



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 24, 1998

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

12100

Attention: Edwin S. Ryan, Jr.

Re: *Administrative application for a non-standard subsurface gas well location/producing area and for simultaneous dedication for the proposed Ute Indians "A" Well No. 26 to be drilled from a surface location 570 feet from the South line and 11045 feet from the East line (Unit P) of Section 2, Township 31 North, Range 154 West, NMPM, as projected into the unsurveyed Ute Mountain Indian Reservation, San Juan County, New Mexico.*

Dear Mr. Ryan:

The Ute Dome-Dakota Pool in San Juan County, New Mexico is subject to Division statewide Rule 104.C(3)(a), requiring 160-acre spacing and proration units and wells to be located no closer than 790 feet to any outer boundary of the dedicated tract nor closer than 130 feet from any quarter-quarter section or subdivision inner boundary. Further, since the Ute Dome-Dakota Pool is a "non-prorated" gas pool, Division General Rule 104.D(3) applies, which limits standard 160-acre gas spacing units to only one producing well therein. This rule does not provide for an administrative process for exceptions to this one-well rule; therefore, this application will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for December 17, 1998. In order to include the other exceptions and issues requested in your application, this matter will be advertised in the following manner:

"Application of Cross Timbers Oil Company for a non-standard subsurface gas well location/producing area and for simultaneous dedication, San Juan County, New Mexico. Applicant, in accordance with Division General Rules 104.F and 111(C)2 and the special pool rules for the Ute Dome-Paradox Pool, as set forth in Division Order No. R-46, seeks approval for a non-standard subsurface gas well location/producing area to be applicable to the Ute Dome-Dakota Pool, within a standard 640-acre, more or less, gas spacing and proration unit comprising all of Section 2, Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation, which is approximately five miles west of La Plata, New Mexico. This 640-acre, more or less, unit is

currently dedicated to the applicant's Ute Indians "A" Well No. 7 (API No. 30-045-11049), located 1650 feet from the North line and 1600 feet from the West line (Unit F) of Section 2 and is to be shut-in and abandoned subsequent to the approval of this application. As its replacement, the proposed Ute Indians "A" Well No. 26 is to be drilled from a surface location 570 feet from the South line and 1045 feet from the East line (Unit P) of Section 2 to a bottomhole location within the Paradox interval that is no closer than: (i) 1650 feet to the West and North lines of Section 2; (ii) 850 feet to the South line of said Section 2; nor, (iii) 1450 feet to the East line of Section 2. Further, this well is also to be completed in the Ute Dome-Dakota Pool at a standard subsurface gas well location on an existing 160-acre gas spacing and proration unit that comprises the SE/4 of Section 2 as a second infill gas well to the applicant's: (i) Ute Indians "A" Well No. 20 (API No. 30-045-24605), located at a standard gas well location 1580 feet from the South line and 1520 feet from the East line (Unit J) of Section 2; and (ii) proposed Ute Indians "A" Well No. 27 to be drilled at an unorthodox gas well location 1580 feet from the South line and 1520 feet from the East line (Unit J) of Section 2. The applicant therefore seeks an exception to Division Rule 104.D(3) in order to continuously and concurrently produce Dakota production from all three wells and to simultaneously dedicate all three wells to this 160-acre unit."

Please provide adequate notice pursuant to Rule 1207.A(5) and (6) of the Division's General Rules and Regulations.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
Kathy Valdes - NMOCD, Santa Fe
U. S. Bureau of Land Management - Durango, CO



Cross Timbers Oil Company

November 16, 1998

Bureau of Land Management
San Juan Resource Area
701 Camino Del Rio
Durango, Colorado 81301
Attention: Mr. Dan Rabinowitz

Case 12-100

Re: Application for Unorthodox Location and Simultaneous Well Dedication
Ute Dome Paradox Pool and Ute Dome Dakota Pool
Ute Indians A #26
Section 2-31N-14W (Paradox) and SE/4 Section 2-31N-14W (Dakota)
San Juan County, New Mexico

Gentlemen:

Cross Timbers Operating Company hereby requests approval of the following unorthodox location (Paradox only) and Simultaneous Well Dedication (Dakota only):

Well Name:	Ute Indians A #26
Pool:	Ute Dome Paradox and Ute Dome Dakota Pool
Location:	Surface: 570' FSL & 1,045' FEL Bottom: 850' FSL & 1,450' FEL (the Dakota will be penetrated at a legal location)
Acreage Dedication:	Paradox: Section 2-31N-14W, containing 640 acres, more or less Dakota: SE/4 Section 2-31N-14W, containing 160 acres, more or less
County/State:	San Juan County, New Mexico
Pool Rules:	1650' from lease lines
Existing Well:	Paradox - Ute Indians A #7 (Cross Timbers will shut-in this well) Dakota - Ute Indians A #20, Ute Indians A #27 (proposed)

Attached is the following support and documentation for 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 please call me at (817) 877-2336 with any questions.

