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February 23, 2000

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Bureau of Land Management San Juan Resource Area 701 Camino Del Rio Durango, Colorado 81301 ATTN: Dan Rabinowitz Mr. Michael Stogner New Mexico Oil Conservation Division 2040 S. Pacheco Santa Fe, NM 87505

RE: Application for Unorthodox Location Ute Dome Dakota Pool Ute Indians A #30 NE/4 Section 2-31N-14W San Juan County, New Mexico

Gentlemen:

Cross Timbers Operating Company hereby requests approval of the following unorthodox location:

NSL 3/16/00

| Well Name:          | Ute Indians A #30  |                     |  |  |  |  |
|---------------------|--|---------------------|--|--|--|--|
| Pool:               | Morrison and Entrada                                       |                     |  |  |  |  |
| Location:           | Surface:   | 400' FNL & 300' FEL |  |  |  |  |
|                     | Top of Morrison:   | 600' FNL & 300' FEL |  |  |  |  |
|                     | Top of Entrada:  | 750' FNL & 300 FEL  |  |  |  |  |
|                     | Bottom Hole:   | 850' FNL & 300' FEL |  |  |  |  |
| Acreage Dedication: | NE/4 Section 2-31N-14W, containing 160 acres, more or less |                     |  |  |  |  |
| County/State:       | San Juan County, New Mexico                                |                     |  |  |  |  |
| Pool Rules:         | 660' from lease lines                                      |                     |  |  |  |  |

Attached is the following support and documentation of said application:

- 1. C-102 Plat
- 2. Geologic discussion
- 3. Copy of certified letter sent to offset operators/owners
  - A. Plat of offset operators
  - B. List of offset operators

| We look forward to your approval and pleas | se call me at (817) 885-2336 with any questions.                |
|--|---|
| Yours very truly,                          | a sullive regul   |
| Win Ryan                                   | 1 seal derection  |
| Edwin S. Ryan, Jr.                         | se call me at (817) 885-2336 with any questions.                |
|  | - Mile Black March 2-28-200<br>Telepherne conversition 2-28-200 |
|  | and conversition  |
|  | Telephure a   |

Ute Mountain Ute Tribe P.O. Box 248 Towaoc, Colorado 81334 ATTN: Mr. Gordon Hammond

NMCOD - Aztec District Office 1000 Rio Brazos Road Aztec, New Mexico 87410

Bureau of Indian Affairs Ute Mountain Ute Agency P.O. Box KK Towaoc, Colorado 81334

Offset Operators

Bobby Smith - CTOC Midland

Gary Burch

Barry Voigt

cc:

