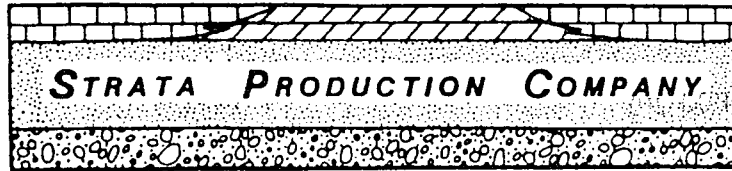


POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

OIL CONSERVATION DIVISION
RECEIVED

June 9, 1994

Oil Conservation Division
ATTN: Michael E. Stogner
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Nash Unit #15
10' FNL and 475' FWL
Section 13-23S-29E
Nash Draw Brushy Canyon Pool
Eddy County, New Mexico

Dear Mr. Stogner:

Strata Production Company ("Applicant") hereby makes application to the Oil Conservation Division for an Administrative Approval of an unorthodox location for its Nash Unit #15 well, and in support thereof states:

1. Applicant is the operator of all wells in the Nash Draw Brushy Canyon Delaware Pool.
2. Applicant proposes to drill its Nash Unit #15 well to a depth sufficient to test the Delaware formation at a location 10 feet from the North line and 475 feet from the West line of Section 13, Township 23 South, Range 29 East, N.M.P.M., which is an unorthodox location.
3. The unorthodox location for the Nash Unit #15 well is justified for surface topography reasons, and is expounded in Stephen T. Mitchell's, Project Geologist, report attached.
4. Approval of said Application will result in the production of hydrocarbons which otherwise will not be produced, will not adversely affect correlative rights and will be in the best interest of conservation.

Offset operators or lessees are hereby notified of said Application, and have 20 days to object to said Application. Copies of the certified return receipts will be forwarded to the Oil Conservation Division upon receipt.

6/14/93
Shaker
Carroll
Dale Miller's
explanation
is forth coming

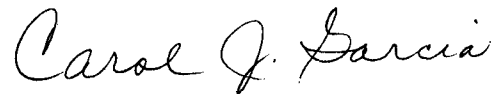
Well is
within the Potash
Area
D-111

Submitted in Triplicate in conjunction with said Application, attached hereto are Stephen T. Mitchell's, Project Geologist, report; land plat showing ownership of offset leases, together with wells located thereon; Aerial Photograph; Topographic Map, and Nash Unit Topographic Plat.

Wherefore, Strata Production Company requests that said Application be reviewed and that, after proper notice and review as required by law and the rules of the Division, the Division approve the unorthodox location described hereinabove.

Sincerely,

STRATA PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Carol J. Garcia".

Carol J. Garcia
Production Records Manager

CJG:ms

Attachments

xc: Artesia District Office
Offset Operators

Scott Exploration, Inc.

Suite 648, Petroleum Bldg.
Roswell, New Mexico 88201
Tel: (505) 622-5891

June 5, 1994

TO: Bureau of Land Management

RE: Unorthodox location
Nash Unit #15 well
Section 13-T23S-R29E
10' FNL & 475' FWL

To whom it may concern:

Enclosed is a copy of a topographic map in the Nash Unit area with the existing wells spotted. Drilling in the Nash Unit is complicated by playa lakes and flood plains, potash reserves, and several archeological sites. The proposed location of the Nash Unit #15 well is on a small island in the NW/4NW/4 of section 13-T23S-R29E, which is surrounded by a flood plain (see enclosed topo map). This is the only possible surface location in the N/2NW/4 of section 13, the SW/4SW/4 of section 12, the SE/4SE/4 of section 11, and the NE/4NE/4 of section 14. Therefore, due to topograpghy, the Nash #15 location is the only possible place to vertically drill in which to drain these five proration units (approximately 200 acres). The surface location of the Nash #15 well may also be used to drill deviated wells into these undrillable offset proration units.

