

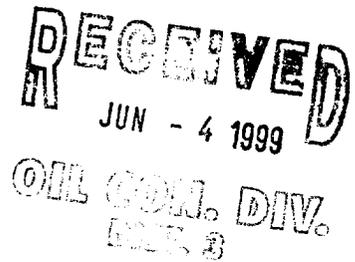


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 3, 1999

Cross Timbers Oil Company
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298
Attention: Edwin S. Ryan, Jr.



Administrative Order NSL-1342-A

Dear Mr. Ryan:

Reference is made to the following: (i) your application dated May 12, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Cross Timbers Oil Company's ("Cross Timbers") request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987-A, issued in Case No. 12069 dated February 1, 1999, of an unorthodox infill gas well for the existing Martinez Gas Com. "G" Well No. 1-E (API No. 30-045-25568), located 585 feet from the North line and 1220 feet from the West line (Unit D) of Section 24, Township 29 North, Range 10 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico.

According to the Division's well records, the Martinez Gas Com. Well No. 1-E was drilled in 1983 by Amoco Production Company and completed in the Basin-Dakota Pool. By Division Administrative Order NSL-1342, dated April 14, 1981, this location was approved as an unorthodox infill gas well location in the Basin-Dakota Pool for an existing standard 320-acre lay-down gas spacing and proration unit ("GPU") comprising the N/2 of Section 24, Township 29 North, Range 10 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico.

Production from the Blanco-Mesaverde Pool is also to be included in an existing standard 320-acre lay-down GPU that comprises the N/2 of Section 24, which is currently dedicated to Cross Timbers' Martinez Gas Com. "G" Well No. 1 (API No. 30-045-12172), located at a standard gas well location 1190 feet from the North line and 790 feet from the East line (Unit A) of Section 24. It is our understanding that Cross Timbers intends to downhole commingle both the Blanco-Mesaverde and Basin-Dakota Pools in the Martinez Gas Com. "G" Well No. 1-E.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Blanco-Mesaverde infill gas well location for the Martinez Gas Com. "G" Well No. 1-E is hereby approved. Further, both of the aforementioned Martinez Gas Com. "G" Wells No. 1 and 1-E and existing GPU will be subject to all existing rules, regulations, policies, and

Administrative Order NSL-1342-A
Cross Timbers Oil Company
June 3, 1999
Page 2

procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

All provisions of Division Administrative Order NSL-1342 shall remain in full force and affect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenberg" followed by a large, stylized flourish that includes the letters "MES".

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
File: NSL-1342



Cross Timbers Oil Company

May 12, 1999

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED
MAY 14 1999
OIL CON. DIV.
DIST. 3

Re: Request for Administrative Approval of an Unorthodox Location
Blanco Mesaverde
Martinez Gas Com G #1E
N/2 Section 24-29N-10W
San Juan County, New Mexico

Gentlemen:

Cross Timbers Operating Company hereby requests administrative approval of the following unorthodox location:

Well Name:	Martinez Gas Com G #1E
Pool:	Blanco Mesaverde
Location:	585' FNL & 1220' FWL
Acreage Dedication:	N/2 Section 24-29N-10W, containing 320 acres, more or less
County/State:	San Juan County, New Mexico
Pool Rules:	660' from lease lines

Attached is the following support and documentation for said application:

1. C-102 Plat
2. Geologic discussion
3. Copy of certified letter sent to offset operators/owners
 - A. Plat of offset operators
 - B. List of offset operators

We look forward to your approval and please call me at (817) 877-2336 with any questions.

