



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

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

February 29, 2000

**Cross Timbers Oil Company
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298
Attention: Edwin S. Ryan, Jr.**

Administrative Order NSL-4416(BHL)

Dear Mr. Ryan:

Reference is made to the following: (i) your application dated February 23, 2000; (ii) your telephone conversation with Mr. Michael E., Stogner, Chief Hearing Officer/Engineer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, on Monday, February 28, 2000; (iii) supplemental data telefaxed on February 29, 2000; and (iv) the records of the Division: all concerning Cross Timbers Operating Company's ("Cross Timbers") request for a non-standard subsurface gas well location, pursuant to 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, and 111.C (2), to be applicable to the Morrison and Entrada formations, for the proposed Ute Indians "A" Well No. 30 to be drilled from a surface location 400 feet from the North line and 300 feet from the East line (Lot 1/Unit A) of Section 2, Township 31 North, Range 14 West, NMPM, as projected into the unsurveyed Ute Mountain Indian Reservation, San Juan County, New Mexico. Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 2, being a standard 160.24-acre gas spacing and proration unit for both intervals, is to be dedicated to this well.

It is our understanding that Cross Timbers intends to kickoff from the vertical portion of this wellbore at a depth of 1,245 feet to the south and directionally drill to an estimated true vertical depth of 3,800 feet within the Entrada formation at a targeted unorthodox bottomhole location to be approximately 850 feet from the North line and 300 feet from the East line (Unit H) of Section 2.

The geologic interpretation submitted with this application, based on 3-D seismic data, indicates that drilling this well to the proposed unorthodox bottomhole location will enable Cross Timbers to intersect both the potentially productive Morrison and Entrada formations at positions that appear to be more structural advantageous than the nearest standard gas well location within the NE/4 equivalent of Section 2.

The applicable drilling window or "producing area" within the shallower Morrison formation for this wellbore shall include that area within the subject 160.24-acre gas spacing and proration unit comprising the NE/4 equivalent of Section 2 that is:

- (a) no closer than 660 feet to the south and west boundaries of this unit;
- (b) no closer than 600 feet from the North line of Section 2; and
- (c) no closer than 300 feet to the East line of Section 2.

The applicable drilling window or "producing area" within the deeper Entrada formation for this wellbore shall include that area within the subject 160.24-acre gas spacing and proration unit comprising the NE/4 equivalent of Section 2 that is:

- (a) no closer than 660 feet to the south and west boundaries of this unit;
- (b) no closer than 660 feet from the North line of Section 2; and
- (c) no closer than 300 feet to the East line of Section 2.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described non-standard subsurface gas producing areas/bottomhole gas well locations for the Morrison and Entrada formations underlying the NE/4 equivalent of Section 2 are hereby approved.

Further, Cross Timbers shall comply with all provisions of Division Rule 111 applicable in this matter.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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