

NSL

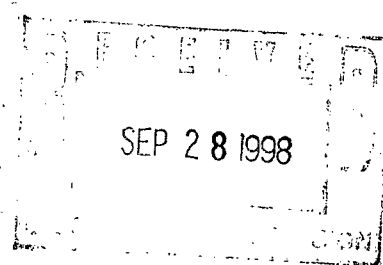
10/19/98

**Cross Timbers Oil Company**

September 25, 1998

CERTIFIED MAIL

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



Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Cross Timbers Operating Company applies for administrative approval of an unorthodox gas well location and directional drilling for the following well:

Florance #70 Well

Surface Location: 2,035 feet FEL and 2,025 feet FSL

Bottomhole Location: 840 feet FEL and 840 feet FSL

E/2 Section 20, Township 27 North, Range 8 West, NMPM

San Juan County, New Mexico

The well will be drilled to test the Basin-Fruitland Coal Gas Pool and the Ballard Pictured Cliffs Gas Pool. Well spacing is 320 acres for the Basin Fruitland Coal Gas Pool and 160 acres for the Ballard Pictured Cliffs Gas Pool. Wells are to be drilled in the NE/4 or SW/4 of a section, and no closer than 790 feet to the outer boundary of the well unit and 130 feet to a quarter-quarter section line. The well is unorthodox because it is not in the NE/4 of Section 20, as required by Order No. R-8768, as amended. The Form C-102 for the well is attached as Exhibit A.

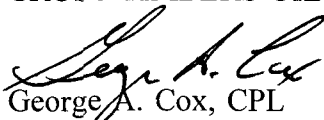
The proposed location is non-standard due to topographic reasons. The original proposed location was 790 feet FSL and 790 feet FEL. The surface location applied for is the preferred location of the BLM. Attached as Exhibit B is a topographic plat which shows both the proposed surface location and the proposed bottomhole location.

Attached as Exhibit C is a land plat of the area, showing acreage operated by Cross Timbers in yellow. There are no other offset operators surrounding this section.

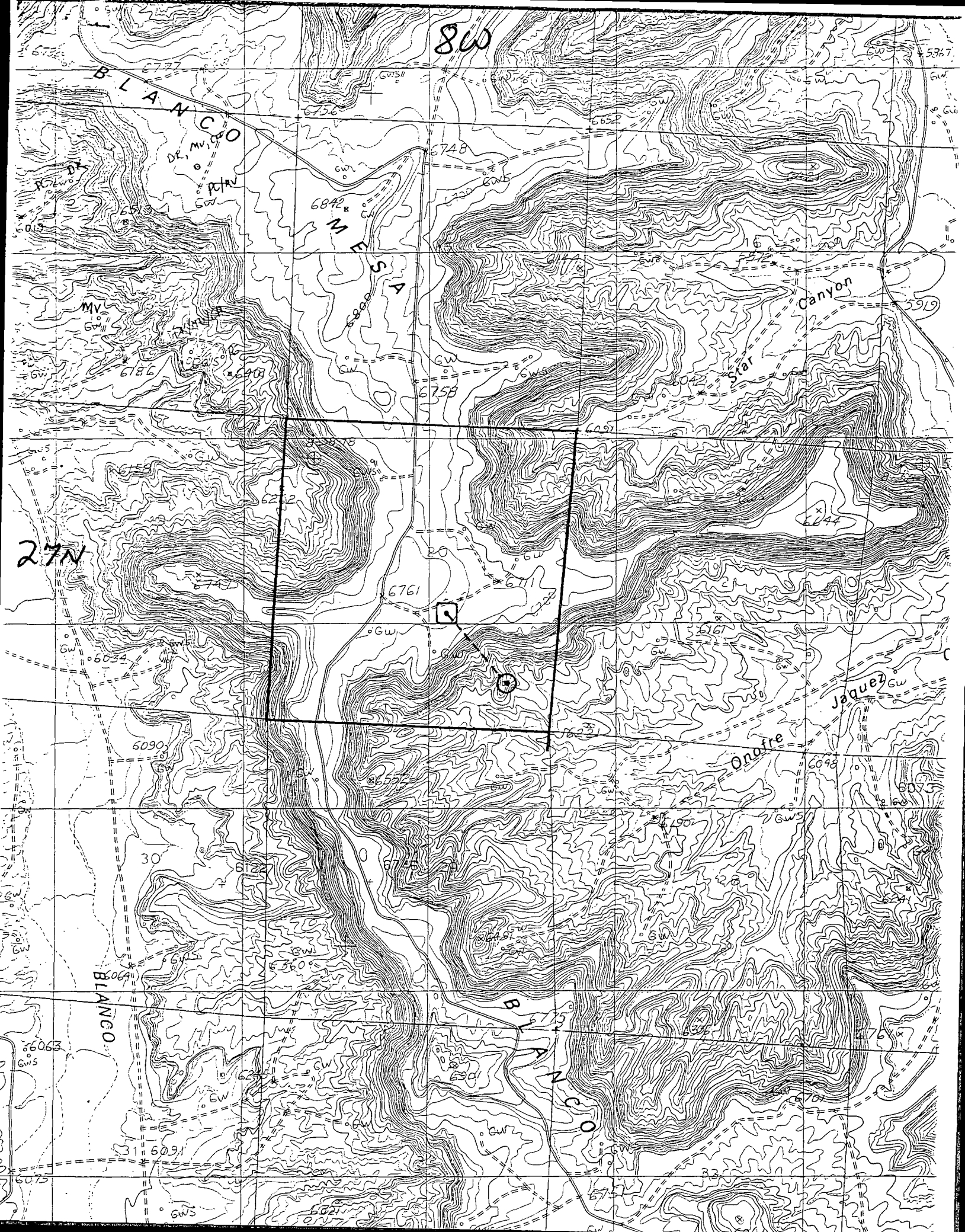
Stogner Letter
September 25, 1998
Page 2

This application is submitted in duplicate. Please call me at (817) 870-8454, if you need anything further.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosures



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECT1

10/19/98 16:38:50
OGOIV -EMDM
PAGE NO: 1

Sec : 20 Twp : 27N Rng : 08W Section Type : NORMAL

| | | | |
|---------------|----------------------|----------------------|--------------------|
| D 40.00 | C 40.00 | B 40.00 | A 40.00 |
| Federal owned | Federal owned A A | Federal owned | Federal owned |
| E 40.00 | F 40.00 | G 40.00 | H 40.00 |
| Federal owned | Federal owned | Federal owned A A | Federal owned A |

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/19/98 16:48:35
OGOIV -EMDM
PAGE NO: 2

Sec : 20 Twp : 27N Rng : 08W Section Type : NORMAL

| | | | |
|---------------------------------|--------------------------------------|--|---------------------------------|
| L 40.00 Federal owned | K 40.00 Federal owned A | J 40.00 Federal owned | I 40.00 Federal owned |
| M 40.00 Federal owned | N 40.00 Federal owned | O 40.00 Federal owned A A | P 40.00 Federal owned |

| | | | | | |
|-----------|----------|------------|-----------|------|------|
| PF01 HELP | PF02 | PF03 EXIT | PF04 GoTo | PF05 | PF06 |
| PF07 BKWD | PF08 FWD | PF09 PRINT | PF10 SDIV | PF11 | PF12 |

**Cross Timbers Operating Company**COVER LETTER

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Michael Stogner

NUMBER: _____

FROM: Mark GoschMESSAGE: Attached is the proposed
drilling plan for the Florence #70
in Sec. 20, T27N, R8W in San Jo
New Mexico. If you need any
further information, call me @ 915-682-887.DATE: 10-20-98IF YOU DO NOT RECEIVE 2 PAGES INCLUDING THE COVER
LETTER, PLEASE CALL BACK AT 915/682-8873 AND ASK FORMark