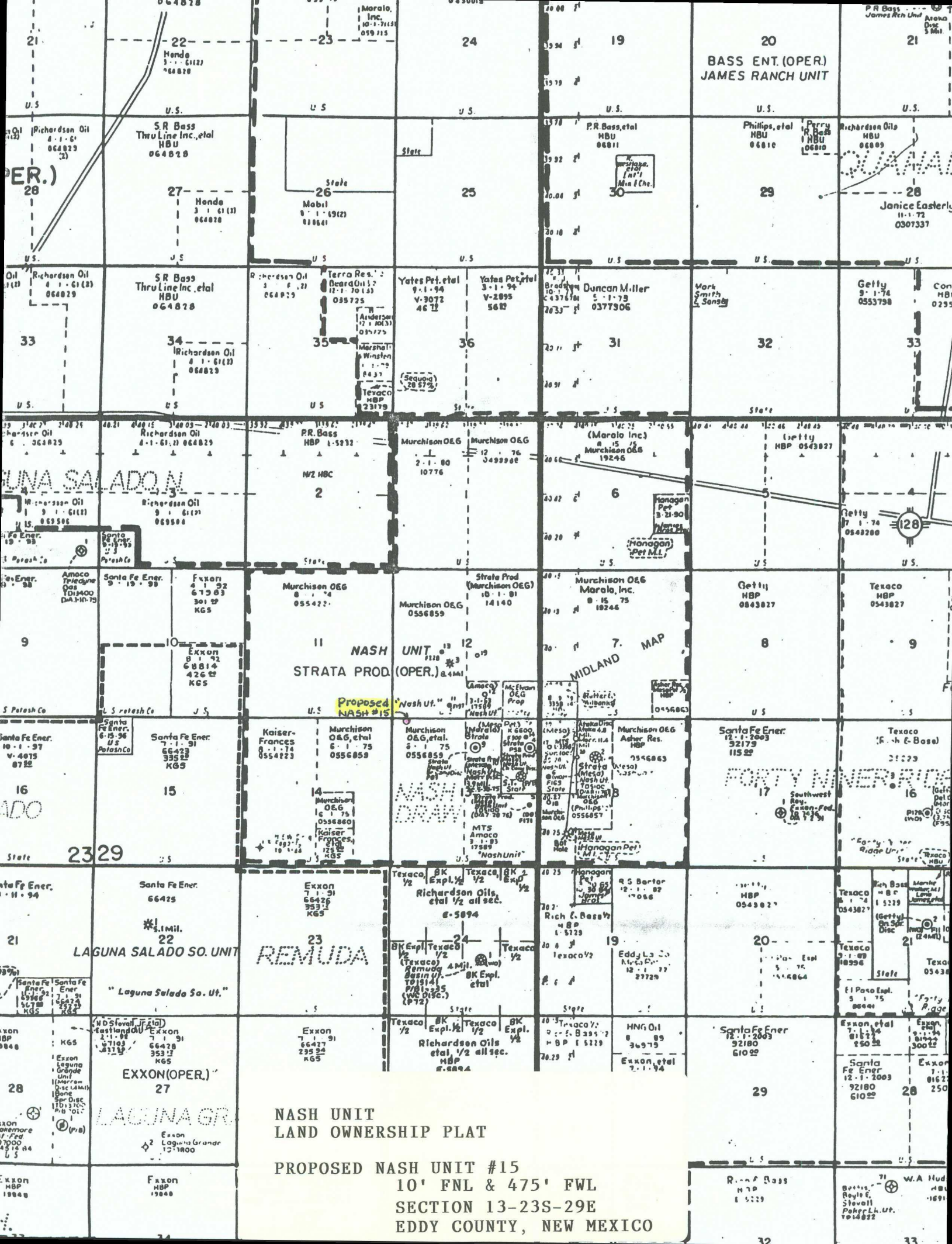
A potash test well was drilled on this island near the proposed Nash #15 location. The location of the proposed access road across the playa lake flood plain will be over the existing degraded road that was used for access to the potash test well.

We feel that this location is essential in the development of the Nash Delaware Field and that there are no other possible surface locations to drain the above mentioned proration units. If you have any questions or comments, please contact me at phone # 505-622-5893.

