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CROSS TIMBERS OIL
JAMESBRUCE

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 12210
ORDER NO. R-11132-A

APPLICATION OF CROSS TIMBERS OIL COMPANY TO AMEND DIVISION
ORDER NO. R-11132 TO PERMIT AN ALTERNATE UNORTHODOX GAS WELL
LOCATION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 8, 1999 at Santa Fe, New Mexico,
before Examiner Michael E. Stogner.

NOW, on this 22th day of September, 1999, the Division Director, having
considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case
and its subject matter.

(2) By Division Order No. R-11132, issued in Case No. 12100 and dated
February 5, 1999, Cross Timbers Oil Company was authorized to drill its Ute Indians "A"
Well No. 26 (API No. 30-045-29868) from an unorthodox surface location 570 feet from the
South line and 1045 feet from the East line (Unit P) of Section 2, Township 31 North, Range
14 West, NMPM, San Juan County, New Mexico, into the Ute Dome-Paradox Pool at an
unorthodox subsurface gas well location/producing area that is no closer than: (i) 1650 feet
from the North and West lines; (ii) 850 feet from the South line; and (iii) 1450 feet from the
East line of Section 2. All of Section 2, being a standard 640-acre, more or less, gas spacing
and proration unit within the Ute Dome-Paradox Gas Pool, was to be dedicated to this well.

(3) At this time Cross Timbers Oil Company seeks to amend this order allowing
the Ute Indians "A" Well No. 26 to be either: (i) directionally drilled to the above-described
unorthodox subsurface location in Section 2 or, (ii) drilled vertically from the above-
described proposed unorthodox surface location.

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(4) Subsequent to the issuance of Division Order No. R-11132, Cross Timbers Oil Company drilled its Ute Mountain Tribal "J" Well No. 6 (API No. 30-045-29869) at an unorthodox gas well location (approved by Division Order No. R-11130, issued in Case No. 12098 and dated February 5, 1999) 450 feet from the South line and 500 feet from the West line (Unit M) of Section 12, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico. While drilling, Cross Timbers Oil Company experienced a natural tendency for this well to drift to the north.

(5) Further evaluation of the Dakota interval within the Ute Mountain Tribal "J" Well No. 6 and other nearby wells indicate that a location within the Dakota interval directly underneath the proposed unorthodox surface location 570 feet from the South line and 1045 feet from the East line (Unit P) for the Ute Indians "A" Well No. 26 within the SE/4 of Section 2 would be more favorable than the proposed directionally drilled location, thereby increasing the likelihood of obtaining commercial Dakota gas production.

(6) In the nine section area comprising Sections 34, 35, and 36, Township 32 North, Range 14 West, NMPM, and Sections 1, 2, 3, 10, 11, and 12, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico, Cross Timbers Oil Company owns 100 percent of the working interest and the Ute Mountain Ute Tribe owns 100 percent of the royalty interest.

(7) No other interested party appeared at the hearing in opposition to the application.

(8) The applicant's request should therefore be granted.

(9) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in this unit and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Ordering Paragraph No. (1) of Division Order No. R-11132, issued in Case No. 12100 and dated February 5, 1999, is hereby amended to read as follows:

"(1) The applicant, Cross Timbers Oil Company, is hereby authorized to locate its Ute Indian "A" Well No. 26 at an unorthodox surface location 570 feet from the South line and 1045 feet from the East line (Unit P) and a subsurface gas

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well location/producing area within the Ute Dome-Dakota Pool and the Ute Dome-Paradox Pool that is no closer than: (i) 1650 feet to the North and West lines; (ii) 570 feet to the South line and (iii) 1043 feet to the East line of Section 2, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico."

(2) Ordering Paragraph No. (2) of Division Order No. R-11132, issued in Case No. 12100 and dated February 5, 1999 is hereby amended to read as follows:

"(2) For gas production from the Dakota formation, the SW/4 of Section 2 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit within the Ute Dome-Dakota Pool, and for gas production attributable to the Ute Dome-Paradox Pool, all of Section 2 shall be dedicated to the well in order to form a standard 640-acre gas spacing and proration unit."

(3) All other provisions of Division Order No. R-11132 shall remain in full force and effect until further notice.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery

LORI WROTENBERY
Director

SEAL