

COMMISSIONER'S OFFICE

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ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

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Phone (505) 827-1245

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COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

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ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

October 18, 2001

Cross Timbers Oil Company
810 Houston St., Suite 2000
Fort Worth, Texas 76102-6298

Attention: Mr. Tim Welch

Re: Southeast Maljamar Grayburg-San Andres Unit
Second Expansion
Lea County, New Mexico

Dear Mr. Welch:

We have reviewed your final application for the second enlargement of the Southeast Maljamar Grayburg-San Andres Unit, Lea County, New Mexico. The Commissioner of Public Lands hereby grants Cross Timbers Oil Company final approval to expand the boundaries of the above captioned unit. Also approved is the attached amended plan of operation. Our approval is subject to like approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.

It is our understanding that the following lands containing an additional 40.00 acres will be added to the existing unit area:

Township 17 South, Range 33 East
Section 30: SW/4SE/4

The total acreage in the Southeast Maljamar Grayburg-San Andres Unit following the second expansion is now 1,320.00 acres.

Your letter of September 25, 2001 advises that XTO Energy is now the successor unit operator for this unit. Pursuant to Articles 7 and 8 of the Southeast Maljamar Grayburg-San Andres Unit Agreement, please submit a resignation/designation of successor unit operator to this office for our approval.

Your \$30.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/IB/pm

pc: Reader File,
Commissioner's File

BLM-Roswell Attn: Mr. Armando Lopez NMOCD-Attention: Mr. Roy Johnson

"WE WORK FOR EDUCATION"
P.O. Box 1148 Santa Fe, New Mexico 87504-1148

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

**IN THE MATTER OF THE
HEARING CALLED BY THE
OIL CONSERVATION DIVISION
FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12658
ORDERS NO. R-3130-B and R-3134-D**

**APPLICATION OF CROSS TIMBERS OIL COMPANY FOR UNIT EXPANSION,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 17, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th of September, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Cross Timbers Oil Company ("Cross Timbers"), is the designated operator of the Southeast Maljamar Grayburg-San Andres Unit ("Unit"), which comprises approximately 1,280 acres, more or less, of State and Federal lands underlying the following-described area in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 29: NW/4 NE/4, S/2 NE/4, W/2, and SE/4

Section 30: NE/4, N/2 SE/4, and SE/4 SE/4

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

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

(3) The unitized formation is from the top of the Grayburg formation down to 100 feet below the top of the San Andres formation. The Maljamar Grayburg-San Andres Pool within the Unit is governed by the Division Rules 104.B (1) and 104.F (1), with development on standard 40-acre spacing units with wells to be located no closer than 330

feet to the boundary of the unitized area nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(4) The Unit, which originally comprised 1080 acres of State and Federal lands, was approved by Division Order No. R-3130, issued in Case No. 3461 on October 4, 1966, for the purpose of conducting a waterflood project in the Maljamar Grayburg-San Andres Pool. The waterflood project was approved by Division Order No. R-3134, issued in Case No. 3462 on October 14, 1966. The Unit was expanded to its present size by Division Orders No. R-3130-A and R-3134-C, issued in Case No. 11742 on March 31, 1997.

(5) At this time Cross Timbers seeks to expand the Unit to include one additional 40-acre tract of Federal land, Unit Tract No. 14 (Lease No. NM-94189), comprising the SW/4 SE/4 of Section 30, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico. The Unit area, after expansion, will comprise a total area of 1320 acres [440 acres of Federal land (33.33%) and 880 acres of State land (66.67%)], and is further described on Exhibit "A" attached hereto.

(6) Any order issued in this case extending the boundary of the Southeast Maljamar Grayburg-San Andres Unit will also extend the governing rules of the Unit, as expanded, to the waterflood project in the Unit area.

(7) The only working interest or cost-bearing interest owner in the Unit, as expanded, is Cross Timbers, which has ratified the Unit expansion.

(8) The royalty interest owners in the Unit, the Commissioner of Public Lands of the State of New Mexico and the Bureau of Land Management of the United States Department of Interior have approved the expansion of the Unit.

(9) There are seven overriding royalty interest owners in the tract to be added to the Unit, all of whom have ratified expansion of the Unit.

(10) There are numerous overriding royalty interest owners in the three tracts added to the Unit in its first expansion (Case No. 11742). A number of those overriding royalty interest owners did not ratify the first expansion of the Unit. Those who have not ratified the expansion of the Unit will continue to be paid on a lease basis by the Unit operator.

(11) Due to the differences in overriding royalty ownership in the three tracts added to the Unit in its first expansion, Orders No. R-3130-A and R3134-C imposed well location restrictions on wells drilled or recompleted in the expanded Unit that offset Unit Tracts No. 11 through 13. Those restrictions should be retained by this order.

(12) The applicant presented evidence that the existing Unit Area will produce approximately 5,364,000 barrels of oil from the Maljamar Grayburg-San Andres Pool, with 42% of the production being secondary oil. It was further estimated that ultimate primary production from the tract being added to the Unit would be 386,000 barrels of oil. If the ratio of secondary to primary oil recovery from the expanded Unit area remains the same as for the existing Unit Area, expanding the Unit will allow the recovery of an additional 281,000 barrels of oil.

(13) The original Unit Agreement, approved in 1966 by Division Order No. R-3130, is not being amended by the applicant, other than to revise the following:

(i) Exhibit "A", being a map of the boundary of the Unit Area and the boundaries and identity of tracts and leases within the Unit Area;

(ii) Exhibit "B", being a schedule showing the percentage and type of ownership of oil and gas interests in all land in the Unit Area; and,

(iii) Exhibit "C", being a schedule of the Tract Participation percentages for each tract during Phase II.

(14) The Phase II tract participation formula in the Unit Agreement is being used to allocate production among the tracts in the expanded Unit area, and the formula is fair and equitable.

(15) All plans of development and operation, expansions or contractions of participating areas, or expansions or contractions of the Unit area should be submitted to the Director of the Division for approval.

(16) Approval of the Unit Agreement, as amended by the revised Exhibits A, B, and C thereto, should promote the prevention of waste and the protection of correlative rights within the expanded Unit area.

IT IS THEREFORE ORDERED THAT:

(1) The application of Cross Timbers Oil Company ("Cross Timbers") to expand its Southeast Maljamar Grayburg-San Andres Unit ("Unit") to include a 40-acre tract of Federal land, Unit Tract No. 14 (Lease No. NM-94189) comprising the SW 1/4 SE 1/4 of Section 30, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby approved.

(2) The Unit area, after this second expansion, will comprise a total area of 1320 acres, being 440 acres of Federal land (33.33%) and 880 acres of State land (66.67%), for oil and gas produced from the top of the Grayburg formation to 100 feet below the top of the San Andres formation, and is further described on Exhibit "A" attached hereto.

(3) The plan contained in the Unit Agreement for the development and operation of the expanded Unit area is hereby approved in principle as a proper conservation measure. Notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now or may hereafter be vested in the Division to supervise and control operations for the Unit and production of oil and gas therefrom.

(4) No well may be drilled or recompleted in the Maljamar Grayburg-San Andres Pool within 330 feet of:

(a) the boundary between the original Unit Area (Unit Tracts No. 1 through 10) and Unit Tracts No. 11, 12, and 13;
or

(b) the boundary between Unit Tracts No. 12 and 13.

(5) In the event of subsequent joinder by any other party, or expansion or contraction of the Unit Area, the Unit operator shall file with the Division, within 30 days thereafter, counterparts of the Unit Agreement or ratification of same reflecting the subscription of those interests having joined or ratified.

(6) All plans of development and operation, any further expansions or contractions of Unit participating areas and expansions or contractions of the Unit area shall be submitted to the Director of the Division for approval.

(7) This order shall be effective upon the first day of the month following approval by the Commissioner of Public Lands of the State of New Mexico and the appropriate agency of the United States Department of Interior. This order shall terminate upon the termination of said Unit Agreement, and the last Unit operator shall notify the Division immediately in writing of such termination.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director

EXHIBIT "A"
CASE NO. 12658
ORDER NOS. R-3130-B AND R-3134-D
SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT AGREEMENT
CROSS TIMBERS OIL COMPANY
LEA COUNTY, NEW MEXICO

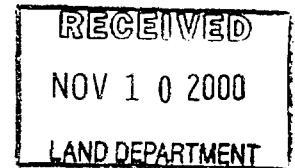
TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 29: NW/4 NE/4, S/2 NE/4, W/2, and SE/4
Section 30: E/2
Section 32: N/2 NE/4, SE/4 NE/4, N/2 NW/4, and N/2 SE/4
Section 33: NW/4 NW/4 and N/2 SW/4.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSSELL FIELD OFFICE
2909 West Second Street
Roswell, New Mexico 88201-2019



IN REPLY REFER
NMNM71040X
3180 (06300)

NOV 08 2000

Cross Timbers Operating Company
Attention: Tim Welch
810 Houston Street, Suite 2000
Fort Worth, TX 76102-6298

Gentlemen:

Your application for the second expansion of the Southeast Maljamar Grayburg-San Andres Unit No. NMNM71040X, Lea County, New Mexico, has been approved as of this date. Approval of the second expansion, effective as of the first day of the month after approval for the expansion is granted by the Commissioner of Public Lands, the BLM, and the NMOCD, increases the size of the unit from 1280.00 acres to 1320.00 acres.