Yours very truly,

Edwin S. Ryan, Jr.

cc: Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

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

Offset Operators

Gary Burch

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

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

Bobby Smith - CTOC Midland

Barry Voigt

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 85760	Pool Name UTE DOME PARADOX
Property Code	Property Name UTE INDIANS A		Well Number 26
OGSJD No. 167067	Operator Name CROSS TIMBERS OPERATING COMPANY		Elevation 6082'

10 Surface Location

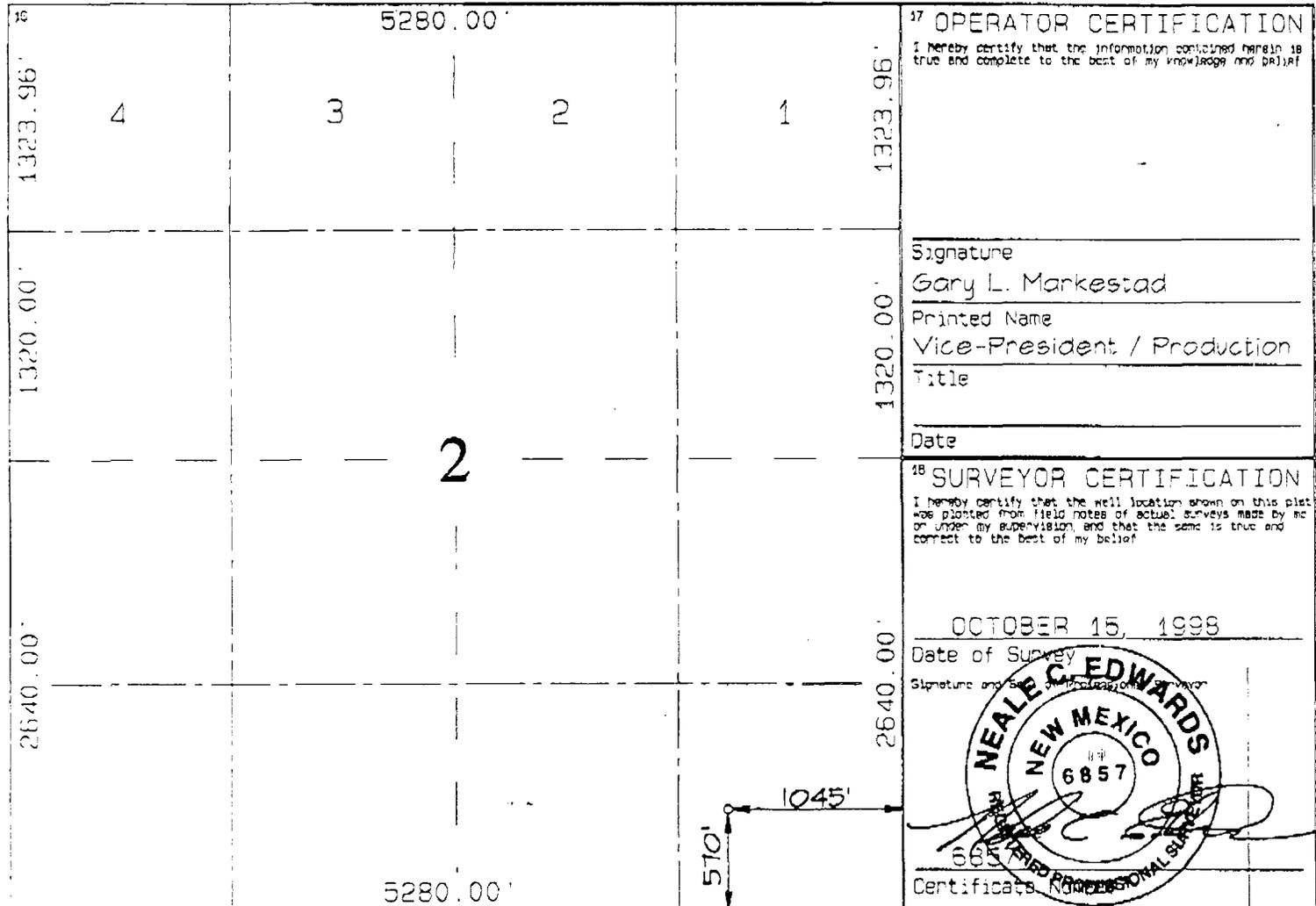
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	2	31N	14W		570	SOUTH	1045	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	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



UTE INDIANS "A" #26 GEOLOGIC/GEOPHYSICAL SUMMARY

PARADOX FORMATION

The Ute Indians "A" #26 is a proposed 8800 ft. Pennsylvanian Paradox Formation test to be located at a surface location of 570' FSL and 1045' FEL of Section 2-T31N-R14W, San Juan County, New Mexico. The proposed bottom hole location is approximately 850' FSL and 1450' FEL of Section 2. There is currently one active Paradox well in Section 2, the Ute Indian "A" #7 drilled by Pan American in 1955. Cross Timbers intends to shut-in the existing well upon successful completion of the proposed well in the Paradox Formation.

The Paradox Formation at Ute Dome is approximately 700 ft. thick and composed mostly of algal and fossiliferous carbonates deposited in a shallow water, shelf environment. The Paradox has been subdivided into 5 members, which are, in ascending order, the Alkali Gulch, Barker Creek, Akah, Desert Creek and Ismay. All of these members are productive at Ute Dome. It is implied by Neil Whitehead (1993) that there is no natural vertical communication between the various members of the Paradox, as each appear to have their own unique gas/water contact.

The Ute Dome feature is a structural high formed at the crest of an asymmetrical, northeast plunging anticline. Steeper dips are found on the southern and eastern sides of the anticline, which forms the edge of the present day San Juan Basin. The attached seismic structure map on the top of the Akah Member was interpreted from a vibroseis 3-D seismic survey shot by Amoco in 1995, and reprocessed by Cross Timbers in 1998.

