



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 24, 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

Telefax No. (817) 870-1671

2nd AMENDMENT to Division Administrative Order NSL-1959

Dear Mr. Cox:

Reference is made to the following: (i) your original application dated June 1, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated June 19, 2000 from Mr. Michael E. Stogner, Engineer in Santa Fe requesting verification of the information submitted; (iii) a second letter from Mr. Stogner dated June 27, 2000 withdrawing this application; (iv) your letter dated June 27, 2000 informing the Division of the erroneous information contained in the June 1, 2000 application and your plans to resubmit this request correctly; (v) your resubmitted application dated June 29, 2000; and (vi) the records of the Division in Santa Fe and Aztec: all concerning Cross Timbers Oil Company's ("Cross Timbers") request to essentially correct/amend Division Administrative Order NSL-1959 to accurately reflect a pool completion change for Cross Timbers Operating Company's ("Cross Timbers") existing T. L. Rhodes "C" Well No. 3-E (**API No. 30-45-26200**) located 1415 feet from the North line and 580 feet from the West line (Lot 2/Unit E) of Section 31, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.

By Division Administrative Order NSL-1959, dated December 31, 1984, as amended by order also dated on December 31, 1984, authorized Amoco Production Company to drill this well at the above-described unorthodox location: (i) to the deeper Basin-Dakota Pool within an existing standard 317.85-acre lay-down gas spacing and proration comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 31; and (ii) to the shallower (Undesignated) Simpson-Gallup Oil Pool to be dedicated erroneously to a 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 31.

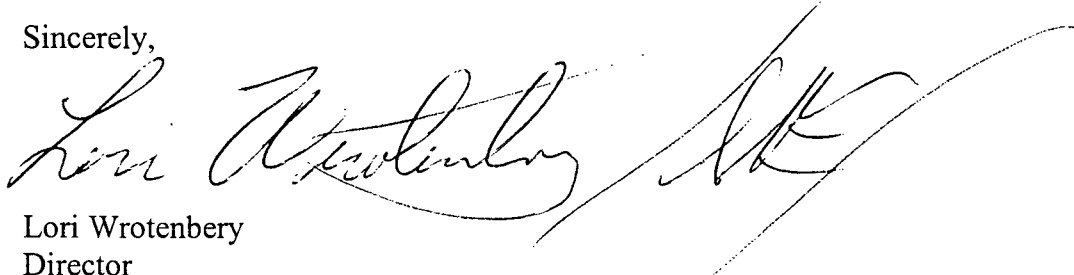
It is our understanding that this well was initially completed as a single Basin-Dakota producing gas well in 1985 and the Gallup interval was never completed. It is further understood that Cross Timbers now intends to recomplete the T. L. Rhodes "C" Well No. 3-E up-hole into the Gallup interval. This well is located closer to the Kutz-Gallup Oil Pool (approximately one-half mile to the southeast), which is governed under the provisions of Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and provides for 40-acre oil spacing and proration units and requires wells to be located no closer than 330 feet to the outer boundary of such 40-acre unit nor closer than 10 feet

to any quarter-quarter section line or subdivision inner boundary, then the Simpson-Gallup Oil Pool (a little over three quarters of a mile to the north), currently governed under 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.

This 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.

By the authority granted me under the provisions of Division Rule 104.F (2), Division Administrative Order NSL-1959 is hereby revised by changing this wells unorthodox oil well location in the Gallup interval from the "*Simpson-Gallup Oil Pool*" to the "*Undesignated Kutz-Gallup Oil Pool*". All other provisions of Division Administrative Order NSL-1959 shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Lori Wrotenbery', followed by a large, stylized flourish or mark.

Lori Wrotenbery
Director

LW/MES/kv

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