

Cross Timbers Oil Company

December 19, 2000

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Certified Mail # 0369 2804

Dear Mr. Stogner:

Pursuant to Division Rules 104 and 111, Cross Timbers Operating Company applies for administrative approval of an unorthodox gas well location and non-standard spacing and proration unit (project area) for the following directionally drilled well:

Ute Mountain Gas Com M #2 Well

Surface Location: 525' FNL & 2,030' FWL Top of Dakota: 250' FNL & 2,500' FWL Top of Morrison: 204' FNL & 2,579' FWL Bottom Hole location: 76' FNL & 2,797' FWL

Proposed Spacing and Proration Unit: N/2 of Section 11-T31W-R14W, San Juan County, New Mexico

The proposed well is in the Ute Dome-Dakota Gas Pool and the proposed Ute Dome-Morrison Gas Pool. Both pools are spaced on 160 acres, with wells to be no closer than 660' to a quarter section line. A Form C-102 for the well is enclosed, highlighting the 320-acre well unit.

The surface location is unorthodox due to topographic reasons—there is 200' of surface elevation change between the surface and bottom hole locations.

The down hole and bottom hole locations are due to geology, which is described in the attached geologic/geophysical summary. Because of the need to locate the well near a fault, the Morrison interval being tested is located in two (2) quarter sections.

Also attached is an ownership map. All of Sections 2 and 11 are 100% owned by the Ute Mountain Ute Tribe, and the working interest is 100% owned by Cross Timbers Oil Company. There are no overriding royalties. As a result, there are no adversely affected offset interest owners to be notified.

By certified mail, a copy of this application has been sent to the parties listed hereunder.

Please call me at (817) 885-2661 if you have any questions.

Ute Mountain Gas Com M #2 well NMOCD December 19, 2000 Page 2

in Weld

Your consideration in this matter is appreciated.

Very truly yours,

Tim Welch Senior Landman

Cross Timbers Operating Company

Enclosures

Cc: Gordon Hammond Ute Mountain Ute Tribe P.O. Box 42

Towaoc, Colorado 81334

Dan Rabinowitz
Bureau of Land Management
15 Burnett Court
Durango, Colorado 87191

Gerry Simon
Data Consultants Incorporated
P.O. Box 14749
Albuquerque, New Mexico 87191

Certified Mail # 0369 2811

Certified Mail # 0369 2828

Certified Mail # 0369 2835

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

District II PO Drawer DD, Artesia, NM 88211-0719

District III 1000 Rio Brazos Rd., Aztec, NM 87410

District IV PO Box 2088, Santa Fe, NM 87504-2088 State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

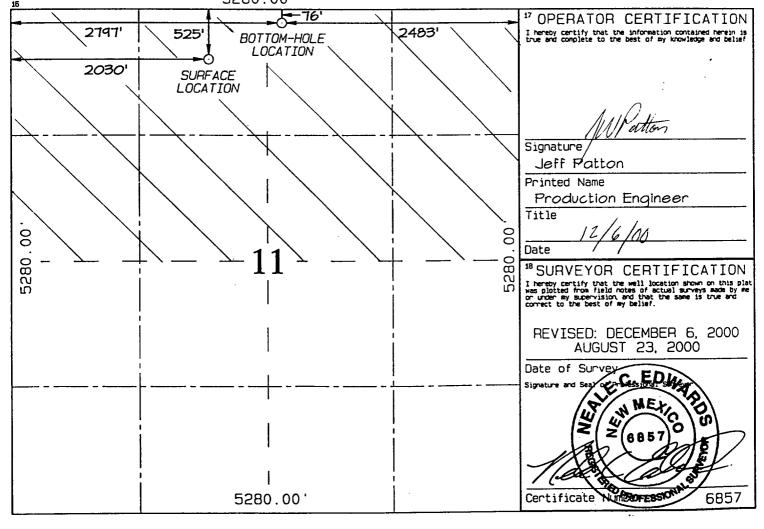
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	*Pool Code 86720	Pool Name UTE DOME DAKC)TA
'Property Code	³Propert UTE MOUNTAI	*Well Number	
'OGRID No. 167067	*Operato CROSS TIMBERS OF		*Elevation 5826

