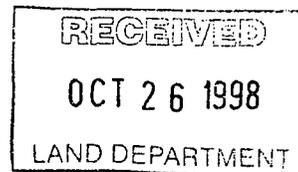




NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 19, 1998



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

Telefax No. (817) 870-1671

Administrative Order NSL-4152(BHL)

Dear Mr. Cox:

Reference is made to your application dated September 25, 1998 for an off-pattern non-standard bottomhole coal gas well location/subsurface coal gas producing area within the Basin-Fruitland Coal (Gas) Pool for your Cross Timbers Oil Company's ("Cross Timbers") proposed Florance Well No. 70 to be drilled from a surface location 2025 feet from the South line and 2035 feet from the East line (Unit J) of Section 20, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico. The E/2 of Section 20, being a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool, is to be dedicated to this well.

It is our understanding that Cross Timbers' intends to kickoff of the vertical portion of this wellbore in a southeasterly direction and directional drill as to bottom this well within the Basin-Fruitland Coal (Gas) Pool in order to further develop the remaining coal gas reserves underlying the E/2 of Section 20 at a subsurface location that is considered to be "unorthodox" pursuant to Rule 7 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended.

This application has been duly filed under the provisions of Rules 104.F and 111.C(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division and Rule 8 of the special Basin-Fruitland coal gas pool rules.

The applicable drilling window or "producing area" within the Fruitland coal interval for this wellbore shall include that area within the subject 320-acre gas spacing and proration unit comprising the SE/4 of Section 20 that is:

- (a) no closer than 790 feet to the East, South, and West lines of the SE/4 of Section 20; and,
- (b) no closer than 130 feet to the North line of the SE/4 of Section 20.

By the authority granted me under the provisions of the special Basin-Fruitland coal gas pool

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rules and Division General Rule 104.F(2), the above-described off-pattern non-standard bottomhole coal gas well location/subsurface coal gas producing area is hereby approved.

The operator shall comply with all provisions of Division General Rule 111 applicable in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrottenbery", with a stylized flourish at the end.

Lori Wrottenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Farmington