The Ute Indian "A" #7 well in the NW¼, Section 2 was completed in 1955 and had produced 9.58 BCFG through 1983 when the average production rate fell from an average of 600 MCFGPD to 40 MCFGPD. Several workovers were performed through the years in an attempt to get the rate back up to where it should be according to its previous decline rate, but all were unsuccessful. The well is currently averaging around 20-30 MCFGPD. It is estimated that the well lost 1.67 BCF of gas due to mechanical difficulties. In addition, it has been estimated by Cross Timbers' engineers that 1.87 BCF of unique reserves remain in Section 2 which will not be recovered by the existing well.

Geologic and engineering analysis indicate the best area for drilling a replacement well is in the SE $\frac{1}{4}$ of the section for the following reasons:

- 1) The proposed location is on the flexure point between the relatively flat crest of the structure and the steeply dipping south flank. This flexure point should lie in the area of most intense fracturing, which is a necessary component to the productivity of these wells.
- 2) The Ute Mountain Gas Com "M" #1 well in Section 11 encountered a 75 ft. thick porous carbonate buildup in the basal Ismay which is not present in any offsetting wells. One depositional model suggests that this buildup would trend in a NE-SW direction, possibly into the SE $\frac{1}{4}$ of Section 2.
- 3) Given that the existing well in Section 2 has produced over 9.6 BCFG, a replacement well should be located outside of the drainage radius of that well. The proposed location in the SE $\frac{1}{4}$ satisfies that requirement.
- 4) In the event the Paradox is uneconomic at the proposed location, the location is situated ideally for the testing of a fault-bounded structural closure at the Dakota level.

DAKOTA FORMATION

The Ute Indians "A" #26 is designed to test the Dakota/Morrison Sandstones should the Paradox Fm. prove uneconomic. There is currently one active Dakota well in the SE $\frac{1}{4}$, Section 2, the Ute Indians "A" #20. That well is producing only around 30 MCFGPD and has a cumulative production to date of 132 MMCFG.

The Ute Dome Dakota Field is located on a broad semi-circular structure on the 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 this structure is bisected at the Dakota level by several WNW-ESE trending normal faults. Vertical displacement along the faults can range up to 250 ft. The faults commonly form four-way structural closures which trap hydrocarbons migrating upward from mature source rocks in the basin.

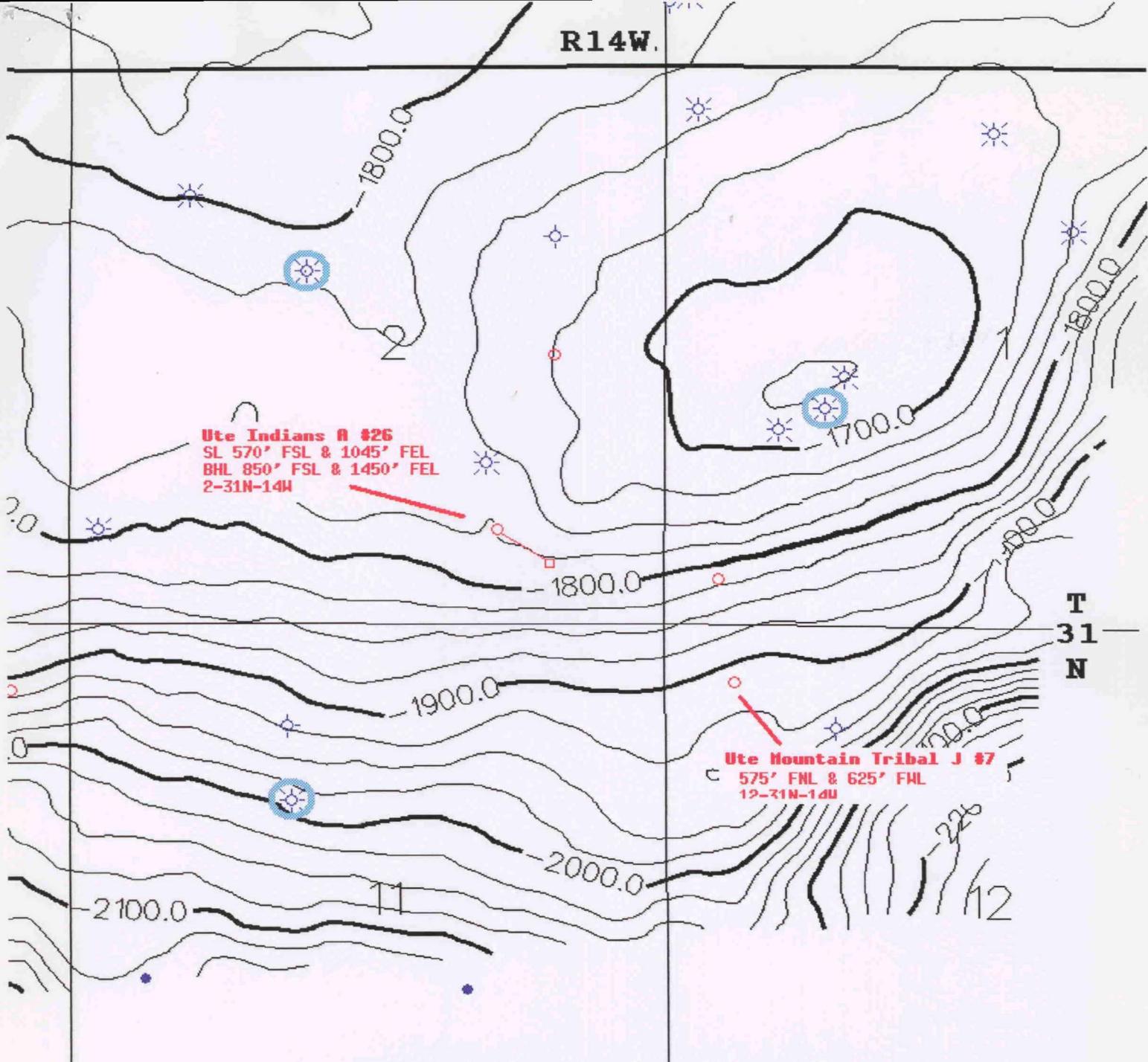
The attached seismic structure map on the top of the Dakota Formation was interpreted from a vibroseis 3-D seismic survey shot by Amoco in 1995 and reprocessed by Cross Timbers in 1998. The proposed Ute Indians "A" #26 is located on the crest of a four-way structural closure bounded on the north by a down-to-the-north normal fault. The structure extends eastward into the SW corner of Section 1 where Cross Timbers is proposing to test the eastern end of the structure with the Ute Mountain Tribal "J" #6. This fault block has not been tested to date, but similar fault blocks in the area have proven productive from lower Dakota and Morrison Sandstones which are typically wet off of these localized structures. The faults act as permeability barriers, particularly in the Upper Dakota Sandstones by juxtaposing the permeable productive sandstone of the upthrown block against non-porous and impermeable Graneros shales of the downthrown block.