¹⁰ Surface Location UL or lot no. Lot Idn Feet from the North/South line East/West line County Feet from the C 11 31N 14W 525 NORTH 2030 WEST SAN JUAN

¹¹ Bottom From Surface Hole Location If Different UL or lot no. Section North/South line Feet from the Lot Tota Feet from the East/West line County 14W В 11 31N 76 NORTH 2483 EAST SAN JUAN 12 Dedicated Acres 13 Joint or Infill 1st Consolidation Code ¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED 5280.00. OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



UTE MOUNTAIN GAS COM "M" #2 GEOLOGIC/GEOPHYSICAL SUMMARY

The Ute Mountain Gas Com "M" #2 is a proposed 3,130' Ute Dome-Dakota/Ute Dome-Morrison test. The "M" #2 will be directionally drilled from a surface location of 525' FNL and 2,030' FWL of section 11-T31N-R14W, San Juan County, New Mexico. The top of the Dakota Formation will be encountered 250' FNL and 2,500' FWL at a well depth of 2,259'. The top of the Morrison Formation will be encountered 204' FNL and 2,579' FWL at a well depth of 2,510'. The bottom hole location will be 76' FNL and 2,797' FWL in the same section. There are currently no wells producing from the Ute Dome-Dakota Pool or the Ute Dome-Morrison Pool in the proposed 320-acre unit comprised of the N/2 of section 11.

The Ute Dome Field is located on a broad semi-circular structure on the southeastern edge of the Four Corners Platform. On the southeast side of the structure, the entire stratigraphic section dips steeply to the southeast into the San Juan Basin. The southern portion of the structure is bisected at the Dakota/Morrison level by numerous WNW-ESE trending normal faults. Vertical displacement along these faults can be as much as 250°. The faults commonly form four-way closures which trap hydrocarbons migrating upward from mature source rocks in the basin.

The attached seismic structure map on the top of the Dakota Formation was interpreted from a Vibroseis 3-D seismic survey shot by Amoco in 1995, and reprocessed by Cross Timbers in 1998. The top of the Morrison is approximately 230' below the top of the Dakota. The location for the proposed Ute Mountain Gas Com "M" #2 was chosen to test the Dakota and Morrison on the up-thrown side of a WNW-ESE trending normal down-to-the-north fault. The seismic structure map shows almost 40' of closure against the fault at this location. Within section 11, two wells in the south half of the section have been completed in the Dakota Formation and no Morrison production has been established in the section. Only the Ute Mountain Tribal "J" #2 in the SW/4 of section 11 is still producing. There has been one unsuccessful Dakota well drilled in the NW/4 of section 11. The Amoco Production Mountain Ute Gas Com "D" #1 well in the east half of the NW/4 was drilled and plugged without any reported production.

An Unorthodox Location is requested for the Ute Dome-Dakota Pool and the Ute Dome-Morrison Pool. The requested location will allow Cross Timbers to test each of these Formations along the upside of a fault with closure. A legal location in the NW/4 of section 11 would put the well near the dry hole drilled by Amoco. By drilling at the unorthodox location, we will be 140' high to the dry hole. A legal location in the NE/4 of section 11 would put the well in a structurally unfavorable position. We will be moving closer to the north line of the unit. There are currently two Dakota and two Morrison producers in the south half of section 2 to the north. The Ute Indians "A" #25 well in the SW/4,SW/4 of section 2 produces from the Morrison on the up-thrown side of the same fault block targeted by the "M" #2, and from the Dakota on the down-thrown side of the fault. The Ute Indians "A" #20 well near the center of the SE/4 of section 2, is currently

