



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

December 10, 2002

Concho Resources, Inc.
Suite 410
110 W. Louisiana
Midland, Texas 79701

Attention: Ms. Terri Stathem

Re: Form C-107-A
Southern Cross "21" State Com No. 3
Section 21, T-18S, R-24E, NMPM,
Eddy County, New Mexico

Dear Ms. Stathem:

The last time I spoke with Bryan Arrant in our Artesia District Office, it appeared that he was going to extend the Penasco Draw-Permo Penn Pool to include the acreage currently dedicated to the Southern Cross "21" State Com No. 3. When the pool is extended, and the well is placed within the pool, downhole commingling approval will not be necessary. I am therefore returning your Form C-107-A to you unprocessed.

If you should have any questions, please contact me at (505) 476-3466.

Sincerely,

David Catanach
Engineer

Xc: OCD-Artesia-Attn: Bryan Arrant