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OIL CONSERVATION DIV.
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June 15, 1999

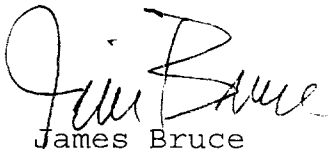
Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and two copies of an application and a proposed advertisement for an unorthodox location. Please set this matter for the July 8th hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Cross
Timbers Oil Company

PROPOSED ADVERTISEMENT

Case 12210 : Application of Cross Timbers Oil Company to Amend Division Order No. R-11132 to permit an alternative unorthodox gas well location, San Juan County, New Mexico. Applicant seeks to amend Division Order No. R-11132, which approved applicant's proposed Ute Indians "A" Well No. 26 at an unorthodox subsurface gas well location/producing area in the Ute Dome-Paradox Gas Pool no closer than: (i) 1650 feet to the North and West lines; (ii) 850 feet to the South line; and (iii) 1450 feet to the East line of Section 2, to be directionally drilled from a surface location 570 feet from the South line and 1045 feet from the East line of Section 2. Applicant seeks to amend the order to allow, in the alternative, an unorthodox gas well location for a vertical wellbore to be drilled at the above-described surface location. Said unit is located approximately _____ miles _____ of _____, New Mexico.

OIL CONSERVATION DIV.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF CROSS TIMBERS OIL
COMPANY TO AMEND DIVISION ORDER NO.
R-11132 TO PERMIT AN ALTERNATIVE
UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

Case No. 12210

APPLICATION

Cross Timbers Oil Company applies for an order amending Division Order No. R-11132 to approve, in the alternative, an unorthodox gas well location for a vertical wellbore, and in support thereof, states:

1. Applicant is a working interest owner in Section 2, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico, in the unsurveyed Ute Mountain Ute Indian Reservation, and has the right to drill a well thereon.

2. Division Order No. R-11132 approved applicant's proposed Ute Indians "A" Well No. 26, at an unorthodox subsurface gas well location/producing area in the Ute Dome-Paradox Gas Pool no closer than: (i) 1650 feet to the North and West lines; (ii) 850 feet to the South line; and (iii) 1450 feet to the East line of Section 2. The well is to be directionally drilled from a surface location 570 feet from the South line and 1045 feet from the East line of Section 2, and is intended to evaluate the Dakota formation at a structurally high location in an untested fault block, while drilling to a depth sufficient to test the Paradox formation.

3. The proposed well is within the Ute Dome-Paradox Gas Pool, governed by special rules set forth in Division Order No. R-46, requiring 640 acre well units with wells to be no closer than

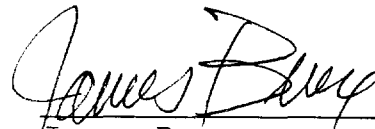
1650 feet to the outer boundary of the well unit and no closer than 330 feet to the center of the section.

4. Applicant is currently drilling its Ute Mountain Tribal "J" Well No. 6, located in the SW¼ of Section 1, Township 31 North, Range 14 West, N.M.P.M., to a depth sufficient to test the Dakota and Morrison formations. Based on information obtained from that well, it may be preferable to drill the Ute Indians "A" Well No. 26 as a vertical well rather than as a directional well. The vertical well would be drilled at the surface location described in paragraph 2 above. This decision cannot be made until the Ute Indian Tribal "J" Well No. 6 is evaluated.

5. Approval of the alternative unorthodox gas well location will prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order amending Division Order No. R-11132 to allow the Ute Indians "A" Well No. 26 to be directionally drilled at the already approved directional location, or in the alternative drilled as a vertical well at an unorthodox gas well location 570 feet from the South line and 1045 feet from the East line of said Section 2.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce
Post Office Box 1056
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Attorney for Cross Timbers Oil Company