



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 14, 2000

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSL-4499

Dear Mr. Cox:

Reference is made to the following: (i) your original application dated June 30, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated July 10, 2000 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe requesting verification of the information submitted; (iii) your amended application dated July 20, 2000; and (iv) the records of the Division in Santa Fe and Aztec: all concerning Cross Timbers Oil Company's ("Cross Timbers") request for a non-standard Gallup oil well location for the existing T. L. Rhodes "C" Well No. 2 (API No. 30-045-11817), which was drilled in 1966 by Pan American Petroleum Corporation and completed in the Basin-Dakota Pool at a standard initial gas well location 960 feet from the South line and 1160 feet from the East line (Unit P) of Section 30, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.

It is our understanding that Cross Timbers now intends to recomplete the T. L. Rhodes "C" Well No. 2 up-hole into the Gallup formation in order to test for oil production. The location of this well is considered to be unorthodox pursuant to Rule 3 of the "*Special Rules and Regulations for the Simpson-Gallup Oil Pool*", as promulgated by Division Order No. R-2375, as amended, which provides for 80-acre spacing and proration units and designated well location requirements such that wells are to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

Further, the S/2 SE/4 of Section 30, being a standard 80-acre lay-down oil spacing and proration unit within the governing limits of the Simpson-Gallup Oil Pool, is to be dedicated to this well.

The subject application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the applicable provisions of the rules governing this pool.

Further, the S/2 of Section 30 is a single Federal lease (United States Government Lease No. SF-080844) in which Cross Timbers is the leasehold operator within the Gallup interval; therefore, there are no effected offsets to the subject 80-acre tract other than Cross Timbers.

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By the authority granted me under the provision of the special pool rules governing the Simpson-Gallup Oil Pool, Division Memorandum 4-86, dated June 2, 1986, and Division Rule 104.F (2), the above-described unorthodox Gallup oil well location is hereby approved.

Sincerely,

Handwritten signature of Lori Wrotenberg in cursive, with the initials "LW/MES" written in a separate stroke to the right.

Lori Wrotenberg
Director

LW/MES/kv

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