

January 3, 2002

**Murchison Oil & Gas, Inc.
1100 Mira Vista Blvd.
Plano, Texas 75093-4698**

Telefax No. (972) 931-0701

Attention: Michael S. Daugherty

Administrative Order NSL-4683 (NSBHL)

Dear Mr. Daugherty:

Reference is made to the following: (i) your application dated November 30, 2001 (*application reference No. pKRV0-133938192*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Murchison Oil & Gas, Inc.'s ("Murchison") request for an unorthodox subsurface Atoka gas well location for the existing Nash Unit Well No. 52 (**API No. 30-015-31510**), located at the surface 1628 feet from the South line and 2150 feet from the West line (Unit K) of Section 12, Township 23 South, Range 29 East, NMPM, Undesignated Nash Draw-Atoka Gas Pool (**81560**), Eddy County, New Mexico.

Under the provisions of Division Rules 111.A (7) and 111.C (1), Murchison received authorization to directionally drill the Nash Unit Well No. 52 to the Nash Draw-Morrow Gas Pool in such a manner that the resulting subsurface location would be "standard" for a gas well within a standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 12.

It is our understanding that the Morrow interval was unsuccessful, however Murchison completed this well in the Atoka interval through perforations from 12,956 feet (MD) to 13,061 feet.

It is further understood that the actual subsurface location of this wellbore at a measured depth of 12,956 feet is 1045 feet from the North line 2015 feet from the West line (Unit C) of Section 12, which pursuant to Division Rules 104.C (3) and 111.A (13) is considered to be "unorthodox" within a standard 320-acre gas spacing and proration unit for the Undesignated Nash Draw-Atoka Gas Pool comprising the N/2 of Section 12.

This application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2).

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox subsurface Atoka gas well location for the Nash Unit Well No. 52, is hereby approved.

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

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad