

DATE IN 11/12/99	SUSPENSE 12/2/99	ENGINEER MA	LOGGED KN	TYPE PLC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

162

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

NOV 12 1999

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

11/10/99
Date

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana

Midland, Texas 79701

November 9, 1999

(915) 683-7443

FAX 683-7441

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

Re: Off Lease Commingling and Off Lease Sales and Measurement of Gas
F. H. '29' Federal Com No. 1 Well

Gentlemen:

Concho Resources Inc. hereby requests administrative approval for Lease Commingling of gas production from the F. H. '29' Federal Com lease with the gas production from the F. H. '28' State lease and Off Lease Sales and Measurement of the gas production from the F. H. '29' Federal Com lease. The F. H. '29' Federal Com No. 1 well is a single completion in the Carlsbad Morrow South pool and the F. H. '28' State No. 1 well is a dual completion in the Carlsbad Morrow South pool and the Frontier Hills Strawn pool. Because both wells are not producing from the same pools, production will be measured separately at each well prior to commingling at the sales meter.

The common sales meter for the F. H. '29' Federal Com No. 1 and F. H. '28' State No. 1 wells is located in Unit Letter: C, Section 28, T-23S, R-26E in Eddy County, New Mexico. The tank battery for the F. H. '29' Federal Com No 1 well is located in Unit Letter: I, Section 29, T-23S, R-26E in Eddy County, New Mexico. The tank battery for the F. H. '28' State No. 1 well is located in Unit Letter: C, Section 28, T-23S, R-26E in Eddy County, New Mexico. The two subject wells and lease boundaries are depicted on Attachment I. Attachment II and III are the facility diagrams for each lease.

All oil production is measured individually and sold on a well by well basis at each individual well's tank battery. All natural gas production is metered at each individual well location and the meters are calibrated on a regular basis.

The purpose of the Lease 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 IV, 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,



Jim Blount
Engineer

Concho Resources Inc.
Surface Commingling Request

Concho Resources Inc. respectfully requests approval for surface commingling of gas production from the F. H. '29' Federal Com Lease:

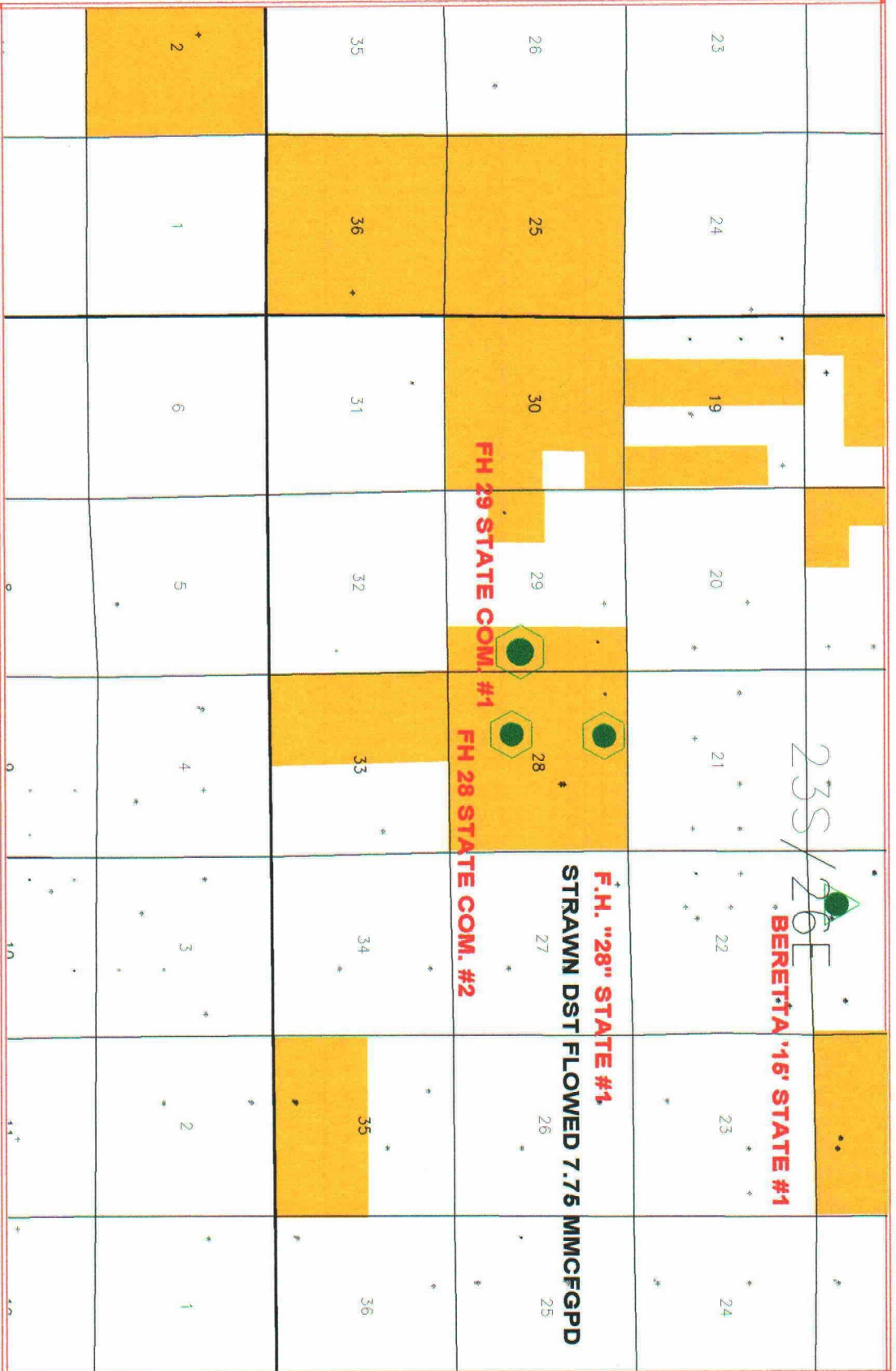
<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>	<u>Formation</u>
1	SE/4, UL I	29	23S	26E	Carlsbad Morrow South (ROAD - 77760)