Ute Mountain Gas Com "M" #2 Geologic/Geophysical Summary

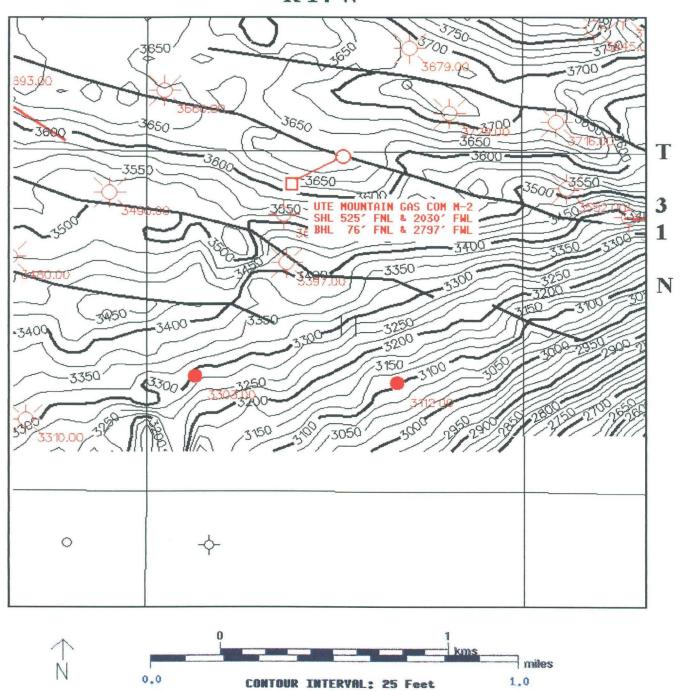
producing from the Dakota. This well is separated by several faults from the proposed location. The Ute Indians "A" #27 well is in the N/2,SE/4 of section 2 and is currently producing from the Morrison. There are three faults interpreted between the proposed location and the "A" #27 well. We have proposed the Ute Indians "A" #32 well in the south half of the SE/4 of section 2. The "A" #32 is targeting a separate fault block than the "M" #2. The location will be legal to the east and west lines of section 11.

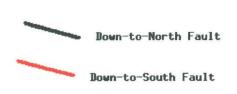
Based on the seismic structure map, the WNW-ESE trending fault block targeted by the "M" #2 has several structural closures along its length. The proposed well will target a closure not penetrated by any well in the NW/4 of section 11, or in the south half of section 2. Therefore, no current well will be able to drain these reserves. In the interest of prevention of waste and maximizing recovery from all productive zones, I believe the Unorthodox Location is necessary.

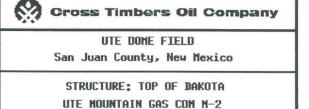
Randall M. Høsey Senior Geologist

Cross Timbers Oil Company

R 14 W

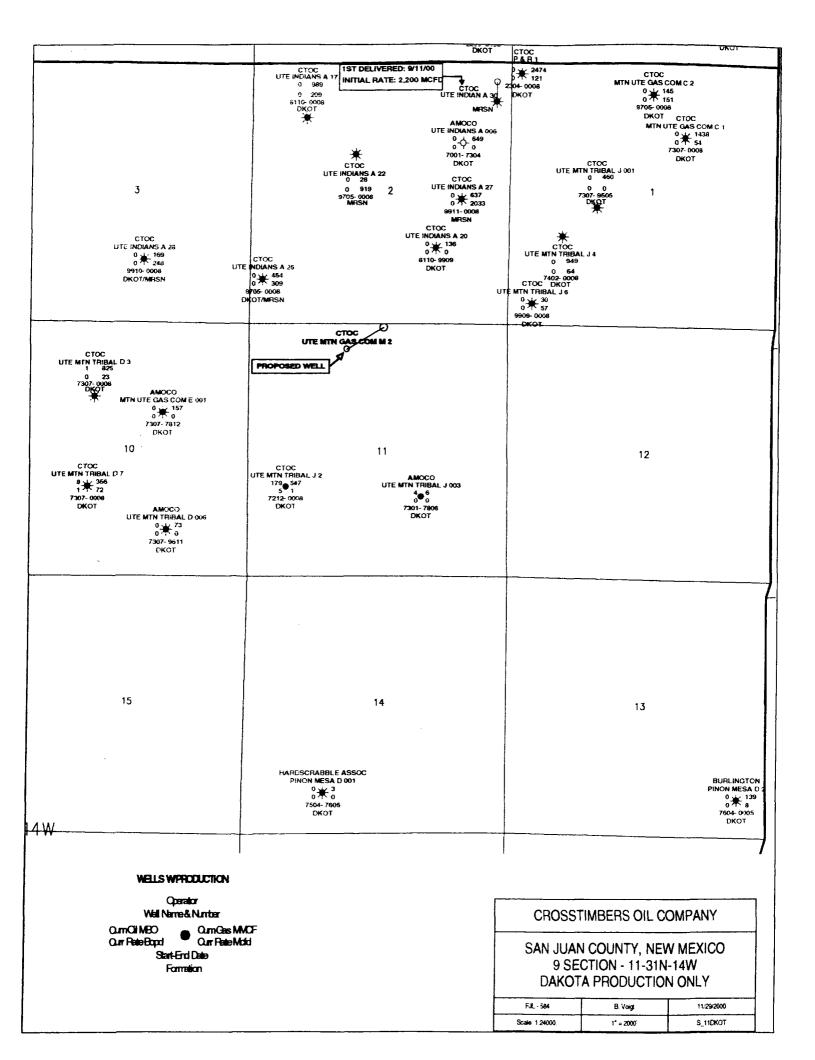






HSY

November, 2000



(9)

