

EXHIBIT 2

2

FINALIZED NOTICE OF PROPOSED ENLARGEMENT SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT

Cross Timbers Operating Company, the unit operator, proposes to enlarge the Southeast Maljamar Grayburg-San Andres Unit as allowed by Section 3.6 of the Unit Agreement.

Unit Area: The enlarged unit area shall comprise the following lands:

Township 17 South, Range 33 East, NMPM, Lea County New Mexico

Section 29: All except NE/4 NE/4

Section 30: E/2

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

The unit area is being enlarged to include the following lease, which is included in the above described unit area:

<u>Lessor</u>	<u>Lease #</u>	<u>Description</u>
USA	NM-94189	SW/4 SE/4 Sec. 30-T17S-R33E

Basis for Enlargement:

See attached Engineering and Geological Data.

Exhibits to Unit Agreement:

Attached hereto are revised Exhibits "A", "B" and "C" to the Unit Agreement. The tract participations of existing unit tracts remain in the same ratio one to another after enlargement as before enlargement.

Effective Date:

The effective date of enlargement shall be the first day of the month after approvals for the enlargement are granted by the Commissioner of Public Lands, the Bureau of Land Management and the Oil Conservation Division.

SOUTHEAST MALJAMAR-GRAYBURG-SAN ANDRES UNIT PROPOSED UNIT EXPANSION

Cross Timbers Oil Company (CTOC) proposes to expand the Southeast Maljamar Grayburg San Andres Unit (SEMGSAU) to include one additional lease that CTOC operates. We believe the addition of this lease to the unit will enhance both unit production as well as the individual lease production. Current plans are to drill additional wells in the unit and on the one lease to be included in the unit. At the same time, the waterflood will expand to include the new lease and the areas in the unit that are being infill drilled. If we assume the same secondary to primary ratio for the new tract (lease), then an additional 281 MBO can be recovered by pulling this lease into the unit. This will also improve waterflood performance within the unit by enabling CTOC to complete additional flood patterns. We believe this is the most prudent way to improve unit and lease performance. Attached are maps showing pertinent engineering and geological data to support our request. In addition, a table showing the anticipated additional oil recovery due to the expansion is provided for your review.

Cross Timbers Oil Company also proposes to adjust the developed acreage tract factor for tract 10 within the unit. In the last ratified unit expansion, the 80 acre tract was only developed on 40 acres. Since that time, an additional well has been drilled within the tract thus increasing the developed acreage from 40 acres to 80 acres. This increase brings the acreage and developed acreage for the tract equal at 80 acres therefore necessitating the change in the acreage tract factor.

A table showing the current unit tract factors and the new unit tract factors with the change to tract 10 and the unit addition have been attached. The same parameters used in the original unit agreement were also used to calculate the new tract factors.

SOUTHEAST MALJAMAR GRAYBURG / SAN ANDRES UNIT
PROPOSED UNIT EXPANSION SECONDARY RESERVE PROJECTIONS

RATIOS

CURRENT UNIT AREA ULIMATE PRIMARY PRODUCTION-	3,106 MBO
PROJECTED ULIMATE RECOVERY FROM THE UNIT-	5,364 MBO
SECONDARY RECOVERY FROM THE UNIT $5,364 - 3,106 =$	2,258 MBO
SECONDARY TO PRIMARY RATIO-	0.72698

SECONDARY RECOVERY (PROPOSED UNIT EXPANSION)

ULTIMATE PRIMARY PRODUCTION FROM TRACT TRACT TO BE ADDED TO THE UNIT-	386 MBO
ASSUMING THE SAME RATIO FOR THE NEW TRACT SECONDARY RECOVERY FROM THE NEW TRACT	281 MBO
ASSUMING A ONE TO ONE SECONDARY TO PRIMARY RATIO SECONDARY RECOVERY FROM THE NER TRACT	386 MBO

