



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 22, 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-4414

Dear Mr. Cox:

Reference is made to the following: (i) your application dated January 19, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Aztec: all concerning Cross Timbers Operating Company's ("Cross Timbers") request to drill its proposed M. N. Galt "F" Well No. 1-R at an unorthodox Pictured Cliffs gas well location 2200 feet from the South line and 1100 feet from the West line (Unit L) of Section 1, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico. The SW/4 of Section 1 is to be dedicated to the well in order to form a standard 160-acre gas spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool.

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.

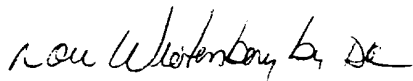
It is our understanding that Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 1 is a single Federal lease (United States Government Lease No. SF-077384) in which Cross Timbers is the leasehold operator; therefore, there are no effected offsets to the subject 160-acre tract other than Cross Timbers. It is further understood that the proposed location is of eqidistance between two previously producing Pictured Cliffs gas well in the W/2 equivalent of Section 1 [(i) the plugged and abandoned Amoco Production Company M. N. Galt "G" Well No. 1 (**API No. 30-045-06880**), located 1787 feet from the North line and 895 feet from the West line (Unit E) of Section 1, which produced from 1951 to 1996; and (ii) Cross Timbers' M. N. Galt "F" Well No. 1 (**API No. 30-045-06083**), located 990 feet from the South and West lines (Unit M) of Section 1, which produced from 1949 to 1997 when it was plugged back and recompleted up-hole into the Fruitland coal gas interval].

The proposed M. N. Galt "F" Well No. 1-R is at the optimum location to test for remaining gas reserves within the W/2 of Section 1, and, if successful, will allow the operator to drain production from the lease that would not otherwise be drained, thereby preventing waste.

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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery, Director". The signature is fluid and cursive.

Lori Wrotenbery
Director

LW/MES/kv

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