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ABOVE THIS LINE FOR DIVISION USE ONLY

1005

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

[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

1/9/00

Date

**CONCHO RESOURCES INC.**

Suite 410

110 W. Louisiana  
Midland, Texas 79701

(915) 683-7443  
FAX 683-7441

January 10, 2000

New Mexico Oil Conservation Division  
2040 South Pacheco St.  
Santa Fe, New Mexico 87505

Re: Commingle Flash Gas Production from Vacuum Atoka Morrow Pool  
With Gas Production from Midway Upper Penn West Pool  
South Shoe Bar '15' State  
Lea County, NM

Gentlemen:

Concho Resources Inc. respectfully requests administrative approval for Pool  
Commingling of flash gas production from the Vacuum Atoka Morrow Pool, South Shoe  
Bar '15' State No. 2 with the gas production from the Midway Upper Penn West Pool, -  
South Shoe Bar '15' State No. 1. Because pool ownership is diverse, production will be  
measured separately at each well prior to commingling at the sales meter.

The proposed common gas sales meter is located in Unit Letter G, Section 15, T-17S,  
R-35E in Lea County, New Mexico. High-pressure gas production from the South Shoe  
Bar '15' State No. 2 well is sold at its location and is not included in the commingling.  
Each gas meter is calibrated on a regular basis. All oil production is measured  
individually and sold on a well by well basis at each individual well's tank battery. The  
two subject wells are depicted on Attachment I.

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

Also enclosed please find Attachment II, a copy of the notification letter which was  
mailed to all interest owners and to the gas purchaser via certified mail, along with a list  
of interest owners and the gas purchaser.

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

Sincerely,



James Blount  
Engineer

**Concho Resources Inc.**  
**Surface Commingling Request**

Concho Resources Inc. respectfully requests approval for surface commingling of flash gas production from the following pool/well:

**Pool: Vacuum Atoka Morrow North**

Well: South Shoebar '15' State

<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>
2	NE/4, UL H	15	17S	35E

with gas production from the following pool/well:

**Pool: Midway Upper Penn West**

Well: South Shoebar '15' State

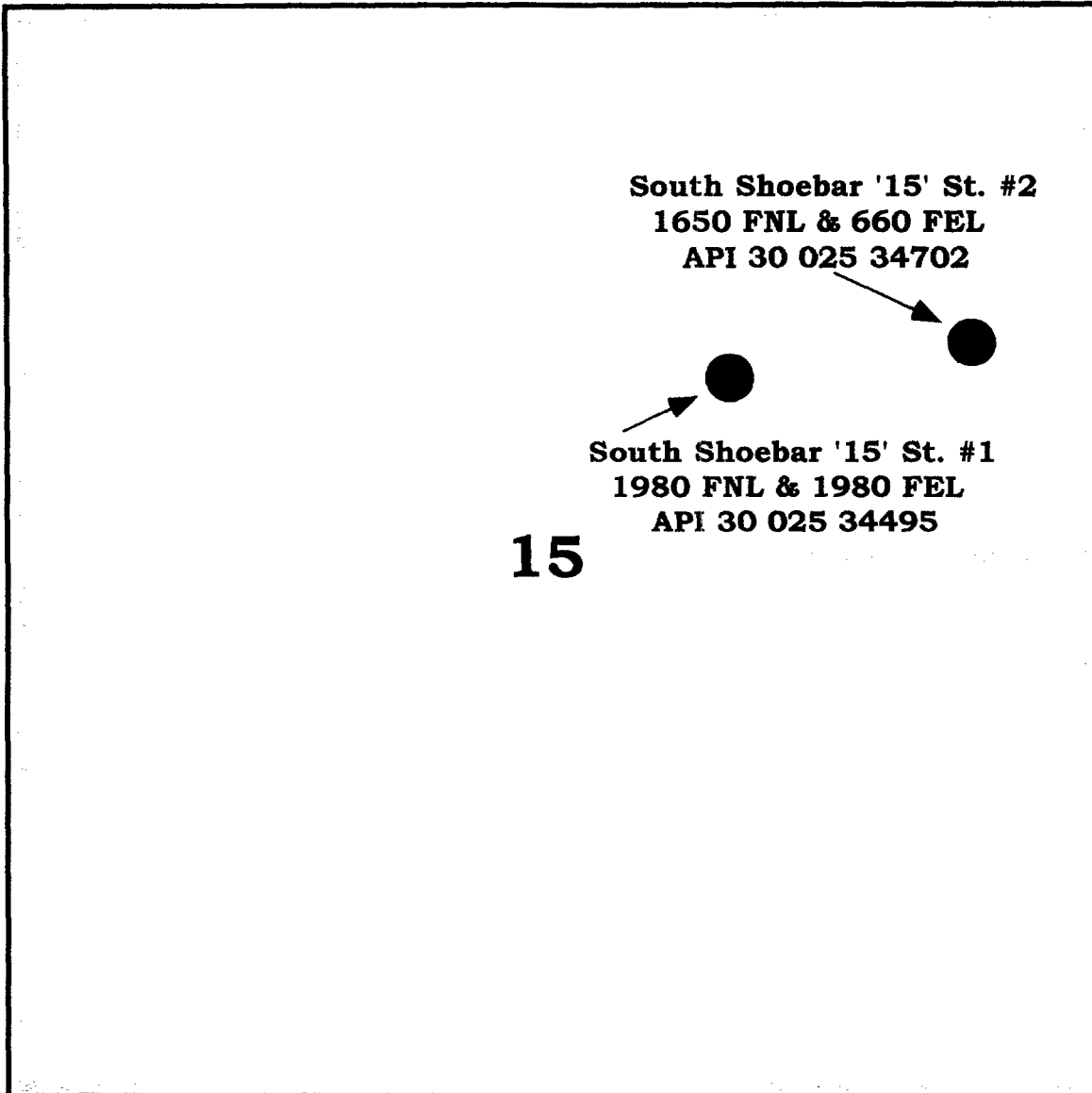
<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>
1	NE/4, UL G	15	17S	35E

