

CONCHO RESOURCES INC.

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Via Facimile 505-983-6043
and U.S. Mail

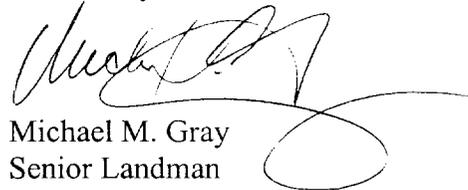
William F. Carr
Holland & Hart & Campbell & Carr
P. O. Box 2208
Santa Fe, NM 87504

Re: OCD Case No. 12596
Yates Redtail "AWR" State Com #1 Well
T15S, R32E, Section 28: 1200' FNL & 990' FWL
Eddy County, New Mexico

Dear Mr. Carr:

Concho Resources Inc. is a working interest owner in the captioned well. Concho is a leasehold owner in the NW/4 of Section 28, the SW/4 of Section 28, the SE/4 of Section 28 and is also the operator of the North Anderson Ranch Unit covering portions of the W/2 of Section 33 and the E/2 of Section 32, T15S, R32E, Lea County, New Mexico. Concho Resources Inc. is in favor of Yates' application to establish 320 acre spacing for the Redtail "AWR" State Com #1 well and Concho Resources Inc. would also be in favor of amending the Feather Morrow Pool to provide for 160 spacing in the event a 320 acre gas unit cannot be formed for the well. Concho Resources Inc. is of the opinion that development around the Redtail "AWR" State Com #1 well on 40 acre spacing would lead to economic waste and that the correlative rights of the parties within the W/2 of Section 28 would be better served with at least a minimum of 160 acre spacing around the Redtail "AWR" State Com #1 well.

Yours truly,



Michael M. Gray
Senior Landman

MMG/gez