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NSL

4/9/01



J.D. MURCHISON INTERESTS, INC.

MURCHISON OIL & GAS, INC.

MURCHISON PROPERTIES INC.

March 13, 2001

MAR 19 2001

Mr. Michael Stogner
State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM. 87505

**RE: UNORTHODOX LOCATION EXCEPTION
LINCOLN STATE COM #1
2030' FNL & 660' FEL, SEC. 24, T18S, R24E
EDDY CO., NM.**

Dear Mr. Stogner:

The referenced well was drilled in 1978 at an orthodox location and completed in the Morrow formation. The well has remained on production since then, but has become uneconomic in the Morrow. We are attempting to recomplete the well in the Wolfcamp-Bursum from 6308' to 6650'.

The well's location is now unorthodox by virtue of Order No. R-11231. The Well Dedication and Acreage Plat Form C-102 for the well is attached as well as NM OCD Form 103 to perform the recompletion work which is conditionally approved. Since the well is no closer than 660 feet to an outer boundary, a list of offset operators has not been included, but a current commercial land map is attached for your use and reference. Please contact me if you have questions. Please grant an exception to the well's location requirements of Rule 104 C (2) (b) in view of these circumstances.

Very truly yours,

MURCHISON OIL & GAS, INC.


Michael S. Daugherty
Vice President Operations

MSD/cb/LincSC#1-OCD-UnorthLocExc.

cc: Mr. Bryan Arrant-St. of New Mexico
Oil Conservation Division - District II
811 S. 1st Street
Artesia, NM. 88210-2834

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-128
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

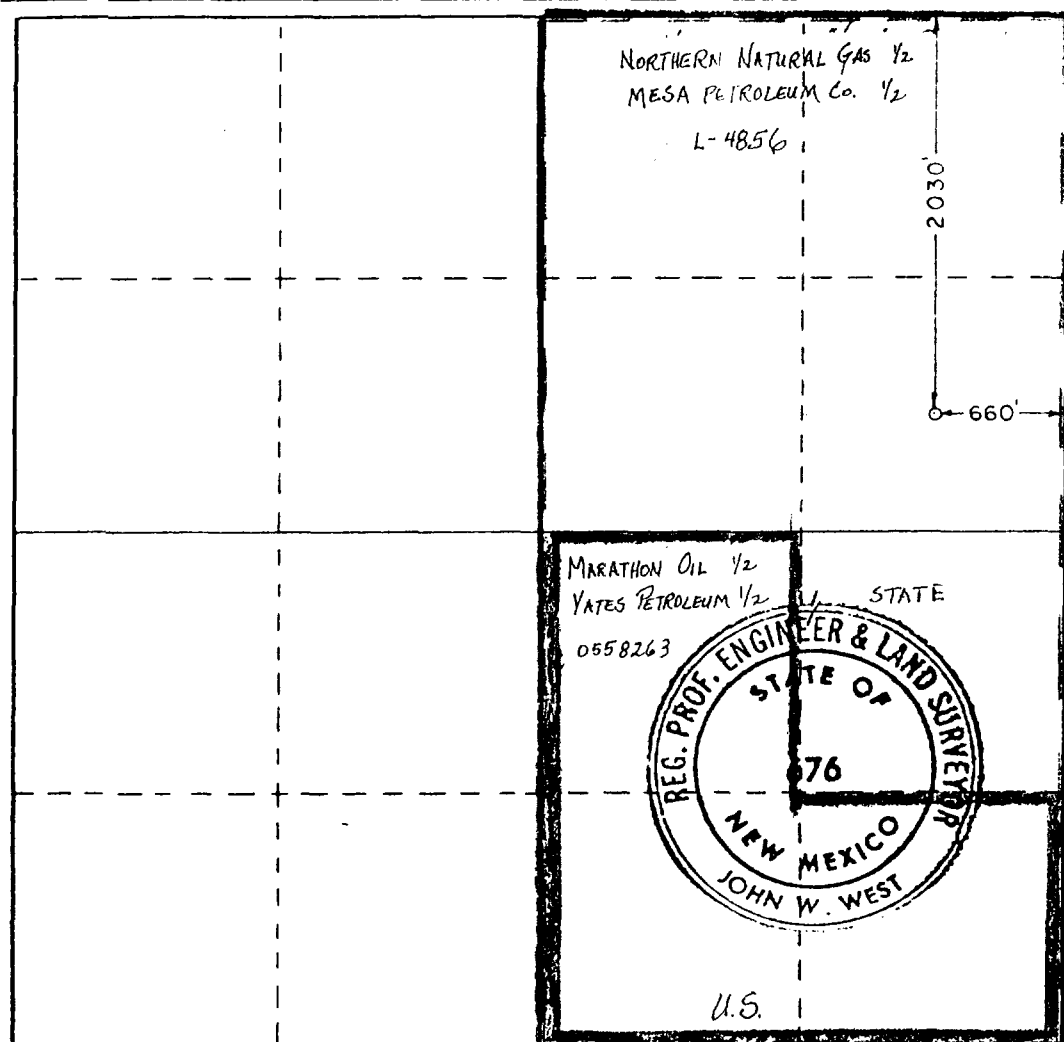
Mesa Petroleum Company			Lincoln State Com.			RECEIVED 1	
Section	24	Township	18 South	Range	24 East	MAR 3 1978	
Actual Well Location of Well:							
2030		feet from the North line and		660		feet from the East	
Ground Level Elev.	3659.4	Producing Formation	MORROW	Pool	UNDESIGNATED	Dedicated Acreage:	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation FORCE POOLING HEARING IS PENDING

