

DATE IN 4/27/06	SUSPENSE 5-17-06	ENGINEER Mike Stogner	LOGGED IN 4/27/06	TYPE NSL	APP NO. pTDSA 44735069
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply (or Does Not Apply)

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 Print or Type Name

Signature

Attorney for applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

2006 APR 27 AM 8 36

4/27/06

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

*Mike - I was
unable to locate
Property Name in RBDMS
by Name or Property #.
The O&G ID is not*

April 27, 2006

Hand delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Murchison Oil & Gas, Inc. applies for approval of an unorthodox location for the following well:

<u>Well:</u>	Hightower State Unit Well No. 1
<u>Location:</u>	660 feet FNL & 1300 feet FEL
<u>Well unit:</u>	N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 27, Township 12 South, Range 33 East, N.M.P.M., Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Devonian formation (Bagley-Hightower Pool). A Form C-102 for the well is attached as Exhibit A.

The special rules for the Bagley-Hightower Pool (Commission Order No. 846) are attached as Exhibit B. The pool rules provide for:

1. 80 acre spacing;
2. Standup units, although this may be changed in any quarter section by agreement of the operators; and
3. Wells to be located within 150 feet of the center of the northwest or southeast quarter-quarter section.

The location is based on geologic and topographic reasons. Attached as Exhibit C is a structure map of the area. All Devonian wells on the map have been abandoned or plugged back to the Wolfcamp. In the Devonian formation it is critical to be structurally high, requiring the proposed well to be in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 27. Moving the well further west, to a standard location in the NW $\frac{1}{4}$ NE $\frac{1}{4}$, would cause the well to be 100 feet further downdip. In addition, a standard location in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ is near a fault line.

Applicant preferred a location in the center of the NE $\frac{1}{4}$ NE $\frac{1}{4}$, but there is a playa lake/gravel pit which requires the well to be moved to the west. See Exhibit D.

The NE $\frac{1}{4}$ is covered by State Lease V-7612, which has common ownership. See Exhibit E. Applicant operates the NE $\frac{1}{4}$, and thus has dedicated laydown rather than standup units as allowed by the special pool rules. This allows the proposed well to encroach only on the interior of the well unit. Because there is no adversely affected offset, notice has not been given to anyone.

Please contact me if you need any further information on this application.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P.

DISTRICT I

1825 N. FRANCES DR., ROSS, NM 86210

DISTRICT II

1551 W. GRAND AVENUE, ARTESIA, NM 86210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name HIGHTOWER STATE UNIT	Well Number 1
OGRD No.	Operator Name MURCHISON OIL AND GAS, INC.	Elevation 4245'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	27	12-S	33-E		660	NORTH	1300	EAST	LEA

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
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

	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unless mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or is a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
	Signature _____ Date _____ Printed Name _____
	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.
	APRIL 18, 2006 Date Surveyed _____ MR Signature of _____ Professional Surveyor
	Certificate No. GARY, EDSON 12541

**HIGHTOWER POOL
(BAGLEY-HIGHTOWER POOL)**

Lea County, New Mexico

Order No. 846, Adopting Rules for the Hightower Pool, Lea County, New Mexico, November 18, 1949. (As Reissued in Order No. 850, Effective January 1, 1950.)

*Relating to spacing in the Hightower Pool,
Lea County, issued November 18, 1949.*

IT IS THEREFORE ORDERED:

1. That the Amerada-State BTB No. 1 well located in the center of NW/4 NW/4 of Section 26, Township 12 South, Range 33 East, N.M.P.M., is producing oil from the Devonian formation, a newly discovered common source of supply not heretofore discovered and produced in New Mexico, and that the probable area for such production is as follows:

All of Sections 22, 23, 26 and 27, in Township 12 South, Range 33 East, N.M.P.M. (Hightower Pool)
Lea County, New Mexico.

2. That it is the intent of this order to cover all of the Devonian formation common source of supply within the area designated herein, and upon any regular additions to the Hightower Pool which may from time to time be made, and that any well within said designated area to the same common source of supply shall be drilled on the pattern herein provided.

3. That 80-acre spacing and drilling units be established as hereinafter provided, for the production of oil and gas from the Devonian formation underlying the area as hereinabove described.