The placement of the proposed well is based on a combination of defining the highest structural point at the Dakota level from the seismic data and finding a topographically suitable spot where a location can be built relatively inexpensively and without unnecessary damage to the environment. In the case of the proposed Ute Indians "A" #26 well, the desired bottom-hole location fell on a topographically undrillable spot. Therefore, although the bottom hole location is at a legal distance from the unit boundary, the surface location is not.

The reason for the request for a simultaneous well dedication is due to fault separation between the proposed well and the existing Ute Indians "A" #20 which prevents reserves south of the fault from being accessed by the existing well.

Nancy K. Birch
Nov 16, 1998

R14W.



Ute Indians A #26
 SL 570' FSL & 1045' FEL
 BHL 850' FSL & 1450' FEL
 2-31N-14W

Ute Mountain Tribal J #7
 575' FNL & 625' FNL
 12-31N-14W

T
31
N



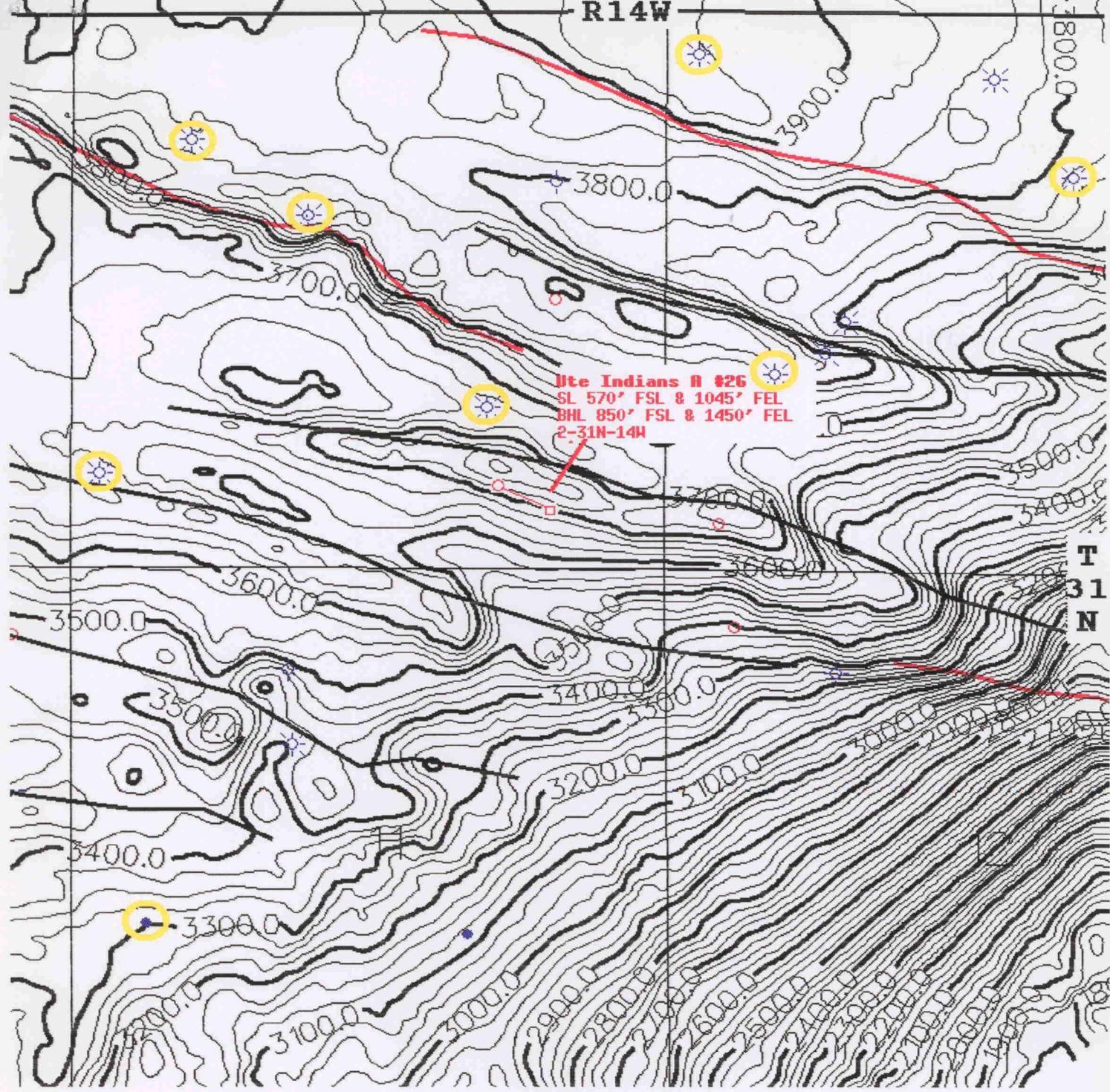
CONTOUR INTERVAL: 25 Feet



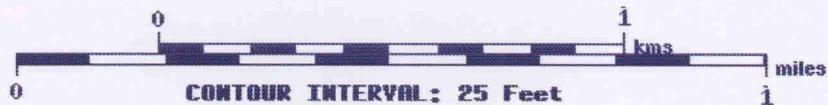
 Paradox Producer

 BHL
 Surface

 Cross Timbers Oil Company
UTE DOME FIELD San Juan County, New Mexico
STRUCTURE: Top of Akah
November, 1998 GKB/MSV



Ute Indians #26
 SL 570' FSL & 1045' FEL
 BHL 850' FSL & 1450' FEL
 2-31N-14W



-  Down-to-North Fault
-  Down-to-South Fault
-  Active Dakota Producing Well
-  BHL
-  Surface

 Cross Timbers Oil Company
UTE DOME FIELD San Juan County, New Mexico
STRUCTURE: Top of Dakota
November, 1998 GKB/MSV

OFFSET OPERATORS/OWNERS

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

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Case 11586

APPLICATION OF AMOCO PRODUCTION COMPANY FOR AN UNORTHODOX
"INFILL" GAS WELL LOCATION AND SIMULTANEOUS DEDICATION, SAN
JUAN COUNTY, NEW MEXICO.

*ORDER NO. R-10682 and
DIVISION ADMINISTRATIVE ORDER NSL-3717*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of October, 1996 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) On July 16, 1996 Amoco Production Company ("Amoco") filed with the New Mexico Oil Conservation Division ("Division"), an application for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indians "A" Well No. 22, to be drilled at a standard gas well location in the NW/4 equivalent of Section 2, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico, and from its existing Ute Indians "A" Well No. 17 (API No. **30-045-24604**), located at a standard gas well location 1120 feet from the North and West lines (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit

comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2.

(3) The Ute Dome-Dakota Pool is at this time considered an "unprorated gas pool" and therefore is not governed by the "*General Rules for the Prorated Gas Pools of New Mexico*", as promulgated by Division Order No. R-8170, as amended. The Ute Dome-Dakota Pool is therefore subject to the Division's Statewide Rule 104.C(3)(a), which require standard 160-acre gas spacing and proration units with wells to be located no closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