Cross Timbers Oil Company

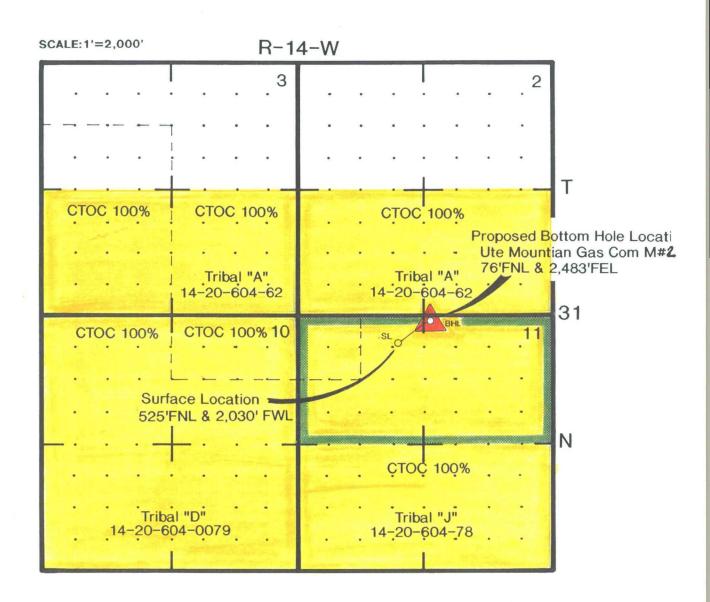
Ownership Map for all Formations Ute Mountian Gas Com M#2 Well, N/2 of Section 11,T-31-N,R-14-W

STATE: New Mexico COUNTY: San Juan

PROSPECT: N/2=320Acres Gas Spacing and Proration Unit.

SECTIONS: 11 BLOCK: SURVEY:

