



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

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

July 26, 1999

Cross Timbers Operating Company
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298
Attention: George A. Cox

Telefax No. (817) 870-1671

Administrative Order NSL-1225-A

Dear Mr. Cox:

Reference is made to the following: (i) your application dated June 16, 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 a non-standard Gallup gas well location for the existing Jack Frost "D" Well No. 1-E (API No. 30-045-24667), located 580 feet from the South line and 1850 feet from the West line (Unit N) of Section 26, Township 27 North, Range 10 West, NMPM, Undesignated Angels Peak-Gallup Associated Pool, San Juan County, New Mexico.

According to the Division's well records the Jack Frost "D" Well No. 1-E was initially drilled in 1981 by Amoco Production Company and completed in the Basin-Dakota Pool. By Division Administrative Order NSL-1225, dated July 17, 1980, this location was approved as an unorthodox infill gas well in the Basin-Dakota Pool within an existing standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 26.

It is our understanding that Cross Timbers intends to recompleat this wellbore up-hole into the Gallup formation in an attempt to establish gas production and then plans to proceed to downhole commingle gas production from both the Basin-Dakota and Angels Peak-Gallup intervals.

Further, the W/2 of Section 26 is also to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Undesignated Angels Peak-Gallup Associated Pool.

The location of this well within the Undesignated Angels Peak-Gallup Associated Pool is also considered to be unorthodox, pursuant to Rule 2(b) of the "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico/Special Rules and Regulations for the Angels Peak-Gallup Associated Pool," as promulgated by Division Order No. R-5353, as amended.

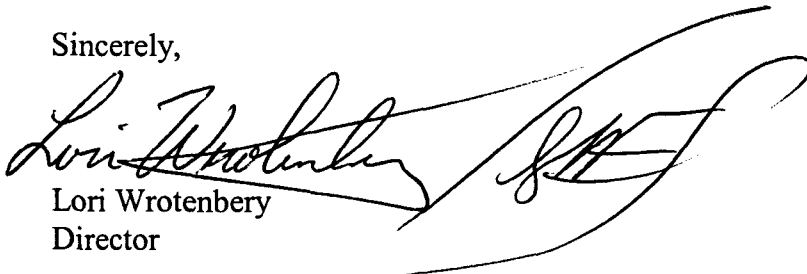
By the authority granted me under the provisions of Rule 2(c) of these special pool rules, the above-described unorthodox Gallup gas well location for the Jack Frost "D" Well No. 1-E is hereby approved.

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Once the Gallup interval in this well is successfully completed and should the completion be classified an "oil well", the operator shall seek an amendment to this order pursuant to Rules 2(b) and (c) of these special rules.

Division Administrative Order NSL-1225 shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or second signature.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-1225