You are requested to furnish the Commissioner of Public Lands, the New Mexico Oil Conservation Division, and other interested principals with appropriate evidence of this approval.

Sincerely,

Larry D. Bray
Assistant Field Manager,
Lands and Minerals



12658

October 1, 2001

Commissioner of Public Lands
New Mexico State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Mr. Pete Martinez

Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88201-2019
Attn: Mr. Armando Lopez

New Mexico Oil Conservation Division ✓
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Mr. Roy Johnson

**Re: Southeast Maljamar Grayburg-San Andres Unit
Second Expansion
Lea County, New Mexico**

Gentlemen:

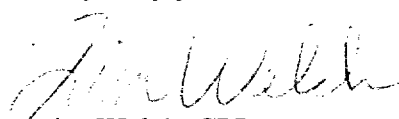
Please be advised that we have received final approval from all the above entities for the second expansion of the captioned unit. The effective date will be November 1, 2001.

Mr. Pete Martinez is in the process of preparing and sending me Certificates of Effectiveness. Upon receipt of the Certificates, I will record same and provide each of you with a recorded copy.

Please note that Cross Timbers Operating Company and Cross Timbers Oil Company changed their name, effective June 1, 2001, to XTO Energy Inc. For your records, I have attached a **Change of Operator Name** (form C-104B) approved by the NMOCD.

Thank you for your help in this matter and please call me at (817) 885-2661 if you have any questions.

Very truly yours,


Tim Welch, CPL
Senior Landman

Enclosures



September 25, 2001

Mr. Pete Martinez
Oil, Gas & Minerals Division
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

FEDERAL EXPRESS --

**Re: Final Approval of Proposed Enlargement (second expansion)
Southeast Maljamar Grayburg-San Andres Unit
Lea County, New Mexico**

Dear Mr. Martinez:

XTO Energy Inc., formerly Cross Timbers Oil Company, hereby requests final approval to enlarge the Southeast Maljamar Grayburg-San Andres Unit as provided for under Article 3.6 of Unit Agreement dated May 2, 1966. XTO Energy Inc. owns 100% of the working interest in the proposed enlarged unit.

Enclosed for your review are the following:

1. Three (3) copies of finalized "Notice of Proposed Enlargement", including amended Plan of Operation for **Tract 14**, Re-designation of the well names and numbers and revised Exhibits "A", "B" and "C".
2. Copy of letter dated January 11, 2001, to the seven (7) overriding royalty owners in **Tract 14**, which is being brought into the unit.
3. Copies of Ratifications from the all seven (7) overriding royalty owners in **Tract 14**: Billy Frank Bunting, Robert H. Bunting, Charles B. Dowaliby, James M. Dowaliby, Jr., Mary Evelyn Roberts, Betty M. Thompson, and David H. & Gay B. Bell Trust. **Tract 14** has qualified to be included in the unit and all ORRI owners have ratified the Unit Agreement.
4. Original of Ratification from Cross Timbers Oil Company, now XTO Energy Inc., which owns 100% of the working interest in **Tract 14**.
5. Original of Ratification from Phillips Petroleum Company which is the Lessee of Record in **Tract 14**.

Page 2
September 25, 2001
Request for Final Approval of Proposed Enlargement
Southeast Maljamar Grayburg-San Andres Unit

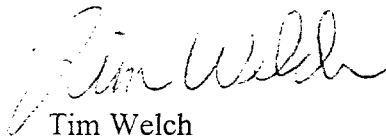
6. Copy of approval letter of the Proposed Enlargement from the BLM and a copy of the preliminary approval letter from the Commissioner of Public Lands. --
7. Copy of Unit Operating Agreement. There are no changes.
8. Copy of Case No. 12658 (Orders No. R-3130-B and 3134-D) dated September 19, 2001 wherein the New Mexico Oil Conservation Division approved the application of Cross Timbers Oil Company, now XTO Energy Inc., to expand the subject unit to include **Tract 14**.
9. Thirty dollar (\$30.00) filing fee to the State of New Mexico.

Effective June 1, 2001, Cross Timbers Oil Company changed its name to XTO Energy Inc.

We look forward to final approval and please let me know if you need any additional information. My telephone number is (817) 885-2661.

Thanks again for your consideration in this matter.

Very truly yours,



Tim Welch
Senior Landman
XTO Energy Inc.

