



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 5, 2008

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

Administrative Order NSL-5957

**Re: Murchison Oil & Gas, Inc.
Mustang Federal Com Well No. 4
API No. 30-015
2140 feet FSL and 1980 feet FWL
Lot K, Section 21-18S-29E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-27756900**) 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 3, 2008, and

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

Murchison has requested to drill the above-referenced well at an unorthodox gas well location described in the caption of this letter. The S/2 of Section 21 will be dedicated to this well in order to form a standard 320-acre, more or less, spacing unit in the North Turkey Track-Morrow Gas Pool (86500) and the undesignated 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 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 for geologic reasons. Murchison believes this is the best location to test both the Morrow and the Atoka.



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It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke 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