

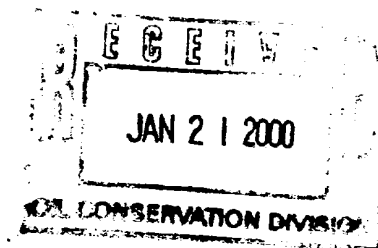


Cross Timbers Oil Company

January 19, 2000

CERTIFIED MAIL:

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



RE: Request for Administrative Approval of an Unorthodox Location
Cross Timbers Operating Company's M.N. Galt "F" #1R Well
2,200' FSL and 1,100' FWL (NW/4 SW/4)
Unit L, Section 1-T27N-R10W
San Juan, New Mexico
Fulcher Kutz Pictured Cliffs

Dear Mr. Stogner:

Cross Timbers Operating Company hereby request administrative approval of an unorthodox gas well location for the above referenced well. Attached for your reference are the following exhibits:

1. Well Location plat (NMOCD Form C-102).
2. Topographic Map.
3. Ownership Map with Offset Operators for the Pictured Cliffs formation.
4. Geologic discussion.
5. EUR Isopach Map of the Fruitland Coal and Pictured Cliffs Production
6. EUR Isopach Map of the Pictured Cliffs Sandstone.

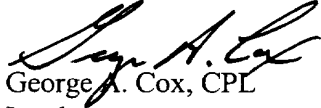
For geological reasons, the optimal placement of a Pictured Cliffs well in the SW/4 spacing unit is the above requested location. Our objective in placement at this location is to drill as far as possible from the radius of any pre-existing or currently producing Pictured Cliffs wells, while at the same time maintaining maximum pay thickness and good reservoir quality to justify the drilling of the well. Pool rules state that a well will be no closer than 660' to the outer boundary of the well unit and 10' to a quarter-quarter section line.. To drill the well as a deviated hole would be cost prohibitive. The requested location provides the best location for the protection of waste and correlative rights.

Please note that the EUR Isopach maps provided show the original operator of the well drilled and do not necessarily represent the current operator.

By certified mail, a copy of this application and request for administrative approval has been sent to all Pictured Cliffs offsetting operators.

We look forward to your approval and should you have any questions, please contact me at (817) 885-2454.

Sincerely,
CROSS TIMBERS OPERATING COMPANY

A handwritten signature in black ink, appearing to read "George A. Cox".

George A. Cox, CPL
Landman

cc: Gary Markestad - Farmington
Bobby Smith - CTOC Midland
Tom DeLong - Farmington
Gary Burch
Offset Operators/Owners

OFFSET OPERATORS/OWNERS
M.N. Galt "F" #1R WELL

Burlington Resources
P.O. Box 4289
Farmington, NM 87499-4289
Attention: Shannon Nichols

Conoco Inc.
P.O. Box 2197, DU 3076
Houston, Texas 77252
Attention: Isabel H. Barron

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Conoco Inc.
Attention: Isabel H. Barron, DU 3078
P.O. Box 2197
Houston, TX 77252

2. Article Number (Copy from service label)

Z 137 270 173

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Burlington Resources
Attention: Shannon Nichols
P.O. Box 4289
Farmington, NM 87499-4289

2. Article Number (Copy from service label)

Z 137 270 172

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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-10
Revised February 21, 199
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 77200	*Pool Name FULCHER KUTZ PICTURED CLIFFS
*Property Code	*Property Name M. N. GALT "F"		*Well Number 1R
*GRID No. 167067	*Operator Name CROSS TIMBERS OPERATING COMPANY		*Elevation 6036'

¹⁰ Surface Location

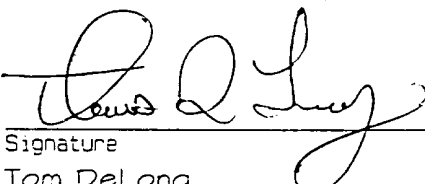
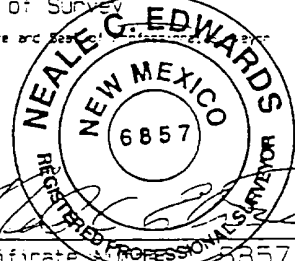
UL or lot no.	Section	Township	Range	Lot ID#	Feet from the	North/South line	Feet from the	East/West line	County
L	1	27N	10W		2200	SOUTH	1100	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