with gas production from the F. H. '28' State Lease:

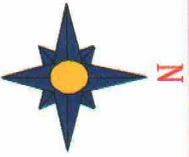
<u>Well #</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge</u>	<u>Formation</u>
1	NW/4, UL C	28	23S	26E	Carlsbad Morrow South Frontier Hills - Strawn (GAS - 77190)

Production from the wells involved is as follows:

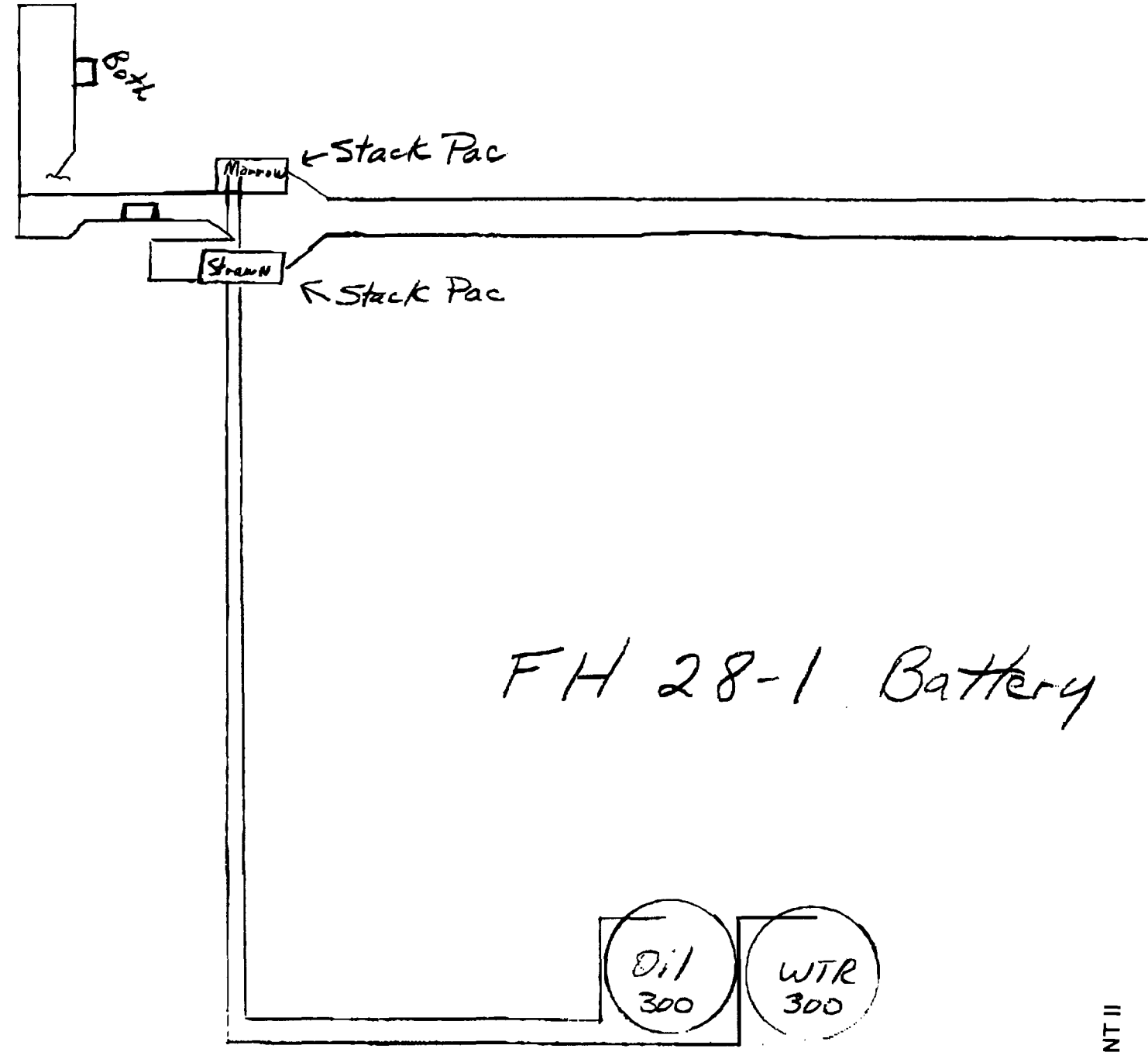
<u>Well Name & #</u>	<u>BOPD</u>	<u>MCFPD</u>
F. H. '29' Federal Com No. 1	0	150
F. H. '28' State No. 1 (Morrow)	0	169
F. H. '28' State No. 1 (Strawn)	0	180



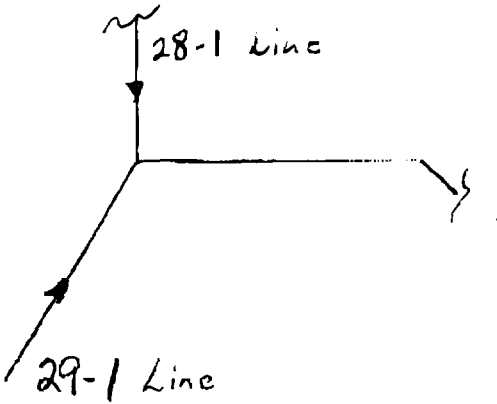
ATTACHMENT I



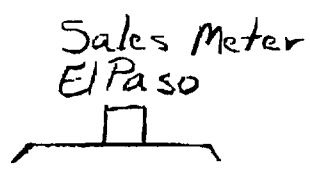
CONCHO RESOURCE INC			
MIDLAND, TEXAS			
FRONTIER HILLS PROSPECT			
PHONE (915) 683-7443			
			DATE