SOUTHEAST MALJAMAR GREYBURG / SAN ANDRES UNIT

TRACT ULTIMATE PRIMARY PRODUCTION AND ACREAGE

CALCULATION OF NEW TRACT PARTICIPATION FACTORS

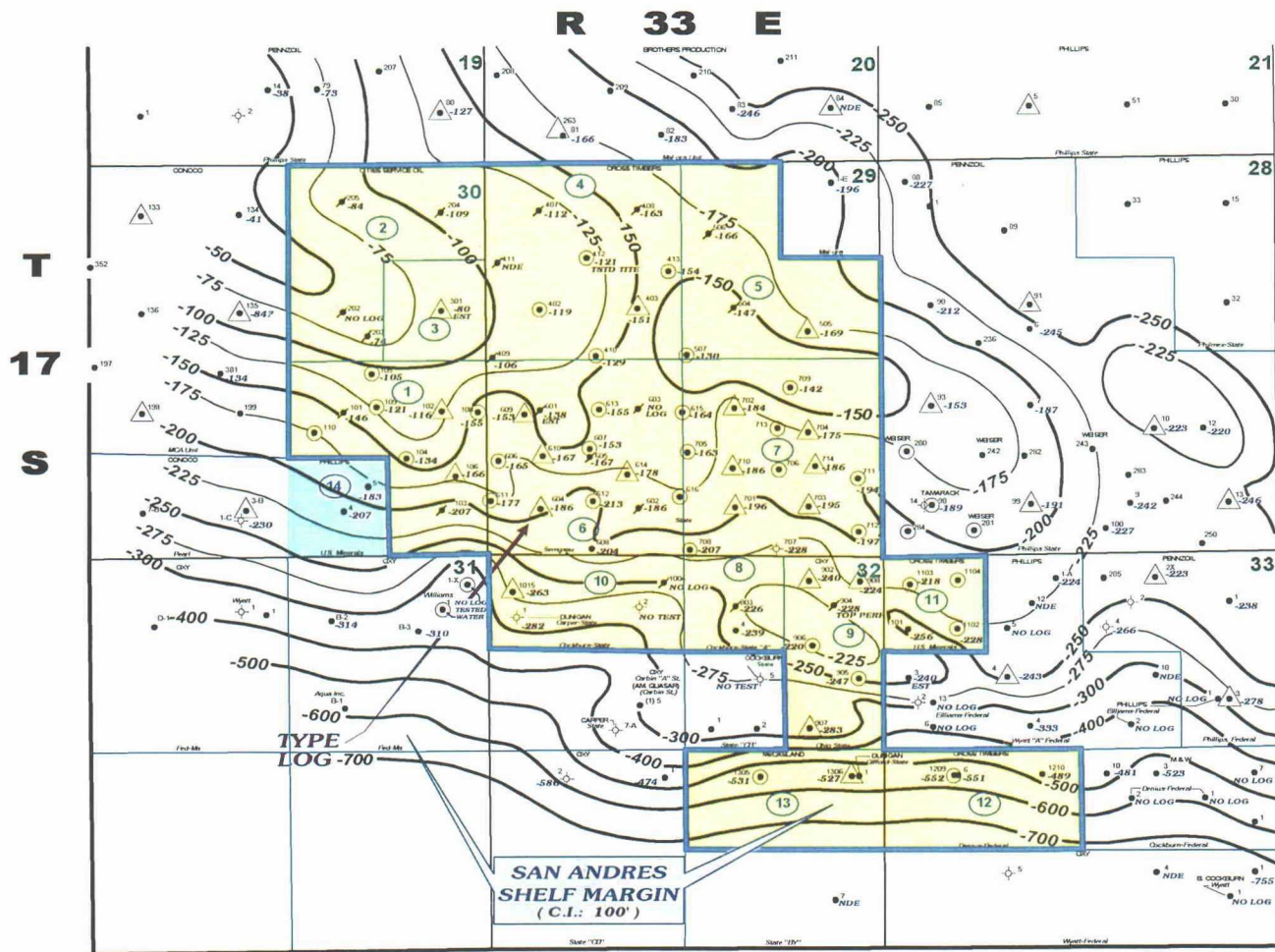
TRACT No.	TRACT ACREAGE	TRACT DEVELOPED ACREAGE	TRACT ULTIMATE PRIMARY	NEW			NEW TRACT DEVELOPED ACREAGE	NEW TRACT FACTOR	OLD TRACT FACTOR	DELTA
				90% TRACT ULTIMATE PRIMARY	5% TRACT ACREAGE	5% TRACT ACREAGE				
1	120	120	484,383	0.12485	0.00455	0.00455	0.00455	13.394397%	14.988906%	-1.6%
2	120	120	42,183	0.01087	0.00455	0.00455	0.00455	1.996387%	2.174986%	-0.2%
3	40	40	100,061	0.02579	0.00152	0.00152	0.00152	2.882172%	3.217074%	-0.3%
4	160	160	126,650	0.03264	0.00606	0.00606	0.00606	4.476612%	4.940182%	-0.5%
5	120	120	48,049	0.01238	0.00455	0.00455	0.00455	2.147587%	2.344968%	-0.2%
6	160	160	642,864	0.16570	0.00606	0.00606	0.00606	17.782385%	19.898855%	-2.1%
7	160	160	624,736	0.16103	0.00606	0.00606	0.00606	17.315123%	19.373548%	-2.1%
8	40	40	209,018	0.05388	0.00152	0.00152	0.00152	5.690614%	6.374393%	-0.7%
9	80	80	239,266	0.06167	0.00303	0.00303	0.00303	6.773307%	7.568449%	-0.8%
10*	80	80	51,923	0.01338	0.00303	0.00303	0.00303	1.944412%	1.978397%	0.0%
11	40	40	124,419	0.03207	0.00152	0.00152	0.00152	3.510016%	3.922912%	-0.4%
12	80	80	198,323	0.05112	0.00303	0.00303	0.00303	5.717973%	6.382017%	-0.7%
13	80	80	213,966	0.05515	0.00303	0.00303	0.00303	6.121182%	6.835314%	-0.7%
TOTAL	1280	1280	3,105,841						100.00%	-10.2%
ADD										
14	40	40	385,821	0.09945	0.00152	0.00152	0.00152	10.247833%		10.2%
TOTAL	1320	1320	3,491,662	0.900	0.050	0.050	0.050	100%		0.0%