Enclosures

cc: Mr. Roy Johnson ✓
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Mr. Armando Lopez
Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88201

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

IN THE MATTER OF THE
HEARING CALLED BY THE
OIL CONSERVATION DIVISION
FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12658
ORDERS NO. R-3130-B and R-3134-D

APPLICATION OF CROSS TIMBERS OIL COMPANY FOR UNIT EXPANSION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 17, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th of September, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Cross Timbers Oil Company ("Cross Timbers"), is the designated operator of the Southeast Maljamar Grayburg-San Andres Unit ("Unit"), which comprises approximately 1,280 acres, more or less, of State and Federal lands underlying the following-described area in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 29: NW/4 NE 4, S/2 NE/4, W/2, and SE/4

Section 30: NE/4, N/2 SE 4, and SE/4 SE/4

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

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

(3) The unitized formation is from the top of the Grayburg formation down to 100 feet below the top of the San Andres formation. The Maljamar Grayburg-San Andres Pool within the Unit is governed by the Division Rules 104.B (1) and 104.F (1), with development on standard 40-acre spacing units with wells to be located no closer than 330

feet to the boundary of the unitized area nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(4) The Unit, which originally comprised 1080 acres of State and Federal lands, was approved by Division Order No. R-3130, issued in Case No. 3461 on October 4, 1966, for the purpose of conducting a waterflood project in the Maljamar Grayburg-San Andres Pool. The waterflood project was approved by Division Order No. R-3134, issued in Case No. 3462 on October 14, 1966. The Unit was expanded to its present size by Division Orders No. R-3130-A and R-3134-C, issued in Case No. 11742 on March 31, 1997.

(5) At this time Cross Timbers seeks to expand the Unit to include one additional 40-acre tract of Federal land, Unit Tract No. 14 (Lease No. NM-94189), comprising the SW/4 SE/4 of Section 30, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico. The Unit area, after expansion, will comprise a total area of 1320 acres [440 acres of Federal land (33.33%) and 880 acres of State land (66.67%)], and is further described on Exhibit "A" attached hereto.

(6) Any order issued in this case extending the boundary of the Southeast Maljamar Grayburg-San Andres Unit will also extend the governing rules of the Unit, as expanded, to the waterflood project in the Unit area.

(7) The only working interest or cost-bearing interest owner in the Unit, as expanded, is Cross Timbers, which has ratified the Unit expansion.

(8) The royalty interest owners in the Unit, the Commissioner of Public Lands of the State of New Mexico and the Bureau of Land Management of the United States Department of Interior have approved the expansion of the Unit.

(9) There are seven overriding royalty interest owners in the tract to be added to the Unit, all of whom have ratified expansion of the Unit.

(10) There are numerous overriding royalty interest owners in the three tracts added to the Unit in its first expansion (Case No. 11742). A number of those overriding royalty interest owners did not ratify the first expansion of the Unit. Those who have not ratified the expansion of the Unit will continue to be paid on a lease basis by the Unit operator.

(11) Due to the differences in overriding royalty ownership in the three tracts added to the Unit in its first expansion, Orders No. R-3130-A and R3134-C imposed well location restrictions on wells drilled or recompleted in the expanded Unit that offset Unit Tracts No. 11 through 13. Those restrictions should be retained by this order.

Case No. 12658

Orders No. R-3130-B and R-3134-D

Page 3

(12) The applicant presented evidence that the existing Unit Area will produce approximately 5,364,000 barrels of oil from the Maljamar Grayburg-San Andres Pool, with 42% of the production being secondary oil. It was further estimated that ultimate primary production from the tract being added to the Unit would be 386,000 barrels of oil. If the ratio of secondary to primary oil recovery from the expanded Unit area remains the same as for the existing Unit Area, expanding the Unit will allow the recovery of an additional 281,000 barrels of oil.

(13) The original Unit Agreement, approved in 1966 by Division Order No. R-3130, is not being amended by the applicant, other than to revise the following:

(i) Exhibit "A", being a map of the boundary of the Unit Area and the boundaries and identity of tracts and leases within the Unit Area;

(ii) Exhibit "B", being a schedule showing the percentage and type of ownership of oil and gas interests in all land in the Unit Area; and.

(iii) Exhibit "C", being a schedule of the Tract Participation percentages for each tract during Phase II.

(14) The Phase II tract participation formula in the Unit Agreement is being used to allocate production among the tracts in the expanded Unit area, and the formula is fair and equitable.

(15) All plans of development and operation, expansions or contractions of participating areas, or expansions or contractions of the Unit area should be submitted to the Director of the Division for approval.

(16) Approval of the Unit Agreement, as amended by the revised Exhibits A, B, and C thereto, should promote the prevention of waste and the protection of correlative rights within the expanded Unit area.

