NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 4, 1999

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-4224

Dear Mr. Cox:

Reference is made to your application dated February 9, 1999 for an off-pattern non-standard Basin-Fruitland coal gas well location for Cross Timbers Oil Company's existing H. B. McGrady "A" Well No. 1-E (**API No. 30-045-26095**), located 1000 feet from the South and East lines (Unit P) of Section 14, Township 27 North, Range 12 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

According to the well records on file with the New Mexico Oil Conservation Division ("Division") in Santa Fe, the H. B. McGrady "A" Well No. 1-E was initially drilled in 1984 by Amoco Production Company and completed at a standard infill gas well location in the Basin-Dakota Pool within a standard 320-acre gas spacing and proration unit comprising the S/2 of Section 14.

It is our understanding that Cross Timbers Oil Company intends to abandon the Dakota interval in this well at this time and to recomplete up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool,*" as promulgated by Division Order No. R-8768, as amended, the location of this well is considered to be unorthodox. Further, the S/2 of Section 14 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of these special pool rules the above-described unorthodox coal gas well location for the H. B. McGrady "A" Well No. 1-E is hereby approved.

Sincerely,
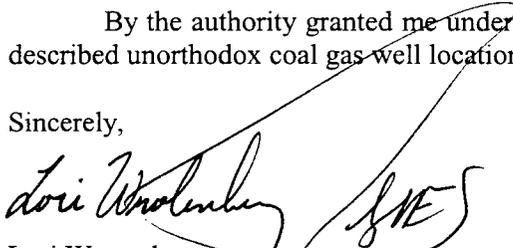
Lori Wrotenbery
Director

LW/MES/kv

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