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name

Position

Company

Date

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 knowledge and belief.

Date Surveyed

Feb. 28, 1978

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. John W. West

676

Ronald J. Eidson

3239

Submit 3 Copies To Appropriate District Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

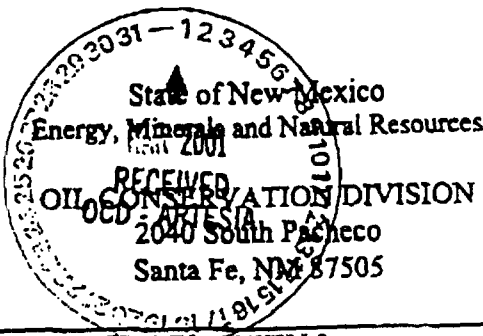
811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505



Form C-103
Revised March 25, 1999

WELL API NO. 30-015-12487
5. Indicate Type of Lease STATE ☒ FEE ☐
6. State Oil & Gas Lease No. 64856
7. Lease Name or Unit Agreement Name: LINCOLN STATE CO.
8. Well No. R1 Indes. Pecos, Pecos, Pecos
9. Pool name or Wildcat Pecos Draw Morrow

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Mitchison Oil & Gas Inc.

3. Address of Operator **1100 MIRA VISTA BLVD**

PLANO, TX 75093-4698

4. Well Location **Sec 24, T-18S, R-24E**

Unit Letter **11** **660** feet from the **East** line and **2030** feet from the **North** line

Section **24**

Township **18S** Range **24E** NMPM

County **Eddy**

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☒ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Abandon Morrow perfs 8513' to 8,497' and 8430' to 8470'
w/ CIBP set @ 8300' + capped w/ 35' cement

Perforate Wolfcamp 6920' to 6924, 6900 to 6908, 6885' to 6885'
6627' to 6644', 6614' to 6622', 6601' to 6610', 6586' to 6590'
6556' to 6568', 6540' to 6550', 6526' to 6536', 6514' to 6518', 6464'
to 6470', 6350' to 6354', 6322' to 6326', 6262 to 6266'
TREAT Wolfcamp w/ 6000 gals acid, 5 w/ 46 FOR clean up + place
on production. FOUR POINT as required. See attached Procedure

NSL Required To Produce For Gas Well

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE **Tommy Folsom** TITLE **Production Manager** DATE **3/1/01**