IT IS THEREFORE ORDERED THAT:

(1) The application of Cross Timbers Oil Company ("Cross Timbers") to expand its Southeast Maljamar Grayburg-San Andres Unit ("Unit") to include a 40-acre tract of Federal land, Unit Tract No. 14 (Lease No. NM-94189) comprising the SW 1/4 SE 1/4 of Section 30, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby approved.

Case No. 12658

Orders No. R-3130-B and R-3134-D

Page 4

(2) The Unit area, after this second expansion, will comprise a total area of 1320 acres, being 440 acres of Federal land (33.33%) and 880 acres of State land (66.67%), for oil and gas produced from the top of the Grayburg formation to 100 feet below the top of the San Andres formation, and is further described on Exhibit "A" attached hereto.

(3) The plan contained in the Unit Agreement for the development and operation of the expanded Unit area is hereby approved in principle as a proper conservation measure. Notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now or may hereafter be vested in the Division to supervise and control operations for the Unit and production of oil and gas therefrom.

(4) No well may be drilled or recompleted in the Maljamar Grayburg-San Andres Pool within 330 feet of:

(a) the boundary between the original Unit Area (Unit Tracts No. 1 through 10) and Unit Tracts No. 11, 12, and 13;
or

(b) the boundary between Unit Tracts No. 12 and 13.

(5) In the event of subsequent joinder by any other party, or expansion or contraction of the Unit Area, the Unit operator shall file with the Division, within 30 days thereafter, counterparts of the Unit Agreement or ratification of same reflecting the subscription of those interests having joined or ratified.

(6) All plans of development and operation, any further expansions or contractions of Unit participating areas and expansions or contractions of the Unit area shall be submitted to the Director of the Division for approval.

(7) This order shall be effective upon the first day of the month following approval by the Commissioner of Public Lands of the State of New Mexico and the appropriate agency of the United States Department of Interior. This order shall terminate upon the termination of said Unit Agreement, and the last Unit operator shall notify the Division immediately in writing of such termination.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 12658

Orders No. R-3130-B and R-3134-D

Page 5

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director

District I
625 N. French Dr., Hobbs, NM 88240
District II
11 South First, Artesia, NM 88210
District III
300 Rio Brazos Road, Aztec, NM 87410
District IV
220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-104B
March 19, 2001

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 copy of the final affected wells
list along with 1 copy of this form per
number of wells on that list to
appropriate District Office

REC'D. MIDLAND

SEP 12 2001

Change of Operator Name

OGRID: 005380

Effective Date: June 1, 2001

Previous Operator Name and Information:

Name: Cross Timbers Operating Company

Address: 3000 N. Garfield, Suite 175

Address:

City, State, Zip: Midland, TX 79705

New Operator Name and Information:

New Name: XTO Energy Inc.

Address: 3000 N. Garfield, Suite 175

Address:

City, State, Zip: Midland, TX 79705

hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given on
his form and the attached list of wells is true and complete to the best of my knowledge and belief.

