



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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November 12, 2007

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OCD-ARTESIA

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5716

**Re: Murchison Oil & Gas, Inc.
Mustang Fed Com Well No. 2
Unit I, Section 21-18S-29E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-27546066**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Murchison Oil & Gas, Inc. (Murchison) on October 1, 2007, and

(b) the Division's records pertinent to this request.

Murchison has requested to drill the above-referenced well at an unorthodox well location, 2310 feet from the South line and 660 feet from the East line (Unit I) of Section 21, Township 18 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico. The S/2 of Section 21 will be dedicated to this well in order to form a standard 320-acre spacing unit in the North Turkey Track-Morrow Gas Pool (86500) and Turkey Track-Atoka Gas Pool (86445). These pools are governed by statewide Rule 104.C(2), which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the northern unit boundary.

Your application on behalf of Murchison has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

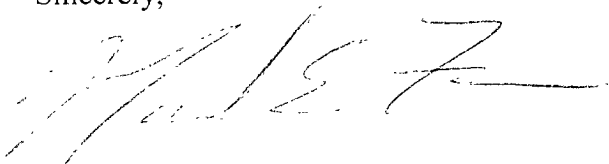
It is our understanding that you are seeking this location because Murchison's geologic interpretation indicates that this is the preferred location for an economic well in these horizons.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because ownership is common between the subject unit and the offsetting unit to the north.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad