

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Murchison 3; Mallory
 Mustang Fed Com #4
 5957

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]

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- [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
 P.O. Box 1056
 Santa Fe, New Mexico 87504

James Bruce

 Signature

Attorney for Applicant

 Title

jamesbruc@aol.com

 e-mail Address

10/3/08

 Date

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

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

jamesbruc@aol.com

October 3, 2008

Hand delivered

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

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

<u>Well:</u>	Mustang Fed. Com. Well No. 4
<u>Location:</u>	2140 feet FSL & 1980 feet FWL
<u>Well unit:</u>	S½ of Section 21, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation (North Turkey Track-Morrow Gas Pool). Applicant requests unorthodox location approval in both the Morrow and Atoka formations. Both formations are developed on statewide rules, with 320 acre spacing, and wells to be no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line. A Form C-102 for the well is attached as Exhibit A.

Applicant originally placed the well at an *orthodox* location 1980 feet FSL and 1980 feet FWL, based on geologic reasons. The location was chosen as the best place in the SW¼ of Section 21 to test both the Atoka and Morrow formations.¹ Exhibits B-1 and B-2 are isopach maps of the Morrow A and C zones. The Morrow sands are thickest in the NE¼SW¼ of Section 21.

In addition, applicant desires to keep the well in the NE¼SW¼ of Section 21 due to the Atoka formation. Exhibit C is an isopach map of the Atoka. The Atoka reservoir is much more limited

¹ There is an existing Atoka/Morrow well in the SE¼ of Section 21.

under Turkey Track Atoka

in extent than the Morrow reservoir, and a plugged well in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21 had no Atoka present. The Atoka is only present in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21.

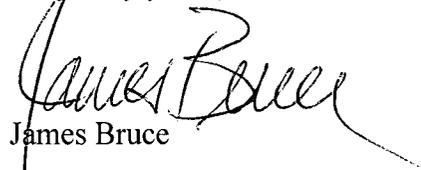
When surveying the well location, it was determined that there are several pipelines at the orthodox location. Therefore the well had to be moved, and moving the location north is more geologically favorable than moving it to the south.

The proposed location will ensure the best chance of encountering commercial production in both zones, and prevent waste.

All of Section 21 is federal minerals, and the entire section is covered by an operating agreement. Thus, working interests and royalty interests are common in both the N $\frac{1}{2}$ and S $\frac{1}{2}$ units. Thus, the well does not encroach on any offset interest owner. Because there is no adversely affected offset owner, notice has not been given to anyone.

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

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name.

James Bruce

Attorney for Murchison Oil & Gas, Inc.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name MUSTANG FEDERAL COM	Well Number 4
OGRID No.	Operator Name MURCHISON OIL & GAS, INC.	Elevation 3494'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	21	18 S	29 E		2140	SOUTH	1980	WEST	EDDY