Signature: Janice Courtney

Printed name: Janice Courtney

Title: Regulatory Specialist

Date: 8/22/2001 Phone: 915/682-8873

NMOCD Approval

Signature: Paul F. Kaute

Printed Name: PAUL F KAUTE

District: Geologist

Date: SEP 07 2001

WELLS INVOLVED IN NAME CHANGE

AUG 15, 2001

OPERATOR: 5380 CROSS TIMBERS OPER CO

OCD DISTRICT: HOBBS

OPERATOR INITIALS: _____

PROP-
ERTY
3355

WELL NAME	ULSTR	OCD UNIT	LTR	API
SOUTHEAST MALJAMAR GB/SA UNIT #402	E-29-17S-33E	E		30-025-01544
SOUTHEAST MALJAMAR GB/SA UNIT #403	F-29-17S-33E	F		30-025-01545
SOUTHEAST MALJAMAR GB/SA UNIT #410	F-29-17S-33E	F		30-025-26026
SOUTHEAST MALJAMAR GB/SA UNIT #412	D-29-17S-33E	D		30-025-27571
SOUTHEAST MALJAMAR GB/SA UNIT #413	F-29-17S-33E	F		30-025-27565
SOUTHEAST MALJAMAR GB/SA UNIT #505	H-29-17S-33E	H		30-025-01553
SOUTHEAST MALJAMAR GB/SA UNIT #507	G-29-17S-33E	G		30-025-01553
SOUTHEAST MALJAMAR GB/SA UNIT #604	M-29-17S-33E	M		30-025-01542
SOUTHEAST MALJAMAR GB/SA UNIT #606	M-29-17S-33E	M		30-025-26462
SOUTHEAST MALJAMAR GB/SA UNIT #607	K-29-17S-33E	K		30-025-24342
SOUTHEAST MALJAMAR GB/SA UNIT #608	N-29-17S-33E	N		30-025-26957
SOUTHEAST MALJAMAR GB/SA UNIT #609	L-29-17S-33E	L		30-025-31471
SOUTHEAST MALJAMAR GB/SA UNIT #610	M-29-17S-33E	M		30-025-31446
SOUTHEAST MALJAMAR GB/SA UNIT #611	M-29-17S-33E	M		30-025-32888
SOUTHEAST MALJAMAR GB/SA UNIT #612	N-29-17S-33E	N		30-025-32889
SOUTHEAST MALJAMAR GB/SA UNIT #613	K-29-17S-33E	K		30-025-33336
SOUTHEAST MALJAMAR GB/SA UNIT #614	N-29-17S-33E	N		30-025-33337
SOUTHEAST MALJAMAR GB/SA UNIT #615	K-29-17S-33E	K		30-025-33591
SOUTHEAST MALJAMAR GB/SA UNIT #616	N-29-17S-33E	N		30-025-33865
SOUTHEAST MALJAMAR GB/SA UNIT #701	O-29-17S-33E	O		30-025-01548
SOUTHEAST MALJAMAR GB/SA UNIT #702	J-29-17S-33E	J		30-025-08334
SOUTHEAST MALJAMAR GB/SA UNIT #703	P-29-17S-33E	P		30-025-01549
SOUTHEAST MALJAMAR GB/SA UNIT #704	I-29-17S-33E	I		30-025-01550
SOUTHEAST MALJAMAR GB/SA UNIT #705	O-29-17S-33E	O		30-025-23890
SOUTHEAST MALJAMAR GB/SA UNIT #706	I-29-17S-33E	I		30-025-24203
SOUTHEAST MALJAMAR GB/SA UNIT #708	O-29-17S-33E	O		30-025-27555
SOUTHEAST MALJAMAR GB/SA UNIT #709	I-29-17S-33E	I		30-025-27555
SOUTHEAST MALJAMAR GB/SA UNIT #710	O-29-17S-33E	O		30-025-33338
SOUTHEAST MALJAMAR GB/SA UNIT #711	P-29-17S-33E	P		30-025-33592
SOUTHEAST MALJAMAR GB/SA UNIT #712	P-29-17S-33E	P		30-025-33695
SOUTHEAST MALJAMAR GB/SA UNIT #713	J-29-17S-33E	J		30-025-33868
SOUTHEAST MALJAMAR GB/SA UNIT #714	P-29-17S-33E	P		30-025-33869
SOUTHEAST MALJAMAR GB/SA UNIT #102	I-30-17S-33E	I		30-025-08337
SOUTHEAST MALJAMAR GB/SA UNIT #104	I-30-17S-33E	I		30-025-25319
SOUTHEAST MALJAMAR GB/SA UNIT #105	J-30-17S-33E	J		30-025-26512
SOUTHEAST MALJAMAR GB/SA UNIT #106	P-30-17S-33E	P		30-025-33353
SOUTHEAST MALJAMAR GB/SA UNIT #108	I-30-17S-33E	I		30-025-33408
SOUTHEAST MALJAMAR GB/SA UNIT #109	J-30-17S-33E	J		30-025-33654
SOUTHEAST MALJAMAR GB/SA UNIT #110	J-30-17S-33E	J		30-025-33905
SOUTHEAST MALJAMAR GB/SA UNIT #301	H-30-17S-33E	H		30-025-01558

U S MINERALS #004

O-30-17S-33E O 30-025-22874

WELLS INVOLVED IN NAME CHANGE

FINAL LIST WITH C-104B

AUG 15, 2001

OPERATOR: 5380 CROSS TIMBERS OPER CO

OCD DISTRICT: HOBBS

OPERATOR INITIALS: _____

PROP- ERTY	WELL NAME	ULSTR	OCD UNIT	LTR	API
3372	U S MINERALS #005	O-30-17S-33E	O		30-025-26668

3355	SOUTHEAST MALJAMAR GB/SA UNIT #005	U-32-17S-33E	U		30-025-01341
	SOUTHEAST MALJAMAR GB/SA UNIT #006	I-32-17S-33E	I		30-025-01342
	SOUTHEAST MALJAMAR GB/SA UNIT #015	D-32-17S-33E	D		30-025-33615
	SOUTHEAST MALJAMAR GB/SA UNIT #902	A-32-17S-33E	A		30-025-01353
	SOUTHEAST MALJAMAR GB/SA UNIT #905	H-32-17S-33E	H		30-025-01352
	SOUTHEAST MALJAMAR GB/SA UNIT #906	A-32-17S-33E	A		30-025-31444
	SOUTHEAST MALJAMAR GB/SA UNIT #907	H-32-17S-33E	H		30-025-31445
	SOUTHEAST MALJAMAR GB/SA UNIT #908	A-32-17S-33E	A		30-025-33593

