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July 29, 2003

**RECEIVED**

JUL 29 2003

Oil Conservation Division

Hand Delivered

*Case 13131*

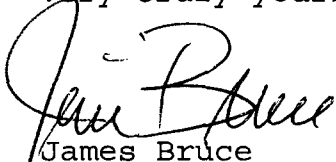
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Concho Resources Inc. Please set this matter for the August 21, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Concho Resources Inc.

PARTIES BEING POOLED

Dominion Oklahoma Texas Exploration  
& Production, Inc.  
Suite 600  
14000 Quail Springs Parkway  
Oklahoma City, Oklahoma 73134-2600

Attention: Joe W. Hammond

Kaiser-Francis Oil Company  
P.O. Box 21468  
Tulsa, Oklahoma 74136

Attention: Wayne Fields

BP America Production Co.  
501 WestLake Park Boulevard  
Houston, Texas 77079

Attention: Tony Webb  
WL1-Room 6.199

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

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Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CONCHO RESOURCES  
INC. FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 13/31

APPLICATION

Concho Resources, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 20, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S½ of Section 20, and has the right to drill a well thereon.

2. Applicant proposes to drill its Ponderosa "20" State Well No. 1, at an orthodox gas well location in the NW¼SE¼ of Section 20, and seeks to dedicate the following acreage to the well:

(a) The SE¼ of Section 20 for all pools or formations developed on 160 acre spacing within that vertical extent, including; and

(b) The S½ of Section 20 for all pools or formations developed on 320 spacing within that vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 20 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the

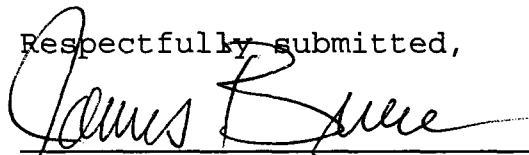
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 20, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 20, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 20, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and supervision costs, together with a provision adjusting those rates as provided in the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

  
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Concho Resources, Inc.