Sincerely



Stephen T. Mitchell - Project Geologist

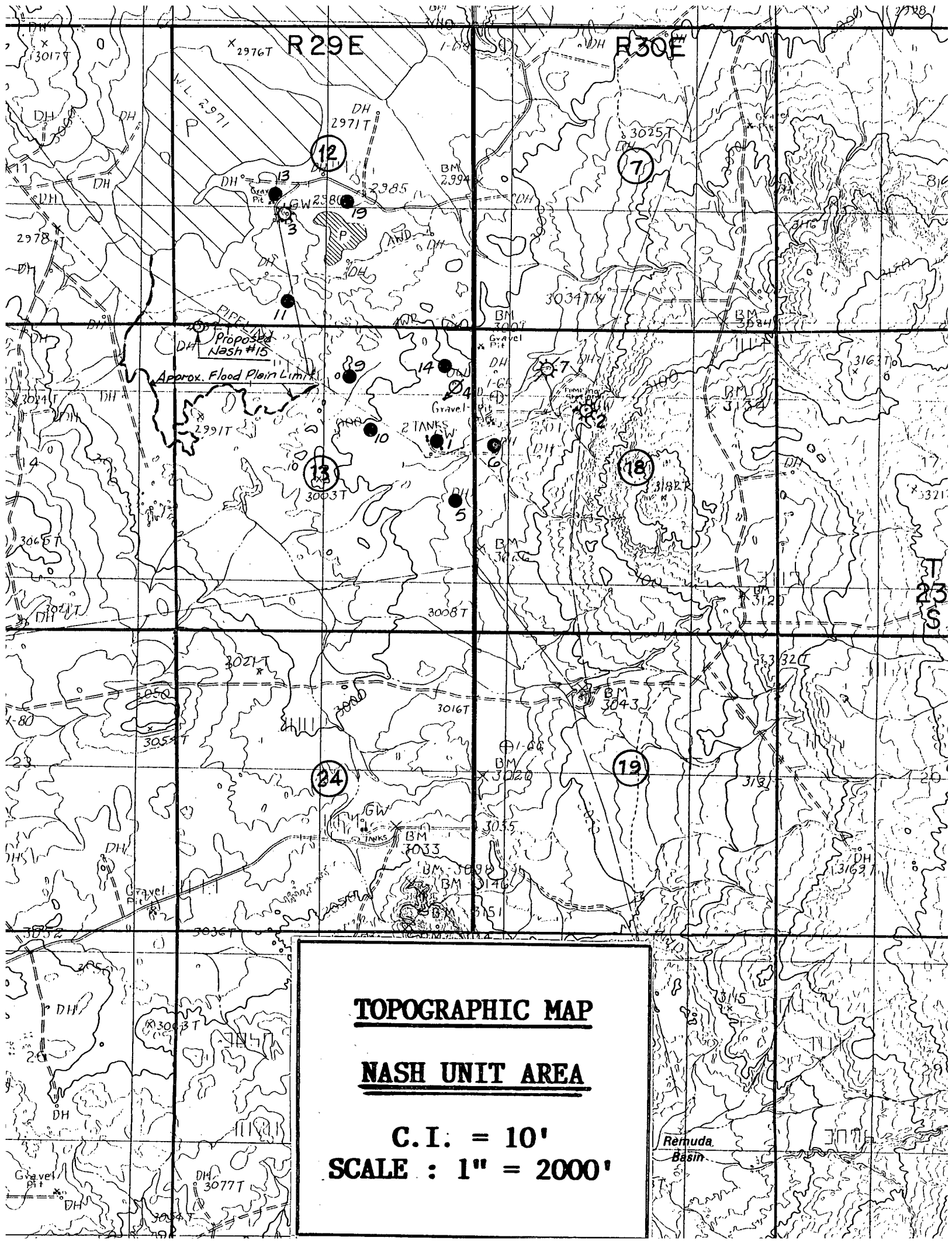




AERIAL PHOTOGRAPH

NASH UNIT AREA

APPROX. SCALE: 1"=2000'



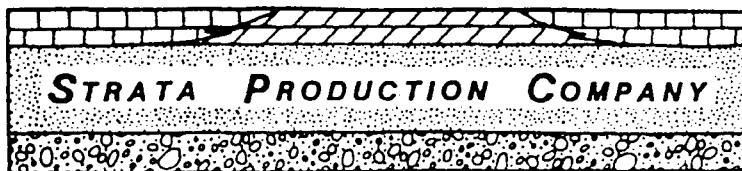
TOPOGRAPHIC MAP

NASH UNIT AREA

C.I. = 10'
SCALE : 1" = 2000'

Remuda
Basin

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030



TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

June 9, 1994

Murchison Oil & Gas, Inc.
ATTN: Michael S. Daugherty
1445 Ross Avenue, Suite 5300
Lock Box 152
Dallas, Texas 75202-2733

Re: SPC Nash Unit #15
10' FNL & 475' FWL
Section 13-23S-29E
Eddy County, New Mexico

Dear Mike:

Enclosed for your information is a copy of Strata's Application for an Administrative Approval of an unorthodox location for the above referenced well. As stated in said Application, the unorthodox location is due to surface topography.

