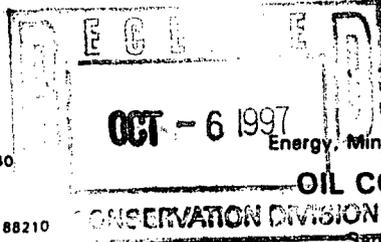


DHC 10/27/97



DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco Santa Fe, New Mexico 87505-6429

Form C-107-A New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Cross Timbers Operating Company, 3000 N. Garfield, Suite 175, Midland, TX 79705

Operator: McCallister #2 Address: D-8-20S-38E Lea

Well No. Unit Ltr. - Sec - Twp - Hgt. Spacing Unit Lease Types: (check 1 or more) County Federal State (and/or) Fee X

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zones, Lower Zone. Rows include Pool Name, Top and Bottom of Pay Section, Type of production, Method of Production, Bottomhole Pressure, Oil Gravity, Producing or Shut-In?, Production Marginal?, and Fixed Percentage Allocation.

- 9. If allocation formula is based upon something other than current or past production...
10. Are all working, overriding, and royalty interests identical in all commingled zones?
11. Will cross-flow occur?
12. Are all produced fluids from all commingled zones compatible with each other?
13. Will the value of production be decreased by commingling?
14. If this well is on, or communitized with state or federal lands...
15. NMOCD Reference Cases for Rule 303(C) Exceptions:
16. ATTACHMENTS:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE: F. Terry Perkins Jr. TITLE: Sr. Reservoir Eng. DATE: 10.3.97 TYPE OR PRINT NAME: F. TERRY PERKINS JR. TELEPHONE NO. (817) 877-2360

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

1API Number 30-025-27629		2Pool Code 47400		3Pool Name Nadine Paddock Blinebry, West	
4Property Code 003353		5Property Name McCallister			6Well Number 2
7GRID No. 005380		8Operator Name Cross Timbers Operating Company			9Elevation 3569

10Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
D	8	20S	38E		660	North	660	West	Lea

11Bottom 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
12Dedicated Acres 40.00		13Joint or Infill N		14Consolidation Code		15Order 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

16 					17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature F. TERRY PERKINS JR. Printed Name SR. RESERVOIR ENG. Title 10.3.97 Date

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

1API Number 30-025-27629		2Pool Code 47530		3Pool Name Nadine Tubb, West	
4Property Code 003353		5Property Name McCallister			6Well Number 2
7OGRID No. 005380		8Operator Name Cross Timbers Operating Company			9Elevation 3569

10Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
D	8	20S	38E		660	North	660	West	Lea

11Bottom 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

12Dedicated Acres 40.00	13Joint or Infill N	14Consolidation Code	15Order 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>16</p>					<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>F. Terry Perkins Jr</i></p> <p>Signature F. TERRY PERKINS JR</p> <p>Printed Name SR. RESERVOIR ENG.</p> <p>Title 10.3.97</p> <p>Date</p>
					<p>18 SURVEYOR CERTIFICATION</p> <p>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>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p>
					<p>Certificate Number</p>

Cross Timbers Oil Company

2

MCCALLISTER
 CROSS TIMBERS
 MADINE W (BLINEBRY)
 LEA, NEW MEXICO
 08D 20S 38E
 FTP

PERMIAN BASIN
 10720

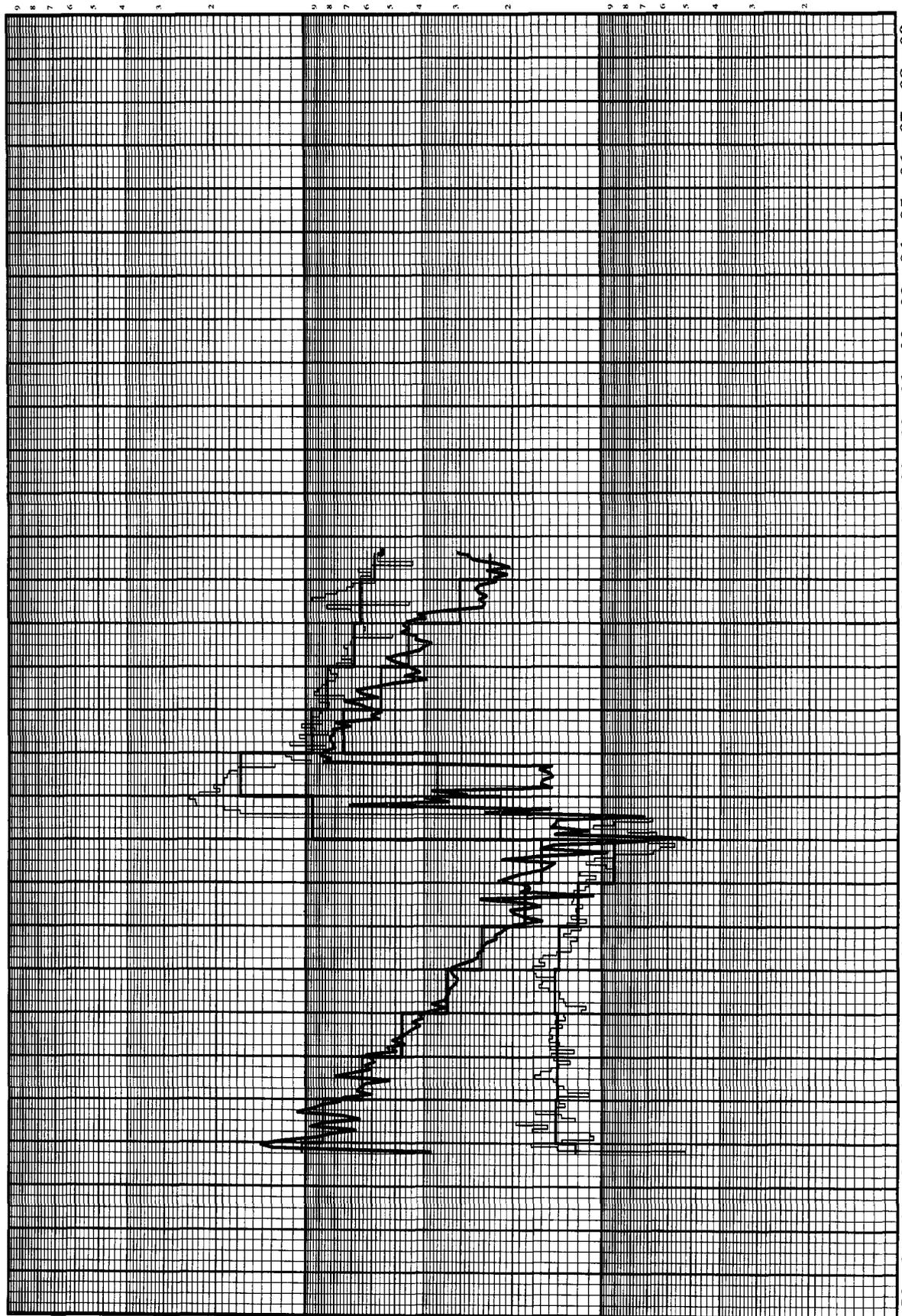
RFM JEB CP-AW

CO
 X0480

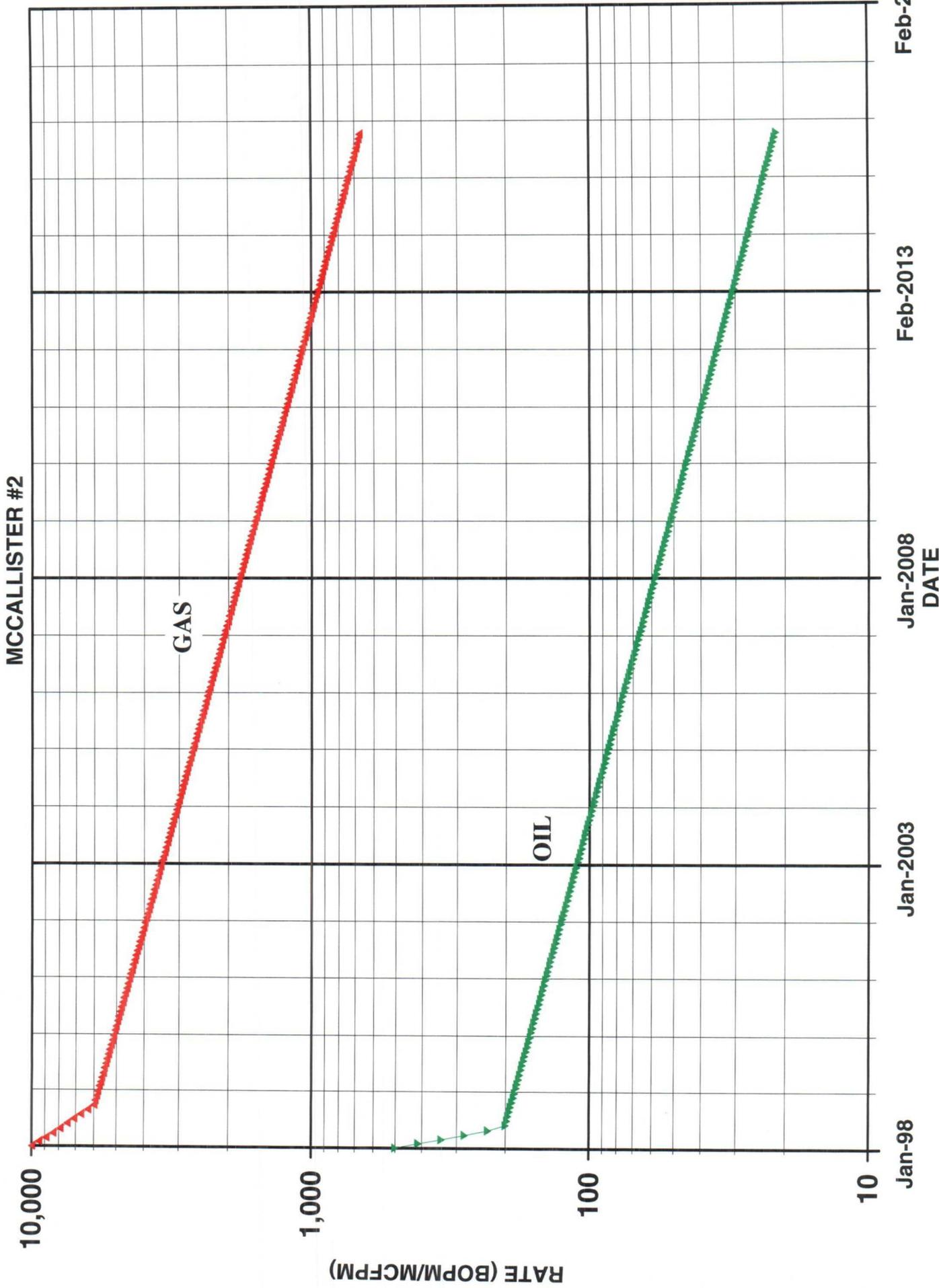
M & L - FORECAST

Run Date:
 Run Time:

GAS (mcf/mo) ▽
 OIL (bbls/mo) Δ



PROJECTED TUBB PRODUCTION



**CROSS TIMBERS OPERATING COMPANY
ATTACHMENT TO FORM C-107-A
APPLICATION FOR DOWNHOLE COMMINGLING
MCCALLISTER #2**

- 16. (I) No production history exists for the Nadine Tubb, West Pool.**
- (II) The estimated production rates are based on offsetting Tubb production in the Nadine Tubb West Pool and the Monument Tubb Pool in the offsetting sections. Some of these offsetting wells include the Cross Timbers operated Turner #1, Moby #1 & Shamu #1, and the Byers B #5 operated by Oxy Petroleum.**
- (III) The percentage production allocation is based on the current production rates for the Nadine Paddock Blinbry, West Pool and the stabilized estimated production rates for the Nadine Tubb, West Pool.**

OFFSET OPERATORS
McCallister #2
D-8-T20S-R38E
Lea County, New Mexico

Oxy U.S.A. Inc.
P. O. Box 50250
Midland, Texas 79710
Attn: Mr. Rick Foppiano

Ledbetter Resources, Company
Route 3, Box 300
Abilene, Texas 79606

The above listed offset operators of the McCallister #2 proration unit have been notified by Certified Mail of Cross Timbers Operating Company's Application for Downhole Commingling the Nadine Paddock Blinbry, West (47400) and Nadine Tubb, West (47530) Pools in the McCallister #2.