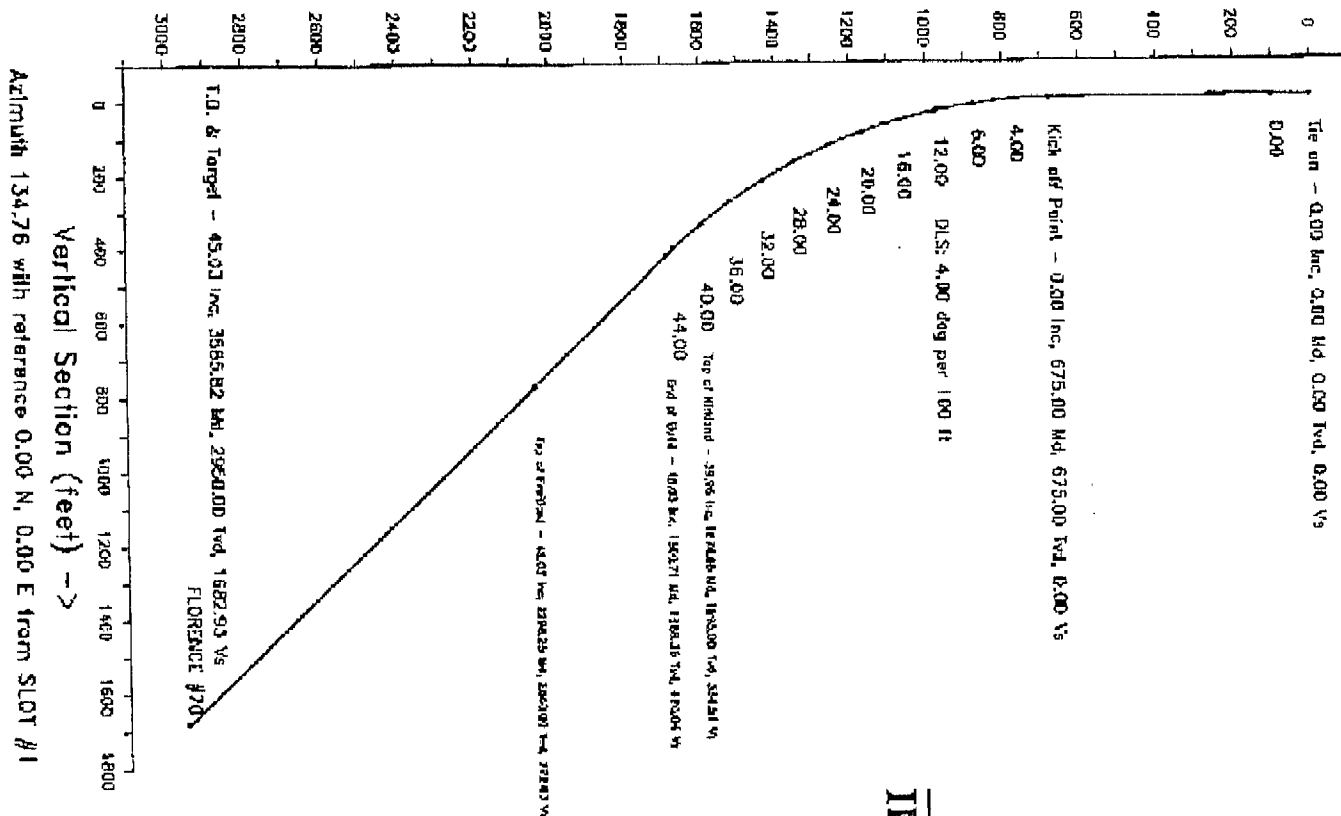
10/20/98 17:01
10/12/98 18:18

915 687 0862
303 534 0878

CROSS TIMBERS
BHI-DENVER

002
002/002

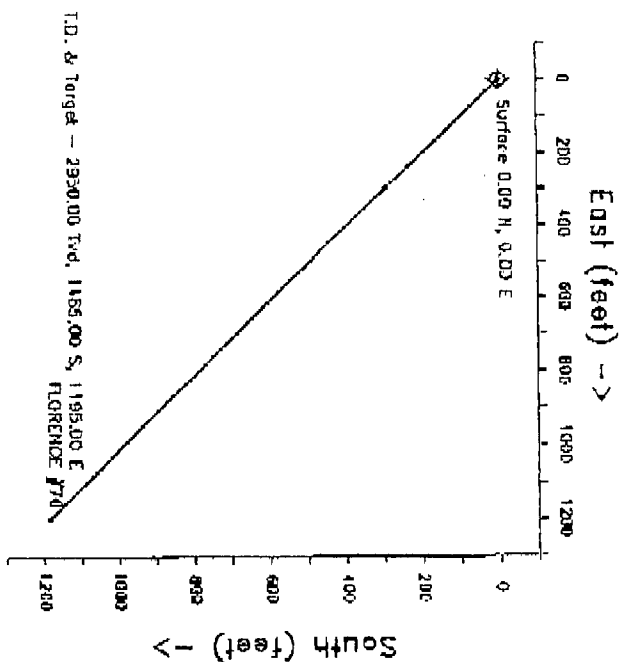
< - True Vertical Depth (feet)



CROSS TIMBERS

Structure : SEC.20-T27N-RBW Well : FLORENCE #70
Field : SAN JUAN COUNTY Location : NEW MEXICO.