Yours very truly,

Edwin S. Ryan, Jr.

cc: Bobby Smith - CTOC Midland

NMCOB - Aztec District Office
1000 Rio Brazos Road
Aztec, New Mexico 87410

Offset Operators

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 S. 1st Street, Artesia, NM 88210-2834
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-25568		² Pool Code 72319		³ Pool Name Blanco Mesaverde	
⁴ Property Code 22624		⁵ Property Name Martinez Gas Com G			⁶ Well Number 1E
⁷ OGRID No. 167067		⁸ Operator Name Cross Timbers Operating Company			⁹ Elevation 5,772' KB

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
D	24	29N	10W		585	N	1,220	W	San Juan

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

	<p style="text-align: center;">RECEIVED MAY 14 1999 OIL CON. DIV. DIST. 3</p>	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Thomas DeLong</i> Signature Thomas DeLong Printed Name Production Engineer Title 5/7/99 Date</p>
		<p>¹⁸ 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.</p> <p>2/25/81 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <i>originally signed by Fred B. Kerr JR.</i></p> <p>3950 Certificate Number</p>

MARTINEZ GAS COM G #1E
N½, SEC. 24-T29N-R10W
SAN JUAN CO., N.M.

GEOLOGIC SUMMARY

The Martinez Gas Com G #1E is a well drilled in 1983 to a total depth of 6767 ft. which was initially completed in the Dakota Formation at a location 585' FNL, 1220' FWL of Section 24-T29N-R10W, San Juan County, New Mexico. The well is currently producing from the Dakota Formation only at a rate of around 170 MCFGPD. Cross Timbers Oil Company (CTOC) intends to re-enter the Martinez Gas Com G #1E, complete the Mesaverde Group Sandstone and commingle it with the existing Dakota Formation.

The Mesaverde Group consists of, from bottom to top, the Point Lookout Ss., a regressive coastal barrier sandstone that is continuous across much of the San Juan Basin, the Menefee Formation, a series of alternating sands, shales and coals deposited in an alluvial plain or coastal lagoon environment, and the Cliff House Sandstone, a NW-SE trending coastal barrier sandstone. In the immediate area, only the Point Lookout and Menefee Sandstones have proven productive. The Cliff House is believed to produce water. In the Martinez Gas Com G #1E the top of the Mesaverde Cliff House Ss. is at a depth of 3808 ft., the Menefee is at 3843 ft. and the Point Lookout occurs at 4426 ft.

There are currently three Mesaverde producing wells in Section 24; the CTOC Martinez Gas Com G #1 in the NE¼ which was completed in 1970 and has produced 1385 MMCFG up to 9/98, the CTOC Martinez Gas I #1A in the SE¼ which was completed in 1985 and has produced 300 MMCFG, and the CTOC Martinez Gas Com I #1 in the SW¼ which was completed in 1978 and has produced 369 MMCFG. There is currently no Mesaverde production in the NW¼ of Section 24. Burlington Resources operates one Mesaverde producing well in the S½ Section 13 to the north (Reid A #1M).

The existing Martinez Gas Com G #1E is at an unorthodox location (legal distance from the boundary of a Mesaverde GPU being 660 feet). Therefore, approval for an unorthodox location is necessary for the completion of the Mesaverde in this well.

With an estimated recompletion cost of \$125,700 vs. a new drill well cost of \$300,000, a savings of \$174,300 will be realized by recompleting the existing well rather than drilling a new well. In addition, the recompletion will prevent waste and additional surface disturbance associated with the drilling of a new well.

Gary K. Burch
May 12, 1999



Cross Timbers Oil Company

March 12, 1999

CERTIFIED MAIL

TO: Offset Operators - See Attached

Re: Unorthodox Location
Martinez Gas Com G # 1E
N/2 Section 24-29N-10W
San Juan County, New Mexico

