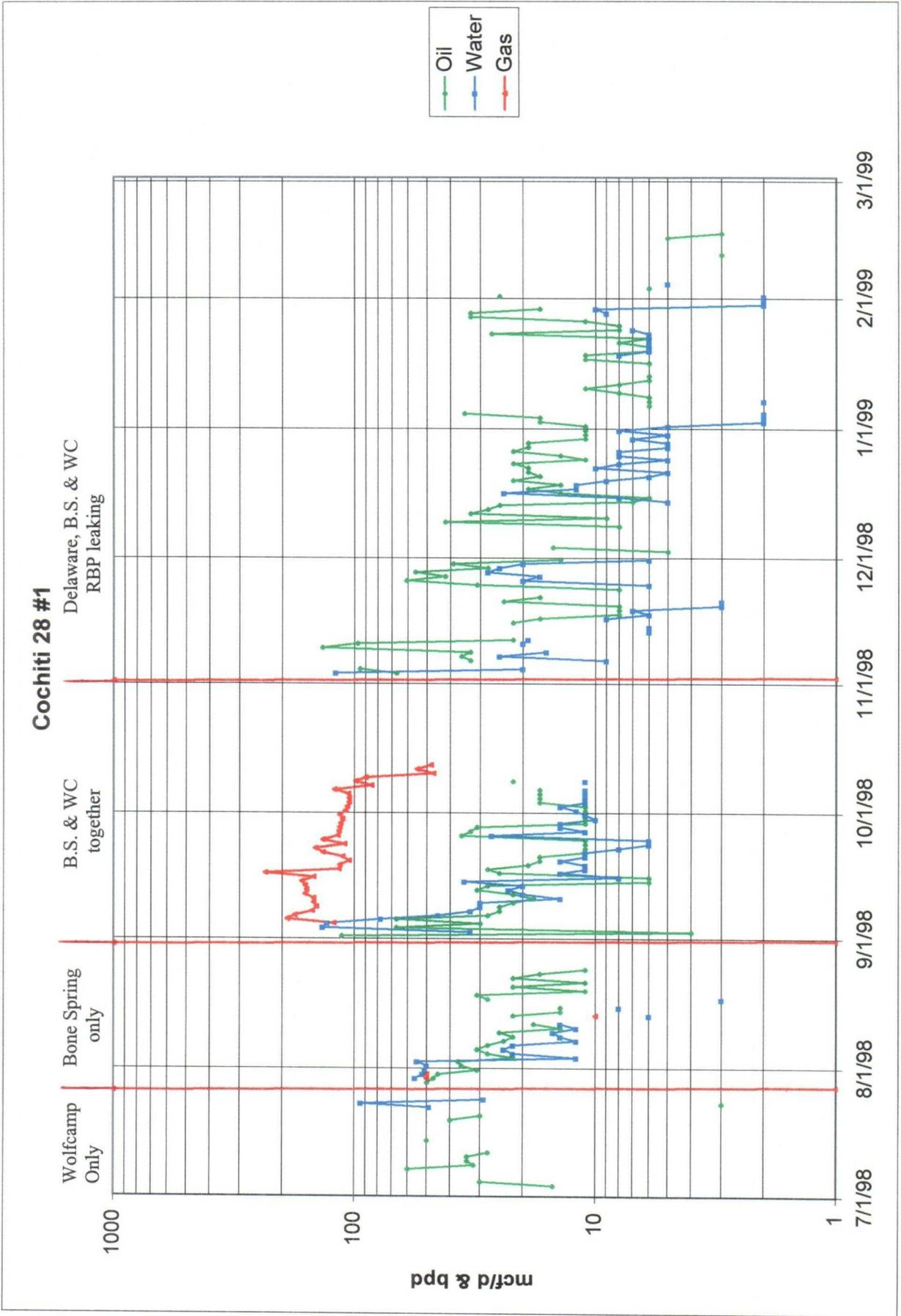
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature: </p> <p>Printed Name: <u>TERRI STATHEM</u></p> <p>Title: <u>PRODUCTION ANALYST</u></p> <p>Date: <u>6/8/99</u></p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date Surveyed: <u>December 17, 1997</u></p> <p>Signature & Seal of Professional Surveyor: </p> <p>W.O. No. <u>7728</u></p> <p>Certificate No. <u>Gary L. Jones 7977</u></p>
	<p>BASIN SURVEYS</p>



CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

June 8, 1999

Exxon Company USA
P O Box 1547
Houston, Texas 77251

Matador Operating Company
8340 Meadow Rd., Ste 158
Dallas, Texas 75231-3751

Dear Offset Operator:



Application for Downhole Commingle
Cochiti '28' Federal No. 1
Sec. 28, T-23S, R-29E
Eddy County, New Mexico

Concho Resources Inc. has requested approval to downhole commingle the production from the Delaware and Bone Spring zones in the Cochiti 28 Federal No. 1 well. The map attached shows the well and offset properties.

Each zone has been isolated and tested. The Delaware zone is not producing any oil, gas, or water. The Bone Spring zone is producing 100% of the production from this well.

Without approval of the downhole commingle we would incur additional expense for squeezing off the Delaware perfs, thereby increasing operating costs and shortening the economic life of the well.

We would appreciate your returning an approved copy of this letter, either by mail or you may fax it to my attention at (915) 683-7441. If you have not responded by June 29, 1999 it will be assumed that you have no objection to this proposal and the New Mexico Oil Conservation Division and BLM can consider approval of our application.

Should you have any questions concerning this matter, please contact me at (915) 683-7443.

Yours very truly,

Terri Stathem
Production Analyst

APPROVED BY: _____ DATE: _____ 1999
COMPANY: _____