BAKER
HUGHES
INTEQ



WELL PROFILE DATA

| Point | MD | Inc | Dir | YPR | North | East | N. Slope | Dog/BOD |
|------------------------|---------|-------|--------|---------|----------|---------|----------|---------|
| Top | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| End of BHI | 1800.00 | 45.00 | 134.76 | 1500.00 | -295.76 | 290.76 | 420.04 | 1.00 |
| T.O. & Target FLORENCE | 3585.82 | 45.00 | 134.76 | 2950.00 | -1195.00 | 1195.00 | 1682.93 | 0.00 |

Created by standard
Date plotted: 12-01-98
P.M. Reference to Initial Plot #1.
Coordinates are in feet reference SLOT #1.
True Vertical Depths are reference rotary hole.
--- Baker Hughes INTEQ ---



Cross Timbers Oil Company

November 10, 1998

CERTIFIED MAIL

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

NOV 12 1998

Dear Mr. Stogner:

On September 25, 1998, pursuant to Division Rule 104.F.(2), Cross Timbers Operating Company applied for administrative approval of an unorthodox gas well location and directional drilling for the following well:

Florance #70 Well

Surface Location: 2,035 feet FEL and 2,025 feet FSL

Bottomhole Location: 840 feet FEL and 840 feet FSL


E/2 Section 20, Township 27 North, Range 8 West, NMPM

San Juan County, New Mexico

The application was approved by letter dated October 19, 1998 referencing Administrative Order NSL-4152(BHL), a copy of the letter is attached for your reference. Upon further study of the area, Cross Timbers has determined that it will be able to change the bottom hole location and be more in line with the footage required by the NMOCD. The new bottom hole location should be approximately 1,000' FEL and 1,200' FSL of Section 20-27N-8W, NMPM, San Juan County, New Mexico, instead of the previously requested 840' FEL and 840' FSL.

Please let me if you need anything further concerning this matter and should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

cc: Gary Markstead - Farmington
Mark Gosch - Midland
Jerry Stadulis - Ft. Worth
Gary Burch - Ft. Worth

Date: November 12, 1998

To Company: NMEMRD

Attention Of: MICHAEL STOGNER

Fax Number: (505) 827-1389

From: Debra Bemenderfer

Subject: Florance #70

Job No: 1331-A

Number of Pages
Including Cover: 3

Our Services

Oil & Gas

Pipelines

Facilities

Power

Permitting

Engineering

Design

Procurement

Construction

COMMENTS:

Here's the sundry and plat for Florance #70.

If you have any questions, please call me at 505-324-3965. Thanks!

IF YOU HAVE PROBLEMS WITH THIS TRANSMISSION, PLEASE CONTACT
MIRANDA OR VERLA @ (505) 325-1266.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

FILE COPY

| | | |
|---|--|--|
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT-" for such proposals | | 5. LEASE DESIGNATION AND SERIAL NO. NM-03880 |
| | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME |
| SUBMIT IN TRIPLICATE | | 7. IF UNIT OR CA, AGREEMENT DESIGNATION FLORANCE |
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> | | 8. WELL NAME AND NO. FLORANCE #70 |
| 2. NAME OF OPERATOR CROSS TIMBERS OPERATING COMPANY | | 9. API WELL NO. |
| 3. ADDRESS AND TELEPHONE NO. 6002 Highway 64, Farmington, NM 87401 505-632-5200 | | 10. FIELD AND POOL, OR EXPLORATORY AREA FRUITLAND COAL |
| 4. LOCATION OF WELL (Footage, Sec., T., R., M., or Survey Description) SEC. 20, T27N-R3W 2025' FSL- 2035' FEL (Surface) 840' FSL - 840' FEL (BHL) | | 11. COUNTY OR PARISH, STATE SAN JUAN COUNTY, NM |
| 12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | |
| TYPE OF SUBMISSION | TYPE OF ACTION | |
| <input checked="" type="checkbox"/> Notice of Intent <input type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice | <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input type="checkbox"/> Other: _____ </div> <div> <input checked="" type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water </div> </div> <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form.)</small> | |
| 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) <div style="text-align: center; padding: 20px;"> <p>THE BOTTOM HOLE LOCATION OF 840' FSL - 840' FEL HAS BEEN CHANGED TO:</p> <p><u>1200' FSL AND 1000' FEL AS PER THE ATTACHED C102.</u></p> </div> | | |
| 14. I hereby certify that the foregoing is true and correct | | |
| SIGNED <u><i>Debra Bemenderfer</i></u> | | TITLE <u>DEBRA BEMENDERFER, As Agent for Conoco Inc.</u> DATE <u>11/5/98</u> |
| (This space for Federal or State office use) | | |
| APPROVED BY _____ Conditions of approval, if any: | | TITLE _____ DATE _____ |
| Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. | | |