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.						
320									

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

EXHIBIT **A**

320 ACRES

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date 8/24/08

A. ARNOLD NALL
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.

AUGUST 2, 2008
 Date Surveyed

Signature & Professional Surveyor

W. Jones
 Date 8/20/08

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

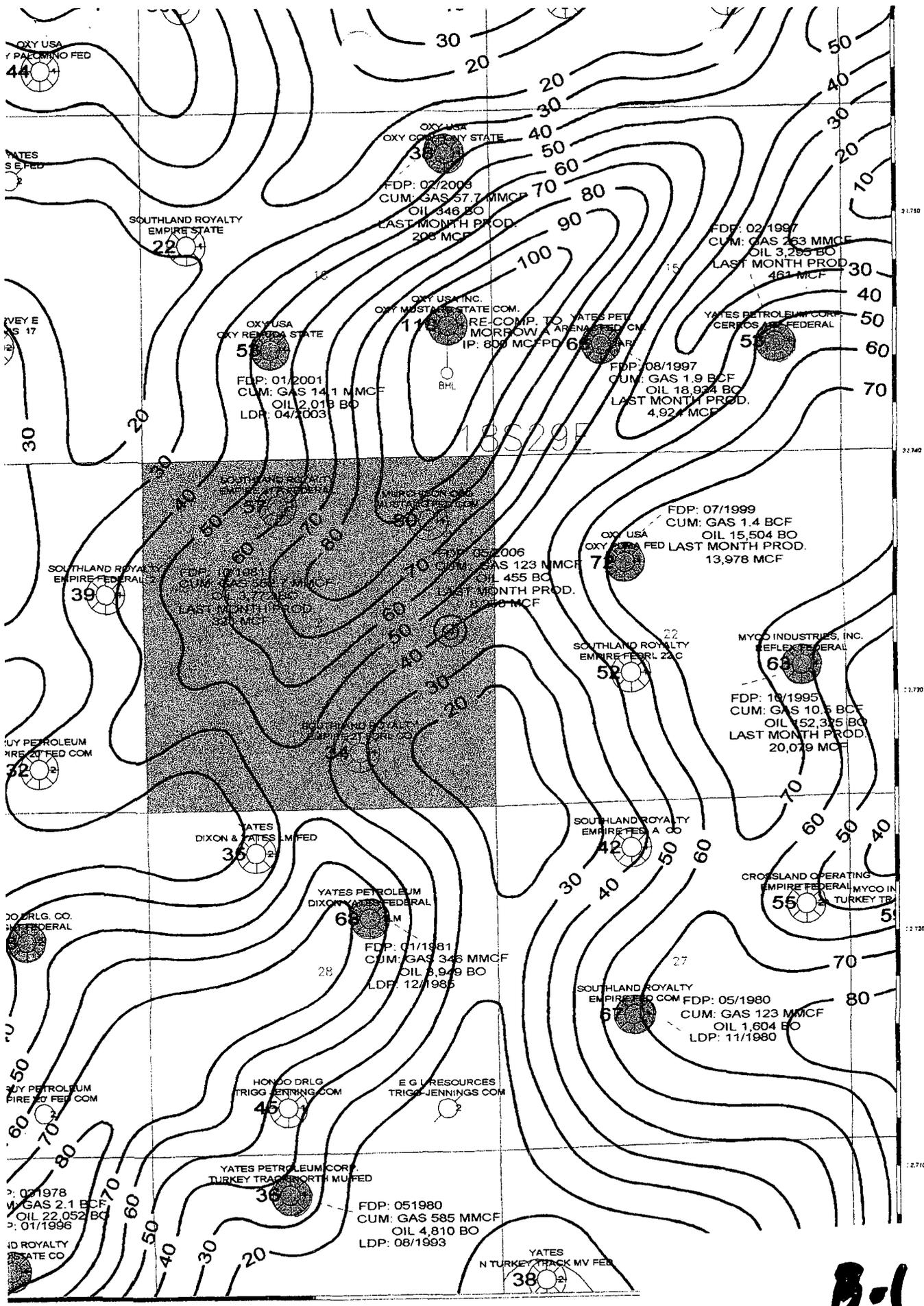
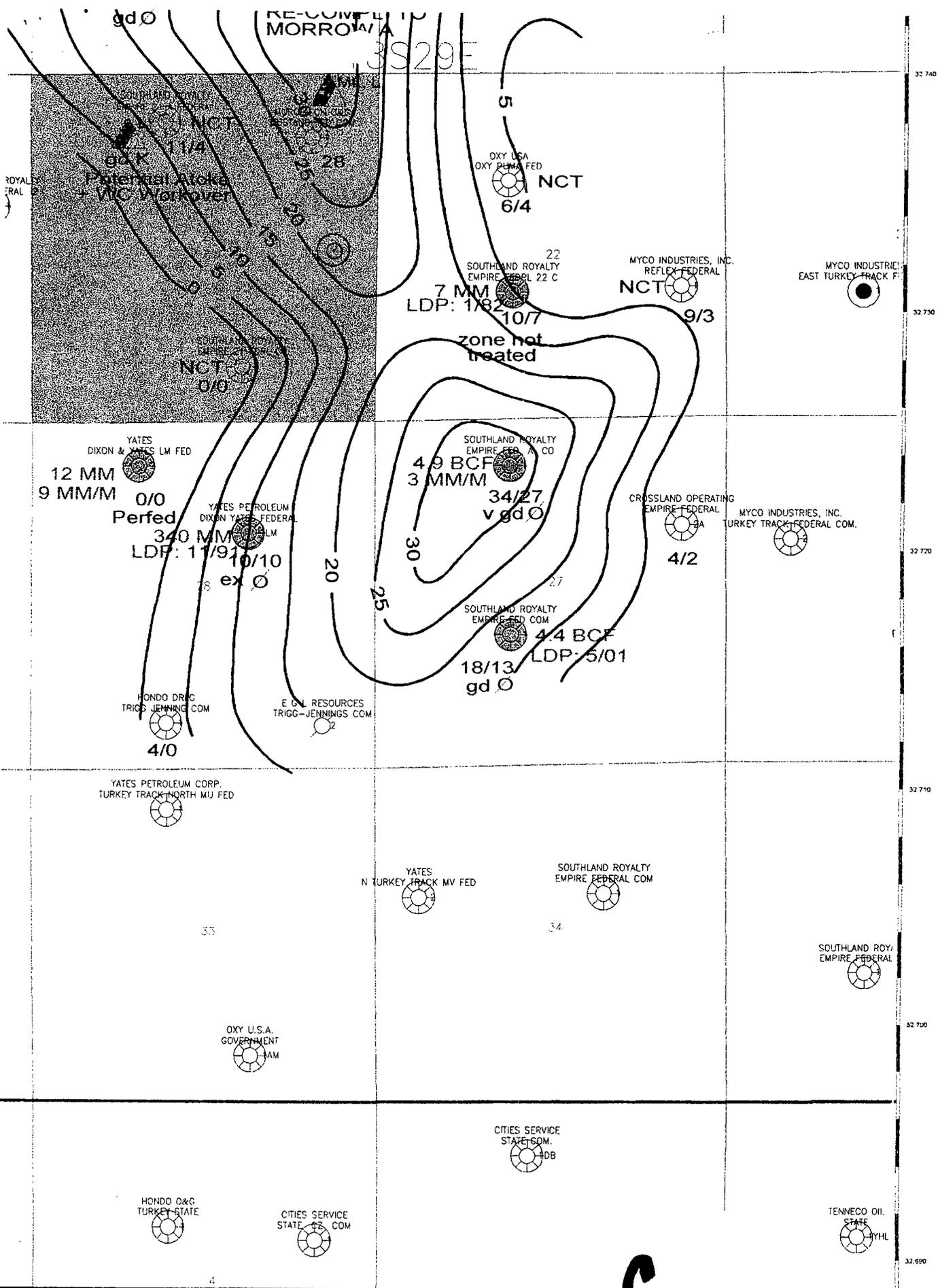


EXHIBIT **B-1**





 PARTIAL INTEREST ACREAGE


EXHIBIT **C**

MURCHISON OIL & GAS, INC.