(4) The Ute Indians "A" Well No. 17 was drilled in 1981 and completed in the Ute Dome-Dakota Pool. Its location 1120 feet from the North and West lines of said Section 2 was based on established and surveyed section lines to the east and projected into the then unsurveyed Ute Mountain Indian Reservation. According to the evidence presented by the applicant and to records on file with the State of New Mexico, the Chief Cadastral Surveyor for New Mexico accepted on behalf of the United States Department of the Interior - Bureau of Land Management on April 27, 1987 an official survey of Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico.

(5) Pursuant to the 1987 survey the location of the Ute Indians "A" Well No. 17 is actually 1150 feet from the North line and 1050 feet from the West line (Lot 4/Unit D) of said Section 2, which is still considered to be a standard gas well location for this pool.

(6) On August 8, 1996, immediately after the hearing and upon the hearing examiner's request, Amoco submitted a request for administrative review of its application for the subject Ute Indians "A" Well No. 22 to be drilled at an unorthodox gas well location, based on the 1987 survey, 1880 feet from the North line and 2150 feet from the West line (Unit F) of said Section 2.

(7) Since issues common to both applications were discussed on the record at the time of the examiner's hearing both applications should be jointly considered, reviewed, and, if applicable, a single order by the Division should be issued for clerical and administrative purposes.

(8) As indicated by Amoco with its administrative request filed pursuant to the provisions of Division General Rule 104.F, revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996 and through testimony and evidence presented at the time of the hearing, necessity for the unorthodox location of the proposed Ute Indians "A" Well No. 22 is both geologic and topographic:

(a) Geologically, the gas bearing Dakota interval in the immediate area indicates a dome that is shattered and broken

up with numerous faults. Seismic data available to Amoco indicates the existence of a southwest/northeast trending fault between the existing Ute Indians "A" Well No. 17 and the proposed Ute Indians "A" Well No. 22 and without the second well the Dakota interval to the east of this fault would not be adequately drained by the existing well.

(b) Topographically, it is deemed advantageous to both surface use agencies involved in this matter, the United States Bureau of Land Management and the Ute Mountain Ute Indian Tribe, to utilize existing drilling pads where available. In this particular instance the Amoco Ute Indians "A" Well No. 7 (**API No. 30-045-11049**), a Ute Dome-Paradox Pool gas producing well, is situated within the SE/4 NW/4 (Unit F) of said Section 2 at an accessible location to accommodate the proposed Ute Indians "A" Well No. 22.

(9) All of said Section 2 and all immediate offsetting sections are included within a single 4,200-acre lease from the Ute Mountain Ute Indians to Amoco, therefore, no other interest owners or properties are adversely affected by the proposed unorthodox "infill" gas well location or the inclusion of a second well on the existing 160.24-acre Ute Dome-Dakota Pool gas spacing and proration unit.

(10) Approval of the subject application is in the best interest of conservation, exhibits sound reservoir engineering practices, will not violate correlative rights, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ute Dome-Dakota Pool, and will serve to prevent waste.