* See Instruction on Reverse Side

District I
PO Box 1980, Hobbs, NM 88241-1990

District II
PO Drawer 00, 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, 1998
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 | *Pool Name |
| | | 71629 / 71439 | BASIN FRUITLAND COAL / BALLARD PICTURED CLIF |
| *Property Code | *Property Name | | *Well Number |
| 022608 | FLORANCE | | 70 |
| *GRID No. | *Operator Name | | *Elevation |
| 167067 | CROSS TIMBERS OPERATING COMPANY | | 6777' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot 1st | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| J | 20 | 27N | 8W | | 2025 | SOUTH | 2035 | EAST | SAN JUAN |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot 1st | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| P | 20 | 27N | 8W | | 1200 | SOUTH | 1000 | EAST | SAN JUAN |

| | | | |
|------------------|------------------|---------------------|------------|
| *Dedicated Acres | *Joint or Infill | *Consolidation Code | *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

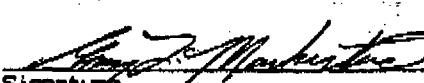

| | | | |
|----|----------|--|--|
| 16 | 5154.60' | | 17 OPERATOR CERTIFICATION |
| | | | I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. |
| | | |  |
| | | | Signature |
| | | | Gary L. Markstad |
| | | | Printed Name |
| | | | Vice-President / Production |
| | | | Title |
| | | | Date 11/5/98 |
| | | | 18 SURVEYOR CERTIFICATION |
| | | | I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by or under my supervision, and that the same is true and correct to the best of my belief. |
| | | | NOVEMBER 3, 1998 |
| | | | Date of Survey |
| | | | Signature and Seal of Surveyor |
| | | |  |
| | | | Certificate Number |

Diagram showing well location and acreage dedication plat. The plat is divided into sections. The top section is labeled '20' and contains the 'SURFACE LOCATION' and 'BOTTOM-HOLE LOCATION'. The 'SURFACE LOCATION' is marked with a dot and labeled '2025'. The 'BOTTOM-HOLE LOCATION' is marked with a dot and labeled '1000'. The distance between the two locations is labeled '1200'. The plat is bounded by dimensions: 5154.60' (top), 5344.68' (right), 5324.22' (left), and 4984.98' (bottom). The section number '20' is prominently displayed in the center.

District I
PO Box 1990, Hobbs, NM 88241-1990

District II
PO Drawer 00, 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-102
Revised February 21, 1994
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 | *Pool Name |
| | | 71629 / 71439 | BASIN FRUITLAND COAL / BALLARD PICTURED CLIFF |
| *Property Code | *Property Name | | *Well Number |
| 022608 | FLORANCE | | 70 |
| *OGRID No. | *Operator Name | | *Elevation |
| 167067 | CROSS TIMBERS OPERATING COMPANY | | 6777' |

10 Surface Location


| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| UL or lot no. | Section | Township | Range | Lot 10n | Feet from the | North/South line | Feet from the | East/West line | County |
| J | 20 | 27N | 8W | | 2025 | SOUTH | 2035 | EAST | SAN JUAN |

11 Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| UL or lot no. | Section | Township | Range | Lot 10n | Feet from the | North/South line | Feet from the | East/West line | County |
| P | 20 | 27N | 8W | | 1200 | SOUTH | 1000 | EAST | SAN JUAN |

| | | | |
|--------------------|--------------------|-----------------------|--------------|
| 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

| | | | | |
|----------|---|--|--|--|
| 16 | 5154.60' | | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Gary L. Markstad</u> Printed Name <u>Gary L. Markstad</u> Title <u>Vice-President / Production</u> Date <u>11/5/98</u> | |
| | 20 | | | 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. NOVEMBER 3, 1998 Date of Survey Signature and Seal of Surveyor  Certificate Number <u>88-2088</u> |
| | SURFACE LOCATION BOTTOM-HOLE LOCATION 2035' 1000' 1200' | | | |
| 5324.22' | 4984.98' | | | |

