

July 14, 1998



Administrative Application
Salt Water Disposal Well
South Black River Field
Murchison 2 State #4
660' FNL & 330' FEL
Section 2, T25S, R26E
Eddy County, New Mexico

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

Oil Conservation Division
State of New Mexico
Post office Box 2088
Santa Fe, New Mexico 87501

Mr. Ben Stone:

As per our phone conversation please find attached copies of the return receipts. These receipts serve as proof of notice as outlined in form C-108. This notice is part of the application for disposal on the Murchison 2 State #4.

Chevron plans to convert the Murchison 2 State #4 from Shut-in status to active injection in order to dispose of produced salt water into the Delaware-Bell Canyon formation, South Black River Pool. Legal location of said well is 660' FNL & 330' FEL, Unit A, Section 2, Township 25S, Range 26E, Eddy County, New Mexico.

If you have any questions, please contact Greg Roberts at (915) 687-7766.

Sincerely,

A handwritten signature in cursive script that reads "Greg Roberts".

Greg Roberts
Petroleum Engineer.

SENDER: *Re: Murchison 2 #4*
 Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
 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:
 4a. Article Number *P 497 455 117*
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery *7-8-98*
 8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 6. Signature: (Addressee or Agent)
X [Signature]

PS Form 3811, December 1994
 Domestic Return Receipt

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 Domestic Return Receipt

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3. Article Addressed to:
 STATE OF NEW MEXICO
 ENERGY, MINERALS & NATURAL RES. DEPT.
 OIL CONSERVATION DIVISION
 2040 S PACHECO
 SANTA FE NEW MEXICO 87505
 4a. Article Number *P 497 455 121*
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery *7/9/98*
 8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 6. Signature: (Addressee or Agent)
X [Signature]

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3. Article Addressed to:
 Hamon Operating Co.
 8411 Preston Rd. Ste 800
 Dallas TX 75225
 4a. Article Number *P 497 455 116*
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery *7-8-98*
 8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 6. Signature: (Addressee or Agent)
X [Signature]

PS Form 3811, December 1994
 Domestic Return Receipt

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 Domestic Return Receipt

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 1. Addressee's Address
 2. Restricted Delivery
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3. Article Addressed to:
 State of New Mexico
 State Land Office
 310 Old Santa Fe Trail
 Santa Fe, NM 87501
 4a. Article Number *P 497 455 120*
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery *09 1998*
 8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 6. Signature: (Addressee or Agent)
X [Signature]

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I also wish to receive the following services (for an extra fee):
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 2. Restricted Delivery
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3. Article Addressed to:
 Murchison Oil & Gas
 1445 Ross Ave. Ste 5300
 Dallas TX 75202-2807
 4a. Article Number *P 497 455 116*
 4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
 7. Date of Delivery *7-8-98*
 8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 6. Signature: (Addressee or Agent)
X [Signature]

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Is your RETURN () on the reverse side?

SENDER: Rep. MURPHY SA 2-#4

Complete items 1 and/or 2 for additional services.
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3. Article Addressed to:

OIL CONSERVATION DIVISION
 DISTRICT II
 811 S. 1ST STREET
 ARTESIA, NEW MEXICO 88210

4a. Article Number 497 455 119

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

7. Date of Delivery 7-8-96

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

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X [Signature]

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Thank you for using Return Receipt Service.

July 28, 1998



Administrative Application
Salt Water Disposal Well
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Murchison 2 State #4
660' FNL & 330' FEL
Section 2, T25S, R26E
Eddy County, New Mexico

Chevron U.S.A. Production Company
P.O. Box 1150
Midland, TX 79702

Oil Conservation Division
State of New Mexico
Post office Box 2088
Santa Fe, New Mexico 87501

Mr. Ben Stone:

After discussions with Mr. Mike Dougherty of Murchison Oil & Gas to address his concerns, Chevron proposes to amend the proposed injection interval for the proposed well. The proposed change will serve to protect a possible hydrocarbon zone in the upper Bell Canyon. The amended injection interval should now be 2340' to 2700'. This new interval was mutually agreed upon by Murchison Oil & Gas and Chevron.

Chevron plans to convert the Murchison 2 State #4 from Shut-in status to active injection in order to dispose of produced salt water into the Delaware-Bell Canyon formation, South Black River Pool. Legal location of said well is 660' FNL & 330' FEL, Unit A, Section 2, Township 25S, Range 26E, Eddy County, New Mexico.

If you have any questions, please contact Greg Roberts at (915) 687-7766.

Sincerely,

A handwritten signature in cursive script that reads "Gregory Roberts".

Gregory Roberts
Petroleum Engineer

cc. - Murchison Oil & Gas (attention Mr. Mike Dougherty)