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| •  | 1 CROSS  | TIMBERS FA       |                                   |  | FAX NO. 50            | FAX NO. 5055646700 |  |   | P. 02   |   |  |
|--|----------|------------------|-----------------------------------|--|-----------------------|--------------------|--|---|---|---|--|
| District I<br>PO Box 1980, Hobbs. NM 88241-1980                |          |                  |                                   | State of New Mexico<br>Energy, Minchals & Natural Resources Department |                       |                    |  |   | Instru  | Form C-102<br>ruary 21, 1994<br>ctions on back                    |  |
| );strict II<br>20 Drawer DD.<br>District III<br>1000 Rio Brazo |          |                  |                                   |  | P0                    | Box                | ION DIVISIO<br>2088                    | Submit 1<br>N   | St  | tate Lea  | District Office<br>Dise - 4 Copies<br>Dise - 3 Copies                              |
| 015trict IV<br>70 Box 2088. 5                                  |          |                  |                                   | San  | ta ⊦e,                | NM                 | 87504-2088                             |   |   | AMEND   | ED REPORT  |
|  |          |                  | WELL                              | LOCATI   | ON AND                | ) AC               | REAGE DEDI                             | CATION F  | PLAT  |   |  |
| <u>۷</u> ,   | PI NUNDC |                  |                                   | *Pool Code   |                       |                    |  | <sup>, fool N</sup><br>RISON /                          | ame   |   | ENTRADA  |
| *Property Code   |          |                  | Property<br>UTE INDI              |  |                       |                    |  |   | Well Number<br>30                                       |   |  |
| 'OCRID NO.<br>157057   |          | C                | Operator Na<br>CROSS TIMBERS OPER |  |                       |                    |  |   | *Elevation<br>6095 '                                    |   |  |
| UL or lot no.  | Section  | Township         | Range                             | Lot Jan  | O Surfa               |                    | Ocation                                | Feet from the   | East  | fest line   | County   |
| ۸  | 2        | 31N              | 14W<br>Bottom                     | Hole L   | 400                   | <u> </u>           | NORTH<br>Different                     | 300   |   | AST   | SAN JUAN   |
| U or lot no,   | Saction  | Township         | Range                             | Lat lan  | Feet from             |                    | North/Solin line                       | Foot from the   |   | Nest line   | County   |
| Pedicated Acres  |          | Bubint or Ir     | 1<br>1721 14 Cor                  | Naolidation Codo   | <sup>15</sup> Orden N |                    |  |   |   |   |  |
| NO ALLOW   | ABLE W   | ILL BE .<br>OR A | ASSIGNE                           | ED TO THI  | IS COMPL              | ETIO<br>5 BEI      | N UNTIL ALL<br>EN APPROVED 8           | INTERESTS<br>BY THE DI                                  | HAVE B  | EEN CC  | NSOL IDATED  |
| 15   |          |                  |                                   | 280.00'  |                       |                    | Ō                                      | 17 OPE  | RATOR   |   | IFICATION  |
| 1323. 56.<br>101   | 1        | LC               | )73                               | <br>   | _0T 2                 |                    | LOT 1                                  | 323.96  | complete to tr  | ve best of m  | y knowledge and belief   |
|  |          | •                |                                   |  |                       |                    | ······································ | Signal  | -   | Fat   | hergill  |
| .00  |          |                  |                                   | 1  |                       |                    |  | Lore  | n W. Fo   | therg   | 11   |
| 1320   |          |                  |                                   |  |                       |                    |  | O Proc<br>Title   | nuby  | Engine  | er<br>19-00  |
|  |          |                  |                                   | - <u>Z</u>   |                       |                    |  | 18 SUF<br>I hereby<br>was plot<br>or under<br>correct t | VEYOR<br>ed from field<br>by Bupervision<br>the best of | CERT<br>the well loca<br>notes of act<br>and that t<br>my belief. | IFICATION<br>tion enour on this pi<br>uel surveys made by m<br>ho some is true and |
| 2640.00'   |          | -                |                                   | <br> <br>  |                       |                    |  | Date<br>Date<br>10.<br>Signature                        |   | R 30.<br>C. ED<br>M MEA<br>6857                                   | 1999<br>MARDS  |
|  |          |                  | Ę                                 | <br> <br> <br> <br> <br>   | ,                     |                    |  | Certi   | icate No  |   | 6857   |

## UTE INDIANS "A" #30 GEOLOGIC/GEOPHYSICAL SUMMARY

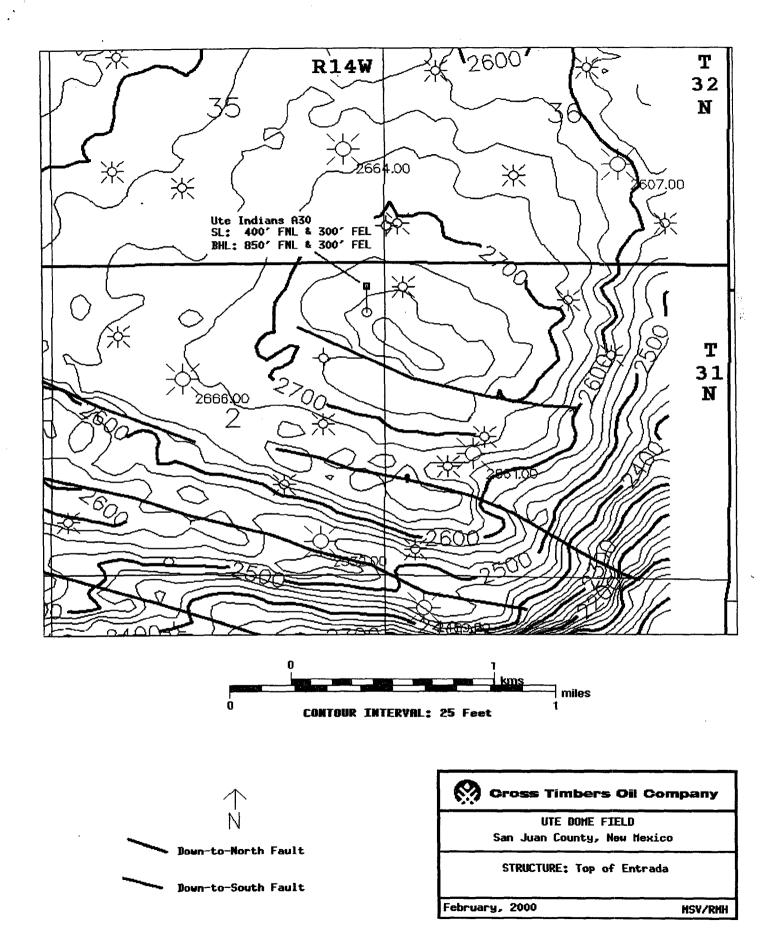
The Ute Indians "A" #30 is a proposed 3,600' Morrison/Entrada test. The "A" #30 will be directionally drilled from a surface location of 400' FNL and 300' FEL of Section 2-T31N-R14W, San Juan County, New Mexico. The top of the Morrison will be encountered 600' FNL and 300' FEL at a well depth of 2,523'. The top of the Entrada will be encountered 750' FNL and 300' FEL at a well depth of 3,353'. The bottom hole location will be 850' FNL and 300' FEL of the same section. There are currently three wells producing from the Morrison in Ute Dome field and there is no Entrada production in the field. There has been no Morrison production in the NE/4 of section 2.