* ADJUSTED TRACT FACTOR. IN THE LAST RATIFIED UNIT EXPANSION, THE 80 ACRE TRACT FACTOR FOR TRACT 10 WAS DEVELOPED ON 40 ACRES. SINCE THAT TIME, AN ADDITIONAL WELL HAS BEEN DRILLED WITHIN THE TRACT THUS INCREASING THE DEVELOPED ACREAGE FROM 40 ACRES TO 80 ACRES. THIS INCREASE BRINGS THE ACREAGE AND DEVELOPED ACREAGE FOR TRACT 10 EQUAL AT 80 ACRES APIECE.

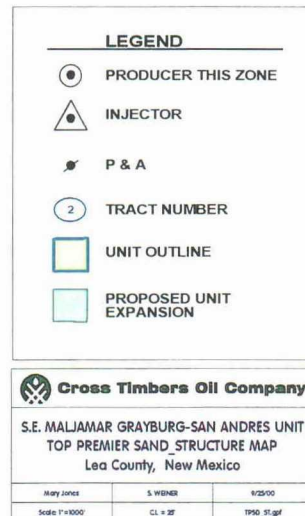
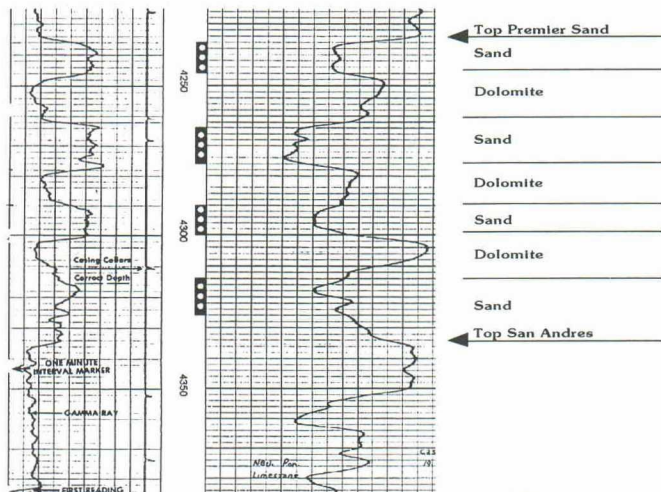
GEOLOGIC DISCUSSION