4. That each governmental quarter section be divided into two equal rectangular spacing units by a line drawn north-south through such quarter section, and with wells to be drilled in the center of the northwest and southeast forty acre tracts

of each such spacing unit, with a tolerance of not in excess of 150 feet provided, however, that the units within may be changed by agreement of operators within any quarter section of the designated area upon proper showing before the Commission.

5. That allowable shall be assigned on the basis of proration units as herein established, and any proration unit of less than the normal one-half of a governmental quarter section as the result of an exception granted by the Commission after notice and hearing, shall be assigned an allowable in proportion that the acreage thereof bears to the 80-acre spacing unit — or one-half of a quarter section.

6. That the daily oil allowable for an 80-acre unit provided for herein shall be assigned to the Amerada-State BTB No. 1 well, the discovery well, located in the approximate center of NW/4 NW/4 of Section 26, Township 12 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and to all other wells hereafter drilled and produced in accordance with the provisions of this order based upon the proportional factor of 4.67 times the regular top allowable until such time as the Commission may issue further and additional orders as may be deemed necessary herein.

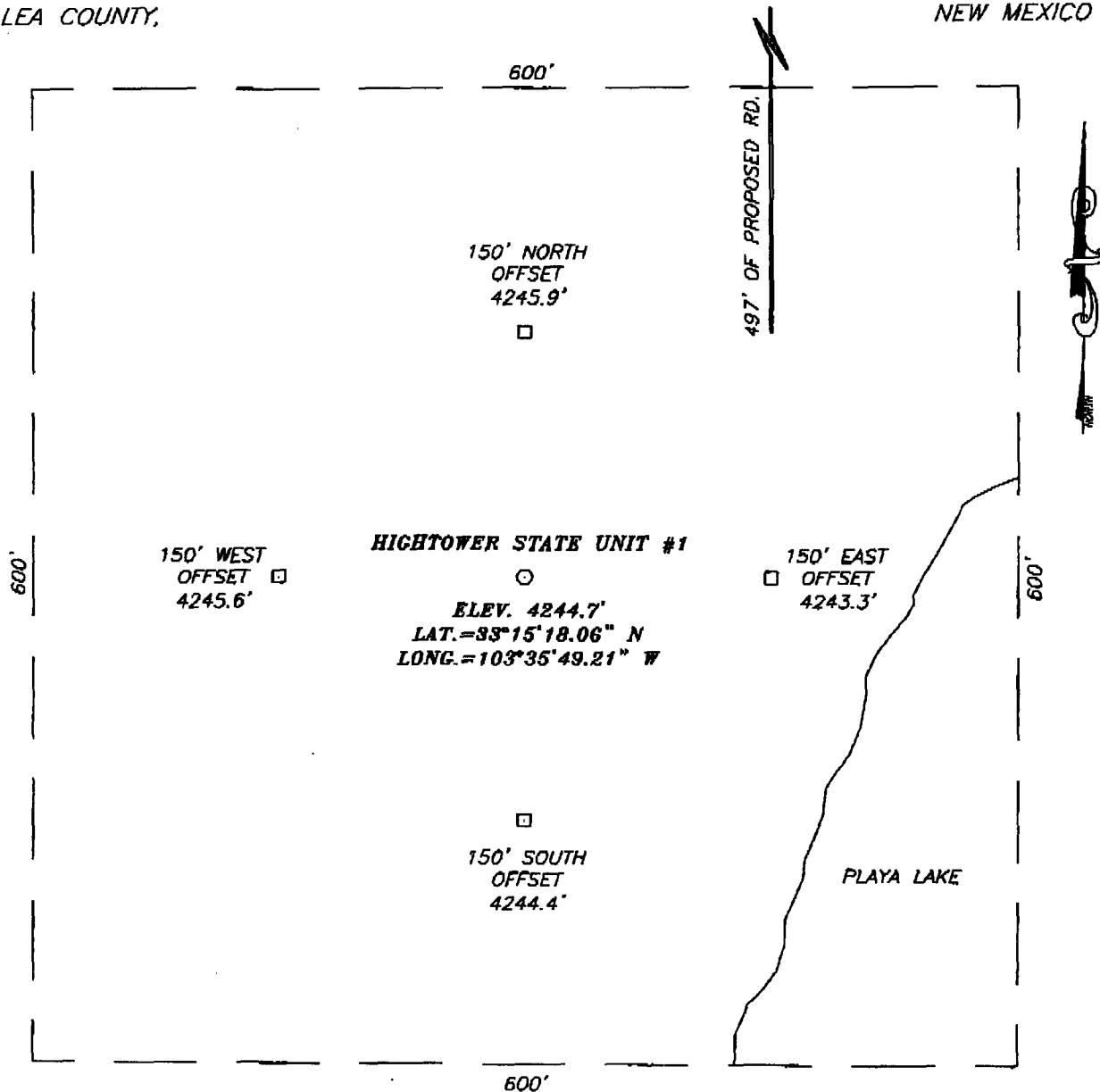
7. All rules, regulations and orders heretofore issued by this Commission which may conflict herewith are superseded, only with respect to the Devonian formation production at the approximate depth of 10,090 ft-10,200 ft. in the Hightower Pool

