

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

December 17, 1998

Mr. Chris Williams
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
Post Office Box 1980
Hobbs, New Mexico 88240

Re: **Application of Concho Resources Inc.
For Administrative Approval of an
Non Standard Location
Cayuma #1**

Dear Mr. Williams:

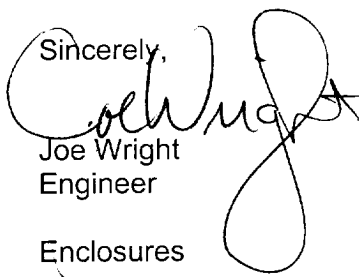
Enclosed please find the Application of Concho Resources Inc. for administrative approval of a Non Standard Location for the Cayuma #1 well.

In order to accommodate a surface dwelling the surface location is 3580' FSL and 990' FWL, Lot 13, Section 1, Township 16S, Range 36E, Lea County, New Mexico. The well is intended to be a vertical hole to approximately 9,500' at which time it will be directionally drilled to an approximate bottom hole location of 3174' FSL & 743' FWL, Lot 13, Section 1, Township 16S, Range 36E, Lea County, New Mexico.

Concho Resources Inc. requests permission to drill and completed this well at the above location in the Northeast Lovington Penn pool. The bottom hole location would be a standard location for this pool. In addition, the vertical section of the Cayuma #1 would be a standard location for any possible productive intervals above 9,500'.

Your due consideration to this Application is very much appreciated. Should you have any questions, please feel free to contact Terri Stathem or myself at (915) 683-7443.

Sincerely,


Joe Wright
Engineer

Enclosures

DATE IN	SUBPENSE	ENGINEER	LOGGED	TYPE
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Joe Wright
Print or Type Name


Signature

Engineer
Title

12/17/98
Date

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Form C-102

Energy, Minerals and Natural Resources Department

Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30025-34480		Pool Code	Pool Name Northeast Lovington Penn	
Property Code	Property Name CAYUMA			Well Number 1
OGRID No. 166111	Operator Name CONCHO RESOURCES, INC.			Elevation 3879

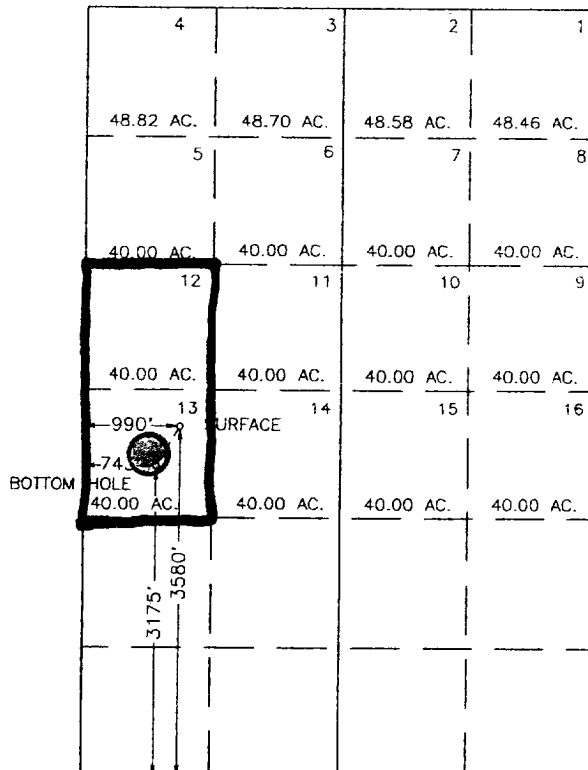
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 13	1	16 S	36 E		3580	SOUTH	990	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 13	1	16 S	36 E		3175	SOUTH	743	WEST	LEA
Dedicated Acres	Joint or Infill	Consolidation Code		Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Terri Statham
Signature

Terri Statham
Printed Name

Production Analyst
Title

12/4/98
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 7, 1998

Date Surveyed, DMCC

Signature & Seal of Professional Surveyor
Professional Surveyor
1238
10-13-98
08-11-13-98

Certified No. JOHN W. WEST 676
EIDSON 3239
EIDSON 12641