3365	STATE BY #003	I-32-17S-33E	I		30-025-01340
	STATE BY #007	P-32-17S-33E	P		30-025-26555

3355	SOUTHEAST MALJAMAR GB/SA UNIT #001	D-33-17S-33E	D		30-025-01358
	SOUTHEAST MALJAMAR GB/SA UNIT #002	D-33-17S-33E	D		30-025-01359
	SOUTHEAST MALJAMAR GB/SA UNIT #003	D-33-17S-33E	D		30-025-33220
	SOUTHEAST MALJAMAR GB/SA UNIT #004	D-33-17S-33E	D		30-025-33921
	SOUTHEAST MALJAMAR GB/SA UNIT #009	L-33-17S-33E	L		30-025-01378

18305	DAURON #001	5-01-21S-37E	E		30-025-06338
	DAURON #002	10-01-21S-37E	J		30-025-29792
	DAURON #003	9-01-21S-37E	I		30-025-30005
	DAURON #004	7-01-21S-37E	G		30-025-30320
	DAURON #005	6-01-21S-37E	F		30-025-30835

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May 18, 2001

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 12658; Application of Cross Timbers Oil Company
for Unit Expansion, Lea County, New Mexico

Dear Mr. Stogner:

Enclosed regarding the above case is a proposed order (on hard copy and disk).

I have just been informed that, effective June 1, 2001, Cross Timbers Operating Company will merge into Cross Timbers Oil Company, which will change its name to XTO Energy Inc. I did not reflect this change in the proposed order.

Very truly yours,



James Bruce

Attorney for Cross Timbers Oil Company

MAY 18 2001

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

CASE NO. 12658
ORDER NOS. R-3130-B and R-3134-D

APPLICATION OF CROSS TIMBERS
OIL COMPANY FOR UNIT EXPANSION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 17, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of May, 2001, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this cause and its subject matter.

(2) The applicant, Cross Timbers Oil Company, is operator of the Southeast Maljamar Grayburg-San Andres Unit, which comprises 1280 acres, more or less, of State and Federal lands underlying the following described area in Lea County, New Mexico:

Township 17 South, Range 33 East, N.M.P.M.

Section 29: NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$, and SE $\frac{1}{4}$

Section 30: NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 32: N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, and N $\frac{1}{2}$ SE $\frac{1}{4}$

Section 33: NW $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$

(3) The unitized formation is from the top of the Grayburg formation down to and including 100 feet below the top of the San Andres formation. The Maljamar Grayburg-San Andres Pool within the Unit is governed by the general Statewide Rules and Regulations, with development on standard 40-acre spacing and proration units with wells to be located no closer than 330 feet to the boundary of the unitized area nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(4) The Unit, which originally comprised 1080 acres of State and Federal lands, was approved by Division Order No. R-3130,

CASE NO. 12658

ORDER NOS. R-3130-B and R-3134-D

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issued in Case 3461 and dated October 4, 1966, for the purpose of conducting a waterflood project in the Maljamar Grayburg-San Andres Pool, which was approved by Division Order No. R-3134, issued in Case 3462 and dated October 14, 1966. The Unit was expanded to its present size by Division Order Nos. R-3130-A and R-3134-C, issued in Case No. 11742 and dated March 31, 1997.

(5) At this time the applicant seeks to expand the Unit to include one additional tract, comprised of the following 40 acres, more or less, of federal land:

Unit Tract 14: The SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30, Township 17 South, Range 33 East, N.M.P.M. (Lease No. NM 94189).

The Unit Area, after expansion, will be comprised of 440 acres of Federal land (33.33%) and 880 acres of State land (66.67%), and is further described on Exhibit "A" attached hereto.

(6) Any order issued in this case extending the boundary of the Southeast Maljamar Grayburg-San Andres Unit will also extend the governing rules of the Unit, as expanded, to the waterflood project in the Unit Area.

(7) The only working interest or cost-bearing interest owner in the Unit, as expanded, is Cross Timbers Oil Company, who has ratified the Unit expansion.

(8) The royalty interest owners in the Unit, the Commissioner of Public Lands of the State of New Mexico and the United States Bureau of Land Management, have approved the expansion of the Unit.

(9) There are seven overriding royalty interest owners in the tract to be added to the Unit, all of whom have ratified expansion of the Unit.

(10) There are numerous overriding royalty interest owners in the three tracts added to the Unit in its first expansion (Case No. 11742). A number of those overriding royalty interest owners did not ratify the first expansion of the Unit. Those who have not ratified the expansion of the Unit will continue to be paid on a lease basis by the Unit operator.