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

FILE COPY

| SUNDRY NOTICES AND REPORTS ON WELLS | |
|--|--|
| Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT-" for such proposals | |
| SUBMIT IN TRIPLICATE | |
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> | 5. LEASE DESIGNATION AND SERIAL NO. NM-03880 |
| 2. NAME OF OPERATOR CROSS TIMBERS OPERATING COMPANY | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME |
| 3. ADDRESS AND TELEPHONE NO. 6002 Highway 64, Farmington, NM 87401 505-632-5200 | 7. IF UNIT OR CA, AGREEMENT DESIGNATION FLORANCE |
| 4. LOCATION OF WELL (Footage, Sec., T., R., M., or Survey Description) SEC. 20, T27N-R8W 2025' FSL - 2035' FEL (Surface) 840' FSL - 840' FEL (BHL) | 8. WELL NAME AND NO. FLORANCE #70 |
| | 9. API WELL NO. |
| | 10. FIELD AND POOL, OR EXPLORATORY AREA FRUITLAND COAL |
| | 11. COUNTY OR PARISH, STATE SAN JUAN COUNTY, NM |
| 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | |
| TYPE OF SUBMISSION | TYPE OF ACTION |
| <input checked="" type="checkbox"/> Notice of Intent <input type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input type="checkbox"/> Other: _____ |
| <input checked="" type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form.)</small> | |
| 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) | |
| <p>THE BOTTOM HOLE LOCATION OF 840' FSL - 840' FEL HAS BEEN CHANGED TO:</p> <p><u>1200' FSL AND 1000' FEL AS PER THE ATTACHED C102.</u></p> | |
| 14. I hereby certify that the foregoing is true and correct | |
| SIGNED <u>Debra Bemenderfer</u> TITLE <u>DEBRA BEMENDERFER, As Agent for Conoco Inc.</u> DATE <u>11/5/98</u> (This space for Federal or State office use) | |
| APPROVED BY _____ TITLE _____ DATE _____ Conditions of approval, if any: | |
| <small>Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.</small> | |

* See Instruction on Reverse Side

TRIGON SHEEHAN
ENGINEERS & CONSTRUCTORSDate: November 12, 1998To Company: NMEMRDAttention Of: MICHAEL STOGNERFax Number: (505) 827-1389From: Debra BemenderferSubject: Florance #70Job No: 1331-ANumber of Pages
Including Cover: 3**Our Services**

Oil & Gas

Pipelines

Facilities

Power

Permitting

Engineering

Design

Procurement

Construction

COMMENTS:

Here's the sundry and plat for Florance #70.

If you have any questions, please call me at 505-324-3965. Thanks!

IF YOU HAVE PROBLEMS WITH THIS TRANSMISSION, PLEASE CONTACT
MIRANDA OR VERLA @ (505) 325-1266.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 16, 1998

Cross Timbers Oil Company
810 Houston Street - Suite 2000
Fort Worth, Texas 76102-6298

Telefax No. (817) 870-1671

Attention: George A. Cox

Re: *Division Administrative Order NSL-4152(BHL)*

Dear Mr. Cox:

I have reviewed your letter dated November 10, 1998 informing the Division of a change in the bottom-hole location for Cross Timbers' proposed Florance Well No. 70. This new bottom-hole location (1200' FSL & 1000' FEL) is well within the "producing area" as provided in the subject order:

"The applicable drilling window or "producing area" within the Fruitland coal interval for this wellbore shall include that area within the subject 320-acre gas spacing and proration unit comprising the SE/4 of Section 20 that is:

(a) no closer than 790 feet to the East, South, and West lines of the SE/4 of Section 20; and,

(b) no closer than 130 feet to the North line of the SE/4 of Section 20."

It will therefore be unnecessary for the Division to amend Division Administrative Order NSL-4152(BHL). However, in order to comply fully with Division Rule 111.C(1), please submit a copy of an amended Federal APD Form 3160-5 and NMOCD Form C-102 showing this change to the Aztec District Office of the Division.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-4152(BHL)



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

NSL-4152
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
[http://nemrd.state.nm.us/ocd/District III/3district.htm](http://nemrd.state.nm.us/ocd/District%20III/3district.htm)

GARY E. JOHNSON
Governor

Jennifer A. Salisbury
Cabinet Secretary

November 16, 1998

Mr Gary Markestad
Cross Timbers Operating Company
6001 HWY 64
Farmington NM 87401

Re: Florance #70, J-20-27N-08W, API-Not Yet Assigned

Dear Mr Markestad:

Your application to directionally drill the proposed referenced well at a surface location of 2025' FSL, 2035' FEL and a proposed bottom hole location of 1200' FSL, 1000' FEL is hereby approved. If after the well is side tracked, the bottom hole location is closer than 790' to the drill tract boundary, this approval will be of no effect.

If you have any questions, please contact me.

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/mk

Xc: Farmington BLM-Duane Spencer
NMOCD(Santa Fe)-Michael Stogner