Cross Timbers Operating Company

CERTIFIED MAIL

September 29, 1997

Oxy U.S.A., Inc.
P. O. Box 50250
Midland, Texas 79710
Attention: Mr. Rick Foppiano

Subject: DHC of McCallister #2 Unit Letter D, Section 8, T20S, R38E

Dear Sir,

Please be informed that Cross Timbers Operating Company intends to downhole commingle the McCallister #2 in the Nadine Paddock Blinbry, West (47400) and Nadine Tubb, West (47530) Pools. If you have any questions or objections, please contact Terry Perkins at 817-870-2800 or Ray Martin at 915-682-8873.

Sincerely,

CROSS TIMBERS OPERATING COMPANY

Ray F. Martin
Operations Engineer

RFM/ml

s:/mal/mccal2.rfm

P 268 415 714

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	
Oxy USA, Inc./Rick Foppiano	
Street & Number	
P. O. Box 50250	
Post Office, State, & ZIP Code	
Midland, TX 79710	
Postage	\$.32
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 2.52
Postmark or Date	
9-30-97	

PS Form 3838 April 1995

Fold at line over top of envelope to the right of the return address

CERTIFIED

P 268 415 714

MAIL

RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
1. Addressee's Address
2. Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

Oxy USA, Inc.
P. O. Box 50250
Midland, Texas 79710
Attn: Mr. Rick Foppiano

4a. Article Number

P 268 415 714

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

Thank you for using Return Receipt Service.



Cross Timbers Operating Company

CERTIFIED MAIL

September 29, 1997

Ledbetter Resources Company
Route 3, Box 300
Abilene, Texas 79606

Subject: DHC of McCallister #2 Unit Letter D, Section 8, T20S, R38E

Dear Sir,

Please be informed that Cross Timbers Operating Company intends to downhole commingle the McCallister #2 in the Nadine Paddock Blinbry, West (47400) and Nadine Tubb, West (47530) Pools. If you have any questions or objections, please contact Terry Perkins at 817-870-2800 or Ray Martin at 915-682-8873.

Sincerely,

CROSS TIMBERS OPERATING COMPANY

A handwritten signature in cursive script that reads "Ray F. Martin".

Ray F. Martin
Operations Engineer

RFM/ml

s:/mal/mccal2.rtm

P 268 415 715

Receipt for Certified Mail

US Postal Service

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Ledbetter Resources Company	
Street & Number Rt. 3, Box 300	
Post Office, State, & ZIP Code Abilene, Texas 79606	
Postage	\$ 0.32
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom	Date & Addressee's Address
TOTAL Postage & Fees	\$ 2.52
Postmark or Date	9-30-97

PS Form 3800, April 1995

CERTIFIED

Fold at line over top of envelope to the right of the return address

P 268 415 715

MAIL

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
 - Restricted Delivery
- Consult postmaster for fee.

Thank you for using Return Receipt Service.

3. Article Addressed to:

Ledbetter Resources Company
Rt. 3, Box 300
Abilene, Texas 79606

4a. Article Number

P 268 415 715

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD
- Certified
- Insured

7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

1712



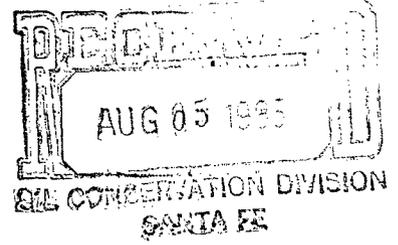
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

August 1, 1985

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501



RE: Proposed:

- MC _____
- DHC _____ X _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

Crown Central Pet. Corp.	McCallister	No. 2-D	8-20-38
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

O.K. ---J.S.

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/mc