Please indicate your waiver of objection to the unorthodox location by signing and returning the enclosed waiver letter to this office.

Should you have any questions regarding this matter, please contact this office.

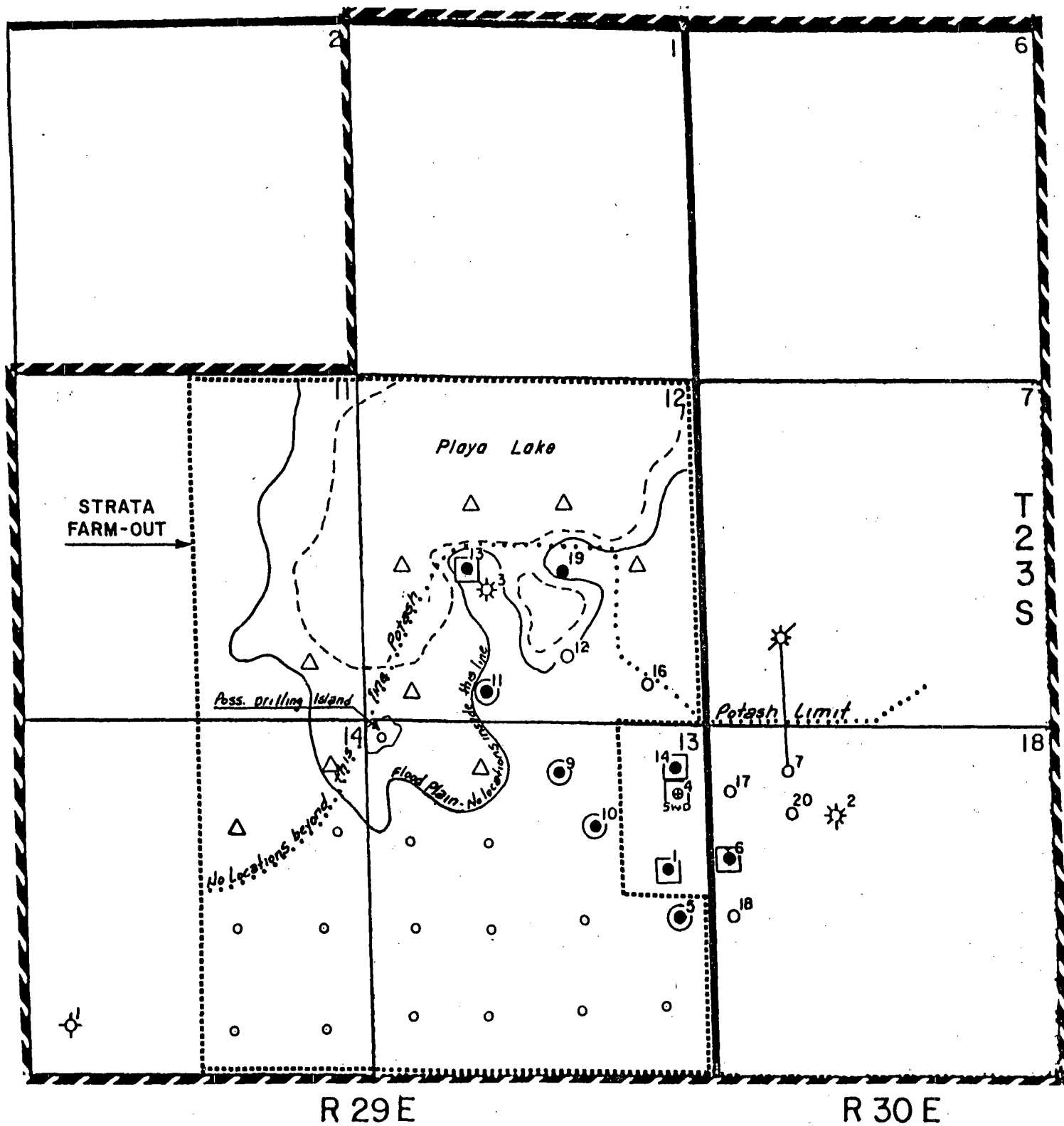
Sincerely,

STRATA PRODUCTION COMPANY

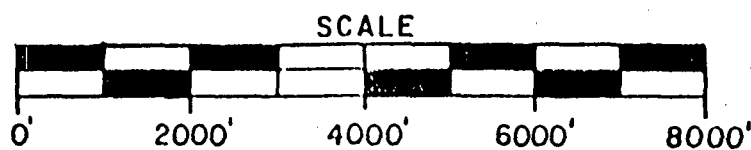
A handwritten signature in cursive script that reads "Carol J. Garcia".