IT IS THEREFORE ORDERED THAT:

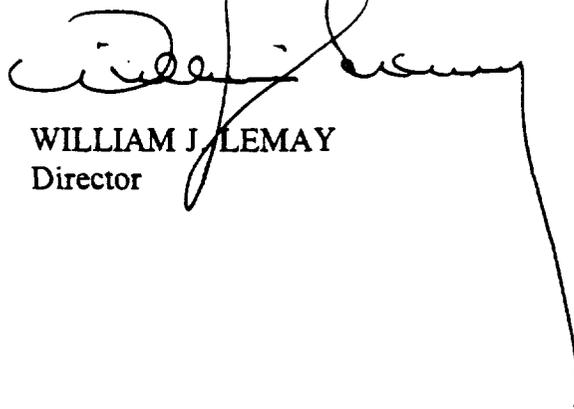
(1) The application of Amoco Production Company to drill its Ute Indians "A" Well No. 22 at an unorthodox "infill" gas well location in the Ute Dome-Dakota Pool, 1880 feet from the North line and 2150 feet from the West line (Unit F) of Section 2, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico is hereby approved.

(2) The applicant's request for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indians "A" Well No. 22 and from its existing Ute Indians "A" Well No. 17 (**API No. 30-045-24604**), located at a standard gas well location 1150 feet from the North line and 1050 feet from the West line (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2, is also approved.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11605
ORDER NO. R-10683

**APPLICATION OF AMOCO PRODUCTION COMPANY FOR AN UNORTHODOX
INFILL GAS WELL LOCATION AND SIMULTANEOUS DEDICATION, SAN
JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of October, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Amoco Production Company ("Amoco"), seeks an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indian "A" Well No. 26, to be drilled at an unorthodox infill gas well location 625 feet from the North line and 2620 feet from the East line (Lot 2/Unit B) of irregular Section 1, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico, and from its existing Mountain Ute Gas Com "C" Well No. 1 (API No. 30-045-20863), located at a standard gas well location 1500 feet from the North line and 1950 feet from the East line (Unit G) of said Section 1, and for the simultaneous dedication of both wells to the 184.93-acre gas spacing and proration unit comprising Lots 1, 2, and 5 and the SW/4 NE/4 (NE/4 equivalent) of said Section 1.

(3) The Ute Dome-Dakota Pool is at this time considered an "unprorated gas pool" and therefore is not governed by the "*General Rules for the Prorated Gas Pools of New Mexico*", as promulgated by Division Order No. R-8170, as amended. The Ute Dome-Dakota Pool is therefore subject to the Division's Statewide Rule 104.C(3)(a), which require standard 160-acre gas spacing and proration units with wells to be located no closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

(4) The Mountain Ute Gas Com "C" Well No. 1 was drilled in 1972 and completed in the Ute Dome-Dakota Pool. Its location 1500 feet from the North line and 1950 feet from the East line of said Section 1 was based on established and surveyed section lines to the east that were projected into the then unsurveyed Ute Mountain Indian Reservation. According to the evidence presented by the applicant and to records on file with the State of New Mexico, the Chief Cadastral Surveyor for New Mexico accepted on behalf of the United States Department of the Interior - Bureau of Land Management on April 27, 1987 an official survey of Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico.

(5) Pursuant to the 1987 survey the location of the Mountain Ute Gas Com "C" Well No. 1 is actually 1481 feet from the North line and 1960 feet from the East line (Unit G) of said Section 1.

(6) As indicated by Amoco at the time of the hearing necessity for the unorthodox location of the proposed Ute Indian "A" Well No. 26 is both geologic and topographic:

(a) Geologically, the gas bearing Dakota interval in the immediate area indicates a dome that is shattered and broken up with numerous faults. Seismic data available to Amoco indicates the existence of a north/south trending fault between the existing Mountain Ute Gas Com "C" Well No. 1 and the proposed Ute Indian "A" Well No. 26 and without the second well the Dakota interval to the west of this fault would not be adequately drained by the existing well.

(b) Topographically, it is deemed advantageous to both surface use agencies involved in this matter, the United States Bureau of Land Management and the Ute Mountain Ute Indian Tribe, to avoid timbered areas when possible and to keep the proposed drilling pad out of a dry stream bed within the immediate area.

(7) The proposed unorthodox infill gas well location is encroaching the western boundary of the aforementioned 184.93-acre gas spacing and proration unit and since all of said Section 1 and all immediate offsetting sections to the north, northwest, west, southwest, and west are included within a single 4,200-acre lease from the Ute Mountain Ute Indians to Amoco, no other interest owners or properties are adversely affected by the proposed unorthodox "infill" gas well location.

(8) No other offset operator, interest owner or affected party appeared at the hearing in opposition to the subject application.

(9) Approval of the subject application is in the best interest of conservation, exhibits sound reservoir engineering practices, will not violate correlative rights, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ute Dome-Dakota Pool, and will serve to prevent waste.

IT IS THEREFORE ORDERED THAT:

(1) The application of Amoco Production Company to drill its Ute Indian "A" Well No. 26 at an unorthodox "infill" gas well location in the Ute Dome-Dakota Pool, 625 feet from the North line and 2620 feet from the East line (Lot 2/Unit B) of irregular Section 1, Township 31 North, Range 14 West, NMPM, San Juan County, New Mexico is hereby approved.

