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June 19, 2006

Hand Delivered

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

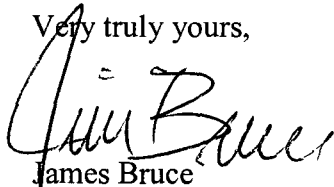
Case 13748

Dear Florene:

Enclosed for filing, on behalf of Murchison Oil & Gas, Inc., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the July 20, 2006 Examiner hearing. Thank you.

A pre-hearing statement is also enclosed.

Very truly yours,


James Bruce

Attorney for Murchison Oil & Gas, Inc.

PERSONS BEING POOLED

Devon Energy Production Company, L.P.
P.O. Box 108838
Oklahoma City, Oklahoma 73101

Attention: Meg Muhlinghause

EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702

Attention: Patrick J. Tower

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MURCHISON OIL & GAS,
INC. FOR COMPULSORY POOLING AND
APPROVAL OF AN UNORTHODOX SURFACE
LOCATION, EDDY COUNTY, NEW MEXICO.**

2006 JUN 19 PM 2 03

Case No. 13748

APPLICATION

Murchison Oil & Gas, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W $\frac{1}{2}$ of Section 11, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 11, and has the right to drill a well thereon.
2. Applicant proposes to directionally drill its Bobcat Fed. Com. Well No. 1, from an unorthodox well location 107 feet from the south line and 704 feet from the west line of Section 11 to an orthodox bottom hole location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11, to a depth sufficient to test the Morrow formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 11 to the well to form a standard 320 acre gas and spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated North Empire-Atoka Gas Pool and South Empire-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 11 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

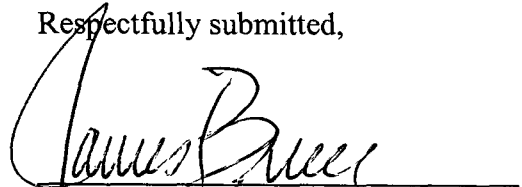
Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 11, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 11 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 11, from the surface to the base of the Morrow formation;
- B. Approving the unorthodox surface location;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Murchison Oil & Gas, Inc.

PROPOSED ADVERTISEMENT

Case No. 13748 : Application of Murchison Oil & Gas, Inc. for compulsory pooling and approval of an unorthodox surface location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, Township 17 South, Range 28 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Empire-Atoka Gas Pool and South Empire-Morrow Gas Pool. The unit is to be dedicated to the Bobcat Fed. Com. Well No. 1, to be directionally drilled from an unorthodox surface location 107 feet from the south line and 704 feet from the west line of Section 11 to an orthodox bottom hole location in the SW/4SW/4 of Section 11. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 10 miles west-northwest of Loco Hills, New Mexico.

2006 JUN 19 PM 2 03