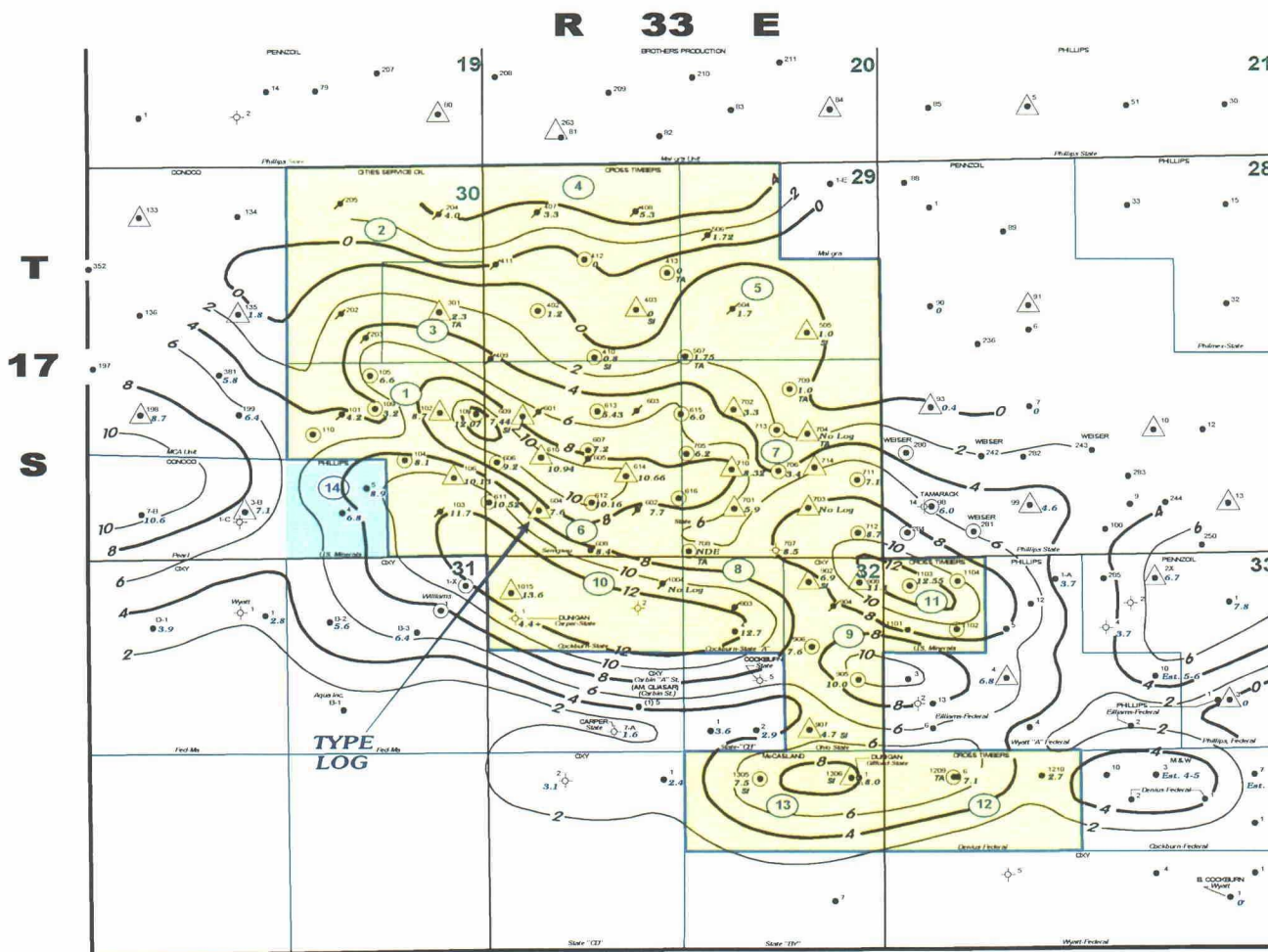
**Proposed Unit Revision,
Southeast Maljamar Grayburg-San Andres Unit
T-17-S, R-33-E, Lea County, New Mexico
Cross Timbers Oil Company, Operator**

Subsurface geological maps of the Southeast Maljamar Grayburg-San Andres Unit indicate that the Premier Sand pay interval extends beyond the current unit boundaries. The attached Premier Net Sand and Premier Phi-H (pore-foot) maps show that the sand in the proposed new tract is connected to the sand in the unit. This Premier pay could be further developed, and more efficiently produced, if it was part of the unit.