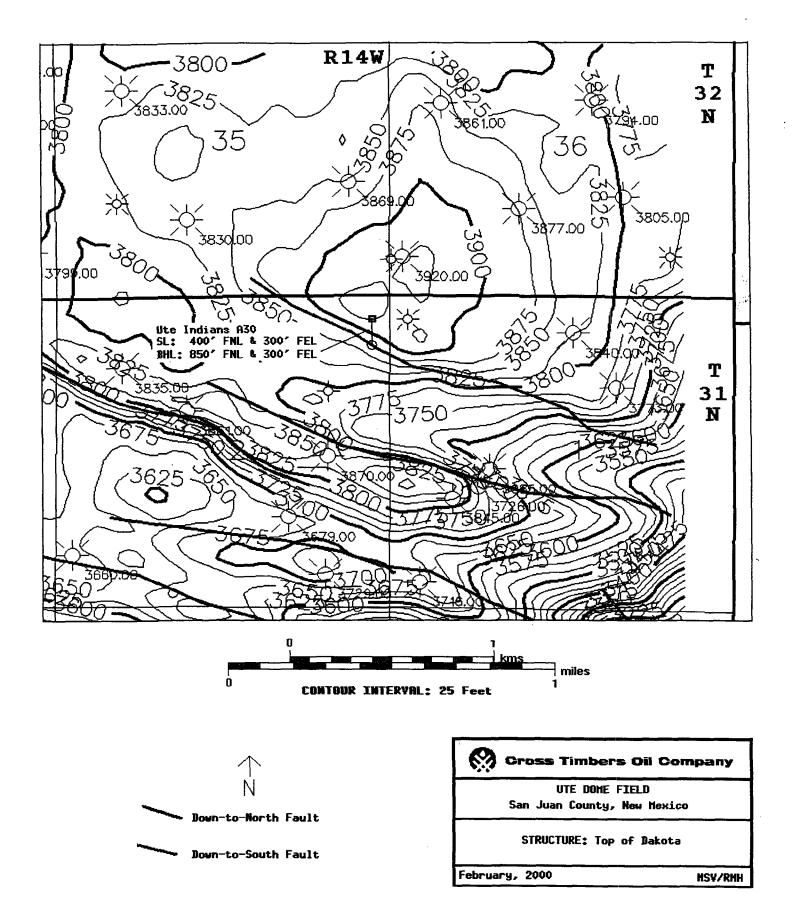
The Ute Dome field is located on a broad semi-circular structure on the Southeastern edge of the Four Corners Platform. On the southeast side of the structure, the entire stratigraphic section dips steeply to the southeast into the San Juan Basin. The southern portion of the structure is bisected at the Morrison/Entrada level by several WNW-ESE trending normal faults. Vertical displacement along these faults can be as much as 250 feet. The faults commonly form four-way structural closures which trap hydrocarbons migrating upward from mature source rocks in the basin.