Carol J. Garcia
Production Records Manager

CJG:ms
Enclosures



NASH UNIT
EDDY COUNTY, NEW MEXICO
UNIT OUTLINE & WELL LOCATION MAP



- | | |
|---|--------------------|
| ① Delaware Farmout Well (Sale Interest) | Potash Limit |
| ② Delaware Unit Well (Not Included) | ----- Playa Lake |
| ○ Potential & Proven Locations | —— Flood Plain |
| △ Potential Deviated Location | |

June _____, 1994

Oil Conservation Division
ATTN: Mr. William J. LeMay
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: SPC Nash Unit #15
10' FNL and 475' FWL
Section 13-23S-29E
Eddy County, New Mexico

Dear Mr. LeMay:

The undersigned hereby waives objection to the unorthodox location for the above referenced well.

Sincerely,

MURCHISON OIL & GAS, INC.

By: _____
Michael S. Daugherty

Dated _____

Scott Exploration, Inc.

OIL CONSERVATION DIVISION
RECEIVED
Suite 648, Petroleum Bldg.
Roswell, New Mexico 88201
Tel: (505) 622-5891

1994 JUN 21 AM 8 50

June 22, 1994

TO: Mr. Mike Stogner
N.M.O.C.D.
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Strata Production Company
Nash Unit #15 proposed unorthodox location
Section 13-T23S-R29E, 10'FNL & 475'FWL

Dear Mr. Stogner:

The proposed unorthodox location of the Nash Unit #15 well is dictated by surface topography. In our recent telephone conversation, you asked if Strata Production Company could directionally drill the Nash Unit #15 well from the proposed surface location to an orthodox location. There are two reasons why Strata requests approval to drill a vertical well at the proposed unorthodox location.

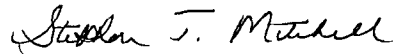
Many of the Delaware wells at Nash Unit are marginally commercial. Typically, these wells will initially produce between 50 and 100 BOPD. However, engineering studies and decline curves for the existing wells indicate the wells will decline 50% the first year of production, 22% the second and third years, and 11% for the remaining life of the well. The cost of drilling a deviated well is typically an additional 50% more than a vertical well. The Nash Unit #15 well is a significant step out from existing production. The additional cost of drilling a deviated well would significantly increase the commercial risk.

If the Nash # 15 well is a good commercial producer, then Strata may determine that it is commercially viable to drill several deviated wells from the Nash #15 drilling pad. The playa lakes and potash reserves will prevent surface locations in all of section 11 and most of the NE/4 of section 14-T23S-R29E. Therefore, Strata will need to drill deviated wells from the Nash #15 well pad to the SESE of section 11 and to the NENE of section 14. It is likely that no other wells will be drilled to the north or west of these locations and therefore Strata will attempt to drill laterally as far as economically possible into these proration units. Therefore, drilling the Nash Unit # 15 well vertically at its proposed location should provide the best drainage pattern.

Also, it will be necessary to drill directionally to the SWSW of section 12 and to the NENW of section 13. If the Nash Unit #15 well is directionally drilled to a standard location, then it will be difficult to commercially drill these additional deviated wells out far enough laterally to avoid drainage interference from the Nash #15 well. Therefore, Strata recommends that the Nash Unit #15 well be permitted to drill at vertically at the proposed location.

If you have any questions or comments, please contact me at 505-622-5893.