Gas Production from the wells involved is as follows:

<u>Well Name &amp; #</u>	<u>MCFPD</u>
South Shoe Bar '15' State #2 (Flash Gas Only)	50
South Shoe Bar '15' State #1	150

ATTACHMENT I

**Section 15 - T17S - R35E**



**South Shoebar "15" State Lease  
Lea County, New Mexico  
Concho Resources Inc., Midland, Texas**

**CONCHO RESOURCES INC.**

**Suite 410**

**110 W. Louisiana**

**Midland, Texas 79701**

**(915) 683-7443**

**FAX 683-7441**

January 10, 2000

Dear Interest Owner and Purchaser:

Re: Notification of Application of Concho Resources Inc. for Administrative Approval  
For Pool Commingling  
South Shoe Bar '15' State  
Sec. 15, T-17S, R-35E, Lea County, New Mexico

Concho Resources Inc. is requesting your approval for surface commingling of flash gas production from the South Shoe Bar '15' State No. 2 well with gas production from the South Shoe Bar '15' State No. 1 well. The common sales meter for said wells is located in Unit G, Section 15, T-17S, R-35E in Lea County, New Mexico.

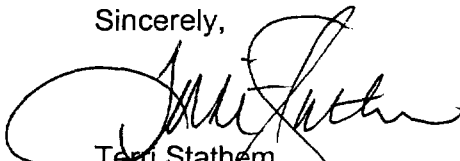
Please find attached our application to the New Mexico Oil Conservation Division for your records. Details of the commingling and a plat are also included.

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 January 10, 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 Jim Blount, Engineer or me at (915) 683-7443.

Sincerely,



Terri Stathem  
Production Analyst

**Concho Resources Inc.**  
**South Shoe Bar '15' State No. 1 & No. 2**

<b><u>South Shoe Bar '15' State No. 1</u></b>			
<b>Working Interest Owners:</b>			
Concho Resources Inc.	110 W. Louisiana, Ste 410	Midland, Tx 79701	
Boyd & McWilliams Energy	550 W. Texas, Ste 704	Midland, Tx 79701	
John L. Cox	P O Box 2217	Midland, Tx 79702	
Mark Nearburg	211 Ranch Rd 620 South, #130	Austin, Tx 78734	
<b>Royalty &amp; Override Interest Owners:</b>			
Exxon Company USA	P O Box 1547	Houston, Tx 77251	
Commissioner of Public Lands	P O Box 1148	Santa Fe, NM 87504	
<b><u>South Shoe Bar '15' State No. 2</u></b>			
<b>Working Interest Owners:</b>			
Concho Resources Inc.	110 W. Louisiana, Ste 410	Midland, Tx 79701	
Boyd & McWilliams Energy	550 W. Texas, Ste 704	Midland, Tx 79701	
John L. Cox	P O Box 2217	Midland, Tx 79702	
Mark Nearburg	211 Ranch Rd 620 South, #130	Austin, Tx 78734	
Alpine Oil Company	P O Box 2217	Midland, Tx 79702	
<b>Royalty &amp; Override Interest Owners:</b>			
Exxon Company USA	P O Box 1547	Houston, Tx 77251	
Commissioner of Public Lands	P O Box 1148	Santa Fe, NM 87504	
<b><u>Gas Purchaser</u></b>			
GPM GAS CO.	210 W. PARK AVE ROOM 2521	OKLAHOMA CITY, OK 73102	

PC-1005

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

**ADMINISTRATION**

Phone (505) 827-5700

Fax (505) 827-5853

**GENERAL COUNSEL**

Phone (505) 827-5713

Fax (505) 827-4262

**PUBLIC AFFAIRS**

Phone (505) 827-1245

Fax (505) 827-5766

**COMMERCIAL RESOURCES**

Phone (505) 827-5724

Fax (505) 827-6157

**MINERAL RESOURCES**

Phone (505) 827-5744

Fax (505) 827-4739

**ROYALTY MANAGEMENT**

Phone (505) 827-5772

Fax (505) 827-4739

**SURFACE RESOURCES**

Phone (505) 827-5793

Fax (505) 827-5711

**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

March 16, 2000

Concho Resources, Inc.  
110 West Louisiana, Suite 410  
Midland, Texas 79701

Attn: Mr. James Blount

Re: Surface Commingling of Flash Gas Production  
South Shoe Bar '15' State Well Nos. 1 and 2  
S/2NE/4, Section 15-17S-35E  
North Vacuum-Atoka Morrow and West Midway Upper Pennsylvanian Pools  
Lea County, New Mexico

Dear Mr. Blount:

Reference is made to your application letter of January 10, 2000. In your letter you have requested our approval to surface commingle flash gas production from the North Vacuum-Atoka Pool, South Shoe Bar '15' State Well No. 2 with the gas production from the West Midway Upper Pennsylvanian pool, South Shoe Bar '15' State Well No. 1. It is our understanding that since pool ownership is diverse, production from each pool will be measured separately at each well prior to commingling at the sales meter. Oil production will not be commingled but will be measured individually and sold at each well location.

Please be advised that the Commissioner of Public Lands has this date granted approval to your proposed request. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval should this operation prove to be unprofitable to the state at any time in the future. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

OCD--Mr. David Catanach, Mr. Ben Stone