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November 14, 2000

**HAND-DELIVERED**

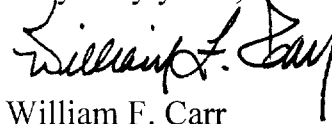
Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87503

Re: Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Concho Resources, Inc. in the above-referenced case as well as a copy of the legal advertisement. Concho Resources, Inc. requests that this matter be placed on the docket for the December 7, 2000 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Michael M. Gray (w/enclosures)  
Senior Landman  
Concho Resources, Inc.  
110 W. Louisiana, Suite 410  
Midland, Texas 79701

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF CONCHO RESOURCES, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

OIL CONSERVATION DIV.  
03 NOV 14 AM 12:05  
CASE NO. 12548

**APPLICATION**

CONCHO RESOURCES, INC. ("Concho"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an for an order pooling all mineral interests in all formations developed on 320-acre spacing in the S/2, and in all formations developed on 160-acre spacing in the SW/4 of Section 5, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Concho is a working interest owner in the S/2 of Section 5 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its Rifleman "5" Com Well No. 1 to be drilled as a wildcat well at a standard location 660 feet from the South and West lines of said Section 24, to a depth of approximately 11,700 feet to test any and all formations from the surface to the base of the Morrow formation.
3. Applicant has sought and been unable to obtain either voluntary agreement for drilling pooling or farmout from Devon SFS Operating, Inc., 20 North Broadway, Suite

1500, Oklahoma City, Oklahoma 73102 (Attention Ken Gray).

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

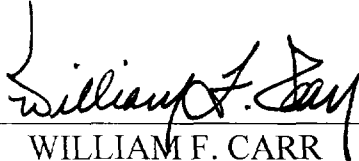
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Concho Resources, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, Concho Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2000 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Concho Resources, Inc. operator of these units and the well to be drilled thereon,
- C. authorizing Concho to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR CONCHO RESOURCES, INC.

CASE 12548:

Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations and pools developed on 320-acre spacing in the S/2 for all formations and pools developed on 160-acre spacing in the SW/4 of Section 5 Township 22 South, Range 26 East, NMPM. Said units are to be dedicated to its Rifleman "5" Com Well No.1 to be drilled as a wildcat well at a standard location 660 feet from the South and West lines of said Section 5 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Concho Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles West of Carlsbad, New Mexico.