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January 28, 2003

Hand Delivered

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

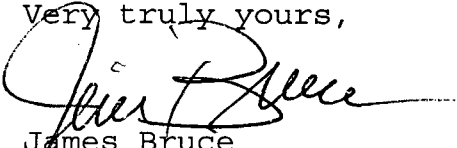
Case 13010

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 Oil & Gas Corp. Please set this matter for the February 20, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk under "COGC-PAD.FP1"

Very truly yours,


James Bruce

Attorney for Concho Oil & Gas Corp.

03 JAN 29 AM 7:44
OIL CONSERVATION DIV

PARTIES BEING POOLED

Burlington Resources Oil & Gas Company LP
P.O. Box 51810
Midland, Texas 79710

Attention: Trey Shepherd

EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702

Attention: Patrick J. Tower

Magnum Hunter Production, Inc.
P.O. Box 140907
Irving, Texas 75039

Attention: Carol Glass

Merit Partners, L.P.
Merit Partners III, L.P.
Merit Partners D-III, L.P.
Suite 1500
12222 Merit Drive
Dallas, Texas 75251

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CONCHO OIL & GAS
CORP. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Case No. 13010

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OIL CONSERVATION DIV

APPLICATION

Concho Oil & Gas Corp. applies for an order pooling all mineral leasehold interests from the surface to the base of the Morrow formation underlying the N $\frac{1}{2}$ of Section 28, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Codorniz Fed. "28" Well No. 1, at an orthodox location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of the section, and seeks to dedicate the N $\frac{1}{2}$ of the section to the well for all pools or formations developed on 320 spacing within that vertical extent, including the Quail Ridge-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the N $\frac{1}{2}$ of Section 28 for the purposes set forth herein.

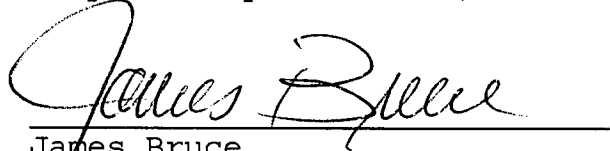
4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interest owners in the N $\frac{1}{2}$ of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the N½ of Section 28 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 leasehold interests in the N½ of Section 28, 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for Concho Oil & Gas Corp.

PROPOSED ADVERTISEMENT

Case 13010: Application of Concho Oil & Gas Corp. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N $\frac{1}{2}$ of Section 28, Township 19 South, Range 34 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to applicant's Codorniz Fed. "28" Well No. 1, to be located at an orthodox location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 28. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 17 $\frac{1}{2}$ miles west of Monument, New Mexico.