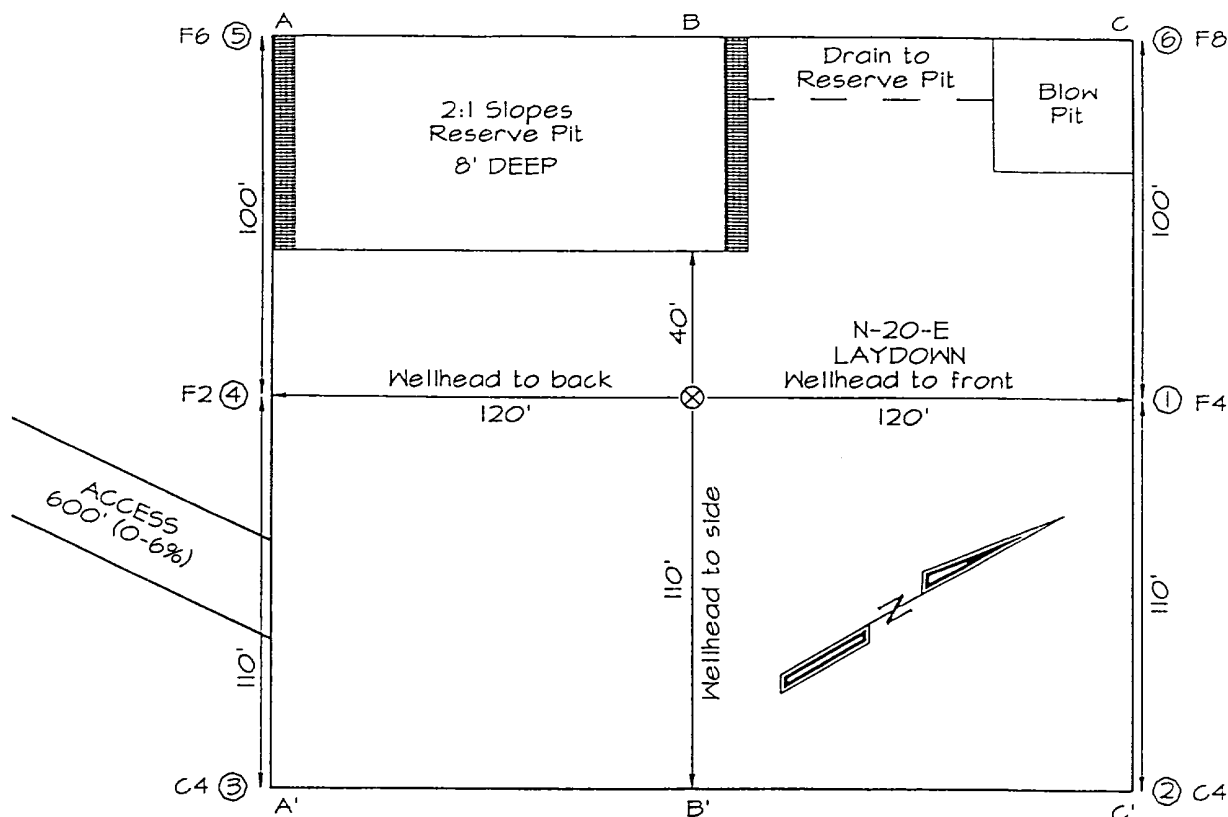
UL or lot no.	Section	Township	Range	Lot ID#	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