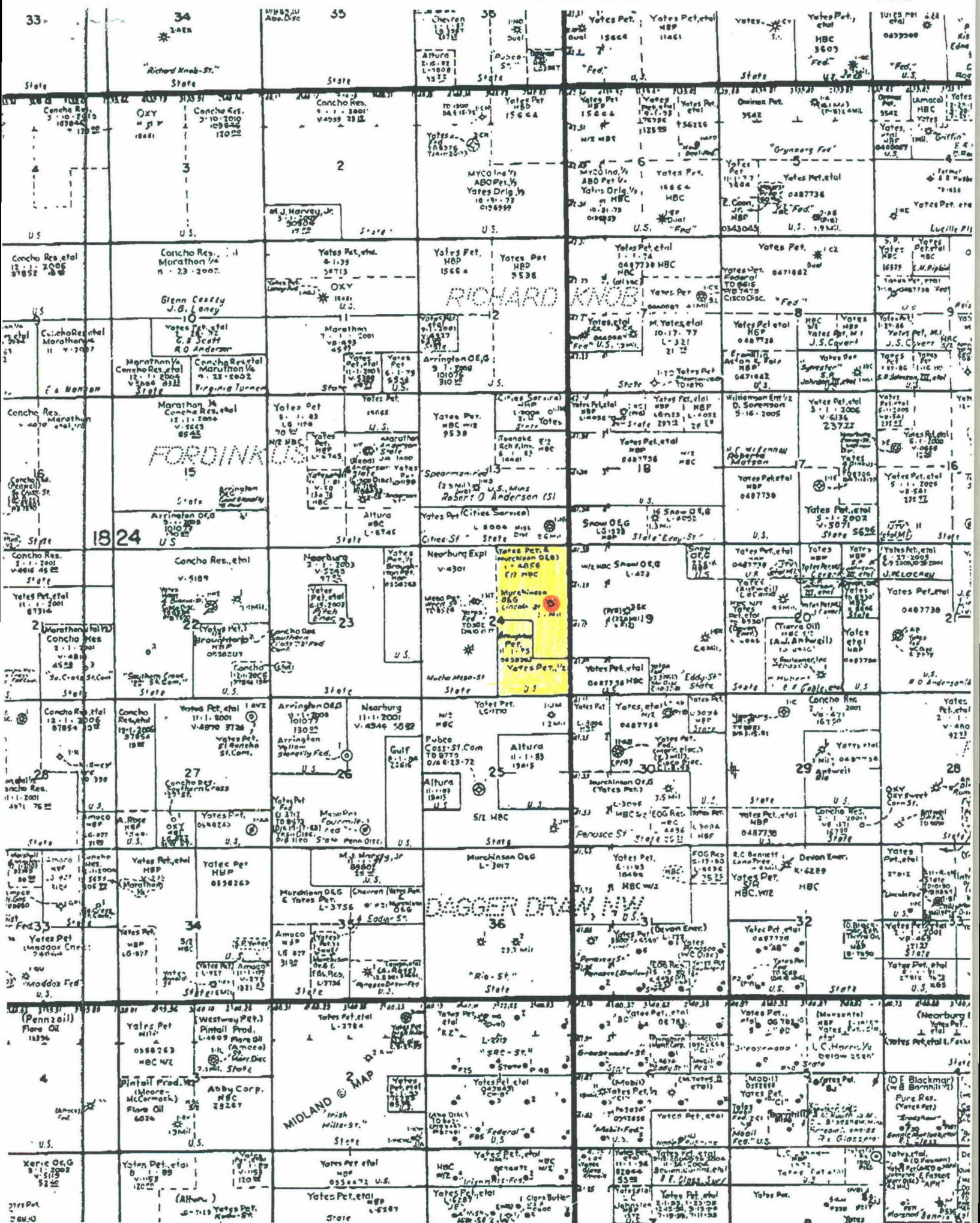
Type or print name **Tommy Folsom**

Telephone No. **505-420-4372**

APPROVED BY **ORIGINAL SIGNED BY TIM W. GUM**
DISTRICT II SUPERVISOR TITLE

DATE **APR -1 2001**

Conditions of approval, if any.