8. That this Order shall be in full force and effect from and after December 1, 1949.

9. That the Commission retains jurisdiction of this case for the purpose of issuing such further and additional orders as may seem necessary to meet changed conditions, preclude inequities and preserve correlative rights; all upon the motion of the Commission or upon the petition of any interested operator upon public hearing, after notice as provided by law.

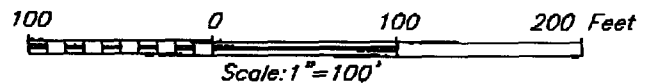


SECTION 27, TOWNSHIP 12 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

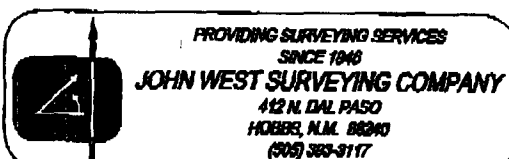
FROM THE INTERSECTION OF U.S. HWY. #380 AND ST. HWY. #457, GO SOUTH ON ST. HWY. #457 APPROX. 7.4 MILES. TURN LEFT AND GO EAST APPROX. 0.7 MILES TO A BEGIN ROAD SURVEY. FOLLOW ROAD SURVEY SOUTH FOR APPROX. 500 FEET TO END SURVEY. THIS LOCATION IS APPROX. 212 FEET SOUTHWEST.



MURCHISON OIL AND GAS, INC.

HIGHTOWER STATE UNIT #1
 LOCATED 660 FEET FROM THE NORTH LINE
 AND 1300 FEET FROM THE EAST LINE OF SECTION 27,
 TOWNSHIP 12 SOUTH, RANGE 33 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