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

¹⁵		5280.00'		¹⁷ OPERATOR CERTIFICATION	
1339.80'	LOT 4	LOT 3	LOT 2	LOT 1	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Tom DeLong Printed Name Production Engineer Title 9-8-99 Date
				LOT 5	
				LOT 6	
				LOT 7	
1320.00'					¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. AUGUST 18, 1999 Date of Survey Signature and Seal of Professional Surveyor  Certificate No. 6857
2640.00'					
2640.00'					

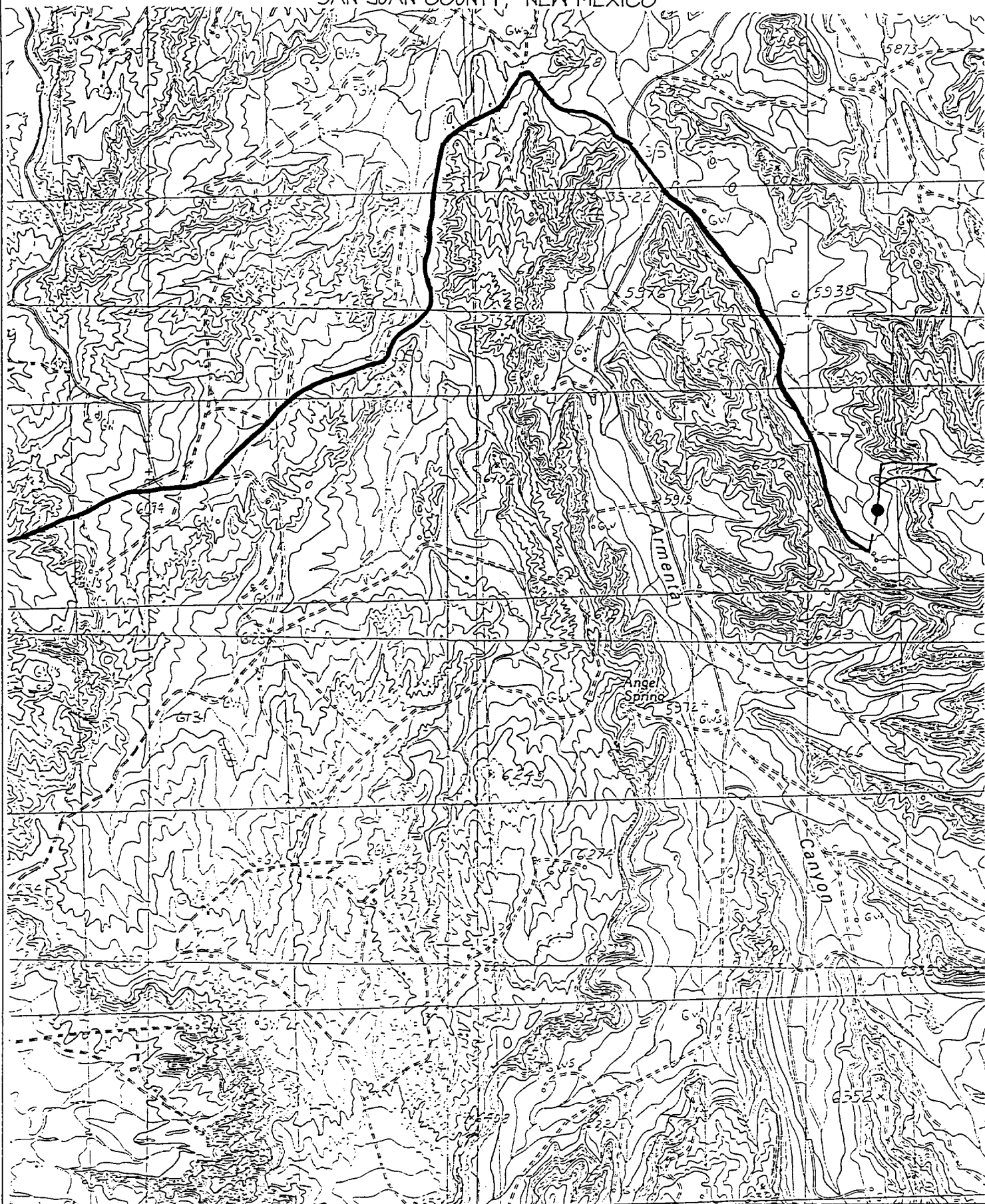
CROSS TIEB. S OPERATING COMPANY L. N. GALT "F" #1R
 2200' FSL & 1100' FWL, SECTION 1, T27N, R10W, NMPM, SAN JUAN COUNTY, NM
 GROUND ELEVATION: 6036' DATE: AUGUST 18, 1999