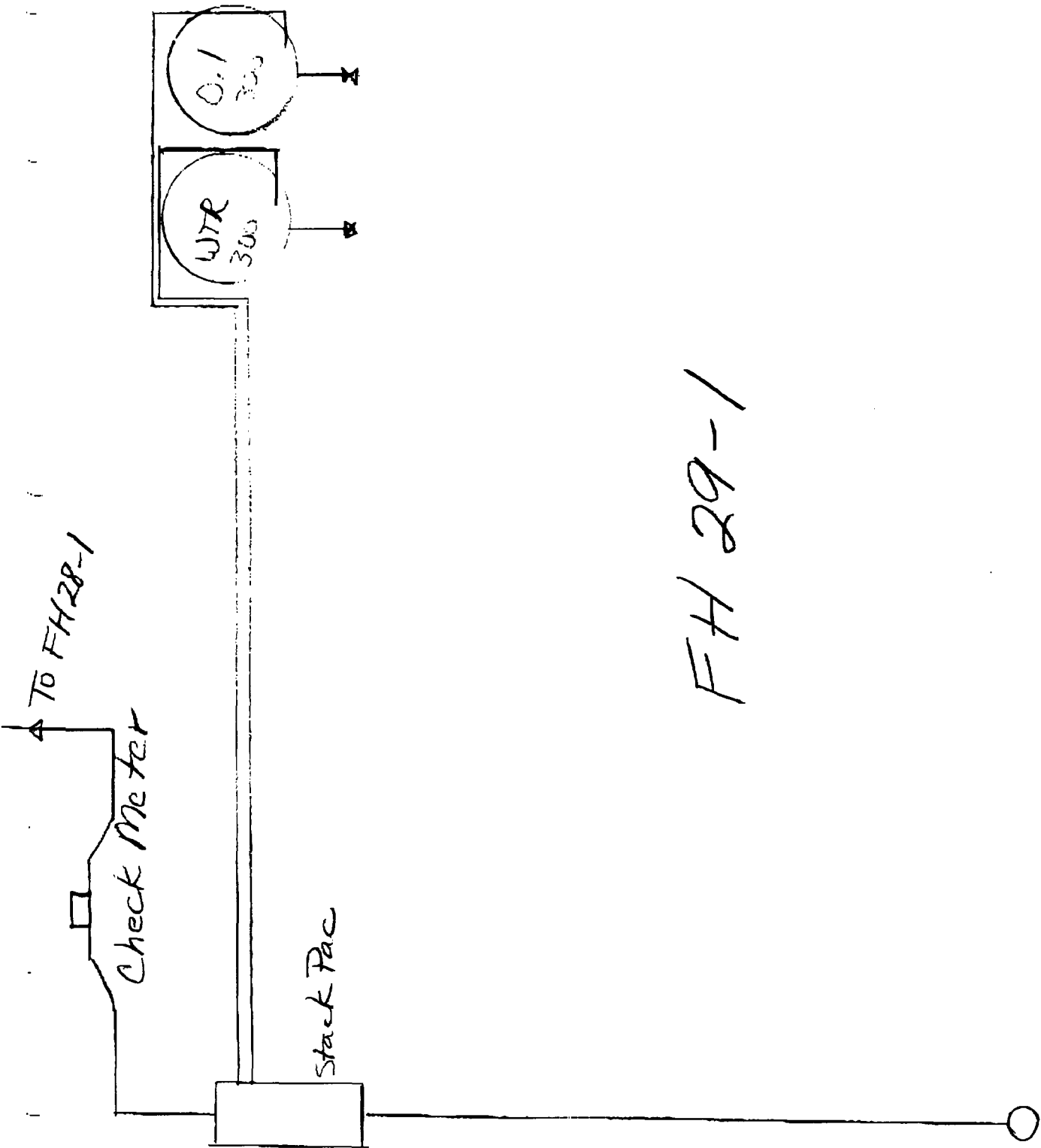
FH 28-1 Battery



.5 mi East on Main Road



ATTACHMENT II



FH 29-1

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

November 9, 1999

Dear Interest Owner and Purchaser:

Re: Notification of Application of Concho Resources Inc. for Administrative Approval
For Lease Commingling and Off Lease Sales and Measurement of Gas
Production
F. H. '29' Federal Com No. 1
Sec. 29, T-23S, R-26E, Eddy County, New Mexico

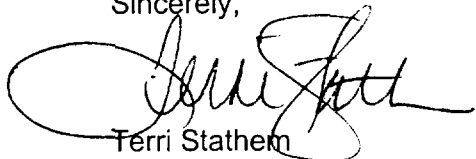
Concho Resources Inc. is requesting your approval for off lease measurement and sales and surface commingling of gas production from the F. H. '29' Federal Com No. 1 well with gas production from the F. H. '28' State Com No. 1. The common sales meter for said wells is located in Unit C, Section 28, T-23S, R-26E in Eddy County, New Mexico.

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 November 9, 1999 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

ATTACHMENT IV

CONCHO RESOURCES INC.