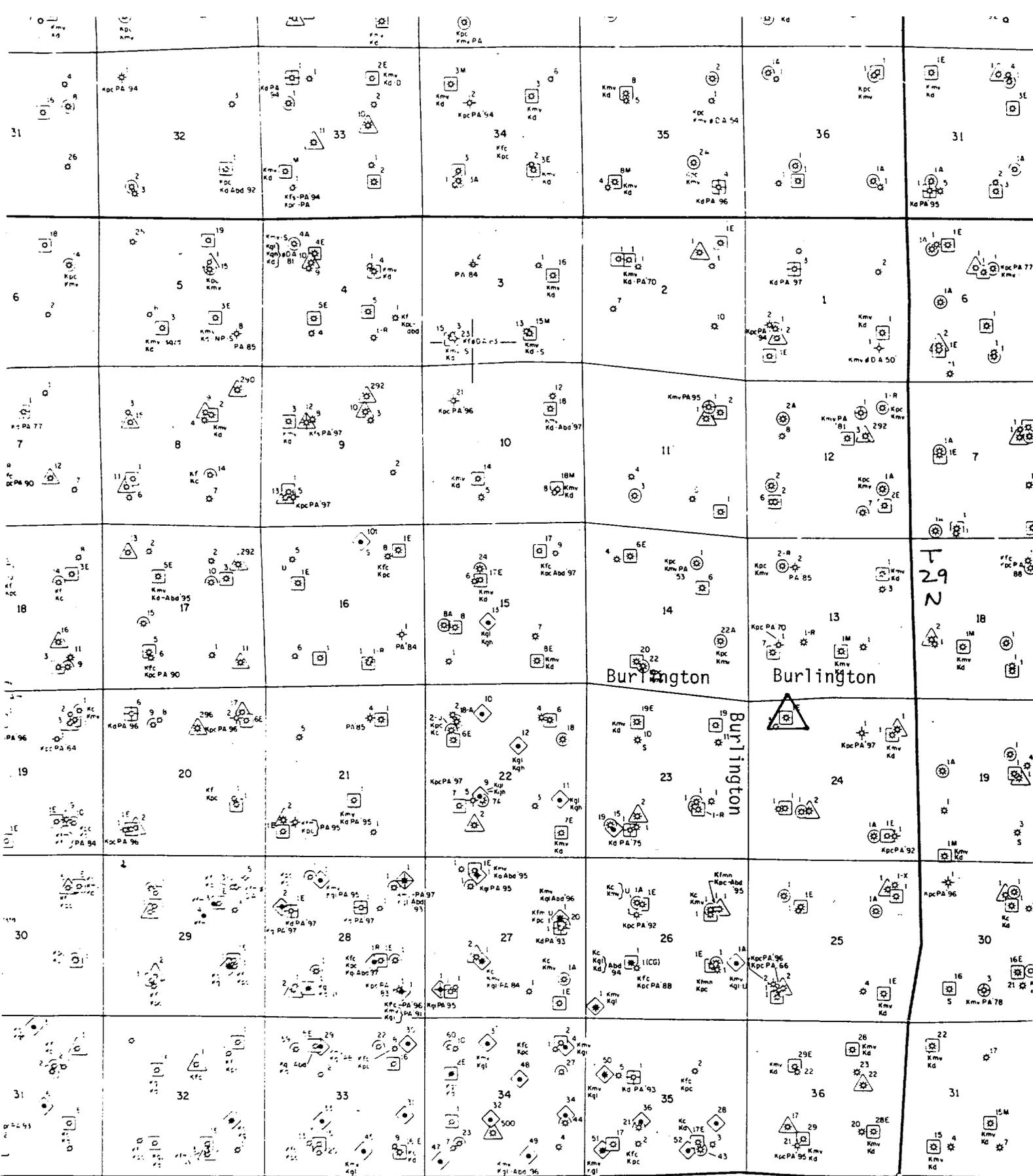
Gentlemen:

Cross Timbers Operating Company filed the attached application for administrative approval of the above Unorthodox Location with the New Mexico Oil Conservation Division on May 12, 1999. If you object to the application, you must file a written objection with the Oil Conservation Division within twenty (20) days of the date the application was filed.

Should you have any questions please feel free to call me at (817)877-2336.

Yours very truly,

Edwin S. Ryan, Jr.



R-10-W

— EXPLANATION —

PRODUCING INTERVAL

- - PERMITS
- - P. LAND
- △ - CLIFF

WELL STATUS

- - GAS WELL
- - OIL WELL
- - TEST TEMPORARILY ABANDONED
- T - TEMPORARILY ABANDONED
- A - PERMANENTLY ABANDONED
- D - DISCONNECTED

WELL HI

- 2 - PICTURED CLIFF NO PRODUCTION
- NP-81

OFFSET OPERATORS
MARTINEZ GAS COM G #1E
N/2 SECTION 24-29N-10W
SAN JUAN COUNTY, NM

Burlington Resources Oil & Gas Company
P.O. Box 4289
Farmington, New Mexico 87499