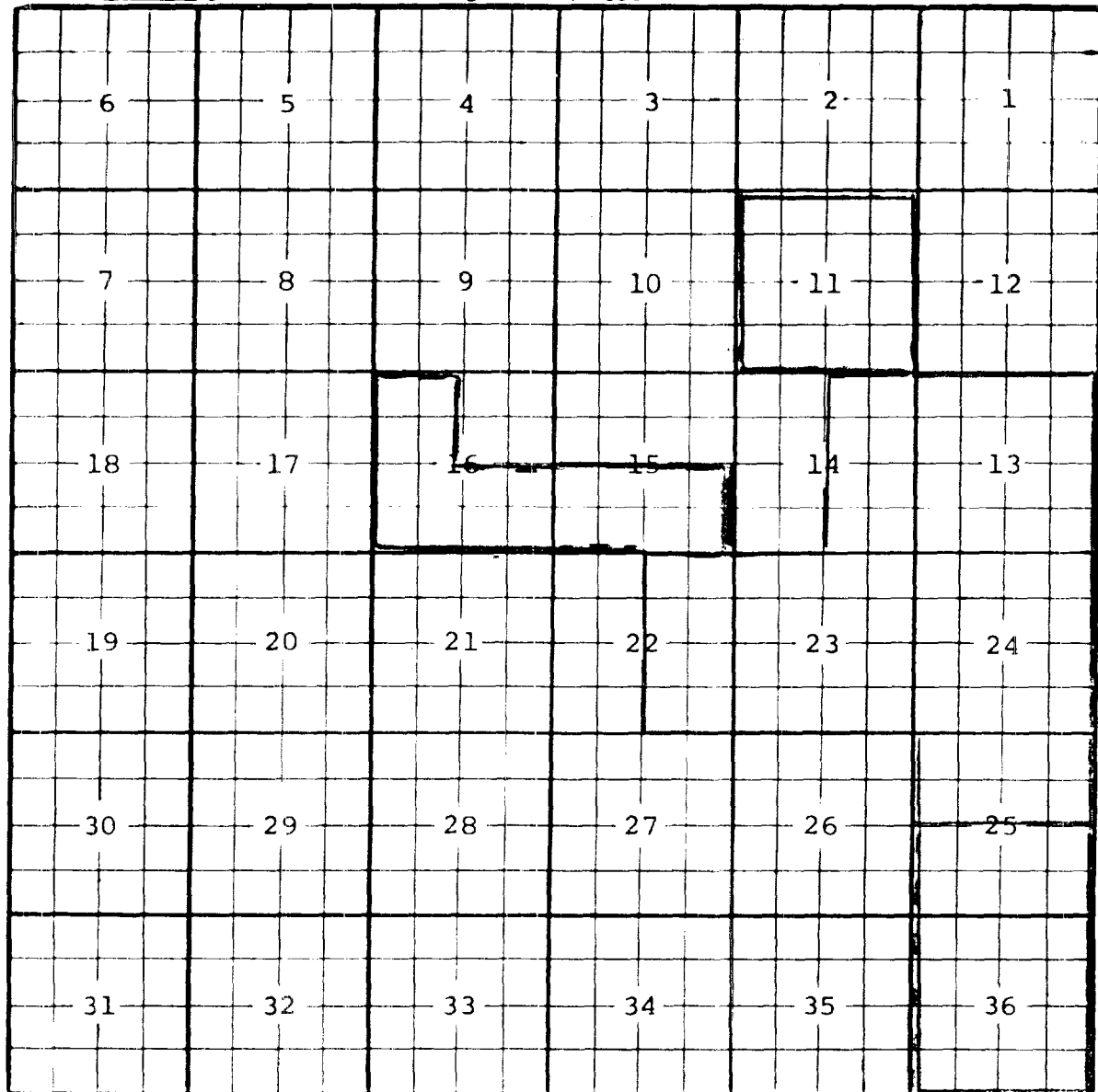
County Eddy

Pool PENASCO DRAW - PERMO PENN GAS

TOWNSHIP 18 South

Range 24 East

NMPM



Err: All Sec. 13, 23, 24; $\frac{E}{2}$ Sec. 14, $\frac{E}{2}$ Sec. 22, $\frac{N}{2}$ Sec. 25 (R-6418, 8-1-80)
 Err: $\frac{S}{2}$ Sec. 25, All Sec. 36 (R-6536, 12-1-80) EXT: All SEC 11 (R-9096, 1-1-90)
 EXT: $\frac{S}{2}$ Sec. 15, $\frac{W}{2}$ and $\frac{SE}{4}$ Sec. 16 (R-11244, 9-15-99)

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION03/28/01 10:27:31
OGOMES -TQI3
PAGE NO: 1

Sec : 24 Twp : 18S Rng : 24E Section Type : NORMAL

D 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99	C 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99	B 40.00 CS L04856 0005 YATES PET CORP & C 09/15/80	A 40.00 CS L04856 0005 YATES PET CORP & C 09/15/80
E 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99	F 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99	G 40.00 CS L04856 0005 YATES PET CORP & C 09/15/80	H 40.00 CS L04856 0005 YATES PET CORP & C 09/15/80 A

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION03/28/01 10:27:46
OGOMES -TQI3
PAGE NO: 2

Sec : 24 Twp : 18S Rng : 24E Section Type : NORMAL

L 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99	K 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99 A	J 40.00 Federal owned C	I 40.00 CS L04856 0005 YATES PET CORP & C 09/15/80
M 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99	N 40.00 CS V04301 0001 NEARBURG EXPLORAT 03/01/99	O 40.00 Federal owned C	P 40.00 Federal owned C

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/28/01 10:28:20
OGOMES -TQI3

API Well No : 30 15 22447 Eff Date : 02-01-1979 WC Status : A
Pool Idn : 82770 PENASCO DRAW;MORROW (GAS)
OGRID Idn : 15363 MURCHISON OIL & GAS INC
Prop Idn : 8128 LINCOLN STATE COM

Well No : 001
GL Elevation: 3660

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
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B.H. Locn : H	24	18S	24E	FTG 2030 F N	FTG 660 F E	P	

Lot Identifier:
Dedicated Acre: 320.00
Lease Type : S
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC