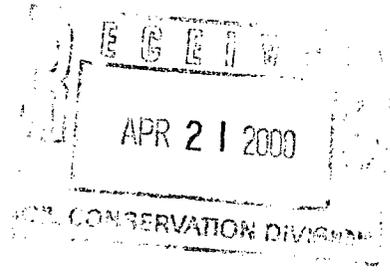


NSL 5/11/00



Cross Timbers Oil Company

April 17, 2000



CERTIFIED MAIL:

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

**RE: Application for Administrative Approval of Unorthodox Location
Cross Timbers Operating Company's O.H. Randel #2E Well
1,700' FSL and 1,800' FEL (NW/4 SE/4)
Unit J, Section 10, T26N-R11W
San Juan County, New Mexico
Basin Fruitland Coal Formation**

Dear Mr. Stogner:

Cross Timbers Operating Company hereby requests administrative approval for an unorthodox location for the above referenced well. Attached for your reference are the following exhibits:

- 1. Well location plat (NMOCD Form C-102)
- 2. Ownership map
- 3. List of Offset Owners

The above captioned well was drilled and completed on May 10, 1980 as a S/2 , 320 acre producing Dakota unit. Cross Timbers Operating Company would like to move up the hole in the wellbore and recomplete the well in the Basin Fruitland Coal formation. The rules state that the well should be spaced no closer than 660' to the end boundary, nor closer than 660' to the side boundary, with a well pattern of NE/4 / SW/4. The existing location will not conform to current spacing pattern. A new well would not be economically feasible to drill for just the Basin Fruitland Coal formation. The current wellbore is in acceptable condition for the recompletion attempt with no additional work being required. By moving up the hole to the Basin Fruitland Coal formation, Cross Timbers would be able to minimize environmental impact in obtaining additional production and protection of correlative rights.

By certified mail, a copy of this application and request for administrative approval has been sent to all of the Basin Fruitland Coal formation working interest owners and offset operators listed on the attached list.

Cross Timbers would like to request your Administration Approval for the unorthodox location based on the above information. Should you need any additional information please feel free to contact me at (817) 885-2454.

Sincerely,
CROSS TIMBERS OPERATING COMPANY

A handwritten signature in black ink, appearing to read "George A. Cox".

George A. Cox, CPL
Landman

Enclosures

cc: Gary Markestad
Loren Fothergill
Jeff Patton

All distances must be from the outer boundaries of the Section.

