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**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT****OIL CONSERVATION DIVISION**
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 31, 2000

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-4397

Dear Mr. Cox:

Reference is made to the following: (i) your application dated January 6, 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. 1 (API No. 30-045-11561), located 1910 feet from the South line and 1540 feet from the West line (Unit K) 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. 1 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 that Cross Timbers intends to recompleate this wellbore up-hole into the Gallup formation in an attempt to establish commercial hydrocarbon production and then intends to downhole commingle production streams from both the Basin-Dakota and Angels Peak-Gallup intervals.

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 W/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 N/2 SW/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



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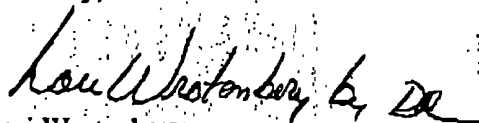
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Peak-Gallup Associated Pool is considered to be unorthodox, pursuant to Rule 2(b) of the "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico/Special Rules and Regulations for the Angels Peak-Gallup Associated Pool."

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. 1 is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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

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Ging