F. H. '29' FEDERAL COM NO. 1 AND F. H. '28' STATE NO. 1

OWNER INFORMATION

<u>F. H. '29' FEDERAL COM NO. 1</u>	
WORKING INTEREST OWNERS:	
Concho Resources Inc.	110 W. Louisiana Ste 410 Midland, Tx 79701
Santa Fe Snyder Corp	840 Gessner, Ste 1400 Houston, Tx 77024
S & P Co.	330 Marshall St, Ste 300 Shreveport, LA 71101
ROYALTY OWNERS:	
Richard & Beverly Barr	5716 Hillcrest Place Midland, Tx 79707
Paul Barwis	2201 Southampton Lane Midland, Tx 79705
The Blanco Company	P O Box 1698 Roswell, NM 88202
Andrew R. Bunn	3683 Woodlawn Dr. Honolulu, HI 96822
Francis Bunn	2493 Makiki Hights Dr. Honolulu, HI 96822
Robert Bunn	2493 Makiki Hights Dr. Honolulu, HI 96822
Kathryn B. Bunn	8321 13th Ave NW Seattle, WA 98117
CBT/MAP 1999	
c/o Chase Bank	P O Box 910864 Dallas, Tx 75391-0864
Lyle B & Mary Boxell Gallivan	8470 W. 4th Ave Lakewood, CO 80226
Henry H. & Kathryn Grandi	P O Box 898 Carlsbad, NM 88220
Wilma Hamann	1406 Westride Rd Carlsbad, NM 88220-4073
Shawn P & Francis A Hannifin	49315 E. 88th Ave Bennett, CO 80102
Alan R. Hannifin	518 17th Street #540 Denver, CO 80202
International Petroleum	RT 6, HCL, Box 616 Sheffield, PA 16347
Jareed Partners, LTD	2407 Bellechase Ct Midland, Tx 79705
Cecelia Lee Kennedy	9726 Westview Dr. Houston, Tx 77027
Robin B. Martin	2493-A Makiki Hights Dr. Honolulu, HI 96822
Joseph & Madge Morgan	518 17th Street #545 Denver, CO 80202
Charles & Catherine Packenham	P O Box 887 Cedar Crest, NM 87008
Penwell Employee Royalty Fund	600 N. Marienfeld, Ste 1100 Midland, Tx 79701
Carolyn Stewart	11 Postgate Rd. Hamilton, MA 01982
Katherine May Walicek	2158 McIntosh Garland, Tx 75040
Donald & Anette Wambaugh	P O Box 4611 Midland, Tx 79704
Scott E. Wilson	4512 Bent Tree Trail Midland, Tx 79707
Department of Interior Royalty Mgmt Prog	P O Box 5810 TA Denver, CO 80217-5810

CONCHO RESOURCES INC.
F. H. '29' FEDERAL COM NO. 1 AND F. H. '28' STATE NO. 1
OWNER INFORMATION

<u>F. H. '28' STATE NO. 1 (Strawn & Morrow Pools)</u>		
WORKING INTEREST OWNERS:		
Concho Resources Inc. S & P Co.	110 W. Louisiana Ste 410 330 Marshall St, Ste 300	Midland, Tx 79701 Shreveport, LA 71101
ROYALTY OWNERS:		
Paul Barwis CBT/MAP 1999 c/o Chase Bank Lyle B & Mary Boxell Gallivan Camterra Resources Jim Geitgey Shawn P & Francis A Hannifin Alan R. Hannifin Hunt Oil Co. J. M. Huber Corporation Lowe Partners Joseph & Madge Morgan Santa Fe Snyder Corp Penwell Employee Royalty Fund Donald & Anette Wambaugh Commissioner of Public Lands	2201 Southampton Lane P O Box 910864 8470 W. 4th Ave P O Box 2069 2407 Bellechase Ct 49315 E. 88th Ave 518 17th Street #540 Fountain Place, 1445 Ross At Field 1900 W. Loop South Ste 1600 P O Box 832 518 17th Street #545 840 Gessner, Ste 1400 600 N. Marienfeld, Ste 1100 P O Box 4611 P O Box 1148	Midland, Tx 79705 Dallas, Tx 75391-0864 Lakewood, CO 80226 Marshall, Tx 75671 Midland, Tx 79705 Bennett, CO 80102 Denver, CO 80202 Dallas, Tx 75202-2785 Houston, Tx 77027 Midland, Tx 79702 Denver, CO 80202 Houston, Tx 77024 Midland, Tx 79701 Midland, Tx 79704 Santa Fe, NM 87504-1148
GAS PURCHASER		
EL PASO NATURAL GAS	P O Box 2511	Houston, Tx 77252-2511