(11) Due to differences in overriding royalty ownership in the three tracts added to the Unit in its first expansion, Order Nos. R-3130-A and R-3134-C imposed well location restrictions on wells drilled or recompleted in the expanded Unit which offset Unit Tract Nos. 11-13. Those restrictions should be retained by this order.

(12) The applicant presented evidence that the existing Unit Area will produce approximately 5,364,000 barrels of oil from the Maljamar Grayburg-San Andres Pool, with 42% of the production being secondary oil. It was further estimated that ultimate primary production from the tract being added to the Unit will be 386,000 barrels of oil. If the secondary:primary recovery ratio for the expanded Unit Area remains the same as for the existing Unit Area, expanding the Unit will allow the recovery of an additional 281,000 barrels of oil.

(13) The original Unit Agreement approved by Division Order No. R-3130 is not being amended by the applicant, other than to revise:

(a) Exhibit A, being a map of the Unit Area and the boundaries and identity of tracts and leases within the Unit Area;

(b) Exhibit B, being a schedule showing the percentage and type of ownership of oil and gas interests in all land in the Unit Area; and

(c) Exhibit C, being a schedule of the Tract Participation percentages for each Tract during Phase II.

(14) The Phase II tract participation formula in the Unit Agreement is being used to allocate production among the tracts in the expanded Unit Area, and the formula is fair and equitable.

(15) All plans of development and operation, expansions or contractions of participating areas, or expansions or contractions of the Unit Area should be submitted to the Director of the Division for approval.

(16) Approval of the Unit Agreement, as amended by the revised Exhibits A, B, and C thereto, should promote the prevention of waste and the protection of correlative rights within the expanded Unit Area.

IT IS THEREFORE ORDERED THAT:

15 (1) The application of Cross Timbers Oil Company ^(*"Cross Timbers"*) to expand the Southeast Maljamar Grayburg-San Andres Unit, ^(*"Unit"*) originally approved by Division Order No. R-3130, issued in Case 3461 and dated October 4, 1966, for the purpose of conducting a waterflood project in the Maljamar Grayburg-San Andres Pool, which was approved by Division Order No. R-3134, issued in Case 3462 and dated October 14, 1966, as expanded by Division Order Nos. R-3130-A

in 0-acre

comprising

and R-3134-C, issued in Case No. 11742 and dated March 31, 1997, to include one additional tract of Federal land in Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, comprising the following 40 acres, more or less, is hereby approved:

Unit Tract 14: The SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30, Township 17 South, Range 33 East, N.M.P.M. (Lease No. NM 94189).

(2) The Unit Area, after the second expansion, will comprise 1320 acres, being 440 acres of Federal land (33.33%) and 880 acres of State land (66.67%), for oil and gas produced from the top of the Grayburg formation to 100 feet below the top of the San Andres formation, and is further described in Exhibit "A" attached hereto and made a part hereof.

(3) The plan contained in the Unit Agreement for the development and operation of the expanded Unit Area is hereby approved in principle as a proper conservation measure; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the Unit and production of oil and gas therefrom.

(4) No well may be drilled or recompleted in the Maljamar Grayburg-San Andres Pool within 330 feet of:

(a) the boundary between the Original Unit Area (Tracts 1-10) and Unit Tracts 11, 12, and 13; or

(b) the boundary between Unit Tracts 12 and 13.

(5) In the event of subsequent joinder by any other party, or expansion or contraction of the Unit Area, the Unit operator shall file with the Division, within 30 days thereafter, counterparts of the Unit Agreement or ratifications of same reflecting the subscription of those interests having joined or ratified.

(6) All plans of development and operation, all Unit participating areas and expansions or contractions of the Unit Area, shall be submitted to the Director of the Division for approval.

(7) This order shall be effective upon the first of the month following approval by the Division, the Commissioner of Public Lands of the State of New Mexico, and the appropriate agency of the United States Department of Interior; this order shall terminate

CASE NO. 12658

ORDER NOS. R-3130-B and R-3134-D

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upon the termination of the Unit Agreement; and the last Unit operator shall notify the Division immediately in writing of such termination.

(8) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the date and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

[Seal]

LORI WROTENBERY
Director

EXHIBIT "A"
CASE NO. 12658
ORDER NOS. R-3130-B and R-3134-D
SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT AGREEMENT
CROSS TIMBERS OIL COMPANY
LEA COUNTY, NEW MEXICO

TOWNSHIP 17 SOUTH, RANGE 33 EAST, N.M.P.M.

Section 29: NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$, and SE $\frac{1}{4}$
Section 30: E $\frac{1}{2}$
Section 32: N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, and N $\frac{1}{2}$ SE $\frac{1}{4}$
Section 33: NW $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$