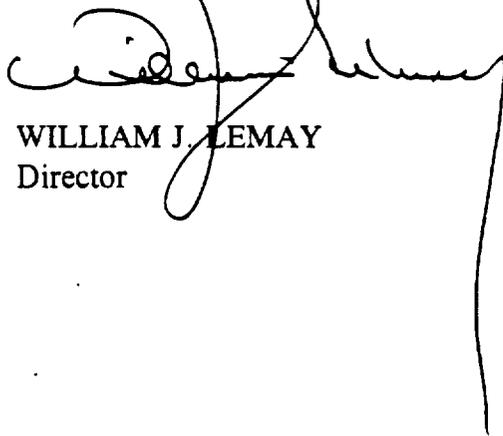
(2) The applicant's request for an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indian "A" Well No. 26 and from its existing Mountain Ute Gas Com "C" Well No. 1 (API No. 30-045-20863), located 1481 feet from the North line and 1960 feet from the East line (Unit G) of said Section 1, and for the simultaneous dedication of both wells to the 184.93-acre gas spacing and proration unit comprising Lots 1, 2, and 5 and the SW/4 NE/4 (NE/4 equivalent) of said Section 1, is also approved.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 11605
Order No. R-10683
Page 4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and title. The signature is fluid and cursive, with a large loop at the end.

WILLIAM J. LEMAY
Director

S E A L

Sec. 2 Township No. 31 North of Range No. 14 West

<p>Cross Timbers Operating Co. Ute Indians "A" Well No. 17 30-045-24604 1120' FNL-1120' FWL Ute Dome-Dakota Comp. 160-acre NW 1/4 dedication</p>	<p>Cross Timbers Operating Company Ute Indians "A" Well No. 7 30-045-11049 1650' FNL-1600' FWL Ute Dome-Paradox Completion 640-acre unit</p>		
	<p>*</p>	<p>Cross Timbers Operating Company Ute Indians "A" Well No. 22 30-045-29410 1880' FNL-2150' FWL Ute Dome-Dakota Completion Inf. II for the NW 1/4 approved by R-10682 (see also NSL-3717)</p>	
		<p>Cross Timbers Operating Co. Ute Indians "A" Well No. 20 30-045-24605 1580' FNL-1580' FWL Ute Dome-Dakota Comp. 160-acre SE 1/4 dedication</p>	<p>Proposed Inf. II Well Ute Indians "A" Well No. 27 to be drilled 2600' FNL- 1000' FWL proposed Dakota Completion</p>
<p>* Cross Timbers Operating Company Ute Indians "A" Well No. 25 30-045-29417 Ute Dome-Dakota Completion 160-acre SW 1/4 dedication (see NSL-3714)</p>			<p>○</p>

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

11/24/98 08:39:21
OGOIV -EMF3
PAGE NO: 1

Sec : 02 Twp : 31N Rng : 14W Section Type : NORMAL

4 40.12 Indian owned A	3 40.12 Indian owned	2 40.12 Indian owned	1 40.12 Indian owned
E 40.00 Indian owned	F 40.00 Indian owned A A	G 40.00 Indian owned	H 40.00 Indian owned

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

11/24/98 08:39:26
OGOIV -EMF3
PAGE NO: 2

Sec : 02 Twp : 31N Rng : 14W Section Type : NORMAL

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M 40.00 Indian owned A	N 40.00 Indian owned	O 40.00 Indian owned	P 40.00 Indian owned

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



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 23, 1998

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

Attention: Edwin S. Ryan, Jr.

Re: Administrative application for an unorthodox gas well location and simultaneous dedication for the proposed Ute Indians "A" Well No. 27 to be drilled 2600 feet from the South line and 1000 feet from the East line (Unit I) of Section 2, Township 31 North, Range 154 West, NMPM, as projected into the unsurveyed Ute Mountain Indian Reservation, San Juan County, New Mexico.

Dear Mr. Ryan:

The Ute Dome-Dakota Pool in San Juan County, New Mexico is subject to Division statewide Rule 104.C(3)(a), requiring 160-acre spacing and proration units and wells to be located no closer than 790 feet to any outer boundary of the dedicated tract nor closer than 130 feet from any quarter-quarter section or subdivision inner boundary. Further, since the Ute Dome-Dakota Pool is a "non-prorated" gas pool, Division General Rule 104.D(3) applies, which limits standard 160-acre gas spacing units to only one producing well therein. This rule does not provide for an administrative process for exceptions to this one-well rule; therefore, this application will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for December 17, 1998 and will be advertised in the following manner:

"Application of Cross Timbers Oil Company for an unorthodox gas well location and simultaneous dedication, San Juan County, New Mexico. Applicant seeks authorization to drill its Ute Indians "A" Well No. 27 to test both the Ute Dome-Dakota Pool and the Morrison formation at an unorthodox gas well location for both intervals 2600 feet from the South line and 1000 feet from the East line (Unit I) of Section 2, Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation. The SE/4 of Section 2 is to be dedicated to this well to form a standard 160-acre, more or less, gas spacing and proration unit for both intervals. The applicant further seeks an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from the above-described Ute Indians "A" Well No. 27 and from its existing Ute Indians "A" Well

Cross Timbers Oil Company

November 23, 1998

Page No. 2

No. 20 (API No. 30-045-24605) located at a standard gas well location 1580 feet from the South line and 1520 feet from the East line (Unit J) of Section 2 and for the simultaneous dedication of both wells to the existing 160-acre gas spacing and proration unit comprising the SE/4 of Section 2. This unit is located approximately five miles west of La Plata, New Mexico.”