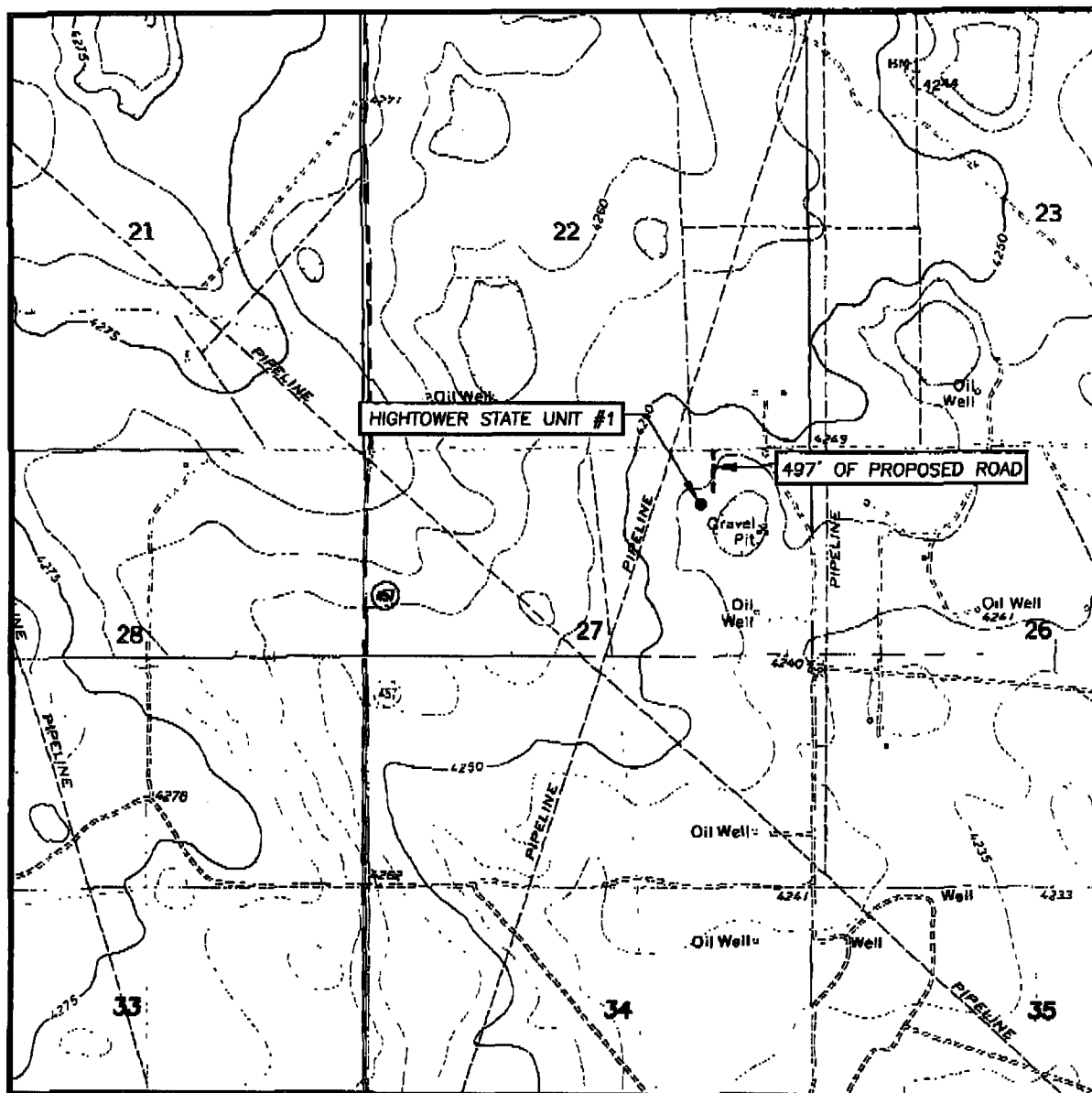
Survey Date: 04/18/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0580	Dr By: M.R.
Date: 04/21/06	Rev 1: N/A
Disk: CD#6	06110580
	Scale: 1"=100'



EXHIBIT

D

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
DALLAS STORE, N.M. - 5'
FRIER RANCH, N.M. - 5'

SEC. 27 TWP. 12-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

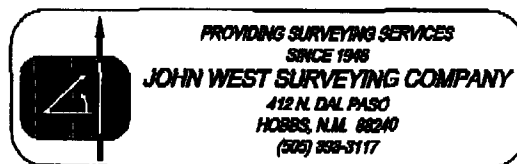
DESCRIPTION 660' FNL & 1300' FEL

ELEVATION 4245'

OPERATOR MURCHISON OIL AND GAS, INC.

LEASE HIGHTOWER STATE UNIT

U.S.G.S. TOPOGRAPHIC MAP
DALLAS STORE, N.M.



8 Records found.

Lease Number:

V0-7612-0000

Company name: RUBICON OIL AND GAS II, LP
Company ID: 234208
Assigned from: N/A
Total acres: 320.00
Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 1/6th ROYALTY
Issue date: 11/1/2005
Termination date: Active
Termination reason: N/A
Current term: Primary Term

Billing information:

Bill to: RUBICON OIL AND GAS II, LP
Rent per acre: 0.50
Billing frequency: Annual
Minimum annual rent: 160.00
Last bill date: 11/1/2005
Next bill date: 11/1/2006
Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
27	12S	33E	A			40.00
			B			40.00
			G			40.00
			H			40.00
			I			40.00
			J			40.00
			O			40.00
			P			40.00



Stogner, Michael, EMNRD

From: JamesBruc@aol.com [JamesBruc@aol.com]

Sent: Tue 5/30/2006 7:31 AM

To: Stogner, Michael, EMNRD

Cc:

Subject: unorthodox location application/Murchison Oil & Gas

Attachments:

Mike: Have you had the chance to look at this one? If not, that's fine. I'll just tell them to drill another location first.

Jim