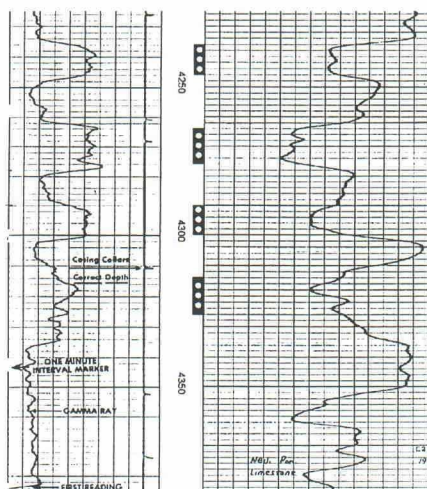


**TYPE LOG
604**





TYPE LOG # 604



← Top Premier Sand
 Sand
 Dolomite
 Sand
 Dolomite
 Sand
 Dolomite
 Sand
 ← Top San Andres



Scale 1:30211.76

1000. 0. 1000. 2000. 3000. 4000. 5000. feet

LEGEND

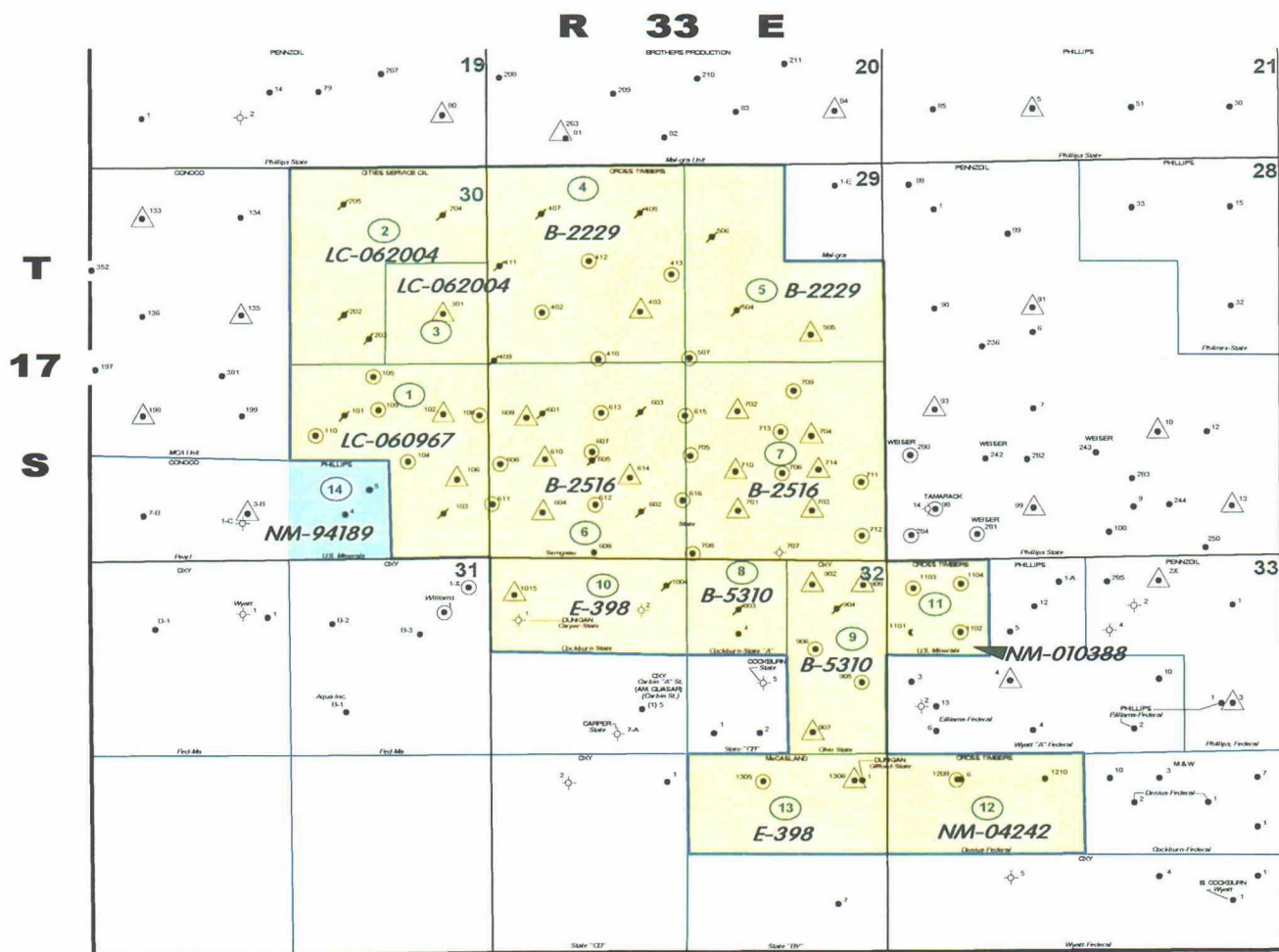
- PRODUCER THIS ZONE
- ▲ INJECTOR
- P & A
- 2 TRACT NUMBER
- UNIT OUTLINE
- PROPOSED UNIT EXPANSION



