



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

September 12, 2000

Lori Wrotenbery

Director

Oil Conservation Division

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

Telefax No. (817) 870-1671

Administrative Order NSL-4506

Dear Mr. Cox:

Reference is made to the following: (i) your application dated August 17, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Cross Timbers Operating Company's ("Cross Timbers") request for an unorthodox location within the Angels Peak-Gallup Associated Pool for the existing C. A. McAdams "D" Well No. 2 (API No. 30-045-11562), located 1950 feet from the North line and 1650 feet from the East line (Unit G) of Section 20, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

According to the Division's well records the C. A. McAdams "D" Well No. 2 was initially drilled in 1965 by Pan American Petroleum Corporation and completed in the Basin-Dakota Pool within a standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 20 at a gas well location considered to be standard at that time.

It is our understanding the Dakota interval is currently shut-in and that Cross Timbers intends to recomplete this wellbore up-hole into the Gallup formation in an attempt to establish commercial hydrocarbon production.

Further, once the well is completed in the Gallup formation and production is established and is either classified "gas" or "oil", pursuant to Rule 5 (a) of the "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico/Special Rules and Regulations for the Angels Peak-Gallup Associated Pool," as promulgated by Division Order No. R-5353, as amended, either: (i) the E/2 of Section 20 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Angels Peak-Gallup Associated Pool; or (ii) the S/2 NE/4 of Section 20 is to be dedicated to this well in order to form a standard 80-acre lay-down oil spacing and proration unit for the Angels Peak-Gallup Associated Pool.

The location of this well, rather classified as a gas well or an oil well, within the Angels Peak-Gallup Associated Pool is considered to be unorthodox, pursuant to Rule 2 (b) of the "General

Administrative Order NSL-4506
Cross Timbers Operating Company
September 11, 2000
Page 2

Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico/Special Rules and Regulations for the Angels Peak-Gallup Associated Pool.”

By the authority granted me under the provisions of Rule 2(c) of these special pool rules, the above-described unorthodox location within the Angels Peak-Gallup Associated Pool for the C. A. McAdams "D" Well No. 2 is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" followed by a stylized flourish or initials.

Lori Wrotenbery
Director

LW/MES/kv

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