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

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SURFACE RESOURCES

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February 20, 2002

Concho Oil & Gas Corp.
110 W. Louisiana Ave., Suite 410
Midland, Texas 79701

Attention: Ms. Terri Stathem

Re: Concho Oil & Gas Corp.
Application For Pool Commingling
Sundown State Lease (VA-1134-2)
SW/4SW/4 Sec. 14-10S-37E
Lea County, New Mexico

Dear Ms. Stathem:

We are in receipt of your application for pool commingling of the gas production from the Sundown State No. 2 well with gas production from the Sundown State No. 1.

It is our understanding that the Sundown State No. 1 well is producing from the Echol Wolfcamp; Northeast pool and the Sundown State No. 2 well is producing from the Wildcat San Andres pool.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.


Your \$30.00 dollar 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/pm

pc: Reader File
OCD-Attention: David Catanach