A-A'						
6046'						
6036'						
6026'						
B-B'						
6046'						
6036'						
6026'						
C-C'						
6046'						
6036'						
6026'						

Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on wellpad and/or access road at least two (2) working days prior to construction.

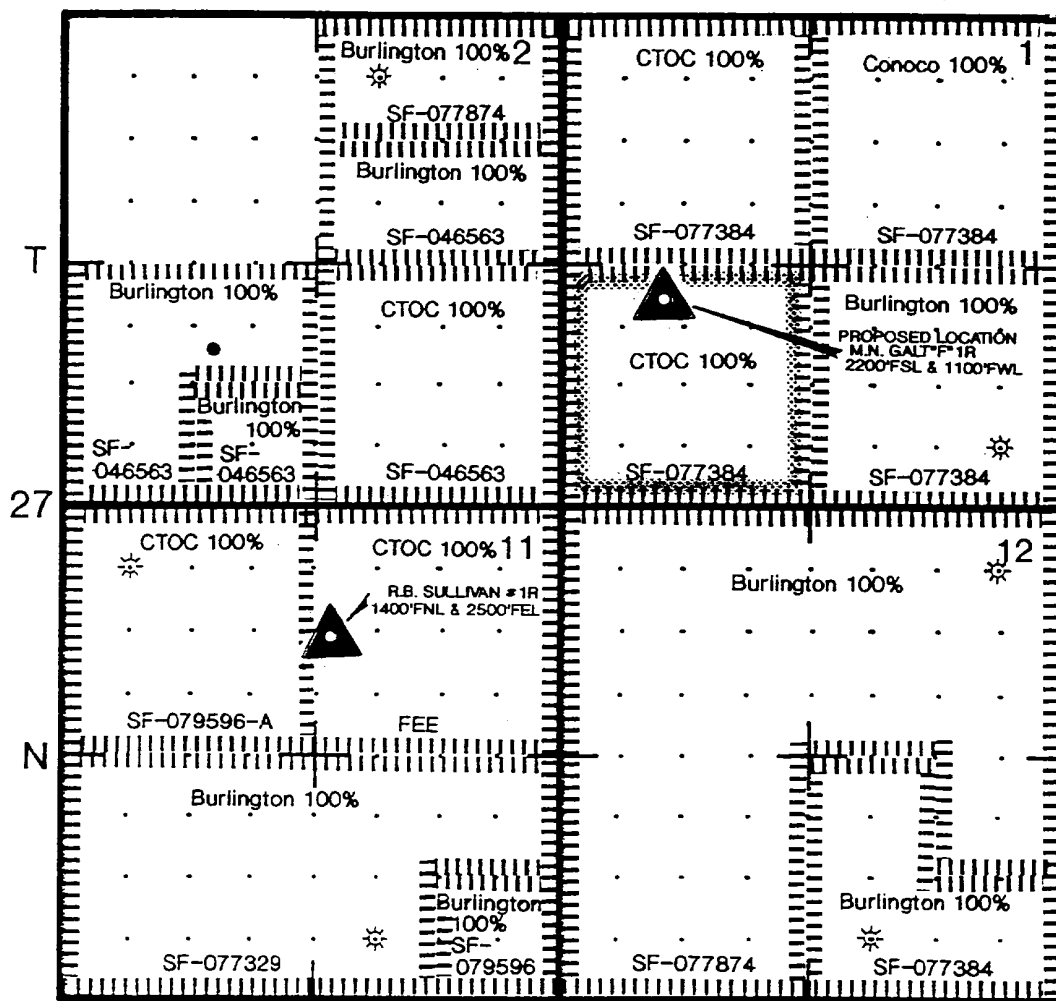
CROSS TIMBERS OPERATING COMPANY M. N. GALT "F" #1R
2200' FSL & 1100' FWL, SECTION 1, T27N, R10W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO



SECTION PLAT OF 4 SQUARE MILES

STATE: NEW MEXICO COUNTY: SAN JUAN
 PROSPECT: _____ DATE: _____
 SECTIONS: _____ BLOCK: _____ SURVEY: _____
 ACRES: _____ TOWNSHIP: 27N RANGE: 10W

SCALE: 1"=2,000'



R-10-W

M.N.GALT "F" 1R

SW/4 Sec. 1-27N - 10W

Ownership Map for Pictured Cliffs Formations

M.N. GALT "F" #1R
2200' FSL, 1100' FWL
SEC. 1-T27N-R10W
SAN JUAN CO., NM

GEOLOGIC SUMMARY

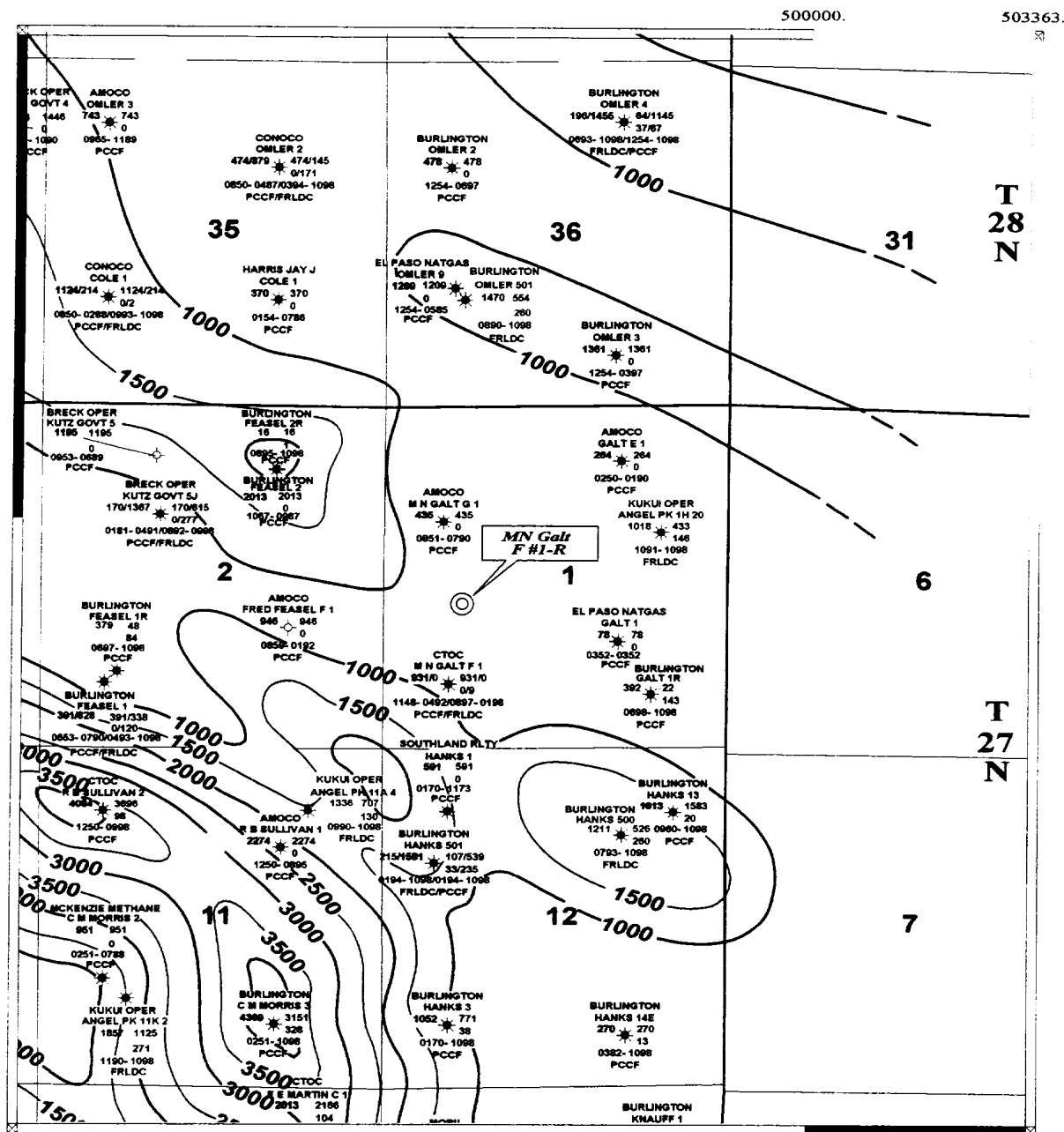
The Cross Timbers M.N. Galt "F" #1R is a proposed 2160' Pictured Cliffs well designed to be a re-drill of the M.N. Galt "F" #1, which produced approx. 931 MMCFG out of the Pictured Cliffs Ss. from 11/48 through 4/92. The M.N. Galt "F" #1 was recompleted to the Fruitland Coal in August 1997. The proposed location is situated approx. 1250' NNE of the M.N. Galt "F" #1, and approx. 1300' south of the M.N. Galt "G" #1 which was a Pictured Cliffs producer in the NW $\frac{1}{4}$, Sec. 1 from 8/51 to 7/90. That well made 435 MMCFG from the Pictured Cliff Ss., and is now plugged. There is currently no Pictured Cliffs well producing in the NW $\frac{1}{4}$, Sec. 1 (the spacing unit towards which the proposed well is moving). CTOC owns the Pictured Cliffs rights under the NW $\frac{1}{4}$, Sec. 1 and is the operator of that unit.