Cross Timbers Oil Company

S.E. MALJAMAR GRAYBURG-SAN ANDRES UNIT
PREMIER SAND PORE-FEET
Lea County, New Mexico

Mary Jones	S. WEINER	6/4/00
Scale 1"=1000'	CL = 2	PST.gif



LEGEND

- PRODUCER THIS ZONE
- INJECTOR
- P & A
- TRACT NUMBER
- UNIT OUTLINE
- PROPOSED UNIT EXPANSION

B-2516 LEASE NUMBER

Cross Timbers Oil Company

S.E. MALIJAR GRAYBURG-SAN ANDRES UNIT
REVISED EXHIBIT "A" - AUGUST 15, 2000
Lea County, New Mexico

Drawn by: J.E.	THEYLLER	8/15/00
Scale: 1"=1000'		LARR

Revised
Exhibit "B"
August 15, 2000

SOUTHEAST MALJAMAR GRAYBURG/SAN ANDRES UNIT
LEA COUNTY, NEW MEXICO

Tract Number	Description of Land	# Acres	Lease #	Basic Royalty and Ownership Percentage	Lessee of Record	ORR Owner and Production Payment Owner	ORR/PP	Amount of ORR/PP	W/O	Amount of WI	Percent of Participation in Unit Phase II Eff
1	N/2 SE/4, SE/4 SE/4 Sec 30-T17S-R33E	120	LC-060967 HBP	US-Sch D	Phillips Petroleum Company	Billy Frank Bunting Robert H. Bunting Charles Brice Dowailby James M. Dowailby Mary Evelyn Roberts Betty B. Thompson David H & Gay B Bell Trust	ORRI ORRI ORRI ORRI ORRI ORRI ORRI	.0010416 .0010416 .0020837 .0020837 .0083327 .0010417 .0031250	Cross Timbers Oil Company	100.000000%	13.394397% (91/70)
2	N/2 NE/4, SW/4 NE/4 Sec 30-T17S-R33E	120	LC-062004 HBP	US - 12½%	Oxy USA Inc.	None	None	None	Cross Timbers Oil Company	100.000000%	1.996387%
3	SE/4 NE/4 Sec 30-T17S-R33E	40	LC-062004 HBP	US - 12½%	Oxy USA Inc.	None	None	None	Cross Timbers Oil Company	100.000000%	2.882172%
4	NW/4 Sec 29-T17S-R33E	160	B-2229	State - 12½%	Phillips Petroleum Company	None	None	None	Cross Timbers Oil Company	100.000000%	4.476612%
5	W/2 NE/4, SE/4 NE/4 Sec 29-T17S-R33E	120	B-2229	State - 12½%	Phillips Petroleum Company	Cross Timbers Oil Company Cross Timbers Oil Company Everette R. Jones, Jr. Reuben I. Wolfson Properties Sam Wolfson Oscar A. Bourg, Jr. Bourg Heirs Blind Trust	ORRI ORRI ORRI ORRI ORRI ORRI ORRI	.0546875 .0273438 (1) .0104167 (2) .0213623 (1) (3) .0213623 (1) (3) .0012207 (1) (3) .0048828 (1) (3)	Cross Timbers Oil Company	100.000000%	2.147587%
6	SW/4 Sec 29-T17S-R33E	160	B-2516	State - 12½%	Oxy USA Inc.	Shirley C. Childress John E. Cochran Cross Timbers Oil Company	ORRI ORRI ORRI	.0078125 .0078125 .109375	Cross Timbers Oil Company	100.000000%	17.782385%
7	SE/4 Sec 29-T17S-R33E	160	B-2516	State - 12½%	Shell Oil Company	None	None	None	Cross Timbers Oil Company	100.000000%	17.315123%
8	NW/4 NE/4 Sec 32-T17S-R33E	40	B-5310	State - 12½%	Oxy USA Inc.	R. G. Barton & O. Barton Kelly H. Baxter John William McDonald David Graham McDonald Suzanne M. Chambers Milton M. Krasne	ORRI ORRI ORRI ORRI ORRI ORRI ORRI	.0093375 .003125 .0010416 .0010417 .0010417 .003125 .01875	Cross Timbers Oil Company	100.000000%	5.690614%