Please provide adequate notice pursuant to Rule 1207.A(5) and (6) of the Division's General Rules and Regulations.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
Kathy Valdes - NMOCD, Santa Fe
U. S. Bureau of Land Management - Durango, CO

CASE _____:

**Application of Cross Timbers Oil Company
for an unorthodox gas well location and
simultaneous dedication, San Juan County,
New Mexico.**

Applicant seeks authorization to drill its Ute Indians "A" Well No. 27 to test both the Ute Dome-Dakota Pool and the Morrison formation at an unorthodox gas well location for both intervals 2600 feet from the South line and 1000 feet from the East line (Unit I) of Section 2, Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation. The SE/4 of Section 2 is to be dedicated to this well to form a standard 160-acre, more or less, gas spacing and proration unit for both intervals. The applicant further seeks an exception to Division General Rule 104.D(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from the above-described Ute Indians "A" Well No. 27 and from its existing Ute Indians "A" Well No. 20 (API No. 30-045-24605) located at a standard gas well location 1580 feet from the South line and 1520 feet from the East line (Unit J) of Section 2 and for the simultaneous dedication of both wells to the existing 160-acre gas spacing and proration unit comprising the SE/4 of Section 2. This unit is located approximately five miles west of La Plata, New Mexico.

(640)
Ute Indians "A" Well No. 26 to be drilled as a replacement Parade-
well and a 2nd Unit Dakota well (160)
location.

unorthodox subsurface location for producing area in the Dakota interval

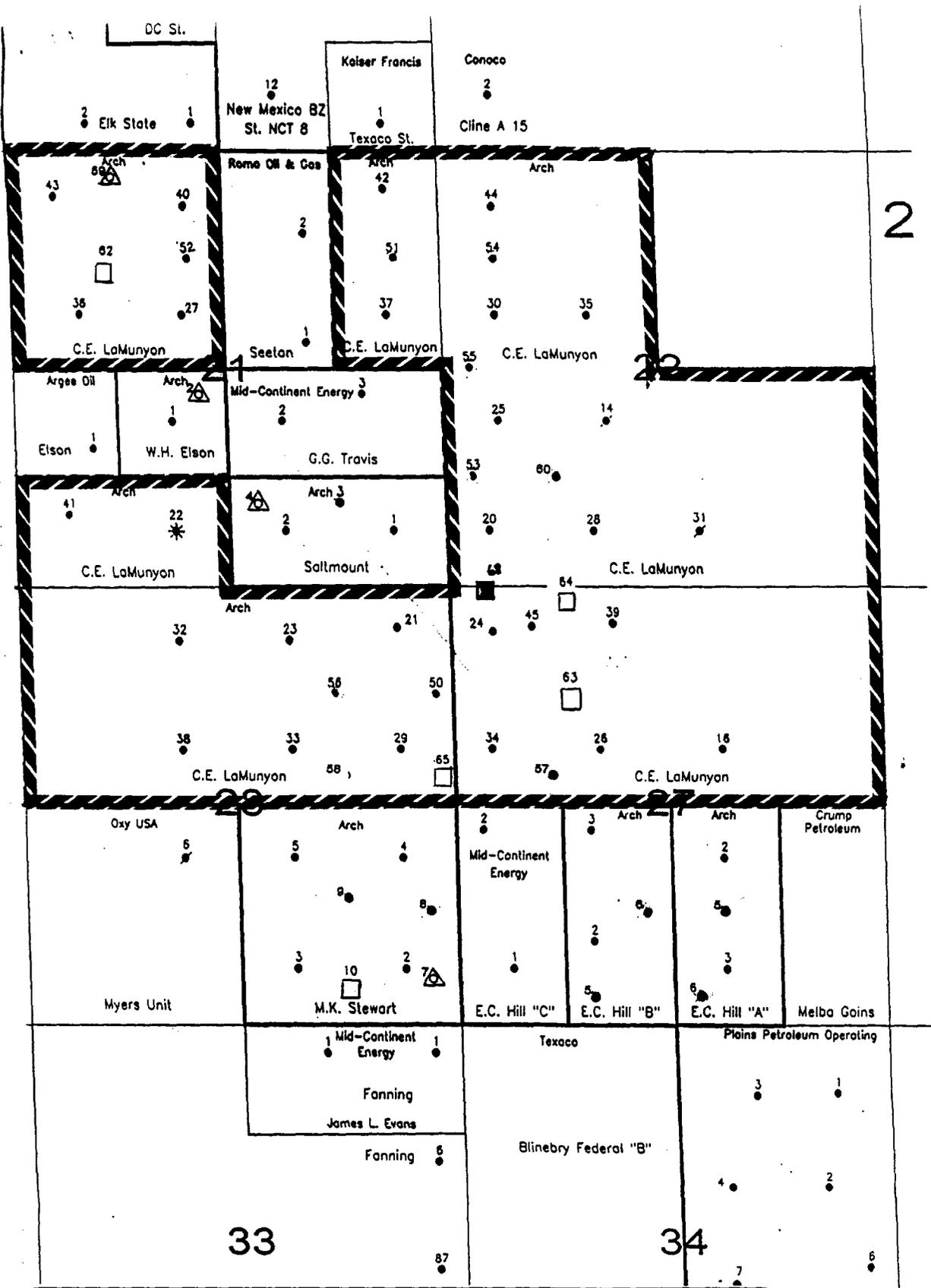
1650' FN + WL

850' FSC

1450' EC

Simultaneous dedication of ~~the~~ Dakota prod. w/ existing #20 and proposed #27

bottom hole Dakota location is to be standard



LEGEND

- Phase 3 Infill Wells
- △ Phase 2 Infill Wells
- Blinebry Producer

Exhibit No. A