Cross Timbers' objective in the placement of the well is to drill away from the radius of influence of any pre-existing Pictured Cliffs wells, while at the same time maintaining sufficient pay thickness and good reservoir quality to justify the drilling of the well.

The Pictured Cliffs Sandstone was deposited as NW-SE trending marine coastal barrier sands oriented parallel to the Late Cretaceous Shoreline. Sand deposition gradually shifted northeastward as the shoreline regressed. Periodic stand-stills resulted in thicker and cleaner sand buildups, which directly correlate to NW-SE trends of prolific gas production.

Approx. 60 ft. of pay is expected at the proposed location. The good reservoir quality at the proposed location is supported by diagonal offset wells along trend to the NW and SE which have ultimate recoveries of 2013 MMCFG and 1613 MMCFG respectively.

An unorthodox location is recommended in order to move into the NW-SE trend of more prolific production and to gain distance away from the area drained by the original well in the unit.



OPERATOR
 WELL NAME & NUMBER
 GAS EUR ○ CUM GAS MMCF
 CURR RATE MCF/D
 START / END DATE
 FORMATION

○ = Proposed (CTOC)
 drill well location

1000. 0. 1000. 2000. 3000. 4000. 5000. feet



Cross Timbers Oil Company

SAN JUAN COUNTY, NEW MEXICO

MN Galt "F" 1-R

EUR ISOPACH MAP

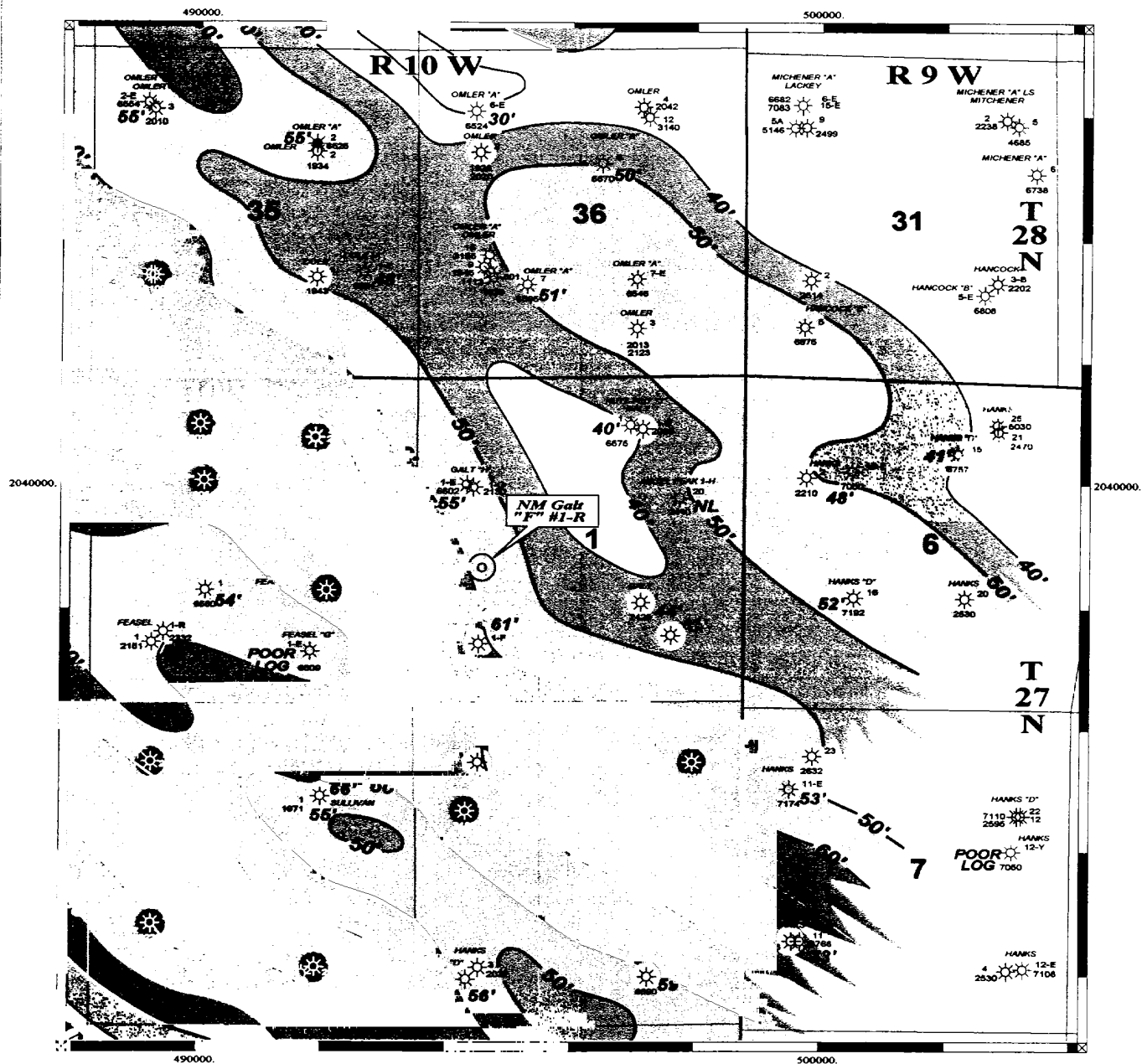
**FRUITLAND COAL and
PICTURED CLIFFS PRODUCTION**

Contour Interval: 500

Geologist: Gary Burch

January 2000

ALLEUR_A.GPJ



- Pictured Cliffs Production



- Proposed (CTOC)
drill well location



1000. 0. 1000. 2000. 3000. 4000. 5000. feet



 **Cross Timbers Oil Company**

SAN JUAN COUNTY, NEW MEXICO

MN Galt "F" 1-R

ISOPACH MAP

**PICTURED CLIFFS SANDSTONE
ESTIMATED FT. OF PERMEABILITY
FROM SP LOG CUTOFFS**

Contour Interval: 10 feet

Geologist: Gary Burch

January 2000