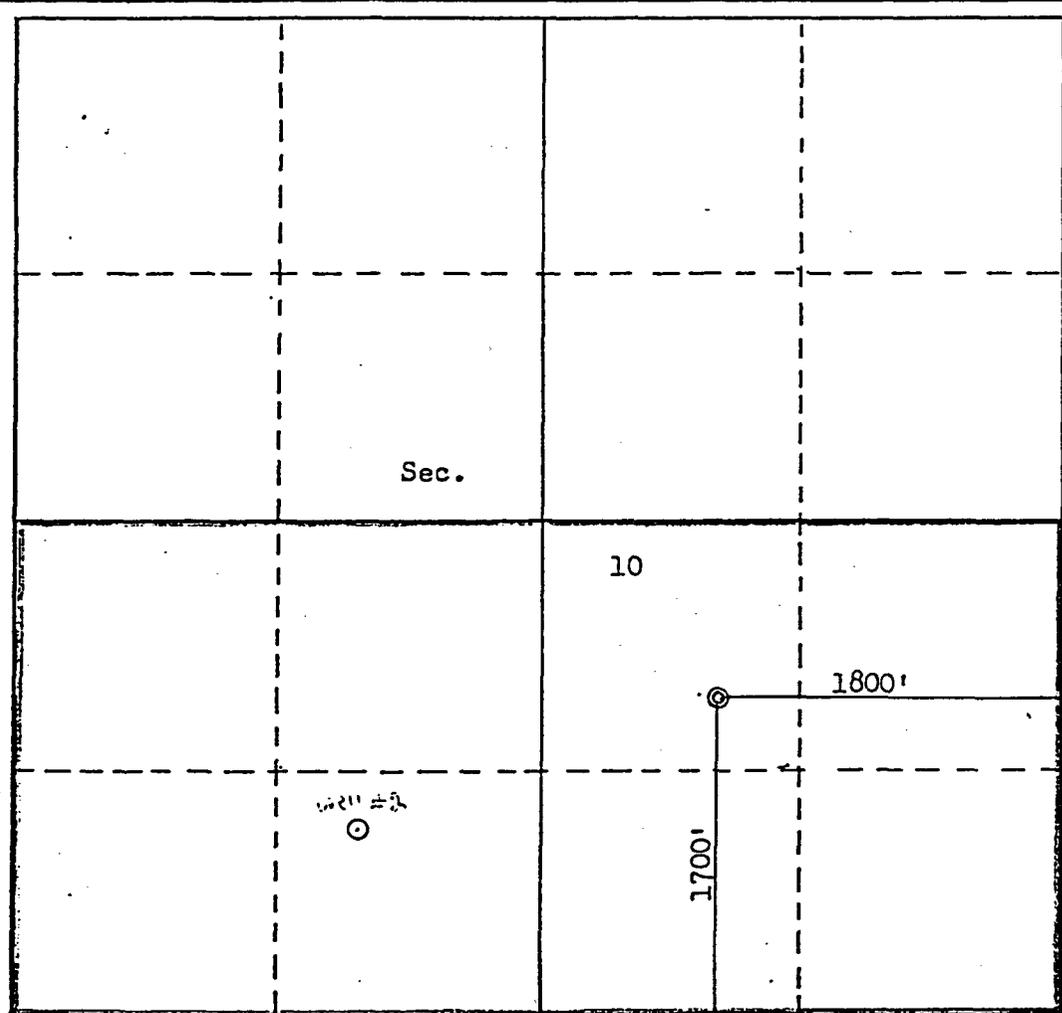
Operator ENERGY RESERVES GROUP, INC.		Lease RANDALL			Well No. 2-E
Unit Letter J	Section 10	Township 26N	Range 11W	County San Juan	
Actual Footage Location of Well: 1700 feet from the South line and 1800 feet from the East line					
Ground Level Elev. 6364	Producing Formation Dakota		Pool Basin Dakota	Dedicated Acreage: 3.20 (1.60) Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
[Signature]
Position
Field Services Administ.
Company
Energy Reserves Group.
Date
November 13, 1979

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 knowledge and belief.

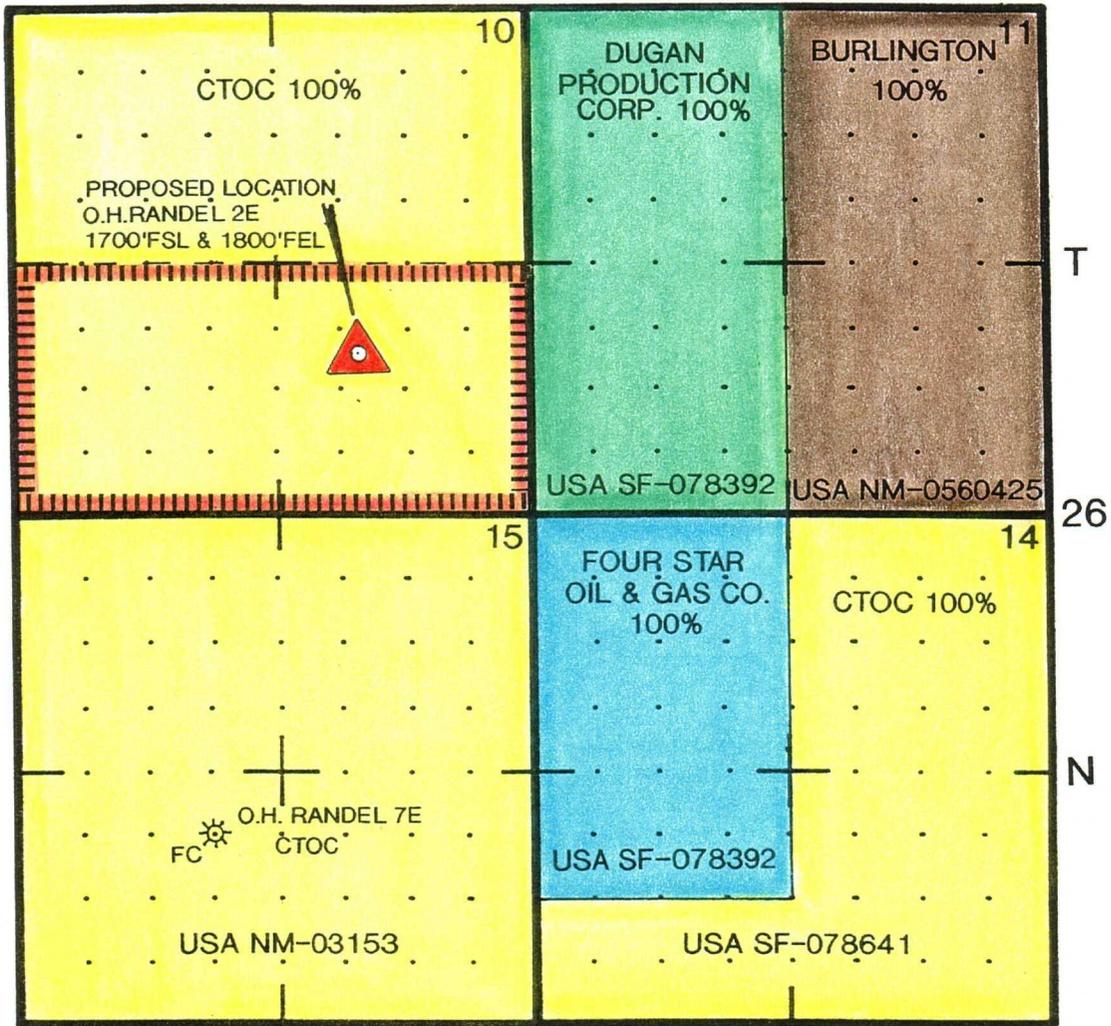
Date Surveyed
October 1979
Registered Professional Engineer and/or Land Surveyor
[Signature]
Fred B. Kerr, Jr.
Certificate No. B. KERR, JR.
3950



SECTION PLAT OF 4 SQUARE MILES

STATE: New Mexico COUNTY: San Juan
PROSPECT: _____ DATE: _____
SECTIONS: _____ BLOCK: _____ SURVEY: _____
ACRES: _____ TOWNSHIP: 26N RANGE: 11W

SCALE: 1"=2,000'



R-11-W

Ownership Map for Fruitland Coal Formation
O.H.Randel 2E Well SE/4 Section 10, T26N-R11W S/2 Unit

OFFSET OPERATORS AND OWNERS NOTIFICATION LIST

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499-0420
Attention: David M. Poage

Four Star Oil and Gas Company
P.O. Box 2100
Denver, CO 80201-2100
Attention: Rocky D. Holly

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dugan Production Company
 Attention: David M. Poage
 P.O. Box 420
 Farmington, NM 87499-0420

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X
 Agent
 Addressee
D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

-
- Certified Mail
-
- Express Mail
-
-
- Registered
-
- Return Receipt for Merchandise
-
-
- Insured Mail
-
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

Z 225 589 589

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

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Four Star Oil & Gas Company
 Attention: Rocky D. Holly
 P.O. Box 2100
 Denver, CO 80201-2100

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X
 Agent
 Addressee
D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

-
- Certified Mail
-
- Express Mail
-
-
- Registered
-
- Return Receipt for Merchandise
-
-
- Insured Mail
-
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

Z 225 589 590

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789



Cross Timbers Oil Company

April 17, 2000

CERTIFIED MAIL:

Four Star Oil and Gas Company
P.O. Box 2100
Denver, CO 80201-2100
Attention: Rocky D. Holly

**RE: Application for Administrative Approval of Unorthodox Location
O.H. RANDEL #2E Well
Unit J, Section 10, T26N-R11W
San Juan County, New Mexico
Basin Fruitland Coal Formation**

Dear Rocky:

Enclosed please find a copy of the above captioned application that has been sent to the NMOCD for administrative approval. Should you not agree with the request, please notify the NMOCD within 20 days of the date of this application. Should you have any questions concerning the operations, please feel free to contact me at (817) 885-2454.

Sincerely,
CROSS TIMBERS OPERATING COMPANY

George A. Cox, CPL
Landman

Enclosure



Cross Timbers Oil Company

April 17, 2000

CERTIFIED MAIL:

Dugan Production Company
P.O. Box 420
Farmington, NM 87499-0420
Attention: David M. Poage

RE: Application for Administrative Approval of Unorthodox Location
O.H. RANDEL #2E Well
Unit J, Section 10, T26N-R11W
San Juan County, New Mexico
Basin Fruitland Coal Formation

Dear David:

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George A. Cox, CPL
Landman

Enclosure