SOUTHEAST MALJAMAR GRAYBURG/SAN ANDRES UNIT
LEA COUNTY, NEW MEXICO

Tract Number	Description of Land	# Acres	Lease #	Basic Royalty and Ownership Percentage	Lessee of Record	ORR Owner and Production Payment Owner	ORR/PP	Amount of ORR/PP	WIO	Amount of WI	Percent of Participation in Unit Phase II - EII (9/1/70)
14	SW/4 SE/4 Sec 30-117S-R33E	40	NM94189 HBP	US - 12½%	Phillips Petroleum Company	Billy Frank Bunting Robert H. Bunting Charles B. Dowalby James M. Dowalby Mary Evelyn Roberts Betty B. Thompson David H & Gay B Bell Trust	ORRI ORRI ORRI ORRI ORRI ORRI ORRI	.0010416 .0010416 .0020837 .0020837 .0083327 .0010417 .0031250 .01875	Cross Timbers Oil Company	100.000000%	10.247833%

Summary

Current Unit Acres	1,280	
Proposed Expansion (Tract 14)	40	
TOTAL	1,320	33.3333333%
6 Federal Tracts	440	
8 State Tracts	880	66.666667%
TOTAL	1,320	100.000000%

- (1) These ORRI figures are based on average daily production of oil per well being less than 15 BO computed on a monthly basis.
- (2) To be increased to .03125 after 86,000 barrels of oil have been produced from this lease from depths above 4,500'.
- (3) In the assignment to Carper Drilling Company, Inc., dated April 22, 1965, but effective April 1, 1965, recorded in Book 237 at page 188 of the Oil and Gas Records of Lea County, Wolfson Oil Company, a partnership composed of Sam Wolfson and Reuben I Wolfson, joined by their wives Ruth Ann Wolfson and Sarah Wolfson, and Oscar A. Bourg, and Marie Eugenie Bourg, his wife, reserved an overriding royalty equal to the difference between the interest assigned to Carper and the .75520833 net interest in production owned by them, 7/8 by Wolfson Oil Company and 1/8 by Oscar A. Bourg. The interest of .75520833 would be increased by .02734375 as to any well from which the average daily production of oil averaged on a monthly basis is less than 15 barrels and decreased by .02083333 after the production of the first 86,000 barrels of oil.

REVISED
EXHIBIT "C"
August 15, 2000

<u>Tract Number</u>	<u>Percent of Participation in Unit Phase II (eff. 9/1/70)</u>
1	13.394397%
2	1.996387%
3	2.882172%
4	4.476612%
5	2.147587%
6	17.782385%
7	17.315123%
8	5.690614%
9	6.773307%
10	1.944412%
11	3.510016%
12	5.717973%
13	6.121182%
14	<u>10.247833%</u> 100.000000%

Amended Plan of Operations

We expect to drill several new producers and injectors to expand the waterflood in the unit. An expansion of the waterflood injection capacity and distribution system will be required. Our specific plan of operation for the tract during 2001 is as follows.

U.S. Minerals (Proposed Unit Tract No. 14)

- Convert well No. 5 to water injection.
- Drill an offset producer to the new water injection well.

Any additional wells drilled during 2001 and beyond will be dependent upon the results of the initial waterflood expansion. Potentially the expanded tract in the Waterflood unit could contain an additional water injector and three oil producers.

Re-Designation of Well Names and Numbers

<u>Old Well Names & No.</u>	<u>New Tract No.</u>	<u>New Well No.</u>
U.S. Minerals #4	14	1404
U.S. Minerals #5	14	1405