



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

April 28, 2000

Murchison Oil & Gas, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

#12424

Re: Application of Murchison Oil & Gas, Inc. for a second infill gas well to be drilled at an unorthodox location within an existing standard 640-acre gas spacing and proration unit in the White City-Pennsylvanian Gas Pool for its proposed Black River Federal Com. Well No. 1 to be drilled 1650 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bruce:

While the special rules for this pool provide for additional infill wells for good cause shown, the rules also require wells to be located no closer than 1650 feet from the outer boundary of a 640-acre unit and only then for topographic reasons or the recompletion up-hole of an existing well. This request is for a second infill gas well at an unorthodox location only 660-feet from the outer boundary of the unit or 60 % closer than allowed. Further, why was notification to the required parties in Section 4, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico omitted since this well is moving closer to this section? Also, since this application is for additional wells on an existing unit, all units are considered to be affected parties and are therefore entitled to notice. With resent controversy surrounding additional gas wells on existing units and since this application is inherently different then Division Cases 11624 and 11636, this application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for June 1, 2000 and will be advertised in the following manner:

"Application of Murchison Oil & Gas, Inc. for an unorthodox second infill gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seek exceptions to Rules 2.B and 4 of the "Special Rules and Regulations for the White City Pennsylvanian Gas Pool", as promulgated by Division Order No. R-2429-A, as amended, in order to drill its proposed Black River Federal Com. Well No. 1 at an unorthodox gas well location 1650 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 24 South, Range 26 East, as a third gas well on an existing standard 640-acre gas spacing and proration unit in the White City-Pennsylvanian Gas Pool comprising all of Section 34. This unit, which is located approximately five miles east of White City, New Mexico, is currently dedicated to the applicant's: (i) Strong Federal Com. Well No. 1 (API No. 30-015-22153), located at a standard gas well location 1650 feet from the South and East lines (Unit J) of Section 34; and (ii) Strong Federal Com. Well No. 1-E (API No. 30-015-24094), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 34."

Please provide adequate notice as recommended [this made pursuant to Division Rule 1207.6(8)].

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes - NMOCD, Santa Fe
Ms. Florene Davidson, NMOCD - Santa Fe