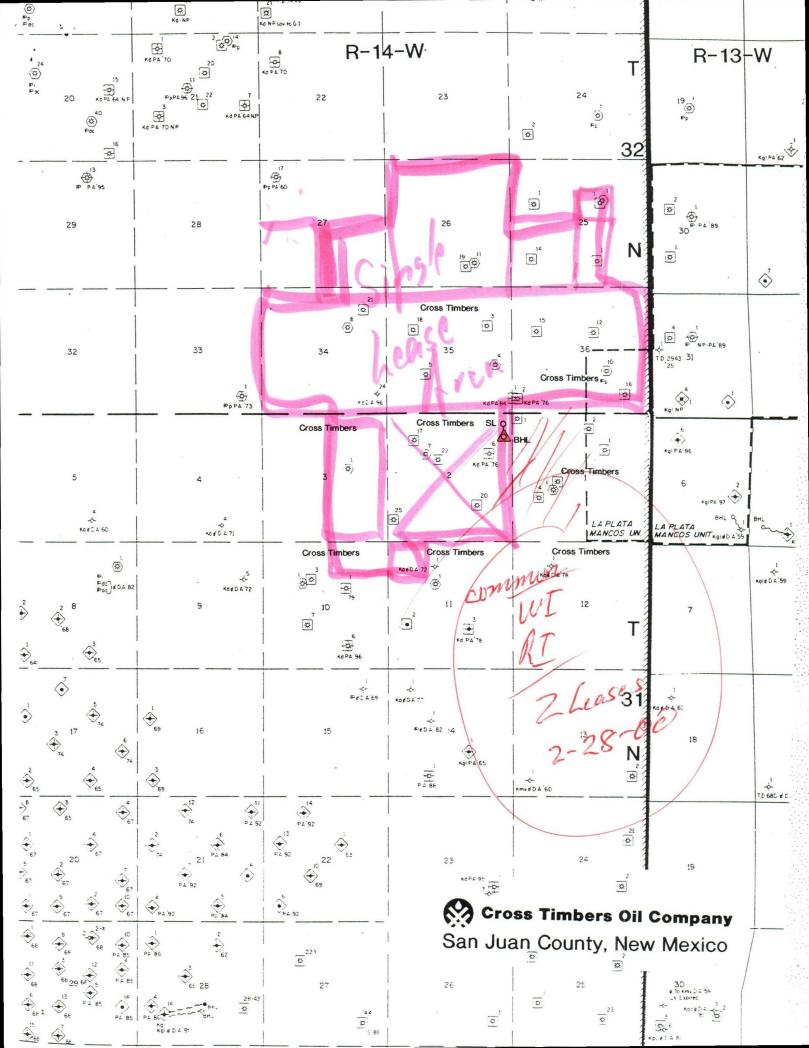
The attached seismic structure maps on the top of the Dakota Formation and the top of the Entrada Sandstone, were interpreted from a vibroseis <u>3-D</u> seismic survey shot by Amoco in 1995. The data was reprocessed by Cross Timbers Oil Company in 1998. The top of the Morrison is approximately 260' below the top of the Dakota. The location for the proposed Ute Indians "A" #30 was chosen to test the Morrison and Entrada at the highest structural position in the field. The Morrison is productive in structurally lower fault blocks and has never been tested on the crest of the structure. A show was encountered in the Lower Morrison/Entrada in the Cross Timbers Ute Mountain Tribal "J" #7 (NW/4 NW/4 Section 12-T31N-R11W) approximately 1 mile to the SE of the proposed location. The "J" #7 is in a structurally lower position.

An Unorthodox Location is requested for the Morrison and the Entrada Formations. The requested location will allow Cross Timbers to test each of these Formations on the crest of the Ute Dome structure. We will have more than 50 feet of closure in each zone. A legal location in the NE/4 of section 2 would put the well on the down thrown side of a down-to-the-south normal fault and therefore in a less structurally favorable position to establish Entrada production. The proposed location is not moving the well closer to any current Morrison production. The well is to be drilled directionally due to topographic limitations and a pipeline.

2/21/00







## OFFSET OPERATORS/OWNERS

Cross Timbers Oil Company, Applicant, is the only offset operator.