ACRES: TOWNSHIP: 31-N RANGE: 14-W



FEB. -02 01 (FRI) 12:22



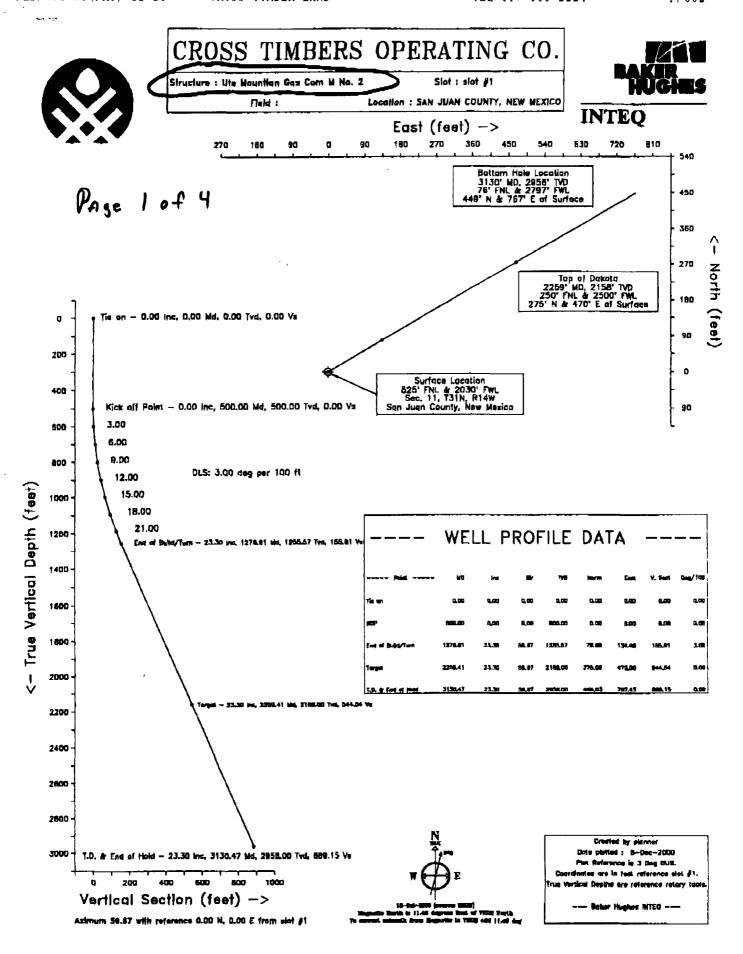
FAX TRANSMISSION

CROSS TIMBERS OIL COMPANY 810 Houston St. Ft. Worth, TX 76102 (817) 870-2800 metro (817) 429-8854 Fax: (817) 885-2224

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To:	_	chael Stogno O. C. D.	C Date:	2/	7/01	
Fax #: From:	`	476-3462 Welch	Pages:	<u>9</u> , inc	luding this cove	er sh ee t
Subject:		Diagram.	s: V+c	India	us # A	33
		NOTE: The documents a bers Oil Company and i				

CONFIDENTIALITY NOTE: The documents accompanying this telefax transmission contain information belonging to Cross Timbers Oil Company and its affiliates that is confidential and legally privileged. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any examination, disclosure, copying or distribution of the contents of this telecopied information is strictly prohibited. If you have received this telefax in error, please immediately notify the person identified above by collect telephone call to arrange for return of the original documents at our expense.

COMMENTS:	MR.	Stogner:	Pls.	find	AttAchee	1 +he
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Adrin	Appao	val As +	o the	· Abor	c tuoli) wells.
			_		hANKS !	
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Page 2 of 4

SAN JUAN COUNTY, NEW MEXICO

Ute Mountian Gas Com M No. 2

slot #1

CROSS TIMBERS OPERATING CO.

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U

Baker Hughes INTEQ ል

Your ref : 3 Deg BUR Our ref : prop2586 License : License

: 12-0ct-2000 : 12-0ct-2000 : 12-0ct-2000 created Date printed Date Last Field is centred on 0.000,0.000,999.00000,N Structure is centred on n37 2 0.000,W108 10 0.000,3

Slot location is n37 2 0.000, w108 10 0.000 Slot Grid coordinates are N 2195575.508, E 402703.940 Slot local coordinates are 0.00 N 0.00 E

Projection type: mercator - New Mexico West (3003), Spheroid: Clarke - 1866

Reference North is True North

Page 3 of 4

PROPOSAL LISTING Page 1 Your ref : 3 Deg BUR Last revised : 12-0ct-2000	Vert Sect	0	۰۰	אינ פים		41,74	י ער	4.6	26.8	155.81	44.1	41.9	44.5	39.7	837.53	889.15
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PERATING CO. m M No. 2,slot Y, NEW MEXICO	True Vert Depth	0.00	20	699.63	_	0.	n	1090,18	4	D.	460.5	1919.76	158.0	378.9	838.1	2958.00
CROSS TIMBERS OPERATING Mountian Gas Com M No. , SAN JUAN COUNTY, NEW M.	Azimuth True V Degrees Dept	00.0	2 0	59,67	6	9.6	9.6	59.67	9.6	9.6	9.6	59,67	9.6	9.6	9.6	59.67
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Ute	Measured Depth	00.00	600.00	700.00	800.00	900.00	1000.00	1100.00	1200.00	1276.81	1500.00	2000.00	2259.41	2500.00	3000.00	3130.47

All data is in feet unless otherwise stated.

Coordinates from slot #1 and TVD from rotary table.
Bottom hole distance is 889.15 on azimuth 59.67 degrees from wellhead.
Vertical section is from N 0.00 E 0.00 on azimuth 59.67 degrees.

Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

Page 4 of 4

TEL:817 885 2224

, v	470.00E 12-0ct-2000	470.00E	275.00N	2158.00		
,	Revised	Rectangular Coordinates	Rectangular	T.V.D.	graphi	Target name Geo
- ∪			s wellpath	ated with thi	Targets associated with this wellpath	
K1) 14	, 00	Your ref : 3 Deg BUR Last revised : 12-Oct-2000	Your red Last revised		Ute Mountian Gas Com M No. 2, slot #1, san Juan county, New MEXICO	Ute Mountian Gas
1 1	2	PROPOSAL LISTING Page 2	PROPOSAL			CROSS TIMBERS

Page: 1 Document Name: untitled

03/13/01 09:39:15 CMD : ONGARD

C101-APPLICATION FOR PERMIT TO DRILL OG6C101 OGOMES -TODE

: 167067 API Well No: 30 45 30488 APD Status(A/C/P): A OGRID Idn

Opr Name, Addr: CROSS TIMBERS OPERATING COMPANY Aprvl/Cncl Date : 01-12-2001

2700 FARMINGTON AVENUE

BUILDING K, SUITE 1 FARMINGTON, NM 87401

Prop Idn: 22843 UTE MOUNTAIN GAS COM M Well No: 2

U/L Sec Township Range Lot Idn North/South East/West

Surface Locn : C 11 31N 14W FTG 525 F N FTG 2030 F W

OCD U/L : C API County : 45

Work typ (N/E/D/P/A) : N Well typ (O/G/M/I/S/W/C) : G Cable/Rotary (C/R) : F

Lease typ(F/S/P/N/J/U/I): U Ground Level Elevation: 5826

State Lease No: Multiple Comp (S/M/C) : S

Prpsd Depth : 2975 Prpsd Frmtn : UTE DOME DAKOTA

E0009: Enter data to modify record

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM

PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

Date: 3/13/2001 Time: 10:03:42 AM

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31 32	33 - 34 -	35 36

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Ext: 1/2 Sec 31 (A.	7046,8-6-82)	
		
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Cross Timbers Oil Company

To: Mr. Michael E. Stogner

New Mexico Oil Conservation Division

VIA|FAX (505) 476-3462

From: Tim Welch

Cross Timbers Oil Company

Date: February 12, 2001

Re: Administrative Applications
Ute Indians A #33 well (12/11/00)

Mountain Ute Gas Com N #2 well (12/11/00) Ute Mountain Gas Com M # 2 well (12/27/00)

Dear Mr. Stogner:

When you have time, it would be greatly appreciated if you could check on the status of these three (3) applications. Any help you could provide would be greatly appreciated.

Thanks again for you help in this matter.

Tim Welch

Senior Landman

Cross Timbers Oil Company

Fax (817) 885-2224

Telephone (817) 885-2661



To: Mr. Michael E. Stogner

New Mexico Oil Conservation Division

Via Fax (505) 476-3462

From: Tim Welch

Cross Timbers Oil Company

Date: March 1, 2001

Re: Administrative Applications

Ute Mountain Gas Com M #2 well (12/27/00)

Dear Mr. Stogner:

÷ 3,

When you have time, it would be greatly appreciated if you would check on the status of the captioned application. Thanks for you help in this matter.

Tim Welch Senior Landman Cross Timbers Oil Company (817) 885-2661 Fax (817) 885-2224

Page: 1 Document Name: untitled

CMD : OG5SECT

ONGARD

INQUIRE LAND BY SECTION

03/13/01 09:38:37

OGOMES -TQDE PAGE NO: 1

Sec : 11 Twp : 31N Rng : 14W Section Type : NORMAL

D	C	В	A
40.00	40.00	40.00	40.00
Indian owned	 Indian owned A	 Indian owned 	 Indian owned
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40.00	40.00	40.00	40.00
Indian owned	 Indian owned	Indian owned	Indian owned
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FO1 HELP PF02	PF03 EXIT	PF04 GoTo PF05	PF06
	WD PF09 PRINT	PF10 SDIV PF11	PF12

Date: 3/13/2001 Time: 10:03:07 AM

Page: 1 Document Name: untitled

CMD : OG5SECT

ONGARD
INQUIRE LAND BY SECTION

03/13/01 09:38:44 OGOMES -TQDE

PAGE NO: 2

Sec : 11 Twp : 31N Rng : 14W Section Type : NORMAL

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PF07 BKWD PF08 FWI		PF10 SDIV PF11	PF12

Date: 3/13/2001 Time: 10:03:12 AM

TOWNSHIP 32 North	RANGE 13 West	NMPM
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TOWNSHIP	31 North	RANGE 14 4)est	NMPM	
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