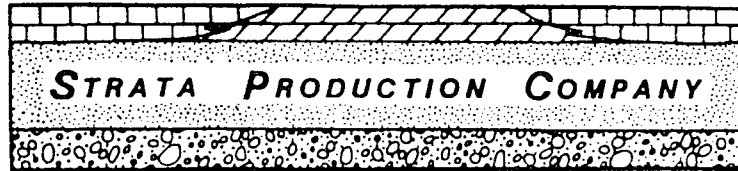
Sincerely



Stephen T. Mitchell
Project Geologist

POST OFFICE DRAWER 1030
ROSWELL, NM 88202-1030
OIL CONSERVATION DIVISION
RECEIVED

'94 JUN 30 AM 8 50



200 WEST FIRST STREET, ROSWELL PETROLEUM BUILDING, SUITE 700
ROSWELL, NEW MEXICO 88201

TELEPHONE (505) 622-1127
FACSIMILE (505) 623-3533

June 27, 1994

Oil Conservation Division
ATTN: Michael E. Stogner
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Nash Unit #15
10' FNL and 475' FWL
Section 13-23S-29E
Nash Draw Brushy Canyon Pool
Eddy County, New Mexico

Dear Mr. Stogner:

Enclosed herewith please find a copy of the offset operator certified return receipt and Letter of Waiver from Murchison Oil and Gas, Inc.

Should you require additional information, please contact this office.

Sincerely,

STRATA PRODUCTION COMPANY

Carol J. Garcia
Production Records Manager

CJG:ms

Enclosures

xc: Artesia District Office

P 144 847 681
Nash #15 Unorthodox location



**Receipt for
Certified Mail**
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	Murchison Oil & Gas
Street and No.	1445 Ross Ave., St 5300
P.O., State and ZIP Code	Lock Box 152 Dallas, TX 75202-2733
Postage	\$.75
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing Date, and Addressee	
TOTAL Postage & Fees	\$2.75
Postmark or Date	

PS Form 3800, June 1991

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Nash #15 Unorthodox Location cjb

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☒ Addressee's Address

2. ☒ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Murchison Oil & Gas, Inc.
ATTN: Michael S. Daugherty
1445 Ross Ave., Suite 5300
Lock Box 152
Dallas, TX 75202-2733

4a. Article Number
P 144 847 681

4b. Service Type
☒ Registered ☒ Insured
☒ Certified ☒ COD
☒ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
JUN 13 1994

5. Signature (Addressee)
[Signature]

6. Signature (Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

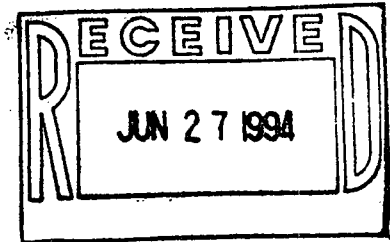
PS Form 3811, December 1991 U.S. GPO: 1982-323-402 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

**MURCHISON OIL & GAS, INC.
MURCHISON OIL COMPANY
MURCHISON PROPERTIES, INC.
MURCHISON REALTY, INC.
JDM INTERESTS, INC.**

June 22, 1994

Ms. Carol Garcia
Strata Production Company
Roswell Petroleum Building, Ste. 700
200 West First Street
Roswell, NM 88201



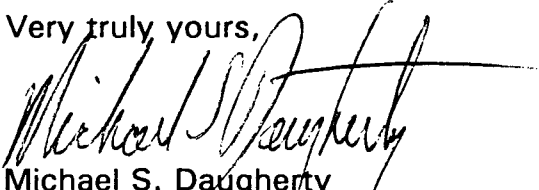
**Re: SPC Nash Unit #15
Eddy County, New Mexico**

Dear Carol:

The enclosed waiver is for your application for unorthodox location.

Thank you for your assistance in this matter.

Very truly yours,


Michael S. Daugherty
Vice President of Operations

Enclosure

June 22, 1994

Oil Conservation Division
ATTN: Mr. William J. LeMay
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: SPC Nash Unit #15
10' FNL and 475' FWL
Section 13-23S-29E
Eddy County, New Mexico

Dear Mr. LeMay:

The undersigned hereby waives objection to the unorthodox location for the above referenced well.

Sincerely,

MURCHISON OIL & GAS, INC.

By: 

Michael S. Daugherty

Dated 6/22/94

County Eddy Pool Nash Draw-Brushy Canyon

TOWNSHIP 23 South Range 29 East NMPM

	6	5	4	3	2	1
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

Description: NE 1/4 Sec. 13 (R-9771, 11-19-92)

Ext: SE 1/2 Sec. 12 (R-9938-A, 11-23-93) Ext: SE 1/4 Sec. 13 (R-10042, 12-28-93)