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

11/16/99 09:03:30
OGOMWA -TPXJ
PAGE NO: 1

Sec : 29 Twp : 23S Rng : 26E Section Type : NORMAL

D 40.00	C 40.00	B 40.00	A 40.00
Federal owned	Federal owned	Federal owned	Federal owned
			A
E 40.00	F 40.00	G 40.00	H 40.00
Federal owned	Fee owned	Fee owned	Federal owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

11/16/99 09:03:38
OGOMWA -TPXJ
PAGE NO: 2

Sec : 29 Twp : 23S Rng : 26E Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Federal owned	Fee owned	Federal owned	Federal owned
A			A
M 40.00	N 40.00	O 40.00	P 40.00
Federal owned	Fee owned	Federal owned	Federal owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION11/16/99 09:02:48
OGOMWA -TPXJ
PAGE NO: 1

Sec : 28 Twp : 23S Rng : 26E Section Type : NORMAL

D 40.00 CS K03403 0002 07/73 J M HUBER CORP & C P	C 40.00 CS V04354 0002 05/99 CONCHO RESOURCES, C A	B 40.00 CS K03403 0002 07/73 J M HUBER CORP & C	A 40.00 CS V04354 0002 05/99 CONCHO RESOURCES, C
E 40.00 CS V04354 0002 05/99 CONCHO RESOURCES, C C	F 40.00 CS V04354 0002 05/99 CONCHO RESOURCES, C C	G 40.00 CS V04354 0002 05/99 CONCHO RESOURCES, C	H 40.00 CS K03403 0002 07/73 J M HUBER CORP & C A

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD : ONGARD 11/16/99 09:03:16
 OG5SECT INQUIRE LAND BY SECTION OGOMWA -TPXC
 PAGE NO: 2

Sec : 28 Twp : 23S Rng : 26E Section Type : NORMAL

L 40.00 CS K03403 0002 07/73 J M HUBER CORP &	K 40.00 CS V04354 0002 05/99 CONCHO RESOURCES, A	J 40.00 CS K03403 0002 07/73 J M HUBER CORP &	I 40.00 CS V04354 0002 05/99 CONCHO RESOURCES,
M 40.00 CS V04354 0002 05/99 CONCHO RESOURCES,	N 40.00 CS V04354 0002 05/99 CONCHO RESOURCES,	O 40.00 CS V04354 0002 05/99 CONCHO RESOURCES,	P 40.00 CS V04354 0002 05/99 CONCHO RESOURCES,

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
 PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

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



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

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

November 29, 1999

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

Attn: Mr. Jim Blount

Re: Off Lease Commingling and Off Lease Sales and Measurement of Gas
F. H. '29' Federal Com Well No. 1
Unit Letter I, Section 29-23S-26E
F. H. '28' State Lease
Unit Letter C, Section 28-23S-26E
Eddy County, New Mexico

Dear Mr. Blount:

We have received your letter of November 9, 1999, wherein you have requested approval for lease commingling of gas production from the F. H. '29' Federal Com Lease with gas production from the F. H. '28' State Lease. You are also requesting approval for off-lease sales and measurement of gas from the F. H. '29' Federal Com Lease.

It is our understanding that the common sales meter for the subject wells is located in Unit Letter C, Section 28-23S-26E. All oil production will be measured individually and sold on a well by well basis at each individual well's tank battery. All natural gas production will be metered at each individual well location with the meters calibrated on a regular basis.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. 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. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 filing fee has been received.

Also please submit a copy of the New Mexico Oil Conservation Division's order as well as the Bureau of Land Management's approval.

Please contact Ms. Debbie Padilla of our Right-of-Way Division regarding the appropriate right-of-way.

Concho Resources Inc.

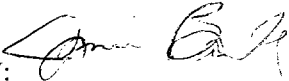
November 29, 1999

Page 2

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 C. Smith~~, Mr. Ben Stone

BLM