



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

October 11, 2002

Lori Wrotenbery

Director
Oil Conservation Division

Concho Oil & Gas Corp.
c/o Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4792

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Concho Oil & Gas Corp. ("Concho") dated October 3, 2002 (*application reference No. pkrv-228037397*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Concho's request for a unorthodox gas well location in the Upper Pennsylvanian (Cisco) formation, for its Kennedy Farms Com Well No. 1 to be re-entered and re-completed at a location 1980 feet from the North line and 2310 feet from the West line (Unit F) of Section 34, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico.

The N/2 of Section 34, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico being a standard gas spacing and proration unit in the Kennedy Farms-Upper Pennsylvanian Pool (79525) is to be dedicated to this well.

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 to enable it to utilize the existing wellbore for this well for which this unorthodox gas well location was previously approved in the Morrow formation by Division Order No. R-4725, dated February 13, 1974.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location in the Upper Pennsylvanian (Cisco) formation within this 320-acre unit comprising the N/2 of Section 34 is hereby approved.

Sincerely,

Lori Wrotenbery (wv)
Lori Wrotenbery
Director

cc: New Mexico Oil Conservation Division – Artesia
Mr. Mike Gray, Concho Oil & Gas, Midland, Texas (Fax 915-683-7441)